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September 13, 2016

The Honorable Richard Shelby  
Chairman  
Senate Banking, Housing & Urban Affairs  
Committee  
304 Russell Senate Office Building  
Washington, DC 20510

The Honorable Sherrod Brown  
Ranking Member  
Senate Banking, Housing & Urban Affairs  
Committee  
713 Hart Senate Office Building  
Washington, D.C. 20510

Dear Chairman Shelby and Ranking Member Brown:

On behalf of 1.1 million members of the National Association of REALTORS® (NAR), thank you for holding this important hearing to review technical mapping recommendations to the National Flood Insurance Program (NFIP). Accurate flood mapping is the cornerstone of a strong NFIP, and a top priority for NAR members. As the Committee considers broader program reform and mapping issues in particular, NAR would like to take this opportunity to identify several shorter term opportunities that could strengthen the program. NAR will have additional recommendations for the long-term reauthorization bill but in the interim, offers the following recommendations in order to provide some interim relief from inaccurate NFIP rate increases and also to help Congress gather necessary data which could be help inform decision making next year.

**Private Market Options**

REALTORS® urge the Committee to take up and pass H.R. 2901, the Flood Insurance Market Parity and Modernization Act. Earlier this year, this modest bipartisan legislation passed the House of Representatives by an unprecedented 419-0 vote. It has been the subject of extensive hearings and pro-consumer amendments since the Senate voted on an earlier version of the bill.<sup>1</sup>

The bill would now clarify that the federal mandatory purchase requirement may be satisfied with private flood insurance only if it covers at least the amount of the mortgage loan *and* complies with state insurance regulations. It also further strengthens consumer protections by a) enabling NFIP policyholders to move to and from the private market without jeopardizing their grandfathered status, b) providing important disclosures, and c) preserving Fannie Mae/Freddie Mac's authority to review the financial strength of private insurance companies without preempting state authority.

The Senate could pass this reform measure today and offer some near-term relief for some NFIP policyholders who are currently being overcharged by the NFIP. Linked below is a summary of NFIP insurance rate research which highlights the extent of the overcharges and was conducted by independent actuaries with Milliman.<sup>2</sup> The combination of private market options and a strong NFIP will also ensure that flood insurance remains available in all markets at all times.



<sup>1</sup> See S.Amdt 2700 to S. 1926 offered by Senators Heller and Tester during the 113<sup>th</sup> Congress.

<sup>2</sup> For more information on the NFIP rate research, please see:

<http://www.narfocus.com/bilddbatabase/clientfiles/172/4/2733.pdf>

### **LiDAR Elevation Data**

As the National Research Council (NRC) reported,<sup>3</sup> the most effective improvement to FEMA's flood maps would be to acquire high-resolution, high-accuracy elevation data using Light Detection and Ranging (LiDAR) technology. (Many of the technical mapping recommendations build on NRC's.) Currently, FEMA relies on 10- or 30-meter national elevation dataset (NED) for many of the maps. As a result, FEMA must rely on communities and property owners to make corrections by supplying more accurate elevation data using expensive and time consuming surveys.

NAR notes that the state of North Carolina, on the other hand, has taken over mapping for the state and moved away from survey-based mapping. Instead, North Carolina uses Geiger-mode LiDAR to obtain quality level two data representing a 1,000 percent increase in resolution over the NED.<sup>4</sup> Using this method, North Carolina is also able to pinpoint first floor property elevations statewide which would obviate the need for FEMA to go property by property and collect elevation certificates, each of which can cost anywhere from hundreds to thousands of dollars.

NAR would like to work with the Committee and Congress to estimate the costs of a North Carolina style program for mapping the entire country or pilot this technology in the most cost-effective areas. Based on our current research, it appears that money currently within the system could be put to better use by focusing on advanced technologies. According to the MAPPS Association, it would cost \$750 million to collect LiDAR elevation data for the entire nation. It would cost considerably less if Congress decided to start with 5 major NFIP states such as Florida, Louisiana, Texas, New York and New Jersey. NAR believes that with LiDAR data, FEMA could produce more accurate maps and minimize the number of property owners filing expensive appeals. This data would also help inform decision making next year as Congress works to develop the broader NFIP reauthorization and reform package.

### **Proactive Mitigation**

REALTORS® also support taking proactive action to mitigate against flooding. According to FEMA, one million NFIP-insured properties are not yet paying full-cost rates, and some could again be facing unaffordable rates in less than five years.<sup>5</sup> The more of these properties that are flood-proofed, elevated, relocated or otherwise strengthened against the flood risk, the lower NFIP rates will be and the less that taxpayers will be exposed to future NFIP borrowing. Congress already provides significant funding toward property mitigation programs. However, most of this funding is not accessible until after flooding occurs. Also FEMA does not collect the data needed to determine how many of the one million properties will face affordability issues.

NAR would like to work with the Committee to determine the extent to which FEMA can prioritize and redirect existing mitigation resources (without another act of Congress) to address property owners facing unaffordable flood insurance in the next 5-10 years. For example, Congress included a provision in the 2004 Flood Insurance Reform Act specifically directing FEMA to grant access to Increased Cost of Compliance funds before there is substantial flooding; yet, more than a decade later, these changes still have not been implemented. NAR would also request that the Committee provide FEMA with the necessary direction to implement these changes and also to collect and expedite the LiDAR data needed before the reauthorization debate begins next year. With this data, Congress could determine the scope of the affordability challenges in the program and if necessary, expand on existing mitigation resources in order to head off any issues before they reach crisis proportions.

### **Conclusion**

Thank you for the opportunity to submit these comments. NAR greatly appreciates the Committee's work in this area.

REALTORS® look forward to working with you and the Senate on these and other issues before the current authority for the NFIP expires on September 30, 2017.

Sincerely,



Tom Salomone

2016 President, National Association of REALTORS®

cc: Senate Banking, Housing & Urban Affairs Committee

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<sup>3</sup> National Research Council. 2009. *Mapping the Zone: Improving Flood Map Accuracy*. Washington, DC: The National Academies Press.

<sup>4</sup> Presentation to NAR's Insurance Committee by John Dorman, Director of the N.C. Flood Mapping Program and Chair of Technical Mapping Advisory Council, August 2016.

<sup>5</sup> FEMA Presentations to the Association of State Floodplain Managers Conference, June 2016.