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April 26, 2017

The Honorable Lou Barletta
Chairman
House Transportation and Infrastructure
Subcommittee on Economic
Development, Public Buildings, and
Emergency Management
2049 Rayburn House Office Building
Washington, DC 20515

The Honorable Henry C. Johnson, Jr.
Ranking Member
House Transportation and Infrastructure
Subcommittee on Economic
Development, Public Buildings, and
Emergency Management
2240 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Barletta and Ranking Member Johnson:

On behalf of the more than 1.2 million members of the National Association of REALTORS® (NAR), thank you for holding this hearing, "Building a 21st Century Infrastructure for America: Mitigating Damage and Recovering Quickly from Disasters." As the committee memorandum effectively lays out, the federal government is now spending more than \$6 billion per year on disaster recovery, with most of the cost dominated by a few multi-billion dollar events. Additionally, the cost of natural disasters, federal share of the cost, and number of federal programs dedicated to disasters have all multiplied since 1989. The committee also notes that a modest investment in pre-disaster mitigation could avert much of these disaster losses.

NAR believes that any discussion of disaster mitigation must begin with a focus on reauthorizing and strengthening the National Flood Insurance Program (NFIP). Consider the following facts:

- Most disaster declarations are flood related.¹
- Floods cost more than any other natural disaster.²
- A disproportionate share of U.S. spending goes to disaster recovery over mitigation.³
- Less is going to help individuals;⁴ the average household assistance grant is \$5,500.⁵

The National Flood Insurance Program (NFIP) was created in 1968 to reduce the flood risk and reliance on disaster relief. Prior to 1968, the U.S. tried to manage flood damage solely through flood control measures, but the cost became unsustainable. With the creation of the NFIP, property owners are able to purchase insurance to cover the damage from flooding

¹ Of the 3,585 total federal disaster declarations since 1953, 1,980 were flood-related -- i.e., 773 declarations were for floods only but an additional 894 declarations were for severe storms and 313 for hurricanes that included flooding. See: <https://www.fema.gov/data-visualization-summary-disaster-declarations-and-grants>

² There are multiple ways to measure the flood share of total disaster costs.

- US Geological Survey's fact sheet based on streamflow data: <https://ks.water.usgs.gov/pubs/fact-sheets/fs.024-00.html>
- National Oceanic and Atmospheric Administration, which keeps score of billion-dollar weather disasters which are on the rise. Go to www.ncdc.noaa.gov/billions and then add flooding, tropical cyclones and severe storms, since the primary damage from all of them is flooding
- National Weather Service compiles flood damage data from field office estimates (which are likely understated): <http://www.nws.noaa.gov/hic/>

³ See Figure 8 of <http://www.smartersafer.org/wp-content/uploads/Bracing-for-the-Storm.pdf>

⁴ Ibid, Figure 4

⁵ According to Carolyn Kousky (Resources for the Future): <http://www.rff.org/files/document/file/RFF-DP-17-03.pdf>



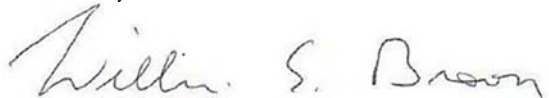
and recover more quickly.⁶ Additionally, the NFIP provides flood hazard mapping and mitigation assistance to communities that adopt building standards and steer development away from high-risk areas. According to FEMA, the new construction standards alone save \$1.2 billion per year in flood damage avoided.⁷ In addition, NFIP mitigation grants to elevate, relocate and buy out save another \$1.6 billion each year.⁸ Currently, mitigation funds are only available to property owners after the property floods. To be more cost effective, Congress and FEMA must focus on discouraging development in high-risk areas while giving the owners of already built properties more options to protect what for most is their most valuable asset. Congress must also redesign the program which is now \$25 billion in debt due to the catastrophic losses of the last decade. After Hurricane Katrina hit in 2005, NFIP paid out more in claims on that single event than it had over the life of the program. 2016 just became the third largest payout year for the NFIP and for the first time, there was no single catastrophic event driving the cost. NFIP has the right approach, which is to mitigate and steer development away from flood zones, but without Congressional reforms, the program will only go further into debt.

NFIP is up for reauthorization on September 30th of this year. As Congress develops legislation, now is an opportune time for a holistic look at how our country can more effectively lessen the impacts of natural disasters, and more frequent severe weather events in particular. Specifically, NAR proposes six areas where modest upfront investments could save taxpayers billions in disaster assistance.

1. Reauthorize and strengthen the NFIP to address catastrophic loss years.
2. Build on and expand NFIP's approach of risk mapping and steering development away from high-risk areas.
3. Consider putting NFIP at the center of a coordinated government-wide effort to marshal, analyze and target mitigation resources where they produce the most benefit for the cost.
4. Shift investments to more accurate and granular flood mapping so communities, developers, and property owners can better understand, avoid and mitigate flood risk.
5. Make flood mitigation assistance available to property owners before disaster strikes, when families are able to focus on mitigation and the mitigation dollars will go further.
6. Invest in upgrades to aging flood control infrastructure as part of a broader effort to avoid and mitigate risk for communities and property owners.

Again, thank you for holding this hearing. NAR stands ready to work with Congress to find mitigation solutions that help better protect property owners and communities from natural disasters and reducing the cost of these events to taxpayers.

Sincerely,



William E. Brown

2017 President, National Association of REALTORS®

cc: House Subcommittee on Economic Development, Public Buildings, and Emergency Management

⁶ Under the NFIP, a policyholder may obtain up to \$350,000 in coverage (\$250,000 for building and \$100,000 for contents), compared to the average individual/household assistance grant of \$5,500 per year (see footnote 5).

⁷ Page 7 of NFIP's 2011 Actuarial Review at: https://www.fema.gov/media-library-data/20130726-1809-25045-6893/actuarial_rate_review2011.pdf

⁸ Ibid, footnote 7.