



NATIONAL
ASSOCIATION of
REALTORS®

William E. Brown
2017 President

Dale A. Stinton
Chief Executive Officer

GOVERNMENT AFFAIRS DIVISION

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June 1, 2017

The Honorable Rodney Frelinghuysen
Chairman
House Committee on Appropriations
2306 Rayburn House Office Building
Washington, DC 20515

The Honorable Nita Lowey
Ranking Member
House Committee on Appropriations
2365 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frelinghuysen and Ranking Member Lowey:

As you continue to work through the FY2018 Appropriations bills, the National Association of REALTORS® would appreciate your consideration and support for the following requests:

Agriculture Appropriations

- 1) Provide \$2.5 million for the Rural Housing Service (RHS) to implement provisions in PL 114-201 (*The Housing Opportunity through Modernization Act*) allowing local approved lenders to approve loans. Rep. Andy Harris (R-MD) has submitted this request as well as language that would permit RHS to allocate their already authorized per loan fee of not more than \$50 for the implementation of this program.

Interior Appropriations

- 1) Provide \$147 million for the 3D Elevation Program (3DEP) in order to obtain high definition topographic elevation data to be used by several agencies, including the Federal Emergency Management Agency (FEMA) and the National Flood Insurance Program (NFIP).

Homeland Security Appropriations

- 1) Maintain FY17 level funding for FEMA Flood Mapping program (\$190M)
- 2) Include language submitted by Rep. Tom Rooney (R-FL) that clarifies the role of the Flood Advocate Office.
- 3) Fully fund the Office of the Flood Advocate at the FY17 level (\$5 million).
- 4) Include language submitted by Rep. Andy Harris (R-FL) directing FEMA to report to Congress on the cost of developing additional flood insurance rate tables.

Financial Services and General Government Appropriations

- 1) Include the text of H.R.1153, "*The Mortgage Choice Act*." Rep. David Joyce (R-OH) submitted this request to ensure greater consumer choice in mortgage and settlement services through changes to the Qualified Mortgage (QM) mortgage rule.

Attached please find additional information for each provision listed above. Thank you for considering these requests on behalf of NAR's 1.2 million members.

Sincerely,

William E. Brown
2017 President, National Association of REALTORS®

Enclosures:

- NAR March 11, 2016 Letter on Agriculture Appropriations
- NAR May 24, 2017 Letter on Interior Appropriations
- NAR May 10, 2017 Letter on Homeland Security Appropriations
- NAR March 28, 2017 Letter on Financial Services and General Government Appropriations



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Tom Salomone
2016 President

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March 11, 2016

The Honorable Robert B. Aderholt
Chairman
Agriculture Subcommittee
House Committee on Appropriations
235 Cannon House Office Building
Washington, DC 20515

The Honorable Sam Farr
Ranking Member
Agriculture Subcommittee
House Committee on Appropriations
1126 Longworth House Office Building
Washington, DC 20515

Dear Chairman Aderholt and Ranking Member Farr:

As you begin the FY2017 Appropriations process, the National Association of REALTORS® (NAR) requests report language to support families' housing options in rural communities. The Rural Housing Service (RHS) is a critical program for the 20 percent of the U.S. population that live in rural areas and small towns. Finding safe affordable housing remains a challenge in these areas where rental housing is often limited and access to mortgage financing is challenging.

The Rural Housing Service is in the process of rewriting the definition of "rural" used to determine eligibility for RHS services. Many rural areas are homes to prisons and universities. Given their transient nature, these populations should not be counted as active members of the community for RHS eligibility purposes. NAR is requesting report language that would direct the RHS to consider the impact of prison and university populations on their eligibility criteria and determinations. Representative Andy Harris (R-MD) has offered this language, which was also included in the FY2016 Appropriations bill.

The more than 1.1 million members of the National Association of REALTORS® urge your support for this provision. Rural families face unique challenges in accessing mortgage credit. Rural areas and towns should not be ineligible for RHS services, simply due to institutions that happened to be located in their communities.

Sincerely,



Tom Salomone
2016 President, National Association of REALTORS®

cc: Agriculture, Rural Development, Food and Drug Administration, and Related
Agencies Subcommittee



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May 24, 2017

The Honorable Ken Calvert
Chairman
Interior, Environment, and Related
Agencies Subcommittee
House Committee on Appropriations
2205 Rayburn House Office Building
Washington, DC 20515

The Honorable Betty McCollum
Ranking Member
Interior, Environment, and Related
Agencies Subcommittee
House Committee on Appropriations
2256 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Calvert and Ranking Member McCollum:

As you develop FY2018 appropriations, the National Association of REALTORS® (NAR) asks for your support for the U.S. Geological Survey's recommendation to provide \$147 million to the 3D Elevation Program (3DEP). While an order-of-magnitude increase over FY2017,¹ this is the minimum necessary to maximize net benefits and obtain high-resolution topographic elevation data for the U.S. by 2023. The Federal Emergency Management Agency (FEMA) requires this data to provide accurate 100-year flood mapping, where flood insurance is required for a federally related mortgage. Without 3DEP, taxpayers could spend hundreds of millions of dollars more on disaster relief for property damage that could have been avoided with 3DEP maps so the owners would not build in high-risk areas in the first place.

Comparison of 3DEP vs Best Available Data

Currently for three-quarters of the country,² FEMA uses a patchwork of topographic data to model the 100-year floodplain. The vast majority of this data was collected in the 1960s and 70s and varies in quality depending on the source. At 10-30 meter resolution,³ this data misses many land features including levees, berms, small streams and drains less than 10-30 meters wide. These features can have a significant impact on the projected shape of the floodplain. As the National Academies of Science have shown, the floodplain can be 20-percent overestimated due to missing features.⁴ As a result, homeowners are required to buy and spend more on flood insurance than is justified by the true risk of flooding.

3DEP is a game changer for FEMA maps. 3DEP would provide current, nationwide coverage at 1-meter resolution (0.5 meter spacing) using light detection and ranging

¹ USGS presentation to the 3DEP Coalition dated November 10, 2016. In FY2016, 3DEP received roughly \$30 million from three federal agencies (i.e., USGS, USDA and FEMA). FY2017 appropriations added \$2 million. At these levels, it will take nearly double the time (11 years vs. 6) in order to complete nationwide coverage.

² Email communication with USGS staff dated May 10, 2017. At the end of FY2015, 3DEP covered 24 percent of the U.S., except Alaska.

³ See Figure A6 for the resolution and A9 for the collection date of the best available topographic data. While USGS points out that 10-meter data covers most of the U.S., note the gaps in Florida where only 30-meter data is available (Figure A6). Florida represents more than one third of NFIP policies. Link: http://www.dewberry.com/docs/default-source/documents/neca-final-report_revised-3-29-12_appendix-a_ned-release-notes.pdf?sfvrsn=0

⁴ National Research Council. 2009. Mapping the Zone: Improving Flood Map Accuracy. Washington, DC: The National Academies Press, pp. 63-66 but esp. p. 66: "At the third site (Long Creek), the difference between the numbers of acres within the [floodplain based on LiDAR vs. approximate data] is about 20 percent.

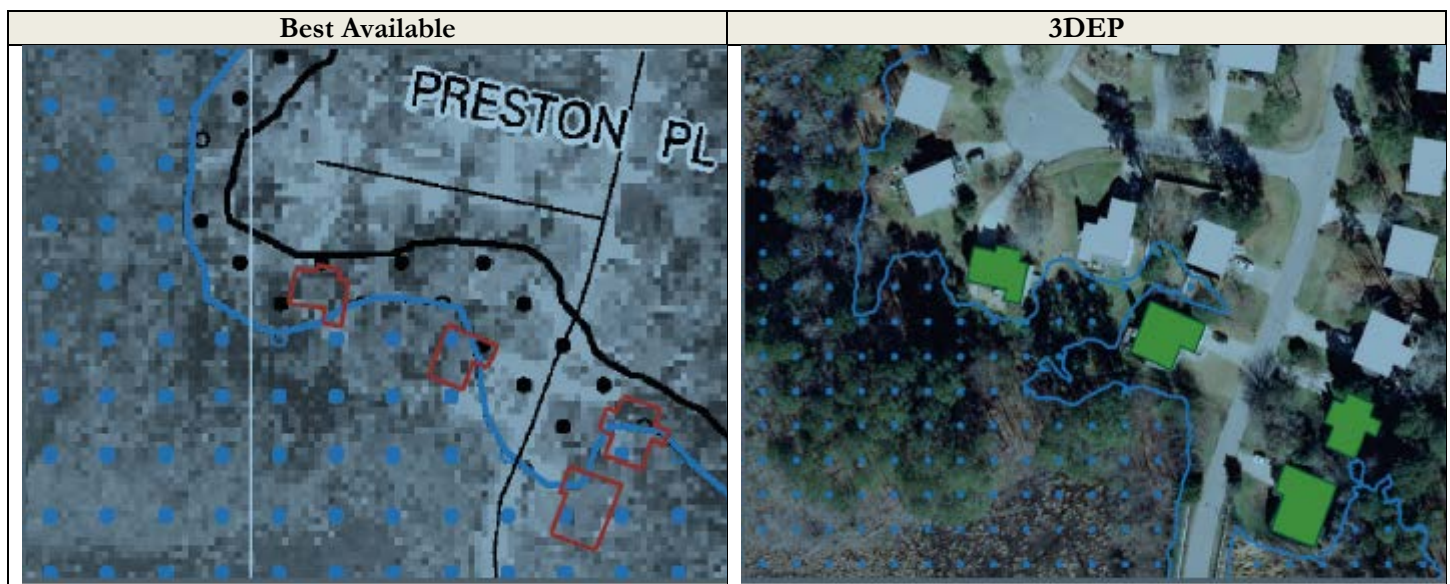


(LiDAR) technology. (LiDAR works like radar but uses laser pulses from airplanes.) This translates to 77,000 ground points for a 5-acre parcel – a 1000 percent increase over the 300 points in the 10-meter dataset. In addition, any error would be measured in centimeters rather than meters.⁵

Best Available	3DEP
1 ground point every 10-30 meters (30-90 feet)	1 point every 0.5 meters (1.5 feet)
More than 35 years old on average	Less than 8 years old
Variable quality depending on data source	High quality
Vertical elevation error of 1.5 meters (3 feet)	Error of 9.25cm (0.3 feet)

Implications for Flood Mapping

The North Carolina Floodplain Mapping Program, which uses 3DEP-resolution topographic data, provided four examples of low-risk homes mapped two ways – first using low-resolution data (left) and then using high-resolution data (right).



What is notable about these four homes:

- All four are low flood risks both horizontally and vertically.
- Horizontally, each building is located outside the floodplain (i.e., the blue area does not intersect the building footprints on the right, where high-resolution topographic data is used).
- Vertically, each structure sits on higher ground three feet above the 100-year flood level, but there are no elevation certificates to document this, since all were built before the flood map.
- Yet all four would be incorrectly mapped into the floodplain under the low-resolution data (left).
- As a result, these homeowners would be required to spend thousands of dollars each year on flood insurance, when the true risk actuarial rate is just hundreds of dollars.
- The only alternative would be for each homeowner to buy a \$500-\$1500 land survey and obtain a letter of map amendment from FEMA.

⁵ Id., p. 37.

Net Benefits to the Nation

USGS conducted a National Enhanced Elevation Assessment to estimate the costs and benefits of 3DEP.⁶ The Agency documented over 600 uses for 3DEP ranging from agriculture to wildlife but was only able to quantify 66 percent of the benefits.⁷ It also varied the resolution of the LiDAR to be collected from 8 points per square meter (quality level 1) to 0.25 points (quality level 3), as well as the amount of time needed to complete nationwide coverage. The assessment showed that the net benefits (i.e., benefits minus costs) were highest when 3DEP invested at least \$147 million and collected LiDAR data (mostly at quality level 2) for the entire U.S within 8 years.

Table 1.9. Lifecycle Benefit Cost Analysis Comparisons for Elevation Data + IT Costs Combined

All Scenarios include QL5 IFSAR for Alaska	Average Annual Costs	Average Annual Benefits	Average Annual Net Benefits	B/C Ratio	Total Possible Benefits Satisfied
Scenario 4, QL1/2/3/5 data, 8 years, focus on highest combined net benefits for all users	\$160.6M	\$780.2M	\$619.7M	4.858	66.1%
Scenario 2, QL1/2/3 LiDAR, 8 years, focus on federal requirements with highest B/C Ratio	\$147.9M	\$698.9M	\$551.0M	4.726	59.2%
Scenario 3, Uniform QL2 LiDAR, 8 years, focus on nationally uniform data with highest B/C Ratio	\$146.4M	\$689.9M	\$543.5M	4.713	58.5%
Scenario 4A, QL1/2/3/5 data but 15-year update	\$85.7M	\$394.1M	\$308.4M	4.600	33.4%
Scenario 2A, QL1/2/3 LiDAR but 15-year update	\$78.9M	\$353.2M	\$274.3M	4.478	29.9%
Scenario 3A, Uniform QL2 LiDAR but 15-year update	\$78.1M	\$348.7M	\$270.6M	4.471	29.5%
Scenario 1A, Uniform QL3 LiDAR but 15-year update	\$58.5M	\$261.1M	\$202.6M	4.461	22.1%
Scenario 1, Uniform QL3 LiDAR, 25-years, focus on lowest costs	\$35.1M	\$148.4M	\$115.7M	4.226	12.6%

The assessment also showed that most of the benefits came from enhanced flood risk management (conservatively \$300 million per year). As illustrated above, 3DEP would enable FEMA to:

- Draw accurate floodplain boundaries so fewer property owners would have to obtain letters of map amendment. Currently, FEMA issues 25,000 of these letters each year.
- Extract building elevations and footprints so homeowners could use that data to support FEMA map amendments. Currently, homeowners must obtain property specific land survey at a cost of \$500-\$1500 each. 3DEP would collect the same quality data,⁸ except the cost would be closer to \$15 per property and the data would be collected for whole neighborhoods at once rather than property-by-property like FEMA's current process.⁹

⁶ USGS. National Enhanced Elevation Assessment dated March 29, 2012. <http://www.dewberry.com/services/geospatial/national-enhanced-elevation-assessment>

⁷ Id, Table 1.1, which shows that 3DEP can be used for many purposes other than flood mapping, including energy and transportation. Appendix E elaborates on 27 of these uses for the high resolution data.

⁸ Id, Table 1.2, which shows that the vertical error (RMSEz) for quality level two LiDAR data is 9.25 cm (0.3 foot). Compare that with error for Elevation Certificates according to the National Research Council (2009, cited in footnote 4) on p. 34: "GPS-derived structural elevation data on Elevation Certificates are estimated to be +/-0.5 foot at the 95 percent confidence level..."

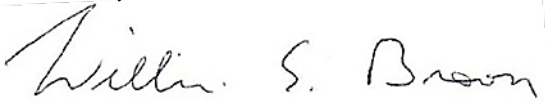
⁹ Presentation by the NC Floodplain Mapping Program to NAR's Flood Insurance Working Group dated April 18, 2016.

- Shift the burden of proof from homeowners back to the Federal government where it belongs. Currently, there are no buildings on FEMA’s flood maps. Rather, FEMA delineates the 100-year floodplains and assumes that all buildings within those areas are “high risk” – even the ones built on high ground. In other words, now the presumption is the map is correct until the property owner proves otherwise – even though the underlying topographic data is decades old, of variable quality and too low resolution to meet FEMA’s mapping standards. 3DEP would put the buildings on the maps so homeowners no longer have to.
- Save taxpayers money. The National Academies have shown how floodplains can be 20 percent over-estimated; floodplains can also be underestimated at the margin. If properties are inadvertently built in these high-risk areas because they were not identified due to the low resolution of the map, it is the taxpayer that pays for disaster relief to repair those structures after major floods. Likewise, if limited mitigation budgets are spent elevating or relocating low risk properties that have been misclassified as high risk, those dollars cannot be reallocated to produce higher benefits to society per dollar spent. In other words, low-resolution flood maps waste scarce taxpayer dollars that could be put to better public use with modest investments in data resolution.

Conclusion

Thank you for considering this modest request for 3DEP funding. NAR’s 1.2 million members look forward to working with Congress to improve the accuracy of the flood maps so property owners can make better informed buying and building decisions where it involves the risk of flooding, the most costly and common natural disaster in the U.S.

Sincerely,



William E. Brown
2017 President, National Association of REALTORS®

cc: House Interior, Environment, and Related Agencies Subcommittee

Better Data Results in Better Mapping and Analysis

The State of North Carolina has invested highly in (1) high-resolution, LiDAR-derived topography and imagery; and, (2) model-backed Flood Insurance Studies with published Base Flood Elevations, and (3) a comprehensive inventory of buildings and other vulnerable assets for the entire state. The building inventory includes remote-sensed First Floor Elevation (FFE) collection at +/- 0.5 feet accuracy provided for structures near the floodplain. These integrated sets of data provide a more refined and accurate depiction of flood hazard and vulnerability in North Carolina. In the future, the State of North Carolina is pursuing an even more refined accuracy of +/- 0.3 feet for a structure's FFE, therefore being able to show which structures are out and elevated above the Base Flood Elevation (BFE).

Every building in the state greater than 800 square feet in size is cataloged and has a LiDAR-derived FFE. The NFIP also requires Elevation Certificates (ECs) which provides a high-precision survey grade assessment of the various elevations of a structure on a property. ECs typically cost between \$500-\$1,500 per survey and is a financial burden that the property owner must pay in order to assess flood risk based on ground elevations related to the floodplain. But North Carolina has found that a more cost-effective way to assess structure elevations is by comparing the LiDAR-derived FFEs to flood risk.

Near 5608 Preston Place, Raleigh, NC 27604

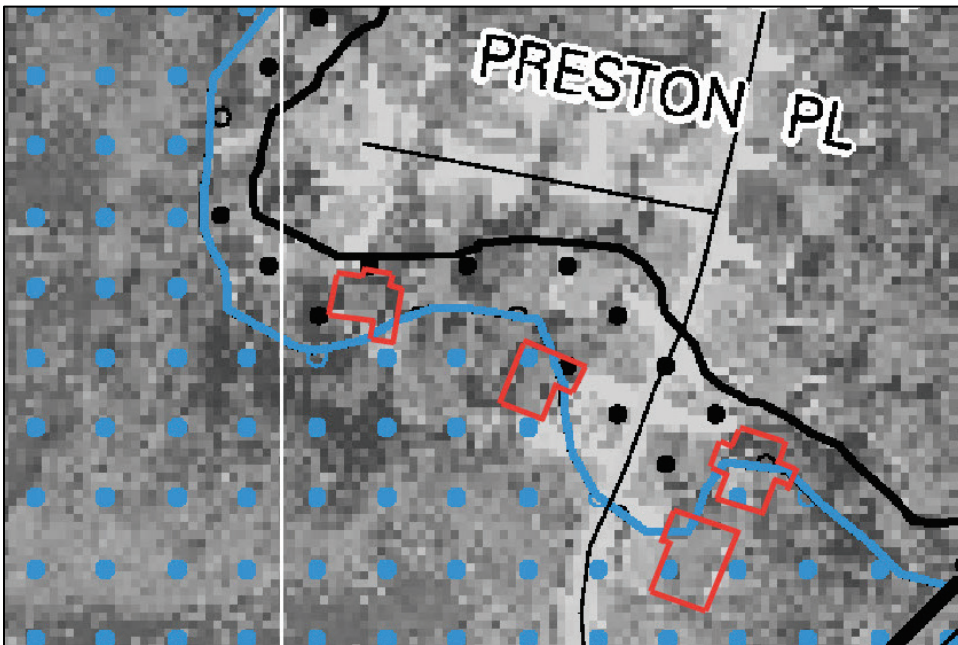


Figure 1: This example shows the mapping displayed on an effective FIRM panel (3720173400J) in Wake County. This floodplain mapping uses coarse topographic data. Notice how the floodplain boundary goes through the buildings (shown in red). The building FFEs are actually 3 feet above the BFE, but the older mapping data does not reflect this and would likely require a LOMA to resolve.

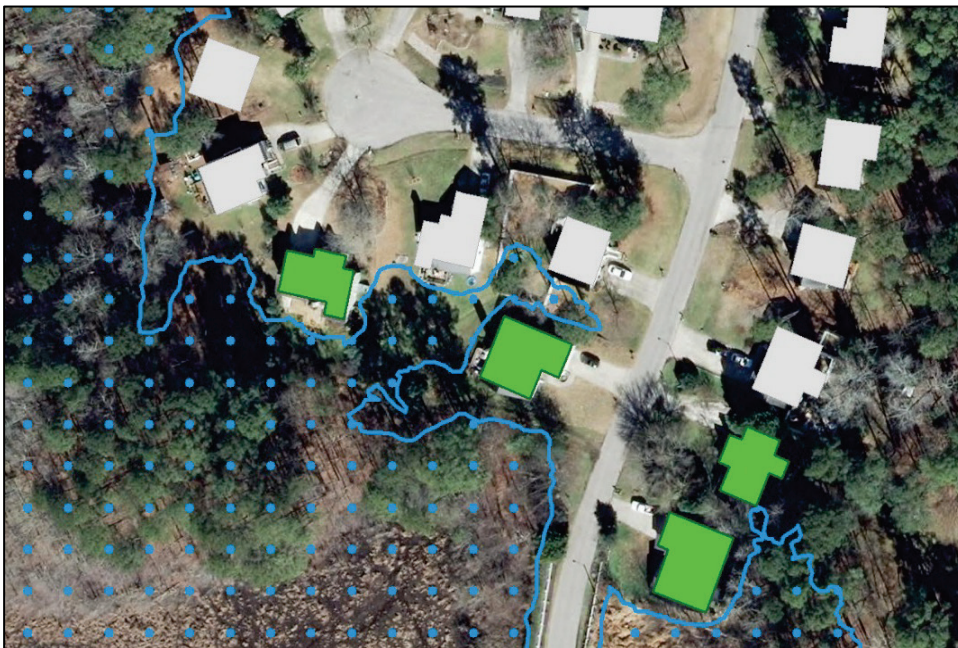


Figure 2: This is the same area shown in Figure 1; however, high-resolution LiDAR topography (2 points per square meter) was used to develop the floodplain shown in this image (black line). Notice how the floodplain boundary does not cross over the buildings (green) but rather goes around them. The new structure FFEs collected by North Carolina have the elevated structure data included, further ensuring that the floodplain does not impact this structure at a 1% annual chance flood event.

William E. Brown
2017 President

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May 10, 2017

The Honorable John Carter
Chairman
Subcommittee on Homeland Security
House Committee on Appropriations
2110 Rayburn House Office Building
Washington, DC 201515

The Honorable Lucille Roybal-Allard
Ranking Member
Subcommittee on Homeland Security
House Committee on Appropriations
2083 Rayburn House Office Building
Washington, DC 201515

Dear Chairman Carter and Ranking Member Roybal-Allard:

As you begin the FY2018 Appropriations process, the National Association of REALTORS® (NAR) urges your support for:

- **An increase of \$13 million over FY17 funding levels to \$190 Million for the National Flood Mapping Program for FY18.** Flood maps identify the high-risk areas in 22,000 communities where flood insurance is required for a mortgage. Without the maps, the National Flood Insurance Program (NFIP) cannot set insurance rates; communities cannot regulate development; and mortgage lenders, private insurance companies and property owners cannot make informed decisions about flood risk or what insuring that risk will cost. For every \$1 invested in mapping this risk, taxpayers save \$2 in avoided property flood losses. ¹

NAR also asks for your support for the following report language submitted by Rep. Andy Harris (MD) (similar to House 2017 report language) to encourage the NFIP to explore the addition of rate tables that better align with individual property risk.

LANGUAGE: “The Committee notes that FEMA has established one risk premium rate table under the National Flood Insurance Program that applies to all post-FIRM structures in AE and A1-30 zones across the United States. The Committee requests that FEMA investigate the cost of revising and expanding this table to reflect the differences in the risk between properties located in coastal areas and properties located inland, and report back to the Committee not later than the 180-day period beginning on the date of enactment of this Act.”

- **Maintaining \$5 million in funding in FY18 for the Office of the Consumer Advocate** (Section 24 of the Flood Insurance Affordability Act (Public Law#113-89)). This small, independent office within FEMA advocates on behalf of 5 million policyholders and property owners under the National Flood Insurance Program. Since its inception in December 2014, the Office has surfaced numerous issues, intervened on behalf of dozens of policyholders and successfully resolved a wide range of disputes over FEMA flood maps, insurance rates and claim payments.



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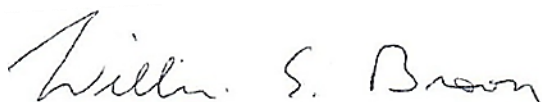
¹ The Association of State Floodplain Managers. “Flood Mapping for the Nation: A Cost Analysis” dated March 1, 2013: https://www.floods.org/ace-files/documentlibrary/2012_NFIP_Reform/Flood_Mapping_for_the_Nation_ASFPM_Report_3-1-2013.pdf

REALTORS® also ask that you support the inclusion of the following report language (similar to House 2017 report language) by Rep. Tom Rooney (FL), to ensure that FEMA provides the necessary resources for the Advocate to mediate directly between policyholders and write-your-own insurance companies in settling insurance rate disputes.

LANGUAGE “The Committee supports the continued establishment of a Flood Insurance Advocate, and directs FEMA to allocate funds necessary under this heading to enable the Advocate to carry out his or her statutory responsibilities. The Committee also recommends that the Advocate mediate directly between policyholders and write-your-own insurance companies to assist in settling rate disputes, as FEMA has ultimate responsibility for setting and approving rates for NFIP policies. The Advocate is also encouraged to modify and correct any incorrect rate quotes issued by write-your-own companies as directed in the Homeowner Flood Insurance Affordability Act of 2014, 42 USC 4033(b)(5).

NAR’s 1.2 million members thank you for considering these important requests to fully fund national flood insurance programs that protect consumers from flooding, the most costly and common natural disaster in the U.S.

Sincerely,

A handwritten signature in cursive script that reads "William E. Brown". The signature is written in black ink and is positioned above the printed name.

William E. Brown
2017 President, National Association of REALTORS®



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March 28, 2017

The Honorable Tom Graves
Chairman
Financial Services Subcommittee
House Committee on Appropriations
2078 Rayburn House Office Building
Washington, DC 20515

The Honorable Mike Quigley
Ranking Member
Financial Services Subcommittee
House Committee on Appropriations
2458 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Graves and Ranking Member Quigley:

As you begin the FY 2018 Appropriations process, the National Association of REALTORS® (NAR) supports Representative Dave Joyce’s (R-OH) request to include the text of H.R.1153, “The Mortgage Choice Act,” in the FY 2018 Financial Services Appropriations bill. H.R. 1153 is a bipartisan bill identical to legislation that passed the House in April 2015 by a vote of 286-140. This measure also passed the House twice in the 113th Congress but was not taken up by the Senate. H.R. 1153 would make two adjustments to the Truth in Lending Act’s (TILA) definition of “points and fees” to ensure greater consumer choice in mortgage and settlement services under the Ability to Repay/Qualified Mortgage (QM) rule.

The Mortgage Choice Act will enhance competition in the mortgage and title insurance markets, and ensure that consumers have greater access to mortgage credit and will be able to choose the lenders and title providers best suited for their individual needs. The legislation does not give title insurance and other affiliates a special advantage, carve out, or loop hole. These companies are, and will remain, subject to the Real Estate Settlement Procedures Act (RESPA) and all other consumer protection laws that prevent steering, kickbacks and unfair practices.

The more than 1.2 million members of the National Association of REALTORS® urge your support for the inclusion of this bill as it will enhance the quality and efficiencies of the services provided by mortgage and settlement providers.

Sincerely,

William E. Brown
2017 President, National Association of REALTORS®



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