

Dear [Member(s) of Congress]:

I am writing, on behalf of the National Association of Realtors®, to express concerns over drastic increases in flood insurance premiums as a result of recent changes to the National Flood Insurance Program (NFIP). Provisions included in the Biggert-Waters Act of 2012 will make flood insurance unaffordable for working Americans who have built to code and followed the law every step of the way. We urge your support for a delay for the purchases or grandfathering of homes under Sections 205 and 207, respectively, until FEMA submits its congressionally mandated affordability report under Section 236. The Agency should not be allowed to pick and choose which parts of a law it will implement. The affordability study is equally important and imperative to understand the full scope of impact, and we urge its immediate completion.

The Biggert-Waters Act of 2012 phases-in full-risk (actuarial) rates on non-primary residences and businesses built before the first flood maps were established (pre-FIRM). It also requires that the buyers immediately assume the full actuarial rate when purchasing a pre-FIRM primary home. The Biggert-Waters Act will also phase out grandfathering. This means that properties that were built in accordance with all FEMA required building codes and elevations at that time may now be deemed out of compliance, through no fault of the owner, due to flood re-mapping. FEMA has begun the phase-out for the pre-FIRM properties, including homes purchased after enactment, and already we are seeing rate quotes for unaffordable increases and a chill in many local real estate markets across the Nation. In some instances, homeowners that have never flooded and built to code are facing 2,000-3,000% increases in annual premiums. This drastic increase in premiums will cause property values and assessments to drop, bank mortgages to go into default, local tax bases to erode, and economies to be eviscerated. Ironically, while these increases were intended to make the NFIP solvent, it could have the opposite effect if business and homeowners are no longer able to afford the premiums and forced out of the program completely.

We support a fully authorized, sustainable, fiscally responsible NFIP. However, fiscal sustainability must be balanced with protecting the businesses and homeowners who built according to code and have followed all applicable laws. We understand and support the intent of the Biggert-Waters Act, but the unintended consequences of the changes threaten to harm the very people the program was designed to protect.