

REAUTHORIZE NATIONAL FLOOD INSURANCE

On September 30, 2011, the National Flood Insurance Program (NFIP) will expire, again. This is the **ninth** time in **three** years that Congress has kicked the can down the road, a few months at a time, with yet another stopgap extension. Because Congress failed to act on long-term legislation, last year the NFIP had to shut down on two occasions for a total of nearly two months.

- During one of these months, the shutdown caused 47,000 home-sale delays or cancellations.
- The stopgap extensions further undermined consumer confidence and exacerbated uncertainty in real estate markets that cannot afford any more.

Please take action today. Tell Congress to end the stopgap extensions and shutdowns and finally reauthorize the NFIP for a full five years.

Status

This Congress, legislation is moving in the House, where on June 9, 2011, the Financial Services Committee unanimously approved H.R. 1309: the Flood Insurance Reform Act (Biggert, IL-R; Waters, D-CA); the House is expected to consider this 5 year reauthorization bill in the next few weeks. The Senate is only at the beginning of writing a bill with the Banking Committee holding a second hearing on June 23, 2011. The program is next set to expire on September 30, 2011.

Background

By law, flood insurance is required for certain property owners in federally designated “special flood hazard areas” at risk of a 100-year flood. For this requirement to apply, the owner must also have a mortgage with a federally regulated lender, Fannie Mae or Freddie Mac, and live in a community that participates in the NFIP. Contrary to the critics, this program is not being used to subsidize the development or rebuilding of high-risk coastal communities. Under the Coastal Resources Barrier Act, NFIP is prohibited in most of these communities and thus more than 98% of NFIP policies are issued inland.

There is no private market for flood insurance, which means for 5.6 million property owners, NFIP is the only source of protection from floods; over the last century, floods have claimed more lives and property than any other natural disaster in the United States. The NFIP was established in 1968 to fill this vacuum in the private insurance market. Up until then, property owners had no way to insure or protect themselves, their family or property and therefore were forced to turn to the federal government for expensive rebuilding assistance after major floods – all paid for by U.S. taxpayers.

Many flood victims lived in homes or areas that had not flooded previously ([click here for testimonials](#)). Floods are caused by rising rivers, severe storms, snow melt, failure of man-made structures such as levees, as well as hurricanes. Ninety-seven percent (97%) of the U.S. population lives in a county where the President has declared at least one flood disaster. For example:

- Floods can happen virtually anywhere that snow melts or rain falls. Recently, Vermont, New York, Illinois, Oklahoma, Idaho, South Dakota, North Dakota, Minnesota and Tennessee were each declared flood disaster areas by President Obama.
- Record snowmelt from the Rockies coupled with historic rainfall and the release of rising dam waters along the Missouri river following the Mississippi now has much of the Dakotas

and Montana under water and more to come for the neighboring states, including Kansas and Nebraska.

- From 1990 to 2005, every state in union was presidentially declared a flood disaster (the linked map color codes the U.S. by the number of such declarations).

Letter to Congress

Dear [Decision maker]:

As a constituent and REALTOR, I can testify firsthand as to the importance of the National Flood Insurance Program (NFIP) to my local community. The NFIP enables the property owners to protect their family and property against floods, which claimed more lives and property than any other natural disaster in the United States over the past century. Just as important, without a functioning program, real estate transactions in neighborhoods in 21,000 communities nationwide could come to a standstill. I urge you to reauthorize this vital program for a full five years, before September 30, 2011, when the authority is set to expire again.

The NFIP was last fully reauthorized in 2004 and has been extended several months at a time; the latest extension will end on September 30, later this year. Since September 2008, the program has been extended **nine** and expired **five** times. Twice last year, each lapse was for several weeks. Just one of those lapses, in June 2010, caused 47,000 home sales to be delayed or cancelled and that was in a down real estate market. The many stopgap extensions and shutdowns have only added another layer of uncertainty to real estate markets during the longest recession since World War II.

The continued recovery of real estate markets is critical not only to my local community but also to the U.S. economy. The NFIP is only the source of flood protection for 5.6 million home- and small business owners in 21,000 communities nationwide. A long-term extension is necessary to provide some certainty to these owners as well as every participant in the economy that the NFIP effects – including the builders, real estate professionals, mortgage lenders, investors, insurance agents and insurance companies. All these entities depend on the program for the flood damage protection.

By ensuring access to affordable property insurance, NFIP also saves taxpayers money. Insurance reduces the amount of post-disaster relief paid for by all taxpayers. However, this insurance is not available in the private market except for the wealthiest and highest valued property (at least \$1 million), according to the General Accountability Office. Without this program, more property owners would have to rely on the federal government and thus taxpayers for rebuilding assistance after the next major flood.

I respectfully request that you not allow another expiration of NFIP authority. For the sake of the communities, property owners, and taxpayers, please fully reauthorize this program for five years before the September 30, 2011, deadline. Real estate markets cannot afford any more uncertainty.

Sincerely,