

SAFEGUARDING AMERICA'S COMMUNITIES AND THEIR FLOODPLAINS

According to the National Oceanic and Atmospheric Administration, floods cost the United States more than \$75 billion over the five-year period ending in 2008, or an average of more than \$15 billion per year. These costs continue to spiral upward. Adopting federal policies that discourage development and other destructive and degrading activities in floodplains is critical to protecting communities and ecosystems from existing and potential climate change impacts such as sea-level rise, increased storm surges and flooding.

SmarterSafer.org – a coalition comprised of taxpayer groups and environmental organizations, as well as insurance and reinsurance industry groups - recognizes that adopting federal policies that lead to responsible development will benefit insurance consumers, the environment, and taxpayers.

The priority goals of SmarterSafer.org include:

- **Reducing loss of life and injuries due to floods**
- **Decreasing the risk of flood losses**
- **Reducing the costs of floods**
- **Encouraging the provision of private capital to back flood insurance**
- **Reducing the demand for federal disaster assistance**
- **Preserving and restoring natural and beneficial floodplain functions**

SmarterSafer.org seeks improvements in federal flood and disaster assistance programs that encourage better floodplain management, reduce property losses and costs to taxpayers, protect and restore critical ecosystems and improve public safety. Improved direction and coordination among all federal agencies' floodplain-related activities is necessary to meet these important objectives.

The SmarterSafer Coalition also wants to reform FEMA's National Flood Insurance Program (NFIP) in order to enable the program to meet its primary objectives of reducing flood losses and heightening awareness about flood risks. Keeping development out of dangerous and environmentally sensitive areas represents an effective and yet often overlooked method of reducing flood losses.

Suggested Reforms to the NFIP and Related Flood Policies and Programs:

1) Adjust NFIP rates to reflect the actual risk of living in flood-prone areas. Many properties covered under the NFIP obtain below-market rates that mask the true risk of living in floodplains. As a result, the federal government is subsidizing development in dangerous and environmentally sensitive areas, forcing taxpayers to help defray the cost of properties that are in danger zones and leaving them on the hook to rebuild homes and businesses that incur flood damages. Phasing in risk-based rates, including a catastrophe factor, would save tax dollars. Risk-based rates including a catastrophe factor should apply to all properties. Some form of means-tested premium payment assistance (via grants or tax credits) to incumbent low-income homeowners is vitally important to ease any transition.

2) Require FEMA to establish policies that restrict NFIP coverage for new construction and ban rebuilding in high-hazard, environmentally sensitive areas; Assure that future mapping identifies such critical areas. Very high hazard areas -- such as high velocity floodways, mountain canyons and coastal erosion areas -- must be identified in flood mapping.

3) Reduce reliance on levees for new development and redevelopment; Evaluate levee protection so that high levels of public safety are maintained. Preserving and restoring the natural and beneficial floodplain function, along with land use planning that steers development out of the floodplain, provides the most cost-effective safeguard to communities against flooding.

4) Require FEMA to recommit to a national hazard mitigation policy that emphasizes stronger standards, including rules that place homes and businesses in areas safe from flooding. FEMA should promote wise floodplain management and greater use of non-structural mitigation techniques, such as voluntary buyouts, building elevations and open space preservation to reduce flooding risk. Communities should be required to prohibit all government-subsidized development from the mapped very high hazard areas. Similarly, federal subsidies of all kinds should be cut for communities that do not strengthen land-use and building code standards. The CLIMB project in Boston showed the estimated costs of 'reacting' to moderate floods is four times the cost of 'preparing' for floods through the use of natural floodplain protection. This is in line with the research conducted by the Multihazard Mitigation Council which found that a dollar spent on mitigation saves society an average of four dollars.

5) Require FEMA to revise the Community Rating System. The Community Rating System (CRS) offers discounted insurance rates to communities that voluntarily adopt and implement policies that exceed FEMA requirements to reduce flood risk. FEMA's CRS scoring and rating criteria should be revised to include greater incentives for the implementation of projects that restore and/or protect natural and beneficial functions that reduce flood risk and improve mitigation. In addition, FEMA must closely monitor communities' compliance. Communities that successfully attract private capital to underwrite flood risk should also receive consideration under CRS.

6) Require FEMA and all other federal agencies to use the best available data on recent flooding and potential climate change when producing flood maps and include '500-year flood' zones. Flood maps guide local planning and development patterns. FEMA must end the practice of revising floodplain maps to remove areas in the floodplain that have been filled, leveed off or major obstructions are placed in floodways, as development in these areas still puts people and property in harms way and force floodwaters onto other communities. This year's floods on the Mississippi have once again shown that floodplain development, including changes on land cover, urbanization and other land use changes, increase flooding in downstream areas. Using our best available science, including identification of reasonably foreseeable "future conditions," to guide future planning documents is a common-sense strategy to prepare for actual and future flood risk. Also, this year the Midwest experienced its second '500-year flood' in 15 years. With experts suggesting that climate change may result in more intense and frequent flooding in coming years, it is important to use the '500-year flood' zone to inform planning decisions if people and properties are to remain out of harm's way.

7) Require FEMA's flood maps to show 'residual risk' areas that would be inundated due to levee or dam failure, and apply the same standards for flood insurance purchase to properties in residual risk zones. Many Americans have no idea that they live behind a levee or below a dam until flood waters are rushing under their doors. Others falsely believe that levees and dams - and those responsible for their maintenance - will always keep them safe from floods. This provision would assure better land use and building controls in residual risk areas, help dispel the false sense of security from dams and levees, and prevent catastrophic disasters.

8) NFIP MUST NOT be expanded to include wind coverage. The NFIP is already over \$19 billion in debt. Expanding the NFIP to include wind insurance would also perpetuate the damage-

repair-rebuild cycle by subsidizing more risky development. Congress should not further destabilize a program that already costs taxpayers more than \$6 billion a year and is financially insolvent.

9) NFIP should establish pilot programs intended to encourage private and partially private provision of flood insurance. Current private flood insurance programs are generally available to more affluent populations. Congress and FEMA should investigate ways to encourage the private and partially private provision of flood insurance for all Americans.

10) NFIP should limit the number of times that it rebuilds the same property. Severe repetitive losses place an enormous burden on taxpayers, communities, and the environment. Although a variety of mitigation, insurance, and conservation measures can serve to place limits on repetitive losses, Congress should establish a firm rule that no property should be rebuilt more than twice.

11) In reforming the NFIP, Congress and the President should consider the floodplain management consequences of federal programs *outside* of the NFIP and the FEMA. A variety of other programs in agencies ranging from the Department of Defense (Army Corps of Engineers) to the Department of Housing and Urban Development (Section 8 housing vouchers) have vast impacts on the manner in which the United States uses and manages areas that are likely to experience floods. Any comprehensive reform of the NFIP must take the consequences of these programs into account and modify them in ways that are likely to promote sound water resources management policies. Ideally, some aspects of existing programs, such as the Corps' water resources projects, should be reformed directly alongside the NFIP. In other cases, the Congress should consider the creation of a new standing commission (or the revival of a dormant one) to provide ongoing monitoring and advice as to the likely floodplain management consequences of federal programs. The Administration, likewise, should work to improve and update the Executive Orders that set floodplain management and mitigation policies that impact federal facilities, and launch a review of all regulations that impact flood plain management.

12) Federal policy towards flooding should emphasize a multi-faceted mitigation strategy. Nearly all sizeable bodies of water will flood surrounding lands at one time or another. As a result, no single measure or series of measures ever could address all floods. Thus, insofar as the federal government engages in efforts to address the consequences of flooding, it should have a wide range of tools at its disposal. Levies, land buyouts, individual home mitigation measures, open space preservation efforts, and restrictive development guidelines for federally subsidized programs all have roles to play in any integrated strategy. Measures like levy construction that have received ample subsidies in the past might see their subsidies reduced or eliminated, while others, such as encouragement for individual home retrofitting, may be prudent places for government to invest additional resources.