



October 6, 2017

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230, The Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
H-232 The Capitol
Washington, D.C. 20515

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204 The Capitol
Washington, D.C. 20515

Dear Leader McConnell, Leader Schumer, Speaker Ryan, and Leader Pelosi:

As Congress, and our nation, continue to monitor the ongoing recovery efforts in areas impacted by Hurricanes Harvey, Irma, and Maria, it's important to keep in mind the impact these events have on multifamily property owners and those Americans who call apartments home. Like many properties in affected areas, apartment communities of all sizes suffered significant damage. From Hurricane Harvey alone, estimates are as high as 43,000 apartments in the Houston area being taken off line.¹ Experts are still assessing the damage to the multifamily housing stock across the rest of Texas, Florida, Puerto Rico, and the U.S. Virgin Islands.

After each of the recent hurricanes, multifamily firms and their employees activated in great number to protect their properties, their residents and their communities. Many firms took steps to open their doors to those in need, relocate residents, lower fees, waive penalties, and assist their employees and affected residents. The industry's response is a testament to the compassion of all Americans coming together to assist one another in the most difficult of times.

NMHC/NAA² strongly support efforts by the Administration and Congressional Leaders to swiftly provide additional disaster assistance to affected areas. As these efforts continue to

¹ <https://www.realtor.com/mpf-research/many-as-43000-apartments-appear-off-line-metro-houston/>

² For more than 20 years, the National Multifamily Housing Council (NMHC) and the National Apartment Association (NAA) have partnered in a joint legislative program to provide a single voice for America's apartment industry. Our combined memberships are engaged in all aspects of the apartment industry, including ownership, development, management and finance. NMHC represents the principal officers of the apartment industry's largest and most prominent firms. As a federation of nearly 170 state and local affiliates, NAA encompasses over 72,000 members representing more than 8.4 million apartment homes throughout the United States and Canada.

come together, NMHC/NAA want to highlight several issues of importance to apartment communities that will help foster a strong recovery and get residents and business owners back on their feet faster.

Disaster Assistance & Tax Relief

The current constructs of FEMA's disaster relief programs preclude rental property owners (as well as any property owner who is not the primary resident of the affected structure) from receiving emergency grant funding to repair or replace damaged structures. For some rental property owners, especially those who own and manage smaller or more affordable rental properties, this can serve as a significant roadblock to a speedy recovery. While these property owners are eligible for Small Business Administration (SBA) loan products, often the prospect of a loan in the wake of a disaster can be worrisome and lead to delays in repairs being undertaken. NMHC/NAA strongly support the emergency assistance directed towards individuals affected by these disasters but believe that small and affordable apartment owners should also be eligible to apply for this emergency line of funding. Access to disaster grants would help provide multifamily property owners the immediate resources necessary to make critical repairs to their property and allow for residents to be allowed back in their homes.

The multifamily industry also encourages Congress to consider enacting additional tax provisions to assist the multifamily industry to construct or repair units so that those displaced can have a place to call home. At the end of September, Congress passed and the President signed, legislation to provide targeted tax relief to victims of Hurricanes Harvey, Irma, and Maria as part of a measure to extend Federal Aviation Administration authorization. Should Congress desire to add a tax title to future legislation, we request the opportunity to work with the House Ways and Means and Senate Finance Committees on additional business-oriented provisions that could spur investment and, thereby, provide critical assistance to the multifamily industry. Notably, Congress enacted provisions beneficial to the multifamily industry as part of the Gulf Opportunity Zone Act of 2005 in the wake of Hurricane Katrina.

National Flood Insurance Program

NMHC/NAA appreciate Congress and the Administration's commitment to ensuring the National Flood Insurance Program (NFIP) is strong and available to property owners across the country. It is a critical risk management tool for apartment owners and is often the only viable coverage option available in most at-risk areas of the country. NMHC/NAA support the long-term reauthorization of the program and key reforms to ensure that the

NFIP is able to ensure that all rental properties continue to have access to flood insurance coverage.

NMHC/NAA is appreciative of the proposals that the Administration submitted to Congress recently to address the NFIP financial solvency. Proposals such as fostering a stronger private flood insurance market and ensuring affordability for low-income American's are important goals. While NMHC/NAA support many of the reforms put forward, we continue to be concerned with provisions aimed at phasing out NFIP coverage availability to commercial property owners. Elimination of NFIP coverage for commercial property owners could lead to significant market disruption as private coverage is currently not available in all markets and to all properties. For many apartment communities, the NFIP is the only available option for most coverage. The NFIP allows multifamily owners to not only protect their property investment but to help manage the increasing costs of providing housing that is affordable. NMHC/NAA strongly believe that access to the NFIP for rental properties of all sizes must be preserved.

In addition to maintaining access to the NFIP for commercial rental properties, NMHC/NAA also urge Congress to consider providing NFIP policyholders that own multifamily properties enhanced coverage options that would allow them to restore operations and return residents to their homes faster. NMHC/NAA believe the following coverages should be offered at full actuarial rate and could benefit the overall finances of the NFIP:

- ***Business Interruption Coverage***— Property owners fortunate enough to be able to purchase flood insurance through the private sector also frequently purchase Business Interruption coverage to help restart operations and defray the financial impacts surrounding the relocation of business services, resident relocations, and other expenses. For those property owners who are unable to secure adequate or affordable private sector coverage, NMHC/NAA urge Congress to support the creation of Business Interruption Coverage as an additional policy option under the NFIP for multifamily and commercial policies. This coverage would allow property owners to resume normal operations more quickly and get residents back into their homes after a disaster in a timelier manner.
- ***Provide Replacement Cost Claim Payments to Multifamily Properties***— Currently multifamily property owners receive Actual Cash Value (ACV) for claim payments from FEMA while single-family, 2-4 unit, and condominium property owners receive Replacement Cost Value (RCV) for their losses. The discrepancy places multifamily property owners at a disadvantage because they often suffer the

same, if not more, flood damage. NMHC/NAA encourage Congress to direct FEMA to move NFIP multifamily coverage from ACV to RCV claim reimbursement so that owners are made whole in the wake of a disaster and are able to more quickly restore their properties to full operation.

- ***Streamline and Enhance the Efficiency of NFIP Policies***— Current mandatory purchase requirements require multifamily property owners secure coverage for each structure on their properties that lie in an at-risk flood zone. Often, this means that multifamily owners must secure a separate NFIP policy for multiple buildings throughout the same apartment community, all of which require separate deductibles and policy renewals. NMHC/NAA urge Congress to provide a property owner the option to secure just one “umbrella” NFIP policy with combined coverage for each of their at-risk structures on a given property or throughout their portfolio. This change would greatly streamline and enhance the business efficiency of using the NFIP after a flood event occurs.

We thank you for the opportunity to present the views of the multifamily industry as you continue to provide aid to those impacted by the recent hurricanes. We look forward to serving as a continued resource to you as these critical disaster recovery efforts continue.

Sincerely,



Douglas M. Bibby
President
National Multifamily Housing Council



Robert Pinnegar
President & CEO
National Apartment Association

CC: House Ways & Means Committee
House Financial Services Committee
House Homeland Security Committee
House Appropriations Committee
Senate Finance Committee
Senate Banking Committee
Senate Homeland Security & Government Affairs Committee
Senate Appropriations Committee
Members of Texas, Florida, Puerto Rico, and US Virgin Islands Delegations