

June 11, 2019

The Honorable Maxine Waters  
Chairwoman  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Patrick McHenry  
Ranking Member  
House Financial Services Committee  
2335 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

The National Multifamily Housing Council (NMHC) and National Apartment Association (NAA)<sup>1</sup> wish to applaud you and the Committee for the bipartisan work done to reach compromise on a long-term reauthorization and reform package of the National Flood Insurance Program (NFIP). NMHC and NAA write in strong support of your work and the *National Flood Insurance Program Reauthorization Act of 2019*. The legislation provides for the long-term reauthorization of the NFIP and puts forth sensible reforms that will protect taxpayers while ensuring that sufficient flood insurance coverage is available to all at-risk rental properties, in all market conditions.

In particular, NMHC and NAA wish to express support for the following provisions included in the legislation:

#### **Long-Term Authorization**

NMHC and NAA strongly support language which reauthorizes the NFIP for 5 years. This is critical to ensure multifamily owners, operators and developers can secure the necessary flood coverage to finance their projects. Without this coverage in place, loans with any federal involvement are ineligible to close.

#### **Multifamily Mitigation**

The legislation includes bipartisan language that requires FEMA to provide NFIP premium reduction to multifamily property owners to account for alternative methods of mitigation, such as utility system elevation, since they often cannot benefit from traditional methods like building elevation. NMHC and NAA have long called for allowing innovative mitigation measures to be recognized by FEMA/NFIP for premium reduction that incentivize owners to invest in pre-disaster resiliency steps. NMHC and NAA strongly support this provision. Additionally, NMHC and NAA wish to express support for the legislation's creation of a state revolving loan fund for flood mitigation. This loan fund would establish a critical funding source for rental property owners to invest in flood risk mitigation.

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<sup>1</sup> For more than 20 years, NMHC and NAA have partnered 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 more than 160 state and local affiliates, NAA encompasses over 73,000 members representing nearly 9 million apartment homes globally. One-third of all Americans rent their housing and 39 million of them live in an apartment home.

### **Umbrella NFIP Policies for Multifamily & Commercial Policies**

The legislation includes language that authorizes FEMA to offer umbrella policies for commercial, multifamily and agricultural properties. This has been one of the key multifamily and commercial reforms that NMHC and NAA have called for throughout this reauthorization process. This change would greatly streamline and enhance the business efficiency of using the NFIP for apartment firms.

### **Increased Cost of Compliance Coverage (ICC)**

NMHC and NAA strongly support increased ICC coverage for property owners. *The National Flood Insurance Program Reauthorization Act of 2019* raises the coverage limit for all property owners from \$30,000 to \$60,000. Mitigation funds, such as these, will ultimately help property owners make their structures more resilient while reducing risk to the NFIP and the taxpayer. NMHC and NAA strongly support this increase in funding but would encourage the language to go further to remove the coverage amount from a property owner's NFIP policy cap and allow for higher ICC coverage amounts for commercial and multifamily property owners.

### **Continuous Coverage/Continued Access to the NFIP**

The legislation ensures that both private and NFIP coverage satisfy the federal government's requirement of "continuous coverage" and protects policyholders from seeing rate hikes should they wish to return to the NFIP at a later date.

### **Affordability**

For many property owners in a high-risk flood zone, affordability of NFIP (or other) coverage can be a challenge. The legislation repeals existing surcharges that lessen affordability of NFIP policies. NMHC and NAA strongly support the repeal of NFIP policy surcharges faced by rental property owners. Additionally, NMHC and NAA support the affordability demonstration program included in the legislation that aims to provide targeted financial assistance by way of premium discounts to low-income policyholders, including owners of small rental properties.

### **Mapping**

NMHC and NAA have long called on Congress to provide sufficient resources to improve federal flood risk mapping accuracy. Too often, flood maps are outdated or inaccurate and the process for rental property owners to challenge those designations and the maps on which they are based is overly complex and financially burdensome. The legislation includes \$500 million per year for the mapping program. Importantly, as NMHC and NAA have called for, the bill requires FEMA to utilize updated mapping technology, such as LiDAR, and moves towards property specific mapping.

In addition to the many positive provisions included in *The National Flood Insurance Program Reauthorization Act of 2019*, NMHC and NAA urges Congress to consider providing NFIP policyholders that own multifamily and commercial properties the following enhanced coverage options, at full actuarial rate, which will allow them to better cover their risk and recover faster in the wake of a disaster:

**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 and NAA urge Congress to require FEMA to create a new policy option that provides for business interruption coverage under the NFIP for multifamily and commercial properties. 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.

**Align NFIP Single Family & Multifamily Claim Reimbursement**

Currently commercial and 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 commercial and multifamily property owners at a disadvantage because they often suffer the same, if not more, flood damage. NMHC and NAA encourage Congress to direct FEMA to move NFIP multifamily and commercial coverage from ACV to RCV claim reimbursement.

Once again, we thank you for your leadership on these issuers and your commitment to reaching a bipartisan compromise on a long-term reauthorization and reform package of the NFIP. NMHC and NAA strongly support *The National Flood Insurance Program Reauthorization Act of 2019* and urge its adoption by the House Financial Services Committee. We stand ready to support the efforts of Congress to make the necessary improvements to the program to ensure its long-term success.

Sincerely,



Douglas M. Bibby  
President  
National Multifamily Housing Council



Robert Pinnegar  
President & CEO  
National Apartment Association

cc: Financial Services Committee Members