



NATIONAL
MULTIFAMILY
HOUSING
COUNCIL



NATIONAL FLOOD INSURANCE PROGRAM

NMHC/NAA Viewpoint

Since federal law requires apartment owners with federally-backed mortgages to purchase flood insurance Congress should enact a long-term reauthorization of the NFIP to prevent market disruption and support program reforms that will better mitigate flood risk for apartment communities.

Floods are the most common natural disaster in the U.S. and the National Flood Insurance Program (NFIP) is a critical tool for the rental industry to mitigate some of the financial risk posed by them. Under existing law, apartment properties in high-risk flood areas with federally-regulated and insured mortgages must purchase flood insurance.

The NFIP is especially important because there is largely no readily available private flood insurance market to most property owners. The NFIP ensures that affordable flood insurance is available at all times in all market conditions for every at-risk rental property. These include more than just high-rise rental housing properties in urban or coastal areas. The NFIP insures apartments of all sizes and types, across every state in the nation.

Retaining access to affordable, quality flood insurance through the NFIP is a top priority for the apartment industry as it seeks to not only protect property investments, but also maintain housing affordability given the nation's current shortage. NMHC/NAA call on Congress to provide a long-term reauthorization of the program to create the market certainty that allows the apartment industry to meet soaring rental housing demand.

MULTIFAMILY AND COMMERCIAL/MIXED USE PROPERTIES ACCOUNT FOR NEARLY 11% OF NFIP POLICIES.

NMHC/NAA also believe the reauthorization effort should include the following sensible reforms for commercial and rental housing property owners:

- Provide flexibility for apartment owners to secure coverage in the private flood insurance market where that option exists instead of being bound by the limitations of the NFIP.
- Expand the NFIP to include Business Interruption coverage for rental properties.
- Allow for NFIP umbrella coverage for owners who own several rental housing properties or garden style communities.
- Provide Replacement Cost Value (RCV) instead of Actual Cost Value (ACV) to damaged apartment properties.
- Increase access to existing FEMA flood mitigation funding and programs for apartment communities.