



NATIONAL  
MULTIFAMILY  
HOUSING  
COUNCIL



## NATIONAL FLOOD INSURANCE PROGRAM REAUTHORIZATION & REFORM

### **NAA/NMHC 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. NAA/NMHC 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.

### **Rental Housing and Commercial/Mixed Use Properties Account for nearly 11% of NFIP Policies.**

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

- Permit additional flexibility for apartment owners to secure coverage in the private flood insurance market instead of being bound by the limitations of the NFIP. Then assure that such private coverage be considered "continuous" if the property owner reverts back to the NFIP for purposes of rate setting.
- 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.