



Top Concerns with House Legislation to Reauthorize NFIP

While CSFI supports several provisions in the House legislation, including modernizing ICC coverage, strengthening the CRS program, and improving the mapping process, our coalition is concerned that the Committee's approach on several provisions may result in some of the same unintended consequences, primarily around affordability and sustainability, which arose during the implementation of the Biggert-Waters Act. **These issues must be addressed before the bills advance through the legislative process.**

Some top concerns include:

- **Removal of Grandfathering and Prohibition on Coverage for Certain Properties**
 - **Any renewal of coverage on grandfathered property where new maps have been adopted after construction of the structure** –The legislation prohibits a renewal of coverage for grandfathered properties that have been remapped into higher risk zones beginning 1/1/21. A grandfathered property is designated as any property built to FEMA's required Base Flood Elevation and standards at the time of construction and is thus allowed to be grandfathered in to the zone and BFE at time of construction. Under current law, if your community adopts a new map and under the new map, your property is now below the Base Flood Elevation or you are remapped into a new zone, you are not forced to pay a rate based on the new base flood elevation. Those who played by the rules and built as they were told should not be penalized under new, sometimes inaccurate, maps. **This scenario is what caused premiums to skyrocket post Biggert-Waters.** A helpful overview of grandfathering can be found [here](#).
 - **New Construction in Special Flood Hazard Areas (A or V zones)** – The legislation prohibits offering NFIP coverage for new construction in the Special Flood Hazard Areas after 1/1/21.
 - **Any structure with a \$1M replacement value cost** - The legislation prohibits offering NFIP coverage for any property with a replacement cost value of \$1M+ in the Special Flood Hazard Areas after 1/1/21.
- **Rate Increases** – The legislation increases the floor of rate increases from 5% to 8%, which compound annually. This provision will impact pre-FIRM subsidized homeowners, which is about 20% of NFIP properties.
 - The Homeowner Flood Insurance Affordability Act retains the Biggert-Waters requirement that these properties move to actuarial rates but slowed phase in. Congress should not accelerate this mandate. Further, if the provisions regarding grandfathering outlined above are implemented, grandfathered post-FIRM properties will be subject to this increase as well.
- **Sanctions for Communities with Repetitive Loss Properties** – The legislation requires communities with 5 Severe Repetitive Loss Properties or 50 Repetitive Loss Properties to produce and implement mitigation plans, and allows for sanctions against the communities that fail to implement mitigation plans, including suspension from the NFIP. We support communities implementing mitigation plans, but the bill punishes entire communities for a small number of impacted properties, and it provides no resources for communities to implement mitigation plans.
 - **A map showing which communities would be impacted by this legislation can be found [here](#).** It is important to note that this map shows impacted communities under the current repetitive loss definition. The committee proposes changing the definition of repetitive loss properties which would result in even more impacted communities than are highlighted on this map.