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United States House of Representatives
Financial Services Committee, Subcommittee on Housing & Insurance
“Implementation of the Biggert-Waters Flood Insurance Act of 2012: Protecting Taxpayers and Homeowners”

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Good afternoon Chairman Neugebauer, Ranking Member Capuano and Members of the Subcommittee. I am Joshua Saks, and I serve as the Legislative Director for the National Wildlife Federation (NWF), the nation’s largest member-based conservation, education and advocacy organization with more than four million members and supporters and affiliate conservation organizations in 47 U.S. states and territories. I appreciate the opportunity to share our views on impacts the National Flood Insurance Program (NFIP) has on the environment and associated ecosystem benefits, and to discuss how these priorities may be impacted by the implementation of the Biggert-Waters Flood Insurance Reform Act of 2012.

National Wildlife Federation is a strong supporter of Biggert-Waters because it helps to reduce the habitat loss that accompanies unwise, federally-insured development in coastal and riverine areas, helps protect people and communities from floods and storms, and saves taxpayers money. That said, we believe now is the time for Congress to enact targeted changes to the law to address legitimate concerns about certain rate increases – increases that may impose significant and unaffordable costs on homeowners and communities.

National Wildlife Federation has long been engaged in protecting and restoring the nation’s coasts, wetlands and floodplains: areas that provide some of the most vital wildlife habitat for a wide range of species. And healthy natural systems also help protect people and communities by providing buffers to wave action, storing water to minimize flood heights, and reducing storm surge. But decades of federal policies have led to increased development and alteration of coasts and floodplains that as a result are no longer able to serve important environmental, public health, and safety functions. Because of our work to reform those policies, NWF joined the Smarter-Safer Coalition, a broad-based partnership of conservationists, free-market and taxpayer advocates, low-income housing advocates, insurance interests and other stakeholders to support passage of Biggert-Waters. NWF and the coalition continue to support the central tenets of that Act. Key reforms in Biggert-Waters took significant strides towards addressing the shortcomings of the NFIP that will help lessen its negative ecological impacts. Specifically these include:

1. Risk based rates
2. Improved science guided mapping
3. Improved mitigation

We recognize that implementation of some of the reforms contained in Biggert-Waters, in particular the unintended impact of move towards risk-based rates on certain properties, has caused great concern and threatens to derail some of the conservation gains contained in the Act. Congress should address these concerns with targeted action.

Though Biggert-Waters made needed changes to the troubled flood insurance program, we understand there could be some people—specifically owners of primary residences who now find themselves facing higher flood threats due to land use decisions made by the federal and state governments - who potentially could face higher and unaffordable rate increases. Among those facing these threats are communities in coastal Louisiana, where National Wildlife Federation has worked to restore coastal wetlands for over a decade. Some of these communities have been settled for more than two centuries. Their increased flood threat is not the result of choices that they made, but rather are in large part the result of governmental actions that changed the management of the lower Mississippi River, built a vast network of federal navigation channels, and permitted and incentivized thousands of miles of oil and gas canals, all leading to the highest marsh loss rate in the nation—a football field every hour. The loss of millions of acres of marsh that formerly buffered those communities is a leading cause of their increasing vulnerability. We believe that there are targeted changes to Biggert-Waters that could be made to help those most at risk without rolling back all of the rate reforms.

We are concerned that anxiety about projected increases may create a perverse incentive to promote Federal structural flood protection at the expense of sustainable non-structural solutions and ecosystem restoration, at a time when the existing backlog for authorized federal projects is in the tens of billions of dollars.

Today I hope to offer potential solutions to alleviate the legitimate concerns of policy-holders while ensuring that the intent of Biggert-Waters is carried out.

Floodplains & Coastal Habitat Functions are Vital

Floodplains and coastal habitats include the bottomlands that cradle rivers, streams and oceans where land and water meet. Functional floodplains provide vital breeding, foraging, and nursery habitat and support a variety of plants, insects, reptiles, amphibians, birds and mammals. Floodplains are also crucial to the survival and recovery of many threatened and endangered species, including salmon, steelhead trout, sturgeon, bivalves, migratory birds, and sea turtles. In their natural form, floodplains also provide an array of environmental and public health benefits. Specifically, floodplains reduce the number and severity of flooding events; filter water pollution; reduce extreme temperature fluctuations in streams and rivers; allow for the recharge of groundwater that provides drinking water for many communities; and provide countless recreational and associated economic benefits from bird watching, hunting, hiking, fishing and more. According to a 2012 report by the Outdoor Industry Association, an industry trade group, Bureau of Economic Analysis data shows that outdoor recreation generates \$646 billion in annual consumer spending.¹ Alterations to floodplains threaten wildlife by changing the flow,

¹ “The Outdoor Recreation Economy”. Outdoor Industry Association. 2012.
http://www.outdoorindustry.org/pdf/OIA_OutdoorRecEconomyReport2012.pdf

hydrology, and bottom surface of river systems; eliminating wetlands and other important habitat areas; and straightening and deepening channels, resulting in siltation, nutrient overloads and other water quality impairments. And these impacts have a ripple effect—modifying the natural function of floodplains puts people in harm’s way.

Biggert-Waters Contained Key Reforms

By subsidizing development and redevelopment in environmentally sensitive and high-risk areas, the NFIP, intended to encourage sound land use, has largely done just the opposite. In combination with other federal water policies including navigation and flood-control activities of the Army Corps of Engineers, the result has been large-scale loss and alteration of floodplains. Important natural systems have been developed, filled, and leveed off. The Nation bears the high cost of these policy failures: increased flood risk and flood intensity, habitat loss and destruction, the placement of people in harm’s way, and economic devastation when floods hit. Between 1978 and 2008, the number of NFIP policies in force has nearly quadrupled from 1.4 million to 5.6 million. And as more and more properties are located in floodplains, the ecological benefits the floodplains provide are further degraded.

Compounding these challenges are the increasing impacts of climate change on the millions of Americans living in coastal areas or along major rivers. According to the Intergovernmental Panel on Climate Change, climate change “can result in unprecedented extreme weather and climate events,”² and many of these events have an outsized effect on those living in coastal and riverine areas. While no one extreme weather event can be solely attributed to climate change, factors like sea-level rise and warming oceans can make storms stronger and more destructive. For example, due to sea-level rise, the extreme flooding along the mid-Atlantic coast caused by Hurricane Sandy is more than 30% more likely to occur today than it would have been half a century ago.³ And the cost of extreme weather events is rising: the United States saw a total of 11 billion-dollar weather disasters in 2012, making it the second costliest year on record.⁴

Because of these strong connections between flood insurance, the natural environment and the need to adapt to a changing climate, the National Wildlife Federation has long advocated for substantial reforms to the NFIP to ensure that people and communities understand their true flood risk and are encouraged to and can access resources for hazard mitigation. We favor a rate structure that puts the NFIP on more sustainable footing while sending the right market signals to promote better land use planning and mitigation.

With these changes, the program has the potential to live up to its original goals. However, we believe some fixes are needed to address unintended consequences. The Technical Mapping

² “Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation.” Intergovernmental Panel on Climate Change. March 2012. <http://ipcc-wg2.gov/SREX/>

³ “New Report Connects 2012 Extreme Weather Events to Human-Caused Climate Change.” World Resources Institute. September 6th 2013. <http://insights.wri.org/news/2013/09/new-report-connects-2012-extreme-weather-events-human-caused-climate-change>

⁴ “Eleven Billion-Dollar Disasters in 2012: NOAA.” Weather.com. June 14, 2013. <http://www.weather.com/news/billion-dollar-disasters-2012-20121220>

Advisory Council (TMAC) established under Biggert-Waters will help make maps more accurate. We encourage the TMAC to incorporate into its maps the benefits of natural, nature-based, and restoration risk-reduction features in addition to more traditional flood protection. Under Biggert-Waters, flood mitigation programs have been consolidated and streamlined to allow for more pre-disaster mitigation. But these dollars are not enough. It is in the national interest to make properties and communities more resilient—and to invest in mitigation in advance of the next big storm. Flood insurance rates are being adjusted to send market signals to limit unwise development and to encourage mitigation whenever possible. Mitigation will not only help protect lives and property, it will also reduce flood premiums.

Implementation Challenges of Biggert-Waters

We recognize that implementation of the premium rate increases mandated by Biggert-Waters has caused concern, specifically in areas being remapped. Reports of dramatic increases have caused panic in some communities across the nation. Unfortunately, it is impossible for residents to discern which of these reports are based on actuarial science and which are based on speculation and guesswork. Congress, FEMA and impacted communities must work together to gain a better understanding of the impact and scope of rate increases and to provide targeted assistance to those who need it.

To be clear, NWF endorses a market signal to lessen harmful development and redevelopment and to encourage communities and individuals to mitigate risk. However, we have some targeted fixes to ensure the economic well-being of communities and their residents. While premium rate increases resulting from remapping are unknown (FEMA has targeted early 2014 to begin this process), FEMA has said that areas at significant risk will face increased rates. While we believe Biggert-Waters' implementation must continue on schedule, we believe the Committee should consider targeted solutions that blunt the impact of rate increases on those who could face undue financial harm. However, simply kicking the can down the road by delaying most rate increases is not, in our view, an adequate solution. Rather, we believe that there are targeted changes to Biggert-Waters that could be made to help those most at risk without rolling back all of the rate reforms.

Certain principles underlie the policy proposals we are recommending today: Delay of rate reforms is not a solution. The flood risk to homeowners is real and it is increasing, and the National Flood Insurance Program should reflect that. Maps must be accurate, and rates must send a meaningful market signal that is fair to both policy holder and taxpayer. Policyholders deserve certainty.

Suggested Policy Reforms

As noted above, increases in premiums for remapped properties mandated by section 207 of the Act have not yet been determined. FEMA has reported that process won't begin until middle 2014⁵. As a result, neither the public nor the Congress has information about the scope and severity of those increases. To help policyholders separate what is real and verifiable information

⁵ "Biggert-Waters Flood Insurance Reform Act of 2012 Timeline." FEMA. October 8th 2013.
http://www.fema.gov/media-library-data/20130726-1912-25045-8239/bw_timeline_table_04172013.pdf

in the media from what is not, FEMA must provide clear guidance as to how much policyholders in remapped communities can expect to pay.

In the meantime, NWF suggests several steps to provide relief for owners who need it. First, NWF believes in the power of pre-disaster mitigation. But not all homeowners will have the means to take these critical safety and resilience measures on their own. The role of Congress in providing mitigation is clear: invest in properties now, and see the benefits multiply in the form of safer, more resilient communities and lessened economic disturbance from floods later. There is clearly a role for individuals, municipal, local, and state governments in mitigation. In the case of the Community Rating System, the benefits of investment are two-fold: greater resilience, and lower flood insurance rates—and we encourage robust participation in the program. But direction should come from the national level. This multi-level approach will include property-level mitigation, regional efforts like structural flood control measures where appropriate (levees, bulkheads and pumps), and non-structural approaches like wetland restoration and land use planning to protect and promote natural features to the maximum extent practicable: a balance of “green” and “gray” infrastructure. After all, often nature itself provides the most effective and lowest cost flood control measures.

To date, federal funding for individuals, communities, and states to mitigate flooding and disaster risk has fallen far short of demand. Congress must significantly increase the funding for NFIP mitigation programs including the Flood Mitigation Assistance Program, Repetitive Flood Claims Program, and Severe Repetitive Loss Program and Stafford Act programs including the Hazard Mitigation Grant Program, Pre-Disaster Mitigation Program, Public Assistance Grant Program, and Fire Management Assistance Grants Program.

In addition, we recommend that Congress ensure that a percentage of funds allocated through these programs are directed towards areas being hardest hit by Biggert-Waters mandated rate increases. We also encourage Congress and FEMA to target as much funding as possible from the NFIP Reserve Fund created by Biggert-Waters to provide much needed mitigation dollars.

While mitigation is ultimately the key to both risk-reduction and cost containment for NFIP policies, we recognize that other remedies may be needed to limit the shocks associated with rate increases. NWF recommends that Congress immediately lengthen the phase-in period for rate increases to grandfathered-properties facing updated Flood Insurance Rate Maps. Unfortunately, Biggert-Waters provided this class of property holders with the shortest of all phase-in periods in the bill. Congress should extend the phase-in period to limit the immediate financial impact of rate increases and to give communities and individuals ample time to take mitigation actions so that they will hopefully never see a rate that they cannot afford. In addition, Congress should set limits on premium increases imposed on primary residences to ensure that those increases do not exceed what is affordable to homeowners.

NWF also endorses means-tested subsidies to offset the cost of a risk-based rate for primary residences when homeowners simply cannot afford the cost of the policy. NWF argued for this approach while advocating for the passage of Biggert-Waters. The Obama Administration noted the same concern in its Statement of Administration Policy, in which they a desire to work with Congress to find “additional reforms to strengthen the NFIP and help economically distressed

homeowners....”⁶ Congress should immediately establish a subsidy outside of the rate structure of the program based on the need of the policy-holder. Rates must reflect risk, but some homeowners will need assistance.

Congress should also consider requiring all properties in residual risk areas- i.e., properties in areas behind levees that would flood if a levee fails, a levee is overtopped, drainage systems are overwhelmed, or drainage systems are incapacitated- to purchase flood insurance. These potential high risk areas are not identified on current flood risk maps despite the fact that the potential risk. Bringing these properties into the NFIP would better protect these homeowners, help them understand their risk and help the program achieve actuarial soundness.

We also urge Congress to address regional concerns that are impacting rates. In some areas of the country that are heavily dependent on levee systems for flood control, particularly parts of southern Louisiana, some property owners are likely to experience dramatic rate increases because updated flood maps are not crediting the flood protection provided by non-federal or non-accredited levees. And while we understand and applaud that FEMA is currently delaying map finalization for areas where this issue is being disputed and the Levee Analysis and Mapping Approach (LAMP) process is ongoing, Congress should take steps to rectify this oversight and FEMA should include this in their maps and provide commensurate rates that take the flood control benefits of these unmapped levees into account. In addition we understand there is a lack of clarity for how the program charges rates associated with homes that have basement storm shelters and encourage Congress to clarify that these basements are not covered by NFIP and should not increase rates.

Finally, NWF is committed to working with members of this Committee, the organizations on this panel, the coalitions we represent, FEMA, and impacted communities on proactive solutions to make the program sustainable, vibrant, and fair. We cannot afford to turn back the clock and return to the days when the federal government subsidized to the tune of billions of dollars development and re-development in coastal areas and floodplains across the country, putting people and communities in harm’s way. We must move forward with implementation of historic flood insurance reform legislation while rapidly addressing some of the unintended consequences of Biggert-Waters in a targeted and responsible way. In an era of increasingly frequent and severe flooding events, reforming the flood insurance program in a responsible and fair manner is now more urgent than ever.

⁶ Statement of Administration Policy: S. 1940—Flood Insurance Reform and Modernization Act of 2011. (June25, 2012) http://www.whitehouse.gov/sites/default/files/omb/legislative/sap/112/saps1940s_20120625.pdf