

Legislative Report

National Flood Determination Association
Annual Conference
April 7-8, 2014
Scottsdale, Arizona

Meredith Inderfurth
NFDA Washington Liaison

Legislative Landscape

- Congress passed; President signed
 - Homeowner Flood Insurance Affordability Act of 2014
(HFIAA or Grimm-Waters-14)
- Now Public Law 113-89

Legislative Landscape

- President's Budget request released March 4
 - Appropriations hearing in full swing
 - Outside witness testimony being accepted
 - Deadlines for FEMA testimony – April 10 House; May 2 Senate
 - Mark-ups of FY '15 Appropriations bills expected to begin soon

Legislative Landscape

- Budget process may be smoother this year
 - Could actually see a number of individual bills passed by Oct. 1
 - First time in well over a decade - because budget ceiling agreed upon

Other Active Legislation

- **S. 2137 No refunds for second homes**
 - passed Senate by voice vote
 - awaiting consideration in the House
- **S. 376 & H.R. 2431 Drought forecasting**
 - passed Senate
 - approved by House committee
- **H.R. 1268 Tax credit for flood mitigation**
 - could be taken up by House Ways & Means Committee
- **H.R. 3989 Disaster Savings Accounts**
 - could be taken up by House Ways & Means Committee
- **H.R. 3449 & S. 1677 Innovative Stormwater Infrastructure Act**
 - referred to committees, but many groups pushing

Other Active Legislation

- **H.R. 1604 Coordination and consolidation of federal mapping activities**
 - “Map It Once; Use It Many Times” Act
 - jointly referred to several House committees
- **H.R. 3300 FEMA Reauthorization**
 - reauthorizes FEMA through 2016
 - reported out of committee; expected to go to House floor soon
- **H.R. 3282 Reauthorize Pre-Disaster Mitigation program for 5 years**
 - referred to committee

Other Active Legislation

- **Water Resources Development Act**
 - House-Senate Conference Agreement on H.R. 3080 and S. 601
 - Expected by end of April

Homeowner Flood Insurance Affordability Act

- Response to concerns about affordability after passage of Biggert-Waters in July, 2012
- Alarm due to projections of extremely high premiums
- BW-12 had many important elements:
 - authorized a robust and enhanced mapping program
 - improved risk messaging by removing subsidies for older properties
- BW-12 neglected affordability
 - rate increases too abrupt
 - moving primary homes to actuarial rates when sold impacted housing market

Legislative Process Unorthodox

- Legislation entirely bypassed normal committee process
- Went through several drafts and re-writes led by small groups of legislators and Leadership
- Provisions were negotiated in advance between House and Senate
- Survived several “holds” in Senate
- Sen. Landrieu had previously secured President’s agreement to sign.

HFIAA

- **Repeals Sec. 207 of BW-12**
 - Sec. 207 removed grandfathering of rates after map changes
 - Instead – provides for 1 year at Preferred Risk Rates for affected properties
 - then moves them to actuarial rates at slower pace
- **Provides that for properties moving toward actuarial**
 - premium increased based on average of premiums in that zone or class
 - no less than 5⁰% increase or more than 15⁰%
 - hard cap in increases for any individual property of 18⁰% with certain exceptions

HFIAA

- Directs FEMA to “strive to” keep increases to approximately 1% of covered amount
- Non-primary residences, commercial properties, repetitive loss properties, and substantially damaged or improved properties still increase annually at 25% of previous premium
- Places surcharge of ALL policies
 - \$250 non-primary, commercial, rep loss and SD/SI
 - \$25 all other properties
- Eliminates trigger to actuarial rates at point of sale – instead gradual increases

New Law Also Provides For:

- Flood Insurance Advocate
- Optional higher deductibles
- Installment payment plans
- Development by FEMA of Affordability Framework after completion of Affordability Study called for in BW-12
- Increased amount for the study to \$250,000 from \$75,000

New Law Also Provides For:

- Clear communication of full risk premium amount
- Elimination of fees for map changes due to habitat restoration, dam removal, culvert changes or fish passage changes
- Study of the feasibility of group or community based flood insurance
- Consideration of non-structural flood control measures in mapping



Interpretation and Impacts of HFIAA

Interpretation and Impacts of HFIAA

- FEMA issued Overview and Summary of the new law on April 3
- Administrator Fugate announced implementation priorities:
 - 1) immediate implementation of removal of trigger to full actuarial rates at point of sale
 - 2) develop plan and process refunds for new actuarial premiums on properties purchased between July 6, 2012 and enactment of new law
 - 3) develop and publish new premium rates

Interpretation and Impacts of HFIAA

- Many areas open to interpretation by FEMA and its General Counsel
- Many unknown consequences
- Somewhat addresses affordability concerns but many categories still affected
- Creates new subsidies and modifies others
- Many elements of BW-12 not significantly altered

Appropriations for Fiscal Year 2015

Budget Request	Amount Requested	FY '14 Enacted
Mapping	\$84.4 million	\$95 million
PDM	\$0	\$25 million
FMA	\$150 million	\$100 million