



ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

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Flood Risk Management in America: Reducing taxpayer costs and building economically stable communities

The Association of State Floodplain Managers (ASFPM) is a professional non-profit organization of local and state officials as well as engineers, planners and other professionals who support those officials in efforts to reduce the cost and suffering from flooding. ASFPM and its 36 chapters represent 41 states and more than 17,000 state and local officials, as well as other professionals engaged in all aspects of flood risk management and hazard mitigation. This includes risk management, flood mapping, engineering, planning, community development, hydrology, flood forecasting, emergency response, water resources management and insurance for flood risk. ASFPM's mission is to reduce loss of life and property as well as taxpayer disaster costs due to flooding. For more information on ASFPM, visit <http://www.floods.org>.

Flood losses continue to increase, now exceeding more than \$10 billion per year on average. Part of this is due to increasing development in flood risk areas and part is due to increased intensity of rainfall and rising sea level. The nation continues to endure several "floods of record" in various parts of the country each and every year. Just in the last year alone, extreme flooding occurred in West Virginia, Texas, South Carolina, Louisiana, Wisconsin and Missouri. Floods have long-standing economic impacts on local communities that tend to disproportionately impact the working class. For example, a single flood event can result in loss of wages due to businesses and factories being closed (many small businesses never reopen), reduction and reallocation of local tax revenue to help with flood cleanup and needed infrastructure repairs, and impairing economic growth for a decade or more. In short, floods have a great potential to destabilize local economies. Federal taxpayer dollars continue to be spent on recovering from these predictably increasing disasters.

As we have done for more than 40 years, ASFPM seeks to partner with the new administration, members of Congress and federal agencies to improve and create policies and programs that will make our nation more resilient to floods. Here are our top nine priority action items, many of which align with some of the administration's top themes such as investing in water and environmental infrastructure, promoting community/public safety and keeping local economies strong and resilient.

- 1. Make effective infrastructure investments to reduce future taxpayer costs** – Our national infrastructure needs are great. According to the American Society of Civil Engineers, the estimated investment needed by 2020 is \$3.6 trillion¹. Whatever portion of that investment is made by the federal taxpayer, it should be done to ensure its long use—built stronger to higher standards and to withstand expected future floods. Natural defenses provided by our coasts, wetlands, rivers and floodplains can be our greatest infrastructure asset. These systems can reduce flood damage. We need wise federal programs and infrastructure investments that encourage state, local and private investments in resilient man-made and natural infrastructure. Infrastructure that can withstand future flooding is a cornerstone of a stable local economy.

¹ 2013 Report Card for America's Infrastructure, American Society of Civil Engineers

2. **Strengthen flood risk standards to guide new development** – In the four decades of regulating floodplains through the National Flood Insurance Program, we have learned a thing or two about managing flood risk. In general, flood elevations are increasing. This is due to a variety of factors including additional development in a watershed that creates more runoff, more intense storm events and sea level rise. Increased flood damage is a result of development to outdated standards in risky areas, and not enough mitigation to existing buildings and infrastructure, all in the face of increased intensity of rainfall and rising sea levels. That is why more than 60 percent of the U.S. population lives in communities that have adopted a freeboard – or a construction level that is at least 1 foot higher than the federal minimum standard, which is the base flood elevation (BFE). In addition to providing a higher level of safety, standards like freeboard make economic sense. For residential structures, if a freeboard is incorporated (up to 3 feet) at the time of construction, the monthly mortgage, interest and flood insurance payment (M+I+I) is LESS than if it were built to the base flood standard². This is why economically vibrant cities like Nashville and Dallas, and counties like Cobb, Gwinnett and DeKalb (Atlanta Metro Area) all have a freeboard of 3 feet. We need more effective standards to reduce future loss of life and damage to property and infrastructure. These standards would look toward future flood hazards, instead of only looking at current and past floods. This is especially true for federal projects or in areas where federal (taxpayer) funds are used. ASFPM recommends that federal projects incorporate at least 2 feet of freeboard unless they are considered critical actions, which should incorporate 3 feet of freeboard.
3. **Make flood insurance affordable, especially for those populations where affordability is an issue**—Reforms to the NFIP in 2012 set the program on a path to financial stability by ensuring flood insurance premiums would eventually be actuarially rated. In 2014, Congress slowed the rate of increase after determining the pace of these rate changes was too quick, and resulted in many people having significant premium increases in a short amount of time. Today the NFIP is still on this path; however, Congress has not really addressed the affordability issue, especially for seniors, low and moderate income households and others who cannot afford such increases, yet are at risk of flooding. ASFPM does not believe subsidized rates are effective. They send the wrong message about flood risk, implying the risk is lower than it is. We believe the key to making flood insurance affordable is to continue to invest in mitigation efforts like elevations, floodproofing, relocations and buyouts. This reduces future payouts while making flood insurance premiums for mitigated buildings affordable.
4. **Reduce federal taxpayer costs for disaster response, recovery and rebuilding**—The government’s disaster relief spending has exploded in recent decades. According to research by the Wharton School of the University of Pennsylvania, the federal taxpayer cost-share for natural disasters increased from roughly 6 percent in 1955 to 77 percent in 2015, with the remainder paid by non-federal partners. To put those percentages in context, the average cost-share for national governments in Europe is between 45-50 percent³. An analysis by the Center for American Progress of federal government disaster relief costs from 2011 to 2013 found spending of \$136 billion, which works out to nearly \$400 per household each year. Far too many federal disaster declarations have been made by presidents over the last five decades. Federal declarations are supposed to be made only if the disaster exceeds the capacity of local, then state, governments to recover. The threshold for federal declarations has not increased to reflect inflation. One solution recently proposed by FEMA that has merit is the concept of a disaster deductible where states must provide a deductible as a prerequisite for disaster assistance. State investments in risk reduction

² Based on ASFPM scenario calculations using April 2017 NFIP flood insurance rates, November 2015 Cost of Constructing a Home from NAHB, and a conservative freeboard cost of 1.9% per foot of construction cost.

³ Testimony of Eric Nelson, Sr. Vice President of Catastrophe Risk Management at Travelers Insurance before the House Committee on Transportation and Infrastructure, May 12, 2016.

actions translate into reductions in the deductible. Other solutions must include eliminating perverse disincentives to undertaking long-term risk reduction activities by making disaster assistance so widely, and easily available.

5. **Complete flood risk mapping for the entire nation**—While we have 3.5 million miles of streams, rivers and coastlines in the United States, we have only mapped the floodplains on 1.2 million miles of them⁴. Accurate floodplain maps allow communities and developers to make wise development decisions and reduce disaster costs. Flood risk map investments have a huge pay off because communities and citizens need to know where floods will occur in order to build safer. Unless we map floodplains ahead of development, homeowners will have bought where development was not protected, and flood insurance premiums will be very high, with costly options to correct the problems that could have been incorporated in new construction for a fraction of the cost. Also, floodplain mapping is a cost-effective taxpayer investment, where flood mapping showed a benefit to the taxpayer of at least \$2 for every \$1 invested. FEMA now has the tools and technology to produce accurate maps for every community in the nation in 5-8 years. Congress must fund this effort.
6. **Strategically increase investments in flood hazard mitigation**—Flood mitigation efforts like buyouts, elevations, floodproofing and other measures have a 5:1 financial pay back⁵. However, federal spending does not reflect this priority. From 2003-2013, FEMA spent \$71.2 billion in Public Assistance and Individual Assistance to help communities recover from disasters. In that same time period, only \$5.2 billion was spent on Hazard Mitigation Grants to reduce the impact of future events. FEMA programs like Pre-Disaster Mitigation and Flood Mitigation Assistance need to be strengthened to reward communities that take action to implement projects that reduce vulnerability and taxpayer costs. Federal taxpayers should not pay for all flood mitigation. But to incent communities and states to act, federal incentives are a wise investment.
7. **Reauthorize the NFIP**—The NFIP expires Sept. 30, 2017 unless reauthorized by Congress. Progress was made in the 2012 Reauthorization to move flood insurance premiums toward full risk rates rather than subsidized premiums in high risk areas that led people to misunderstand their true flood risk. True risk rates drive wiser development decisions, as well as allow the private sector to compete for flood insurance policies. A truly balanced system also has all NFIP and private flood insurance policies paying their fair share of costs to map and provide technical assistance to local communities to manage flood risk in the nation. Key ASFPM principles for 2017 NFIP reauthorization:
 - a) Premiums must continue toward full risk rates;
 - b) Affordability must be addressed by supporting mitigation, not continued premium subsidies;
 - c) Forgive the \$23 billion debt, which will never be fully paid, but creates a cloud of misunderstanding and siphons off NFIP revenue to pay the interest on the debt;
 - d) Increase the mitigation elements of NFIP, especially Increased Cost of Compliance;
 - e) Ensure a balanced system where a strong NFIP exists with private sector flood policies; and
 - f) Strengthen compliance with mandatory flood insurance purchase.
8. **Build community and state capability to manage flood risk**—Floods are the leading cause of natural disaster losses in the U.S. and account for more than two-thirds of federally-declared natural disasters⁶. Solving flood problems is complex, requiring multiple solutions in nearly all cases and collaboration across

⁴ Flood Mapping for the Nation – A Cost Analysis for the Nation’s Flood Map Inventory, ASFPM, 2013.

⁵ Natural Hazard Mitigation Saves: An Independent Study to Assess the Future Savings from Mitigation Activities, National Institute of Building Sciences, 2005.

⁶ National Research Council, 2009.

all levels of government, business and individual property owners. Many people in the nation mistakenly believe the federal government will solve the flooding problem. NOT TRUE. The most effective tools to reduce future flood risk and reduce taxpayer costs lie with local and state government, which control how and where development occurs. Some communities and states take the lead in these efforts, but the current system tends to provide federal taxpayer dollars to reward those who do little rather than those who do the most. We must build that local and state capability with incentives to encourage public safety and reduce taxpayer costs. The FEMA disaster deductible is one idea that has been proposed, but there can be many others. Until communities and citizens accept that building safer and more sustainably is primarily their function, and federal decision makers accept they must help build this local and state capability, this will continue to be a problem.

- 9. Maintain and strengthen the Federal Response and Recovery Capability**—As we have come to learn over time, it is critical to have strong leadership and a strong response to disasters at the federal level. An example of potential negative impacts of this lack of leadership, prior to Hurricane Katrina, FEMA had more than 500 vacancies and eight out of 10 FEMA regional administrators were in an acting capacity. The resultant response in New Orleans was chaotic. Chronic understaffing had been a huge problem in FEMA before and since Hurricane Katrina, and only in recent years has staffing been to the point that programs are being delivered more effectively and efficiently. Given the age of the federal workforce and resulting retirements, as well as natural attrition it would be a significant step backward for FEMA to be under a blanket hiring freeze. Rather, ASFPM urges consideration of a public safety exemption for the agency.

Another dimension of a strong federal response is to minimize the red tape and bureaucracy to ensure that the FEMA administrator serves as the principle federal officer leading disaster response. Even though FEMA is in the Department of Homeland Security, the FEMA Administrator must continue to retain the direct and unfettered capability to report to the President and lead federal government's disaster actions. ASFPM has observed in past transitions a struggle between the DHS secretary and FEMA administrator in this regard. Such a struggle will serve neither the President nor the American public well.

ASFPM will support administration actions on themes that help America's communities be safer, stronger and reduce taxpayer disaster costs due to floods. We look forward to working with the new administration on flood risk management issues in this nation.