

# 117TH CONGRESS 1ST SESSION H.R. 2632

To eliminate any subsidies for flood insurance coverage under the National Flood Insurance Program for new construction, and for other purposes.

### IN THE HOUSE OF REPRESENTATIVES

APRIL 16, 2021

Mr. Peters (for himself and Mr. Barr) introduced the following bill; which was referred to the Committee on Financial Services

## A BILL

To eliminate any subsidies for flood insurance coverage under the National Flood Insurance Program for new construction, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- This Act may be cited as the "Build for Future Dis-
- 5 asters Act of 2021".
- 6 SEC. 2. CONGRESSIONAL FINDINGS.
- 7 The Congress makes the following findings:
- 8 (1) According to the National Oceanic and At-
- 9 mospheric Administration, since 2000, flooding has
- become the most common and costly natural disaster

- in the United States, impacting all 50 States and causing more than \$845 billion in damage.
- 3 (2) A 2019 report from the California-based 4 analytics company CoreLogic found that 7.3 million 5 homes along the Atlantic and Gulf Coasts alone are 6 at risk from storm surge, with a potential \$1.8 tril-7 lion in reconstruction costs.
  - (3) Research from New York University's Furman Center for Real Estate and Urban Policy estimated that, in 2015, 15 million people nationwide lived in the 100-year floodplain spread across coastal and inland States.
  - (4) The National Flood Insurance Program (NFIP), administered by the Federal Emergency Management Agency (FEMA), provides federally backed flood insurance in over 22,000 communities in 56 States and jurisdictions in the United States with more than 5 million policies providing over \$1.3 trillion in coverage.
  - (5) In 1966, while calling for the creation of the NFIP, the Task Force on Federal Flood Control Policy provided "a caution on flood insurance" that if "incorrectly applied, it could exacerbate the whole problem of flood losses." The report warned that insurance coverage not proportionate to risk would

- "invite economic waste of great magnitude . . . aggravate flood damages and constitute gross public irresponsibility".
  - (6) According to the Government Accountability Office (GAO), the NFIP offers 20 percent of policy-holders heavily subsidized rates that FEMA estimates may be 45 to 50 percent below a full-risk rate.
    - (7) Since 2005, the NFIP has borrowed nearly \$40 billion from taxpayers to meet policyholder insurance claims.
    - (8) In 2017, the Congressional Budget Office estimated that under its current model the NFIP is expected to lose \$1.3 billion a year.
    - (9) Historically, repeatedly flooded properties have accounted for just 1 percent of properties with National Flood Insurance Program policies but about 25 to 30 percent of flood claims. Nationwide more than 150,000 properties have repeatedly flooded at a cost to the NFIP of more than \$12.5 billion.
    - (10) On May 26, 2019, four former FEMA Administrators wrote a letter to Congressional leaders stating: "Change is needed to allow the NFIP to pay off its debt and serve its purposes of reducing Federal disaster spending following flood events, mini-

1	mizing flood losses, and discouraging unwise build-
2	ing in flood-prone areas.".
3	SEC. 3. SENSE OF CONGRESS.
4	It is the sense of the Congress that the Federal Gov-
5	ernment should—
6	(1) discourage regulation and policies that re-
7	sult in building and rebuilding homes located in high
8	flood-risk areas;
9	(2) limit the availability of federally subsidized
10	flood insurance for construction of new homes, busi-
11	ness, and infrastructure;
12	(3) coordinate with floodplain managers, city
13	planners, administrators, and local elected officials
14	to ensure that structures built in flood-prone areas
15	comply with building and elevation codes and regula-
16	tions that are designed to reduce their risk of dam-
17	age from flooding; and
18	(4) prioritize increased mitigation funding
19	through new and existing programs to help commu-
20	nities better prepare for future flood disasters before

they happen.

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### 1 SEC. 4. ELIMINATION OF SUBSIDIES FOR NEW CONSTRUC-

- 2 TION.
- 3 Subsection (c) of section 1308 of the National Flood
- 4 Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended
- 5 by adding at the end the following new paragraph:
- 6 "(3) NEW CONSTRUCTION.—Any property the 7 construction or substantial improvement of which 8 the Administrator determines has been started on or 9 after January 1, 2025, and the appropriate actuarial rate shall be adjusted with any changes to the flood 10 11 zone or base flood elevation reflected in relevant 12 flood insurance rate map, regardless of the previous 13 rating; in determining whether a property is subject 14 to this paragraph, the Administrator shall consider 15 the issue date for any relevant building permit or oc-16 cupancy certificate issued by the community in 17 which such property is located; for purposes of this 18 paragraph only, a determination regarding substan-19 tial improvement may exclude the costs of any im-20 provement to a structure or the structure's associ-21 ated land area for which the primary purpose is 22 flood mitigation or floodproofing; such improvements 23 may include elevation of the building or utilities, 24 floodproofing, or other site-specific mitigation activi-25 ties that would otherwise meet the eligibility require-26 ments established by the Administrator under au-

- 1 thority of section 1366(c) (42 U.S.C. 4104c(c));
- 2 nothing in this paragraph may be construed to pro-
- 3 hibit application of any future means-tested assist-
- 4 ance for insurance affordability to construction or
- 5 substantial improvement covered by this para-
- 6 graph.".

### 7 SEC. 5. GAO STUDY AND REPORT.

- 8 The Comptroller General of the United States shall
- 9 conduct a study to determine the feasibility and effects
- 10 of—
- 11 (1) eliminating, by January 1, 2027, all sub-
- sidies that reduce premiums for coverage under the
- National Flood Insurance Program of the Federal
- 14 Emergency Management Agency to amounts that
- are less than the amount that is actuarially nec-
- essary for such Program to operate without a deficit;
- 17 and
- 18 (2) prohibiting any subsidy described in para-
- 19 graph (1) for any property unless mitigation activi-
- 20 ties to decrease the risk of flood damage to such
- 21 property have been completed.
- 22 Not later than the expiration of the 12-month period be-
- 23 ginning on the date of the enactment of this Act, the
- 24 Comptroller General shall submit a report to the Congress

- 1 that describes the findings of the study pursuant to this
- 2 section.

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