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ASSOCIATION OF Montana FLOODPLAIN MANAGERS

Outside Witness Testimony
Subcommittee on Economic Policy
Senate Committee on Banking, Housing and Urban Affairs
The National Flood Insurance Program:
The Need for Long-Term Reauthorization and Reform

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On behalf of Missoula County, Montana and the Association of Montana Floodplain Managers, I am honored to appear before you today to provide comment on the reauthorization of the National Flood Insurance Program.

I respectfully urge this committee to ensure that long term reauthorization of the National Flood Insurance Program (NFIP) is enacted prior to May 31st. Over the past several years, I have witnessed the results that delayed and uncertain congressional action on reauthorization has caused within my community and my State. Property values, already having fallen due to the economy, fall further in the floodplain due to buyer's uncertainty that Congress will provide homeowners with long term flood insurance coverage. Real estate transactions have been delayed – and some have completely fallen through. Homeowners – many of whom already must sell their property at a loss - are forced to reduce their sales prices further. The small pool of local insurers that are willing to process flood insurance policies dwindles further as they become increasingly frustrated with the ever-changing uncertainty the last several years of delayed short-term reauthorizations has caused. Floodplain citizens need to know that you have their back by reauthorizing the National Flood Insurance Program for the long term.

This is not to say that we support reauthorization of the exact same flood insurance program that has contributed significantly to our national debt. From my perspective, reform is correctly focused on the insurance side as the requirements for floodplain development within NFIP communities do work – simply tour a participating community post-flood to see those results. My own community just experienced a 10-year flood last Spring. Older homes built before FEMA mapping were destroyed while the newer homes right next door suffered virtually no damages.

The common sense reforms including those that the Montana delegation and this committee have put forward must be included in long term reauthorization. The American taxpayer is increasingly unwilling to provide financial support for those who have time and time again received handouts post-flood who then do absolutely nothing to prevent future damages as they know Uncle Sam will be there check in hand to quite literally bail them out again. Many repetitive loss property owners within my community received FEMA checks last year. None have voluntarily chosen to mitigate their homes.

Gone too are the days that the taxpayer will support those who knowingly choose to live in areas and in homes with severe flood risk - so we thank you for moving the National Flood Insurance Program away from overwhelmingly tax-subsidized premiums towards actuarially rated policies. I also want to thank you for your commitment to fund ongoing mapping so that communities in rural states like Montana will eventually be provided with detailed floodplain maps allowing our citizens to build homes constructed through means that minimize flood loss.

I further appreciate the efforts that are being made regarding levees. Although the issuance of new FEMA floodplain maps for my community has been on hold for several years due to inconsistencies with how FEMA is mapping properties behind levee-like structures such as railroad beds, roads and even interstate highways, my community was fortunate that the Army Corps of Engineers certified their levees. This makes sense as the Corps designed, built and inspects them on a regular basis. My community's experience with the Seattle District of the Army Corps of Engineers was exactly the way it should be. We asked, they came and while we had some unexpected work that needed to be done, we did our job in maintaining them – and the Corps did their job in certifying them. Unfortunately, other Montana communities have been required to spend hundreds of thousands of dollars to certify levees that the Corps designed, built and already inspects. An unjustifiable burden on those communities and their residents, we are glad to see the Senate taking a proactive position to put the federal responsibility for certifying federal levees back where it belongs.

The positive reforms that have been put forward are long overdue and I applaud your efforts to make them happen. However, there remains one very important issue: 500-year floodplains. You've heard testimony regarding the losses that the National Flood Insurance Program incurs – i.e. the taxpayers incur – when homes within "500-year floodplains" are damaged. The Senate Bill will ensure property owners will now be notified of the risk of living in a 500-year floodplain. The problem is that FEMA does <u>not</u> map 500-year floodplains. These areas are identified as "Shaded-X" on the floodplain maps and in small print, the corresponding legend states these are actually "areas of 100-year flood" OR "areas protected by levees from 100-year flood" OR "areas of 500-year flood". Until FEMA is actually required by Congress to map these Shaded-X areas based on actual topography, the maps simply cannot be relied on to determine if a building proposed in these locations is actually within the 500-year floodplain or will be inundated during lesser flood events. Last Spring, I was in a Shaded-X "500-year" home with a full walkout basement that was inundated during our 10-year flood. There are no federal requirements for how that home should have been built – nor how that home should be mitigated to prevent future losses. There are no requirements that the property owner obtain flood insurance to ease the burden on the taxpayer. The property owners had received FEMA checks multiple times prior to last year's 10-year flood event – and they did so again last Spring.

I was in another flooded home that was built in the 100-year floodplain – with a basement. It should have never happened but it did. Although that home was not constructed in compliance with FEMA requirements, those property owners also received a check from FEMA.

I sincerely appreciate the opportunity to appear before you today and would like to leave you with my own Top Three reform requests:

> Stop issuing subsidized flood insurance policies for new structures built after FEMA's floodplain designation. As addressed in the Senate Bill, the taxpayer will no longer be forced to subsidize insurance for those that choose to build in designated floodplains.
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> Stop rewarding those who bring fill into the floodplain to protect their development at the expense of pushing those floodwaters onto their neighbors. FEMA encourages this practice by issuing Letters of Map Revision Based on Fill (LOMR-F) which completely removes the owner's obligation to obtain mandatory flood insurance coverage and contribute to the National Flood Insurance Program.
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> Stop issuing FEMA floodplain maps without providing written notice to affected property owners. FEMA has the audacity – and the budget - to send notices to widows on fixed incomes in Bozeman and Missoula whose homes are nowhere near the floodplain which scares them into buying flood insurance - but FEMA does not have the budget or desire to send such notices to people that are actually ***in*** the floodplain?! Thankfully, notification is now addressed in the Senate Bill – scare tactics are not. Even Missoula City Hall located nearly a half mile from the floodplain received such a letter from FEMA. Targeting extremely low risk properties may be good for the bottom line but is not what citizens expect from their Government.

In closing, I sincerely thank this Committee and both Houses for pursuing significant reform – and providing our citizens with <u>long-term</u> - confidence restoring - reauthorization.