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November 29, 2018

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Paul Ryan  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
Washington, DC 201515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Minority Leader Pelosi:

On behalf of the cities and towns represented by the National League of Cities (NLC), we are writing to urge the Congress to make sure there is no lapse in the authorization of the National Flood Insurance Program (NFIP). This vital program, which is administered by the Federal Emergency Management Agency (FEMA), helps millions of people recover from the flooding disasters occurring more frequently and more drastically across the country.

As you know, the NFIP is the primary source of flood insurance coverage for residential properties in the United States. As of May 2018, the NFIP had over 5 million flood insurance policies providing over \$1.28 trillion in coverage, with approximately 23,000 communities in 56 states and jurisdictions participating. The program collects about \$3.6 billion in annual premium revenue.

If Congress allows the NFIP to lapse on November 30, 2018, FEMA's authority to provide new flood insurance or renew existing contracts will expire, while flood insurance contracts entered before the expiration would continue until the end of their policy term of one year. In addition, the authority for NFIP to borrow funds from the Treasury will be reduced from \$30.425 billion to \$1 billion, which could potentially put severe limits on FEMA to pay out new claims for flood damage.

In past NFIP lapses, borrowers were not able to obtain flood insurance to close, renew, or increase loans secured by property that were designated to be in flood zones. During the lapse in June 2010, it is estimated that over 1,400 home sale closings were cancelled or delayed each day, representing over 40,000 sales per month. We fear that Congress's inability to pass a long-term reauthorization of the bill will have long lasting impact on our

local economies that could potentially reduce residential and commercial property values and severely impact local government programs.

Since September 30, 2017, Congress has passed seven short-term extensions for the NFIP. While we understand that another short-term extension is needed as Congress negotiates additional reforms to the program, we are concerned that there is still considerable uncertainty about the fate of the program and how the proposed reforms will impact flood insurance rates for primary, non-primary and business properties. As Congress continues to consider these reforms to the NFIP, we believe the final legislation should:

1. protect the grandfathering of flood insurance rates for properties that were built to code before FEMA's adoption of flood maps;
2. keep flood insurance rates affordable for primary, non-primary and business properties while balancing the fiscal solvency of the program;
3. allow the federal government to work with state and local governments, the insurance industry, and other stakeholders to develop an incentive-based disaster insurance and mitigation system that would encourage property owners to retrofit existing structures to reduce future losses from natural disasters;
4. encourage lending institutions to incorporate mitigation provisions as conditions for loans; and
5. provide additional resources to FEMA to utilize the best technology and methods available to improve the mapping process, including seeking input from local government officials prior to approving any flood map that could impact local zoning rules.

NLC looks forward to working with you to reauthorize the NFIP and keep rates affordable and help mitigate the flood risks in thousands of cities across the country that could face catastrophic flooding. Thank you for your consideration of our recommendations. Please contact Yucel Ors, NLC's Federal Advocacy Program Director for Public Safety at 202-626-3124 or [ors@nlc.org](mailto:ors@nlc.org) about any concerns or questions about this letter.

Sincerely,



Clarence E. Anthony  
CEO and Executive Director  
National League of Cities