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U.S. Senate approves delay in flood insurance rate hikes

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In January, by a vote of 67 to 32, the U.S. Senate approved S.1926, the "Homeowner Flood Insurance Affordability Act," legislation delaying substantial increases in flood insurance premiums. Following that vote, S.1926 moved to the U.S. House of Representatives for further legislative action.

"When Congress reformed the National Flood Insurance Program in 2012 it was with the best of intentions in mind," said Thomas Skiba, CEO of Community Associations Institute. "Unfortunately these changes made flood insurance coverage too expensive not only for individual homeowners, but also many community associations."

The Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters Act) was intended to place the National Flood Insurance Program (NFIP) on sound financial footing through increases in flood insurance premiums. As the Biggert-Waters Act was implemented, homeowners and community associations saw flood insurance premiums soar to unaffordable levels.

While some property owners qualified for a 5-year phase-in of higher premiums, many did not. Homeowners seeking to sell their property did not qualify for the premium phase-in, effectively lowering real estate values by thousands of dollars. Faulty federal flood maps also caused homeowners living in properties constructed above flood levels to see unaffordable increases in flood insurance premiums.

S.1926 puts Biggert-Waters Act premium increases on hold until the Federal Emergency Management Agency (FEMA) can determine the impact of the increases on property owners as well as the NFIP. The legislation further requires FEMA to submit a plan to Congress that will increase flood insurance rates in a sustainable, affordable manner, protecting the long-term financial stability of households, businesses, and the NFIP.

Despite the backing of a supermajority of Senators, S.1926 faces opposition from the White House as well as some key members of the U.S. House of Representatives. Just prior to the Senate vote on S.1926, the Obama Administration released a Statement of Administration Position arguing against key provisions of the legislation. Additionally, House Financial Services Committee chairman Jeb Hensarling (R-TX) voiced his opposition to delaying Biggert-Waters Act flood insurance premium increases.

"CAI supports a strong, financially stable flood insurance program that charges premiums reflecting actual flood risk, but the program must work for the millions of community association homeowners and residents," said Dawn Bauman, CAI's senior vice president for Government and Public Affairs. "CAI urges the House of Representatives to quickly approve S.1926 or pass a workable alternative. The stakes are too high for Congress not to make changes to the Biggert-Waters Act."

S. 1926 was championed by numerous Senators, including Senators Robert Menendez (D-NJ), Chuck Schumer (D-NY), Johnny Isakson (R-GA), Mary Landrieu (D-LA), and David Vitter (R-LA). As

a member of the Coalition for Sustainable Flood Insurance, CAI worked with national and regional organizations to build support for S.1926, which culminated in today's strong, bipartisan vote in the Senate.

If you have any questions or comments regarding S.1926 or changes to federal flood insurance, please contact CAI Government Affairs at government@caionline.org or (888) 224-4321.

CAI Government Affairs represents the interests of the 62.5 million people living and working in America's community associations on legislative and regulatory issues at the local, state, and federal level of government.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540