

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.**

4 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
10 become the most common and costly natural disaster

1 in the United States, impacting all 50 States and
2 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.

8 (3) Research from New York University's
9 Furman Center for Real Estate and Urban Policy
10 estimated that, in 2015, 15 million people nation-
11 wide lived in the 100-year floodplain spread across
12 coastal and inland States.

13 (4) The National Flood Insurance Program
14 (NFIP), administered by the Federal Emergency
15 Management Agency (FEMA), provides federally
16 backed flood insurance in over 22,000 communities
17 in 56 States and jurisdictions in the United States
18 with more than 5 million policies providing over \$1.3
19 trillion in coverage.

20 (5) In 1966, while calling for the creation of
21 the NFIP, the Task Force on Federal Flood Control
22 Policy provided “a caution on flood insurance” that
23 if “incorrectly applied, it could exacerbate the whole
24 problem of flood losses.”. The report warned that in-
25 surance coverage not proportionate to risk would

1 “invite economic waste of great magnitude . . . ag-
2 gravate flood damages and constitute gross public ir-
3 responsibility”.

4 (6) According to the Government Accountability
5 Office (GAO), the NFIP offers 20 percent of policy-
6 holders heavily subsidized rates that FEMA esti-
7 mates may be 45 to 50 percent below a full-risk
8 rate.

9 (7) Since 2005, the NFIP has borrowed nearly
10 \$40 billion from taxpayers to meet policyholder in-
11 surance claims.

12 (8) In 2017, the Congressional Budget Office
13 estimated that under its current model the NFIP is
14 expected to lose \$1.3 billion a year.

15 (9) Historically, repeatedly flooded properties
16 have accounted for just 1 percent of properties with
17 National Flood Insurance Program policies but
18 about 25 to 30 percent of flood claims. Nationwide
19 more than 150,000 properties have repeatedly flood-
20 ed at a cost to the NFIP of more than \$12.5 billion.

21 (10) On May 26, 2019, four former FEMA Ad-
22 ministrators wrote a letter to Congressional leaders
23 stating: “Change is needed to allow the NFIP to pay
24 off its debt and serve its purposes of reducing Fed-
25 eral 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
21 they happen.

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
10 rate shall be adjusted with any changes to the flood
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-
12 sidies that reduce premiums for coverage under the
13 National Flood Insurance Program of the Federal
14 Emergency Management Agency to amounts that
15 are less than the amount that is actuarially nec-
16 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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