# Climate Risk and Resiliency

## Resilience and Building Codes

### Issue Overview

Natural disasters disrupt hundreds of thousands of lives per year and have lasting effects on people and property. To reduce the impacts associated with these events, policymakers at the federal, state, and local levels have, or are considering, adopting policies and programs to increase community resilience and reduce property damage, costs of reconstruction, and insurance claim and disaster assistance payouts. To date, these actions have included ordinances that disallow new construction in certain areas, laws establishing mandatory hazard mitigation requirements, and more stringent building codes, among others.

But in many cases, such efforts are not needed. Post-disaster assessments from FEMA, the National Institute of Standards and Technology and the structural engineering community consistently demonstrate newer homes built to modern building codes fare well in extreme events, and the bulk of observed damage is to the existing, older building stock. Solutions that recognize voluntary, above code construction and/or incentivize cost-effective, feasible retrofits for existing buildings will result in a more resilient built environment.

### Solutions

- Revise the scoring criteria for the FEMA Building Resilient Infrastructure and Communities (BRIC) program to better balance allocations to under-resourced, under-served states and communities vs . those that regularly update their hazard-resistant codes.
- Reform HUD's CDBG Disaster Recovery (CDBG-DR) and Mitigation (CDBG-MIT) programs to remove unnecessary encouragement for grantees to include resilient building code adoption and implementation in their required spending "Action Plans."
- Pass the Promoting Resilient Buildings Act, which includes a grant and retrofit pilot program to address resiliency in the existing housing stock.
- Direct FEMA to revise or rescind policy memos, NFIP Technical Bulletins and Building Science Branch guidance documents that exceed the 44 CFR 60.3 minimum construction standards.
- Direct FEMA to work with the codes and standards development community and industry to ensure its guidance documents promote feasible, cost-effective solutions for disaster mitigation.
- Direct FEMA to revise the criteria for the Building Code Adoption Tracker to recognize a broader array of "hazard-resistant building codes."
- Rescind funding for the U.S. Fire Administration (USFA) to promote the mandatory installation of residential fire sprinklers. Alternatively, require USFA to provide accurate, up-to-date information regarding the initial cost of installation including permit and tap fees, design costs, and tank/pump costs for those on well water.

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## HUD's Federal Flood Risk Management Standard

### Issue Overview

On May 20, 2021, President Biden signed Executive Order 14030, "Climate-Related Financial Risk." Among other things, E.O. 14030 rescinded President Trump's 2017 Executive Order 13807, which withdrew the controversial Federal Flood Risk Management Standard (FFRMS). Under the FFRMS, all federal agencies are required to anticipate and predict the expected increased flooding risks due to climate change and improve the resilience of projects receiving federal funding. This is to be done by expanding the federal floodplain management requirements beyond the current 100-year base flood level to a larger vertical and horizontal area that better anticipates future flooding risks.

On April 22, 2024, HUD published its final rule to implement the FFRMS. For single-family new construction where building permit applications are submitted on or after Jan. 1, 2025, HUD will require all new single-family homes located within the 100-year floodplain to be elevated 2 feet above the base flood elevation to qualify for FHA mortgage insurance. For FHA-insured or HUD-assisted multifamily properties, the new FFRMS requires a complicated, three-tiered process for determining the extent of the FFRMS floodplain, with a preference for a climate-informed science approach (CISA). The rule then requires more stringent elevation and flood proofing requirements if federal funds are used to develop or provide financing for new construction within the newly-defined FFRMS floodplain. The rule also applies to substantial improvement to structures financed through HUD grants, subsidy programs and applicable multifamily programs.

Unfortunately, HUD's final rule unnecessarily expands floodplain management requirements and fundamentally threatens access to FHA mortgage insurance programs for single-family home buyers and multifamily builders. By establishing a higher flood risk standard, the proposed rule generates inconsistencies with the National Flood Insurance Program (NFIP) and creates unwarranted and expansive flood mitigation requirements beyond those established by FEMA, the agency with the expertise, funding and statutory directive to oversee activities within the floodplain and administer the federal flood insurance and floodplain mapping programs.

### Solutions

- Withdraw the FFRMS regulations.
- Rescind Executive Order 14030, "Climate-Related Financial Risk."

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## National Flood Insurance Program

### Issue Overview

The National Flood Insurance Program (NFIP) was created to ensure flood insurance would be available on reasonable terms and conditions for homes and commercial structures exposed to flood risks. In addition to providing insurance, the NFIP sets up a multi-faceted, multiple objective program that directs the development of maps to identify and assess flood risks, local ordinances to govern land use and construction practices to reduce flood losses over time, and planning and mitigation measures to avoid future damage. As a result of this arrangement, the NFIP and related federal programs that provide pre- and post-disaster assistance have played critical roles in determining the use and development flood-prone areas and reducing and managing the risk of flooding for residential properties and others since their inception.

While a strong NFIP helps ensure that the housing industry can provide safe, decent and affordable housing to consumers, ongoing concerns about its financial stability, insufficient mapping, and increasingly stringent building, reconstruction and mitigation requirements are making it more and more difficult for many American families to live in a home of their choice in a location of their choice, especially when the home lies in or near a floodplain.

### Solutions

- Support reauthorization of the NFIP and do not allow the program to lapse.
- Ensure that flood insurance is available and affordable to all properties in participating communities and that the rate structure is predictable, consistent, and tied to a set of factors readily understandable by all stakeholders.
- Maintain the 100-year floodplain as the foundation for the NFIP's programmatic requirements and ensure the availability of current and reliable Flood Insurance Rate Maps.
- Clarify that numerous nondiscretionary FEMA actions are exempt from the Endangered Species Act (ESA).
- Support a legislative stop-gap measure to allow developers and builders seeking certain flood map revisions to use the Scientific Resolution Panel (SPRs) process to obtain the requested changes while FEMA conducts its ESA consultation on the floodplain mapping program within the State of California.

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## Property Insurance

### Issue Overview

The country is experiencing record-setting wildfires, floods, earthquakes, heat and other natural disasters that are expected to continue for decades to come. As risks grow and more acres, homes and communities are subject to losses from these destructive events, many private insurance companies are denying the sale of new property and casualty insurance policies, declining to renew existing coverages, and/or drastically raising policy rates in certain states. To make matters worse, reinsurance companies are rapidly increasing the costs of insurance for insurance companies on all lines of coverage due to recent national and global disasters, burgeoning bureaucratic expenses and to make up for reduced participation. Taken together, it is becoming increasingly more difficult for both existing and potential new home owners to secure available and affordable insurance, which is impacting the ability of home builders to sell their homes.

Certain borrowers are required to obtain and maintain home owners' insurance as a condition of their mortgages. The inability to purchase or maintain policies because of unaffordable rate hikes or insurance companies declining to renew policies is becoming a growing issue that is impacting housing affordability and the ability of many to become home owners. Although insurance is regulated at the state level, the federal government has an obligation to ensure insurance is available and affordable in all areas of the country.

### Solutions

- Direct the Federal Insurance Office (FIO) within the U.S. Department of the Treasury to monitor all aspects of the insurance sector, including the extent to which underserved communities have access to affordable insurance products.
- Direct the FIO to analyze and identify the challenges associated with providing affordable insurance to property owners and recommend improvements to the state insurance commissioners.