

Testimony of Congressman Earl Blumenauer

Hearing on the National Flood Insurance Program and The Federal Emergency Management Agency's Repetitive Loss Mitigation Strategy

**Subcommittee on Housing and Community Opportunity, Financial Services
Committee, Thursday, July 19, 2001**

I would like to thank the Chairwoman and Ranking Member for holding today's hearing. The Committee's hearing on this subject during the last Congress was very helpful in highlighting the importance of this issue and the impact of the national flood insurance program on government spending. Since that hearing, the need for re-examining our national flood insurance policy has taken on an even greater urgency due to the alarming increase in flood frequency and damage.

I echo the comments of my colleague from Nebraska, Representative Bereuter and agree with the Bush Administration's position that we should help communities avoid natural disasters. Flooding is a common and persistent problem for the United States. The threat of global warming will likely mean that we will see an increase in the incidence of extreme weather events. Earlier last month, Houston, Texas illustrated the tragic loss of life and property that can result from such incidence.

It seems clear to me that Nature never intended for people to live or work in floodplains, and the federal government shouldn't assist people to do so. Between 1960 and 2000, the federal government spent more than \$38 billion in its futile attempt to control flooding in areas that historically have been flood plains or wetlands. Despite that spending, however, flood losses now average about \$8 billion per year, six times the average flood losses of the 1950's, before the federal government made its investments. The damage created in North Carolina by Hurricane Floyd in 1999 resulted in almost 70,000 people receiving some form of disaster assistance. According to one FEMA estimate, over \$58 million was disbursed for emergency disaster housing and individual and family grants in the state.

In the last 8 years alone, floods have killed more than 850 people, and caused more than \$89 billion in property damage, not including some of the most recent losses of life and costly damage caused by Hurricane Floyd and Tropical Storm Allison. Much of this flooding occurred in places where weak zoning laws have allowed developers to drain wetlands and build in floodplains. More often than not, these are places that have been flooded repeatedly since development began.

I have often cited a house in Houston, Texas, as perhaps the most egregious example of this kind of misguided behavior. Valued at only \$114,000, it was the subject of 16 claims between 1989 and 1995, for a total of more than \$800,000. According to FEMA, there are currently at least 45,520 repetitive loss buildings insured by the National Flood Insurance Program. The National Flood Insurance Program now pays more than \$200 million annually to rebuild these repetitive loss properties. Of these 45,000 properties, approximately 10,000 have experienced either four or more flood losses or two to three flood losses that cumulatively exceeded the value of the property. These properties alone cost the program over \$80 million annually.

I am proud to be the original co-sponsor of Congressman Bereuter's bill, Two Floods and You're Out of the Taxpayers' Pockets. The purpose of this legislation is to avoid many of the injuries, deaths and damages before they occur, and give property owners the option of moving to a less hazardous area.

It reforms the National Flood Insurance Program to give people a choice. Once an individual has made more than two claims to the National Flood Insurance Program, they may choose to continue to live in a hazardous area, and accept the actuarial, risk-based costs of flood insurance for living there, or they may receive federal aid to move or elevate their property out of harm's way. This Act would never deny national flood insurance coverage to any interested owner, renter, or occupant of a property.

This program will have many benefits. One of the most compelling reasons is the savings to the federal government of millions of dollars in avoided flood damages. But perhaps even more important than avoiding government waste, it will move people out of harm's way and discourage newcomers from moving there. Last month in Houston, a mother was electrocuted trying to save her son, himself also electrocuted, from the rapid flooding caused by Allison. This is not acceptable, and the federal government does no one any good to continue allowing people to live in harm's way.

Additionally, this legislation has important environmental benefits. It will allow nature to resume its natural functions of flood control and water purification in flood plains, saving millions of dollars in avoided water treatment infrastructure. And finally, it will restore wetlands environments, which are host to rich and important ecosystems.

H.R. 1428, Two Floods and You're Out of the Taxpayers' Pocket, is win-win legislation. It preserves and restores the environment, while saving taxpayers and the federal government money. Most importantly, through prevention and providing people with the choice and the means to relocate, we can help to save lives.