



Association of State Floodplain Managers, Inc.

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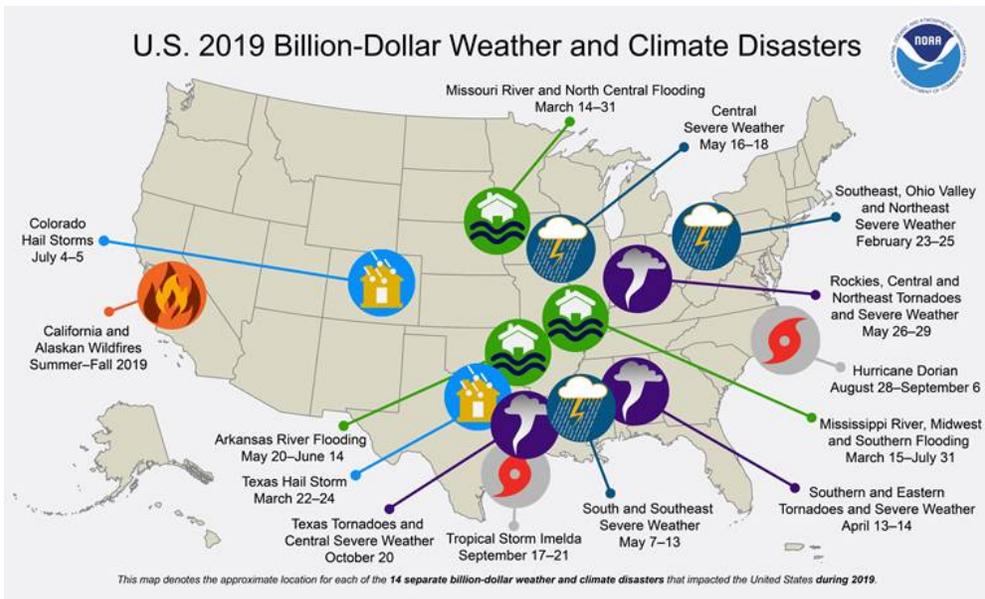
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ASFPM’s COMMENTS IN RESPONSE TO FR-6187-N-01 WHITE HOUSE COUNCIL ON ELIMINATING REGULATORY BARRIERS TO AFFORDABLE HOUSING Request for Information DOCKET HUD-2019-0092

ASFPM, a non-profit public interest organization, represents 37 chapters and more than 19,000 state and local officials, as well as the private sector and other professionals engaged in all aspects of flood risk management and flood hazard mitigation. All ASFPM members are concerned with reducing our nation’s flood-related losses. For more information on the association visit www.floods.org.

In 2019, the nation experienced fourteen billion dollar weather and climate disasters.



From 2014 to 2018, the United States has seen an average of thirteen billion dollar disasters annually. Losses from flooding, the nation’s biggest natural hazard now average more than \$17 billion annually. Sadly, this is the new normal.

Increasingly, who pays the costs of those events? The US taxpayer. Disaster relief costs have exploded and now average \$8 billion annually. Commensurate with that rise is the increase in the federal share of disaster costs. Unfortunately, our generosity masks a grim reality, housing and infrastructure that are not resilient to hazards are built, destroyed and rebuilt with taxpayers footing much of the bill. This is why modern codes – especially those provisions that protect against hazards – are essential. Housing built to modern codes, from a flooding

perspective, suffer at least 80% less damage than those that are not. Less damage equals less taxpayer cost.

As the White House Council on Eliminating Regulatory Barriers to Affordable Housing continues its work, we urge it to consider affordability implications beyond initial construction costs, including operations and maintenance expenses, and to ensure any recommendations complement existing Administration support for up to date code adoption and application at the federal, state, and local levels. We encourage the Council to consider promoting not only consistent adoption of modern model codes, but also consider even higher standards that have the co-benefits of flood resiliency and housing affordability.

ASFPM urges HUD to not only ensure that modern building codes are adopted and used but urges HUD to be a leader in flood resiliency by adopting a Minimum Property Standard that not only meets modern building codes but adds another foot of freeboard. HUD's minimum standards for basic livability and safety have long included standards for construction in flood hazard areas. The resulting resilience that will be incorporated into 1-4 family housing by adding two feet of freeboard not only begins to address one of the moral hazards of providing federal assistance for housing in flood hazard areas (where those with the least means have the lowest ability to rebound from a disaster event), but also will result in new housing being more affordable - not less as many in the building industry would claim – for more people. While it is true that adding 2 feet of freeboard at the time of construction will marginally increase the cost of construction of such a home, the overall cost of home ownership will be decreased. This is due to the offsetting, decreased cost of flood insurance. ASFPM ran several scenarios for 1, 2 and 3 feet of freeboard using April 2017 NFIP flood insurance rates:



The Case for Freeboard

New Construction of 2,000 sq. ft. Primary Residence, A-Zone, Monthly Payment*

At BFE \$963 – principle + interest +\$150 – flood insurance \$1,113	+1 Foot Freeboard \$ 983 – principle + interest +\$ 74 – flood insurance \$1,057 – 5% decrease
+2 Feet Freeboard \$1,002 – principle + interest +\$ 47 – flood insurance \$1,049 – 6% decrease	+3 Feet Freeboard \$1,022 – principle + interest +\$ 39 – flood insurance \$1,061 – 5% decrease

*Assumes \$206,000 in initial construction costs with \$190,000 of those costs financed plus all freeboard costs financed at 4.5%, 30-year fixed rate. Freeboard assumed at 1.9% per foot of construction cost. Flood insurance amounts of \$200K/\$80K Bldg/Contents based on April 2017 rates.



The Case for Freeboard

New Construction of 2,000 sq. ft. Primary Residence, V-Zone, Monthly Payment*

At BFE

\$963 – principle + interest
+\$599 – flood insurance
\$1,562

+2 Feet Freeboard

\$1,002 – principle + interest
+\$373 – flood insurance
\$1,375 – 12% decrease

+1 Foot Freeboard

\$ 983 – principle + interest
+\$ 493 – flood insurance
\$1,476 – 6% decrease

+3 Feet Freeboard

\$1,022 – principle + interest
+\$ 271 – flood insurance
\$1,293 – 17% decrease

*Assumes \$206,000 in initial construction costs with \$190,000 of those costs financed plus all freeboard costs financed at 4.5%, 30-year fixed rate. Freeboard assumed at 1.9% per foot of construction cost. Flood insurance amounts of \$200K/\$80K Bldg/Contents based on April 2017 rates.

Using very conservative estimates for the cost of freeboard, in every scenario for both A and V zones, the monthly principle + interest + insurance cost (which is important because most buyers will be financing their homes and affordability is based on a monthly housing budget, not the actual cost of construction) is less with freeboard than the current standard which is at the base flood elevation.

ASFPM cannot understand why the building industry wouldn't be more supportive of a standard that makes housing more accessible/affordable to more people. Inasmuch as it affects HUD's mortgage insurance and low-rent public housing programs – it will have a net positive effect by ensuring that such housing is resilient and that residents will be better able to withstand the devastation caused by a major flood. Higher flood standards ensure that housing is more affordable – not less, and helps eliminate the moral hazard and injustice that comes with placing those who are least able to withstand the impact of a major flood in harm's way.

From a flooding perspective, the regulatory barrier to affordable housing is having codes that are not strong enough.