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The Honorable Harry Reid
Senate Majority Leader
522 Hart Senate Office Building
Washington, D.C. 20510

The Honorable John Boehner
Speaker of the House
H-232 U.S. Capitol
Washington, D.C. 20510

The Honorable Mitch McConnell
Senate Minority Leader
317 Russell Senate Office Bldg.
Washington, D.C. 20510

The Honorable Nancy Pelosi
House Minority Leader
235 Cannon House Office Bldg.
Washington, D.C. 20510

RE: Biggert-Waters Flood Insurance Reform Act of 2012

Dear Majority Leader Reid, Speaker Boehner, Minority Leader McConnell and Minority Leader Pelosi:

I write to urge Congress to immediately delay further implementation of the Biggert-Waters Flood Insurance Reform Act of 2012 ("Biggert-Waters" or "the Act") until the Federal Emergency Management Agency (FEMA) conforms with Congress' mandate to undertake an affordability review and conduct a peer review of new flood zone maps.

By eliminating various federal subsidies in the National Flood Insurance Program (NFIP) and requiring updated flood zone maps, Biggert-Waters will pose harsh economic consequences for many homeowners and small businesses in Massachusetts and across the country. Premature implementation of the Act threatens the housing recovery that Massachusetts and the nation are just starting to experience.

We believe that dramatically increased flood insurance rates will tip the balance for many homeowners who weathered the economic downturn, but are still feeling the residual effects of the housing crisis. The redrawn maps are expected to substantially increase the size of flood zones. This means that insurance rates will not only increase for those already in the flood plain, but for the many homeowners and small businesses that for the first time will be required to buy flood insurance. Flood insurance is compulsory for property owners with mortgages located in certain zones on Flood Insurance Rate Maps. These homeowners and businesses have no choice, nor do the banks that service their mortgages. Even those with properties in those zones that do



not have mortgages may be affected, due to heightened building requirements or lower market demand for these properties.

We have already heard from many small businesses and homeowners about the devastating impact of this new policy. Several homeowners that purchased their homes in the last year—as the housing market was turning around—have been informed that the flood maps have been redrawn so that they are now required to purchase flood insurance at costs of \$10,000 and up. For many, this additional cost is not feasible. Their only option is trying to sell the property at a reduced price that accounts for the added cost of this unanticipated insurance.

A family that owns a restaurant in Scituate recently renovated its business, elevating it two feet above what the most recent flood maps required, at a cost of over \$3 million. Now, based on FEMA's new flood mapping, they were told that they must raise the deck three additional feet or face a possible \$30,000 flood insurance premium—a fivefold increase.

These are just two stories of many. If the federal government is going to unexpectedly change the rules, resulting in such significant effects on so many families and businesses, it should not be too much to ask that the implementation of Biggert-Waters be accurate, transparent and considerate of economic impacts. That is not the case to date.

When Congress passed Biggert-Waters, the law required FEMA, as part of the flood insurance reform process, to, among other things: 1) undertake an affordability review in conjunction with the National Academy of Sciences; and 2) conduct a variety of other reviews and studies, including peer review, relating to changes in the flood program. FEMA has failed to do so.

Given the potential harm to homeowners and businesses, and the economic disruption that will accompany the sweeping changes under the Act, FEMA should be required to complete all these analyses and studies before altering flood premiums. In addition, we urge Congress to direct FEMA to establish a transparent and inclusive process, with appropriate disclosures and realistic time frames, that take into consideration the economic impacts of redrawn maps.

Granting a delay in implementation would not only ensure the accuracy of new flood zone maps but will allow the government time to identify protections for homeowners who may face financial hardship and foreclosure.

We urge you to act now to delay these policies before it is too late for many families in Massachusetts and throughout the nation.

Cordially,



Martha Coakley
Attorney General of Massachusetts