



TO: STEVE SMITH
TOPSAIL ISLAND SHORELINE PROTECTION COMMISSION

FROM: MIKE McINTYRE

SUBJECT: NOVEMBER/DECEMBER MONTHLY LEGISLATIVE UPDATE

DATE: DECEMBER 3, 2019

The November/December Monthly Legislative Update provides information on the following topics:

- Washington News
 - Budget and Appropriations
 - National Flood Insurance Program Reauthorization
 - FEMA Pushes Back Its Flood Insurance Overhaul Plans
- Update on TISPC Federal Priorities

WASHINGTON NEWS

Budget and Appropriations

Two weeks ago, Congress passed another short-term Continuing Resolution (CR) after not being able to reach a consensus on top-line funding numbers before the November 21 deadline. The CR will extend through December 20, just before Congress leaves Washington for the holidays. There is renewed hope that Congress will be able to approve at least some of the FY 2020 appropriations bills before the new December 20 deadline because House and Senate Appropriations Committee leaders have finally reached a deal on top-line funding numbers.

National Flood Insurance Program Reauthorization

The CR passed by Congress also reauthorized the National Flood Insurance Program (NFIP) through December 20, marking the 14th extension of the NFIP in just the past two years.

As we previously reported, there are NFIP reauthorization bills in both the House and Senate. However, the bills differ substantially in many ways, which will require considerable negotiation between the House and Senate, which has yet to occur in earnest.

FEMA Pushes Back Its Flood Insurance Overhaul Plans

As you know, in March, FEMA introduced a new NFIP premium rating system called “Risk Rating 2.0,” which is expected to drastically change rates for millions of NFIP policyholders. FEMA originally planned to begin implementing the new rating system in October 2020 for single-family homes in the coastal Southeast (Texas to North Carolina), but FEMA is now delaying its implementation plans by a year to

October 2021 because “additional time is required to conduct a comprehensive analysis of the proposed rating structure,” according to FEMA.

Many lawmakers have expressed concern with the new rating system, citing that it is unclear exactly how and where ratepayers will be impacted. Some lawmakers are weary of approving an NFIP reauthorization bill without addressing Risk Rating 2.0, but given the lack of information about the impacts of Risk Rating 2.0, it is difficult to determine exactly what can or should be done.

Background: The new rating system will determine risk by incorporating multiple variables, such as different types of floods, the distance a building is from the coast or another water source, and the cost to rebuild the structure. This will be the first time FEMA incorporates into its flood insurance rates the cost of rebuilding a structure, which FEMA officials say will address an inequity where lower-value homes have paid the same rates as higher-priced homes. FEMA officials also say that homeowners will see insurance rates that more accurately reflect the potential dangers they face and be better informed of their real flood risks.

FEMA provided an example of how the new system would work for two homes in the 100-year floodplain: The first home, at the edge of the 100-year floodplain, faces low risk of flooding from inland flooding or storm surge. The second home is located in a different location closer to the flood hazards and faces a higher risk from both inland flooding and storm surge. Under the current system, each home pays the same premium. Under the new system, the first home’s premiums would decrease significantly, while premiums for the second home would increase significantly. It is important to keep in mind, however, that Congress has set limits on how much FEMA can increase premiums annually, and there are currently protections in place for grandfathered properties.

With some homeowners set to see higher rates, FEMA said it is evaluating ways to minimize financial burden and unintended harm, such as through a phased-in approach to transition policyholders to the new system. FEMA has admitted, however, that it does not yet fully understand the impact the new system will have on premiums.

Stakeholders are expressing concern that the new policy could hurt communities with the greatest perceived flood risk, and potentially cause issues in the housing market similar to the issues experienced after the Biggert-Waters NFIP reauthorization of 2012, which resulted in major premium increases for many policyholders. Members of the House and Senate are already pledging close scrutiny of the plans being rolled out by FEMA.

FEMA has yet to release any detailed information about Risk Rating 2.0. We are hopeful that FEMA will release more information about Risk Rating 2.0 next year to provide policyholders greater clarity, and also so the NFIP’s reauthorization process can be informed by Risk Rating 2.0.

UPDATE ON TISPC FEDERAL ADVOCACY PRIORITIES

Topsail Beach Sand Borrowing Issue

As we reported to Chairman Smith on November 5, we are very pleased to report that our efforts to resolve the CBRA sand borrowing issue impacting Topsail Beach—a top priority for the TIPSC—have resulted in success! The U.S. Department of Interior (DOI) has decided to reverse its previous position, as declared in a 1994 solicitor’s opinion, that Section 6 of the CBRA applies only to nonstructural shoreline stabilization projects within the CBRS, not nonstructural shoreline stabilization projects outside the CBRS. As you know, due to this interpretation of the CBRA, the Army Corps of Engineers had been unable to source sand material from within the CBRS for use outside of the CBRS to construct important nonstructural shoreline stabilization projects like beach renourishment.

For your records and review, please find attached three letters that DOI Secretary David Bernhardt sent to Congressman Rouzer, Congressman Graves (R-LA), and Congressman Van Drew (D-NJ) on November 4 explaining this policy reversal. Congressmen Rouzer, Graves, and Van Drew were key to this policy reversal, thus prompting the Secretary to notify each Member individually. We are very grateful that these offices worked so closely with us over the past several years to resolve this issue, especially Congressman Rouzer and his excellent staff.

The policy change is not project-specific, so project sponsors should contact the Corps to further discuss how the policy reversal could impact individual projects. Therefore, we encourage Topsail Beach to contact the Wilmington District office of the Corps to discuss potential application of this policy to its federal project and FEMA disaster recovery efforts. In addition, please know that a legislative solution to the issue is still being pursued in Congress so future administrations cannot again change this interpretation. Accordingly, we are continuing to actively work with your congressional delegation on a legislative solution.

North Topsail Beach CBRA Mapping Issue

As we reported to Chairman Smith and North Topsail Beach on November 5, we are pleased to report that Congressman Murphy has decided to support and cosponsor H.R. 2834, the North Topsail Beach CBRA mapping correction bill. Congressman Murphy’s name should officially appear as a cosponsor on Congress.gov in the near future.

We look forward to working with both Congressmen Murphy and Rouzer in the House and Senators Tillis and Burr in the Senate, and their staffs, on moving the bill forward in the legislative process.

Surf City and North Topsail Beach Project

We are still awaiting an announcement by the U.S. Army Corps of Engineers regarding which projects will be awarded funding with the additional disaster appropriations provided by the *Additional Supplemental Appropriations for Disaster Relief Act, 2019* (P.L. 116-20, Disaster Relief Act). An announcement should be forthcoming in the near future. We are keeping in very close contact with TIPSC’s congressional delegation on the matter, and we will inform TIPSC of any definitive news as soon as such information is available.