



October 22, 2021

Deanne Criswell, Administrator  
Federal Emergency Management Agency  
500 C Street SW  
Washington, DC 20024

**Re: Comments in Response to FEMA's Request for Information on the National Flood Insurance Program's Community Rating System**

Dear Administrator Criswell,

Enterprise Community Partners (Enterprise) appreciates the opportunity to provide input for ways to transform the Community Rating System (CRS) under the National Flood Insurance Program (NFIP) to better align with the current understanding of flood risk and to incentivize communities to not only manage but also lower their flood risk through floodplain management initiatives. We thank you for considering our recommendations and would be honored to discuss them with you in the near future.

Enterprise is a national nonprofit on a mission to make home and community places of pride, power and belonging, and platforms for resilience and upward mobility for all. For more than 40 years, Enterprise has been committed to helping communities break down silos and build organizational capacity in both the public and private sectors so that funding is deployed more effectively. To date, we have invested \$61 billion to help create or preserve 775,000 homes in all 50 states plus the District of Columbia and Puerto Rico. We work deeply across 11 markets in the US to create opportunity for low- and moderate-income households.

We serve as a trusted advisor to government agencies, the financial industry, philanthropy, community-based organizations, and fellow nonprofits, granting funds, financing development, managing and building affordable housing. As part of our work to shape new strategies, solutions and policies to protect and strengthen low- and moderate-income communities, our Building Resilient Futures initiative aims to ensure the nation's climate-vulnerable low-income communities can withstand direct and indirect impacts of extreme weather with a focus on flooding. We are committed to ensuring affordable homes and low and moderate-income communities can withstand the harmful impacts of flooding and extreme weather, and we have been active in disaster recovery and promoting affordable multifamily, as well as single-family, housing resilience around the nation.

## The Risk Landscape

Today there are more than half a million units of affordable housing in the nation's floodplain,<sup>1</sup> at a time when there are enormous affordable housing shortages across the nation. The combined impact of legacy land use and financing policies such as redlining have marginalized communities politically, economically, and structurally through increased exposure to climate risk and left them with fewer local resources and capacities to either mitigate the risks or fully recover in the aftermath of an adverse event. Moreover, there are striking overlaps between contemporary flood risk maps and New Deal-era maps used by the federal government to assess risks in mortgage lending. These historically redlined neighborhoods face a greater risk of flooding today; across 38 major U.S. cities, more than \$107 billion worth of homes at high risk for flooding are located in historically redlined neighborhoods, which is 25% more than in non-redlined areas.<sup>2</sup> These disparities reflect decades of disinvestment and the disproportionate climate impacts underserved communities face when compared to wealthier and non-redlined areas.

## Challenges

While the Community Rating System (CRS) program under the National Flood Insurance Program (NFIP) recognizes and encourages community floodplain management practices to protect homes and communities, there are key improvements that can be made to strengthen the program—and the communities the program is mandated to support. Many cities struggle to secure funds to support proactive investments in mitigation, since most federal funds for these types of projects only flow after a disaster has already occurred and local dollars can't stretch to fill the gap.

Currently, the primary way an owner can reduce its annual premium is to elevate the insured structure above the floodline. This is problematic for many structures that are difficult if not impossible to elevate, including attached row homes (common in many cities), and multifamily, mixed use and historic structures. Both individuals and communities need funding, or other incentives, to encourage and empower them to take a range of actions that will proactively reduce their flood risks, while reducing flood insurance claims and flood insurance premiums.

Despite the best intentions, applying for CRS can take a tremendous amount of time and financial and administrative resource that too many communities don't have the capacity for. Therefore, the system creates inequities as poorer and smaller municipalities with high flood risk are less likely to be able to take advantage of CRS benefits.

Currently the way the CRS program is structured, communities need to come up with their own financing to design and deploy strategies to be in compliance with CRS. This can prevent communities with low reserves and a low economic base from entering into the program. We

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appreciate that current programs supporting mitigation are chronically underfunded relative to need and do not prioritize community-scale flood risk reduction projects.

An additional challenge we see in communities is that the cost of application is on the local government while all benefits go to homeowners. The actions required are also often politically unpopular as it poses more regulations on property owners.

Many individual property owners struggle to pay for and install flood mitigation measures for their homes and businesses in ways that will qualify them for insurance premium discounts. Moreover, property owners outside of mapped flood hazard areas are increasingly experiencing flood losses. Increased impervious coverage and development in floodplains, changing rainfall patterns with more frequent heavy rain in some areas, and sea-level rise are factors contributing to this increase in flooding.

As you well know, the challenge for cities is that many residents feel they will not be affected by flooding because their building is not in a mapped flood hazard area, and because they are not required to carry flood insurance. Yet many cities have experienced larger storms in recent years, causing damages well outside of mapped flood hazard areas. The result of this lack of participation is that the NFIP fails to adequately diversify its risk, and property owners who fail to carry coverage often rely on taxpayer-funded disaster recovery assistance to recover after flood damage, if it is available.

## **Opportunities**

FEMA should update the Community Rating System (CRS) to provide easier pathways to entry for cities. Below are key actions that can help our country address these challenges:

1. Increasing funding to help communities reduce risk and incorporate adaptation planning in their community. Both individuals and communities need funding, or other incentives, to encourage and empower them to take a range of actions that will proactively reduce their flood risks, while reducing flood insurance claims and flood insurance premiums.
2. Increasing funding for the resilience of infrastructure within communities to support housing stability and resilience and we believe that CRS is a critical program that can help us solve for protection of housing and infrastructure.
3. Providing more technical assistance for low-income communities that need support to plan for pre-development in mitigation and adaptation similar to the Army Corps Technical Assistance program, which is currently very successful but lacks funding to expand.

Specific Recommendations:

- FEMA should provide specialized training or support to help cities comply with the CRS requirements that are uniquely difficult for cities.

- FEMA should adjust the points it awards for mitigation and adaptation activities to account for the enhanced value of resilience efforts in urban areas that often reduce flood risks for larger structures and protect more residents and insured value.
- To encourage innovation, FEMA could also consider awarding provisional points for large-scale resilience projects, such as green infrastructure projects, where the flood-risk-reduction benefits are difficult to quantify before the project is implemented.
- After the project is implemented, FEMA could reevaluate the number of points awarded based upon the actual performance of the project.
- FEMA should partner with participating communities and state governments to obtain elevation data - NFIP should offer CRS credit for participating jurisdictions that require an elevation certificate to be prepared at a subsequent transfer of title for structures in a flood zone where elevation data are not available.
- Target existing funds to local projects and mitigation for communities wishing to join CRS.
- Enable cities to certify “communities” or neighborhoods versus certifying the entire city.
- Expand efforts to recruit communities to join CRS and provide outreach and education to local decision-makers.
- Provide staffing capacity or provide funding to support local staffing capacity.
- Support local capacity by continuing to provide requisite coursework locally.
- Continue to support CRS User Groups and leverage them with other efforts.
- Fund and enhance education and outreach programs led by nonprofit organizations and other respected community groups to educate homeowners and businesses about changing flood risks and flood insurance options.
- Reward CRS-participating communities with points for increasing participation of residents in the program (based upon actual new policies purchased).

We appreciate the opportunity to provide you with input to improve FEMA's Community Rating System program and best meet stakeholder needs. Enterprise supports the agency's efforts to build more resilient communities across the nation and we look forward to continuing to be a partner to you in achieving your mission.

Thank you for your consideration of these comments. If you have any questions, please do not hesitate to reach out to Laurie Schoeman ([lschoeman@enterprisecommunity.org](mailto:lschoeman@enterprisecommunity.org)) or Ayate Tamsamani ([atamsamani@enterprisecommunity.org](mailto:atamsamani@enterprisecommunity.org)).

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Mollegen McFadden', with a long horizontal stroke extending to the right.

Marion Mollegen McFadden  
Senior Vice President, Public Policy, & Senior Advisor, Resilience  
Enterprise Community Partners, Inc.