

REPEATEDLY FLOODED COMMUNITIES PREPARATION
ACT

AUGUST 15, 2017.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 1558]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 1558) to amend the National Flood Insurance Act of 1968 to ensure community accountability for areas repetitively damaged by floods, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Repeatedly Flooded Communities Preparation Act”.

SEC. 2. COMMUNITY ACCOUNTABILITY FOR REPETITIVELY FLOODED AREAS.

(a) IN GENERAL.—Section 1361 of the National Flood Insurance Act of 1968 (42 U.S.C. 4102) is amended by adding at the end the following new subsection:

“(e) COMMUNITY ACCOUNTABILITY FOR REPETITIVELY DAMAGED AREAS.—

“(1) IN GENERAL.—The Administrator shall, by regulation, require any covered community (as such term is defined in paragraph (5))—

“(A) to identify the areas within the community where properties described in paragraph (5)(B) or flood-damaged facilities are located to determine areas repeatedly damaged by floods and to assess, with assistance from the Administrator, the continuing risks to such areas;

“(B) to develop a community-specific plan for mitigating continuing flood risks to such repetitively flooded areas and to submit such plan and plan updates to the Administrator at appropriate intervals;

“(C) to implement such plans;

“(D) to make such plan, plan updates, and reports on progress in reducing flood risk available to the public, subject to section 552a of title 5, United States Code.

“(2) INCORPORATION INTO EXISTING PLANS.—Plans developed pursuant to paragraph (1) may be incorporated into mitigation plans developed under section

1366 of this Act (42 U.S.C. 4104c) and hazard mitigation plans developed under section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5165).

“(3) ASSISTANCE TO COMMUNITIES.—

“(A) DATA.—To assist communities in preparation of plans required under paragraph (1), the Administrator shall, upon request, provide covered communities with appropriate data regarding the property addresses and dates of claims associated with insured properties within the community.

“(B) MITIGATION GRANTS.—In making determinations regarding financial assistance under the authorities of this Act, the Administrator may consider the extent to which a community has complied with this subsection and is working to remedy problems with addressing repeatedly flooded areas.

“(4) SANCTIONS.—

“(A) IN GENERAL.—The Administrator shall, by regulations issued in accordance with the procedures established under section 553 of title 5, United States Code, regarding substantive rules, provide appropriate sanctions for covered communities that fail to comply with the requirements under this subsection or to make sufficient progress in reducing the flood risks to areas in the community that are repeatedly damaged by floods.

“(B) NOTICE.—Before imposing any sanction pursuant to this paragraph, the Administrator shall provide the covered community involved with notice of the non-compliance that could result in the imposition of sanctions, which shall include recommendations for actions to bring the covered community into compliance.

“(C) CONSIDERATIONS.—In determining appropriate sanctions to impose under this paragraph, the Administrator shall consider the resources available to the covered community involved, including Federal funding, the portion of the covered community that lies within an area having special flood hazards, and other factors that make it difficult for the covered community to conduct mitigation activities for existing flood-prone structures.

“(5) COVERED COMMUNITY.—For purposes of this subsection, the term ‘covered community’ means a community—

“(A) that is participating, pursuant to section 1315, in the national flood insurance program; and

“(B) within which are located—

“(i) 50 or more repetitive loss structures for each of which, during any 10-year period, two or more claims for payments under flood insurance coverage have been made with a cumulative amount exceeding \$1,000;

“(ii) 5 or more severe repetitive loss structures (as such term is defined in section 1366(h)) for which mitigation activities meeting the standards for approval under section 1366(c)(2)(A) have not been conducted; or

“(iii) a public facility or a private nonprofit facility (as such terms are as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)), that has received assistance for repair, restoration, reconstruction, or replacement under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172) in connection with more than one flooding event in the most recent 10-year period.

“(6) REPETITIVE-LOSS STRUCTURE.—For purposes of this subsection, the term ‘repetitive loss structure’ has the meaning given such term in section 1370 (42 U.S.C. 4121).

“(7) REPORTS TO CONGRESS.—Not later than the expiration of the 6-year period beginning upon the date of the enactment of this subsection, and not less than every 2 years thereafter, the Administrator shall submit a report to the Congress regarding the progress in implementing plans developed pursuant to paragraph (1)(B).”

(b) REGULATIONS.—The Administrator of the Federal Emergency Management Agency shall issue regulations necessary to carry out subsection (e) of section 1361 of the National Flood Insurance Act of 1968, as added by the amendment made by subsection (a) of this section, not later than the expiration of the 12-month period that begins on the date of the enactment of this Act.

SEC. 3. MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.

(a) AUTHORITY.—Subsection (g) of section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(g)) is amended—

(1) by striking the subsection designation and all that follows through “With respect” and inserting the following:

“(g) FREQUENCY OF PREMIUM COLLECTION.—

“(1) OPTIONS.—With respect”; and

(2) by adding at the end the following:

“(2) MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.—

“(A) EXEMPTION FROM RULEMAKING.—Until such time as the Administrator promulgates regulations implementing paragraph (1) of this subsection, the Administrator may adopt policies and procedures, notwithstanding any other provisions of law and in alignment and consistent with existing industry escrow and servicing standards, necessary to implement such paragraph without undergoing notice and comment rulemaking and without conducting regulatory analyses otherwise required by statute, regulation, or Executive order.

“(B) PILOT PROGRAM.—The Administrator may initially implement paragraph (1) of this subsection as a pilot program that provides for a gradual phase-in of implementation.

“(C) POLICYHOLDER PROTECTION.—The Administrator may—

“(i) during the 12-month period beginning on the date of the enactment of this subparagraph, charge policyholders choosing to pay premiums in monthly installments a fee for the total cost of the monthly collection of premiums not to exceed \$25 annually; and

“(ii) after the expiration of the 12-month period referred to in clause (i), adjust the fee charged annually to cover the total cost of the monthly collection of premiums as determined by the report submitted pursuant to subparagraph (D).

“(D) REPORT.—Not later than six months after the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, that sets forth all of the costs associated with the monthly payment of premiums, including any up-front costs associated with infrastructure development, the impact on all policyholders including those that exercise the option to pay monthly and those that do not, options for minimizing the costs, particularly the costs to policyholders, and the feasibility of adopting practices that serve to minimize costs to policyholders such as automatic payments and electronic payments.

“(E) ANNUAL REPORTS.—On an annual basis, the Administrator shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate the ongoing costs associated with the monthly payment of premiums.”.

(b) IMPLEMENTATION.—Clause (ii) of section 1307(a)(1)(B) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)(B)(ii)) is amended by inserting before “any administrative expenses” the following: “the costs associated with the monthly collection of premiums provided for in section 1308(g) (42 U.S.C. 4015(g)), but only if such costs exceed the operating costs and allowances set forth in clause (i) of this subparagraph, and”.

PURPOSE AND SUMMARY

Introduced by Representative Ed Royce on March 16, 2017, H.R. 1558, the “Repeatedly Flooded Communities Preparation Act,” amends the National Flood Insurance Act of 1968 to ensure community accountability for areas repetitively damaged by floods.

BACKGROUND AND NEED FOR LEGISLATION

Floods are among the most frequently occurring and costly natural disasters. Most declarations of federal disasters by the Federal Emergency Management Agency (FEMA) are related to flooding. Yet despite the frequency and severity of losses that result from flooding, the private insurance market generally did not provide insurance for flooding; when it did, insurance for flood-related damage can be expensive because the properties most at-risk tend to be highly concentrated geographically and the potential risk of economic losses is extremely high.

To supplement the availability of flood insurance in the private market, Congress, in 1968, created the National Flood Insurance Program (NFIP), which is administered by FEMA and provides flood insurance to approximately 5.1 million policyholders across the country. In exchange for premiums paid by policyholders, NFIP makes federally backed flood insurance available to homeowners and other property owners (for example, businesses, churches, and farmers) in these communities.

Homeowners with mortgages held by federally regulated lenders on property in participating communities identified by FEMA to be in Special Flood Hazard Areas are required to purchase flood insurance (mandatory purchase requirement). NFIP coverage limits vary by program (regular or emergency) and property type (for example, residential or nonresidential). In NFIP's regular program, the maximum coverage limits for residential policyholders are \$250,000 for buildings and \$100,000 for contents. For commercial policyholders (that is, those with policies for nonresidential properties), the maximum coverage limit is \$500,000 per building and \$500,000 for contents owned by the building owner. There is additional coverage for contents owned by the tenants.

Residents and business owners in over 22,000 participating communities across the United States and its territories are able to buy NFIP flood insurance policies through insurance agents and companies that participate as third-party administrators in the "Write Your Own" (WYO) program. The WYO program allows private insurance carriers to issue and service government underwritten and taxpayer backed NFIP policies with no private financial liability from the insurer. Insurance companies that participate in the WYO program receive an expense allowance for policies they write and the claims they process. In addition, their agents earn a commission for the policies they sell. The federal government, however, retains responsibility for managing the risk and paying claims, as well as covering any litigation costs should a WYO insurer be sued in court.

Property owners can purchase flood insurance through the NFIP only if their communities participate in the NFIP. To participate in the NFIP, a community must agree to abide by certain statutory provisions intended to mitigate the risk of flooding, such as building codes that require new structures built in floodplains (high-risk areas) to be protected against flooding or to be elevated above the 100-year floodplain.

As of June 5, 2017, the NFIP has an outstanding debt of \$24.6 billion borrowed from taxpayers, with roughly \$1.1 billion available cash-on-hand and \$5.825 billion remaining of its total temporary \$30.425 billion Treasury borrowing authority. The NFIP's debt results primarily from its borrowing to pay claims relating to the Gulf Coast hurricanes in 2005 and Superstorm Sandy in October 2012. This borrowing stems from a structural imbalance in how the NFIP measures and prices for risk, resulting in only 46 percent of premium dollars collected in 2016 being available for the payments of claims. With such a low portion of premiums available to pay claims, the pressure on the NFIP to borrow from taxpayers increases. The NFIP's structural budget crisis has required periodic legislation to increase its borrowing authority, the most recent example of which occurred in January 2013 when Congress increased

the NFIP's borrowing authority by \$9.7 billion—from \$20.725 billion to its current \$30.425 billion level.

The “Repeatedly Flooded Communities Preparation Act” addresses a long-standing and serious problem with the NFIP: the growing number of properties that are repeatedly flooded. As of January 2016, there were more than 150,000 structures around the country classified as “Repeat Loss Properties” (RLP) by FEMA. FEMA estimates that these properties comprise just one percent of those insured by NFIP, but represent 25 to 30 percent of all flood claims.

The NFIP has \$24.6 billion in debt and according to a 2009 report by the Department of Homeland Security's Inspector General, the number of repeatedly flooded properties increases by nearly 5,000 each year and efforts to mitigate are being outpaced by a factor of 10 to 1. From 1978 through 2011, RLP losses added up to more than \$12 billion—or approximately half of the NFIP's debt.

H.R. 1558, the “Repeatedly Flooded Communities Preparation Act” will help to proactively reduce flood risk rather than simply repeatedly rebuilding properties. Specifically, H.R. 1558 would require communities with a significant number of properties that have repeatedly flooded to: (1) review and analyze data on local properties and public infrastructure that flood repeatedly to determine the specific areas that should be priorities for voluntary buyouts, drainage improvements, or other mitigation efforts; (2) develop and implement plans for lowering flood risk in these problem areas; (3) share plans and reports with the public; and (4) submit these plans as well as reports on progress to FEMA.

Additionally, the “Repeatedly Flooded Communities Preparation Act” sets deadlines for FEMA to develop criteria to govern these repeat loss plans and determine any appropriate sanctions for failure to act. It requires FEMA to report to Congress every two years on implementation progress.

H.R. 1558 also includes a provision to expedite FEMA's implementation of a policyholder monthly payment option. The Homeowner Flood Insurance Affordability Act of 2014 (P.L. 113–89) required FEMA to offer monthly installment payments for premiums and provided the agency 18 months to implement the requirement. This provision will accelerate an implementation process that is behind schedule and provide that policyholders be charged no more than \$25 during the first year after enactment; after the 12 month period, policyholders will be charged an administrative fee that reflects actual costs, pursuant to a Government Accountability Office study.

HEARINGS

The Committee on Financial Services' Subcommittee on Housing & Insurance held two hearings examining matters relating to H.R. 1558 on March 9, 2017 and March 16, 2017. The Committee on Financial Services held a hearing examining matters relating to H.R. 1558 on June 7, 2017.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on June 15, 2017 to consider H.R. 1558. The Committee ordered H.R. 1558 to be reported favorably to the House, as amended, by voice

vote, a quorum being present. Before the motion to report was offered, the Committee adopted an amendment offered by Mr. Royce, as amended by an amendment offered by Mrs. Maloney, by voice vote and adopted an amendment offered by Mr. David Scott of Georgia by voice vote, a quorum being present.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. There were no recorded votes for H.R. 1558.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 1558 will protect taxpayers and policyholders by encouraging communities to mitigate properties that are at risk of flooding.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 9, 2017.

Hon. JEB HENSARLING,
*Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1558, the Repeatedly Flooded Communities Preparation Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Robert Reese.

Sincerely,

MARK P. HADLEY
(For Keith Hall).

Enclosure.

H.R. 1558—Repeatedly Flooded Communities Preparation Act

Summary: The Federal Emergency Management Agency (FEMA) provides flood insurance coverage to property owners through the National Flood Insurance Program (NFIP). Property owners who buy coverage through the NFIP pay annual premiums, which are credited to the National Flood Insurance Fund and used to pay flood damage claims submitted by policyholders. Those collections and payments are not subject to annual appropriation.

H.R. 1558 would direct FEMA to require certain communities that participate in the NFIP to implement community-wide plans for flood mitigation. H.R. 1558 also would require FEMA to allow certain NFIP policyholders to pay their annual premiums in monthly installments.

CBO estimates that implementing the bill would have no significant effect on spending subject to appropriation in any year. Enacting H.R. 1558 would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that, on net, those effects would not be significant. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 1558 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1558 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The costs of this legislation fall within budget function 450 (community and regional development). Enacting the bill could affect claims and premiums but any such effects would be offset by changes in collections or costs, so that the net effect would not be significant.

Basis of estimate: For this estimate, CBO assumes that H.R. 1558 will be enacted near the end of fiscal year 2017.

Community accountability for repetitively flooded areas

H.R. 1558 would direct FEMA to create regulations that requires communities that choose to participate in the NFIP to implement mitigation plans designed to reduce the risk and cost of potential

damage from floods in future years. The regulations would be aimed at communities that have:

- 50 or more repetitive loss structures,
- 5 or more severe repetitive loss structures, or
- A public or private nonprofit facility that has been damaged by flooding and received federal assistance to repair it in the past 10 years.

H.R. 1558 would define a “repetitive loss structure” as a structure that has had, within a 10-year period, two or more flood claims totaling over \$1,000 each. A severe repetitive loss structure is currently defined as:

- A structure that has received four or more separate NFIP claims payments, with the amount of each such payment exceeding \$5,000, or
- A structure that has received two separate NFIP claims payments with the cumulative amount surpassing the value of the structure.

Under the bill, regulations would include appropriate sanctions for communities that do not adequately implement a mitigation plan. Such sanctions would be left to the discretion of FEMA.

Based on the cost to FEMA of implementing similar regulations and on the types of sanctions likely to be adopted, CBO estimates that increased administrative costs under this section would total less than \$500,000 in any year. Such spending would be subject to the availability of appropriated funds.

CBO has no basis to evaluate the extent or the effectiveness of any mitigation measures that may be adopted by communities as a result of the proposed regulations. Depending on the level of state and local community spending on the targeted properties, such mitigation measures could significantly reduce the cost of future NFIP claims. However, adopting measures to make individual structures more resilient to flood damage also would reduce the risk-based premiums that policyholders pay to FEMA for insurance. Furthermore, because implementing flood-mitigation measures for individual properties is costly for local communities, whether or not those communities would devote significant resources to this effort is unclear. Therefore, CBO expects that the program’s net costs would be little changed by this provision.

Monthly installment payment of premiums

Under current law, FEMA must provide certain NFIP policyholders who are not required to escrow their premiums and fees for flood insurance the option to pay premiums on either an annual or monthly basis. Because FEMA has not issued regulations implementing that requirement, all NFIP policyholders not subject to escrow requirements currently pay their premiums annually. CBO estimates that under current law only a small number of policies could pay premiums on a monthly basis because most properties are subject to mortgages with a lending institution that require them to escrow their insurance payments. The institutions remit those premiums directly to FEMA on the homeowners’ behalf, usually on an annual basis.

H.R. 1558 would direct FEMA to implement a pilot program to allow eligible policyholders to pay premiums in monthly installments without first implementing the relevant regulations. The

pilot program would last for one year before phasing into a regular program.

During the pilot program FEMA would be authorized to charge policyholders who opt to pay their premiums on a monthly basis a fee of up to \$25 a year. That fee would be used to offset any administrative costs associated with collecting, storing, and processing payments on a monthly basis. After the first year, FEMA would be authorized to adjust the fee to cover the total added cost of collecting premiums on a monthly basis for all eligible policyholders who choose to pay on such a schedule.

If large numbers of eligible policyholders elected to pay their premiums on a monthly basis the timing of when insurance premiums are collected would change, but there would otherwise be no significant effect on the cost of insurance claims or purchase of insurance.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. NFIP collections are classified as offsetting receipts (a reduction in direct spending). Enacting H.R. 1558 could change collections from policyholders, but any such collections would be offset by additional administrative costs. Therefore, CBO estimates that the bill's net effect on direct spending would be insignificant in 2018 and negligible each year thereafter. Enacting H.R. 1558 would not affect revenues.

Increase in long-term direct spending and deficits: CBO estimates that enacting the bill would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

Intergovernmental and private-sector impact: H.R. 1558 contains no intergovernmental or private-sector mandates as defined in UMRAs and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal costs: Robert Reese; Impact on state, local, and tribal governments: Rachel Austin; Impact on the private sector: Logan Smith.

Estimate approved by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

H.R. 1558 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to section 3(c)(5) of rule XIII, the Committee states that no provision of H.R. 1558 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 115th Cong. (2017), the Committee states that H.R. 1558 contains no directed rulemaking.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Sec. 1 Short title

This section cites H.R. 1558 as the “Repeatedly Flooded Communities Preparation Act.”

Sec. 2 Community accountability for repetitively flooded areas

The Administrator shall require any covered community to (1) identify the areas within the community where properties or flood-damaged facilities are located to determine areas repeatedly damaged by floods and to assess the continuing risks to such areas; (2) develop a community-specific plan for mitigating continuing flood risks to such repetitively flooded areas and to submit such plan and plan updates to the Administrator; (3) implement the plan; and (4) make such plan and plan updates in reducing flood risk available to the public.

Any plans developed may be incorporated into flood and hazard mitigation plans developed by the community.

To assist communities under this bill, the Administrator shall, upon request provide covered communities with appropriate data regarding the property addresses and dates of claims associated with insured properties within the community. In making determinations regarding financial assistance, the Administrator may consider the extent to which a community has complied with this bill and is working to remedy problems with addressing repeatedly flooded areas.

Communities that fail to develop or make sufficient progress in executing their plan would be subject to appropriate sanctions, as determined by FEMA. Before imposing any sanctions, the Administrator shall provide the covered community involved with notice of the non-compliance that could result in the imposition of sanctions, and the notice shall include recommendations for actions to bring the covered community into compliance. In determining appropriate sanctions to impose, the Administrator shall consider the resources available to the covered community, including Federal

funding, the portion of the covered community that lies within an area having special flood hazards, and other factors that make it difficult for the covered community to conduct mitigation activities for existing flood-prone structures.

A covered community is defined as a community that is participating in the National Flood Insurance Program and (1) has 50 or more repetitive loss structures for each of which, during any 10 year period, two or more claims for payments under flood insurance coverage have been made with a cumulative amount exceeding \$1,000; (2) has 5 or more severe repetitive loss structures for which mitigation activities have not been conducted; or (3) has a public facility or a private non-profit facility that has received federal disaster assistance for repair, restoration, reconstruction, or replacement in connection with more than one flooding event in the most recent 10-year period.

No later than the expiration of the six (6) year period after enactment, and not less than every two (2) years thereafter, the Administrator shall submit a report to Congress regarding the progress of implement plans developed pursuant to this bill.

Sec. 3 Monthly installment payment of premiums

Until the Administrator promulgates regulation, the Administrator may adopt policies and procedures to finalize the implementation of the monthly installment payment of premiums provision, initially required by the Homeowner Flood Insurance Affordability Act of 2014. For the first year after enactment of this section, the Administrator may charge policyholders who choose to make monthly installment payments a fee not to exceed \$25 annually. No later than 6 months after the date of enactment, the Comptroller General shall submit a report to Congress that sets forth all of the costs associated with the monthly payment premiums. Twelve months after the bill's enactment, the Administrator may adjust the fee charged annually to cover the total cost of the monthly collection of premiums as determined by the report. On an annual basis, the Administrator shall report to Congress the ongoing costs associated with the monthly payment of premiums.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

NATIONAL FLOOD INSURANCE ACT OF 1968

* * * * *

TITLE XIII—NATIONAL FLOOD INSURANCE

* * * * *

CHAPTER I—THE NATIONAL FLOOD INSURANCE PROGRAM

* * * * *

ESTIMATES OF PREMIUM RATES

SEC. 1307. (a) The Administrator is authorized to undertake and carry out such studies and investigations and receive or exchange such information as may be necessary to estimate, and shall from time to time estimate, on an area, subdivision, or other appropriate basis—

- (1) the risk premium rates for flood insurance which—
 - (A) based on consideration of—
 - (i) the risk involved and accepted actuarial principles; and
 - (ii) the flood mitigation activities that an owner or lessee has undertaken on a property, including differences in the risk involved due to land use measures, floodproofing, flood forecasting, and similar measures, and
 - (B) including—
 - (i) the applicable operating costs and allowances set forth in the schedules prescribed under section 1311 and reflected in such rates,
 - (ii) *the costs associated with the monthly collection of premiums provided for in section 1308(g) (42 U.S.C. 4015(g)), but only if such costs exceed the operating costs and allowances set forth in clause (i) of this subparagraph, and any administrative expenses (or portion of such expenses) of carrying out the flood insurance program which, in his discretion, should properly be reflected in such rates,*
 - (iii) any remaining administrative expenses incurred in carrying out the flood insurance and floodplain management programs (including the costs of mapping activities under section 1360) not included under clause (ii), which shall be recovered by a fee charged to policyholders and such fee shall not be subject to any agents' commissions, company expense allowances, or State or local premium taxes, and
 - (iv) all costs, as prescribed by principles and standards of practice in ratemaking adopted by the American Academy of Actuaries and the Casualty Actuarial Society, including—
 - (I) an estimate of the expected value of future costs,
 - (II) all costs associated with the transfer of risk, and
 - (III) the costs associated with an individual risk transfer with respect to risk classes, as defined by the Administrator,

would be required in order to make such insurance available on an actuarial basis for any types and classes of properties for which insurance coverage is available under section 1305(a) (or is recommended to the Congress under section 1305(b));

(2) the rates, if less than the rates estimated under paragraph (1), which would be reasonable, would encourage prospective insureds to purchase flood insurance, and would be consistent with the purposes of this title, and which, together

with a fee charged to policyholders that shall not be not subject to any agents' commission, company expenses allowances, or State or local premium taxes, shall include any administrative expenses incurred in carrying out the flood insurance and floodplain management programs (including the costs of mapping activities under section 1360), except that the Administrator shall not estimate rates under this paragraph for—

(A) any residential property which is not the primary residence of an individual;

(B) any severe repetitive loss property;

(C) any property that has incurred flood-related damage in which the cumulative amounts of payments under this title equaled or exceeded the fair market value of such property;

(D) any business property; or

(E) any property which on or after the date of enactment of the Biggert-Waters Flood Insurance Reform Act of 2012 has experienced or sustained—

(i) substantial damage exceeding 50 percent of the fair market value of such property; or

(ii) substantial improvement exceeding 50 percent of the fair market value of such property; and

(3) the extent, if any, to which federally assisted or other flood protection measures initiated after the date of the enactment of this title affect such rates.

(b) In carrying out subsection (a), the Administrator shall, to the maximum extent feasible and on a reimbursable basis, utilize the services of the Department of the Army, the Department of the Interior, The Department of Agriculture, the Department of Commerce, and the Tennessee Valley Authority, and, as appropriate, other Federal departments or agencies, and for such purposes may enter into agreements or other appropriate arrangements with any persons.

(c) The Administrator shall give priority to conducting studies and investigations and making estimates under this section in those States or areas (or subdivisions thereof) which he has determined have evidenced a positive interest in securing flood insurance coverage under the flood insurance program.

(d) Notwithstanding any other provision of law, any structure existing on the date of enactment of the Flood Disaster Protection Act of 1973 and located within Avoyelles, Evangeline, Rapides, or Saint Landry Parish in the State of Louisiana, which the Administrator determines is subject to additional flood hazards as a result of the construction or operation of the Atchafalaya Basin Levee System, shall be eligible for flood insurance under this title (if and to the extent it is eligible for such insurance under the other provisions of this title) at premium rates that shall not exceed those which would be applicable if such additional hazards did not exist.

(e) Notwithstanding any other provision of law, any community that has made adequate progress, acceptable to the Administrator, on the construction or reconstruction of a flood protection system which will afford flood protection for the one-hundred-year frequency flood as determined by the Administrator, shall be eligible for flood insurance under this title (if and to the extent it is eligible for such insurance under the other provisions of this title) at pre-

mium rates not exceeding those which would be applicable under this section if such flood protection system had been completed. The Administrator shall find that adequate progress on the construction or reconstruction of a flood protection system, based on the present value of the completed flood protection system, has been made only if: (1) 100 percent of the cost of the system has been authorized; (2) at least 60 percent of the cost of the system has been appropriated; (3) at least 50 percent of the cost of the system has been expended; and (4) the system is at least 50 percent completed. Notwithstanding any other provision of law, in determining whether a community has made adequate progress on the construction, reconstruction, or improvement of a flood protection system, the Administrator shall consider all sources of funding, including Federal, State, and local funds.

(f) Notwithstanding any other provision of law, this subsection shall apply to riverine and coastal levees that are located in a community which has been determined by the Administrator of the Federal Emergency Management Agency to be in the process of restoring flood protection afforded by a flood protection system that had been previously accredited on a Flood Insurance Rate Map as providing 100-year frequency flood protection but no longer does so, and shall apply without regard to the level of Federal funding of or participation in the construction, reconstruction, or improvement of the flood protection system. Except as provided in this subsection, in such a community, flood insurance shall be made available to those properties impacted by the disaccreditation of the flood protection system at premium rates that do not exceed those which would be applicable to any property located in an area of special flood hazard, the construction of which was started prior to the effective date of the initial Flood Insurance Rate Map published by the Administrator for the community in which such property is located. A revised Flood Insurance Rate Map shall be prepared for the community to delineate as Zone AR the areas of special flood hazard that result from the disaccreditation of the flood protection system. A community will be considered to be in the process of restoration if—

(1) the flood protection system has been deemed restorable by a Federal agency in consultation with the local project sponsor;

(2) a minimum level of flood protection is still provided to the community by the disaccredited system; and

(3) restoration of the flood protection system is scheduled to occur within a designated time period and in accordance with a progress plan negotiated between the community and the Federal Emergency Management Agency.

Communities that the Administrator of the Federal Emergency Management Agency determines to meet the criteria set forth in paragraphs (1) and (2) as of January 1, 1992, shall not be subject to revised Flood Insurance Rate Maps that contravene the intent of this subsection. Such communities shall remain eligible for C zone rates for properties located in zone AR for any policy written prior to promulgation of final regulations for this section. Floodplain management criteria for such communities shall not require the elevation of improvements to existing structures and shall not exceed 3 feet above existing grade for new construction, provided

the base flood elevation based on the discredited flood control system does not exceed five feet above existing grade, or the remaining new construction in such communities is limited to infill sites, rehabilitation of existing structures, or redevelopment of previously developed areas.

The Administrator of the Federal Emergency Management Agency shall develop and promulgate regulations to implement this subsection, including minimum floodplain management criteria, within 24 months after the date of enactment of this subsection.

(g) NO EXTENSION OF SUBSIDY TO NEW POLICIES OR LAPSED POLICIES.—The Administrator shall not provide flood insurance to prospective insureds at rates less than those estimated under subsection (a)(1), as required by paragraph (2) of that subsection, for—

(1) any policy under the flood insurance program that has lapsed in coverage, unless the decision of the policy holder to permit a lapse in flood insurance coverage was as a result of the property covered by the policy no longer being required to retain such coverage; or

(2) any prospective insured who refuses to accept any offer for mitigation assistance by the Administrator (including an offer to relocate), including an offer of mitigation assistance—

(A) following a major disaster, as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122); or

(B) in connection with—

(i) a repetitive loss property; or

(ii) a severe repetitive loss property.

(h) DEFINITION.—In this section, the term “severe repetitive loss property” has the following meaning:

(1) SINGLE-FAMILY PROPERTIES.—In the case of a property consisting of 1 to 4 residences, such term means a property that—

(A) is covered under a contract for flood insurance made available under this title; and

(B) has incurred flood-related damage—

(i) for which 4 or more separate claims payments have been made under flood insurance coverage under this chapter, with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or

(ii) for which at least 2 separate claims payments have been made under such coverage, with the cumulative amount of such claims exceeding the value of the property.

(2) MULTIFAMILY PROPERTIES.—In the case of a property consisting of 5 or more residences, such term shall have such meaning as the Director shall by regulation provide.

ESTABLISHMENT OF CHARGEABLE PREMIUM RATES

SEC. 1308. (a) On the basis of estimates made under section 1307 and such other information as may be necessary, the Administrator shall from time to time prescribe, after providing notice—

(1) chargeable premium rates for any types and classes of properties for which insurance coverage shall be available

under section 1305 (at less than the estimated risk premium rates under section 1307(a)(1), where necessary), and

(2) the terms and conditions under which, and the areas (including subdivisions thereof) within which such rates shall apply.

(b) Such rates shall, insofar as practicable, be—

(1) based on a consideration of the respective risks involved, including differences in risks due to land use measures, flood-proofing, flood forecasting, and similar measures;

(2) adequate, on the basis of accepted actuarial principles, to provide reserves for anticipated losses, or if less than such amount consistent with the objective of making flood insurance available where necessary at reasonable rates so as to encourage prospective insureds to purchase such insurance and with the purposes of this title;

(3) adequate, together with the fee under paragraph (1)(B)(iii) or (2) of section 1307(a), to provide for any administrative expenses of the flood insurance and floodplain management programs (including the costs of mapping activities under section 1360);

(4) stated so as to reflect the basis for such rates, including the differences (if any) between the estimated risk premium rates under section 1307(a)(1) and the estimated rates under section 1307(a)(2); and

(5) adequate, on the basis of accepted actuarial principles, to cover the average historical loss year obligations incurred by the National Flood Insurance Fund.

(c) ACTUARIAL RATE PROPERTIES.—Subject only to the limitations provided under paragraphs (1) and (2), the chargeable rate shall not be less than the applicable estimated risk premium rate for such area (or subdivision thereof) under section 1307(a)(1) with respect to the following properties:

(1) POST-FIRM PROPERTIES.—Any property the construction or substantial improvement of which the Administrator determines has been started after December 31, 1974, or started after the effective date of the initial rate map published by the Administrator under paragraph (2) of section 1360 for the area in which such property is located, whichever is later, except that the chargeable rate for properties under this paragraph shall be subject to the limitation under subsection (e).

(2) CERTAIN LEASED COASTAL AND RIVER PROPERTIES.—Any property leased from the Federal Government (including residential and nonresidential properties) that the Administrator determines is located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.

(d) With respect to any chargeable premium rate prescribed under this section, a sum equal to the portion of the rate that covers any administrative expenses of carrying out the flood insurance and floodplain management programs which have been estimated under paragraphs (1)(B)(ii) and (1)(B)(iii) of section 1307(a) or paragraph (2) of such section (including the fees under such paragraphs), shall be paid to the Administrator. The Administrator shall deposit the sum in the National Flood Insurance Fund established under section 1310.

(e) ANNUAL LIMITATION ON PREMIUM INCREASES.—Except with respect to properties described under paragraph (2) of subsection (c), and notwithstanding any other provision of this title—

(1) the chargeable risk premium rate for flood insurance under this title for any property may not be increased by more than 18 percent each year, except—

(A) as provided in paragraph (4);

(B) in the case of property identified under section 1307(g); or

(C) in the case of a property that—

(i) is located in a community that has experienced a rating downgrade under the community rating system program carried out under section 1315(b);

(ii) is covered by a policy with respect to which the policyholder has—

(I) decreased the amount of the deductible; or

(II) increased the amount of coverage; or

(iii) was misrated;

(2) the chargeable risk premium rates for flood insurance under this title for any properties initially rated under section 1307(a)(2) within any single risk classification, excluding properties for which the chargeable risk premium rate is not less than the applicable estimated risk premium rate under section 1307(a)(1), shall be increased by an amount that results in an average of such rate increases for properties within the risk classification during any 12-month period of not less than 5 percent of the average of the risk premium rates for such properties within the risk classification upon the commencement of such 12-month period;

(3) the chargeable risk premium rates for flood insurance under this title for any properties within any single risk classification may not be increased by an amount that would result in the average of such rate increases for properties within the risk classification during any 12-month period exceeding 15 percent of the average of the risk premium rates for properties within the risk classification upon the commencement of such 12-month period; and

(4) the chargeable risk premium rates for flood insurance under this title for any properties described in subparagraphs (A) through (E) of section 1307(a)(2) shall be increased by 25 percent each year, until the average risk premium rate for such properties is equal to the average of the risk premium rates for properties described under paragraph (3).

(f) ADJUSTMENT OF PREMIUM.—Notwithstanding any other provision of law, if the Administrator determines that the holder of a flood insurance policy issued under this Act is paying a lower premium than is required under this section due to an error in the flood plain determination, the Administrator may only prospectively charge the higher premium rate.

[(g) FREQUENCY OF PREMIUM COLLECTION.—With respect] (g) *FREQUENCY OF PREMIUM COLLECTION.—*

(1) *OPTIONS.—With respect to any chargeable premium rate prescribed under this section, the Administrator shall provide policyholders that are not required to escrow their premiums and fees for flood insurance as set forth under section 102 of*

the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) with the option of paying their premiums annually or monthly.

(2) MONTHLY INSTALLMENT PAYMENT OF PREMIUMS.—

(A) EXEMPTION FROM RULEMAKING.—*Until such time as the Administrator promulgates regulations implementing paragraph (1) of this subsection, the Administrator may adopt policies and procedures, notwithstanding any other provisions of law and in alignment and consistent with existing industry escrow and servicing standards, necessary to implement such paragraph without undergoing notice and comment rulemaking and without conducting regulatory analyses otherwise required by statute, regulation, or Executive order.*

(B) PILOT PROGRAM.—*The Administrator may initially implement paragraph (1) of this subsection as a pilot program that provides for a gradual phase-in of implementation.*

(C) POLICYHOLDER PROTECTION.—*The Administrator may—*

(i) during the 12-month period beginning on the date of the enactment of this subparagraph, charge policyholders choosing to pay premiums in monthly installments a fee for the total cost of the monthly collection of premiums not to exceed \$25 annually; and

(ii) after the expiration of the 12-month period referred to in clause (i), adjust the fee charged annually to cover the total cost of the monthly collection of premiums as determined by the report submitted pursuant to subparagraph (D).

(D) REPORT.—*Not later than six months after the date of the enactment of this Act, the Comptroller General shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, that sets forth all of the costs associated with the monthly payment of premiums, including any up-front costs associated with infrastructure development, the impact on all policyholders including those that exercise the option to pay monthly and those that do not, options for minimizing the costs, particularly the costs to policyholders, and the feasibility of adopting practices that serve to minimize costs to policyholders such as automatic payments and electronic payments.*

(E) ANNUAL REPORTS.—*On an annual basis, the Administrator shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate the ongoing costs associated with the monthly payment of premiums.*

(h) RULE OF CONSTRUCTION.—*For purposes of this section, the calculation of an “average historical loss year”—*

(1) includes catastrophic loss years; and

(2) shall be computed in accordance with generally accepted actuarial principles.

(i) RATES FOR PROPERTIES NEWLY MAPPED INTO AREAS WITH SPECIAL FLOOD HAZARDS.—*Notwithstanding subsection (f), the pre-*

mium rate for flood insurance under this title that is purchased on or after the date of the enactment of this subsection—

(1) on a property located in an area not previously designated as having special flood hazards and that, pursuant to any issuance, revision, updating, or other change in a flood insurance map, becomes designated as such an area; and

(2) where such flood insurance premium rate is calculated under subsection (a)(1) of section 1307 (42 U.S.C. 4014(a)(1)), shall for the first policy year be the preferred risk premium for the property and upon renewal shall be calculated in accordance with subsection (e) of this section until the rate reaches the rate calculated under subsection (a)(1) of section 1307.

(j) PREMIUMS AND REPORTS.—In setting premium risk rates, in addition to striving to achieve the objectives of this title the Administrator shall also strive to minimize the number of policies with annual premiums that exceed one percent of the total coverage provided by the policy. For any policies premiums that exceed this one percent threshold, the Administrator shall report such exceptions to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(k) CONSIDERATION OF MITIGATION METHODS.—In calculating the risk premium rate charged for flood insurance for a property under this section, the Administrator shall take into account the implementation of any mitigation method identified by the Administrator in the guidance issued under section 1361(d) (42 U.S.C. 4102(d)).

(l) CLEAR COMMUNICATIONS.—The Administrator shall clearly communicate full flood risk determinations to individual property owners regardless of whether their premium rates are full actuarial rates.

(m) PROTECTION OF SMALL BUSINESSES, NON-PROFITS, HOUSES OF WORSHIP, AND RESIDENCES.—

(1) REPORT.—Not later than 18 months after the date of the enactment of this section and semiannually thereafter, the Administrator shall monitor and report to Committee on Financial Services of the House Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, the Administrator's assessment of the impact, if any, of the rate increases required under subparagraphs (A) and (D) of section 1307(a)(2) and the surcharges required under section 1308A on the affordability of flood insurance for—

(A) small businesses with less than 100 employees;

(B) non-profit entities;

(C) houses of worship; and

(D) residences with a value equal to or less than 25 percent of the median home value of properties in the State in which the property is located.

(2) RECOMMENDATIONS.—If the Administrator determines that the rate increases or surcharges described in paragraph (1) are having a detrimental effect on affordability, including resulting in lapsed policies, late payments, or other criteria related to affordability as identified by the Administrator, for any of the properties identified in subparagraphs (A) through (D) of such paragraph, the Administrator shall, not later than

3 months after making such a determination, make such recommendations as the Administrator considers appropriate to improve affordability to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

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CHAPTER III—COORDINATION OF FLOOD INSURANCE WITH LAND-MANAGEMENT PROGRAMS IN FLOOD-PRONE AREAS

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CRITERIA FOR LAND MANAGEMENT AND USE

SEC. 1361. (a) The Administrator is authorized to carry out studies and investigations, utilizing to the maximum extent practicable the existing facilities and services of other Federal departments or agencies, and State and local governmental agencies, and any other organizations, with respect to the adequacy of State and local measures in flood-prone areas as to land management and use, flood control, flood zoning, and flood damage prevention, and may enter into any contracts, agreements or other appropriate arrangements to carry out such authority.

(b) Such studies and investigations shall include, but not be limited to, laws, regulations or ordinances relating to encroachments and obstructions on stream channels and floodways, the orderly development and use of flood plains of rivers or streams, floodway encroachment lines, and flood plain zoning, building codes, building permits, and subdivision or other building restrictions.

(c) On the basis of such studies and investigations, and such other information as he deems necessary, the Administrator shall from time to time develop comprehensive criteria designed to encourage, where necessary, the adoption of adequate State and local measures which, to the maximum extent feasible, will—

- (1) construct the development of land which is exposed to flood damage where appropriate,
- (2) guide the development of proposed construction away from locations which are threatened by flood hazards,
- (3) assist in reducing damage caused by floods, and
- (4) otherwise improve the long-range land management and use of flood prone areas,

and he shall work closely with and provide any necessary technical assistance to State, interstate, and local governmental agencies, to encourage the application of such criteria and the adoption and enforcement of such measures.

(d) FLOOD MITIGATION METHODS FOR BUILDINGS.—The Administrator shall establish guidelines for property owners that—

- (1) provide alternative methods of mitigation, other than building elevation, to reduce flood risk to residential buildings that cannot be elevated due to their structural characteristics, including—
 - (A) types of building materials; and
 - (B) types of floodproofing; and
- (2) inform property owners about how the implementation of mitigation methods described in paragraph (1) may affect risk

premium rates for flood insurance coverage under the National Flood Insurance Program.

(e) COMMUNITY ACCOUNTABILITY FOR REPETITIVELY DAMAGED AREAS.—

(1) IN GENERAL.—The Administrator shall, by regulation, require any covered community (as such term is defined in paragraph (5))—

(A) to identify the areas within the community where properties described in paragraph (5)(B) or flood-damaged facilities are located to determine areas repeatedly damaged by floods and to assess, with assistance from the Administrator, the continuing risks to such areas;

(B) to develop a community-specific plan for mitigating continuing flood risks to such repetitively flooded areas and to submit such plan and plan updates to the Administrator at appropriate intervals;

(C) to implement such plans;

(D) to make such plan, plan updates, and reports on progress in reducing flood risk available to the public, subject to section 552a of title 5, United States Code.

(2) INCORPORATION INTO EXISTING PLANS.—Plans developed pursuant to paragraph (1) may be incorporated into mitigation plans developed under section 1366 of this Act (42 U.S.C. 4104c) and hazard mitigation plans developed under section 322 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5165).

(3) ASSISTANCE TO COMMUNITIES.—

(A) DATA.—To assist communities in preparation of plans required under paragraph (1), the Administrator shall, upon request, provide covered communities with appropriate data regarding the property addresses and dates of claims associated with insured properties within the community.

(B) MITIGATION GRANTS.—In making determinations regarding financial assistance under the authorities of this Act, the Administrator may consider the extent to which a community has complied with this subsection and is working to remedy problems with addressing repeatedly flooded areas.

(4) SANCTIONS.—

(A) IN GENERAL.—The Administrator shall, by regulations issued in accordance with the procedures established under section 553 of title 5, United States Code, regarding substantive rules, provide appropriate sanctions for covered communities that fail to comply with the requirements under this subsection or to make sufficient progress in reducing the flood risks to areas in the community that are repeatedly damaged by floods.

(B) NOTICE.—Before imposing any sanction pursuant to this paragraph, the Administrator shall provide the covered community involved with notice of the non-compliance that could result in the imposition of sanctions, which shall include recommendations for actions to bring the covered community into compliance.

(C) *CONSIDERATIONS.*—In determining appropriate sanctions to impose under this paragraph, the Administrator shall consider the resources available to the covered community involved, including Federal funding, the portion of the covered community that lies within an area having special flood hazards, and other factors that make it difficult for the covered community to conduct mitigation activities for existing flood-prone structures.

(5) *COVERED COMMUNITY.*—For purposes of this subsection, the term “covered community” means a community—

(A) that is participating, pursuant to section 1315, in the national flood insurance program; and

(B) within which are located—

(i) 50 or more repetitive loss structures for each of which, during any 10-year period, two or more claims for payments under flood insurance coverage have been made with a cumulative amount exceeding \$1,000;

(ii) 5 or more severe repetitive loss structures (as such term is defined in section 1366(h)) for which mitigation activities meeting the standards for approval under section 1366(c)(2)(A) have not been conducted; or

(iii) a public facility or a private nonprofit facility (as such terms are as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122)), that has received assistance for repair, restoration, reconstruction, or replacement under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5172) in connection with more than one flooding event in the most recent 10-year period.

(6) *REPETITIVE-LOSS STRUCTURE.*—For purposes of this subsection, the term “repetitive loss structure” has the meaning given such term in section 1370 (42 U.S.C. 4121).

(7) *REPORTS TO CONGRESS.*—Not later than the expiration of the 6-year period beginning upon the date of the enactment of this subsection, and not less than every 2 years thereafter, the Administrator shall submit a report to the Congress regarding the progress in implementing plans developed pursuant to paragraph (1)(B).

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