

STATEMENT BY FRANK H. THOMAS
ASSISTANT ADMINISTRATOR
FEDERAL INSURANCE ADMINISTRATION
FEDERAL EMERGENCY MANAGEMENT AGENCY

BEFORE THE
SUBCOMMITTEE ON WATER AND POWER RESOURCES
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
HOUSE OF REPRESENTATIVES

MAY 9, 1985

H.R. 1246
THE COLORADO RIVER FLOODWAY PROTECTION ACT

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO PRESENT THE VIEWS OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) WITH REGARD TO H.R. 1246, A BILL TO ESTABLISH A FEDERALLY DECLARED FLOODWAY FOR THE COLORADO RIVER BELOW DAVIS DAM.

THE PURPOSE OF THE BILL IS STATED IN SECTION 2(B) AS BEING "TO PROVIDE BENEFITS TO RIVER USERS AND TO MINIMIZE THE LOSS OF HUMAN LIFE, PROTECT HEALTH AND SAFETY, AND MINIMIZE DAMAGE TO PROPERTY AND NATURAL RESOURCES BY RESTRICTING FUTURE FEDERAL EXPENDITURES AND FINANCIAL ASSISTANCE, EXCEPT PUBLIC HEALTH FUNDS, WHICH HAVE THE EFFECT OF ENCOURAGING DEVELOPMENT WITHIN THE COLORADO RIVER FLOODWAY."

FEMA HAS LONG SUPPORTED A FEDERAL POLICY THAT DISCOURAGES DEVELOPMENT WITHIN FLOOD-PRONE AREAS. THE NATIONAL FLOOD INSURANCE PROGRAM CERTAINLY CARRIES THIS OUT. WE WOULD LIKE TO CLARIFY THE NFIP ROLE IN THE PORTION OF THE COLORADO RIVER AFFECTED BY THE BILL.

THE NFIP WAS ENACTED TO PROVIDE A MORE EFFECTIVE MEANS OF ADDRESSING THE NATION'S FLOODING PROBLEMS BECAUSE THE TRADITIONAL APPROACH OF FLOOD CONTROL, STRUCTURAL WORKS AND DISASTER RELIEF, WHILE SERVING SOME PURPOSE, HAS NOT HAD THE EFFECT OF DISCOURAGING UNSAFE

DEVELOPMENT IN FLOOD-PRONE AREAS. THE NFIP IS BASED ON A MUTUAL AGREEMENT WITH COMMUNITIES THAT HAVE BEEN IDENTIFIED AS FLOODPRONE. FEMA PROVIDES COMMUNITY-WIDE FLOOD INSURANCE AND FLOOD HAZARD MAPS PROVIDED THAT THE COMMUNITY ADOPTS AND ENFORCES ADEQUATE FLOODPLAIN MANAGEMENT REGULATIONS THAT MEET THE MINIMUM REQUIREMENTS OF THE NFIP.

THERE ARE 12 NFIP PARTICIPATING COMMUNITIES IN THE AREA THAT WOULD BE AFFECTED BY THE BILL, AND OF THESE 10 ARE "REGULAR PROGRAM" COMMUNITIES. THIS MEANS THAT FLOOD INSURANCE FOR NEW CONSTRUCTION AND SUBSTANTIAL IMPROVEMENTS IN THOSE COMMUNITIES IS AND WILL CONTINUE TO BE PROVIDED AT SELF-SUPPORTING, NONSUBSIDIZED RATES. THUS, THERE IS NO SIGNIFICANT FEDERAL SUBSIDY FOR INSURANCE ON NEW CONSTRUCTION IN THOSE AREAS.

THERE HAS BEEN SOME DISCUSSION THAT THE PROVISION OF FEDERAL FLOOD INSURANCE HAS THE EFFECT OF ENCOURAGING DEVELOPMENT OF FLOODPRONE AREAS. THERE ARE MANY FACTORS THAT PROMOTE DEVELOPMENT. AMONG THEM ARE COMMUNITY INFRASTRUCTURE SUCH AS ROADS, WATER, SEWER, AND UTILITIES; THE AVAILABILITY OF MORTGAGE AND INVESTMENT CAPITAL; CONSTRUCTION COSTS; THE STATE OF THE ECONOMY; AND REGIONAL AND LOCAL ECONOMIC CONDITIONS. WE BELIEVE THAT DEVELOPMENT WOULD TAKE PLACE UNDER THE INFLUENCE OF SUCH FACTORS AS THOSE JUST LISTED WHETHER

FLOOD INSURANCE IS AVAILABLE OR NOT. EVEN THOSE WHO ARGUE THAT FLOOD INSURANCE ENCOURAGES DEVELOPMENT USUALLY RELY ON THE SUBSIDIZED ASPECT OF THE NFIP AND REFER PRIMARILY TO COASTAL AREAS. THE RISKS THAT WOULD BE DENIED FLOOD INSURANCE UNDER THIS BILL WILL BE PREDOMINANTLY NON-SUBSIDIZED RISKS. FURTHERMORE, IN MOST RIVERINE SITUATIONS THE NFIP HAS THE OPPOSITE EFFECT AND DISCOURAGES DEVELOPMENT BY 1) IDENTIFYING AND MAPPING FLOOD HAZARD AREAS; 2) ENSURING LOCAL REGULATION; 3) ENCOURAGING STATE REGULATION; AND 4) MOVING THE LONG-TERM ECONOMIC COSTS OF FLOODPLAIN OCCUPANCY UP FRONT THROUGH THE ADDITIONAL CONSTRUCTION COSTS FOR PROTECTING THE NEW BUILDING FROM FLOOD DAMAGE IN ORDER TO QUALIFY FOR INSURANCE.

SEVERAL TECHNICAL PROVISIONS OF THE PROPOSED BILL NEED CLARIFICATION IF FEMA IS TO IMPLEMENT THE RESTRICTIONS ON THE AVAILABILITY OF FLOOD INSURANCE. WITH YOUR PERMISSION, MR. CHAIRMAN, WE WILL PROVIDE THESE SUGGESTIONS TO YOUR STAFF.

IN CONCLUSION, FEMA SUPPORTS THE STATED PURPOSES OF THE BILL. WE BELIEVE THE NATIONAL FLOOD INSURANCE PROGRAM AND FEMA HAVE SIGNIFICANT ROLES IN WORKING TO MINIMIZE FUTURE DEVELOPMENT AND

REDUCING FEDERAL EXPENDITURES IN FLOOD-PRONE AREAS. WE ARE PREPARED TO WORK WITH THE COMMITTEE AND OTHER APPROPRIATE PARTIES TO ENSURE THAT A WORKABLE AND EFFECTIVE MEASURE IS IMPLEMENTED.

I WILL BE HAPPY TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.