

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

November 14, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Hakeem Jeffries
Democratic Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Johnson and Leader Jeffries:

In October, several states were ravaged by Hurricanes Helene and Milton. While official estimates of the financial damages of both disasters remain underway, Helene and Milton are among the deadliest hurricanes in our nation's history and are expected to be among the costliest. With Congress back in session, the House must be prepared with an adequate response to ensure families and communities can fully recover and rebuild housing, businesses, and other critical infrastructure. This response must include long-term reauthorization of the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program (NFIP), as full debt forgiveness, as outlined below.

The NFIP was created by Congress in 1968 with the passage of the National Flood Insurance Act (NFIA).¹ Today, most homeowners insurance policies exclude flood insurance coverage, and separate coverage for flood insurance is only available on a very limited basis from private companies, often at a cost that is unaffordable to low- and moderate-income households. Therefore, the NFIP is the primary source of standard flood insurance coverage for homeowners, renters, and small businesses in the U.S. The NFIP's capacity to pay out claims to policyholders to cover flood-related damages derives from statutory authority to borrow a total of \$30.425 billion from the Treasury, in addition to premium revenues, and reinsurance authority. As of October 7, 2024, the NFIP had a total of more than \$14.1 billion in capacity, including over \$4.2 billion in cash-on-hand resources and \$9.9 billion in borrowing authority. Make no mistake that just one more storm could bankrupt the program and prevent future claims payments to devastated communities and responsible, taxpaying policyholders. Thankfully, there are several actions Members of Congress can and should take.

If the House takes up a supplemental funding package to respond to Helene and Milton's disaster recovery efforts, debt forgiveness for the NFIP must be prioritized; legislative language to accomplish this is included in my bill, H.R. 4233, the "Housing Crisis Response Act." The NFIP has \$20.5 billion in outstanding debt that FEMA is currently paying nearly \$700 million in annual interest to the U.S. Treasury. Factoring in projected claims from Helene and Milton, FEMA estimates that these interest payments would go up to \$1.3 billion by 2034.² This debt not only hamstring the NFIP's capacity to pay claims, but it also makes NFIP coverage more expensive for current and future policyholders. This debt represents claims from homeowners who responsibly retained flood insurance coverage in order to be able to rebuild after a storm. Just as Congress regularly provides disaster recovery grants for under-insured or uninsured households, we must not penalize current and future NFIP policyholders with skyrocketing debt that pushes up the cost of premiums. We know that future disasters with damages over \$1 billion are inevitable and can hit at any moment. That's why now is the time for Congress to fully forgive the NFIP debt and help stabilize the program.

I thank you for your attention to this issue and appreciate your urgent action to help protect families, many of whom have just experienced one of the worst events of their lives.

¹ PL 90-448

² Letter from Department of Homeland Security Secretary Alejandro N. Mayorkas to Congresswoman Lauren Underwood (Nov. 4, 2024).

Sincerely,

A handwritten signature in blue ink that reads "Maxine Waters". The signature is written in a cursive, flowing style.

Maxine Waters
Ranking Member

CC: Patrick McHenry, Chair, Committee on Financial Services, U.S. House of Representatives