

Appendix A
Section 577 of the National Flood Insurance Reform Act of 1994
Evaluation of Erosion Hazards

- (a) **REPORT REQUIREMENT.**—The Director of the Federal Emergency Management Agency (in this section referred to as the “Director”) shall submit a report under this section to the Congress that—
- (1) lists all communities that are likely to be identified as having erosion hazard areas;
 - (2) estimates the amount of flood insurance claims under the national flood insurance program that are attributable to erosion;
 - (3) states the amount of flood insurance claims under such program that are attributable to claims under section 1306(c) of the National Flood Insurance Act of 1968;
 - (4) assesses the full economic impact of erosion on the National Flood Insurance Fund; and
 - (5) determines the cost and benefits of expenditures necessary from the National Flood Insurance Fund to complete mapping of erosion hazard areas.
- (b) **ESTIMATE OF FLOOD CLAIMS.**—In developing the estimate under subsection (a)(2)—
- (1) the Director may map a statistically valid and representative number of communities with erosion hazard areas throughout the United States, including coastal, Great Lakes, and, if technologically feasible, riverine areas; and
 - (2) the Director shall take into consideration the efforts of State and local governments to assess, measure, and reduce erosion hazards.
- (c) **ECONOMIC IMPACT.**—
- (1) **IN GENERAL.**—The assessment under subsection (a)(4) shall assess the economic impact of—
 - (A) erosion on communities listed pursuant to subsection (a)(1);
 - (B) the denial of flood insurance for all structures in communities listed pursuant to subsection (a)(1);
 - (C) the denial of flood insurance for structures that are newly constructed in whole in communities listed pursuant to subsection (a)(1);
 - (D) the establishment of (i) actuarial rates for existing structures in communities listed pursuant to subsection (a)(1), and (ii) actuarial rates for such structures in connection with the denial of flood insurance as described in subparagraph (C);
 - (E) the establishment of actuarial rates for structures newly constructed in whole in erosion hazard areas in communities listed pursuant to subsection (a)(1);
 - (F) the denial of flood insurance pursuant to existing requirements for coverage under the national flood insurance program;
 - (G) erosion hazard assessment, measurement, and management activities undertaken by State and local governments, including building restrictions, beach nourishment, construction of seawalls and levees, and other activities that reduce the risk of damage due to erosion; and
 - (H) the mapping and identifying of communities (or subdivisions thereof) having erosion hazard areas.
 - (2) **SCOPE.**—In assessing the economic impact of activities under subparagraphs (A) through (H) of paragraph (1), the assessment under subsection (a)(4) shall address such impact on all significant economic factors, including the impact on—
 - (A) the value of residential and commercial properties in communities with erosion hazards;
 - (B) community tax revenues due to potential changes in property values or commercial activity;
 - (C) employment, including the potential loss or gain of existing and new jobs in the community;
 - (D) existing businesses and future economic development;
 - (E) the estimated cost of Federal and State disaster assistance to flood victims;
 - (F) the mapping and identifying of communities (or subdivisions thereof) having erosion hazard areas.
 - (3) **PREPARATION.**—The assessment required under subsection (a)(4) shall be conducted by a private independent entity selected by the Director. The private entity shall consult with statistically valid and representative number of communities listed pursuant to subsection (a)(1) in conducting the assessment.
- (d) **COSTS AND BENEFITS OF MAPPING.**—The determination under subsection (a)(5) shall—

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- (1) determine the costs and benefits of mapping erosion hazard areas, based upon the Director's estimate of the actual and prospective amount of flood insurance claims attributable to erosion;
 - (2) if the Director determines that the savings to the National Flood Insurance Fund will exceed the cost of mapping erosion hazard areas, further assess whether using flood insurance premiums for costs of mapping erosion hazard areas is cost-beneficial compared to alternative uses of such amounts, including—
 - (A) funding the mitigation assistance program under section 1366 of the National Flood Insurance Act of 1968 (as added by section 553 of this Act);
 - (B) funding the program under section 1304 (b) of the National Flood Insurance Act of 1968 (as added by section 555(a) of this Act) that provides additional coverage under the national flood insurance program for compliance with land use and control measures; and
 - (c) reviewing, revising, and updating flood insurance rate maps under subsections (e) and (f) of section 1360 of the National Flood Insurance Act of 1968 (as added by the amendment made by section 575 of this Act);
 - (3) if the Director determines under subsection (b)(1) that mapping of riverine areas for erosion hazard areas is technically feasible, determine the costs and benefits of conducting the mapping of erosion hazards in riverine areas (A) separately from the mapping of other erosion hazard areas, and (B) together with mapping of other such areas;
 - (4) if the Director determines that the savings of the National Flood Insurance Fund will exceed the cost of mapping erosion hazard areas in riverine areas, assess whether using flood insurance premiums for costs of mapping erosion hazard areas in riverine areas is cost-beneficial compared to alternative uses of such amounts, including the uses under subparagraph (A) through (C) of paragraph (2); and
 - (5) determine the costs and benefits of mapping erosion, other than those directly related to the financial condition of the National Flood Insurance Program, and the costs of not mapping erosion.
- (e) **DEFINITION.**—For purposes of this section, the term “erosion hazard area” means, based on erosion rate information and other historical data available, an area where erosion or avulsion is likely to result in damage to or loss of buildings and infrastructure within a 60-year period.
- (f) **CONSULTATION.**—In preparing the report under this section, the Director shall consult with—
- (1) representatives from State coastal zone management programs approved under section 306 of the Coastal Zone Management Act of 1972;
 - (2) the Administrator of the National Oceanic and Atmospheric Administration; and
 - (3) any other persons, officials, or entities that the Director considers appropriate.
- (g) **SUBMISSION.**—The Director shall submit the report to the Congress as soon as practicable, but no later than 2 years after the date of the enactment of the Act.
- (h) **AVAILABILITY OF NATIONAL FLOOD INSURANCE FUND.**—Section 1301(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4017(a)) is amended—
- (1) in the matter preceding paragraph (1), by inserting “(except as otherwise provided in this section)” after “without fiscal year limitation”; and
 - (2) by inserting after paragraph (7) (as added by the preceding provisions of this title) the following new paragraph:

“(8) for costs of preparing the report under section 577 of the Riegle Community Development Improvement Act of 1994, except that the fund shall be available for the purpose under this paragraph in an amount not to exceed an aggregate of \$5,000,000 over the 2-year period beginning on the date of enactment of the Riegle Community Development and Regulatory Improvement Act of 1994.”