



Introduction

The Build Strong Coalition thanks Chairman Denham, Ranking Member Norton and the Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management for holding this hearing to focus on streamlining the recovery process following local disasters.

The coalition shares the subcommittee's goal of helping communities recover from major natural disasters while saving all taxpayers money at the same time. Our thoughts and prayers go out to the victims of recent tragedies caused by natural disasters – events which compel us to advance vital legislation to help mitigate future devastation.

According to the Insurance Information Institute and Munich Re, severe natural catastrophes have already made 2011 the highest loss year for global catastrophes on record. Approximately \$265 billion in economic losses have accumulated through June, easily exceeding the total figure for 2005, previously the costliest year to date with \$220 billion for the year as a whole. Most of the 2011 losses were caused by the earthquake in Japan on March 11. The insured losses, around \$60 billion, were also nearly five times greater than the average since 2001.

In the United States, where insurance penetration is relatively higher than other parts of the world, 100 events in the first half of 2011 produced \$27 billion in overall losses and \$17.3 billion in insured losses, which is well above the 10-year averages of \$11.8 billion and \$6.6 billion, respectively. A very active thunderstorm and tornado season resulted in insured losses exceeding \$16 billion, far above the 2001 to 2010 January to June average thunderstorm loss of \$6.4 billion (in 2010 dollars). It was also the deadliest thunderstorm season in over 50 years. The National Oceanographic and Atmospheric Administration currently predicts 16 named storms for the current hurricane season, much higher than the 9.6 annual average.

For its part, more than \$5.2 billion has been obligated by FEMA for Major Disasters, including more than \$18 million for Emergency Declarations; and more than \$26 million Fire Management Assistance Grants (FMAGs).¹

Building Codes Save Lives, Property and Taxpayer Money

Overwhelming evidence exists to demonstrate the adoption and enforcement of statewide building codes saves lives and greatly reduces property damage and the need for federal assistance resulting from disasters. The Louisiana State University Hurricane Center estimated that stronger building codes would have reduced wind damage from Katrina by 80%, saving \$8 billion.

¹ FEMA Office of Public Affairs, as of July 13, 2011. *Note:* These amounts are subject to change; and include obligations for open disasters (i.e., including disasters from past years for which grant funding continues to be processed and obligated) as well as obligations for declarations that have occurred during FY 2011.



In 2005, FEMA commissioned a study by the National Institute of Building Sciences' Multihazard Mitigation Council. The goal of the study, based on the work of more than 50 national experts, was to "assess the future savings from hazard mitigation activities." According to the study, every \$1 dollar spent on hazard mitigation (actions to reduce disaster losses) provides the nation with about \$4 in future benefits.

A study done for the Insurance Institute for Business & Home Safety (IBHS) found that losses from Hurricane Andrew, which struck south Florida in 1992 and caused more than \$20 billion (in today's dollars) in insured damage, would have been reduced by 50 percent for residential property and by 40 percent for commercial property if those structures were built in accordance with Florida's 2004 statewide building code. Another IBHS study following Hurricane Charley in 2004 found that modern building codes reduced the severity of property losses by 42 percent and the frequency of losses by 60 percent.

More valuable research is currently being conducted by the IBHS at their brand new lab in Richburg, South Carolina. This research already has clearly demonstrated how the human and financial costs of natural disasters can be greatly reduced by building stronger homes. With relatively simple upgrades in construction such as strapping to create a continuous load path from the roof, through the walls, and into the foundation, thicker roof decking, and textured, rather than smooth nails, test homes were built to withstand 110 mile-per-hour winds with little damage, while test homes with the same floor plan that were not upgraded, were completely destroyed at wind speeds of only 95 mph to 100 mph. Taking steps to prepare in these ways before a disaster has a real effect.

Despite this correlation, most states have not enacted statewide building codes and related inspection and enforcement measures. State standards for construction, code-related inspection, and enforcement vary widely across the country. Where statewide codes exist, it is not uncommon to allow individual jurisdictions (e.g., cities of a particular class, or counties) to deviate from the state standards, occasionally resulting in a weakening of the model minimum standards.

Model building codes govern all aspects of construction and help to protect homes and buildings from the devastating effects of natural catastrophes. Uniform, statewide adoption and enforcement of model building codes by states helps to eliminate long-term risks affecting people, property, the environment, and ultimately the economy. The model codes, developed nationally in the U.S. by a consensus process involving construction experts and local building officials working together, are adopted and enforced at the state level to mitigate effects of natural disaster perils inherent to each state.

FEMA and the Stafford Act

Billions of dollars are routinely paid by the federal government and the private sector for disaster relief and rebuilding communities. FEMA's stated mission of leading "America to prepare for, prevent, respond to and recover from disasters" is well embodied in the pre and post mitigation



programs available to states under the Stafford Act and the Disaster Mitigation Act of 2000. These programs help states assess how to alleviate or eliminate long-term risks affecting people, property, the environment, and ultimately the economy. Under the Hazard Mitigation Grant Program (HMGP), states are required to submit a Standard Mitigation Plan for approval by FEMA as a condition of receiving monetary disaster assistance. According to the HMGP, one of the permissible uses of funding includes projects associated with “Post-disaster building code related activities that support building code officials during the reconstruction process.”

Further, a state may elect to prepare a more comprehensive plan (Enhanced Mitigation Plan) which would qualify the state for additional funding up to 20 percent of the estimated aggregate amount of grants to be awarded. One example of projects a state could consider to demonstrate its commitment to implementing a strong mitigation program is as follows: “To the extent allowed by State law, the State requires or encourages local governments to use a current version of a nationally applicable model building code or standard that addresses natural hazards as a basis for design and construction of State sponsored mitigation projects.”

Requiring states to enact a statewide building code and provide mechanisms for active enforcement as an added criterion would serve as an appropriate federal incentive to qualify for greater amounts of funding. This would allow FEMA to work within its statutory authority without seeking additional appropriations for the program. And, this could be accomplished through rulemaking instead of enactment of legislation.

The Safe Building Code Incentive Act

The Build Strong Coalition therefore urges support for *H.R. 2069, The Safe Building Code Incentive Act*, legislation providing states with additional disaster relief funding if they enact modern building codes.

The Safe Building Code Incentive Act would create a financial incentive for states that have adopted and enforce statewide building codes. Under the proposed law, states that adopt and enforce nationally recognized model building codes for residential and commercial structures would qualify for an additional 4-percent of funding available for post-disaster grants. The program would be administered by the Federal Emergency Management Agency.

Sixteen states currently enforce building codes that would already qualify for the additional 4-percent funding. Another fifteen states would qualify with minor changes to current laws and regulations. (Table 1 attached)

As stated prior, this legislation will not require any additional appropriation to FEMA since it draws funds from the existing Disaster Relief Fund. In addition, the nature of the incentive does not mandate the adoption of statewide building codes on any states that wish to maintain their current patchwork structure.



The evidence supporting mitigation benefits proves this incentive to be a fiscally responsible method of enabling FEMA to assist in natural disaster recovery while working to prevent future damage.

While mitigation will not prevent natural catastrophes, stronger homes and businesses will save private property, federal funds, environmental damage and insurance claims paid. Most importantly, stronger homes and businesses save lives. The Safe Building Code Incentive Act is a forward-thinking, mitigation-focused legislative proposal that will display Congress's leadership in the midst of a heightened natural catastrophe year.

The Build Strong Coalition thanks the bill sponsors for their leadership and urges the Transportation and Infrastructure Committee to expeditiously pass *H.R. 2069, The Safe Building Code Incentive Act*.



Table 1: Safe Building Code Incentive Act – States Qualifying for Incentive

Current Qualifying States*

California	New Jersey
District of Columbia	New Mexico
Florida	New York
Louisiana	Pennsylvania
Maine	South Carolina
Michigan	Utah
Minnesota	Virginia
New Hampshire	Washington

*Qualification based on legislative requirement for statewide adoption and enforcement of structural model building codes for residential and commercial construction without weakening amendments.

States That Could Qualify with Minor Legislative Modifications (varies by state)

Connecticut	North Carolina
Delaware	Oregon
Indiana	Rhode Island
Maryland	Wisconsin
Massachusetts	

States That Have Adopted Statewide Codes, but Lack Enforcement Authorization

Arkansas	Ohio
Georgia	Tennessee
Kentucky	West Virginia



Table 2: Build Strong Coalition Membership

Allstate Insurance Company
The American Institute of Architects
American Insurance Association (AIA)
Council of Insurance Agents and Brokers (CIAB)
Farmers Insurance Group of Companies
Federal Alliance for Safe Homes (FLASH)
Financial Services Roundtable (FSR)
Insurance Institute for Business and Home Safety (IBHS)
Independent Insurance Agents and Brokers of America (IIABA)
International Code Council
Liberty Mutual Insurance
MetLife
National Association of Mutual Insurance Companies (NAMIC)
National Fire Protection Association
National Institute of Building Sciences
National Ready Mixed Concrete Association
Nationwide Insurance
NeighborWorks America
Professional Insurance Agents (PIA)
Property Casualty Insurers Association of America (PCIAA)
Reinsurance Association of America
Simpson Strong-Tie Co
Solutia
Travelers
State Farm Insurance Companies
The Hartford
USAA