



Prevent Environmental Hazards Act

The Issue

A growing number of buildings in communities across the nation, originally constructed in compliance with state and local rules, are now exposed to imminent collapse as their property erodes. Many property owners wait until their structure collapses during a flood to pursue a claim through the National Flood Insurance Program (NFIP), since the NFIP does not pay claims in advance of collapse and does not pay for collapse due to long term, chronic erosion. In the meantime, communities endure public health, safety, and water quality impacts from debris, hazardous waste, and other pollutants, and the eventual structure collapse results in hazardous debris and expensive cleanup.

Damages caused by shoreline erosion are not covered under normal homeowners' insurance. NFIP coverage is available for damage caused by flooding events, but a structure may collapse days or weeks after a flood, and it is then unclear whether a claim will be paid under the NFIP. Existing hazard mitigation programs to remove or relocate imminently threatened homes are not available directly to homeowners and it can take years to provide funding to local communities.

This Legislation Would

- Authorize NFIP payouts for covered structures that are condemned or deemed unsafe for habitation by a state or local authority due to long-term, chronic erosion, or unusual flooding.
- Authorize NFIP payouts for covered structures prior to collapse or subsidence, to be used for:
 - Demolition – 40% of the value of the home up front and 60% following removal within six months of initial payout, or \$250,000, whichever is less; or
 - Relocation to safe ground – up to 40% of the value of the structure, or \$250,000, whichever is less.
- The owner is under no obligation to file a claim, so this provision wouldn't force an owner to demolish or move a structure. They have to "opt-in" by filing a claim.
- Limit NFIP payouts for covered structures that collapse or subside to 40% of the value of the structure if the owner fails to take reasonable and prudent action to demolish or relocate it.
- Eliminate confusion and uncertainty over attributing structural damage to specific flood events.
- Allow property owners and communities to avoid the trauma of structure collapses and cleanups by incentivizing proactive demolition or relocation.
- Provide net cost savings to the NFIP, FEMA, and the federal government by reducing costly post-collapse NFIP payouts and reducing the threat of hazard-exposed structures.