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Insuring for the storm Flood insurance in the danger zone encourages building of flimsy houses

Editorial

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The hurricane season opened this year with only a whimper. Instead of smashing houses and uprooting ancient trees along the Atlantic coast and spoiling the Fourth of July, Hurricane Arthur was a bit of a dud. The Category 2 storm brought heavy rain with it, and a few power outages, but not much more. Despite the hype about “climate change” producing violent storms, nothing worse than a Category 3 storm has hit the coast in almost nine years.

Eventually, there will be another big one, and it will cost taxpayers a bundle to rebuild Miami beachfront condos of the wealthy.

Almost \$10 trillion worth of property lies within the hurricane zone, and almost a third of it is in Florida, according to a study by the risk-modeling firm AIR Worldwide. More luxury houses are built there every day because the National Flood Insurance Program spreads the risk to federal taxpayers. The scheme is currently \$24 billion in the red.

It's only money, of course, but the federal government is making the situation even more costly by mandating the use of unsafe building codes in coastal areas. In communities getting coverage through the National Flood Insurance Program, new construction must meet rules drafted by the Federal Emergency Management Agency (FEMA). The feds say how deep the foundations must be, and how high above average sea level a building must be, to qualify for federal flood insurance.

A new study by the Cato Institute reveals that houses built under FEMA guidelines often fare significantly worse in a storm than similar houses built according to local code.

Carolyn Dehring, co-author of the study, says National Flood Insurance Program regulations may create a false perception of safety that encourages homeowners to take risks they shouldn't and otherwise wouldn't. This might mean using less-expensive materials to compensate for the extra regulatory burden, or it may be as simple as playing the fool. (“Hey, I'm covered anyway, it doesn't matter.”) It may encourage builders to cut corners on items not mandated by the regulations, rendering the structure weak against storms.

Houses built by FEMA's rule book on average suffer 57 percent greater damage than similar ones built to local code. It's not hard to see why. Bureaucrats sitting in a cubicle in Washington

are less likely to write effective standards than the people who actually live there and understand local conditions.

Encouraging the construction of houses in disaster-prone places with federal subsidies puts both property and lives needlessly at risk. The wealthy can afford to rebuild their seashore vacation houses without help from taxpayers in Portland or Peoria. These pricey houses may have a better chance of standing after the storm without the federal building codes.

Washington prefers to govern from crisis to crisis, deciding that “something must be done” after a devastating hurricane. What Congress should do instead is to take advantage of the nine-year calm to reflect on good fortune and get the government out of the hurricane-insurance business.