



January 6, 2017

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Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
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Barry F. Mardock  
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Secretary of the Board  
National Credit Union Administration  
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**Loans in Areas Having Special Flood Hazards—Private Flood Insurance**  
**Docket ID No. OCC-2016-0005**  
**Docket ID No. R-1549**  
**RIN 3064-AE27**  
**Docket No. 6705-01-P**  
**RIN 3133-AE64**

Dear Sir or Madam,

The National Multifamily Housing Council (NMHC) and National Apartment Association (NAA) applaud your agencies for your work in crafting the proposed rule on “Loans in Areas Having Special Flood Hazards—Private Flood Insurance.” We appreciate your efforts to expand access to flood

insurance coverage beyond the National Flood Insurance Program (NFIP) in an attempt to reduce taxpayer liability and provide affordable coverage options to property owners where limited or no options currently exist. NMHC/NAA support increasing property owner's access to alternative options of coverage outside of the NFIP as a way to increase market competition and make coverage more affordable for multifamily firms across the nation.

For more than 20 years, NMHC and NAA have partnered in a joint legislative program to provide a single voice for America's apartment industry. Our combined memberships are engaged in all aspects of the apartment industry, including ownership, development, management and finance. NMHC represents the principal officers of the apartment industry's largest and most prominent firms. As a federation of nearly 170 state and local affiliates, NAA is comprised of over 69,000 members representing more than 8.1 million apartment homes throughout the United States and Canada.

While the Proposal goes to great lengths in providing long-overdue clarity over the acceptability of private flood coverage for property owners and lenders, we believe it falls short of its potential. NMHC/NAA urge the Regulators to broaden the Proposal to allow for a wider array of coverage options to be considered in compliance with federal mandatory purchase requirements. NMHC/NAA also urge the Regulators to acknowledge that the needs of multifamily property owners are substantially different than homeowners and condominium associations and therefore should not be classified as such. NMHC/NAA strongly urge the Regulators to specify that multifamily apartment communities are non-residential (as they are classified by the NFIP) and are eligible for many of the same, if not more, variances from NFIP policies as the Regulators call for with traditional commercial properties.

Further, we would urge the Regulators to expand the Proposal to create separate federal guidance that addresses the acceptability of private flood insurance coverage specific to multifamily properties. Regulators should afford greater flexibility so that private flood policies can be tailored to the unique needs of apartment communities, which may include elements such as:

- One policy for multiple properties and buildings.
- Replacement cost coverage (RCV) and business interruption coverage.
- Custom limit that is different than NFIP maximum limits and that matches the flood deductible of the insured's property insurance policy.
- Coverage for property outside the building and items that are excluded by the NFIP, such as parking lots, basements, and items below Base Flood Elevation (BFE).

NMHC/NAA believe that allowing the private market to further complement the NFIP with coverage options such as those outlined above will go to great lengths in helping apartment owners mitigate risk and better manage the rising cost of providing housing. The multifamily sector is under increasing pressure to meet booming demand across the country and experts believe that this trend will only continue, if not increase, due to a host of factors, including demographic change and evolving consumer preferences. With that in mind, our industry and particularly apartment owners

and developers must balance a wide array of costs throughout project development and management, such as constricted and cost-prohibitive flood coverage options. This comes at a time when the entire multifamily industry as well as policy makers at all levels of government are striving tirelessly to make housing more affordable—from development, construction, operation, and to the very price of rents that residents pay. Allowing for more affordable or practical private flood coverage options for multifamily apartment firms would be a welcome form of assistance in these endeavors.

We appreciate the opportunity to share the views of the multifamily housing industry with you on this important matter. We look forward to working with each of your agencies as we continue to strive to meet our shared goal of fostering a more viable private flood insurance marketplace.

Sincerely,



Douglas M. Bibby  
President  
National Multifamily Housing Council



Robert Pinnegar  
President & CEO  
National Apartment Association