assistance goes for rural housing. That's the second point I wanted to make. Much of what we do is, in fact, to improve the efficiency with which programs work, and the committee has had a chance to bring several bills to the floor that do that. We will be doing more.

The gentleman from New Hampshire mentioned one of the conflicts we are trying to resolve here is between the rules that apply when you were trying to use tax credits for low-income housing and those that apply when you were talking about the programmatic legislation. We do something about that here.

Under the leadership of the chairman of the Committee on Ways and Means, the gentleman from New York (Mr. RANGEL), and the Financial Services Committee, we are working out legislation that will do that kind of reconciliation for all housing programs. And we will shortly have on the floor of this House a bill that will greatly increase the efficiency with which all housing programs can be merged, tax-based ones and appropriations-based ones, increasing the amount of housing we can build at no further increase to the taxpayer.

And the third point I would note is that this is rural housing. Too often when people think about Federal housing programs they think only about the urban areas. Urban areas are important, but so are rural areas. And I am very proud that this committee has given equal attention, or let me say appropriate attention, to both. Obviously, the need is often greater in the more heavily populated areas, but we have given fully proportionate attention to the rural areas.

So, I am very proud we have a bill today that shows how you can be bipartisan, even while there are legitimate partisan differences, that aims at increasing the efficiency with which Federal funds are spent and which recognizes that people in the rural areas have a need for housing assistance, to some extent, just as do people in the urban areas.

I thank the gentleman from New Hampshire for the leadership he has shown. I appreciate the gentlewoman from West Virginia, who has become the ranking member of the Housing Subcommittee and with whom we have very good relationships. And I hope the bill is passed.

Mr. HODES. Mr. Speaker, I thank the gentleman for his comments and reserve the balance of my time.

Mrs. CAPITO. I have no further speakers. I urge passage of this bill. We have the best of intentions here. We've worked out any kind of differences we may have had, and the end product is going to be better and more affordable and more accessible rural housing across America.

Mr. Speaker, I yield back the balance of my time.

Mr. HODES. I thank the gentlewoman for her work in a bipartisan way on this bill. And I thank the chairman for his great leadership for rural housing over many years.

Mrs. MILLER of Michigan. Mr. Speaker, I rise in strong support of this legislation.

This measure corrects a problem which has been culminating since 1974 when the National Flood Insurance Program began subsidizing flood insurance rates. These rates were designed to encourage participation in the program and to generate sufficient income to pay anticipated claims on these properties. Originally, Congress had expected that over time the percentage of these structures would decline and that most of them would be subject to actuarial rates. However that has not occurred.

This bill corrects this problem by removing subsidies for properties that are purchased in excess of a half of a million dollars.

Sadly, this is just one of the many problems the National Flood Insurance Program faces. Currently, FEMA is engaged in efforts to modernize flood maps throughout the country, which in many places, are horribly outdated. Utilizing antiquated data impacts millions of property owners, property owners that live on, near or around the Upper Great Lakes, which is essentially everything in the Great Lakes Basin upstream from Niagara Falls. So Lake Superior, Lake Michigan, Lake Huron and Lake Erie, Lake St. Clair and the St. Mary's River, St. Clair River, the Detroit River and the Niagara River.

Unfortunately, FEMA's efforts in the upper Great Lakes are being conducted with flawed and outdated data. The data currently being used is from when Great Lakes water levels were at an all time high, and in the 20 years since this study was completed, lake levels have fallen for 11 years.

Let me use St. Clair County in my district as an example. In St. Clair County, FEMA is abusing the authority Congress granted them through management of the National Flood Insurance Program. As the agency continues to modernize the maps in the county, the effects will double the number of county residents who will be forced to purchase flood insurance even though they are at virtually no risk of flooding. More specifically, Lake St. Clair is currently more than 55 inches below the current flood level, and over 6 feet below FEMA's proposed flood level. This means that St. Clair County alone has subsidized the flood insurance program to the tune of $8.2 million. Using such flawed data is nothing more than a waste of FEMA's time and money not to mention the waste of taxpayer dollars.

How can the FEMA justify doing this? The agency claims these residents are at a higher risk of a flood and wants to raise the base flood elevation which determines the boundaries of the 100-year flood zone. As a result, states like Michigan become ATMs for FEMA to withdraw money and spend it in regions of the country that experience high levels of repeated flooding. In Michigan, we look down at the water, not up.

Certainly we can all agree that using sound science in this instance—when hundreds of millions of dollars are about to be assessed against American property owners—is the most prudent course of action. It is time that FEMA stop using antiquated data and forcing the American people into purchasing a product that some don't need.

Mr. HODES. Mr. Speaker, at this time, I have no further requests for time and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Hampshire (Mr. HODES) that the House suspend the rules and pass the bill, H.R. 3873.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

NATIONAL FLOOD INSURANCE ACT OF 1968 AMENDMENTS

Mr. FRANK of Massachusetts. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3959) to amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain pre-FIRM properties, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3959

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PHASE-IN OF ACTUARIAL RATES FOR CERTAIN PRE-FIRM PROPERTIES.

(a) IN GENERAL.—Section 1308(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following new paragraph:

''(2) RECENTLY PURCHASED PRE-FIRM SINGLE FAMILY PROPERTIES USED AS PRINCIPAL RESIDENCES.—Any single family property that is used as a principal residence that—

''(A) has been constructed or substantially improved and for which such construction or improvement was started, as determined by the Director, before December 31, 1974, or before the effective date of the initial rate map published by the Director under paragraph (2) of section 1360 for the area in which such property is located, whichever is later; and

''(B) is purchased—

''(i) after the date of enactment of this paragraph; and

''(ii) for not less than $600,000.''.

(b) TECHNICAL AMENDMENTS.—Section 1308(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended—

(1) in the matter preceding paragraph (1), by striking ''the limitations provided under paragraphs (1) and (2)'' and inserting ''subsection (e)''; and

(2) in paragraph (1), by striking '', except'' and all that follows through ''subsection (e)''.

(c) EFFECTIVE DATE AND TRANSITION.—

(1) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply beginning on January 1, 2011, except as provided in paragraph (2) of this subsection.

(2) TRANSITION FOR PROPERTIES COVERED BY FLOOD INSURANCE UPON EFFECTIVE DATE.—

(A) INCREASE OF RATES OVER TIME.—In the case of any property described in paragraph (2) of section 1308(c) of the National Flood Insurance Act of 1968, as amended by subsection (a) of this section, that, as of the effective date under paragraph (1) of this subsection, is covered under a policy for flood insurance made available under the national flood insurance program for which the chargeable premium rates are less than the applicable estimated risk premium rate under section 1307(a)(1) for the area in which the property is located, the Director of the Federal Emergency Management Agency

shall increase the chargeable premium rates for such property over time to such applicable estimated risk premium rate under section 1307(a)(1).

(B) ANNUAL INCREASE.—Such increase shall be made by increasing the chargeable premium rates for the property (after application of any increase in the premium rates otherwise applicable to such property), once during the 12-month period that begins upon the effective date under paragraph (1) of this subsection, and once every 12 months thereafter until such increase is accomplished, by 15 percent (or such lesser amount as may be necessary so that the chargeable rate does not exceed such applicable estimated risk premium rate or to comply with subparagraph (C)). Any increase in chargeable premium rates for a property pursuant to this paragraph shall not be considered for purposes of the limitation under section 1308(e) of such Act.

(C) FULL ACTUARIAL RATES.—The provisions of paragraph (2) of such section 1308(c) shall apply to such a property upon the accomplishment of the increase under this paragraph and thereafter.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Massachusetts (Mr. FRANK) and the gentleman from New Jersey (Mr. GARRETT) each will control 20 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Speaker, from time to time in this House we are asked to choose, to some extent, between the strong views of people concerned with excessive spending by the Federal Government and those interested in environmental protection. Let me say to the Members, today is a happier day because we bring forward a bill today out of the Financial Services Committee which is authored by the gentleman from New Jersey (Mr. GARRETT), who will soon be speaking, which advances the legitimate concerns of both those interested in saving taxpayer money and those interested in environmental protection.

We have a Federal flood insurance program that exists because of market failure. That is, we do not believe that if you abolish it altogether the private market could entirely handle this. In fact, there are some areas where this committee is moving, and this House has voted, to expand the role of Federal flood insurance, particularly in the area of disasters. But as we do that, it is important that we do it in a responsible way.

There has been legitimate criticism of the flood insurance program as it was existing before. Frankly, this committee, both, again, under Mr. Oxley's chairmanship and recently, addressed it, and it encouraged people to build where they should not have built from an environmental standpoint and incurred too much taxpayer money. Essentially, there was too much subsidy in the program, from both the environmental and fiscal standpoints, to builders.

In the bill that we adopted last year in the previous session, we began to address that. We began to charge people a more appropriate amount, but we did not do it fully. The gentleman from New Jersey had an amendment that he wanted to offer that we considered in committee, and we had talked about it being offered on the floor. I regret that he wasn't given the chance to offer it on the floor, and I gave him my word that we would, as soon as possible, bring it forward. And it is my intention, if this bill passes today, as I expect that it will, if and when we get to work with the United States Senate on comprehensive legislation, this will be a part of this. In effect, this is a delayed amendment to the flood insurance bill we've already passed, and it will be treated in any deliberations in which I am a part as if it had been included back then.

So, I think the gentleman from New Jersey has done us a service by giving us something that is both environmentally and fiscally responsible.

Mr. Speaker, I reserve the balance of my time.

Mr. GARRETT of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

First of all, I begin by saying thanks to the chairman of the committee for his help in working through this piece of legislation, and also for the ranking member for her working alongside the Chair as to facilitate the moving along of this legislation to the floor today. As the chairman indicates, we had the opportunity to discuss it in committee, which is, I think, and I think he will concur with me, is always the best way to deal with all legislation as opposed to bringing them up later on. It's best to get out there so we can have full and adequate disclosure and discussion on the issues. We were able to do that; we just weren't able to get it through the next hoop. But now we're able to jump through that hoop today, and, again, I appreciate the chairman's work on that.

What this is all about, very simply, is this. Back in 1968, that is when NFIP was created, the National Flood Insurance Program, and that was done, as the chairman indicated, way back then three or four decades ago, as I guess more and more people were building homes in places maybe they shouldn't be, along coastal lines and what have you, it was just next to impossible to buy flood insurance.

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So Congress stepped in and created NFIP, and that allowed folks the opportunity to buy flood insurance for the first time. When they did that, however, they realized that here again we're talking about two sets of houses, those that were already in existence at the time and those that would come afterwards, called pre-FIRM and post-FIRM homes. They thought Congress back then, probably in its wisdom, realized that it wouldn't be right to tell those folks who were already in the floodplains that this new program was going to come along, that they were going to impose upon them a mandate of buying flood insurance when they bought and sold their houses; so what they did was instead to provide a subsidy for those pre-FIRM homes, and that subsidy has existed up until today. Unfortunately, we know that the flood program has had some problems in the last couple of years, most notably because of Hurricane Katrina and Hurricane Rita. All the money that they have had to borrow to pay out for those huge flood losses, they are now $18 billion in debt. And that's the reason why the committee is now coming back to relook at the flood program, and that's why we have done that.

The legislation that the chairman talks about that we have already done I appreciate that we've moved through the House. I am a little bit disappointed, though, in that legislation in one regard, in that it increased the exposure to wind damage in the flood program. But despite that what I call an error in direction on that legislation, the underlying bill did make some substantial improvements to the overlying program. It updated the flood maps, increased the phase-in of actuarial rates on vacation homes and also second homes and on nonresidential properties that have been subsidized by the program since its inception.

The one area, though, that was not addressed was these pre-FIRM homes and the fact that the subsidies continue to exist. So to that effort, we have tried to get a compromise between those who said let's not do anything and those who said let's have those pre-FIRM homes immediately put in on the higher rates that would occur without the subsidization. Through the committee efforts, through the work with the ranking member and the chairman, we were able to come through with a compromise. In essence it says this: If you're a pre-FIRM home, your rates will still be subsidized until that home is basically phased in, sold and phased in on the same rate schedule as the underlying bill, and only for those homes that are sold for over $600,000. A movement in the right direction with regard to the subsidization, the problems of the underlying program, and for that reason I think we are moving appropriately, and I look forward to those deliberations that we may have sometime with the Senate on this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. FRANK of Massachusetts. I thank the gentleman for his kind words.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HODES). The question is on the motion offered by the gentleman from Massachusetts (Mr. FRANK) that the House suspend the rules and pass the bill, H.R. 3959, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.