

WINDSTORM MITIGATION STUDY COMMITTEE
Committee Discussion Topics for February 22 & 23, 2007

I. NEW CONSTRUCTION: New construction presents the greatest opportunity to help ensure structures are properly resistant to windstorm events. It is believed that this can be most effectively accomplished by continually monitoring, updating and cleansing the following:

A. THE FLORIDA BUILDING CODE: The Florida Building Code is perhaps the most advanced in the nation in terms of windstorm protection, and there appears to be good procedures in place to properly maintain the Code to appropriately reflect technological developments and experience. Several observations relating to the Florida Building Code and new construction are warranted.

1. **Affordability** is a major a major issue and constantly has to be balanced with safety and structural durability (i.e. concrete/steel bunkers at present are not an appropriate solution).
2. **Building Official and Contractor Education**, along with efficient permitting and inspection processes, are vitally important to ensure that building code effectiveness is realized on the ground.

Recommendation: *There are strong indications that there are accountability issues in the current system of building official and contractor education that warrant examination (see e.g. exhibit "1").*

3. **Research** is critical to developing both a better understanding of the effects of wind on structures, and the development of new and improved technologies. Funding is critical for appropriate levels of research.

Recommendation: *State Funding for Research is essential and effective ways of leveraging it with other funding opportunities need to continue to be developed (see e.g. VI., B. below).*

4. The "**effective date**" complications of the Special Session's changes to the Florida Building Code (HB-1A) are unfortunate and, our understanding is, unintentional.

Recommendation: *The Legislature, upon convening on March 6, 2007, should consider a simple "glitch" bill to both postpone the effective date for a couple months and, to an appropriate degree, endeavor to forgive interim non-compliance.*

In addition, further examination of the applicability of the Florida Building Code, pre-emptory construction codes (e.g. Federal Highway Administration(?)) and other construction regulations (e.g. the Florida Public Service Commission) needs to be undertaken as relates to infrastructure (e.g. bridges), utility facilities (e.g. power poles, sewage treatment facilities, etc.), etc.

B. FLOOD MAPS: The process of continually updating flood and surge maps, and appropriate regulations pertaining thereto, was not examined by the Committee. The

Committee does however recommend against expending State funds for windstorm mitigation on non-compliant flood zone structures.

C. **LAND USE REGULATIONS:** The committee did not delve into this arena.

II. **EXISTING CONSTRUCTION:** (Note: his relates to single family detached, site built, residential structures, and all discussions herein are subject to funding availability.)

A. **CERTIFIED WIND INSPECTIONS**

1. **Goal** – Home Rating System Reports (HRSR) are to be completed with:

- SPEED**) 4.5 million existing dwelling units (du) by 12/31/11
- SCALE**) with first priority for those in the greater than 120 mph windborne debris region (per ASCE-7) (hereinafter 120 WBD
- and **QUALITY**) Including accountability, quality assurance and performance standards

2. **Agency** - Respect CFO Sink’s advice. It is this Committee’s recommendation that this portion of the My Safe Florida Home (MSFH) Program be housed with the _____ may contract with Department of Business Professional Regulation (DBPR) or private sector contractors to train, test, background check, etc. “Certified Wind Inspectors.”

B. **CERTIFIED WIND INSPECTION CHARACTERISTICS**

1. A mandatory, standardized inspection form developed by the State will be used by the State, as the basis for generating the HRSR.
2. **FREE** (to homeowners) and paid for by the State (on a reimbursement basis within 30 days) at a rate of \$150.00(?) per inspection – a maximum of one “free” inspection per home. \$150.00: Is that sufficient to allow _____ to skim enough off the top to pay for the inspection component? To manage and maintain the HRSR part of the program? The grading scale? Is too much to direct pay an inspector? Enough/too much to reimburse an insurer, or GMP, undertaking inspections?
3. **Eligibility:** Any existing single family, site built, detached residential structure (for the time being, the Committee recommends dropping “attached structure” from the MSFH statute).
4. A threshold “structural integrity” (?) check should “carefully” be added to the inspection component (?), and if there is not sufficient “structural integrity,” State grant funds should not be made available.

C. CERTIFIED WIND INSPECTORS

1. Licensed contractors, licensed building officials, licensed architects, licensed engineers, licensed property appraisers(?), and licensed insurance adjusters(?) may perform “certified” wind inspections without anything further.
2. “Independent” certified wind inspectors: Follow the training, testing and background check regimen established by DFS, as modified in the 2007 Special Legislative Session (including the provision allowing previously approved wind inspectors until June 1, 2007, to complete background checks, etc.)
3. The mandatory requirement to use “wind certification entities” shall be eliminated.

D. HOME RATING SYSTEM REPORT (HRSR)

1. The substance shall be the same as that required by Chapter 2006-12, Law of Florida, which (per HB-1A) is to be adopted by 6/30/07. Adoption needs to be accelerated. It needs to be standardized and consistently applied, but likely will never be comprehensible to many (but an explanation should be made available).
2. **Linkage** – an absolute must:
 - a) Certified Wind Inspection Form must be standardized and consistent with the HRSR.
 - b) Insurers must be required to honor the HRSR and various windstorm mitigation techniques must be afforded “credit/discounts” equal to the full actuarial value thereof.
 - c) Utilizing a current HRSR, the insurer should be required to promptly provide any credit/discounts to which the homeowner is entitled. [See materials to be provided by DFS]
3. **Longevity** – The HRSR shall be maintained and updated (but not more often than every _____ years) to reflect appropriate changes. As the HRSR is periodically updated, update versions should be identified and appropriate information, if feasible, shall be provided for converting an older version HRSR rating to the current version [this may not be necessary if we adjust the “Florida Hardened” grade – see below].
4. **Stale Ratings** – Based upon the HRSR and other appropriate criteria, a “stale” rating trigger shall be incorporated into the rating system, whereupon the owner of the property shall be notified by _____ and the “stale” rating may not thereafter be used for “Florida Hardened,” or other purposes.
5. **Imprinting** – All HRSRs shall be identified to a specific property by using that property’s “property reference number” (a unique number for each property in the State), and pertinent HRSR information (including, at a minimum, grade, date of the HRSR report, and identification of the HRSR program version) shall be made a part of the property appraiser’s tax roll “mandatory information fields” as prescribed by

the Department of Revenue (DOR). Appropriate coordination with the DOR and property appraisers of Florida in effectively implementing this “imprinting” is recommended.

6. **Timing** – HRSRs shall be issued/posted to the homeowner within 10 days following receipt of the properly completed certified wind inspection data.

E. MAKING IT HAPPEN

1. HRSR Programs

- a) **Insurers Program** – _____ shall develop and promote a program to encourage insurers to provide “free” HRSR to their insureds. Under the insurers program, insurers shall be entitled to reimbursement from the State at the rate of (?) per inspection. Insurers shall start in the ≥ 120 WBD regions and and once substantially complete, go to the ≤ 120 WBD. In developing their “free” inspection program, ideally insurers shall commence their program prior to October 1, 2007, with the intent to complete their program for their entire book of business, at a uniform rate, before December 31, 2011. Insureds shall not be required to avail themselves of this “free” insurer HRSR program. If, after an appropriate period of time, the rate of HRSRs from all inspection sources is not at a 12/31/11 completion rate, _____ shall have the authority to mandate this insurers program. Citizens Property Insurance shall implement an insurers program on or before 10/1/07.
- b) **Group Mitigation Programs (GMPs)** – It is in the interest of employers to encourage and assist employees in hardening their homes, and for the employers to incorporate this program into their business’ emergency plan. It is difficult to imagine employers who would not benefit from, having employees at, or available to, work immediately following a disaster event in lieu of being in exile be reason of having evacuated, or who are not at work because they are endeavoring to restore their damaged home. While this need is obvious in the case of first responders, utility company and governmental employees, etc., it is also true of educators, communications and retail personnel, etc. – substantially all who help restore the community to normalcy.

As to smaller employers, perhaps this initiative could more conveniently be managed by membership organizations, such as local Chambers of Commerce, labor unions, fraternal organizations, service clubs or other organizations interested in the benefit and welfare of their members.

The concept is to incentivise employers (and others) to in turn help encourage their employees (and members, etc.) to harden their homes. This would be accomplished by both facilitating, and making available prioritization (e.g. with respect to home hardening grants). (Note: It is not being suggested that the State directly expend State funds that otherwise would not be made available to the public at large.) Further, initial prioritization for employees living in ≥ 120 WBD regions should also be incorporated.

For example, if an employer were inclined to establish a GMP, it could:

- i. Establish a “free” HRSR program, and similar to the insurer program above, be reimbursed from the State at the rate of (?) per inspection (but remember, only one inspection per home paid for by the State).
- ii. The State could temporarily “set aside” a percentage of any grant program funds to afford priority to eligible GMP employees.
- iii. Facilitate hiring contractors, perhaps at discount prices and/or service commitments, to construct home mitigation improvements.
- iv. Facilitate material purchases, perhaps at discounts or with favorable financing.
- v. Facilitate (or make) mitigation loans, etc.

Employers have good reason to consider GMPs; contractors and materialmen have good reason to encourage employers to establish GMPs; etc.

The concept of GMPs has great potential because beyond family, employers often times are in the best position to nudge a reluctant/slow moving employee to harden their home.

Keep it simple and let private enterprise work.

c) **Individual homeowners:**

- i. Are not required to avail themselves of the insurer HRSR program
- ii. May obtain a “free” HRSR by directly contracting (i.e. they do not have to go through the State such as under the MSFH Pilot Program) with a “certified” wind inspector, in which case the State, within 30 days will direct pay the inspector at a rate of (?) per inspection.
- iii. Effective 7/1/07, all contracts for sale and purchase of single family detached, site built, residential structures shall contain an appropriate standardized cautionary windstorm mitigation information piece.
- iv. After 12/31/08, no home that does not have a HRSR rating may be offered for sale.
- v. Note: No HRSR is ever required until the home is offered for sale.

2. **Other**

- a) **New Homes:** Effective 7/1/07, prior to issuance of a certificate of occupancy, all new homes shall have an HRSR rating (which shall not be paid for by the State).

- b) **Contractors:** The “mitigation contractor” concept currently in the MSFH statute shall be eliminated, and all licensed contractors are authorized to do mitigation construction work which is permissible pursuant to their particular license type.
- c) **Roofing Contractors:** Effective 7/1/07, prior to obtaining a permit for any roof work, a licensed roofing contractor shall provide the homeowner with a Uniform Disclosure Form advising of the benefits of windstorm mitigation, the availability of incentives, etc. The Uniform Disclosure Form shall be developed by the [DBPR Roofing Contractors Board (?)], in collaboration with the Mitigation Commission.
- d) **Sunset** – If then still being funded, the State funded “free” inspection program shall terminate 12/31/11.
- e) **Incentives** – Most other incentives for house hardening are dependent upon prior participation in the HRSR program and sunseting of several incentives is recommended (e.g. sales tax exemption, ad valorem tax exemption/abatement, forgivable loans/grants, etc.).
- f) **Out of the box query:** Is there a responsible way to get around home inspections? To avoid the need for HRSR ratings? They advance a great deal, but are expensive and time consuming.

III. OTHER INCENTIVES

- A. **MARKETPLACE ECONOMICS** - In the long term perhaps even more significant than windstorm insurance savings, marketplace economics refer to the fact that if, for exmpale, two 20 year old homes sitting side by side and otherwise identical in all respects (except that one has been properly hardened) the hardened home should be more valuable than the non-hardened home. While a current HRSR rating will help identify the hardening distinction between homes, many mitigation techniques are not obvious, much less to the untrained eye.

Notwithstanding any desire to keep it simple and understandable, for the HRSR rating to have significance, it is, of necessity, sophisticated and requires study and acumen to understand.

A substitute for a “simple” HRSR rating scheme is to define broad categories (e.g. an 80 to 100 is “excellent,” a 60 to 80 is “good,” a 40 to 60 is “fair,” and 40 and below is “poor”). A better alternative intended to reward with enhanced market value (while not at the same time penalizing others) an exceptionally solid windstorm worthy home is to give them a “gold seal approval,” e.g. “Florida Hardened” or “Safe Home”. Based upon concerns that “Safe Home” might imply some level of warranty (which is not intended), “Florida Hardened” or some such similar phrase might be more appropriate.

Essential then to enhancing marketplace economics is the rating of homes; a mechanism for making that rating available/known (see “Imprinting” above); and a distinctive “gold seal of approval” for those that are exceptionally solid windstorm worthy homes.

Accordingly, it is recommended that homes with an HRSR rating above a certain level (which level might fluctuate from time to time depending upon periodic adjustments to the HRSR rating program), but none other, be afforded the ability to advertise as “Florida Hardened” without any type of warranty (other than the truthfulness of having the requisite HRSR rating) being implied and with liability for properly using such “Florida Harden” being statutorily negated for both the selling homeowner and realtors.

If the HRSR rating program has been modified since the rating which established the home’s right to the “Florida Hardened” designation, so long as the original entitlement rating is still current (i.e. not “stale”), the “Florida Hardened” designation may continue to be used with the protection described above.

The _____ shall establish the “Florida Hardened” rating, with the beginning benchmark approximating that of a new home constructed to the Florida Building Code as in effect as of January 25, 2007, plus double roof underlayment.

B. SALES TAX EXEMPTION – The concept is to provide a permanent, year round sales tax exemption, with a sunset provision (e.g. 6/30/09) for:

1. Construction materials used to harden a home, or
2. A defined list of construction materials regardless of whether used for hardening, or
3. Something else?
4. Other questions/considerations:
 - Keep it simple!
 - Only applicable \geq 120 WBD regions?
 - What about when we factor in attached residential? Commercial? Manufactured?

C. AD VALOREM TAX ABATEMENT/EXEMPTION: With respect to the increased appraised value of a property by reason of mitigation improvements, to help further incentivise homeowners, should there be:

1. A permanent ad valorem tax exemption for that amount, or
2. An abatement of ad valorem taxation on that amount for a period of time (e.g. 10 years), following which the incremental increased value would become subject to ad valorem taxation. (Note: Using a discount rate of 7%, the present value of a 10-year ad valorem tax abatement (assuming costs equal increased appraised value) would approximate 70% of the total tax abated.), or
3. Something else?
4. Other Questions/Considerations:
 - Keep it simple!

- Only applicable \geq 120 WBD regions?
- What about when we factor in attached residential? Commercial? Manufactured?
- Exemption likely requires a Constitutional Amendment process (?) – Abatement “might” be accomplished by Statute (?)

D. OTHER STATE TAX INCENTIVES

1. Corporate income tax deduction to incentivise GMPs (?)
2. Intangible and documentary stamp tax exemption on mitigation improvement loans (?)
3. State GMPs providing \$500.00 per home per employee incentives (?) Mitigation improvement loans (?) Loan guarantee (?) A loan pool (?)
4. Other (?)

E. LOCAL GOVERNMENT INCENTIVES

1. A concept would be to authorize (mandate ?) local governments to incentivise the private sector (e.g. builder, developers, etc.) to go “code plus” (e.g. construct to higher than required wind ratings, double waterproof underlayment, etc.) by providing ad valorem and/or impact fee credits (perhaps on a sliding scale).
2. Local governmental GMPs ?
3. Other (?)

F. GRANTS

1. **Goal:** Breathe life into the grants portion of the MSFH program with:

SPEED: “YESTERDAY”

SCALE: As much as the State is willing to spend, then leverage

QUALITY: Including accountability, quality assurance and performance standards

2. **Agency:** Respect CFO Sink’s advice. It is the recommendation of this Committee to house the grant’s portion of the MSFH program with Florida Housing Finance Corporation (FHFC), to be administered in “SHIP like” fashion (cf. “Hurricane Housing Recovery Program” example from the 2005 Legislature).
3. “Kiss” changes to MSFH Statute
 - a) Grants should be modified to forgivable loans to prevent unjust enrichment – the forgivable loans shall be non amortizing, non interest bearing and forgiven within five years – the average recapture rate in SHIP over the last three years was 13% to 14%.

- b) **Eligibility** – avoid time consuming and expensive eligibility criteria such as “area median income” and move to simpler criteria

From Property Appraiser Tax Rolls		Forgivable Loans	
<u>Value of Improvements</u>	<u>Land Value Cap</u>	<u>Percentage</u>	<u>Maximum Amount</u>
≤ \$150,000	≤ \$100,000	100%	\$ 5,000.00
≤ \$250,000	≤ \$150,000	50%	\$ 5,000.00
≤ \$450,000	≤ \$200,000	25%	\$ 2,500.00

- c) **Mitigation Techniques** – the seven categories of mitigation improvements contained in the MSFH Statute, and the three optional improvement plans used by DFS in implementing the pilot program, should be maintained.

- Question: Gable end bracing?
- Question: Structural integrity?

Incentives to encourage homeowners to undertake all mitigation improvements (MSFH Plan C):

- Sunset economic incentives
- Impossibility of attaining “Florida Hardened” status without doing Plan C.
- Bonus grants

- d) **Incentivise:**

- i. leverage – in an effort to maximize the number of homes hardened in the State, “windstorm mitigation entities” shall be encouraged to establish/expand “substantially similar” programs of house hardening for need based. In such cases, State MSFH funds shall be available for match (subject to MSFH program funding availability) on a 50% (MSFH funding) to 50% (non-MSFH funding) basis. While the objective of this initiative is to ultimately get to 50%/50% leverage of MSFH funds for the 100% and 50% categories, for the next few years the MSFH program share may go as high as 65% in the case of substantially volunteer dependent programs.
- ii. GMPs – in an effort to maximize the number of homes hardened in the state, GMPs should be incentivised to encourage employees in a variety of ways to harden their homes. The State shall explore methods of incentivising GMPs including, for example, temporary set asides within the MSFH forgivable loan program for GMP employees (with priority between competing GMPs afforded to those GMPs that provide the most leverage, greatest capacity and/or greatest speed).

4. **Prioritization:** Not necessarily in priority order, but the following factors shall be considered in establishing priorities:

- a) **Geographic:** \geq 120 WBD regions should be prioritized over lower WBD regions – a sub set of this geographic priority might be high risk/repetitive loss areas first.
- b) **Leverage:** Other factors being equal, the ability to obtain greatest match with non-MSFH funds should be prioritized.
- c) Depopulate Citizens Property Insurance
- d) In terms of allocation between 100%, 50% and 25% homeowners, see budget attached.
- e) No MSFH money for post 2002 Florida Building Code homes.

G. OTHER LOANS

1. **Traditional lenders**
2. **Retail financing**
3. **GMP sponsors**
4. **Loan guarantees**
5. **Loan products**
6. **Loan pools and secondary market**

H. FEDERAL TAX INCENTIVES

I. SANCTIONS FOR NOT MITIGATING

1. Absence of the above/sunsetting
2. The “stick” (e.g. cannot sell after 12/31/08 without HRSR, but not required to mitigate)
3. Other?

IV. REPAIRS

A. IN THE ORDINARY COURSE

1. **Contractors**
 - a) **Roofing contractors:** See Part II, F.,2.,c. above
 - b) **General contractors:** Effective 7/1/07, prior to obtaining a permit for repair of any single family detached home not constructed pursuant to the 2002 (or more current versions) of the Florida Building Code, a licensed general contractor [include all categories] shall provide the homeowner with a Uniform Disclosure Form advising of the benefits of windstorm mitigation, available

incentives, etc. The Uniform Disclosure Form shall be developed by the [DBPR Contract Licensing (?) Board] in collaboration with the Mitigation Committee

2. **Repair Programs:**
 - a) **SHIP:** To the extent funded, all single family detached, site built, residential structure repairs under the SHIP program shall also be retrofitted with all of the appropriate MSFH mitigation improvements, subject to the following:
 - i. If the home does not have a current HRSR, that shall be done.
 - ii. Homeowner consent, failing which repairs should not be made to the structure.
 - iii. Up to a maximum cost of \$5,000.00 per home (and where \$5,000.00 is not sufficient to cover the costs of all appropriate MSFH mitigation improvements, such mitigation improvements as the homeowner and SHIP administrator mutually agree to).
 - iv. In all other respects (e.g. client eligibility, loan forgiveness terms, etc.) this “MSFH (SHIP version)” program shall be governed by the statutes and regulations pertaining to the SHIP program.
 - b) **Weatherization program** – to be reviewed.
 - c) **CDBG (housing)** – to be reviewed.
 - d) **Other?**
- B. **POST DISASTER** – For these purposes “disaster” generally refers to a declared national disaster of such a nature that federal “individual assistance” grants (?) are made available to eligible individuals under the Stafford Act, and “homes” refers to homes in the geographic area included within the national disaster declaration which were constructed prior to the 2002 Florida Building Code.
1. **Blue Tarps.** When the need arises for “blue tarps” following a disaster, it is immediate. The U.S. Army Corps of Engineers (USACOE) and FEMA’s “blue tarp” program is responsive. Sufficient concerns however have been expressed about the useful life of the “blue tarps” and the residual damage caused by the installation of same such that examination and/or research of alternatives is warranted. Accordingly, the Florida Department of Emergency Management (DEM) through its Bureau of Recovery and Mitigation, and in collaboration with the USACOE, FEMA and Florida International University (FIU) shall posthaste (prior to June 1, 2007) confer to determine the scope, feasible timing and estimated costs of an appropriate examination and/or research initiative into alternatives. Modest appropriations are warranted for these purposes and emergency/expedited contracting procedures, etc. should be implemented if preliminary review indicates the possibility of viable alternatives being available by the peak of the 2007 hurricane season.

2. **Public Education and Awareness.** DEM (through its Bureau of Recovery and Mitigation) shall develop and have available for implementation in disaster areas, by the peak of the 2007 hurricane season, a proper and effective public education and awareness program for disaster victims apprising them of appropriate home repairs and mitigation strategies and opportunities.
3. **Mitigation Funding.** Strategies need to be developed and implemented to accelerate any potentially available house hardening mitigation funding (See Part V below) for individual homes so that it can be on the streets within 30 days following a disaster. Toward this end, FHFC shall also be authorized to reallocate any unencumbered MSFH funds into a disaster area in order to appropriately assist “need based” victims with match requirements.

V. FUNDING

A. AMOUNTS

1. **Leverage.** The objective is to maximize whatever funding the Legislature determines is appropriate by maximizing leverage.
 - a) **Homeowner Match.** For example, the grants portion of MSFH leverages State funds with homeowner match. The Committee recommends increasing homeowner match requirements and that recommendation is incorporated in the match percentage contained in the proposed Legislation. In the future, outreach to homeowners, and experience, may help adjust the homeowner match percentage to generate even greater leverage of State funds.
 - b) **“Windstorm Mitigation Entity” Match.** This refers to the situation where State funds are being matched by local governments or not for profits and primarily for the benefit of need based homeowners (“windstorm mitigation entities”). Frequently those “windstorm mitigation entities” obtain their match funding from third party sources, donations and/or volunteer labor. While it is believed that there is modest “windstorm mitigation entity” capacity existing, to the extent these “windstorm mitigation entities” focus on low income homeowners, it is important to incentivise them to increase their capacity, and their ranks, because at present under the MSFH program there is no match and the State share is 100% (i.e. low income typically do not have personal funding available to provide match). The Committee recommends targeting an ideal match of 50% State and 50% “windstorm mitigation entity” match – a lower State share is counter-productive when trying to incentivise “windstorm mitigation entity” capacity on this front. The Committee’s proposed legislation moves in this direction with initial match levels of a maximum of 65% State share with incentives to get that down to a 50% State share is 100%.
2. **O.P.M.** In addition to State and homeowner funds, the other significant source of funding identified by the Committee is Federal mitigation programs. Traditionally these federal mitigation programs in Florida have been focused primarily on “community projects” (e.g. shelters, E.O.C., etc.) as distinct from “**people projects**” (e.g., windstorm mitigation house hardening retrofit, residential safe rooms, etc.).

- a) **Hazard Mitigation Grant Program (HMGP).** HMGP program funding opportunities in Florida recently expanded significantly. It is the committee's strongest recommendation that much of that expansion be committed to "**people projects**". The recommendation of the Committee is included in the proposed Legislation. Note: The Committee's recommendation does not reduce traditional levels of HMGP funding for "community projects" - in fact, that funding is increased by 1/3.
- b) **406 Mitigation.** This federal mitigation funding source follows the Stafford Act's "public assistance" program, and as such it would not be available to assist with hardening personal residences. However, most types of public facilities, and many types of private "critical facilities" (e.g. hospitals, schools, etc.) (?) are eligible for the "public assistance" program and potentially 406 mitigation/hardening funds. Such 406 mitigation funding is handled on a case by case basis and the Committee recommends that strategies be developed and implemented now (pre-disaster) to better educate eligible "critical facility" owners of this opportunity (which can be very significant, but is little known).
- c) **Pre-Disaster Mitigation (PDM).** Unlike HMGP and 406 mitigation funds, Federal PDM funding is not disaster dependent. For the past two years, Florida's allocable share of PDM has been modest (approximately \$15 million each year) and competition for PDM funding is typically intense. Although challenging to obtain a federal PDM mitigation grant, the Committee points out that this would be a good potential source of funding for a "windstorm mitigation entity" desiring to establish a house hardening program. Federal PDM mitigation grants do require a match. However, recall that match requirements may be satisfied by homeowner match funds, or in the case of low income "need based," the Committee's proposed Legislation includes authorization to allow State MSFH program funds to be used for PDM match.
- B. **EFFICIENCY AND QUALITY.** All the funding in the world will not do anything if it does not get into the hands of those who have the capability and capacity to deliver proper "**results yesterday.**" There is no substitute in this arena for proper performance based evaluation.

Because public funds are involved, solid levels of accountability are required and in fact provided for with all of the Committee's recommendations. Responsible quality assurance programs are also incorporated.

Lastly, someone needs to regulate the regulators. Regulators have sound accountability standards however performance based evaluation of regulators often appears absent (or at least not obvious). This warrants further examination, however with the Committee's time constraints it is presently beyond our capacity.

VI. OTHER

- A. **MITIGATION COMMISSION:** For good reasons, vital components of windstorm mitigation reside with diverse State agencies. Rather than trying to consolidate those vital

components into one agency (in many cases thereby separating them from their mothership), it is incumbent upon the State to create a Mitigation Commission to develop, implement and continually evaluate a comprehensive and coordinated approach to windstorm mitigation. The people of Florida are entitled to have some entity that wakes up every morning asking: "What can I do today to advance the cause of windstorm mitigation in Florida?". Toward that end, it is recommended that the Florida Mitigation Commission be established pursuant to the proposed Legislation attached.

- B. NATIONAL HURRICANE RESEARCH INTIATIVE.** The National Science Board (NSB), the official science advisor to the President and Congress, last fall released their "Hurricane Report" recommending that additional funding for research of hurricane behavior, mitigation techniques, etc. was warranted and likely to produce positive results in terms of human lives and suffering, as well as resulting in significant economic savings. Contemporaneously with that NSB announcement, Senators Bill Nelson and Mel Martinez, along with several other hurricane state Senators, introduced Legislation in the 109th Congress to authorize the recommendations of NSB. This Legislation will be reintroduced in March, 2007.

It is recommended that the Governor and Florida Legislature:

1. Urge all members of the Florida Congressional Delegation to support this legislation; and
2. Contact the Governors and State Legislatures of all other hurricane states and ask them also to urge their Congressional Delegations to support this legislation.

The NSB study highlights the threat posed to coastal states by hurricanes and efforts that could be taken to minimize the costs of these terrible disasters. Congress is regularly asked to pay billions of dollars *after* hurricanes have hit and *after* lives and communities have been devastated. This research will identify technologies and procedures that will allow communities to better protect themselves through enhanced prediction of hurricane behavior and strength, improved methods of construction and hardening, and advanced procedures for warning and evacuation.

- C. BUDGETARY CONSIDERATIONS** – See attached.

NOTE: At this juncture it would be well for Committee Members to go back through this discussion topics paper (the discussion above revolves primarily around single family detached, site built) with a focus on commercial (including attached residential) structures, and then again with a focus on manufactured housing.

- D. COMMERCIAL (INCLUDING ATTACHED RESIDENTIAL):** The Committee recommends Office of Insurance Regulation develop a commercial (including attached residential) structure rating scale system (similar in concept to HRSR) over the next six to nine months, and in connection therewith Office of Insurance Regulation and the Mitigation Commission prepare recommendations, together with proposed Legislation, for consideration by the Legislature, Governor and CFO by December 31, 2007. See proposed Legislation attached.

E. **MANUFACTURED HOUSING:** To be developed