



May 31, 2017

The Honorable Rick Scott
Governor
State of Florida
The Capitol
400 S. Monroe St.
Tallahassee, FL 32399-0001

Dear Governor Scott:

I am writing to express our opposition to the provisions affecting the Florida Building Code system in House Bill 1021, and to humbly request that you veto the bill in the interests of safety and the economic preservation of Florida's communities.

The current Florida Building Code is considered by many to be one of the strongest, if not the strongest, building codes in the United States. As well it should be. The entire state of Florida is susceptible to an array of potentially devastating perils including hurricanes, tropical storms, flooding, wildfire, and hail to name a few. Accordingly, Floridians need homes that perform when tested by Mother Nature.

The existing Florida Building Code consists of model building codes as the foundation or starting point upon which Florida-specific amendments are then made. This ensures that Florida keeps pace with the most up-to-date building code provisions, while preserving the ability to make amendments. The International Codes created by the International Code Council are among these model codes and are created through a consensus-based process that meets national standards, costing approximately \$9 million annually.

House Bill 1021 eliminates the requirement to update the Florida Building Code every three years using model building codes and instead proposes that the Florida Building Commission review the model codes for changes one at a time. House Bill 1021 does not consider that the entire model code system assumes regular updates to incorporate new knowledge in building science and technology.

This proposed approach undermines an established process to benefit special interests without adequate means to ensure minimum safety standards are met. It would not only be more complex, expensive, and inefficient than the current system, but it will stymie progress and lead to building failures during ordinary and catastrophic times alike. House Bill 1021 is a radical departure from the research-driven efforts to make building occupants safe at work, home, and play.

Please allow me to outline details of our position.

Lack of Public Benefit

Proponents have not defined a compelling public benefit to this bill. We believe this alone is adequate to justify a veto and avoid putting our citizenry at risk. House Bill 1021 will set Florida and our citizens on a path to weaker buildings and more expensive public and private insurance as the changes will foster certain degradation of our nationally-recognized building code system. This high public cost would be paid by Florida citizens to benefit only a small segment of one private interest group: the homebuilding industry.

Proponents suggest that they are overburdened with changes borne of regular three-year model code updates. However, we suggest that construction of a home requires that the utmost care be taken to stay current with academic research, scientific insights, and post-disaster engineering revelations. This is only possible on a steady and efficient basis through a systematic incorporation of the latest model codes that are the minimum life safety standards for construction.

For most families, the home is their largest investment and one that they expect will last. Preservation of the building code system that is in place ensures construction with durability, energy-efficiency, strength, and sustainability in mind. Indeed, a Wharton study last year of the Florida Building Code cited a \$4.8 to \$1 return on investment value.

No private interest should be allowed to take away this beneficial protection.

Economic Impact

Maintaining a healthy financial services industry environment is essential for the economic well-being and growth of our state. The current building code system with regular updates using model building codes provides the certainty that actuaries, analysts, insurers, modelers, rating agencies, and others rely upon when generating scores and other pricing factors for insurance as well as bonds and other financial products.

Removal of the assumption of complete, regular updates to our building codes using nationally-recognized and accepted model codes will remove the certainty that helps Florida earn the most favorable building code ratings. This is the essence of how House Bill 1021 will negatively impact budgets for Florida businesses and families.

Here are examples of how the new, uncertain, proposed system can impact Florida.

Private Property Insurance – Florida property owners receive an automatic “building code credit” for homes constructed after 2001. Credits can range up to 68% on the wind portion of the regular policy and the wind portion can be up to 50% or greater. This financial incentive is material to the annual cost of insurance and helps offset the high cost of living in our hurricane-prone state. For example, a Miami-Dade homeowner may pay \$8,000 annually for insurance with the wind portion averaging 50% or \$4,000. Applying the automatic Florida Building Code credit at 50% would put \$2,000 in savings back in the family budget each year. This not only drives insurance affordability, but home ownership affordability overall.

This credit will likely be preserved for homes built after 2001, but the homes built one year, two years, or years beyond today can be affected adversely. Here’s why: while House Bill 1021 attempts to maintain the current wind provisions of the existing model code, the very locking of those provisions also blocks adoption of future innovations in high-wind construction. Conversely, the current system allows for continuous improvement in how we build through mandatory updates while the proposed system

only guarantees “review” of potential changes one at a time. The system proposed in House Bill 1021 will undermine confidence and insurers may have a legitimate basis for reduction or eventual removal of the automatic Florida Building Code credit. Furthermore, once a wind event occurs, data will be available to prove the inferior performance of homes built under the new system. And once the data is in hand, the case for increased consumer cost through loss of credits will be difficult to overcome.

Florida’s recent experience with wildfires raises another scenario that demonstrates the importance of current building codes that are subject to continuous improvement through model code adoption. Nearly every disaster brings affirmation of successful building practices as well as identification of innovation opportunities. Those findings are built into future versions of model codes as the most reliable vehicle for incorporation of timely insights, engineering findings, new science, and innovation.

Under the current system, any insights would be assumed to be automatically incorporated into the Florida Building Code. Under the proposed system, each insight would be subject to either rejection, slower adoption, or incomplete incorporation.

Public Insurance/Flood Insurance – The Florida Floodplain Managers Association performed a detailed economic impact analysis of the original proposed legislation, Senate Bill 7000, and outlined the annual economic cost to Florida families who buy flood insurance. Because of the certainty of downgraded future Building Code Effectiveness Grading Schedule scores and ensuing reduced Community Rating Systems credit points, they project approximately \$60 million in annual flood insurance discounts would be forfeited under the proposed system. Miami-Dade residents who buy flood insurance would lose \$9.8 million in savings each year. Pinellas County residents would lose \$7.8 million.

Why knowingly make flood insurance more expensive?

It is important to look to Florida’s history as we consider House Bill 1021. The current building code system came into existence after our state paid the price of construction growth without a reliable, certain system of building code adoption and enforcement. Florida’s families and businesses shouldered billion-dollar penalties for two decades of poor practices that led to systematic building failures during Hurricane Andrew in 1992. Ironically, it has taken almost two decades to recover. Further, some would assert that while our insurance availability is healed, private property insurance affordability is still a challenge in our state.

Is it wise to weaken Florida’s attractiveness to those placing their capital and confidence here?

Lack of Efficacy

House Bill 1021 includes language that states that the Florida Building Commission will take affirmative steps to use all updates necessary to maintain eligibility for FEMA disaster relief dollars. However, new and proposed FEMA policies complicate the means of maintaining eligibility.

Reliance on model codes is explicit in FEMA’s *Disaster Risk Reduction Minimum Codes and Standards* (FEMA Policy 204-078-2) and *Public Assistance Required Minimum Standards Policy* (FEMA Recovery Policy FP-104-009-4). Additionally, the proposed Deductible for FEMA’s Public Assistance Program includes potential credits toward the deductible requirement through actions such as adopting standardized and enhanced building codes. House Bill 1021 could jeopardize Florida’s eligibility for federal aid in several respects.

Does House Bill 1021 require a new and separate process to attempt to meet FEMA requirements, an additional burden and complication? It seems that it does. Why not just adopt the model code and avoid wasting resources, time, and potentially post-disaster funds for Florida?

Ironically, the proponents of House Bill 1021 assert that the code adoption process today is unwieldy and bureaucratic. How does the new proposed system change anything if a comprehensive review, without the structure and consensus-based model code provisions to guide the process, is still necessary?

The Florida Building Commission lacks timely access to building science innovation, sufficient personnel, and adequate resources to approximate the national model code development process, and the bill does not provide resources to overcome this challenge.

As a result, Florida's building code system will fall behind.

Conclusion

We oppose this harmful legislation as it takes Florida backward to an inferior system that will leave families and communities at unnecessary physical and financial risk. Decades of history indicate that our state must maintain a compulsory update system based on model codes, or risk a return to a patchwork system of unequal construction standards and inferior, poor quality homes. The system we have had since the aftermath of Hurricane Andrew relies on the accepted, consensus-based standards, while still permitting Florida-specific changes.

Our national organization was founded in Florida 19 years ago to help advance disaster resilience. Since that time, Florida has created a world class, nationally-recognized building code system to ensure the safety and prosperity of its citizens. There are no shortcuts to safe construction, and it is our sincere hope that you will veto House Bill 1021 to preserve our progress and protect our future.

Respectfully submitted,



Leslie Chapman-Henderson
President/CEO

Enclosures

The Case for Preserving Florida's Building Code System