Recommendations for Incentivizing Resilience

The nation can achieve resilience in a cost-effective manner through a holistic and integrated set of public, private and hybrid programs based on capturing opportunities available through insurance; mortgages and loans; finance; tax incentives and credits; grants; regulations; and enhanced building codes and their application. This focus on multiple pathways to incentivize action is called “incentivization.”

The National Institute of Building Sciences’ Multihazard Mitigation Council and Council on Finance, Insurance and Real Estate recommend the following actions for achieving disaster resilience through incentivization.

- When evaluating the health of the banking system and individual banks, require an examination of how institutions assess the hazard risk of the collateral for the loans they underwrite, and how to incorporate these risks into their loan programs.

- Authorize existing federal grant programs, loan guarantee programs and other financial programs to include funding of mitigation projects and exploration of the use of incentives.

- Fund federal agency mitigation programs at a level commensurate with the future exposure avoided.

- Establish an interagency group to facilitate development of collaborative approaches to incentivizing resilience, including development of a common set of incentives-based prerequisites for applying for federal grant programs.

- Require all construction projects supported by federal dollars to meet or exceed the latest building codes; and, require states and localities to comply with (and enforce) current building codes and assess the use of incentives for high-performance requirements.

- Clarify the need for federal agencies to actively engage in the codes and standards development process, alongside industry stakeholders, to assure the consideration of federal priorities and the incorporation of federally supported research findings.

- Encourage federal, state and local agencies to share their resilience and incentivization strategies (to the extent practical) with the private sector to both demonstrate what is possible and to build private-sector demand and capacity. Also encourage including a life-cycle approach to resilience.