

November 2021

HOT TOPIC ALERT

NATURAL DISASTERS



Last year, about 35 million homes—almost one-third of the housing inventory in the United States—faced a “high risk” of damage by a natural disaster. A record number of hurricanes struck land while, during the same year, the most active wildfire season in our history erupted. Twenty-two events causing at least \$1 billion each set yet another record, [approximately \\$95 billion](#) altogether.

While states such as California (wildfires and earthquakes), Texas (hurricanes, hail, and other severe weather), and those along the Mississippi River (tornadoes, other severe weather, and resulting floods) are often thought of as the ones that confront the highest risks, [every property has exposure](#). Given that the vulnerability is widespread, that natural disasters are trending upward and that the timing and severity of such events are unpredictable means that [the risk to American real estate is only rising](#).

This Hot Topic Alert will address the types of disasters we are facing, the impact on real estate and the real estate markets, what efforts can be made at preventing that impact, what can be done, once a disaster hits, at mitigation, what relief is available and from where, and what organizations and programs are involved in these areas. Efforts by NAR will also be discussed.

Types of Disasters

A. Natural Disasters

Natural disasters greatly vary. They vary by source, by region, by duration, by predictability, and by magnitude. The most common and destructive disasters include severe weather, flooding, and wildfires, as well as infrastructure failures, which can result from natural disasters or at least in part by humans, such as poor planning, construction defects, failures to consider geography, disruption to supply chains, and communication lapses. The United Nations University Institute for Environment and Human Security publishes the *World Risk Index*, which calculates the [exposure to natural hazards to determine a ranking of countries around the world based on their natural disaster risk](#). Out of 170 countries considered, the United States ranks the 45th most vulnerable to such risks.

Probably because they can impact multiple places at a time, hurricanes quickly come to mind as a particularly severe type of natural disaster. More billion-dollar hurricanes coupled with rising sea level elevations have caused more severe [storm surges and more floods](#). About half of the sea water expansion since 1900 has been due to human-related activity, strongly indicating the trend, and resulting damages, will continue unless met with strict and comprehensive measures.

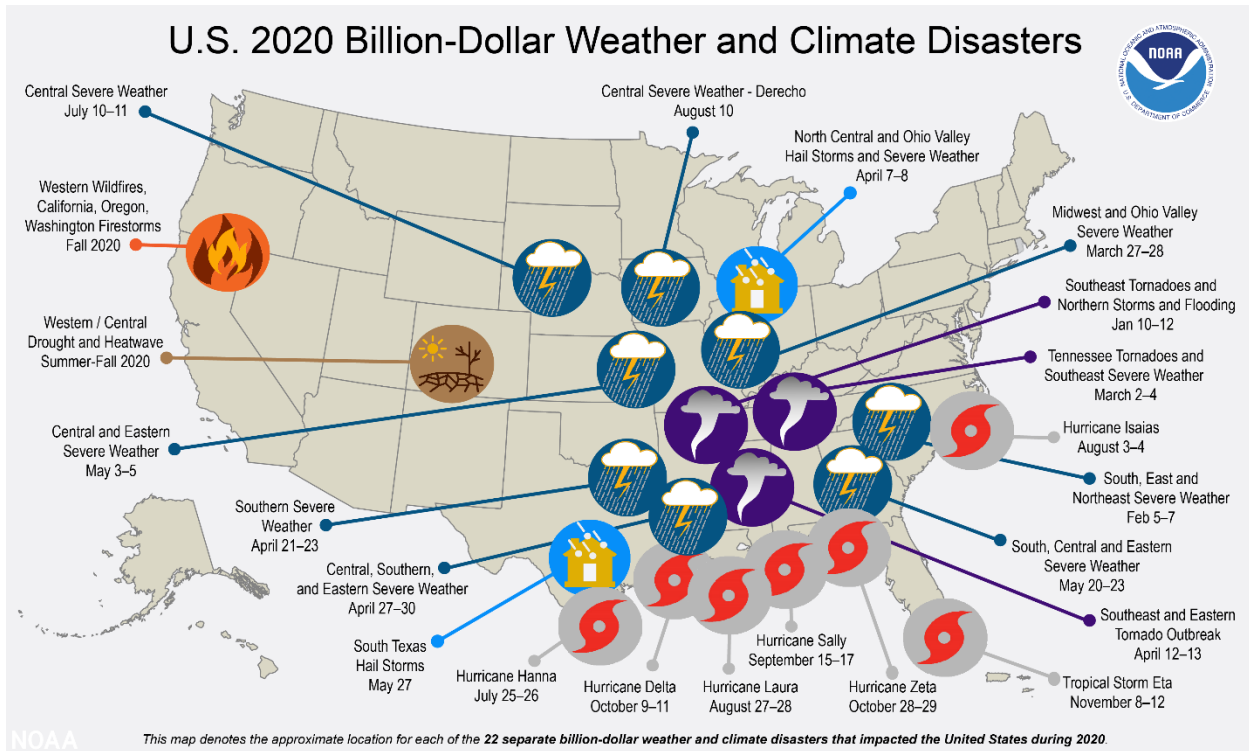
Heavy snow volumes and extreme snowstorms have also increased. This increase is seen across than more than half of the United States, starting from the east coast and heading inland. The number has approximately doubled from the first half of the [20th century](#) to the second half. Factors include global [warmer-than-average ocean surface temperatures in the Atlantic](#). The warmer temps can result in high amounts of moisture feeding a storm, helping to intensify that storm. “[It’s just basic physics](#),” says Kenneth Kunkel, an atmospheric scientist at North Carolina State University in Asheville. “Big storms with large amounts of rainfall are limited by the amount of water vapor As we increase water vapor, we can increase the amount of rainfall in these extreme precipitation events.”

In the past year or so, the news has been full of reports of rampaging wildfires, especially in California and Oregon. In general, the amount of area burned by wildfires each year has increased over the last 40 years. According to National Interagency Fire Center data, of the 10 years with the largest acreage burned, [all have occurred since 2004](#), including the peak year in 2015. The United States spends roughly more than \$1 billion per year to fight wildfires, [including \\$1.6 billion in 2019](#). Since 1910, these firefighting efforts have resulted in the [deaths of more than 1,000 firefighters](#). Further, the resulting smoke has been a cause of [poor air quality](#).

As might be anticipated, climate change has played apart. Wildfires occur naturally and play an important and sustaining role in an ecosystem’s health. But fluctuating patterns can upset the normal course of these systems. [Multiple studies have found that climate change has already led to an increase in wildfire season length, wildfire frequency, and burned area](#). Wildfire seasons have

lengthened, at least partly due to warmer springs, longer summers, and drier soils and vegetation. The changing climate may also increase the number, scope, and severity of fires through increased temperatures and drought.

The graphic illustrated below presents a summary of these \$1 billion disaster events.



Source: <https://www.noaa.gov/stories/record-number-of-billion-dollar-disasters-struck-us-in-2020>

B. Infrastructure Failure

While natural disasters are just that—natural—and therefore unavoidable, and while they will continue to occur, it is critical that, as both individuals and as a society, we take the threats seriously and plan, design, and build systems to protect against damages, being careful along the way not to contribute to additional damages and problems. Many have urged bolstering our infrastructure in order to save lives, protect property, and generally maintain the health of our economies when such disasters strike. A report prepared by the Environmental Protection Agency entitled, "[Planning Framework for a Climate-Resilient Economy](#)," warns that "[h]aving a climate-resilient economy—one that can withstand or recover quickly from climate impacts in the short and long terms—is essential to a community's long-term well-being."

Inadequate or defective infrastructure and services, ramshackle housing, isolated or far-flung health providers can transform a natural disaster event into a catastrophe. As an example, insufficient solid waste management blocks storm water and sewage channels, resulting in [waterlogging and flooding](#). Vulnerable water and sewer systems can lead to [water scarcity or contamination](#) when disaster strikes. Unnecessary hazards to disaster events also occur because of insufficient or defective regulation of [construction and industrial practices](#).

When disasters hit, mitigation and relief efforts can be seriously impaired and even stalled if supply chain networks—another crucial piece of national infrastructure—fail or outright halt due to weak links in the chain or bottlenecks. Keeping flows of water, food, pharmaceuticals, medical goods, fuel, and other crucial commodities moving is an urgent priority for those hit hardest and it can contribute to “longer-term recovery.” See Department of Homeland Security, [Supply Chain Resilience Guide](#), page i, (April 2019). When critical infrastructure such as the electrical grid or telecommunications systems is damaged, those flows of life-preserving resources must be resumed as quickly as possible. During the earthquake/tsunami disasters in Japan (2011) and Hurricane Maria in Puerto Rico (2017), “[t]he loss of critical infrastructure, the surge in demand, and limited distribution capabilities (e.g., trucks, truckers, loading locations, and more) [seriously complicated existing distribution capacity](#).”

Natural disasters have caused additional damages due to poor zoning decisions, such as allowing construction in high-risk areas and failing to require stronger construction and design standards. Land and building zoning is one important that can be used to eliminate disaster risk by steering future development away from the high-risk areas and by [enforcing particular structural engineering measures according to the disaster risk](#). Others have asserted, however, that stricter zoning could affect the willingness to develop land or property value. At the same time, many communities, such as [Charlotte-Mecklenburg North Carolina](#), have demonstrated how communitywide zoning and mitigation projects can raise property values.

Impact on Real Estate

A. Overall Effect on Prices is Unclear

One may think that higher exposure to natural disaster would significantly decrease the property values within that area. But the connection between natural disasters and how the housing market responds is unclear because many other factors are in play.

Natural disasters can significantly impact the supply of housing in affected areas which will affect prices. Major hurricanes and floods, for example, are obviously devastating to the homes that they hit, and if the flooding [left stains behind walls or a crack in the foundation](#), it may be a sign to prospective purchasers that the home still suffers from residual damage and is susceptible to further flooding, suppressing a rise in a home’s equity value.

Natural disasters can also affect mortgage delinquency in the short run. CoreLogic’s Chief Economist Frank Nothaft showed these effects with using information from four recent disasters: two hurricanes (Harvey and Florence) and two wildfires (the Tubbs fire and the Camp fire). A “[huge spike in serious delinquency rates on mortgages](#)” occurred within three months of all of these disasters. Moreover, higher delinquency rates can occur on properties that sustained no damage. Wildfires do not of course burn down and otherwise affect only residential property, but commercial property as well. Local businesses therefore experience a higher failure rate or otherwise lose business, leaving residents who worked at those businesses [without the income](#) to pay their mortgage bills. Consequently, homes that are completely undamaged face [an elevated risk of delinquency](#). Ultimately, however, the impact on mortgages is unclear. A lack of information about financial impacts, as well as inconsistent federal relief programs, can make it [difficult to predict](#) a future impact based on past experiences.

However, the impact of these market changes may be softened because often areas not far away—just adjacent to a disaster area—could see an influx of buyers (see the Butte and Sonoma examples below). Home prices can be influenced by : (1) the potential extent of the damage, (2) the localization of the damage, (3) the demand for the location, and (4) what insurance policies and practices are used and available. If the threat is highly localized to the home, that threat may not have much of an impact on property values. For example, tornadoes, while certainly dangerous and destructive, are known to pass through areas totally destroying a few homes on one side of the street, while the rest of the neighborhood is left [untouched](#). As such, home values through “tornado alley” may not face a significant decrease in home values (the “alley” is traditionally Texas, Oklahoma, Kansas, Nebraska, but experts say the term should be abandoned as misused, as tornadoes impact the Deep South, [particularly Mississippi and Alabama, more](#)). Unlike tornadoes, earthquakes typically affect a significantly larger areas, but the damage may nonetheless be highly localized because older, ill-designed houses or buildings may experience severe damage, while nearby but newer, well-designed structures may have little to no damage.

The demand for property in a popular location may also override concerns of natural disasters such as earthquakes, as shown by the rising population of California, where quakes pose an [ever-present earthquake threat](#). The same can be said for Texas and Florida, states that constantly face the threats of hurricanes and tornadoes. But other real estate factors superseded those concerns for many, such that prices are largely unaffected when those markets are compared to [less-desirable markets](#).

Here a few quick examples of how severe natural disasters affected home values. After Hurricane Harvey in August 2017, the Houston real estate market dropped in inventory, in part because homes were uninhabitable due to flood damage. Because Houston, however, is still a high-demand area, the lower inventory drove home values up for those buildings that were not [directly impacted](#). After one year, [single-family home sales in Houston](#) rose 40.3%, and values bumped up 2.1%.

As another example, in 2018, wildfires destroyed the small town of Paradise, California. Approximately 95% of the town’s structures were burned, such that little real estate remained. Sales [plummeted by 40%–50%](#). Some Paradise residents moved to adjoining Butte and Sonoma Counties, which were untouched. Within six months, home values in Butte rose [3%](#) and values in Sonoma rose [6%](#).

B. [Insurance](#)

Most homeowners’ policies cover a range of perils, from tornadoes to lightning strikes to winter storm damage. But policies vary. You must check your own policy and review what perils are covered and what perils are excluded. Policies do vary, though, so for your own peace of mind, check yours for the specific perils covered. For certain perils not covered, some insurers offer endorsements or riders that, for an additional premium, would add coverage for additional perils or property. The Insurance Information Institute provides a convenient [table](#) that lays out what types of homeowners and personal property policies cover what type of damages and perils. In general, floods are not covered by property insurance. Independent flood coverage, however, may be available from the [National Flood Insurance Program](#) (NFIP) and from a few private insurers.

As with auto insurance, there are different levels of homeowners and renters insurance, with typical policies labeled as “[Basic HO-1](#),” [Broad HO-2](#),” and “[Special HO-3](#).” Again, insurers use many different types of policies, and some write their own, but in general the Basic and Broad form homeowners do not cover such risks as floods, earthquakes, and mudslides. For those perils, you have to move up to the Special form policies or obtain an [endorsement](#), and even then there may be limitations. , such as limited [earthquake coverage](#).

Severe storms and flooding often lead to sewer backups. Unfortunately, [sewer backups](#) from flooding are not covered under most policies. That coverage must be purchased as a [separate](#) item, which usually does not significantly increase the property owner’s premium.

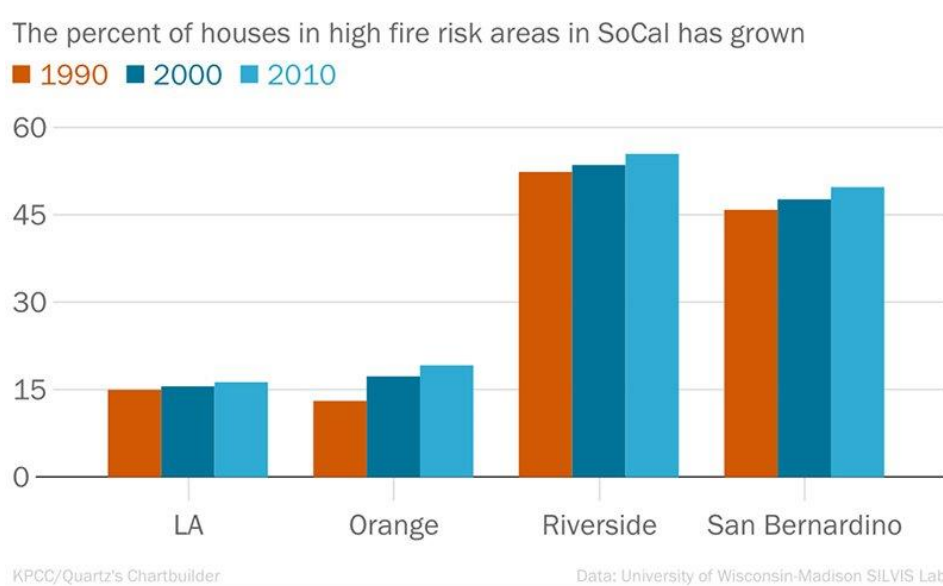
Prevention and Preparation

A. [Zoning](#)

FEMA has developed the [National Preparedness Goal](#), which identifies five mission areas and thirty-two core capabilities aimed at assisting everyone who has a role in achieving that national goal. The first of the [mission areas](#) is “Prevention,” with the others being “Protection,” “Mitigation,” “Response,” and “Recovery.”

For the real estate market, prevention and mitigation efforts are key. Starting with prevention, zoning regulations are arguably the best way to prevent natural disasters from causing damages and reducing value to the overall real estate market.

The paradox that some of most desirable places to live also are among the most susceptible to natural disasters, such as hurricanes and wildfires, has been noted. “Mansions in the Santa Monica Mountains, tiny cabins tucked into the Angeles National Forest and homes at the edges of subdivisions all are beautiful because they’re surrounded by undeveloped land. But that land is a tinderbox,” says an [article](#) from the Cronkite News in Arizona. The [graph](#) below shows that people continue to build in high-fire-risk areas.



Stronger, and enforced, zoning ordinances, can prevent residential building in high risk areas altogether. Alternately, these ordinances can impose strict spacing, design, and manufacturing requirements, all aimed at avoiding further loss of life and destruction of real estate. In 2017, Harris County, which surrounds the City of Houston, overhauled its flood rules, enlarging them from 100-year floodplains—which have a 1% chance of flooding in a given year—to 500-year floodplains. These rules will [compel people building houses](#) in certain areas to elevate them up to eight feet higher than had previously been required.

In North Carolina, floods are among the most frequent and damaging natural disasters. Consequently, nearly every flood vulnerable area in North Carolina participates in The National Flood Insurance Program (NFIP), which was created by Congress to mitigate future flood losses through sound, community-enforced building and zoning ordinances. In addition to sound zoning regulations, North Carolina got proactive and developed the [North Carolina's Digital Flood Insurance Rate Maps \(DFIRM\)](#). These maps help business leaders and residents to predict flood hazards and prepare for flood events. The maps are quite precise with the information made available. The maps and related website have [digitally accessible flood hazard data](#), models, maps, risk evaluations, and reports, all based on an extensive database. The [website](#) provides geospatial base map data, imagery, and LiDAR data, along with hydraulic and hydrologic models for download and use. That is an impressive amount of information for any business owner or resident who takes the risk of hurricanes and floods seriously, as they should.

Communities should bear in mind that building codes are a minimum standard, and that [it is critical to build above the baseline](#). Ensuring that a structure is up-to-code or that it exceeds the applicable standard before a disaster hits is an important measure to help to prevent or lessen the damage caused by natural hazards.

B. Resilience

Closely related to zoning is the idea of building resiliency to natural disasters. One approach to building such resiliency is thinking outside of the box and considering a holistic approach, where every aspect of a community is investigated, evaluated, or considered. The community will focus on the hazards that are particular to its station, and then a comprehensive plan is developed by community leaders. Studies and papers have been done on this approach. See, e.g., the research paper from the Natural Hazards Research and Applications Information Center at the University of Colorado, [Holistic Disaster Recovery Ideas for Building Local Sustainability After a Natural Disaster](#).

One part of the holistic resiliency approach is to build in safety measures that protect existing communities. For example, people can seek shelter from rising waters and battering storm surges by constructing sea walls, such as those planned in [Boston](#) or [Miami](#). Other approaches include building to accommodate the tremendous powers of disasters, such as by setting homes on [stilts](#) on the North Carolina coast to hover above the surging storm waves.

A community may also opt for a third, more dramatic option: “managed retreat” away from the disaster-prone area. [Managed retreat](#) is “the purposeful, coordinated movement of people and assets out of harm’s way,” according to assistant public policy professor A. R. Siders of the University of Delaware’s Disaster Research Center in Newark. Although not a new concept,

managed retreat presents incredible challenges—legal, logistical, ethical, political, financial, and architectural. Although the challenges of this approach may appear daunting, there may be little choice but to adopt it. Sea levels could rise as much as six feet or more by century's end, [flooding hundreds of coastal cities](#), and we have already noted how severe storms and floods, heat waves, and wildfires are already decimating communities. Unlike at any other time, in the past, it is likely that hundreds of millions of people worldwide will be forced to move (by one estimate, [more than 300 million worldwide within 30 years](#) will be displaced just by sea level rise alone) according to new, more accurate measurements. Already, some governments in Southeast Asia and Oceania have considered ambitious plans. [Indonesia is preparing to move its capital to Borneo Island](#), as up to one-third of Jakarta could be underwater within 30 years. In addition, the nation of [Kiribati has purchased land in Fiji](#) to allow a future migration of its citizens.

In addition to consideration of a manage retreat, if a comprehensive, holistic approach is taken, then money can be spent wisely, benefitting every aspect of the community, and particularly the real estate market. Funding resilience strategies is remarkably efficient. Every [\\$1 spent to increase resilience to natural disasters such as flooding, hurricanes and wildfires generates \\$6](#) in benefits to reduce losses from business interruption, damage to structures and other risks, according to an assessment by the [National Institute of Building Sciences \(NIBS\)](#).

While U.S. disaster losses from wind, floods, earthquakes, and fires now average [\\$100 billion per year](#) (with over \$300 billion being spent in 2017), there are affordable and highly efficient strategies that political leaders, building owners, and the construction industry can use to lessen or even avoid these damages. These strategies include adopting and strengthening building codes, upgrading buildings, and improving utilities and transportation systems.

An analysis of natural hazard efforts to prevent damages is documented in FEMA's Interim Report, [Natural Hazard Mitigation Saves](#). The findings of the study are impressive:

- (1) [Adopting the latest building codes saves \\$11 per \\$1 invested](#);
- (2) Codes have substantially improved society's disaster resilience, while adding only about 1% to construction costs;
- (3) The country could invest over [\\$500 billion to upgrade residences with 15 measures](#), saving more than \$2 trillion;
- (4) Lifeline retrofit saves \$4 per \$1 cost, which is significant because our society relies heavily on telecommunications, roads, power, water, and other lifelines; and
- (5) [Federal grants save \\$6 per \\$1 cost](#). Specifically, public-sector investment in these efforts since 1995 by various governmental agencies cost \$27 billion, but will ultimately save \$160 billion, thereby saving \$6 saved per \$1 invested.

Certain states are already starting to buy into the resiliency movement and are taking action. California passed a Senate Bill that would mandate the Ocean Protection Council to develop the Sea Level Rise Revolving Loan Program to offer low-interest loans to local municipalities [to buy coastal properties considered vulnerable](#). The [Governor vetoed the bill](#), however, reasoning that,

“[u]nfortunately, it does not comprehensively address the costly activities envisioned, likely to be carried out over decades.”

In Vermont, after sustaining heavy damage in 2011 by flooding from tropical storm Irene, the state received federal funding to begin the [Vermont Economic Resiliency Initiative](#) (VERI). The initiative has assisted five particularly vulnerable communities prepare for future cataclysms because of climate change. “[It’s not a matter of if it’s going to happen, it’s when](#),” says Chris Cochran, the state’s director of community planning and resilience.

As noted, modern-day, updated building codes are extremely cost-effective. They save far more than they cost, and they can even save lives. According to a study prepared by FEMA, some communities have not got the message yet, even though the assessment shows that, over a 20-year period, [municipalities with modern building codes would avoid at least \\$32 billion in losses](#) from natural disasters as compared to municipalities without modern codes.

Finally, as climate change has had a significant role in worsening the natural disaster problem, President Joe Biden, soon after taking office, signed several [executive orders to tackle climate change and transition the country to a clean energy economy](#). The executive actions included establishing climate change as a national priority, conserving 30% or more of federal land and oceans by 2030, and canceling new oil and gas leases on public lands and waters.

C. [FEMA Programs](#)

[The National Risk and Capability Assessment](#) (NRCA) is a group of assessment performed by FEMA that measure risk and capability across the nation in a standardized and coordinated way. When put together, these assessments will help to better measure national risks, capabilities, and lapses. The results are reported in future National Preparedness Reports.

One such assessment is called the [Threat and Hazard Identification and Risk Assessment](#) (THIRA). THIRA is split into two major assessments: the Community THIRA and the National THIRA. The [Community THIRA](#) helps communities evaluate their risks and what they need to do to handle those risks by answering the following questions: What threats and hazards can affect our community? If they occurred, what impacts would those threats and hazards have on our community? Based on those impacts, what capabilities should our community have? When community consider and answer these questions, it lays the foundation for deciding a community’s capability gaps as part of the Stakeholder Preparedness Review (SPR).

The [National THIRA](#) is concerned with building a culture of preparedness, requiring the country to appreciate what risks they face and how to prepare for them. The National THIRA examines the impacts of the most catastrophic threats and risks to the country and establishes capability targets to manage them. The [SPR](#) is a self-assessment of a municipality’s present capability levels against the targets identified in the THIRA. Using the targets from the THIRA, municipalities can assess their current capability and how that capability changed over the last year, such as capabilities lost, sustained, and built. Municipalities also grants [helped to build or maintain capabilities](#) identify how FEMA preparedness.

FEMA also provides tools for using THIRA and SPR. The [Comprehensive Preparedness Guide \(CPG\) 201](#), Third Edition, offers guidance for conducting a THIRA and SPR.

Another tool offered by FEMA is the [Increasing Resilience Using THIRA/SPR and Mitigation Planning](#), which addresses the similarities and differences between mitigation planning and the THIRA and SPR processes. The manual provides an optional approach to streamline state, territory, and tribal applications to the mitigation plan and the THIRA/SPR. It aims to help recognize opportunities to better evaluate threats, assess risks, build and sustain capabilities, lessen vulnerability, identify ways to boost resilience, and avoid duplication of effort.

Mitigation Programs

Even the best planning will not prevent a natural disaster from having a negative impact on a community and on the people in the community. In order to minimize the impact, sustained action is called for. This sustained action is mitigation. The federal government has numerous disaster mitigation programs, operated by several different agencies.

A. FEMA Programs

Two of the largest federal programs are FEMA's [Hazard Mitigation Grant Program \(HGMP\)](#) and Building Resilient Infrastructure and Communities (BRIC) program. Both of these programs are community-based mitigation programs. The HGMP provides funding for eligible mitigation measures to reduce the losses from disasters. The [goal of the program](#) is to ensure that the opportunity to take critical mitigation measures to reduce the risk of loss from future disasters is not lost during the reconstruction process following a disaster. HMGP funding is available if a Presidential major disaster declaration. Grants may be awarded for projects in the areas of a state as requested by the Governor.

The BRIC program provides support to states, local communities, tribes, and territories for creating and implementing hazard mitigation projects. For [FY 2020](#), FEMA selected 22 mitigation projects for grants to non-tribal governments. Twelve of these projects relate to flood control.

B. HUD Programs

The [HUD Community Development Block Grant \(CDBG\) Disaster Recovery Program](#) provides assistance after a Presidentially-declared disaster. The availability of grants depends on the declaration of a disaster, and on the appropriation of funds by Congress. [Projects or activities](#) that are eligible for funding are determined when funds are appropriated. Funds are to be directed to the most adversely impacted areas, and are typically used for disaster relief, long term-recovery, restoration of infrastructure, housing, and economic revitalization.

C. Small Business Administration

The SBA provides disaster relief through its [Disaster Loan Assistance Program](#). The Program low-interest loans to eligible small businesses to help those businesses and homeowners recover from declared disasters.

D. Other Programs

Other federal agencies with [disaster mitigation programs](#) include the [Department of Agriculture](#), the [Department of Energy](#), and the [Department of Commerce](#).

Other Disaster Preparation Measures

Apart from government programs, there are private sector measures that can be taken to mitigate the impact of a natural disaster. Unlike the federal programs, these measures are targeted to an individual homeowner, or to one business, rather than a community.

A. Insurance

Many standard homeowners' insurance policies do not provide flood coverage. Even when endorsements for flood coverage can be purchased, they typically contain limitations. To help bridge those gaps, FEMA manages [The National Flood Insurance Program](#) (NFIP), which is delivered through a network of approximately 60 insurers and the NFIP Direct. Floods can happen anywhere: just one inch of floodwater can cause up to \$25,000 in damage, so obtaining the insurance is a wise investment. It helps those affected to recover more quickly from the flooding event as the waters recede. The NFIP works with communities required to adopt and enforce floodplain regulations that help prevent and lessen flooding effects. The insurance is available to anyone residing in one of the 23,000 participating NFIP communities. Homes and businesses in high-risk flood areas with mortgages from government-backed lenders [must have flood insurance](#).

Communities are encouraged by FEMA to undertake measure to protect against natural disasters and flooding, including offering incentives. Specifically, the [Community Rating System](#) (CRS) is a voluntary incentive program that encourages floodplain management procedures that exceed the minimum standards NFIP. More than 1,500 communities participate in this program. In CRS communities, flood insurance premium rates are lowered to represent the reduced risk resulting from the community's efforts to address the [three goals of the program](#): (1) Reduce and avoid flood effects to insurable property; (2) Strengthen and assist the insurance aspects of the NFIP; and (3) Promote comprehensive floodplain management.

The [infamous case involving State Farm and flood insurance](#) with respect to Hurricane Katrina merits discussion. In the years before the hurricane, State Farm issued federal government-backed flood insurance policies and general homeowners' policies. After the hurricane, the company ordered its adjusters to mischaracterize wind damage as flood damage to move liability to the government and spare the insurer's coffers. The U.S. Supreme Court upheld a jury verdict finding that State Farm defrauded the federal government.

B. Disaster Planning by Real Estate Businesses

Disaster planning should also be considered by real estate businesses. There are several matters that should be confirmed or addressed to help protect your business or mitigate any loss that does occur due to a natural disaster. [Consider the following decisions and matters](#):

- Check your insurance coverage;
- Identify your most likely risks and then brainstorm strategies as to the best way to mitigate those risks;
- Develop an emergency plan. Make sure your team knows exactly who does what if and when an emergency occurs;

- Have a business continuity plan specifying how your business will continue if a disaster occurs;
- Determine whether you need first-aid-trained people within your business;
- Backup your IT systems;
- Plan for how you will pay your employees and vendors if your systems are down or if your building is inaccessible;
- Decide how you will contact all of your clients and keep track of pending transactions.

The Federal Government also has useful resources on disaster preparedness for business. You can access them here: <https://www.ready.gov/business-toolkit>.

Relief

A. Federal Government Programs

When a disaster does strike and causes significant damage, many sources of relief are available, led by the federal government. While FEMA is the main agency, there are other agencies that can offer such relief.

The Department of Housing and Urban Development (HUD) has several resources that may be helpful to those impacted by natural disaster losses. [Some of those resources include:](#)

- Mortgage Assistance from the Federal Housing Administration (FHA);
- Office of Housing Counseling;
- Assistance from Ginnie Mae;
- Office of Multifamily Housing; Community Development and Housing Assistance;
- Office of Fair Housing and Equal Opportunity; and
- Policy Development & Research.

The United States Department of Agriculture (USDA) also has several programs, [including the following:](#)

- Emergency Loan Program;
- Disaster Set-Aside Program;
- Noninsured Disaster Assistance Program (NAP); and
- Tree Assistance Program (TAP).

The United States Small Business Administration (SBA) also has programs and policies available for those who have sustained damages or other problems due to natural disasters. [Those programs include:](#)

- SBA Disaster Loans;
- Physical Damage Loans;
- Mitigation Assistance;
- Economic Injury Disaster Loans; and
- Military Reservist Loans.

Fannie Mae also provides a range of [disaster assistance](#) to homeowners with a Fannie Mae-owned loan.

B. Regional and Private Programs

Every state in the nation has some agency, and most have multiple agencies, that provide various forms of relief for those suffering from natural disaster losses. Anyone affected may visit their state's governmental website and pull up the relevant programs and policies, or otherwise call. For example, Massachusetts has [The Massachusetts Emergency Management Agency \(MEMA\) Disaster Recovery Unit](#) which coordinates the provision of three disaster assistance programs: FEMA Public Assistance (PA), FEMA Individual Assistance (IA), and Small Business Administration (SBA) Disaster Loan Programs. Massachusetts also has undertaken several efforts at adapting to, mitigating, and aiding help reduce and protect against [climate change](#).

Many private and voluntary organizations also help and expertise in dealing with natural disaster losses. The [Red Cross](#) and [Salvation Army](#) are of course well-known for their efforts in this area. There is also [The Red Guide to Recovery](#), written by Sean Scott, which is now used by fire departments, relief organizations, government agencies, and communities across the country. It provides people valuable information regarding how to prepare for and recover from disaster events.

NAR Programs

The National Association of Realtors has countless programs, policies, articles, and other resources relating to the prevention of, protection against, mitigation of, and relief for losses of natural disasters. When an individual or business has suffered such a loss, the NAR website should be one of the first places to consult. It would be difficult to list every resource available here. But we will note a few items.

[The REALTORS® Relief Foundation \(RRF\)](#) is a charitable organization devoted to housing-related assistance for victims of disasters. It started as a REALTOR®-driven response to the 9/11 terrorist attacks, RRF continues to restore and rebuild areas inflicted by disasters, including wildfires, hurricanes, earthquakes, and tornadoes. Through the RRF and the many donations it has received, our real estate community has helped over 17,000 families remain in their homes.

The NAR provides a handy [Disaster Preparedness Plan Checklist](#). It has educational and informational resources covering a variety of topics, e.g., an article on [5 Steps to Prepare Your Home for Natural Disasters](#). Advice does not get much more practical than that. The Association's website abounds with such helpful information and guidance.

Other Organizations at Work in this Area

Many other organizations are involved in natural disasters and their consequences, offering advice, support, and/or funds. Such organizations include the [American Planning Association](#); the [National Affordable Housing Management Association](#); the [National Tribal Emergency Management Council](#); and the [Rural Advancement Foundation International](#).

Hot Topic Alerts are prepared for NAR by Legal Research Center, Inc.

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Questions or concerns contact Melissa Horn
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ADDITIONAL STATE & LOCAL RESOURCES

White Papers: Comprehensive reports prepared for NAR on issues directly impacting the real estate industry. Examples include: Rental Restrictions, Land Banks, Sales Tax on Services, State & Local Taxation, Building Codes, Hydraulic Fracturing, Foreclosure Property Maintenance, Climate Change, Private Transfer Fees.

Growth Management Fact Book: Analysis of issues related to land use and modern growth management topics include density — rate of growth, public facilities and infrastructure, protection of natural resources, preservation of community character, and affordable housing.

All available on [REALTOR® Party webpage](#) under the *State & Local Issues* tab.