



2023 CAI HOUSTON TRADE SHOW

Weathering the Storm: Contingency Planning for Natural Disasters

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Scope

- All considerations for planning for severe weather events that cause significant damage and disruption for single-family associations and condominiums
 - Before, during, and after events
- Facts and Figures
- Finances
 - Operating and Reserve Accounts
 - Reserve Studies
 - Assessments
 - Insurance
- Outreach

Facts and Figures - Texas

- 2017-2021 - \$58.3 billion in weather-related property damages in Texas, highest amount of any state!¹
 - Flash flooding was leading cause, contributed to \$44.8 billion

Year	Tornado/Hail/Thunderstorm/Wind Events	Flash Flood Events ²
2013	113	22
2014	61	27
2015	192	73
2016	105	33
2017	147	91
2018	114	27
2019	143	53

Facts and Figures – Southeast Texas

- From 1992-2019
 - Harris County: 206 Flash Flood Events, 988 Severe Weather Events
 - Galveston County: 99 Flash Flood Events, 325 Severe Weather Events³
- 2017 - Hurricane Harvey - 60.5 inches recorded in Jefferson County: predictions range from 1,000 to 50,000-year flood event
 - \$51.2 billion in damages (Texas)⁴
- 2019 - Tropical Storm Imelda – 44.3 inches recorded in Jefferson County: 1,000-year flood event
 - \$925 million in damages (Texas)⁵

Winter Storm Uri - 2021

- Costliest natural disaster in Texas history: \$195 billion in damage
- At peak: 4.5 million Texas residents left without power⁶

January 24, 2023 - Tornados

- Maximum EF-3 Tornado in Southeast Harris County
- Estimates
 - 18,600 single- and multifamily residential properties potentially affected
 - \$4.6 billion combined reconstruction value

Takeaways

- ~~“Unprecedented”~~
- Planning in advance is critical
 - Hurricane Season: June 1 – November 30
- Emergency Response Protocol

Maintenance Schedule & Reserve Study

- Maintenance Schedule
 - Preventive & Predictive
 - Frequency depends on types of improvements/amenities
- Reserve Study
 - Inspection of the community and improvements/amenities
 - Result: plan for funding reserves with eye toward anticipating major repair or replacement projects

Finances

- Supply chain issues & economic volatility
- Prices for lumber and other construction materials have spiked
- Insurance rates, utility costs, payroll, maintenance services all increasing⁸

Finances

- Operating Account
 - Checking Account
- Reserve Account
 - Savings Account, Credit Union Account, Money Market Account, Certificates of Deposit, Money Market Mutual Funds (conservative investments/growth)
 - All types (save Money Market Mutual Funds) offer federal insurance of up to \$250k⁹
- Increase Regular Assessments? Special Assessments?
 - Potential limits
 - Keep members updated and informed

Insurance

- Double-check policies and coverages
 - Property
 - Flood
 - General Liability
 - Are natural disasters/catastrophes covered under master policy? If so, which ones?
 - Other policies may be required per restrictions
- Account for premium increases ASAP

Response and Outreach

- Before Event
 - Disseminate weather updates, evacuation/shelter in place orders, and warnings to owners through Association website/email blasts
 - Weather-proof common areas and amenities
- During Event
 - If possible, continue to provide updates and advisories through Association website/email blasts
 - Information or referrals for humanitarian aid groups or nearby shelters for affected owners
- After Event
 - Document property damage
 - Contact preferred vendor(s) and insurance carrier(s) ASAP
 - Suspension of deed restriction enforcement?
 - Possible, but not for too long
 - Allow for deferred payment of assessments with reduced or no penalty?
 - Possible, but no waiver

Conclusions

- “By failing to prepare, you are preparing to fail.” – Benjamin Franklin
- “Someone’s sitting in the shade today because someone planted a tree a long time ago.” – Warren Buffett
- Measured Compassion
 - Uniting events
 - Charity to affected owners could be problematic

References

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2. *HGX Severe Weather Statistics: 1992-2019*, NATIONAL WEATHER SERVICE, <https://www.weather.gov/hgx/svrstats>.

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3. *Id.*
4. Kimberly Amadeo, *Hurricane Harvey Facts, Damage and Costs: What Made Harvey So Devastating*, THE BALANCE, January 20, 2019, https://www.lamar.edu/_files/documents/resilience-recovery/grant/recovery-and-resiliency/hurric2.pdf; Travis Herzog, *Top 10 Weather Events of the Decade in Southeast Texas*, KTRK-TV, December 30, 2019, <https://abc13.com/hurricane-harvey-imelda-tropical-storm-tornados/5798403/>; *Storm Events Database, Events Reported Between 08/25/2017 and 08/31/2017*, NATIONAL CENTERS FOR ENVIRONMENTAL INFORMATION, https://www.ncdc.noaa.gov/stormevents/listevents.jsp?eventType=ALL&beginDate_mm=08&beginDate_dd=25&beginDate_yyyy=2017&endDate_mm=08&endDate_dd=31&endDate_yyyy=2017&county=ALL&hailfilter=0.00&tornfilter=0&windfilter=000&sort=DT&submitbutton=Search&statefips=48%2CTEXAS
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9. *Id.*; Bruce Bent, *Inflation: How to Manage Your HOA's Cash*, HOA RESOURCES/COMMUNITY ASSOCIATIONS INSTITUTE, <https://hoaresources.caionline.org/inflation-how-to-manage-your-hoas-cash/>

Special Thanks

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Questions?



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