

# Flood Insurance: A Necessary “Luxury”

By Sean D. Bartell

Built in 1956, Eric Dowding's Braeburn home had never flooded until he hit the trifecta: Memorial Day 2015, Tax Day 2016, and Harvey in 2017. Photo courtesy of Eric Dowding.

When Hurricane Harvey came, flooding was nothing new to Braeburn resident Eric Dowding. Having lived in Houston with his wife Trang Phan since Hurricane Rita in 2005, he was familiar with hurricanes but did not personally experience his first flood until Memorial Day in 2015. His home situated on Brays Bayou in Greater Meyerland had not flooded once since it was built in 1956, so they went into the forecasted flash floods more than a little confident — even by his own admission, “cocky.”<sup>1</sup>

Their home’s first flood brought in twelve inches of water. But, thanks to flood insurance, “We got a new house out of it. Let’s put it bluntly,” he said in an interview with the University of Houston’s Resilient Houston: Documenting Hurricane Harvey project. He explained, “It damaged all the walls ... the original wood floor. So that had to come up. You take out all the sheetrock up to two or three feet above the line ... redo all your walls, all your flooring. Then you have to repaint everything. Your kitchen, all your cabinets, so it’s a redo.”<sup>2</sup>

Flood insurance provided the resources to rebuild everything, but that effort, money, and stress were all in vain when the 2016 Tax Day flood washed away their hard work shortly after the couple moved back home. While Tax Day brought only four inches of water, the second remodel took eight months, and they had been back in the house for less than a year when Harvey arrived with over two feet of water.

Houston has a lengthy history with floods well preceding Dowding’s experience that makes investing in flood insurance a worthwhile practice. The very same marshy, lowland



Eric Dowding and his wife Trang Phan slept on the countertops to escape the rising water during Harvey. “Sleeping on a kitchen counter is not great. It’s a little cold. And it’s a little short,” Eric quipped.

Photo courtesy of Eric Dowding.

terrain that engendered the city’s success as an international port makes it a ripe target for severe flooding. The National Flood Insurance Program was formed to “transfer some of the financial risk of property owners to the federal government” and “mitigate comprehensive flood risk through the development and implementation of floodplain management standards.” During Houston’s 1976 flood, eight years after the program began in full, 40 percent of afflicted homes had flood insurance. By contrast, when Harvey struck, approximately 15 percent of 1.6 million homes in Harris County

had flood insurance, rising to 28 percent for “high risk” properties. With the city’s urban sprawl and the mounting storm severity from climate change, lack of insurance has become an increasingly important issue.<sup>3</sup>

The most significant flood to devastate the city prior to



FEMA and the National Flood Insurance Program advocate for the necessity of flood insurance, particularly in Houston, providing information to insurers to distribute through social media.

Photo courtesy of FEMA and the National Flood Insurance Program.

Harvey was Tropical Storm Allison. The storm hit Houston on June 5, 2001, and again on June 8 as it wandered out to the Gulf and back again, affecting two million people and resulting in \$5 billion in damage. One-third of Allison’s flood claims came from outside of the mapped 100-year floodplain area — where flooding was expected, and flood insurance was broadly mandatory — leaving tens of thousands uninsured and paying off disaster loans with monthly installments roughly equal to an annual flood insurance premium at the time. Events of Allison’s severity had been quite rare, but the 2015 Memorial Day and 2016 Tax Day floods were nearly as severe, albeit over a shorter period. These events may not be common, but they have come in rapid succession in recent years. On top of all this, Harvey dealt more than ten times the property damage of Allison, and 68 percent of the damaged homes in Harris County resided outside the special flood hazard areas marked by FEMA.<sup>4</sup>

Flood insurance in Houston is thus a necessary “luxury.” Flood damage repair and remodeling costs can easily reach six figures, and flooding patterns have shown no sign of stopping. Homeowner’s insurance typically does not cover any flood damage. FEMA provides some relief, but it tends to be just a few thousand dollars and requires bureaucratic hurdles at which many people balk. This is why people

without sufficient flood insurance will turn to disaster loans. The Small Business Administration provided \$367 million in relief to Texas businesses and homeowners, but these loans can be problematic. For example, a disaster loan providing \$50,000 will on average have interest payments that exceed \$200 per month — a considerably more expensive cost compared to an annual flood insurance premium.<sup>5</sup>

Flood insurance has the potential to provide a massive return. According to the Harris County Engineering Department, the average annual flood insurance premium is about \$500, and the maximum a policy can cover is \$100,000 for contents and \$250,000 for dwelling damage. The premium naturally increases and decreases according to risk, with some particularly low-risk areas having rates as low as \$119. The math is simple. Disaster loans, according to FEMA’s 2018 estimate, cost six times more and provide a fraction of the assistance that flood insurance offers, and that difference will likely increase over time. Even one inch of water can deal \$25,000 in damage, and FEMA relief averages \$8,000 or less. Paying a premium could cover that ten times over before reaching any sort of upper limit. Plus, relief is only intended to get you back on your feet; insurance is meant to help you rebuild your life. Don Witt, who had four feet of water in his Kingwood home, reflected on



Floodwater rose sixty-three inches in Sidney Nice’s Atascocita Point home. During a flood, water penetrates the walls, furniture, cabinets, and appliances, leaving mud, sludge, sewage, and more in its wake and making recovery expensive.

Photo courtesy of Sidney Nice and reduceflooding.com.

the value of flood insurance, saying, “We have a brand new house. ... All the windows, all the doors, all the appliances, even the air conditioner ... everything was being replaced.”<sup>6</sup>

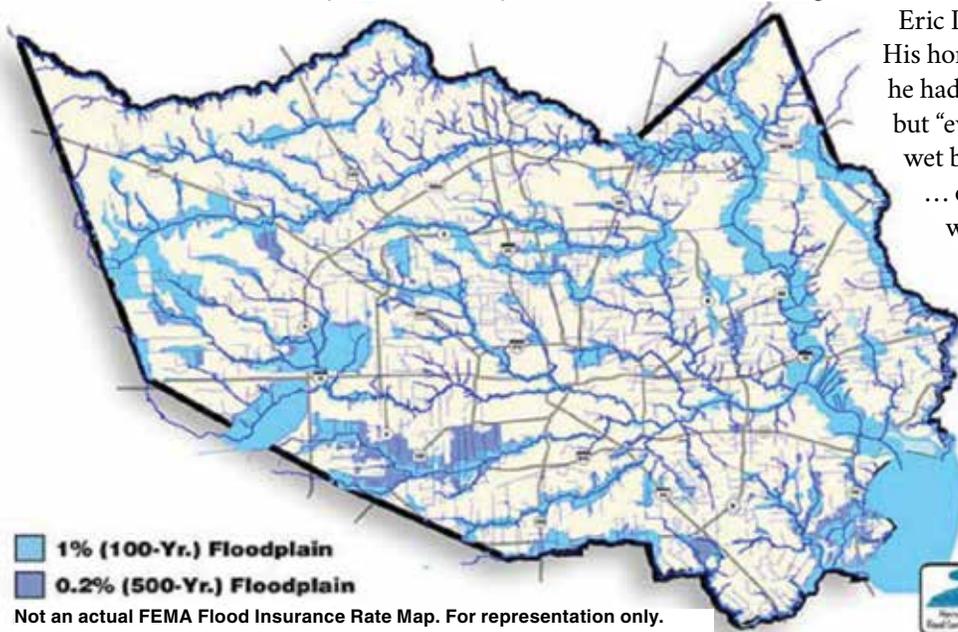
It is important to note that flood insurance also applies to renters, residents who are not covered by policies their landlords may have on the dwelling. Renters who want to be protected must purchase their own policy to cover their contents, and, in particularly flood-prone areas, renters may be required to insure their belongings just to sign a lease. Thankfully, contents-only insurance can be cheaper than insuring the structure itself.<sup>7</sup>

Of course, this basic arithmetic can have little bearing on how real life plays out. While some people opt to forego flood insurance because they assume flooding will never happen to them, others face a more difficult challenge. Although \$500 per year may be a bargain in terms of money spent versus money paid for a claim, in some households, that cost is still a few hundred dollars needed to pay for food or shelter. Since Houston residents can no longer afford to be complacent about flooding, if a premium is beyond one’s means, they can consider other steps to protect their belongings. For example, when storms approach, they can elevate furniture and belongings, check weather updates, and ensure that electrical appliances are kept as far from flood water as possible. But if it is a feasible investment, flood insurance should be a priority.

In Houston, flooding is no longer an if, but a when; being prepared is not optional. Homes that have avoided flooding for decades have been met with twelve inches or more of water in the three subsequent “500-year” floods from 2015 to 2017. A 500-year flood does not mean that an area is

*The floodplain map for Harris County, circa 2018, shows areas at highest risk of flooding in light blue. These areas generally require flood insurance for a mortgage, unlike homes in the 500-year floodplain, where that is less likely to be the case.*

Photo courtesy of the Harris County Flood Control District.



safe for 499 years after one occurs, but rather that there is a 0.2 percent chance of one occurring any given year. As of August 2020, Houston has not had a 500-year flood since Harvey, but the area still saw major flooding in 2019 from heavy rain in May and Tropical Storm Imelda in September that put people out of their homes for weeks or even months. Flood insurance in such instances could be crucial to their recovery.<sup>8</sup>



*Following Hurricane Harvey, Eric Dowding and his wife decided to rebuild their home rather than fix it again. They are still living with studs for walls while they wait.*

Photo courtesy of Eric Dowding.

Before approving loans in high-risk flood regions of Houston, lenders now require residents to procure flood insurance when purchasing property in the area. Despite that, 25 percent of flood claims are in regions not considered to be at high risk for flooding and are not required to be insured. Further, with floodplain reassessment an ongoing, multi-year project, updates are not rapidly available. The only certainty in Houston post-Harvey is that it *will* flood again and being prepared for that possibility is vital.<sup>9</sup>

Eric Dowding, for one, has made up his mind. His home needs to be insured. Before Harvey, he had put things around his house up higher, but “everything that [he] had prepared still got wet because it’s not easy elevating everything ... over two feet,” he explained. As of this writing, three years post-Harvey, he is still waiting for his rebuild, living with entire walls of his home missing. Despite this, he has as positive an outlook as possible on his ability to weather future floods and offers a related piece of advice: “Get flood insurance. Seriously — every house in Houston should have flood insurance.”<sup>10</sup>

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