

Financial Effects of Extreme Weather Events: The Households

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BROOKINGS

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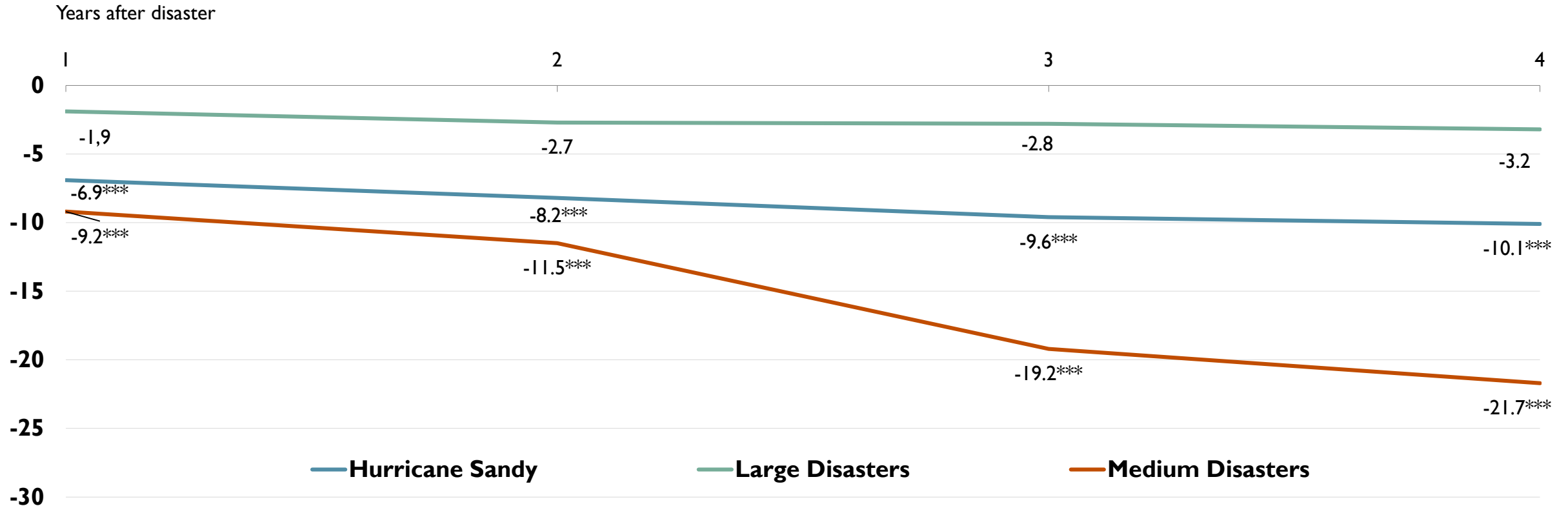
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Vincent Laforet/AFP/Getty Images

Extreme weather events lead to broad and negative effects on household finances—especially without a public safety net.

Change in credit scores for survivors in affected locations by disaster type over four years

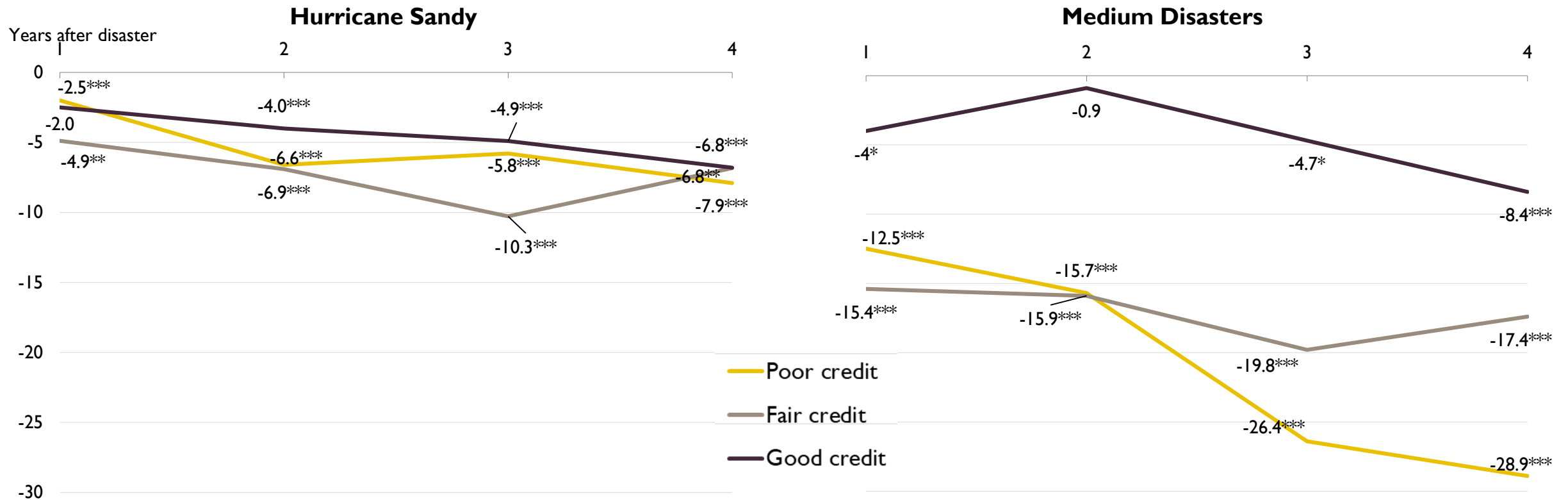


Source: Urban Institute calculations of credit bureau, FEMA, and ACS data.

Notes: Values represent average differences in credit scores between individuals affected by the indicated disaster (or set of disasters) and matched individuals from unaffected areas, as described in detail in the methods section. Effects are estimated separately for each disaster for each of the four years following the disaster. Asterisks indicate statistically significant changes (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Individuals that struggle financially before disasters are the hardest hit by them.

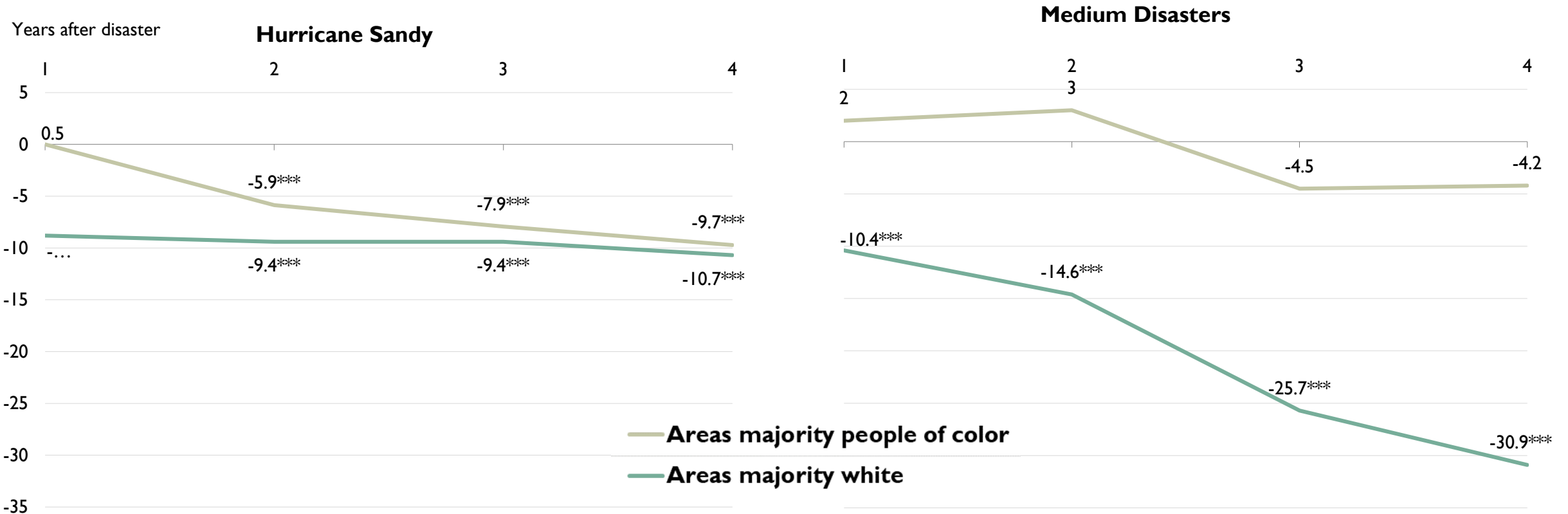
Change in credit scores for survivors in affected locations by pre-disaster credit score group over four years



Notes: Values represent average differences in credit scores between individuals affected by the indicated disaster (or set of disasters) and matched individuals from unaffected areas, as described in detail in the methods section. Effects are estimated separately for each disaster for each of the four years following the disaster. Asterisks indicate statistically significant changes (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$). We use VantageScore credit scores which range from 300 to 850. "Poor" scores range from 300 to 649, "fair" from 650 to 699, and "good" from 700 to 850.

Communities that struggle socially before disasters are also composed of households that are the hardest hit financially.

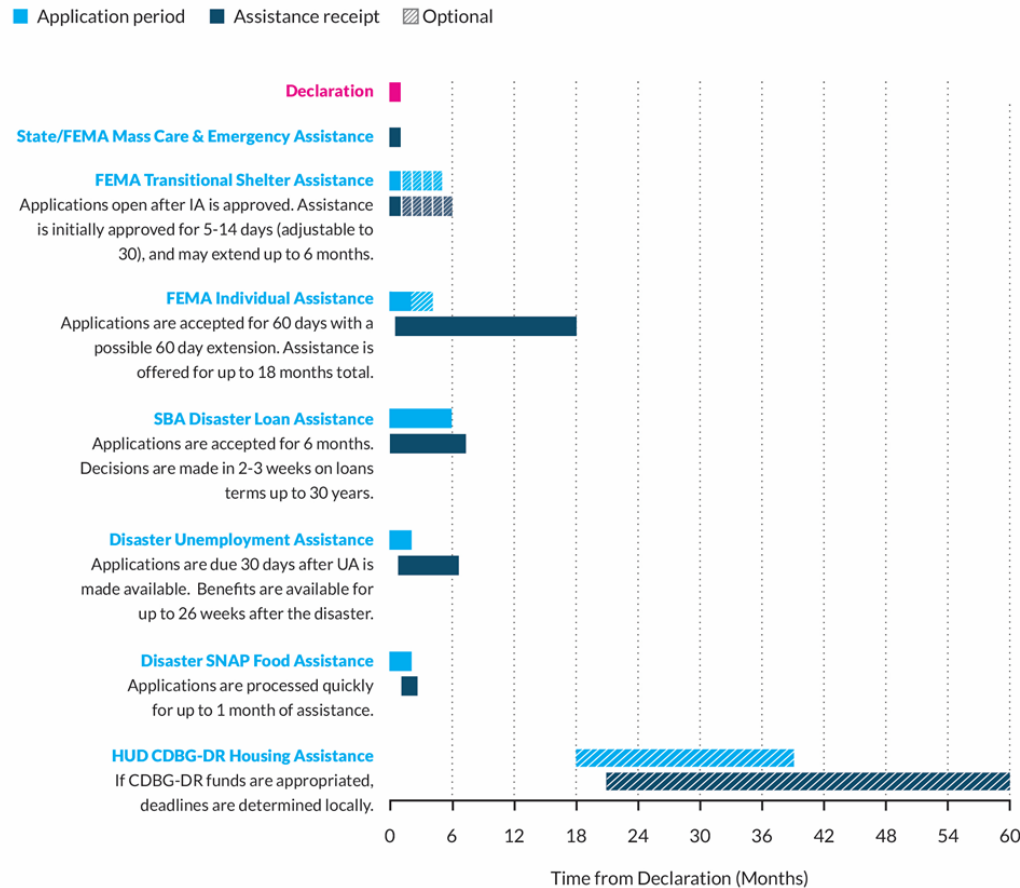
Change in credit scores in affected locations by racial majority of community over four years



Source: Urban Institute calculations of credit bureau, ACS, and FEMA data.

Notes: Values represent average differences in credit scores between individuals affected by medium-sized disasters and matched individuals from unaffected areas, as described in detail the methods section. Effects are estimated separately for each of the four years following the disaster. Asterisks indicate statistically significant changes (* p < 0.1, ** p < 0.05, *** p < 0.01).

The federal post-disaster safety net contains many holes.



Notes: LIHEAP, Tax Relief, FHA Foreclosure Moratoria, and Fannie Mae/Freddie Mac Forbearance are not tied to specific or estimated timeframes due to either provider discretion or the nature of the relief action. DHAP was available 1 and 2 years after a disaster for a 1- and 2 year-period, respectively, both times it was enacted and is not shown here.

Federal disaster management programs—including mitigation—are also variably targeted and distributed by states.

Municipal recipients

- FEMA Public Assistance
- EDA Disaster Supplemental
- HUD CDBG-DR and CDBG-MIT (ED & Infrastructure)
- FEMA Community Disaster Loans
- FEMA Hazard Mitigation Programs (including BRIC and FMA)
- EPA State and Tribal Assistance
- EPA Oil Spill Liability Trust Fund
- Education Recovery
- FHA Highway Emergency Relief
- FTA Public Transportation Emergency Relief
- HHS Public Health & Social Services Emergency Fund

Household recipients

- FEMA Individual Assistance
- HUD CDBG-DR (Housing)
- SBA Disaster Loans
- NFIP Claims
- Disaster Unemployment Assistance
- Disaster Relief Employment Assistance (Dislocated Workers Reserve Fund)
- Disaster LIHEAP
- Disaster SNAP
- Tax Relief
- FHA/FHFA Mortgage Forbearance
- Disaster Housing Assistance Program



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