

**EXECUTIVE SUMMARY**

**WORKSHOP TO REVIEW, UPDATE AND EXTEND PRIOR MITIGATION  
INCENTIVES RESEARCH AND PLANNING EFFORTS**

**for:**

**The Florida Department of Community Affairs**

**by**

**The International Hurricane Research Center  
Laboratory for Social Science Research  
Florida International University**

**June 2004**

**WORKSHOP TO REVIEW, UPDATE AND EXTEND PRIOR MITIGATION  
INCENTIVES RESEARCH AND PLANNING EFFORTS  
IHRC LABORATORY FOR SOCIAL SCIENCE RESEARCH**

This project investigated the 'Feasibility of Implementing Programs of Incentives to Include Hurricane Loss Mitigation Devices and Techniques in the Design/Construction of New Houses or in the Retrofit of Existing Houses.' It is within the 'Hurricane Loss Reduction Devices and Techniques' research tract.

As originally proposed by the IHRC, the Laboratory for Social Science Research agreed to 'assess the feasibility of developing and implementing a program of incentives' for home-buyers who purchase new homes that include one or more hurricane loss mitigation devices or techniques.' In addition, a purpose of this research was to look at programs intended to provide incentives to existing homeowners to retrofit their houses with cost-effective hurricane loss mitigation devices or techniques. The study proposed to also look into potential sources and methods of funding such programs of incentives.

**Research Participants, Titles and Affiliations:**

Florida International University, International Hurricane Research Center, Laboratory for Social Science Research Staff

James Rivers, Ph.D., Associate Professor and Director  
Stefanie A. Klein, Ph.D., Research Scientist  
Amy Reid, Graduate Research Assistant (FIU Sociology/Anthropology)  
Juanita Mainster, Graduate Research Assistant (FIU Sociology/Anthropology)  
Lilia Cunningham, Graduate Research Assistant (FIU Sociology/Anthropology)  
Deirdra Hazeley, Graduate Research Assistant (FIU Sociology/Anthropology)  
Anthony Peguero, M.A., Research Associate (University of Miami, Sociology)

IHRC/LSSR Consultant

Walter Peacock, Ph.D., Professor and Acting Head, Urban and Regional Planning, Texas A&M University

Department of Community Affairs Speaker

Mr. Charles McCool, Administrator of the Residential Construction Mitigation Program (RCMP)

FIU Faculty and Staff Experts

Ricardo Alvarez, Associate Director, IHRC and Director, IHRC Laboratory for Structural Mitigation  
Carolyn Robertson, Research Project Coordinator, IHRC  
Hugh Gladwin, Ph.D., Associate Professor and Director, Institute for Public Opinion Research  
Shahid Hamid, Ph.D., Professor and Director, IHRC Insurance and Economic Research Laboratory

## TABLE OF CONTENTS

- I. EXECUTIVE SUMMARY
- II. INTRODUCTION AND OBJECTIVES
- III. METHODS
- IV. FINDINGS AND RECOMMENDATIONS
- V. DISCUSSION
- VI. APPENDICES
  - Appendix A Homeowner's Incentive Team (HIT) 1999 Recommendations
  - Appendix B HIT Recommendations Revisited
  - Appendix C Florida residential Mitigation Status and Response to Potential Mitigation Incentives: A Brief Narrative
  - Appendix D Sample Invitation
  - Appendix E IHRC Laboratory for Social Science Research Hurricane Mitigation Incentives Workshop Agenda
  - Appendix F List of Invitees
  - Appendix G List of Participants
  - Appendix H Steering Committee
- VII. REFERENCES

## I. EXECUTIVE SUMMARY

### The IHRC Team focused on completing the following key processes:

- Conducting electronic and library searches to determine which types of incentive programs are already in place or nearing implementation in Florida;
- Reviewing mitigation incentives work done earlier by and/or including IHRC;
- Organizing and conducting a workshop on prospective incentives for homebuyers and homeowners.

### Key findings include:

- <http://www.floridacommunitydevelopment.org/mitdb/>, the Florida Department of Community Affairs website for mitigation information, continues to be the best and most authoritative source of mitigation incentive information for Florida homebuyers, homebuilders, homeowners and related organizations
- Four recommendations from the 1999 Homeowner Incentive Team report have been partially or completely implemented:
  - discounted or waived building permits, plan check or inspection fees for retrofits in accordance with guidelines
  - low interest loans for retrofitting
  - 'recognition' for structures built in accordance with higher standards
  - insurance premium incentives
- HIT 'progeny' also include the:
  - Residential Construction Mitigation Program (RCMP), and
  - Federal Alliance for Safe Homes (FLASH)

### Reanalysis of 1999 and 2003 statewide homeowner surveys revealed:

- Improvement statewide in 100% covered homes using code compliant materials
- Substantial improvement in this regard in wind-borne debris zone
- Significant reductions in homes with no protection in highest risk areas
- Yet, 48% have at best partial protection and 35% have no window protection
- Significant decrease in those who feel they do not need window protection
- Significant increase in cost as main reason for not having window protection
- Additional frequent reasons given: procrastination, appearance
- Minority households more likely to say cost main reason for not having shutters
- Lower income households were also more likely to report cost as a factor
- Households in higher wind risk (but not in 120 mph) zones also cited cost
- Low interest loans were not of interest to vast majority of surveyed homeowners
- Low interest loans significantly decreased in popularity as a mitigation incentive
- Forgivable loans were very interesting to 45% of those in each of the surveys
- Lower insurance premiums were very interesting to 38% ('99) and 41% ('03)
- However, only 22% reported getting insurance discounts for mitigation features
- Approximately 46% had no idea if their insurance company offered discounts
- Of those with complete coverage using code approved materials, 66% reported getting some form of discount

- Property tax reductions increased in popularity as incentive to mitigate (a modal response of 'somewhat likely' (37%) in 1999 but 'very likely' (44%) in 2003)
  - Reductions of approximately 25% in both insurance premiums and property taxes were reported to be necessary for them to be mitigation incentives
  - Overall, households appear to be increasingly responsive to all forms of incentives, with the exception of low interest loans
  - Each type of incentive varies in attractiveness among different groups, but in general, incentives tend to be attractive to:
    - those with higher risk perception
    - households in higher risk areas
    - younger households (homes with children and no elder members)
    - households more recently occupying their homes
    - lower income households
    - minorities
  - Hurricane risk perceptions of Florida's single family homeowners and Expert Risk Analysis (ASCE 7-98) show significant but far from perfect correspondence
  - New home buyers responses indicate:
    - greater awareness and concern about hurricane safety
    - lack of knowledge, information about what is important
    - often don't have adequate resources to act on their awareness, concern, and knowledge
  - A significant and increasing percentage of respondents indicated they were 'very interested' in a hurricane safety inspection program
  - Single family owner-occupied home owners increasingly either:
    - can't easily undertake mitigation because of limited resources/ assets, or
    - still do not fully appreciate the nature of hurricane risk or what they need to do to properly undertake effective wind hazard mitigation
- Analysis from a 1998 survey conducted in South Florida revealed that:
- Homeowners in multi-family units were much more likely (48% in 6+ units and 44% in 2-5 unit buildings) than single family homes (26%) to have 'nothing' as shuttering or opening coverage
  - A majority of residents of rental housing (51% in single family, 69% for families in 2-5 unit buildings, and 75% for families in 6+ unit buildings) reported having 'nothing' as shuttering or opening coverage

**Key recommendations include:**

- The Florida Department of Community Affairs website for mitigation information <http://www.floridacommunitydevelopment.org/mitdb/> can be much more cogent for all consumers by:
  - facilitating mitigation incentive comparisons among insurance carriers
  - including specific insurance premium mitigation incentive information for condominium owners/associations, landlords and renters
  - providing links to websites of other organizations that provide goods and services that facilitate and/or provide incentives for mitigation

- Develop mitigation incentive programs that feature forgivable loans, because property taxes and insurance premium discounts as incentives, while favored by homeowners, are probably unacceptably expensive
- Improve the availability and accessibility of information, both on existing insurance mitigation incentives and any new incentives, because no single incentive or combination will be effective if unknown to consumers
- A hurricane safety inspection program should be cautiously explored
- Mitigation incentive education programs should target potential home buyers and realtors, perhaps as an extension of general population programs
- Mortgage programs that allow buyers to finance wind hazard mitigation improvements as part of the original purchase should be considered
- Reduced fees and similar incentives for purchasing a home with wind hazard protection features should be considered
- Research should be conducted to identify issues of knowledge, attitude, willingness and ability to respond to hurricane mitigation incentive programs and the nature of incentive programs most likely to be effective for:
  - home owners in multi-family buildings
  - owners of commercial residential (rental) property, and
  - renters in both single and multi-family buildings