

PROJECT PORCHLIGHT | SEPTEMBER 2021

Creating Financial Resilience in the Aftermath of Natural Disasters



As natural disasters increase in scope and severity, expedited financial recovery is a critical component of holistic restoration.

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Abstract

While seasonal disasters like hurricanes, wildfires, and tornadoes are common events in certain regions, the regularity of natural disasters is on the rise¹ all over the United States. Residents in disaster-prone regions face indisputable increases in “double-dip” disasters—rapid successions of natural catastrophes that give victims little time to recover between events.



The increased frequency of cyclical disasters can be crushing for financially vulnerable individuals and families.

For example, California, Washington, and Oregon experienced their worst season of wildfires² in recorded history in 2020. Back-to-back infernos destroyed millions of acres and thousands of buildings. Those forced to flee their homes and businesses were given little time to return to normalcy before facing another evacuation.

Lake Charles, Louisiana³ provides another devastating illustration of the collateral harm caused by double-dip disasters. Hit by two hurricanes in two months, many of the city’s residents found themselves in sudden economic insecurity that even insurance and savings (if available) could not adequately resolve.

The increased frequency of cyclical disasters can be crushing for financially vulnerable individuals and families, tipping them from insecurity into insurmountable debt or even homelessness. Fortunately, Money Management International (MMI) and its disaster recovery program, Project Porchlight, have been able to immediately assist victims of natural disasters, particularly those who face consecutive events, when no one else can.

The support provided by Project Porchlight enables clients to establish a recovery plan and begin rebuilding their lives and their financial footing, so that when the next disaster hits, they’re better prepared to withstand the event. By strengthening individual clients, we help stabilize entire communities that have just endured one or more traumatic experiences. With continued funding, MMI can expand delivery of the crucially important and unique services that Project Porchlight provides to those impacted by catastrophe.

Investing in disaster recovery is both a short and long-term solution to economic inequality.



The Financial Impact of Natural Disasters

In conjunction with federal, state, and local authorities, Project Porchlight spent years developing a framework for supporting natural disaster victims with their financial recovery efforts.

Common Client Needs

Disaster victims face common barriers that impact the already challenging process of recovery⁴. These include:

-  Navigating bureaucracy and red tape
-  Having limited access to credit
-  Being the target of scams
-  Trouble accessing needed resources
-  Difficulty prioritizing a multitude of debts and other financial obligations
-  Trauma and stress hindering financial decision-making and ability to meet deadlines.

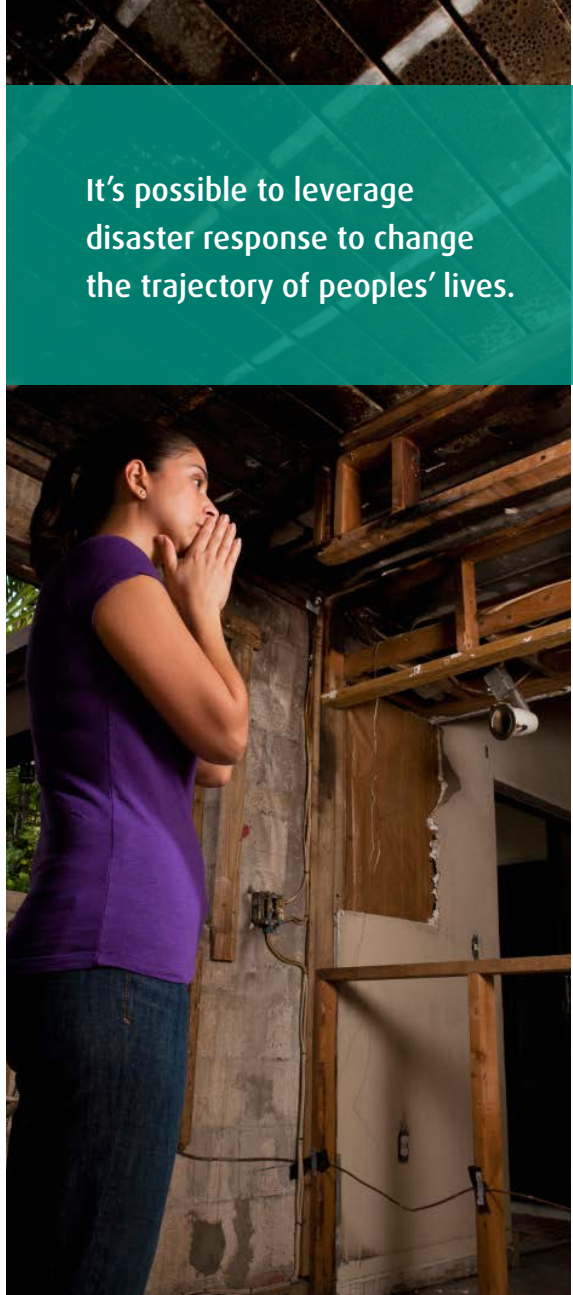
Inequity in the Recovery Process

While natural disasters don't discriminate, the recovery process often includes systemic inequities that make full financial restoration more difficult. Victims with low to moderate incomes experience a slower recovery for a number of reasons.


- Fewer discretionary dollars are available to facilitate a quick recovery.
- Reduced housing availability increases the cost of stable housing.
- Experience gaps make it more challenging to navigate the process.
- Procedural mistakes complicate recovery efforts.

In response, Project Porchlight provides disaster survivors with the support, tools, and systems-education needed to address the financial challenges that accompany a disaster.

Investing in disaster recovery is both a short and long-term solution to economic inequality. In return, people emerge more financially resilient and capable than ever before. By leveraging disaster response support to create a more level playing field, it is possible to change the trajectory of people's financial lives.

A woman in a purple shirt is standing in a room with significant structural damage, looking out through a large opening in the wall. Her hands are clasped near her face, suggesting a moment of reflection or concern. The room shows exposed wooden framing and debris, indicating the aftermath of a disaster.

It's possible to leverage disaster response to change the trajectory of peoples' lives.



Economic anxiety is pervasive and hardships are exacerbated by inequities.

By the Numbers

Financial hardships resulting from catastrophic natural events are exacerbated by substantial inequities. Specifically, race, gender, and socioeconomic status play a prominent role in a person's ability to restore their lives and livelihoods.

Economic Concerns Caused by Natural Disasters



Census areas that are **majority Black, Latino, or Native American** are **50% more vulnerable to wildfires** than other areas.⁷



White individuals living in disaster-impacted counties **gained \$126,000 in wealth** following a hazard, while **Black and Latino** people living in comparable areas **lost \$27,000 and \$29,000**, respectively.¹²



In areas where **natural disasters are prevalent**, outmigration of wealthy populations increases by 1.5% and **housing prices drop by 2.5-5%**, leading to increased poverty rates.⁸



Low-income households are less likely to be prepared for natural disasters because of the unaffordable costs of fortifying a home or purchasing flood or hurricane insurance.¹¹



Women, the elderly, minorities, and the poor are more likely to have unmet recovery needs and exit a natural disaster worse off than they were before. In fact, researchers conclude that **"the lower the socioeconomic level of a family is, the less likely the family will recover to their pre-impact level."**⁹



Following a natural disaster, low-income Americans with **credit scores between 300 to 649** experience a **15.5 point credit score drop** compared to the **4 point drop** experienced by those with a **score between 700 and 850**.¹³



Flooding in urban areas disproportionately impacts minority and low-income neighborhoods. As the National Academies of Sciences, Engineering, and Medicine notes, "The capacity to respond to and recover from flooding is much lower in socially vulnerable populations that even in the best of times are struggling to function."¹⁰

By the Numbers

Our Response

During an unprecedented year for natural disasters, Project Porchlight harnessed its resources to support people and communities in need. As of September 2021, Project Porchlight has served over 5,000 survivors of more than two dozen separate natural disasters, delivering services in 13 languages.

Our Findings



Client Demographics

GENDER

- 63% Female
- 37% Male
- 0.2% Other

RACE & ETHNICITY

- 36% Black
- 25% Hispanic
- 21% Caucasian
- 15% Other & Multiple
- 3% AAPI

SERVICE

- 16% Military Affiliated



Household Profile

- 15% Homeowner
- 85% Renter
- 69% LMI Household
- 2.5 Average Household Size
- \$881 Average Monthly Deficit



Recovery Outcomes

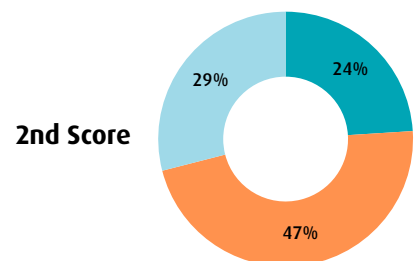
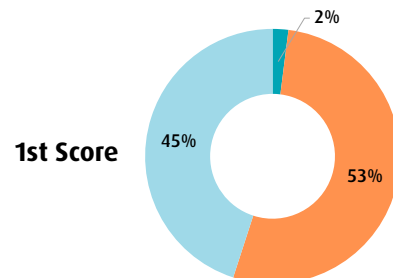
- 97% Resumed monthly payments to creditors
- 93% Made on-time bill payments for at least 12 months
- 90% Successfully secured safe, affordable housing
- +25 Improved FICO Score*
- 26% Reduction in Debt-to-income Ratio

*Without Porchlight support, average 25 point decrease in FICO Score



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Back-to-back disasters create confusion and complications for homeowners.



Stories From Our Counselors

Jacob Merritt

BOSSIER, LA

Those of us who live in Louisiana know the anxiety of hurricane season and the annual threat of major disaster along the Gulf Coast. Unfortunately, my client Rose was displaced by hurricanes Laura and Delta in the fall of 2020 after they both struck her hometown of Lake Charles. Her apartment complex terminated her lease as the damage it sustained made it uninhabitable. After being temporarily housed in Texas she returned to Louisiana, but experienced flooding in Lafayette the following spring which damaged her car and prevented her from working.

I helped her apply for FEMA assistance and unemployment benefits and referred her to several resources to assist with basic needs. I was pleased to receive survey feedback that she found my guidance to be clear and informative as she worked through all the challenges that came with experiencing three natural disaster events within a matter of months, impacting so many aspects of her daily life.



We worked through all the challenges that came with experiencing three natural disaster events within a matter of months.

Stories From Our Counselors

Janet Nguyen

PHOENIX, AZ

Back-to-back disasters create confusion and complications for homeowners. That was the case for my client Roger, a commercial trucker who contacted us after hurricanes Laura and Delta damaged his home and truck. Roger had also experienced reduced income due to the pandemic just a few months prior. He was frustrated because he had applied for a loan modification after a forbearance, but it was not finalized before the second storm caused more damage and triggered another forbearance. It became overwhelming for him after multiple insurance claims and stressful interactions with his mortgage servicer.

I explained all of his options once the forbearance ended and suggested a deferment, an option he wasn't aware of. His servicer agreed to place the past-due amount at the end of the mortgage, and his home repairs progressed with the loan in good standing. I also helped him address blemishes on his credit report in order to finance his new work truck. While my recommendation was not the course Roger initially intended to take with his mortgage, he ultimately decided it was the best option to help keep money in his pocket while getting life back to normal.



Roger decided it was the best option to help keep money in his pocket while getting life back to normal.

Stories From Our Counselors

Laura Guerrero

STAFFORD, VA

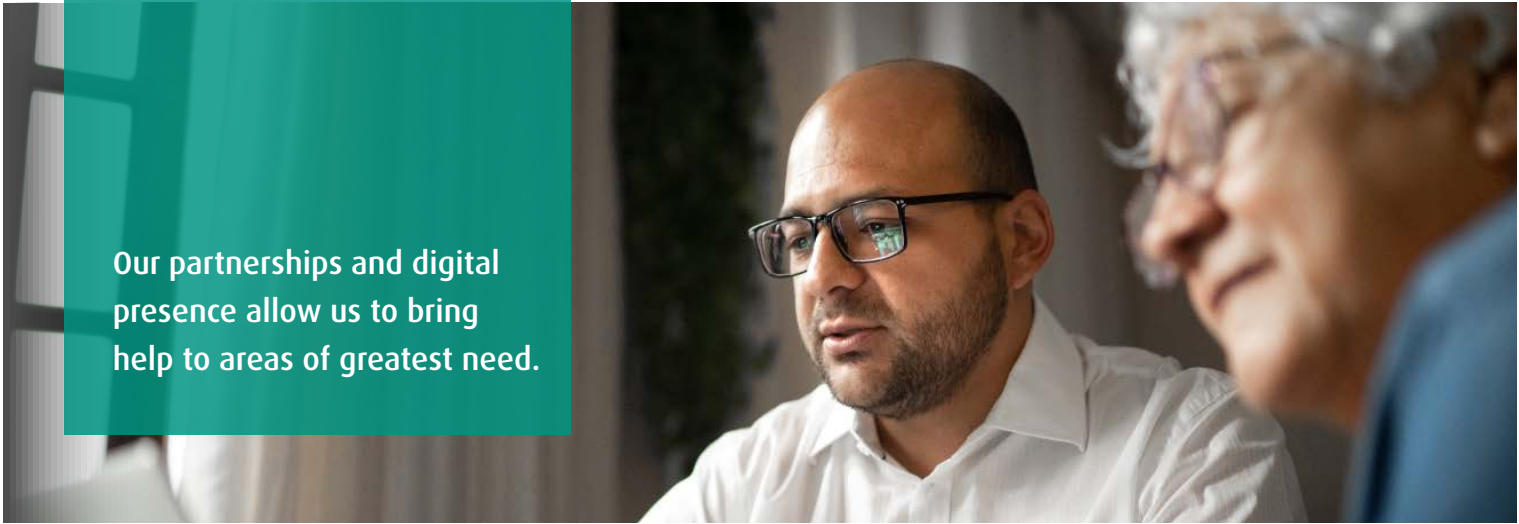
I have great concern for my clients living near the Gulf of Mexico during hurricane season. For example, I have not been able to make contact with my client, Debbie, since Hurricane Ida made landfall. Debbie and I first connected following Hurricane Sally and we've had over two dozen check-ins since we began working together. Hurricane Sally caused extensive damage to Debbie's home in the Florida Panhandle, including a hole in her roof, substantial water damage, and partial collapses of her ceiling in several rooms. The water damage caused mold and pest problems, and she is still living without air conditioning.

Thankfully, we have made good progress in overcoming many of the challenges she faces. I've helped her understand the process and equipped her with the knowledge and support to make smart decisions along the way. It's easy to feel overwhelmed with so many issues and limited financial resources, but Debbie has remained engaged in her recovery and has a very optimistic outlook. Hopefully she won't experience another disaster of Sally's magnitude, but if so she will be better prepared with us by her side.



Debbie has remained engaged in her recovery and has a very optimistic outlook.

Learn more about Debbie's story at: moneym.org/debbie



Our partnerships and digital presence allow us to bring help to areas of greatest need.

Connecting with Disaster Survivors

While MMI has created partnerships to reach impacted communities on the ground, we have successfully leveraged search engine marketing (SEM) to reach survivors digitally. Through these efforts, we have gained insight that can be of value to others attempting to promote disaster recovery services in the wake of unpredictable events.

SPEED TO MARKET: Our SEM campaigns were most effective when launched immediately after the disaster, allowing us to capitalize on the surge in search traffic. By pre-assembling campaigns and creating ad structures for the most common types of disasters in advance, we were able to activate in as little as 24 hours.

REFINED GEO-FENCING: We limit the ads to the impacted area, based upon breaking news reports and accounting for evacuation migration. We launch with a slightly wider net, but then narrow our focus based on subsequent FEMA declarations and observed campaign traffic.

OPTIMIZING KEYWORDS: We continually monitor performance and negative match keywords that are competing at a high cost, or not targeting the correct audience. For example, we avoid competing with fire and flood cleanup and restoration companies.

REVIEWING PERFORMANCE: By drilling down to the county level, we optimize the campaigns for efficiency, reducing cost and stretching our budget. Based upon the disaster's location, type, and intensity, we learn where to launch future campaigns and how to accurately forecast the expected volume.

Connecting with Disaster Survivors

LEVERAGING SOCIAL PROOF: By adding client quotes, review scores, and accreditations to our landing pages—while branding the program to reinforce our nonprofit status—we foster trust and instill confidence that we can help.

ENGAGING SPANISH-SPEAKERS: After earthquakes in rural Puerto Rico, we knew Project Porchlight would need to be delivered exclusively in Spanish. We translated our campaign using a professional translation service and then asked our own Puerto Rican staff to edit the copy to ensure the language was culturally appropriate. Not only did this create a quality experience, but it resulted in a very cost-effective campaign since there was virtually no competition for our Spanish keywords.

Overall, MMI's Project Porchlight SEM efforts produced:



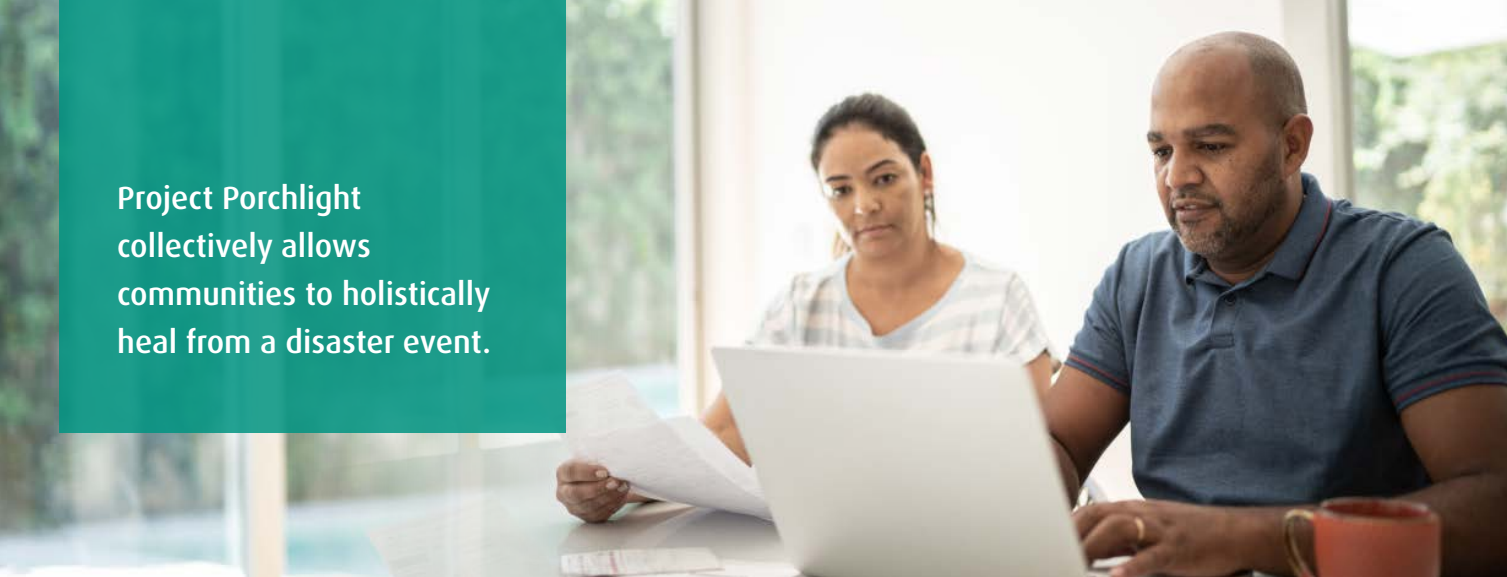
844,000
Impressions



38,000
Clicks



3,400
Referrals



Project Porchlight collectively allows communities to holistically heal from a disaster event.

Conclusion

A single catastrophic weather event can throw anyone into financial disarray. When back-to-back disasters occur, victims have little time in between events to recover. Without intervention, each subsequent disaster's effects become increasingly difficult to resolve.

Financial counseling gives people the support, tools, and systems-education that puts them on a path to full financial recovery. Project Porchlight allows disaster survivors to borrow our skills and experiences, helping them navigate a highly bureaucratic process that is often a barrier to financial recovery.

What's more, our disaster recovery coaching provides a skill set that can be applied long after the disaster subsides. In a very real way, it's possible to leverage financial disaster protocols to alter the financial trajectory of peoples' lives.

Long-term disaster recovery caseworkers effectively support the emotional and physical challenges experienced by disaster victims. Project Porchlight makes a unique contribution to these efforts by supporting peoples' financial future, collectively allowing communities to holistically heal from a disaster event.

There is so much good that can be done when people have the right support to overcome financial challenges. In an age when natural disasters are expected to occur more often, with more intensity, and in more regions, building an infrastructure for financial recovery and resilience is essential to every community's overall health.

Thanking Our Funders

Project Porchlight and this report is made possible by a generous grant from **MetLife Foundation** that allowed MMI to expand its disaster recovery services in 2019. MetLife Foundation's two-year commitment to Project Porchlight is a tangible expression of their belief that "financial health belongs to everyone." Together, we've helped make that a reality for thousands of people. We are grateful for their continued support of MMI and Project Porchlight. In addition, we thank Project Porchlight's founding partner, **Fannie Mae**, and new supporter, **Finance America Reverse**.



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