

Hurricane Ida winds may've damaged two-thirds as many homes as Katrina

By Bonnie Sinnock August 31, 2021, 5:58 p.m. EDT

The second largest storm in Louisiana's history may have affected more than 800,000 homes in the state with nearly \$193 billion in reconstruction costs, early estimates by CoreLogic suggest. With the damage to nearby states included, 941,392 homes could require reconstruction costs totaling more than \$220 billion.

To get a sense of the relative scope, consider that 515,952 houses could be affected by Hurricane Ida's winds alone. In comparison, Louisiana's largest storm, Hurricane Katrina, left 793,824 homes with wind damage. Additional damage from flooding and electrical outages is expected too.

Hurricane Ida hit an area that's been subject to a series of financial stressors, which are likely to influence the scope of the damage and the region's recovery timeline, said Tom Larsen, principal of insurance and spatial solutions at CoreLogic.

"This is an area that's taken a shellacking," he said. "We do know that stress builds."

In addition to the financial strain introduced by [multiple hurricanes](#), the area has been particularly hard hit by the coronavirus, noted Abhinav Asthana, head of product at industry vendor Tavant, which has been preparing for increased use of its customer contact and retention software due to Ida.

"There's a multiplicative impact from the pandemic," he said.

As a result of compounding hardships, many may relocate from the hardest hit parts of Louisiana, said Kevin Whatley, manager for Homespire Mortgage's South Central Region.

"We're likely going to see some potential population shifts. Even though it's a beautiful place with resilient people, they can get exhausted," he said.

The extent to which this occurs could have an impact on loans that were in the origination process prior to the storm. ClosingCorp estimates that its customer base, which represents roughly 40B of the industry, could endure potential interruptions on more than 8,000 Louisiana loan applications slated to close sometime between now and yearend. If that total, representing almost \$1.8 billion in volume, more than \$1 billion are refinances, and the remainder are purchases.

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“The loans scheduled to close between the end of August and October are the most likely to be impacted,” said Dori Daganhardt, chief data officer at ClosingCorp. However, the bulk of the total applications potentially affected are closing in the near-term.

The distress stemming from Ida could lead to new loan performance issues, but these will be tempered by relief government-related agencies provide, said industry consultant and analytics provider Andrew Davidson.

“In the short-term, I expect to see rising [delinquency levels](#) in areas affected by Ida, compounded by [COVID-19 issues](#). In the medium term, [I predict] limited impact on losses due to forbearance, servicer flexibility and government relief efforts,” he said in an email.

Most mortgage companies contacted on Tuesday said they were still focused on the short-term and not making too many plans around early estimates, which in the past have tended to go through a lot of revisions as damage assessments are completed. Experts were expecting upward revisions.

“Damage from storms...like Katrina and Sandy wasn’t fully understood until multiple days after the storm had passed, leaving room for the total damage to move up or down,” said Landy Liu, head of insurance products at Better.com, in an email. “With power still out across much of the path of the storm, we can expect damage reports to be on the higher end as the grid comes back online.”

Bonnie Sinnock Capital Markets Editor, National Mortgage News

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