

## Regional Economy

# Economic Impact of Historic Flooding in Houston

Preliminary estimates

- **The economic impact of recent flooding could range between \$210 and \$560 million**
- **Our estimates consider damage to cars and housing as well as lost value-added**
- **Albeit significant, the impact will be lower than Hurricane Ike and Tropical Storm Allison**

Severe rainfall following Memorial Day weekend left many parts of the Houston metropolitan area underwater, damaging property and public infrastructure. In the 24 hours between 10am on May 25<sup>th</sup> and 10am on May 26<sup>th</sup>, some parts of Southwest Houston got up to 11 inches of rain – equivalent to 13% of the annual rainfall in that area. According to official estimates, around 1,400 structures were damaged. Further information continues to be compiled by authorities. Nevertheless, human tragedy and loss of lives far outweighs economic costs.

Preliminary estimates suggest that the economic impact of the recent flooding in Houston could range between \$210 and \$560 million. These estimates consider the damage to housing, structures, and cars, as well as lost value added and tax revenues. Other conditions have the potential for further impact; for instance, the Brays Bayou in Southwest Houston also flooded, damaging the nearby Southwest Wastewater Plant for which the cost of repair is still unknown. Other municipal cleaning costs and infrastructure repairs should also be considered.<sup>1</sup> Although the estimated cost to the city is significant, it is low compared to the \$154 billion<sup>2</sup> impact of Hurricane Ike (2008), and the \$6.7 billion impact of Tropical Storm Allison (2001), both figures in current dollars.

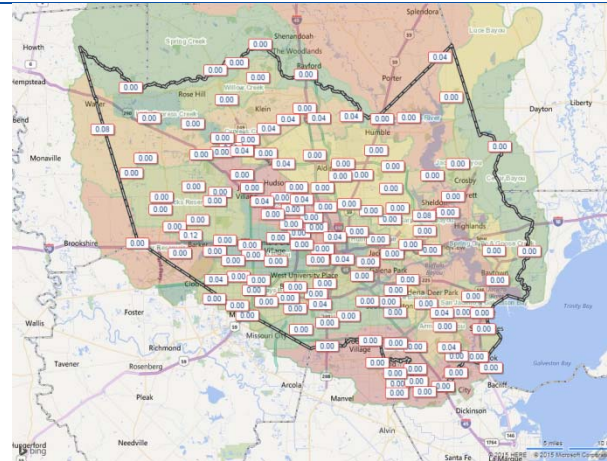
The damage outside of the greater Houston area was substantial as well. So far 40 counties (15% of total counties in Texas) have been declared as disaster areas. In the flood's aftermath, the Texas Department of Transportation (TxDOT) has been identified as an agency in need of funding to repair damaged highways and for other preventative measures across the state. Several roadways are still closed and the assessment of the damages continues.

Item	Lower bound	Upper bound
Housing	\$29	\$61
Vehicles	\$24	\$30
Value added	\$150	\$450
Sales tax revenues	\$3	\$8
Other	\$5	\$12
<b>Total</b>	<b>\$210</b>	<b>\$560</b>

<sup>1</sup> Information about material damages continues to change as new areas are assessed and the rain continues to fall. As more information becomes available, and depending on weather conditions through next week, our figures are subject to change.

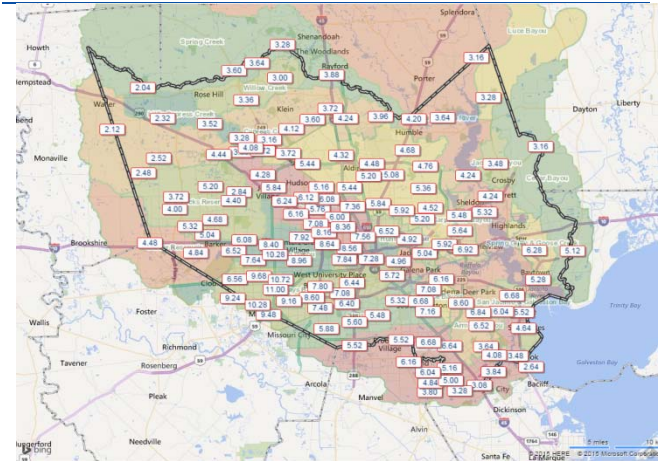
<sup>2</sup> [goo.gl/A0kSS7](http://goo.gl/A0kSS7)

**Chart 1**  
**Rainfall for 1 day from 5/24/2015 10:35 AM to 5/25/2015 10:35 AM CDT**



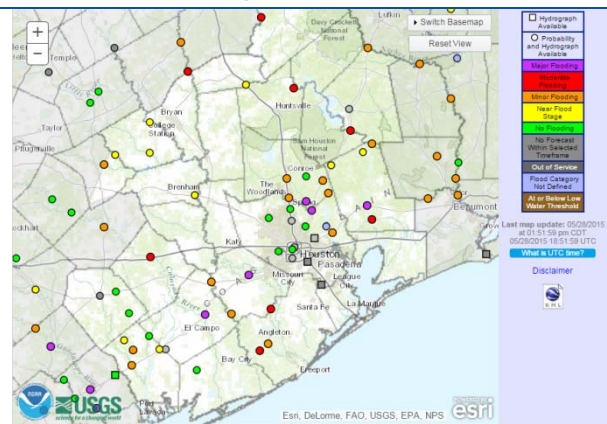
Source: Harris County Flood Warning System

**Chart 2**  
**Rainfall for 1 day from 5/25/2015 10:35 AM to 5/26/2015 10:35 AM CDT**



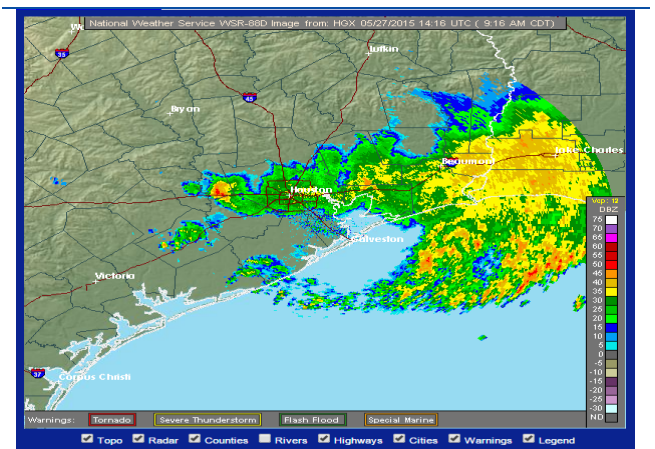
Source: Harris County Flood Warning System

**Chart 3**  
**River forecasts through 06/03/2015**



Source: National Weather Service

**Chart 4**  
**Houston/Galveston, TX Radar**



Source: National Weather Service

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