



# 9 Hidden Costs of Multifamily Damage and Disaster Restoration

**Understanding the common missteps that can send your emergency plan into disrepair**

Written for multifamily property managers and support professionals, this guide will help you audit your restoration processes by identifying nine commonly hidden costs that can lead to larger, not-so-hidden consequences





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## It Happened. What's Next?

A water heater leaked while a resident was on vacation. An unattended candle led to a unit fire. A resident expressed concern about mold growth in their child's bedroom. While there are many natural and man-made disasters that affect the rental housing sector, the importance of a timely and proactive response will always stay the same. Once the loss has been identified and safety is established, it's go-time. Whether you manage affordable student housing, senior living or a resort-style community, all eyes are on you—along with your network of vendor allies—to get things back to status quo as quickly as possible. To provide your residents, community, or media, with answers, security, and peace of mind, it is important to have a thorough emergency response plan as a roadmap to execute action items without delay. Outlined are nine things to consider when establishing your contingency plan.

### ARE YOU PREPARED FOR THESE EVENTS?

- ✓ Fire and Smoke Damage
- ✓ Water and Flood Damage
- ✓ Emergency Response
- ✓ Asbestos and Lead Abatement
- ✓ Disaster and Catastrophe Response
- ✓ Biohazard Removal and Decontamination
- ✓ Tenant Displacement

## Hidden Cost #1

# Underestimating the Time Factor

When disaster strikes, timeliness is everything. Immediate response is arguably the largest x-factor for determining total cost and impact (positive or negative) of property damage after a disaster. Simply put, downtime equates to lost revenue. When vetting restoration contractors, response time should be a critical component. In addition, flexibility and capability to work after hours, weekends or even in contained phases, depending on resident and management needs, should be taken into consideration.

Immediate response, strong vendor relationships, and a comprehensive understanding of the restoration process are just a few prime components of successful emergency response. In the case of water damage, for example, immediate response and mitigation could save up to 40 percent in preventable secondary damages (i.e., mold growth). This not only affects repair costs, but it also limits loss of rent, and additional living expenses costs for displaced residents. Unnecessary delays in response time can lead to costly additional damage, frustrated residents, and, ultimately, a much higher bill.

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## COST-SAVING TIP

Preselect your restoration providers to save hours of scrambling in the wake of an unexpected event.

## Hidden Cost #2

# Selecting Low Cost Over Quality Work

Low cost does not always mean value. While cost and budget concerns dictate most management decisions, settling on the lowest bid can end up being a costly mistake. While it might seem convenient to call your everyday carpet cleaner or plumber in the event of a flood, first make sure they are experienced in all aspects of restorative drying. In many cases, by using specialized drying techniques, an experienced contractor can salvage damaged items that would otherwise be costly to replace, such as wood flooring. Improper or incomplete drying performed by inexperienced vendors can lead to greater loss of building materials and personal items and can lead to severe secondary damages.

Opting for a quick fix may seem like a great idea in the short term; however, when accompanied by mid-project change orders, poor craftsmanship, and even building code and permit violations, suddenly you're facing unnecessary delays. Quick fixes can lead to additional rental income loss and may even jeopardize your reputation and occupancy. When vetting prospective restoration contractors, remember that your emergency service contractor is a reflection of you—choose wisely.

In an emergency response situation, it is also important to have pre-established pricing schedules with your emergency response partners. This is a key step in the due diligence process. Understanding labor, equipment, and material rates ahead of time will prevent cost concerns and uncertainties at project completion. In addition, this bypasses the need to acquire and review multiple quotes for the mitigation phase, which only delays cleanup efforts.



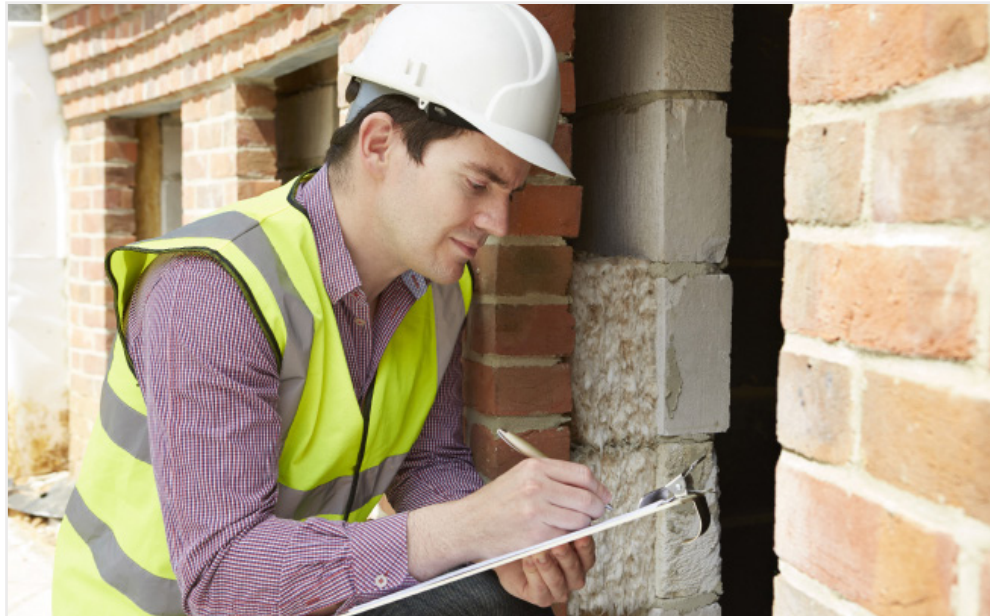
## COST-SAVING TIP

Make sure your restoration contractor specializes in property damage restoration and is accredited, certified and licensed.

### Hidden Cost #3

# Disregarding Local Regulations and Requirements

Penalties for noncompliance to local building codes and requirements may result in citations and violations, which carry hefty fines for all parties involved. Staying up to date with industry news and trends, involvement in local professional and industry associations, and regularly meeting with vendors is key to ensuring local compliance.



## COST-SAVING TIP

For efficient project execution, the restoration provider you source should be knowledgeable and in compliance with all local regulations or ordinances that may affect their work.

## Hidden Cost #4

# Relying on the Same Process for Every Type of Damage

Taking a “one-size-fits-all” approach to restoration will usually lead to delays. Many restoration projects require vastly different mitigation and restoration processes. An experienced restoration contractor will be able to provide a specific course of action with corresponding timeline for completion by accurately determining the scope and type of disaster. For example, the mitigation and salvaging of materials affected by a Category 1 flood (clean water) requires a much different approach than a Category 3 flood (blackwater or sewage.)

It is important to note that a Category 1 loss can quickly evolve into a Category 2 loss (see below) if not addressed promptly. Mold remediation and fire damage cleanup are similarly complex and may require different processes based on the level of damage.

## WATER DAMAGE CATEGORIES AND CONCERNS

<b>Category 1</b>	Clean water leaks that result from bathroom faucets, overflowing bathtubs or rainwater.
<b>Category 2</b>	Grey water caused by overflowing dishwashers, washing machines and toilets with chemical or biological contaminants.
<b>Category 3</b>	Blackwater contains contaminants that cause serious health issues caused by sewage overflow, or flooding from lakes, rivers and storm surge. Anything that absorbs the contaminants should be replaced including upholstered furniture, carpets and permeable building materials such as generic drywall.



### COST-SAVING TIP

Ask your prospective restoration contractors for references to an array of different service providers.

## Hidden Cost #5

# Assuming Restoration Personnel are Vetted and Not Outsourced

Restoration contractors may outsource/subcontract work for a variety of reasons: they may be low on internal resources, want to cut costs, or not be certified to perform certain services in-house. While outsourcing is a somewhat common practice, misuse of outsourced resources and variable personnel can lead to problems with overall project quality. Poor outsourcing may also lead to delays, unnecessary red tape, last-minute subcontractor approval processes, communication delays, privacy concerns, and confusion. When interviewing potential restoration contractors, determine if they are able to handle anticipated projects single-handedly and without interruption. If they do utilize subcontractors, find out in what capacity.



## COST-SAVING TIP

Ask potential restoration contractors about their relevant experience, their outsourcing practices and their proficiency in certifications including:

- Restoration—IICRC (WRT, ASD, AMRT, CCT FSRT)
- Xactimate (levels 1,2,3)
- Construction Safety—OSHA (10, 30, Disaster Worker)
- Hazardous Materials—Asbestos, Lead and Hazardous Waste Operations and more



## Hidden Cost #6

# Neglecting to Build a Resource Team

Take initiative! Don't wait until a disaster strikes before reaching out to your network of vendors, specifically when it comes to restoration contractors. Proactively maintaining and fortifying vendor relationships is key to a successful response plan. Take the time to meet with your restoration contractors to review rates and understand the spectrum of resources and services offered. Invite vendors to walk your community and identify any areas of concern or sensitivity. Understanding their process upfront will help prevent any unwelcome surprises. Review potential emergency scenarios and ask important questions such as: Does the contractor have emergency access after hours? Are there parking restrictions? Is the vendor documentation and insurance information current and on file?

Review and update your emergency or business continuity plan regularly, and ensure all vendor approvals and necessary documents (insurance, W-9, work authorizations, and after-hours contacts) are current. Keep any blueprints and past building surveys

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## COST-SAVING TIP

Create an Emergency Response Checklist with your in-house maintenance and service managers so they can respond immediately. Your renovation contractor should have a template you can use.

## Hidden Cost #7

# Overlooking Damage Testing as Part of the Process

A small but critical aspect of proper restoration practices is testing. From standard moisture readings after a flood to testing suspect building materials for the presence of asbestos, testing is a key aspect in protecting yourself and your residents from harm. But why do testing? Is it required? Who does it?

There are a variety of incidents you may encounter where testing needs to be performed. After a water damage loss, for example, it's common practice for your restoration contractor to assess damage and moisture through moisture reading or moisture mapping. Thermal imaging cameras and moisture meters are used to determine if moisture is present and act as a guide for the dry-out process.

Any tests for environmental hazards such as mold, asbestos, and bacteria must be performed by a third-party Industrial Hygienist (IH), separate from your contractor. It is considered an industry-wide conflict of interest for a remediation/abatement contractor to self-perform these tests. Once test results are available, the IH generates a report of findings, often along with a remediation scope of work for the contractor. After remediation is completed, the IH typically performs "clearance" testing to guarantee project completeness. While testing for mold is highly encouraged, it is not always required. Your restoration contractor may still remediate using only a visual inspection; however, you may still be responsible for any mold growth that returns.

In addition, pre-selecting and establishing a relationship with an IH allows them to bill you directly without the restoration contractor's mark-up. It also creates a clear separation between the hygienist and restoration contractor.



## COST-SAVING TIP

Ask your restoration provider if they can recommend a reputable Industrial Hygienist to add to your list of approved vendors. Determine which technologies are used for both sampling and damage testing.

## Hidden Cost #8

# Displacing Residents Unnecessarily

The Uniform Landlord Tenant Act states that in the case of disasters, “If the dwelling unit or premises are damaged or destroyed by fire or casualty to an extent that enjoyment of the dwelling unit is substantially impaired, the tenant may (1) immediately vacate the premises and notify the landlord in writing within [14] days thereafter of his intention to terminate the rental agreement, in which case the rental agreement terminates as of the date of vacating; or (2) if continued occupancy is lawful, vacate any part of the dwelling unit rendered unusable by the fire or casualty, in which case the tenant’s liability for rent is reduced in proportion to the diminution in the fair rental value of the dwelling unit.”<sup>1</sup> Your residents have the right to leave the premises but would likely prefer to stay in their homes if possible. While moving residents out of repair work’s way may seem like the obvious and easiest choice, many times, it can be avoided at significant savings to both the property and residents.



## COST-SAVING TIP

Ask your restoration provider for solutions to displacement. This is where their expertise becomes evident—repairing damage with a minimal footprint so that residents can stay in their homes during the work.



## Hidden Cost #9

# Misjudging the Power of Social Media

Disasters can be a scary and difficult experience for those involved. Improper handling of a sensitive project can be especially traumatic. Many of your residents consider your community their home base; it is where children are raised, families gather, and memories are made. Because of the sensitive nature of many multifamily-specific incidents, it is imperative to align yourself with a restoration contractor that strives to put your residents' best interests first, responding with genuine concern and compassion. If tenants sense a lack of transparency or that their concerns are being ignored, it could lead to a barrage of harmful posts on a variety of social media platforms such as Facebook and Instagram. The perception of your brand can impact resident satisfaction and retention.

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**On top of scrutinizing their insurance policies, multifamily executives should also make sure they have a coherent communications policy in the aftermath of a disaster. If you have employees giving out competing versions of the same story, it's a disaster on top of a disaster.<sup>2</sup>**

Multifamily Executive



## COST-SAVING TIP

Initiate your own social media campaign to document the progress of your actions, mitigating the adverse social media generated by external forces.

# The Key to a Better Brand and Bottom Line

No one wants to experience a disaster. However, with proactive planning and the right vendor team, recovery can be rapid. If you are evaluating or questioning your current practices and processes for disaster response, we applaud your forward-thinking mindset. The steps you take now can ultimately reduce your repair or restoration costs and enhance your residents' health and welfare. Start with a sound emergency plan backed by a qualified, experienced contractor. Establishing trust with a company provides peace of mind that will efficiently deliver the necessary results with the least amount of disruption.

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## About American Technologies, Inc.

Established in 1989 by Gary Moore, American Technologies, Inc., is the nation's largest family-owned and operated restoration contractor. Headquartered in Anaheim, Calif., the company specializes in restoration, environmental and reconstruction services following natural and man-made disasters with an unwavering commitment to customer service. To learn more, visit [ATRestoration.com](http://ATRestoration.com) or call (833) 400-0056.



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