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# Climate Change and Construction: Top Five Considerations for Owners Before Building



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As the start of 2025 has already shown with the destructive Los Angeles wildfires, the impact of climate change on businesses and homes can be devastating. Many owners and construction contractors were already grappling with the significant damage caused by a very active 2024 Atlantic hurricane season in Florida and the Southeast, and concerns about what the coming years will bring are at the forefront of their minds.

Previous and ongoing conversations in the construction industry about best practices to build structures that can withstand any number of natural disasters are being heightened – and pushed forward quickly – by insurers facing billions in dollars in loss claims, as well as an uncertain future in a number of markets.

These changes ultimately will affect owners' ability to greenlight projects with both lenders and government entities. Here are the top five things for owners to keep in mind as they start new construction projects in the next couple of years:

1. **Understand the recent climate history of the proposed project location.** Before selecting a project site, make certain you have as good an understanding about what, if any, climate issues the location has seen over the past five years (not the past 100 years). This should include a review of weather records and events, any available weather projections, and whether the project is located in a flood plain or at risk for other relevant climate events.
2. **Determine availability and cost of insurance for both construction of the project and for the completed project.** Because of the incredible costs of climate disasters, carriers are either pulling out of certain markets (subject to government restrictions preventing their departure) or substantially raising insurance costs through skyrocketing premiums, higher deductibles and even smaller policy limits. Excess insurance coverages, once cheaper than primary coverages, are often just as expensive and hard to find. Accordingly, you should contact your broker, risk manager and carrier to loop the carrier into the process early. This way, you can then develop a realistic sense of availability and cost, and learn whether the carrier will require the use of certain building materials or practices to guarantee that it will cover the completed project. For instance, carriers might require the use of roofing components that will be less likely to burn, or installation of sprinkler and alarm systems or glass that can withstand hurricane force winds.
3. **Evaluate the use of climate resilient materials and practices.** Whether required by a potential insurer or not, you should consider using climate resilient materials and practices in the construction. This not only includes building materials, as discussed above, but also might include landscape procedures (such as keeping safe zones between the structure and trees, bushes etc.), heating and cooling systems designed to remain efficient and functioning as temperatures become more extreme,

generator systems in the event of power failures, alarm and water-removal systems, access to wells and ability to store water, as well as other issues.

4. **Investigate the reliability of public utilities and their ability to withstand continued and worsening climate events.** You should investigate the performance of the local public utilities in climate events, how well-suited the utilities are to continue delivering supply with increased demands caused by climate events (including rising temperatures) and what plans there are to increase capacity to meet growing needs.
5. **Include a detailed force majeure provision in construction agreements.** With the rise in frequency of climate events also comes the risk that extreme weather events will delay a project, which could quickly and significantly raise the costs associated with the project. You should be sure the construction agreement apportions the risk of delays resulting from these events. For example, the risks of reasonably anticipated weather delays may be apportioned to one party while the risk of force majeure weather delays may be assigned to another.

As we continue to see the results of climate change affect the construction industry, other issues are sure to emerge, but considering the items above will significantly help mediate the effects.

Please don't hesitate to contact a member of Gould & Ratner's [Construction Practice](#) with any questions or to discuss these matters in further detail.