

**Sea Level Rise, Chronic Flooding and Property Values**  
**The Beaches Conference**  
**June 14, 2019**

Moderator: Peter Slovinsky, Maine Geological Survey

Note Taker: Abbie Sherwin, Southern Maine Planning and Development Commission

- Coastal areas are vitally significant to our national economy and the global economy (property, infrastructure, people)
  - Union of Concerned Scientists did analysis looking at entire coastline of lower 48 states and generated layers of chronic inundation, because chronic inundation is going to drive decisions (vs. periodic inundation)
  - Defined ‘chronic’ for the purpose of analysis - Threshold of 26 floods per week
  - Looked at different years and associated SLR scenarios in future
  - Overlaid Zillow property data to look at impacts to properties and values of properties impacted (property value, impact of properties on municipal taxes, number of people living in properties)
  - 2045 – 2k properties
  - 2100 – 2.25 million properties worth over a trillion dollars in ME and NH
  - (*link to UCS report re. Zillow analysis and ‘Know your Risk’ brochure*)
  - Analysis points to larger looming threat – real estate market and property values
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- As a realtor, it’s really tough to engage people on climate issues
  - Need to get more nuanced with message of what people can do in their day-to-day lives to reduce environmental impacts and change the mentality from “me” to “we”
  - Stakeholder engagement to encourage responsible investment (divestment)
  - Need insurance premiums that are reflective of the true risk to inform the general public
  - Dover and Portsmouth have chapters in master plans that say if building in coastal areas, it needs to be done better, smarter
  - Dover’s principles - Act early, start planning now, coordinate and collaborate, engage stakeholders early, incorporate risk tolerance in design of property, make no-regrets decisions
  - Since 2005, coastal homes in nh/me prices are appreciating at a slower rate than the rest of the homes in the region
  - As real estate agent / trusted advisory, you aren’t going to deter people who want to buy waterfront property, but you can educate and inform them about the risk of flooding (show maps)
  - Mortgage companies have the power to deter coastal property investment, but in reality, they want the properties on ‘their books’ because it makes them money

- Sustainability Advisory Group is a new group at the National Association of Realtors that Craig chairs
  - Group is tackling work related to UCS, Urban Land Institute re. climate impacts on property and values
  - Encourages LEED buildings and net-zero certified buildings
  - Engaged Chatham, MA colleagues to ask what they were hearing from coastal property buyers – found that mounting coastal flood risks aren't really influencing home buying habits or property value in coastal areas (Chatham, Plum Island) – someone that wants to live on the coast doesn't have their opinion/desire to live on the coast changed by the flood risk
  - Realtors commonly hear questions from prospective property buyers about if property floods, but seldom/never hear “what about 30 years from now” – typical lifetime of mortgage
  - Value of property and impacts of climate risks on property values vary significantly based on whether or not the community is primarily a believer in climate change or a denier of climate change
    - 7% difference in the price of home – ‘believer’ community vs. ‘denier’ community
  - Wanted to make sure “climate change” could be used at this year’s National Association of Realtors conference – was highly controversial
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- There is no mandatory flood hazard disclosure at national level or in ME
  - People need to know if there in a SFHA before their emotionally and financially involved in a property transaction
  - Maine is grossly underinsured when it comes to flood insurance (individual property owners)
  - Claims data is protected by the privacy act, but she thinks some of that data is about to be released
  - At the federal level, a bill just came out of committee for the NFIP to require private insurance providers to disclose rates and payouts to FEMA
  - The ME Floodplain Management Program works to help people understand the risk before they buy property in flood risk areas – realtors have a huge role to play in educating people and making them aware
  - Average time in home is 9 years, so people might not care about flood risk if it’s going to be years in the future

- Many people aren't in a financial position to be able to purchase a home, social equity
  - Climate gentrification of higher elevation areas somewhat near coast
- Cost of ownership of homes becoming prohibitive for people to afford insurance necessary to protect the home (age equity issues – boomers vs. millennials)
  
- There was discussion about what policy changes need to happen to ensure property owners/buyers are getting information, and accurate information about flood risk to property.
- A statement was made that there is no accountability on part of realtor / agent for providing risk information or being truthful about risk/flood impacts when directly asked by property purchaser
- Connecticut is a state that has mandatory disclosure for flood risk
- Changes coming to FEMA premium rating structure to better account for true risk of property – 'Risk Rating 2.0'

### Q&A

**Q:** why are realtors so averse to having mandatory hazard disclosure?

**A:** realtor's answer – property owners' rights (protecting the seller)

**Q:** At what point do the banking industry and flood insurance catch up with each other, and the actual risk of properties, to acknowledge that certain high-risk properties are going to be a huge economic loss

**A:** Has do to with disadvantaging certain properties in a neighborhood. Amount of potential future stranded assets resulting from SLR/flooding is scaring banking/mortgage industries, but haven't done much to face or address the issue

**Q:** Are we looking at a future where only wealthy people can afford not to care about the risk of coastal flooding and buy coastal property and what policies can we put into place to avoid that?

Question posed about possibility of municipalities or others bringing damage claims against fossil fuel companies for their role in climate change and sea level rise

-notion of carbon tax

-We all bare some degree of ownership over the cause of the problem

Idea to develop brochure outlining local/state resources re. how to go about learning more about local flood risk (SFHA, SLR, etc.)

