

## Rising sea levels, falling real estate values Miami Herald, Saturday, 11/9/13

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While most residents in South Florida still have no worries that global warming could dramatically lower housing prices, land-use attorney Sam Poole has already developed a plan to sell his house in a low-lying Fort Lauderdale neighborhood. Poole has heard some scientists predict that the first financial effects are probably two decades away, and he wants to sell in about 10 years, well before panic sets in, assuming governments do nothing quickly to combat climate change.

“I don’t want to wait too long,” he says.

In fact, some leading South Florida scientists project the first effects are one decade away, not two, but Poole’s concern about sea level remains a rarity among homeowners in South Florida, where property values continue to boom in waterfront neighborhoods.

There are hints, however, that the real estate industry is preparing for change.

Len Berry, director of Florida Atlantic University’s Center for Environmental Studies, reports developers have quietly contacted the university to check out projections of how much sea level will rise in the coming decades as they look for future safe investments.

William Hardin, a professor of real estate at Florida International University, says he’s telling students, “If you truly believe in global warming, you’re going to have an issue being in real estate in South Florida.”

Jason King, with the Dover, Kohl urban planning group in Coral Gables, says the firm’s planners are now factoring in changing sea level in work with developers.

King reports mortgage lenders “are following the discussions very closely” on sea level rise, as are many others in real estate. “I can tell you they’re aware,” says King, “but I can’t tell you anything’s changed yet.”

The financial stakes are high. The Southeast Florida Regional Climate Change Compact, a joint effort of four county governments, calculates the area could lose as much as \$4 billion in taxable real estate with a one-foot rise in sea level.

At three feet, the loss could be \$31 billion — escalating from there, perhaps at an accelerating pace unless governments and/or the private sector act to reduce carbon and other gases warming the water and atmosphere that in turn melts the ice caps and causes sea levels to rise.

How much longer?

For many, the key question is when. “Give me a time,” asks Jill Hertzberg, a leading Miami Beach real estate agent. She reads a lot about climate change and has no doubt that it causes rising seas. but “I don’t know what the direct effect is” on Miami Beach.

She says clients don’t mention climate change when they put down millions for waterfront properties. “Waterfront is very desirable.”

But for how much longer?

The most widely used projection is the Army Corps of Engineers’, which sees a three- to seven-inch rise in South Florida by 2030, and from nine to 24 inches by 2060. Those numbers are accepted by the four-county Southeast Florida Compact.

Harold Wanless, a University of Miami geology professor who’s long studied climate change, envisions much worse — a rise of as much as two feet by 2048, three feet by 2063 and 4.1 to 6.6 feet by 2100.

At three feet, much of South Florida — including major parts of far south Miami-Dade, Miami Beach, Dania and stretches of the western suburbs — is under water.

“But a lot of land is lost at six inches,” says Nicole Hernandez Hammer, program manager of the Climate Change Initiative at FAU. South Dade particularly losses major acreage with a six-inch increase.

Hernandez Hammer is amazed developers don't appear to worry about rising seas. "Look at Sunny Isles, with those giant cranes, building these lavish structures that are essentially at sea level."

Two major Sunny Isles developers — as well as a half-dozen other developers and real estate brokers — did not respond for requests for comment.

### Tipping point

Scientists and real estate experts debate what might spark buyers to start devaluing waterfront property.

Some believe it could be a gradual decline — as people become fed up with increased neighborhood flooding. Others, including many leading scientists, believe that a huge hurricane could send the area reeling — or perhaps it could be a crisis in insurance markets.

FAU's Berry says "10 years is a good marker" for seeing changes in real estate, but it could be "a decade or two." The exact timing, he says, depends on when the region is hit by a catastrophic storm that causes leaders and the real estate industry to make tough choices on what areas should be rebuilt.

"A lot of people in Broward think they're safe," says Wanless, imagining a bad storm. "But three-quarters of Broward doesn't have a ridge, so that's worse off than the ridge areas of Dade."

The future looks even worse in Monroe County. A Southeast Florida Compact report estimates the low-lying Keys could lose \$2.8 billion in property with a one-foot rise, far more than the projected maximum of \$828 million for the much larger Broward County.

Poole, the land-use attorney, thinks property values might sink when residents decide ever-increasing flooding is too much of a pain.

A former head of the South Florida Water Management District, Poole has studied flood zone maps. "My property is in no danger of floating away," even with a once-in-a-century flood. But much of his Rio Vista neighborhood, east of U.S. 1 and south of downtown Fort Lauderdale, is lower and could be devastated by frequent flooding.

That's why Poole might sell in a decade, "unless the government starts doing something to combat the warming trends." That's not seeming likely for the near future.

King, the town planner, says flooding can be fixed. He points to the \$200 million Miami Beach is spending to stop flooding on South Beach for the next 20 years, but many wonder how much more the city can afford as water levels rise.

Architect and planner Elizabeth Plater-Zyberk envisions slowly rising water levels draining city resources — "much like happened in the Rust Belt," where bankrupt cities like Detroit cannot deal with massive problems.

### Insurance crunch

Many experts suggest problems with insurance could start a decline in waterfront values much more quickly.

Congressional legislation last year required major increases in flood insurance premiums, which for decades have been subsidized. That means that ground-level homes in the Keys could see their premiums increased from \$2,500 to \$30,000, reports the Florida Keynoter — costs that could quickly drop real estate prices.

Hardin, the FIU real estate expert, says it may be unfair to homeowners to be hit with such a rapid rate increases, but in the long run it might make sense for insurance to gradually reflect the real costs of building in areas likely to be frequently flooded as sea levels rise.

As it is now, so many are complaining about rising premiums that Congress is thinking of rolling back the increases. If that happens, says Poole, it would be another example of the government subsidizing waterfront properties when it should be discouraging them.

### Where to move

Looking forward, some developers seek answers from FAU's environmentalists. "They're looking for the most desirable land," Berry says — perhaps for development 15 years from now.

Berry says the highest land is often around Interstate 95 and the railway lines. But if a house is high and dry, Hammer says, it could still be devalued if nearby roads and stores are prone to flooding.

FIU's Hardin says that in the long run, developing the highest ground in South Florida might not matter if tourism evaporates along a deteriorating oceanfront and the economy goes into severe decline. "In that case, people will be looking to Orlando or somewhere, where the jobs are."

Meanwhile, Plantation attorney Mitchell Chester warns that property sellers could eventually be sued if they don't warn prospective buyers — "starting now" — that the property is endangered by rising sea level.

"That's interesting," says Hertzberg, the Miami Beach broker, "but exactly what should I be telling clients?"

Chester says the Legislature should come up with a standard warning clause, similar to ones now for lead paint, but he acknowledges that state lawmakers have yet to show any interest in climate change.

A warning might scare away some buyers — but not all. Peter Harlem, an FIU researcher, points out that Miami boomed in the 1920s when developers sold swamp land to buyers who hadn't seen it. Perhaps, Harlem suggests, that could happen again.

“You know, about a third of America ... doesn't believe [in] climate change. That's a sure market to sell to.”