

Value of coastal property is overrated, global warming expert says

Faulty building codes encourage building in high-risk zones

By Steven Stycos

Coastal property is overvalued thanks to government policies that encourage building in high-

risk zones, according to a national global warming expert speaking June 10 in Narragansett.

Christophe Tulou, an author of the 2009 report, "Resilient Coasts: A Blueprint for Action," says building codes, planning regulations and insurance laws foolishly encourage construction

in high-risk coastal areas. To reduce taxpayer losses caused by severe storms and rising oceans, Tulou calls for strengthening the codes, reforming insurance laws and enhancing natural buffers. He spoke at the University of Rhode Island's Metcalf Institute's annual training for environmental journalists.

Tulou also labels U.S. Senator Mary Landrieu's (D-Louisiana) proposal for massive water engineering projects to protect coastal areas, "crazy." After a trip to the Netherlands, Landrieu called for the U.S. to adopt Dutch flood control measures.

"The value of coastal property is vastly overrated," says Tulou. Since the 1960s, coastal storm property damage costs have increased 6 to 7 percent a year, he says, doubling every decade. Rising sea levels due to global warming, he states, will worsen the trend. Yet coastal construction continues and the government fails to implement prudent steps to limit storm losses, says the former director of the Delaware Department of Natural Resources.

New coastal construction should be stronger and recognize retreating shorelines, Tulou says. "No one would build on the lip of a volcano," he says, but people do not hesitate to build in hurricane prone areas. At a minimum, he says, building codes should insure that roofs stay on homes during severe storms. A 2007 report from the University of Pennsylvania's Wharton School found stronger building standards would reduce potential property losses in a 100-year hurricane areas by 61 percent in Florida and 39 percent in New York. Using those estimates, Hurricane Katrina's \$41 billion in property losses would have been reduced to \$16 billion. Other studies indicate the costs of strengthening existing buildings are a fraction of potential storm losses, according to the Resilient Coasts report.

Tulou also calls for revamping insurance markets so coastal property insurance premiums better reflect risks. "The insurance situation just about everywhere is as screwy as can be," he comments. If government insur-

ance subsidies were removed, he predicts, building in dangerous coastal zones would decrease.

Most needing reform, Tulou says, is the National Flood Insurance Program, which currently "does the job no insurance company in their right mind would do." Created in 1968, NFIP provides inexpensive flood insurance for property owners in high risk areas. Thanks to Hurricanes Katrina, Rita and Wilma in 2005, FNIP is \$19.2 billion in the red, a debt likely to be paid by taxpayers.

Tulou criticizes NFIP because it encourages development in flood prone areas and transfers financial risk from coastal homeowners to all taxpayers. In a 2006 New York Times interview, an American Insurance Association spokeswoman summarized, "If [NFIP] is not available, if you can't cover your million dollar house on a sand dune, you don't build your million dollar house."

Tulou agrees, saying coastal insurance costs must rise to lessen development in high-risk areas. "We communicate best in this country," he says, "through people's wallets."

When FNIP expires at the end of September, President Barack Obama and some Congressmen hope to reform the program to limit its losses. Obama proposes to increase the cap on annual premium increases from 10 to 15 percent and phase in non-subsidized rates for second homes, non-residential property and properties that repeatedly suffer damage.

Dennis Nixon of Jamestown, URI, associate dean in the college of environmental and life sciences, says he would settle for just one FNIP change, refusal to insure properties once they have been severely damaged by storms. Some coastal properties in Texas, he notes, have been rebuilt five or six times with FNIP funds. "This is crazy," he says, explaining that the government cannot print money fast enough to pay for the increasing damages that inevitably will come from sea level rise and the increased frequency of severe storms. The worst problem areas are Florida, Texas and Louisiana, he says. Rhode Island, he states,

with less frequent severe storms, is also the first state to consider sea level rise when reviewing coastal building permits.

Not everyone wants to reduce FNIP's risks. Congressman Gene Taylor (D-Miss), who lost his home during Katrina, proposes expanding the program to cover wind damage.

FNIP is not the only insurance requiring reform, he adds, but change will be difficult because the states, and not the federal government, regulate the industry.

Florida, one of the most hurricane prone areas in the United States, for example, made insurance of high risk homes less expensive and encouraged coastal construction after four hurricanes hit the state in one year.

In 2002, the Florida legislature formed Citizens Property Insurance Corporation to insure homeowners who could not obtain commercial insurance. In 2007, the state further heightened its risk by allowing Citizens to insure any homeowner whose commercial insurance rates are 15 percent higher than Citizens. Should a series of hurricanes bankrupt Citizens, Tulou says, state law calls for a surcharge on all insurance, including automobile policies, to make up the losses. The financially dangerous Florida policy is an example of "the short termism of politics," Tulou says.

Citing impoverished Bangladesh's efforts to protect its coastal mangrove swamps, Tulou also advocates for increased protection of coastal habitats that buffer storm surges. The effort's impact could be reduced, he concedes, if sea levels rise rapidly.

Tulou also wants the Federal Emergency Management Agency to update its flood zone maps to accurately reflect all high risk areas, but Nixon says that will be politically painful because the maps will expand high risk areas and trigger higher homeowner insurance premiums. Finally, Tulou proposes financial aid for low income people who want to strengthen their homes' storm resistance.

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