



It's an increasingly common sight on California's coast: beach houses being swallowed by the rising sea. The threat of flooding and erosion is increasing throughout the United States as a warming atmosphere makes precipitation events more extreme and contributes to sea level rise. In fact, the U.S. coastline is [projected](#) to see an average of 10 to 12 inches of sea level rise between 2020 and 2050, which is equal to the amount measured over the last 100 years.

Despite the serious and costly risk of coastal flooding, waterfront properties remain alluring to home buyers in California. Most states, including California, fail to adequately apprise potential homebuyers of the physical, legal, and economic risks they need to consider in making a safe and prudent decision on a major financial investment. For example, [only](#) 10 states [require](#) the disclosure of flooding history at the time of a home purchase.

The [latest policy brief](#) from the UCLA Emmett Institute examines California's existing real estate disclosure practices and suggests mechanisms to improve them to account for the

accelerating risk of rising sea levels and ultimately inform potential buyers. California imposes a number of statutory and common law disclosure requirements but does not mandate disclosure of sea level rise risk in real estate transactions. California's current disclosure [reveals](#) information about the existing risk of flooding as assessed by a conventional and readily-available proxy for that risk—whether a property is in a Federal Emergency Management Agency (FEMA)-designated [special flood hazard area](#). But such a question is not an optimal proxy for a *sea level rise* hazard disclosure because FEMA's maps only reflect past flood experience rather than "[the degree](#) to which climate change and sea-level rise are expected to heighten the risk of flooding and expand the areas that will be subject to flooding in the future."

Inadequate disclosure laws have serious consequences, considering the high cost of flood damage recovery. A single inch of flooding [may cost](#) up to \$25,000. In 2017, over 95,000 National Flood Insurance Program (NFIP) [policyholders](#) submitted claims to FEMA for approximately \$8.7 billion in damages—the third highest damages payout since 1978. Further, the past 18 years have seen the [top three](#) most expensive claim years, and these numbers stand to escalate. Stronger disclosure practices that reveal physical hazards and options to mitigate disasters can help home purchasers better understand risks and act on them to protect themselves and make fully informed purchase decisions. Disclosures [can be](#) an [effective](#) way to inform buyers about risks and to influence purchasing behavior, which is why they are one of many policy tools that governments should use to address climate-related risks (e.g. local land use planning that implements sea level rise adaptation strategies).

The policy brief considers the most effective approaches to real estate risk disclosure, concluding that they include specific references to physical risks, specific references to coastal regulations, and clear procedural disclosure requirements. The brief also examines best practices employed by other states, including requiring sellers to disclose whether their property lies in an area susceptible to sea level rise impacts, specifying relevant areas that may require permits for development, and instructing buyers to read notices carefully and refrain from signing until they fully understand the risks associated with their purchase.

Based on this research, the report proposes several policy recommendations to strengthen California's hazard disclosure policies:

- Include more specific references to physical sea level risks by:
 - Adding a map indicating SLR risk to a state-maintained climate change risk repository and referencing the map in an addendum to the state's required disclosure statements and/or in the current Natural Hazard Disclosure

- Statement; and
- Adding coastal-specific language to the state’s general Real Estate Transfer Disclosure Statement.
 - Include more specific references to coastal regulations (e.g. development restrictions in the Coastal Zone) in the Real Estate Transfer Disclosure Statement or in an addendum to this statement.
 - Make certain procedural modifications, such as:
 - Extending the time given to buyers to terminate their offer and granting buyers the ability to amend their offer if disclosure is not provided before the offer is made;
 - Providing buyers with more disclosure materials; and
 - Strengthening the purchaser acknowledgement language.

As climate change contributes to sea level rise, storm surge, and more extreme precipitation events, hundreds of thousands of homes are at risk of erosion and chronic flooding in the coming decades. It is imperative to effectively notify potential homebuyers about the physical, legal, and economic risks associated with their coastal property purchases. Amending California’s disclosure laws to better account for hazards and coastal regulations affecting properties, as well as to give buyers more hazard information and time to consider this information (among other procedural changes), will allow buyers to make better informed purchase decisions.

Read the full brief [here](#).