
Natural Disaster Forces Critical Decisions For Municipalities And Residents.

Last year, we wrote a post to mark the sixth anniversary of “Superstorm Sandy,” a Category 1 storm that made landfall in October 2012. We also shared a preview of this year’s series of posts on extreme weather, and its impact on municipalities. In this post, we focus on several decision facing property owners in a storm’s aftermath: to rebuild, redevelop, or in some cases sell land to the state. While not as powerful as other storms to be covered in this series, Superstorm Sandy did cause damage in New York State, estimated as more than $32.8 billion along (according to CNN), including economic losses of nearly $19 billion in New York City (according to the Office of the New York City Mayor in 2013). As readers may remember, Sandy did not bring large rain totals nor extreme wind gusts to New York. Rather, it was the rain and wind together with spring tide that created a storm surge of more than 14 feet – followed less than one week later by a nor’easter. The neighborhood of Breezy Point, in Queens, was infamously hit by a possible transformer explosion and subsequent fire that destroyed or damaged over 130 buildings; while Suffolk County saw no fewer than 10 fires from downed trees on power lines followed by transformer explosions. Among the outer boroughs, Staten Island was hit hardest by Sandy. Its neighborhoods of Ocean Breeze, Midland Beach and Dongan Hills, which face the Atlantic Ocean, are between three and seven feet above sea level, resulting in massive flooding and destruction during Sandy. Some residents of these areas, and other areas of New York City and Long Island, sold their properties to developers. Others sold properties to New York state, understanding those parcels could be “returned to their natural state” as wetlands or open space. Those who sold to the state were reported by various outlets to have done so for a variety of reasons: fear of another storm; the financial costs of rebuilding; and the financial and emotional costs of future insurance coverage. The state of New Jersey, like New York state, implemented plans to buy back homes in certain counties that were damaged or destroyed by Sandy, leveraging state and federal funds to do so; and finding sellers for the reasons outlined above. Similar to homeowners and renters, municipalities were confronted with decisions regarding how to reconstruct, how to rezone, and whether to relocate existing equipment and/or existing amenities.

State and municipal incentives for reconstruction

Shortly after Sandy, Mayor Bloomberg adopted an executive order waiving height restrictions under zoning code so that reconstructed buildings could meet improved flood standards. This executive order was among the first steps in New York City’s process to update both its building code and its zoning code for new construction, in light of the damage from Sandy and in anticipation of future weather events including flooding. According to the Bloomberg administration, absent this executive order, existing and newly-constructed buildings would be out of compliance with the Federal Emergency Management Agency (“FEMA”) recommended elevations to address flooding concerns. In an attempt to stimulate immediate reconstruction, New York state and New York City announced multiple initiatives, including loans, grants, and tax exemptions for impacted businesses to use to mitigate loss of inventory, physical damage to real property, and loss of revenue stemming from business closures with a focus on those “directly impacted” by flood waters or power outages. Small businesses within New York City, utilizing its Industrial Development Agency, were also eligible to claim up to $100,000 in sales tax exemptions for purchases of construction and renovation materials along with services necessary for rebuilding. This initiative was limited to the first 250 applicants. New York state, though the Empire State Development Corporation, administered a $10 million loan program for up to $25,000 in loans for small businesses with less than 100 employees in designated disaster areas statewide, and offered similar terms to the emergency loans provided by New York City.

Addressing future flooding concerns

As covered in an earlier MuniBlog post, FEMA has been considering redrawing flood maps in the state of New York. While this work is ongoing and may take several years to complete, FEMA has preliminary flood hazard data for certain areas. In the years since Sandy hit, New York City has adopted amendments to its zoning and building codes in an effort to better address future flooding concerns. Among the changes are requirements that new buildings start at a higher elevation and contain flood protections including floodgates. More recently, the City of New York, in conjunction with the Department of Housing and Urban Development (HUD), announced a plan to develop protection along 10 miles of coastline along the southern tip of Manhattan. Expected to begin this year, construction will involve levees, floodwalls and parks to protect that area of Manhattan from future flooding. Unlike New Orleans following Katrina, New York City did not see a population drain. However, not all redevelopment initiatives have been spurred by government. In an effort to market their buildings as more resilient to the next storm, some developers and landlords have installed generators or relocated existing generators and mechanical equipment above ground level. That perception of resilience and protection is critical for business in a state with more than 500 miles of coastline, and billions of dollars in real estate development along waterfronts.

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