

## Are We Nature-Ready?

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The importance of Super-Storm Sandy extends beyond the billions of dollars of clean-up and reconstruction caused by the storm itself. Sandy was a clarion call to all cities that border a coastline. The world's environment is changing and measures need to be taken to prepare for that fact. Sounds alarming, doesn't it? Well, it is.

My partner Ray Mellon and I participated as moderators in a conference put on by Baruch College's Newman Real Estate Institute, "Futureproofing Our Cities," a discussion on New York City's changing coastline level and how real estate owners need to be aware of those changes, and plan for them in order to continue to prosper.

### Our Changing World

Over the last 150 years, the oceans have been rising at the rate of approximately one inch per decade. Climatologists believe that rate will increase dramatically. The gradual rise in the earth's temperature is heating up the oceans, hence causing their expansion. By 2050, it is expected the tides along our coastal regions (including New York City) will have increased by another foot. What does that mean? It means more coastal flooding when storm conditions are present. It means that careful and thoughtful planning is required now to address that change. It means that historic flood planes are shifting. It impacts zoning, insurance, the design of buildings and what needs to be done to existing structures to make them more resilient.

In many coastal areas around New York City, local laws make it difficult for real estate owners to make changes necessary to address these new environmental concerns. Height restrictions prevent owners from modifying the lower portions of their structures since they are either (1) prevented from creating an elevated safety barrier at the bottom of their structures; or (2) losing so much lower floor space that it becomes economically unfeasible to dedicate lower floor space to proper storm protection.

Some interesting facts emerged from the conference that are worth noting:

- (1) The rising tides mean that even if future storms are no more violent than past storms, their effect will be far more devastating because they are starting from a higher point.
- (2) Actual number of hurricanes has not increased, but given rising tides and our increasingly antiquated infrastructure, their impacts are becoming more severe.

- (3) Our government and business leaders have not shown leadership in this area and are likely not to for the foreseeable future, because Sandy, after all is said and done, did not affect the underlying values and rents of the Downtown real estate market.
- (4) Our newer infrastructure is actually inferior to our older infrastructure — we aren't building with the same resiliency (value engineering, cost savings) and the results are now potentially devastating.

As my partner Ray Mellon stated in his panel discussion, "We can't make our cities nature-proof, but we can and should make them nature-ready."

### Making Our Cities "Nature-Ready"

Moving forward, what is it that we must do to make our cities, particularly those in the New York/New Jersey area, "nature-ready?" Leaving all the technical fixes to the engineers and planners, there are some basic attitudinal shifts that must occur. First, restoring buildings and infrastructure back to where they were before Sandy is a mistake. What is needed is to rebuild not to where we were, but to where we should be. Smart owners are in the process of planning for the future, not the past. In order to increase building resiliency and maintain real estate values well into the future, the smart and long-term real estate owners are moving critical items like boilers, electrical panels and other electrical systems and generators to higher floors in their buildings.

Finally, in the non-commercial real estate world, the people who rent and live in more economically-challenged circumstances were disproportionately affected by Sandy. If our cities are to be more resilient, then we must devote the resources necessary to provide support and protections to all those who occupy our cities. This is New York, we have always exemplified the best of everything; in preparing for our new reality, we need to reestablish our position as the world leader in foresight and planning. New York is constantly recreating itself and needs more thoughtful with regard to our environmental reality. If we do that, we will continue to be the capital of the world.

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