

Homes sell for 8.2 percent less after catastrophic floods

February 15 2022



 UNIVERSITY OF WATERLOO

INTACT CENTRE
ON CLIMATE ADAPTATION

Flooding Impact
on House Price
-8.2%

TREADING WATER: IMPACT OF CATASTROPHIC FLOODING ON CANADA'S HOUSING MARKET

- Sold Price
- Days on Market
- Houses on Market
- Mortgage Arrears & Deferrals

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Credit: University of Waterloo

Flooding has pushed down housing prices in communities across Canada.

New findings show that over the past eight years, [catastrophic flooding](#) in communities resulted in an average 8.2 percent reduction in the final sale price of houses, 44.3 percent reduction in the number of houses listed for sale, and 19.8 percent more days on the market to sell a house.

These findings are presented in a new report from the Intact Centre on Climate Adaptation, University of Waterloo. The study focuses on five Canadian cities, each of which had experienced catastrophic flooding between 2009 and 2020: Grand Forks, B.C.; Burlington, Ontario; Toronto; Ottawa; and Gatineau, Que.

The impact of flooding was measured for periods of six months before and after [flood events](#). Attribution of [flood](#) impacts was determined by comparing changes in nearby non-flooded control communities over identical time frames.

"The findings of this report do not surprise me," said Gary Will of Will Davidson LLP, a firm that advises on [flood risk](#). "They underscore the impact on housing prices and the need to actively reduce flood risk through updated flood plain modeling and mapping, and to re-think development, without delay, as flooding affects everyone from planners, homeowners to government decision-makers."

The study also examined the impact of community-level flooding on mortgage arrears and deferrals in two Canadian cities for six months pre and post flooding. Results showed no change in homeowners' ability to pay their mortgage, but a reduction in the appraised value of a house due to flooding would influence limits on lending by mortgage providers.

As noted by Steve Mennill, Chief Climate Officer, Canada Mortgage

and Housing Corporation (CMHC), "For most homeowners, their house is their biggest financial investment. As this report clearly shows, an all-of-society effort to protect that investment from the growing threat of flooding would be of great benefit to many Canadians."

Study co-author Dr. Blair Feltmate said, "Canada must learn to manage flood risk, rather than chase it. Recognizing that residential flooding is the most costly and pervasive impact of extreme weather, municipal planners should double-down on ensuring that adaptation factors into community design."

Actions recommended in the report to give Canadians guidance to limit flood risk include:

- Home flood protection guidance: Municipalities, banks, insurers and real estate associations should distribute guidance to homeowners on means to lower the risk of basement flooding.
- Climate Adaptation Home Rating Program (CAHRP): The federal government should link the CAHRP to EnerGuide home energy audits.
- Flood risk maps: The federal government should update flood risk maps and ensure they are publicly accessible.
- Residential flood risk scores: The [federal government](#) should develop a home flood-risk scoring system based on postal code (as already exists in the US).
- Natural infrastructure: All governments should commit to retaining and restoring natural infrastructure (forests, grasslands, wetlands) to limit current and future flood risk.
- Community flood risk mitigation: Communities should act now to identify and protect areas at high risk of flooding.
- Canada has the tools necessary to mitigate flood risk, today. If these tools are not mobilized, with a sense of urgency, flood disasters as seen on Canada's west and east coasts in November

2021 will be increasingly commonplace.

More information: Treading Water: Impact of Catastrophic Flooding on Canada's Housing Market, [www.intactcentreclimateadaptat ... adas-housing-market/](http://www.intactcentreclimateadaptat...adas-housing-market/)

Provided by University of Waterloo

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