February 2023

Housing and Climate Change in the United States

Major Touchpoints and Considerations

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Last edited on February 14, 2023 at 1:34 p.m. EST
Acknowledgments

We would like to thank our FLH teammates Sabiha Zainulbhai and Dona Stewart for their thoughtful feedback on this report, as well as Ellis O'brien for his research assistance. We would also like to thank our New America colleagues Joe Wilkes and Jodi Narde for their help with layout and design.
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Introduction: Climate Impacts on U.S. Housing Security

Climate change poses an unprecedented risk to housing security across the United States. According to CoreLogic, natural disasters impacted 10 percent of all U.S. homes in 2021, resulting in nearly $60 billion in damage and displacing 570,000 people.

The impacts of these increasingly frequent and severe disasters, along with rising sea levels, have long threatened coastal communities, home to over 125 million Americans. Sea-level rise alone could force over 13 million people to move by 2100, according to one prediction from the peer-reviewed scientific journal *PLOS One*. But the effects of climate change are not limited to the coasts. Inland communities are experiencing extreme weather events such as flooding and fires, and are also likely to see an influx of migrants from climate-impacted areas. And real estate markets throughout the entire country will feel the impacts of climate change on U.S. housing finance—on the federal budget, on mortgage and insurance markets, and on housing affordability.

Yet the United States struggles to develop local- and national-level policies that properly address the acute impacts of climate change on housing. Americans are actively moving into flood planes and other climate vulnerable areas. A 2021
analysis by Redfin found that a majority of the 50 U.S. counties facing the greatest climate risks from heat, storms, drought, flood, and fire saw an increase in population over the last five years. Worse, discriminatory 20th-century housing policies such as redlining have led to lasting racial disparities in housing and economic security, which in turn disproportionately increase lower-income and minority communities’ vulnerability to climate impacts and put them at higher risk of disaster-related displacement.

Over the last two decades especially, federal policymakers and municipal leaders have become more cognizant of the housing security challenges posed by climate change, and have made significant efforts to address these impacts. Most significantly, the Biden Administration’s 2022 Inflation Reduction Act (IRA) set aside $369 million in funding for climate and energy initiatives, including provisions that lower households’ utility costs and help build the resilience of housing.

Although important, the IRA and other climate policies are unlikely to significantly diminish the housing insecurity that will result from sea-level rise, natural disasters, and other climate impacts, especially considering the severe affordable housing shortage nationwide. The United States is currently short as many as 5 million homes and nearly half of American renters are housing cost burdened, or spend 30 percent or more of their income on housing. As climate change damages or destroys homes in vulnerable areas, such losses will exacerbate the crisis by driving up rent and making homeownership even less attainable. These effects will be felt most acutely by low-to-moderate income, non-white Americans.

We know that climate change will force millions of Americans from their homes over the coming decades. Where will these climate migrants go, and will they be able to afford safe and adequate housing in their new community? And what will happen to those who stay behind, whether by choice or necessity?

This report aims to present an analytical framework for understanding how climate change effects housing security in the United States. Through this framework, we explore the impacts of climate change on the housing security of three distinct populations:

1. **Those who move**, or individuals and households that are displaced by climate disasters or voluntarily move from areas at-risk of climate impacts;

2. **Those who stay**, or individuals and households that remain in areas at-risk of climate disasters, either by choice or necessity; and

3. **Those who receive**, or the communities that will receive an influx of new residents due to climate-related migration.
I. Those Who Move

Climate change will likely result in major population shifts across the United States, as people are displaced by natural disasters or voluntarily relocate away from areas at risk of climate impacts. Based on recent trends, tens of millions of U.S. homes likely sit in disaster-vulnerable areas, and this number is certain to increase due to sea-level rise, drought, and extreme heat. Tulane University professor Jesse Keenan estimates that 50 million Americans could move by 2050 due to climate change.

In this section, we explore three types of “moves” due to climate change: disaster-driven displacement; planned community-level relocation; and ad-hoc individual action.

Disaster-Driven Displacement

Natural disasters displaced 1.9 million U.S. households in 2022, and the number of people forced out of their homes each year by storms, wildfires, and droughts will only increase as global temperatures rise.

Sudden displacement caused by a natural disaster is physically and mentally traumatic, disruptive to livelihoods, education, and social cohesion, and negatively impacts individuals’ and families’ financial wellbeing. Further, research indicates that disaster-related displacement exacerbates existing racial and socioeconomic inequities in the U.S., and post-disaster reductions in affordable housing make it especially difficult for lower-income households to return to their communities.

After a disaster, many Americans face difficulties in rebuilding their damaged homes or finding safe and affordable alternative housing for the long term. These challenges result, in part, from a byzantine patchwork of insurance coverage, post-disaster housing, and reconstruction aid that is not timely or sufficient to meet the needs of impacted communities.

Less than 20 percent of U.S. homes have standalone flood insurance, and homeowners insurance typically does not cover flooding from extreme rainfall, storms, or other natural disasters, leaving homeowners dependent on federal aid to cover property or financial losses. This aid is typically provided by the Federal Emergency Management Agency (FEMA) and the U.S. Department of Housing and Urban Development (HUD), the two federal agencies primarily responsible for disaster recovery.
Yet, as reported in-depth by New York Times journalist Christopher Flavelle, the disbursement of federal aid is commonly hamstrung by bureaucratic rules and inefficiencies, and long-term assistance can take years to materialize. FEMA only provides temporary relief for disaster victims, lasting up to 18 months post-disaster, and would require Congressional approval to fund permanent repairs or purchase new homes. HUD is responsible for providing long-term recovery funds, but there is often a lapse between post-disaster aid through FEMA, and the onset of long-term recovery funds from HUD. Due in large part to the need for HUD to obtain Congressional approval before disbursing funding to state and local governments, this process can last months or years. Even after Congressional approval, a monthslong rules writing and approval process precedes the disbursement of the money to states. In Lake Charles, Louisiana, for example, many displaced residents had not received HUD assistance more than two years after Hurricanes Laura and Delta decimated the city in 2020.

→ DISASTER, CLASS, AND RACE

Discriminatory housing policies in the United States have resulted in lower-income and minority communities living in areas at higher risk of flooding and other environmental hazards. Low-income Americans are also more likely to live in homes that are older and less able to withstand a natural disaster, increasing their vulnerability. At the same time, analysis by FEMA indicates that many of these households lack flood insurance. Federal requirements for insurance in high-risk areas are not tightly enforced, and coverage is often cost prohibitive.

These lower-income, minority communities are less likely to receive post-disaster relief, especially compared to white, affluent communities. Many FEMA aid programs target property owners, which immediately prioritizes wealthier homeowners and marginalizes renters. Affluent communities also
better possess the time, resources, and networks to access this financial assistance.

So once disbursed unequally, these government relief funds tend to exacerbate wealth disparities, increasing the financial standing of more resilient, wealthier Americans while further impoverishing poorer communities that typically struggle to recover from disasters. In fact, a 2019 study from the University of Pittsburgh and Rice University found that, the more aid an area receives from FEMA, the more inequality increases along lines of race. In counties hit by large disasters, which in turn receive more aid, Black residents experience a $27,000 decrease in their wealth on average while their white neighbors experience a $126,000 increase in their wealth on average.

Ultimately, households in low-income and minority neighborhoods are much more likely to be displaced long-term by natural disasters or struggle to rebuild their homes and recover financially. Hurricane Katrina is indicative: Nearly one-in-three Black residents have not returned to New Orleans after the storm, while the white population has nearly reached its pre-hurricane level.

As a result of these hurdles, households and communities impacted by disasters face an impossible choice: continue to live in substandard and temporary housing, while fighting to receive aid and rebuild, or move away to find permanent housing elsewhere. But mobility is often a reflection of socioeconomic class and these dynamics can exacerbate existing inequalities: Higher-income households are most likely to have the social and economic resources to access assistance, rebuild, or move, leaving behind already-vulnerable families and individuals.

**Planned Community-Level Relocation**

A June 2020 report from the First Street Foundation warns that a stunning 14.6 million properties in the continental United States are at substantial risk of flooding in the next 30 years, as climate impacts worsen. In some coastal states, such as Florida and Louisiana, entire seaside communities will likely become uninhabitable in the coming decades.

Local leaders are responding to this climate risk in various ways, including by building sea walls and elevating homes in floodplains and storm-prone areas. Yet these adaptation measures are becoming increasingly inadequate as sea levels
rise and severe flooding increases, prompting some policymakers to consider or implement a strategy known as "managed retreat."

**Managed retreat** is the purposeful and planned relocation of people, homes, and other infrastructure away from disaster-vulnerable coastal areas and floodplains. The strategy is most often applied following a natural disaster, when a local government offers homeowners the “pre-disaster” value of their damaged house to relocate instead of rebuild. Historically, the federal government provides three-quarters of the funding—via FEMA or HUD—and state and local officials fund the balance and administer the program.

The U.S. Government facilitated over 43,000 voluntary buyouts in 49 states and three U.S. territories between 1989 and 2017, relocating vulnerable homeowners with FEMA funding following a disaster. A more well-known example is New Jersey’s **Blue Acres Buyout Plan**, which has completed over 1,000 voluntary buyouts since Hurricane Sandy in 2012.

Still, managed retreat is applied incrementally and at a small scale in the United States, and the number of buyouts has steadily declined in recent decades. In part, this downward trend reflects the many financial, logistical, and political challenges of successfully implementing managed retreat strategies. The typical U.S. home cost **$357,000** in January 2023, and it is often difficult for municipalities, especially those that are poorer or less populated, to secure funding for buyouts. Many local governments may also lack the administrative capacity to engage in lengthy negotiations and purchase houses. Managed retreat has also been considered a political “third rail,” with elected officials reluctant to place the financial and psychological burdens of relocation on their constituents.

Political support for managed retreat could be growing, however. According to the **New York Times**, the Biden Administration appears to have created the first program in U.S. history that is specifically designed to help relocate communities threatened by climate change. In 2021, Congress provided the Department of the Interior’s Bureau of Indian Affairs with $130 million to spend over five years on relocating flood-prone tribal communities. At least eleven tribes have applied for relocation grants within this more proactive approach to climate change, with two native communities in Alaska...
Ad-Hoc “Individual Action”

The slow pace and limited scale of buyouts and other government assistance means that many households may move away from climate-vulnerable areas through individual action, using their own resources. This dynamic may cause far larger population movements than managed retreat and other planned relocation strategies: An influential 2018 study suggested that one in twelve Americans in the Southern United States will move towards California, the Rockies, or the Pacific Northwest over the next 45 years as people choose to relocate to regions less susceptible to extreme climate.4

There is no comprehensive or national data on climate migration rates in the United States, but reporting and small-scale research indicate that more and more families are grappling with these decisions. A 2021 Redfin survey of 2,000 people found that nearly half of the respondents who planned to move in the next year attributed their decision to increased natural disasters and extreme heat, and over one-third claimed that sea-level rise was a factor in their planning. Another, smaller survey of 30 new residents in Vermont, indicated that one-third factored climate in their decision to relocate from out of state.

*ProPublica* reporter Abrahm Lustgarten predicts that a larger wave of migration will begin once climate change more acutely impacts wealthier populations’ physical and financial security. As mobility is often a reflection of socioeconomic class, future population shifts are likely to increase poverty and exacerbate social, economic, and political divides. Low-income and minority households in the United States are most affected by climate impacts and suffer the most severe effects of natural disasters—yet these individuals and families often have fewer financial resources, job opportunities, and social networks that allow for a planned move away from climate-vulnerable areas. Already, wealthy households in coastal Louisiana and Georgia are relocating away from at-risk areas, while Black and Indigenous communities are largely left behind.

Where Will Climate Migrants Move?

Predictions on where climate migrants will move include future “climate havens” such as New England, the Pacific Northwest, and the Great Lakes region, although many of these areas are also experiencing extreme weather. But Anne Weber, a policy analyst at the Natural Resources Defense Council, has found that many of those already displaced prefer to remain in their home regions if possible. People in coastal areas may simply move inland within their own state.

and one in Washington State receiving $25 million each to relocate.3
Historical trends suggest that the climate crisis will accelerate urbanization. Other research more specifically indicates that climate migrants will move to nearby counties that are more urban and have lower unemployment rates and higher wages. A little over half the U.S. population lived in cities in the mid-twentieth century. By 2050, some researchers believe that 90 percent of the country will live in urban areas, in part due to negative climate impacts.
II. Those Who Stay

Many Americans remain **defiant** in their choice to stay put in climate-vulnerable regions, despite the well-known dangers of future disasters, sea-level rise, drought, or extreme heat. In fact, millions of Americans continue to **move** to riskier states, such as Arizona, Nevada, and Florida, due to the relatively low cost and availability of housing, economic growth, and quality of life. But those who remain in these areas, either by choice or by necessity, may soon face negative impacts on their housing security, including financial loss, dropping home values, limited financing options, and increased household costs.

**Insurance Gaps and Financial Loss**

Natural disasters cause **billions** of dollars in damage to homes in the United States each year. According to the National Oceanic and Atmospheric Administration (**NOAA**), the country experienced 18 “billion dollar disasters” in 2022 alone, with Hurricane Ian the most expensive at an estimated $113 billion in total damages. Largely due to significant gaps in insurance coverage, rebuilding post-disaster can bankrupt a household.

Nearly all American **homeowners** are covered by some sort of insurance, but **research** from CoreLogic suggests that 64 percent of policies fail to adequately account for disaster risks. In high-risk areas, this gap is often worse: **80 percent** of homes in California’s wildfire regions are underinsured, and **90 percent** of California homeowners do not even have earthquake insurance. Nationwide, over **40 percent** of the $1.45 billion in losses due to natural disasters in 2021 was not covered by insurance. These gaps can cause financial ruin for homeowners when disaster strikes, leaving them responsible for tens of thousands of dollars in repairs. And, as many cannot rebuild, this leads to slowed recovery in the region and causes many underinsured homeowners to ultimately **default** on their mortgages.
Even when insurance policies cover disasters, policy owners can still experience thousands of dollars in deductibles, increased premiums, and other unexpected costs. Homeowner premiums increased an average 12.1 percent nationally between 2021 and 2022, in part due to costly climate disasters. In some high-risk regions, such as fire-prone California or the coasts, climate change is rendering homes too costly to insure, especially for lower-income households.

Some insurance companies are actually beginning to pull out of high-risk markets, or have raised rates to the point that many homeowners cannot afford adequate insurance. In 2022, for instance, private insurers dropped nearly 100,000 homeowners policies from Louisiana in an effort to stabilize their company finances and reduce the risk of insolvency as climate change threatens coastal communities.

The federal government, primarily through the National Flood Insurance Program, and some states do provide insurance policies that cover flooding and other disaster hazards. But these services do not completely close the gaps in private coverage or are themselves at risk of becoming too expensive for the average homeowner.

As noted above, many homeowners are therefore dependent on government aid to rebuild or recover financial losses post-disaster. This funding from FEMA and HUD is limited, and impacted households and communities face significant administrative barriers in applying for and receiving aid. Further, federal aid is not currently intended to cover the entire cost of home repair following a disaster. FEMA explicitly states that funding is only available to ensure that homes are “safe, sanitary, and functional.” The Small Business Administration also provides low-interest disaster loans to impacted homeowners, but even these loans can place a significant financial burden on lower-income Americans.

Limited Financing Options and Dropping Home Values

Even homeowners who are not directly impacted by disasters may experience indirect financial impacts from climate change, including additional barriers to financing, drops in property values, and increased difficulties selling their home. Sean Becketti, Freddie Mac’s chief economist from 2015 to 2017, has speculated that some houses could become uninsurable and unmarketable due to climate change, causing values to sharply decline, perhaps to nothing.

On both coasts, banks are becoming increasingly skeptical of long-term returns from 30-year mortgage loans in climate vulnerable regions. Some of these lenders are now requiring larger down payments—sometimes up to 40 percent—while others are increasingly selling off these mortgages to government-backed buyers like Fannie Mae and Freddie Mac. New York Times reporter Christopher
Flavelle suggests that such activities indicate a growing awareness that climate change could result in more mortgage defaults.

Sea-level rise, wildfires, and other climate impacts could also lower property values across the United States, resulting in loss of equity for homeowners and, eventually, an unsellable home. A 2019 analysis from First Street Foundation suggests that between 2015 and 2017 sea-level rise diminished the values of 25.6 million properties within all 15 East Coast states, Alabama, and Mississippi by a total of $15.8 billion. Research from 2020 found that New York houses that were not flooded during Hurricane Sandy, but were newly added to post-Sandy FEMA floodplain maps, experienced eleven percent price reductions. If property values decrease significantly, some homeowners could be unable to sell their old home for a value that allows for a comparable purchase elsewhere.

Despite these risks, many Americans continue to buy homes in locations vulnerable to natural disasters, sea-level rise, and other climate impacts. While some new homeowners may lack of the true climate risk to their house, others are enticed to at-risk regions by cheaper costs of living, economic growth, and warm weather. For many, climate change is not the deciding factor in their decision-making.

**Housing Cost Increases**

Perhaps counterintuitively, as property values in climate-vulnerable areas decrease, households’ costs may actually increase. The rising cost of utilities, expensive weatherization projects, increased hazard or home insurance, and a reduced housing stock could all contribute to this added financial burden.

According to a 2018 federal report, residential power expenditures are estimated to increase by 18 percent by 2040 as a result of rising temperatures. Homeowners can theoretically retrofit their homes to make them more disaster safe or energy efficient, but these options cost tens of thousands of dollars and are likely cost prohibitive for the median-income American household.

For homeowners fortunate enough to have sufficient insurance coverage, rates will likely increase significantly in the coming years. Based on global projections from the Swiss Re, the world’s largest reinsurer, homeowner insurance premiums will increase by 5.3 percent annually through 2040, in large part due to climate change and associated risks. For regions that are more disaster-prone, rates will likely jump even higher. In October 2021, for example, after FEMA updated its National Flood Insurance Program to better account for flood risk, premiums for some coastal properties rose 400 percent or more.

Beyond increased costs for homeowners, the United States will likely experience a dramatic shrinking in housing supply within high-risk climate areas. A 2018 study by the Union of Concerned Scientists found that over 300,000 U.S. homes
are at risk of chronic flood inundation by 2045, rendering these properties uninhabitable. In the continental United States, Florida has the most homes at risk over the next century. About 64,000 homes, currently home to over 100,000 people, will be at risk of chronic inundation by 2045; more than one million properties, or 10 percent of the state’s current residential properties, will be at high risk by 2100. A shrinking supply in the U.S. housing market will certainly have cascading effects. In a high-risk city like Miami, relatively protected neighborhoods are already experiencing large investments in real estate and sharp increases in rent, driving out lifelong residents and forcing these households into more climate-vulnerable parts of the city.

As climate change decreases housing stock, especially affordable housing, the United States is likely to experience higher rents and mortgages, in turn leading to higher levels of housing insecurity, including an increase in evictions, foreclosures, and overcrowding.
III. Those Who Receive

Climate impacts, particularly natural disasters such as hurricanes and wildfires, often trigger an outflow of residents from affected areas into nearby neighborhoods, towns, and cities. Such rapid population growth can overwhelm receiving communities’ resources and social services, raise housing prices, and lead to an increase in homelessness.

By contrast, some cities such as Buffalo, New York, and Duluth, Minnesota, are actually positioning themselves as “climate havens,” with the hope that an inflow of residents will boost the local economy and reverse population outflows stemming from the United States’ post-industrial demographic reshuffling. Buffalo, for example, lost over half its population between 1950 and 2010, yet the city’s inland location and proximity to freshwater make it relatively well-suited to withstand climate impacts. In the coming decades, local officials in Buffalo and similar cities must ensure that there is an adequate supply of safe and affordable housing as well as sufficient infrastructure to support large increases in population and possible climate gentrification.

Currently, the discernible impacts of climate change on housing in climate havens are only emerging. Yet, while much of the present conversation focuses on communities bearing direct impacts of climate change, many policy choices that climate haven cities undertake in the next few years and decades will determine the livelihoods of long-time residents and new climate migrants.

Housing Scarcity and Homelessness

Some studies suggest that climate migrants will move West, while other research asserts that the Northeast or the Great Lakes region will become climate havens. Regardless, this future climate migration will likely raise housing costs and exacerbate shortages in climate havens across the country. According to analysis from Redfin, wealthy California transplants are already driving an increase in Denver, Colorado, home prices. The increased demand for housing
within receiving communities will increase rents and home prices, likely disproportionately affecting lower-income residents.

If policymakers do not channel the necessary resources to ensure housing supply keeps pace with demand within these climate haven communities, the result could be major spikes in housing loss and housing insecurity.

The northern California city of Chico is a stark example of this challenge. An inflow of refugees from nearby Paradise, which burned to the ground in 2018, exacerbated a severe affordable housing shortage. Almost overnight, the population of Chico grew by 20,000 as the city opened up multiple shelters and residents housed fire victims in their own homes. But this rapid population growth has been unsustainable, and the city has subsequently experienced a homelessness crisis, with roughly a quarter of the unhoused population in surrounding Butte County losing their homes in the 2018 fire.

**Climate Gentrification**

As climate impacts become more severe, some residents from wealthy and more white, but climate-vulnerable neighborhoods and communities are relocating to nearby areas that are poorer, more Black and Hispanic, and more resilient. Increasingly referred to as “climate gentrification,” this dynamic has many of the same negative effects as gentrification more broadly. Lower-income, lifelong residents of a neighborhood are pushed out by rising housing costs and pressure from developers, who see potential profits from building on newly desirable land and selling to wealthier newcomers. Sometimes, displaced households have little choice but to relocate to neighborhoods that are more vulnerable to climate change or lack easy access to public services and economic opportunities.

Both in-depth reporting and a growing body of academic research indicate that climate gentrification is occurring more frequently across the United States, especially within certain cities. Following Hurricane Katrina and more recent storms, for example, higher-elevated, historically Black neighborhoods in New Orleans are undergoing significant socioeconomic changes. Analysis of U.S. Census data by CNN found that the share of Black households in Census tracts with the highest median elevations fell by more than a third between 2000 and 2019. Many of these elevated neighborhoods also saw more pronounced economic gentrification in the years since Katrina. Overall, the correlation between elevation and race in New Orleans has become more pronounced in the last two decades: Higher areas tend to be more white, and lower areas more Black.

Climate gentrification is also increasingly noticeable in low-lying Miami, where scientists predict five to six feet of sea-level rise by 2100. Miami is a city with immense wealth at risk from future climate impacts—$15 to $23 billion of
property could be underwater by 2050—along with significant socioeconomic inequities. Research from Tulane University professor Jesse Keenan and others found that, in general, single-family homes situated on higher ground in Miami-Dade County increased in value at a higher rate than those in lower lying areas. In Miami’s Little Haiti, a minority community that sits on an inland ridgeline, the average home value has nearly tripled since 2010, the largest price hike of any Miami neighborhood during that time.

It is also worth noting that climate gentrification is occurring further inland. In Arizona, for example, it is suspected that many Phoenix residents are already fleeing the city’s extreme heat. (The Phoenix Metropolitan Area is expected to experience nearly 150 days above 105 degrees by 2050.) Some wealthier residents are relocating to Flagstaff, a small city in the state’s mountainous north, which provides more moderate temperatures. But long-term residents in Flagstaff are increasingly worried that higher-income households will price them out as rents and home values rapidly increase.
Conclusion

CAPE SAN BLAS, FLA - Elevated beach houses on the Florida Gulf Coast. 
*Source: Shutterstock*

Housing in the United States has only recently begun to experience significant impacts of climate change. However, these effects will likely multiply in the coming decades, as slow-onset sea-level rise, extreme heat and drought, and more frequent and severe storms push Americans into climate migration.

Our analysis of the major touchpoints between U.S. housing and climate change has raised a number of questions for future research, including:

- What, if any, innovative models exist to fund managed retreat at scale?
- What is the future of homeowners insurance in high climate-risk areas?
- How might climate havens effectively prepare for a future influx of newcomers?

If we are to prepare for the cascading impacts on housing security that climate change will bring, these questions merit urgent research and policy discussion.
Notes

1 For example, research from The Nature Conservancy and the University of Washington School of Environmental and Forest Sciences found that communities that are mostly Black, Hispanic, or Native American experience 50 percent greater vulnerability to wildfires compared with other communities.

2 It is worth noting that, in addition to funding from FEMA and HUD, the Blue Acres Buyout Program receives funding from a portion of New Jersey’s corporate business tax, in order to ensure a more sustainable and predictable funding approach.

3 Another notable development is the U.S. Army Corps of Engineers 2015 incorporation of eminent domain within its “compulsory managed retreat” policy, which conditions flood mitigation funding on a municipality’s agreement to use eminent domain to relocate households if necessary.

4 Of course, large areas of California are now at significant risk of wildfires. The state has the most at-risk properties in the United States due to its large size and Mediterranean climate, according to a 2022 analysis from the Washington Post. Recent disasters also indicate that the Pacific Northwest and the Rockies are also increasingly vulnerable to wildfires.
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