Regulations, Risks, and Property Values: A Zonal Classification Approach

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SUMMARY

Natural or technological risks, regulations or lack thereof impact on property values. We will explore support measures, the impact of regulations on property values. We introduce a simple classification for understanding natural risk zones regulations and how they affect development and building projects: Red = all building or development is prohibited; Blue = simple requirements are requested for building or development projects; White = basic requirements because of the vicinity of a risk; Purple = awaiting improvement or infrastructure work; Black = there has already been a disaster or there is now a certain and proven risk = the property must be evacuated with or without compensation. We will then discuss the impact of this classification on value. We will also explore the potential of taxes for financing the black zone.