The Washington Post

Made by History • Perspective

The cost of coastal capitalism: How greedy developers left Miami ripe for destruction

Building on vulnerable coastlines isn't about ignorance or hubris — it's about profit.

By Andrew W. Kahrl September 12

Andrew W. Kahrl is associate professor of history and African American studies at the University of Virginia and author of “The Land Was Ours: How Black Beaches Became White Wealth in the Coastal South.”

As Hurricane Irma bore down on South Florida, hundreds of thousands of people in Miami evacuated, fleeing a storm that, had it struck the city squarely, would have devastated what is now the fourth-largest urban area in America. Even though the storm slipped to the Gulf Coast side of the state, the hurricane flooded streets, shattered windows and sent giant cranes crashing into half-built high-rises.

Those cranes, a permanent feature of the rapidly expanding skyline, are symbols of the city’s ability to bounce back. But their skeletal fragments following the storm also serve as a warning: The longtime predatory practices of developers (and their partners in local government) in coastal communities like Miami have fueled racial discrimination and environmental destruction, as well as exacerbated the devastation wrought by storms like Irma and last month’s Hurricane Harvey.

Coastal communities should have heeded this warning a century ago.

When a Category 4 storm struck South Florida in 1926, it seemed to deliver a deathblow to Miami’s frenzied real estate market. “Gaping structures, tragically uncompleted, are mute reminders of ambitious schemes for apartments, casinos, country clubs,” one reporter later suggested, surveying the wreckage. All of the symbols of frenetic development had “vanished like a soap bubble.”

Not for long. No sooner had the rains stopped and floodwaters receded, than coastal capitalists ripped a page from their pre-storm playbook to rebuild South Florida’s economy. Before the storm white “land grabbers” had terrorized African Americans into selling or abandoning their properties. After the storm, the capitalists sent armed National Guardsmen into Miami's "Colored Town" to conscript, at the barrel of a gun, black laborers in clearing debris from the choice properties along Miami Beach, where blacks were barred from living.

Developers, meanwhile, busied themselves robbing the land of its natural defense mechanisms, draining thousands of acres of wetlands that absorbed floodwaters and building sea walls and other structures designed to protect coastal property and hold back the sea. Both helped to create the Florida we know today.

It is no coincidence that, in 1920s Florida, the violent expropriation of black-owned land took place amid a frenzy of reckless and environmentally destructive development. That's because exploiting humans and exploiting the natural environment have been and remain core features of modern America's coastal economies.

What's changed in the decades since the 1926 hurricane are the legal and regulatory tools at coastal capitalists' disposal. In place of violent land-taking, speculators used the courts and local governments to force valuable black-owned land onto the market — through such legal devices as eminent domain, partition sales and tax delinquency proceedings.

Developers also learned how to manipulate zoning ordinances and land-use regulations to ensure that all of the profits from area real estate markets flowed in one direction — and all of the hazards and liabilities in another. They learned how to turn laws and regulations designed to curb growth and protect the environment into tools of profit and destruction.

Take the much-maligned National Flood Insurance Program. When it was created in 1968, the program aimed to prevent future construction in flood-prone areas. To be eligible for federal flood insurance, states and local governments were required to adhere to a set of federal guidelines restricting land use in flood-prone areas. The bill also gave the federal government the authority to purchase insured properties "damaged substantially beyond repair" rather than allow them to be rebuilt.

Later, lawmakers strengthened the insurance program. They amended it to require that all properties receiving federally backed mortgages purchase flood insurance, and made communities located in flood hazard areas that refused to participate in the program ineligible for other types of federal disaster assistance.

But those states most vulnerable to flooding from hurricanes were also those where the home building industry exercised its greatest influence, and where state and local governments relied to a disproportionate extent on property taxes for revenue. (Neither Texas nor Florida, for example, have a state income tax.) In Florida, property taxes account for roughly 36 percent of all state and local revenue, tying the state's fiscal health to the continued growth of its real estate markets.

Thanks to lobbying by real estate industries and pressure from lawmakers in these and other Sun Belt states, by the mid 1970s officials in the National Flood Insurance Program began to drastically scale back enforcement of their own rules and standards. The program began issuing policies in areas highly susceptible to flooding while neglecting to crack down on county and municipal governments that refused to adopt sensible land-use regulations.

These practices became so pervasive that, this spring, FEMA (the agency that now runs the flood insurance program) went so far as to claim that the program "lacks the power to proscribe the type of development which may occur in a floodplain," even though that's precisely what the authors of the bill creating the agency intended for it to do.

FEMA's "abdication of responsibility" for preventing reckless development, as a representative for the Natural Resources Defense Council labeled it, has reaped rich rewards for the real estate industry and provided new revenue streams for fiscally strained local governments.

It has also placed more Americans in the path of deadly storms and in the crosshairs of predatory capitalists. In the few remaining parts of the coastal South that have not yet undergone intensive development, landowners face unrelenting pressure from private developers, working in concert with local officials, to sell or risk forced removal.

In recent years, property taxes on Georgia's Sapelo Island have risen sharply — in some cases, over 500 percent in a single year — as county officials seek to remove the island's poor, but predominantly landowning, black population and clear the way for commercial development. In Houston, subprime mortgages disproportionately targeted at blacks and Latinos helped to fuel the home building boom of the early 2000s that resulted in massive wetlands losses and set the city up for its current disaster.

As working families struggled to make payments on their homes, many let their flood insurance policies lapse. Over the past five years, the number of properties in metro Houston with flood insurance coverage dropped by 9 percent. According to one estimate, less than 20 percent of the homes damaged by Harvey carried flood insurance.

Critics blame FEMA's lax oversight of the program and its reliance on private insurers to market policies. Others blame the federal government for failing to adequately fund and manage the redrawing of maps used to determine areas at high risk for flooding. Despite the urgent need for new maps that take into account sea level rise and other effects from climate change, President Trump intends to eliminate FEMA's flood mapping program.

Trump's decision to cut funding for new flood maps, like FEMA's denial of its own powers to curb development, has left many people stunned. They shouldn't be. This is how coastal capitalism works. It limits to every extent possible the ability of regulatory agencies to carry out their mission, and it seeks to prevent at every turn the existential risks posed by climate change from becoming widely accepted by the general public and woven into federal, state and local policy.

It's a playbook that the real estate developer currently occupying the Oval Office knows all too well. Indeed, the promotion of climate change denialism by Trump and fellow coastal capitalists is not, contrary to liberals' assumption, a sign of their ignorance or hubris. It's a shrewd investment that has paid handsome dividends.

Developers in Miami, for instance, don't fear sea level rise, whose damage, they bet, will come after their projects have been sold and return on investment realized. They do, however, care about the public's fear of sea level rise, which threatens to diminish the value of their investments and appeal to potential buyers. They especially care about any words and actions by federal or state regulators that might confirm those fears and factor them into the costs of building in vulnerable areas.

This explains the decision by lawmakers in North Carolina in 2012 to prevent state regulators from basing coastal policies on scientific predictions of sea level rise, or the directive given by Florida Governor Rick Scott in 2015 that state employees refrain from using the terms “climate change” and “global warming.”

Liberal politicians and commentators were quick to condemn these actions as indicative of the GOP’s head-in-the-sand approach to the most existential threat we, as a nation and a species, face. But lawmakers’ heads weren’t buried in the sand; rather their hands were furiously digging up what wealth still laid buried in these shores before the day of reckoning comes.

In the debate that it sure to ensue in the coming weeks and months, there will be much talk about the particular policies, programs and regulatory practices that placed so many homes, and so much wealth, in harm’s way, and whether taxpayers should, again, foot the bill for these regions’ recovery. There is already a growing chorus of lawmakers calling for the end of the National Flood Insurance Program as one solution. There will also be much necessary talk about climate change and our future on a warmer and more volatile planet.

The true test, though, will be our willingness to acknowledge, confront and begin to dismantle the structure and culture of coastal capitalism. This, ultimately, is what fueled the reckless and predatory practices that have come to define the coastal South, and that stands squarely in the path of a more just and sustainable future for the region and its people.

Andrew W. Kahrl is associate professor of history and African American studies at the University of Virginia and author of “The Land Was Ours: How Black Beaches Became White Wealth in the Coastal South.”