

**Program Area:** Remediation and Redevelopment

**Subject:** Draft “Environmental Contamination and Your Real Estate”

**Purpose:** This draft fact sheet was developed by the RR program, in consultation with legal services (Hess and Cochart). The purpose of the fact sheet is to provide guidance to property owners on: (1) the impact environmental contamination has on a property’s value; and (2) a general overview of the state’s real estate disclosure law.

**Length of Public Input Period:** 21 Days

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**Background:** Over the last several years, the Department has dealt with a number of contamination situations that involved concerned property owners. From vapor intrusion in homes, to pipeline spills, and molybdenum in groundwater, property owners are seeking answers from the Department on how such situations impact the value of their properties. They are also concerned with how this impacts the resale of their property, particularly in light of the state’s real estate disclosure law. The fact sheet provides general answers to these questions, and recommends property owners to seek independent legal advice on their particular situation. This fact sheet also assists Department staff in understanding the appropriate manner in which to address these questions.



# Environmental Contamination & Your Real Estate

PUB-RR-973

Mar 2014

## Could my property value be affected?

When soil, groundwater or other contamination is discovered in a neighborhood, one of the questions that homeowners eventually raise is whether recent events will impact the market value of their home and if so, to what extent.

In any situation, the value of the property is influenced by a number of factors: location, property characteristics and the overall health of the real estate market are just a few. Environmental contamination may also be a factor with its own set of variables to consider – real or perceived – such as the extent and nature of the contamination, the success of the cleanup effort, and the need for continuing mitigation action (i.e. running an in-home system).

In short, it's impossible to give a definitive answer to the question of whether environmental contamination will affect the market value of a property because of the variety of situation-specific factors that influence value.

The good news is the effects of environmental contamination – human or naturally occurring – can be managed. For example, in homes where radon gas is an issue, a special ventilation system can be installed to keep the gas from collecting inside the home. Such systems are widely used and generally viewed as an acceptable remedy to this naturally-occurring contamination. Similar systems or other remedies exist to mitigate contaminants of a different human-made nature (e.g., petroleum or chlorinated vapors).

Impairments to property through recent or historic environmental contamination may have some impact on the property value in the short term, but eventually may have little to no impact at all if all other determining factors are working in favor of the homeowner.

**Market Value** is the price at which a home will sell within a reasonable period of time, and is therefore determined by the buyers in the marketplace at the time a homeowner is offering to sell.



When you're ready to sell your home or property, consider working with a licensed real estate broker and/or lawyer to assist with selling any real property, including the process of setting a value.

Property owners should know, however, that if they are to sell their home or land in the future, they are required by Wisconsin law to disclose certain conditions about the property. The information on the other side of this factsheet sheds some light on those requirements.



Wisconsin Department of Natural Resources  
P.O. Box 7921, Madison, WI 53707  
dnr.wi.gov, search "Brownfields"



## As a seller, what am I required to disclose in Wisconsin?

If you own real estate in Wisconsin and are planning to sell, state law requires you to disclose any defects. Defects are conditions that would:

- Have a significant adverse effect on the value of the property;
- Significantly impair the health or safety of future occupants of the property; and
- If not repaired, removed or replaced, would significantly shorten or adversely affect the expected normal life of the premises.

### How do I meet the disclosure requirement?

The disclosure process varies by property type (e.g. residential, commercial, vacant land). Standard real estate forms are available to help owners of residential property and vacant land comply with legal disclosure requirements. Pre-purchase investigations and broker disclosure duties in commercial real estate transactions are typically rigorous, and should identify environmental issues.

1. The Residential Real Estate Condition Report Form includes questions regarding fuel storage tanks located on the property; unsafe concentrations of radon, radium, lead and other potentially hazardous substances on the premises; and unsafe concentrations or conditions related to hazardous or toxic substance on neighboring properties.
2. The Vacant Land Disclosure Form includes questions regarding material violations of environmental rules; the presence of underground storage tanks; subsoil conditions that would increase the cost of development; and the presence of brownfields or other contaminated land on the property.

### How do I know if there are contaminated properties near me?

Remediation & Redevelopment (RR) Sites Map is the DNR's web-based mapping system that provides information about contaminated properties and other activities related to the investigation and cleanup of contaminated soil or groundwater in Wisconsin. The status of cleanup actions for sites in the RR Sites Map is tracked via the Bureau for Remediation and Redevelopment Tracking System (BRRTS).

[dnr.wi.gov/topic/Brownfields/clean.html](http://dnr.wi.gov/topic/Brownfields/clean.html)



### What information is my real estate professional required to disclose to potential buyers?

State law requires listing brokers to inspect the property and to "make inquiries of the seller on the condition of the structure, mechanical systems and other relevant aspects of the property." State law also requires listing brokers to disclose all "material adverse facts" discovered in a broker's inspection or disclosed by the owner, in writing, in a timely manner. This requirement includes other property types in addition to residential and vacant land, such as commercial property.

## For more information

Specific questions regarding Wisconsin real estate disclosure laws should be directed to independent legal counsel. This broad overview on real estate disclosure is not a substitute for receiving situation-specific professional advice. Sellers and buyers of real estate should obtain assistance from a licensed real estate broker and/or an attorney if they have questions about their legal rights and obligations in specific real estate transactions. Professional assistance with environmental investigation is also strongly recommended.

Wisconsin REALTORS® Association maintains a database of REALTORS® and related professionals at [www.wra.org/Find-a-realtor/](http://www.wra.org/Find-a-realtor/)