

it must extend beyond the beach in front of a single property and include long stretches of ocean shoreline.

**(4) Move my house away from the eroding shoreline?**

**A:** Yes. House-moving is an allowable and cost-effective means of getting a structure out of harm's way. If space allows, a structure can be moved landward on the same lot; otherwise, it can be relocated to new property. Regardless of where the building is moved, it must meet existing setback requirements. [NOTE: As of 1993, new development permits for oceanfront structures **require** owners to move or dismantle buildings threatened by erosion; i.e., buildings that are less than 20 feet from the line of stable dune vegetation nearest the sea.]

*[For information on site-specific erosion control projects, contact your local building official, the U.S. Army Corps of Engineers or the N.C. Division of Coastal Management.]*



**Q: Can I get insurance for damage resulting from erosion and flooding?**

**A:** Possibly. You may be able to purchase a flood insurance policy which is usually separate from a standard homeowner's policy. The National Flood Insurance Program was established by Congress to make flood insurance available nationwide to eligible properties. Policies issued under the National Flood

Insurance Program include conditions and costs dictated by federal requirements. The federal government in turn guarantees to pitch in if losses occur—thus encouraging private companies to write affordable policies for areas that might normally be considered too risky. Large discounts on premiums often are available for buildings constructed above minimum standards. For example, discounts are available for buildings elevated on pilings higher than required to avoid storm-surge flooding.

There is a limit to single-family home coverage under the NFIP. Owners should inquire about these limits. If the owner wishes to purchase excess flood coverage, or if the property is not eligible for the NFIP, the owner **may** be able to procure flood insurance coverage from a private insurer. Private insurers regularly reassess whether or not to offer coverage.

**Q: Is flood insurance mandatory for coastal property?**

**A:** No law requires that an owner buy or maintain flood insurance. However, federally insured lenders, including mortgage companies, banks and savings and loan associations require flood insurance for the life of their lien if the property is in an identified flood-prone area. Failure to maintain coverage may permit the lender to declare the balance of the loan due and payable.

Flood-prone areas are identified on Flood Insurance Rate Maps, which should be available at the local building official's office. If your building is not in a flood-prone area or you haven't secured a mortgage to purchase your property, flood insurance is optional. However, when building or buying near the ocean, flood insurance is always a good idea, even if it's not required.

*[For information about flood insurance and discounts, contact your local building official, insurance agent, N.C. Department of Insurance or the federal Flood Insurance Program.]*



**Q: What are the limitations of flood insurance?**

**A:** Federal flood insurance covers only structural damage—including damage from waves—caused by flooding. As a rule, damage caused by chronic, long-term erosion is not covered. However, since most erosion that causes structural damage is associated with coastal storms, coverage is often available.

Furthermore, a federally-backed flood insurance policy covers only damage to the insured structure. It does **not** cover damage to land caused by flood, wave or erosion. And, it does not cover damage from other events, such as hurricane-related winds. These same limitations may apply to privately underwritten insurance.

When a structure is so badly damaged that it cannot be repaired or rebuilt, an owner may receive all benefits under the flood insurance policy and discover the coverage is inadequate to cover the cost of removing the structure and/or repaying the loan. In addition, the value of any remaining land may decline significantly if the land is declared "unbuildable."

**Q: Can I get insurance for wind damage to coastal property?**

**A:** Many privately underwritten homeowner policies cover wind damage and water damage caused by wind; e.g. wind damage to a roof resulting in leaks. However, because of the high risk in coastal areas, some private insurance companies are excluding coverage for wind damage. For that reason, the N.C. Department of Insurance has established an insurance pool known as the "Beach Plan" to provide wind coverage in areas where it is not otherwise available.

*[For more information about the Beach Plan or homeowner's policy coverage, contact your insurance agent or the N.C. Department of Insurance.]*

**Q: Can I rebuild or repair my structure if it is damaged by a hurricane or other coastal storm?**

**A:** It depends upon the extent of the damage. If damage is less than 50 percent of the building's value, you may be able to repair it at its original location. But if the building is more than 50 percent damaged, repairs are considered substantial and must meet both new setback requirements and other new building code requirements. Rebuilding is prohibited if erosion has left insufficient space on the lot to construct landward of the setback.

**ADDITIONAL INFORMATION:**

- **N.C. Division of Coastal Management**  
1638 Central Mail Center  
Raleigh, NC 27699-1638  
(919) 733-2293  
www.dcm2.enr.state.nc.us
- **N.C. Real Estate Commission**  
Legal Division  
1313 Navaho Drive  
P.O. Box 17100  
Raleigh, NC 27619-7100  
(919) 875-3700  
www.ncrec.state.nc.us
- **N.C. Department of Insurance**  
For general information: 1-800-546-5664  
"Beach Plan" information: 1-800-662-7048
- **National Flood Insurance Program**  
1-800-638-6620
- **Local Building Officials**  
Call the local county tax or municipal building
- **U.S. Army Corps of Engineers/Wilmington Branch**  
P.O. Box 1890  
Wilmington, NC 28402-1890  
(910) 251-4455

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# Questions and Answers on: PURCHASING COASTAL REAL ESTATE IN NORTH CAROLINA



## Questions and Answers on: PURCHASING COASTAL REAL ESTATE IN NORTH CAROLINA

Looking for property near the ocean? With more than 300 miles of ocean shoreline, North Carolina boasts some of the most spectacular beaches in the nation. But before buying, you should be aware of other factors that accompany the pleasures of owning property at the beach.



Most oceanfront real estate in North Carolina is located on one of the state's many barrier islands. These narrow strips of land between the sea and the sound are particularly vulnerable to ocean forces such as storms and beach erosion which can pose a threat to your prospective property and undercut its value.

This brochure focuses on basic questions you should ask as a potential purchaser of coastal real estate. Whether you are considering an undeveloped lot or an existing building, there are critical issues you should examine before committing to purchase. For more information, refer to the list of sources at the end of this brochure.

### **Q: What unusual hazards can affect real estate along ocean shorelines?**

**A:** The greatest difference between real estate adjacent

to the ocean or an inlet and inland real estate is the hazard of shoreline erosion. For inland real estate, property lines are generally unchanging. However, property on the oceanfront or adjacent to an inlet has a moving property line along the shore that is determined largely by the forces of nature. This moving boundary, called the "mean high water line," can change from day to day.

### **Q: What causes shoreline erosion?**

**A:** Shoreline erosion is caused by a variety of factors. Along the oceanfront, hurricanes, northeasters and other storms cause seasonal fluctuations of the beach.

As a general rule, North Carolina's beaches erode more in the stormy fall and winter months than in the calm summer months. It is not unusual for the mean high water line to move landward temporarily by 75 to 100 feet during the stormy season. Of course, when an ocean shoreline is hit directly by a hurricane, beachfront erosion can be even more dramatic. Inlets are also affected by seasonal storms and can change configuration rapidly and severely as tremendous amounts of water and sand flow through them. In severe storms, it is even possible for new inlets to form and existing inlets to close. Erosion associated with storms is often severe because large quantities of sand can be moved quickly offshore from the beach and dunes. This type of erosion is usually called "short-term" because the shoreline can return to its original profile as conditions calm.

### **Q: Do North Carolina's ocean beaches experience "long-term" erosion?**

**A:** Yes. Long-term erosion can be caused by a variety of factors, including rising sea levels. The ocean has risen about 6 inches during the last century, causing North Carolina's barrier islands to migrate landward.

Although this process can cause erosion along the entire oceanfront, areas adjacent to inlets are often the most profoundly affected. Some "migrating inlets" are

constantly moving in one direction. Others may stay in the same general location but expand and contract constantly. These inlets are often called "oscillating inlets."

In addition to its natural causes, erosion can be set in motion by human activities. For example, a jetty constructed to stabilize an inlet or a structure built to stabilize a beach can trap sand on one side but increase erosion on the other. Such erosion will continue until the structure is removed or the beach adjusts.

### **Q: What is the typical erosion rate of a North Carolina shoreline?**

**A:** Studies by the N.C. Division of Coastal Management show an average long-term erosion rate of 2 to 3 feet annually for the entire coast over the last 50 years. However, the annual erosion rate is more than 20 feet for some shoreline areas, while others have been relatively stable. Ocean shorelines near inlets and inlet shorelines usually experience the greater fluctuations.

Oceanfront property is also subject to seasonal storm-related fluctuations that can result in short-term erosion of between 75 and 100 feet. Although most of this erosion is temporary, some land area lost to storms may not return.

*[For information on erosion rates, contact the Division of Coastal Management or the local building official in the jurisdiction where you plan to purchase or build. There are also a few private companies that analyze shoreline hazards for a fee.]*



### **Q: Will I automatically be informed about erosion and erosion rates?**

**A:** Not necessarily. Although the original developers of oceanfront property are informed of erosion hazards when they apply for a building permit, North Carolina law does not specifically require that the information be disclosed to subsequent buyers. Purchasers should be sure to research coastal hazards.

If you are working with a licensed real estate agent, the agent has a duty to disclose material facts that the agent knows or reasonably should know. Although real estate agents may not always know the erosion rates for particular oceanfront properties, they should advise you of the possibility of erosion and direct you to available sources of information. If the agent knows the erosion rate of a particular property, the agent must disclose it to you.

### **Q: If I purchase undeveloped oceanfront property, where should I build on the lot?**

**A:** North Carolina requires that new construction be a certain distance from the ocean. However, because the state's ocean shoreline is volatile, it may be in your best interest to build farther landward than the minimum distances allowed.

The Coastal Area Management Act (CAMA) authorizes the Division of Coastal Management to establish oceanfront setback lines for all development. The setback is measured landward from the line of stable natural vegetation nearest the sea, usually near the base of the frontal dune system. All single-family homes and buildings of 5000 square feet or less, and their septic systems, must be located 30 times the historical, long-term erosion rate from this line, with a minimum setback of 60 feet. For example, if the long-term erosion rate is 3 feet per year for the shoreline of a particular lot, then the setback would be 90 feet (3 x 30) from the first line of vegetation. For large buildings (over 5,000 square feet), the setback is 60 times the long-term erosion rate or 30 times the erosion rate plus 105 feet, whichever is closer to the ocean. For such structures, the minimum setback

is 120 feet. Other requirements may also apply. Local building officials are familiar with these and can locate the minimum setbacks on your lot.

Please note that the required setback does not guarantee a safe location. In fact, it implies that if erosion occurs as expected, a building could be destroyed in 30 years—or about the time the structure is paid for under a traditional 30-year mortgage. If possible, it is generally wise to build well landward of the state's minimum setback requirements.



### **Q: What building construction features help reduce or prevent storm damage?**

**A:** Several features can prevent or substantially reduce the likelihood of damage from severe storms or erosion. Pilings can raise the first floor above expected flood elevations and waves. In many areas, embedding the tip of pilings deeper than five feet below sea level can help a building stand during severe erosion. Any walls constructed between pilings should be designed to break away when hit by waves to prevent damage to the elevated portion of the building.

Elevating a building to protect it from storm surge and flood increases its exposure to storm winds. The key to reducing storm wind damage lies in the quality of the building's design and construction. For new homes on the beach, consider employing a professional engineer to help ensure adequate structural design. If buying an existing home, an engineer can help assess the structure's strengths and weaknesses, and suggest modifications to make the house more damage-resistant.

Modifications may include: addition of hurricane clips to improve the roof's ability to withstand uplift forces of high winds; installation of storm shutters to protect window and door openings from wind-driven rain and debris; improved attachment of roof shingles; reinforcement of gable end roofs; reinforcement of the attachment of plywood roof decking to roof rafters with additional nails, screws or adhesives; and reinforcement of the attachments of porches and decks.

Sand dunes also provide significant protection during the most severe storms. You can protect and enhance frontal dunes by keeping vehicles and people off these areas, and planting additional dune grasses. Keep in mind that sand dunes protect against short-term erosion caused by very severe but infrequent storms and offer little protection from long-term erosion.

### **Q: If my oceanfront property becomes threatened by erosion can I:**

#### **(1) Construct a seawall?**

**A:** No. Seawalls, bulkheads, revetments, groins, jetties or breakwaters are not allowed along the beaches of North Carolina. These "hard" erosion-control devices can damage the beach and adjacent properties.

#### **(2) Construct temporary erosion-control structures such as sand bags?**

**A:** If a building is severely threatened by erosion, the property owner may apply for a permit to place sandbags or build artificial sand dunes with bulldozers to allow more time to move or relocate the building. Both are temporary measures and require permits from the Division of Coastal Management. A sandbag structure must be removed within two years and may be constructed only once per oceanfront lot, even if ownership of the lot changes.

#### **(3) Replenish the eroding shoreline by placing sand from an outside source onto my property?**

**A:** Yes. Beach replenishment is allowed in North Carolina. However, it is expensive and generally provides only temporary relief. Also, to be effective,

*Continued*