

**A:** Probably, but not always. You may be able to purchase a flood insurance policy (separate from a standard homeowner's policy). The National Flood Insurance Program (NFIP) makes flood insurance available nationwide to eligible properties. NFIP policies are written by private insurance companies for a processing fee, and based on federally-mandated terms and costs. Discounts on annual premiums are available for buildings in some flood zones if constructed above the minimum floor elevation standards. To determine if NFIP insurance is available in your area, contact your insurance agent or see N.C. flood maps online at: <http://www.ncfloodmaps.com/>.

For elevation discounts and tips on rating existing buildings, see: [http://www.ncfloodmaps.com/pubdocs/grandfathering\\_letter.pdf](http://www.ncfloodmaps.com/pubdocs/grandfathering_letter.pdf).

Determine the availability and cost of flood insurance in advance, and any limits on coverage. Private insurance coverage may be available for excess flood coverage or property not eligible for the NFIP.



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

**A:** Sometimes. If the property is in an identified flood-prone area, federally insured lenders, including most banks, savings & loans and mortgage lenders, are required to have the building owner provide proof of flood insurance coverage for the life of the lien.

Outside flood-prone areas, lenders still may require flood insurance to protect their lien and may declare the balance of the loan due and payable if

coverage is not maintained. If a loan is not federally insured or there is no loan, no law requires flood insurance.

Flood-prone areas are identified on Flood Insurance Rate Maps. (See above for sources.) Even if not required, when building or buying near the ocean, flood insurance is always a good idea.

*[For information about flood insurance and discounts, contact your local building official, insurance agent, the North Carolina Floodplain Mapping Program or the National Flood Insurance Program.]*

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

**A:** Federal flood insurance covers only building and contents damage—including damage from waves—caused by flooding. Technically, damage caused by chronic, long-term erosion is not directly covered unless it occurs during a storm event.

Federally-backed flood insurance coverage does not cover damage to the land caused by flood, waves or erosion. Therefore, much of the purchase price for oceanfront property is not insured if the land erodes.

When a building is so damaged that it cannot be repaired or rebuilt, flood insurance may be inadequate to cover the cost of removing the structure and/or repaying the loan. Even if the building is undamaged, erosion that makes the lot “unbuildable” for new construction may cause the property value to significantly decline.

**Q: Should a prospective buyer inquire about flood insurance premiums before buying?**

**A:** Yes. Congress amended the NFIP in 2012 and 2014. Additional amendments are under consideration. Annual premiums for some buildings have been raised significantly. It has been proposed to deny coverage to some buildings with higher claims. It is impossible to predict when or if Congress will modify the NFIP or how those changes may affect annual premiums. Additionally, all 20 of North Carolina's coastal counties are scheduled to get new flood maps in 2018. The best advice for a

prospective buyer is to research this issue thoroughly before making a purchase decision.

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

**A:** Probably. Because of the high risk in coastal areas, some private insurance companies exclude coverage for wind damage. For that reason, the N.C. Department of Insurance has established the Coastal Property Insurance Pool, formerly known as the “Beach Plan,” to provide wind coverage in areas where it is not otherwise available.

Residential Windstorm Mitigation Credits are available at varying levels for several types of roof construction and re-roofing. Refer to the NC Joint Underwriting Association/ NC Insurance Underwriting Association-Coastal Property Insurance pool for further information. (<https://www.ncjuanciua.org>)

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



**Q: Can I rebuild or repair my building if it is damaged by a coastal storm, fire or other hazard?**

**A:** Maybe. If the damage is less than 50 percent of the building's market value immediately prior to the damage, you may be able to repair it at its original location. However, if the building is more than 50 percent damaged, repairs must meet the latest setback requirements, floodplain regulations and other building code requirements. Permits are required, as if it were new construction. In addition, repair or replacement on the lot would be prohibited if erosion has left insufficient space to meet the setback at that time.

Purchasers should determine if the lot and building presently meet the setback for new construction and eligible for a replacement building, keeping in mind the risk that erosion may make the lot unbuildable in the future.

ADDITIONAL INFORMATION :

- **North Carolina Division of Coastal Management**  
252-808-2808 / 1-888-4RCAST (1-888-472-6278)  
[www.nccoastalmanagement.net](http://www.nccoastalmanagement.net)
- **North Carolina Real Estate Commission**  
(919) 875-3700  
[www.ncrec.gov](http://www.ncrec.gov)
- **North Carolina Department of Insurance**  
For general information: 1-800-546-5664  
<http://www.ncdoi.com/>  
“Beach Plan” information: 1-800-662-7048  
<http://www.ncjua-nciua.org/>
- **National Flood Insurance Program**  
<http://www.ncfloodmaps.com/>  
<http://www.floodsmart.gov/floodsmart/>
- **Local Building Officials**  
Call the local town hall or county municipal building.

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



A publication of the North Carolina Real Estate Commission

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

Looking for property near the ocean? With almost 330 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 near the beach.



Most oceanfront real estate in North Carolina is located on barrier islands. These narrow strips of land between the sea and sound are particularly vulnerable to ocean forces such as storms and beach erosion that can threaten your prospective property and undercut its value.

This brochure focuses on questions you should ask as a potential purchaser of coastal real estate, whether you are considering an undeveloped lot or an existing building.

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

**A:** Real estate near the ocean or an inlet is at risk for shoreline erosion. The property boundary adjacent to the water is influenced by forces of nature and changes from day to day and year to year.

### Q: What causes shoreline erosion?

**A:** Shoreline erosion is caused by many factors including seasonal fluctuations in the width of the beach, storm-induced erosion, long-term erosion, a gradual rise in sea level, and inlet migration/oscillations.

Generally, North Carolina's beaches are seasonally narrower in the stormy fall and winter months. The mean high water line may move landward temporarily by 75 to 100 feet during the stormy season. This "seasonal" erosion usually recovers for the summer tourist season.

A severe storm can cause dune erosion between 25 and 150 feet. While much of the storm-induced dune erosion may be temporary, it can sometimes take years or even decades for the dunes to recover.

Chronic, long-term erosion is the accumulation of many causes which result in the permanent loss of sand from the beach and dune. Some sand may be lost offshore in the worst storms. Storm waves may also overwash low islands, moving sand to the backside of the island and into the bay, where sand may also be trapped by the inlets.

A gradual rise in sea level also contributes to shoreline erosion. Sea level in North Carolina has risen 1 to 1.5 feet over the last century and could increase an additional 2 to 11 inches by 2045. By 2100, sea level may rise more than 3 feet. Ocean beaches react to sea level rise by eroding farther inland.

Tidal inlets between the barrier islands also can be extremely volatile. A few of North Carolina's inlets persistently migrate in one direction at over 100 feet per year. Inlets also can cause the ocean shoreline for some distance away from the inlet to oscillate, as first one side and then the other side traps sand and builds dunes as the other erodes over years or decades.

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

**A:** North Carolina Division of Coastal Management studies show an average long-term erosion rate of approximately 1.6 feet annually for the entire coast over the last 70 years. Some areas have lost over 13 feet per year. Ocean shorelines near

inlets and inlet shorelines usually experience the greatest fluctuations, on the order of 10 times non-inlet erosion rates for a decade or longer.

*[For information on erosion rates, contact the N.C. Division of Coastal Management or the local permitting office.]*

*For erosion rate maps: [http://www.nccoastalmangement.net/Maps/SB\\_Factor.htm](http://www.nccoastalmangement.net/Maps/SB_Factor.htm)*

*For shoreline change maps and inlets: [http://www.nccoastalmangement.net/Maps/shoreline\\_mapintro.htm](http://www.nccoastalmangement.net/Maps/shoreline_mapintro.htm)*



### Q: Will I automatically be informed about erosion, erosion rates and oceanfront building setbacks?

**A:** Not necessarily. North Carolina law does not specifically require that the information be disclosed to buyers other than the original builder. Purchasers should be sure to research coastal hazards and their potential impact on the property.

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

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

**A:** North Carolina regulations require that new construction

be a certain distance or setback from the ocean. The setback is measured landward from the line of stable, natural vegetation nearest the sea, usually near the base of the frontal dune. Other restrictions also may apply. Local permit officers can locate the minimum setbacks on your lot.

Purchasers should note that the required setback does not guarantee a safe location. In fact, it implies that if erosion occurs as expected, a new building could be sitting on the beach or destroyed in 30 years (about the time the structure is paid for under a traditional 30-year mortgage). Because the ocean shoreline is eroding, it may be in your best interest to build farther landward than the minimum distances allowed.

### 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. Piling foundations can raise the first floor above expected flood elevations and waves. Avoiding the storm surge and waves is critical for storm survival. Determine the floor elevation relative to local flood predictions. Higher elevations are safer.

Embedding the tip of pilings deeper than five feet below sea level can help a building stand during temporary storm-induced dune erosion episodes and long-term erosion.

Building code changes in 1986 make it more likely that later oceanfront buildings will have deeper foundations. Purchasers should consider researching the depth of the existing pilings relative to the depth of potential erosion.

Any walls constructed between pilings should be designed to break away when hit by waves without damaging the elevated building. Generally, the enclosed space in the floodplain may be used only for parking, storage or access to the elevated building but may not be used for living area.

The wind resistance of the building depends on good connections from the peak of the roof to the bottom of foundation. The resistance of all the exterior surfaces to

wind-blown water is also critical to reduce interior damage. Wind-blown debris damage can be reduced by storm shutters or impact-resistant glass. Consider hiring an inspection professional to determine if the building meets the present building codes or can be improved to meet them. Discounts on your homeowners insurance may be available for some building features.

See: <http://www.ncrb.org/Portals/0/ncrb/circular%20letters/property/P-10-10%20-%20Intro%20of%20Hurricane%20Mitigation%20Credits%20-%20HO%20and%20Dwg.pdf>

Sand dunes also provide significant protection from erosion and waves during severe storms. Generally, the bigger the dune and the farther landward it is located, the more storm protection it offers. However, it is important to understand that sand dunes offer little protection from long-term erosion. For more details on dune protection and erosion see the Dune Book: [https://ncseagrant.ncsu.edu/ncseagrant\\_docs/products/2000s/dune\\_book.pdf](https://ncseagrant.ncsu.edu/ncseagrant_docs/products/2000s/dune_book.pdf).



### 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 generally not allowed along the ocean beaches of North Carolina. These "hardened" 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 imminently threatened by erosion, a

property owner may be permitted to place large sandbags or build artificial sand dunes for temporary protection to allow the building to be relocated or until short-term erosion has reversed.

Both size and time limits are placed on each temporary sandbag structure.

*[For information on site-specific erosion control projects, contact your local permit officer or the N.C. Division of Coastal Management.]*

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

**A:** Yes. Beach nourishment may be permitted in North Carolina. However, it provides only temporary relief and requires regular additions of sand for maintenance. To be effective, it must extend beyond the beach in front of a single property, generally along a mile or more of shoreline. It is, therefore, a community solution, rather than an individual property owner solution.

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

**A:** Yes. If space allows, a structure can be moved landward on the same lot, or it can be relocated to a new property. If the building is relocated with private funds, it must be relocated the maximum feasible distance landward on the present property. If relocated with public funds, it must meet the current setback requirements.

(5) Be required to move my house away from the eroding shoreline?

**A:** Yes. As of 1993, new development permits for oceanfront buildings require owners to move or dismantle erosion-threatened buildings (buildings that are less than 20 feet from the line of stable dune vegetation nearest the sea), unless natural shoreline recovery or beach nourishment takes place within two years and the structure is no longer threatened.

*[For information on site-specific erosion control projects, contact your local permit officer or the N.C. Division of Coastal Management.]*

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

*Continued*