

**Fiscal Analysis**

15A NCAC 7H .0306 Elevating Oceanfront Structures  
15A NCAC 7K. .0208 Single Family Residences Exempted

Prepared by

Mike Lopazanski  
&  
Daniel Govoni

Division of Coastal Management  
(252) 808-2808

May 17, 2021

## Basic Information

---

Agency	DEQ, Division of Coastal Management (DCM) Coastal Resources Commission
Citations and Titles	15A NCAC 7H .0306(j) Elevating Oceanfront Structures & 15A NCAC 7K .0208 Single Family Residences Exempted
Description of the Proposed Rules	Proposed amendments include requiring a permit for the elevation of structures within the Ocean Hazard Area of Environmental Concern while the elevation of structures in the Coastal Shoreline Areas of Environmental Concern is exempt from permitting. Additional amendments include prohibiting the elevating structures seaward of the vegetation line in the Ocean Hazard Area of Environmental Concern.
Agency Contact	Mike Lopazanski Deputy Director Mike.Lopazanski@ncdenr.gov (252) 808-2808
Authority	113A-118; 113A-119; 113A-119.1; 113A-124(c)(8)
Necessity	The Coastal Resources Commission is proposing to amend its administrative rules to clarify when a permit is needed for the elevation of structures.
Impact Summary	State government: Yes Local government: Yes Private entities: Yes Substantial impact: No

## **Summary**

---

The proposed amendments to 15A NCAC 7H .0306(j) require a permit for the elevation of structures within the Ocean Hazard Area of Environmental Concern while the elevation of structures in the Coastal Shoreline Areas of Environmental Concern (15A NCAC 7K .0208) is exempt from permitting. Additional amendments to 15A NCAC 7H .0306(j) include prohibiting the elevating structures seaward of the vegetation line in the Ocean Hazard Area of Environmental Concern.

The proposed amendments will have no impacts to property owners in the Coastal Shorelines AEC as these amendments codify existing policy and permit exemptions in these lower-risk areas will expedite non-oceanfront flood mitigation projects. In these cases, the elevation of a structure would already be permissible under rules in 15A NCAC 7H.0208 as development over existing impervious surfaces.

There will be modest cost impacts on private property owners within the Ocean Hazard AEC (\$500) through the requirement of a CAMA Minor Permit for the elevation of structures. Local governments will be similarly affected and there will be no anticipated impacts to NCDOT permitting from the proposed amendments.

Regarding the prohibition on elevating structures within the Ocean Hazard Area but seaward of the vegetation line, is difficult to determine how much loss may be incurred when a structure is considered non-conforming since resale value is influenced by a wide range of factors, such as amenities, location, proximity to sandbag structures, and the overall willingness of the buyer to take risks.

There will be benefits to local governments and the public associated with these rule amendments by preventing houses located seaward of the vegetation line and within the dry sand beach from being fortified where they are more likely to remain, creating nuisance structures impacting the public trust beach and public use. These amendments also provide a public benefit by minimizing losses to life and property, preventing encroachment of permanent structures on public beach areas, and reducing the public costs of inappropriately sited development. Public benefits will also be realized in protecting present common-law and statutory public rights of access to and use of the lands and waters of the coastal area and achieving a balance between the financial, safety, and social factors that are involved in hazard area development.

The Division of Coastal Management's (DCM) permit review process will not be changed by these amendments and DCM anticipates a modest increase in permitting receipts (\$500 due to the proposed action. Any increased cost for Division staff's time as a direct result of the proposed rules and amendments will be insignificant.

### **Description of Proposed Actions**

---

CRC rule 15A NCAC 07H.0306(j) states that the relocation of structures within Ocean Hazard Areas requires a Coastal Area Management Act (CAMA) permit, and that oceanfront structures relocated with public funds must meet applicable oceanfront setbacks. The rule further states that structures relocated entirely with private funding "shall be relocated the maximum feasible distance landward of the present location." The intent of this rule is that public funds should only be used to

relocate structures entirely outside of the Ocean Hazard setback area, while the use of private funds to relocate a structure farther back, but still within the setback area, while beneficial, is undertaken at the property owner's financial risk.

In the years following Hurricane Floyd (1999), a large number of houses were elevated for flood mitigation using public funds. Due to the volume of structures and large areas impacted, the Commission determined that elevating structures within the Coastal Shoreline AEC within the same footprint is exempt from CAMA permitting and no distinction was made between the use of public or private funds. The CRC also outlines procedures under 15A NCAC 07J .0210, which exempts a project from CAMA permitting if it is determined to be "repair" vs. "replacement." Under 7J.0210, if the cost of the proposed work is less than half of the depreciated market value of the structure, the work is considered to be "repair" (as long as the structure is not expanded).

The Commission is concerned that if elevating a structure is automatically exempt from CAMA permitting, as was determined post-Hurricane Floyd, then even a structure located in the Ocean Hazard Area seaward of the vegetation line can be fortified against flooding and storm surge so that it is more likely to remain and continue impacting the public trust beach. The CRC is also concerned that the use of the "repair vs. replace" determination in 7J .0210 requires a high level of expertise related to the review of complex repair bids and appraisals of the depreciated replacement values for different structures. Applying these approaches to the elevation of structures in the same manner, regardless of AEC in which the structure is located, disregards the dynamic nature of the Ocean Hazard AEC.

The Commission is also specifically codifying exempting from permitting the elevation of structures within the same footprint if located within the Coastal Shorelines Areas of Environmental Concern. In these cases, the elevation of a structure would be permissible under rules in 15A NCAC 7K.0208 as development over existing impervious surfaces. For this reason, and in order to expedite non-oceanfront flood mitigation projects, an exemption for elevating structures in the Coastal Shorelines AEC is proposed.

### **Summary of Rule Changes**

---

#### 15A NCAC 7H. 0306(j) General Use Standards for Ocean Hazard Areas

- Adds a CAMA permit requirement for elevating existing structures. Both relocation and elevation of existing structures will require a CAMA permit.
- Specifies that structures relocated with private funding, may be located as far landward as possible.
- Prohibits the elevation of structures located seaward of the vegetation line.

#### 15A NCAC 7K .0208 Single Family Residences Exempted

- Codifies current policy that the elevation of existing structures within their existing footprint is exempt from CAMA permitting.

### **Anticipated Impacts**

---

#### Private Entities:

These amendments would apply to property owners wishing to elevate their structures within the

Ocean Hazard or Coastal Shorelines AECs. In the case of properties owners within the Coastal Shoreline AEC, there will be no impact as the amendment specifying that the elevation of structures is exempt is codification of existing practice. Permit exemptions in these areas will expedite non-oceanfront flood mitigation projects. In these cases, the elevation of a structure would already be permissible under rules in 15A NCAC 7H.0208 as development over existing impervious surfaces. Similarly, there will be no impact to property owners relocating structures with public or private funds as this activity currently requires a CAMA permit.

The primary impact to private property owners will be the requirement of a CAMA Minor Permit for the elevation of structures within the Ocean Hazard AEC. The Division estimates this number of property owners undertaking elevation projects to be approximately five structures per year coast-wide based on records of the past five years. Given the \$100 Minor Permit fee, the total impact to these property owners would be \$500 per year.

Regarding the prohibition of elevating structures seaward of the vegetation line, the Division estimate that one property per year may be affected based on activity over the past five years. It is difficult to determine how much loss may be incurred when a structure is considered non-conforming since resale value is influenced by a wide range of factors, such as amenities, location, proximity to sandbag structures, and the overall willingness of the buyer to take risks.

There will be benefits to local governments and the public associated with these rule amendments by preventing houses located seaward of the vegetation line and within the dry sand beach from being fortified where they are more likely to remain, creating nuisance structures impacting the public trust beach and public use. These amendments also provide a public benefit by minimizing losses to life and property, preventing encroachment of permanent structures on public beach areas, and reducing the public costs of inappropriately sited development. Public benefits will also be realized in protecting present common-law and statutory public rights of access to and use of the lands and waters of the coastal area and achieving a balance between the financial, safety, and social factors that are involved in hazard area development.

#### NC Department of Transportation (NC DOT):

Pursuant to G.S. 150B-21.4, no impacts to NCDOT permitting are anticipated from the proposed amendments. The new and amended rules do not create any new procedures or restrictions that would affect NCDOT permits. Development such as roads, parking lots, and other public infrastructure such as utilities continue to have a minimum setback factor of sixty feet (60) or thirty (30) times the shoreline erosion rate (whichever is greater) as defined by 07H.0306(a)(2)(I). In the event NCDOT needs to build or maintain a road located within an Ocean Hazard AEC, the proposed amendments will not change the CRC's approach to permitting that activity.

#### Local Government:

Public infrastructure (e.g., parking lots and public utilities) has a minimum setback factor of sixty (60) feet or thirty (30) times the shoreline erosion rate (whichever is greater) as defined by 07H.0306(a)(2)(I). In the event that local governments need to replace or rebuild public infrastructure within an Ocean Hazard AEC, the proposed amendments will not change the CRC's approach to permitting that activity. If a local government needs to elevate a structure within the Ocean Hazard or Coastal Shorelines AECs, they would be subject to the same requirements or exception as applicable. DCM has not had any requests by local governments to elevate structures within the last five years.

Division of Coastal Management (DCM):

In the Coastal Shorelines AEC, the Division of Coastal Management's permit review process will not be changed by these amendments and DCM does not anticipate changes in permitting receipts due to the proposed action. For the Ocean Hazard AEC, the Division estimates an additional five permits per year for a total of \$500 increase in permits fees (5 permits x \$100). The Division believes any increased cost for staff's time as a direct result of the proposed rules and amendments will be insignificant.