

Q&A

on Purchasing Coastal Real Estate in South Carolina



Ocean and Coastal
Resource Management

Questions and Answers on Purchasing Coastal Real Estate

Looking for property near the ocean? With nearly 200 miles of coastline, South Carolina boasts some of the most spectacular beaches in the world. But before buying, you should be aware of other factors that accompany the pleasures of owning coastal property.

Most oceanfront property is vulnerable to natural forces such as storms and beach erosion, which can pose threats to your prospective property and undercut its value. This guide focuses on basic questions you should ask as a potential purchaser of coastal property. 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 guide.

Q: What unusual hazards can affect real estate along South Carolina's shorelines?

A: South Carolina's coastline is constantly changing due to a common coastal hazard—beach erosion. Coastal erosion can be long-term, chronic erosion from a variety of causes, or it may be short-term as the result of a single or series of storm events. In addition to erosion, beachfront homes may also be threatened by high wind and flooding generated by storm surge. And in South Carolina, there is a threat of earthquake—the last big one rocked the Charleston area in 1886 and registered 7.6 on the Richter Scale.

Q: What causes shoreline erosion?

A: Hurricanes, nor'easters, and other storms cause seasonal fluctuations of the shoreline.

Generally, beaches erode more in the stormy fall and winter months than in the calm summer months. Of course, when a beach 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. On sandy beaches, 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” erosion because the shoreline can return to its original profile as conditions improve.

Q: Do South Carolina’s ocean beaches experience “long-term” erosion?

A: Yes. Long-term erosion, often called “beach migration,” is generally associated with rising sea levels. The ocean has risen about 1 foot during the last century, causing beaches 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 “breathing inlets.”

In addition to 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: As a buyer of coastal property, will I automatically be informed about erosion and erosion rates?

A: Not necessarily. Purchasers should always research coastal hazards, seeking information on pertinent laws and regulations from local government, the S.C. DHEC’s Office of Ocean and Coastal Resource Management (OCRM), and your realtor.

Each year, the OCRM publishes the annual “State of the Beaches Report.” This free document is a detailed study of approximately 400 coastal monitoring stations. It is available at DHEC’s OCRM offices in Charleston, Beaufort, and Myrtle Beach and online at <http://www.scdhec.gov/ocrm>. Erosion rates vary not only from municipality to municipality, but sometimes even from one stretch of beach to another part of that same beach. If you are working

with a licensed real estate agent, the agent has a duty to disclose material facts that she or he knows or reasonably should know. Although real estate agents might 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 a beachfront property is located, in whole or in part, seaward of the legislated setback line or the jurisdictional line, a contract of sale or transfer of real property must contain a disclosure statement. The statement must indicate that the property is or could be affected by the legislated lines and the statement must include the local erosion rate most recently made available by OCRM for that zone.

Q: What is the Beachfront Management Act?

A: The Coastal Zone Management Act of 1977 was enacted to protect our coastal resources from unwise development. This legislation served the beaches well during its first decade, but as South Carolina became a more popular tourist destination, it became apparent that the portion of the Act that dealt with beaches was inadequate. As development crept seaward, seawalls and rock revetments proliferated, damaging public beaches.

In many areas there was no beach left at high tide. In some areas, there was no beach at low tide, either. In 1988 and again in 1990, South Carolina's legislators took action and amended and strengthened the state's Coastal Zone Management Act. The resulting Beachfront Management Act protects South Carolina's sandy shores by increasing the state's jurisdiction and encouraging development to move landward.

Q: What is the State's Beachfront Jurisdiction?

A: The higher the erosion rate, the farther landward the state's jurisdiction. To find the boundaries of this jurisdiction, staff from the Office of Ocean and Coastal Resource Management must first locate the baseline, which is the crest of the primary oceanfront sand dune. Where there are no dunes, OCRM uses scientific methods to determine where the natural dune would lie if natural or man-made occurrences had not interfered with nature's dune building process. The setback line is the most landward boundary and is measured from the baseline. To find the depth of the setback

line, the beach's average annual erosion rate for the past 40 years is calculated and multiplied by 40. For example, if the erosion rate is 1 foot per year, the results will be a setback zone that stretches 40 feet from the baseline. The setback line is always located a minimum distance of 20 feet landward of the baseline.

If any portion of your property falls seaward of the setback line, talk with someone in the OCRM permitting section before beginning construction. Failure to do so may result in a fine and/or the removal of the structure at the property owner's expense.

The Folly Beach Exception

Folly Beach in Charleston County is the only exception to this rule. The Charleston Harbor jetties, a federal project built in the late 1800s, are a major source of erosion on Folly Beach. To compensate property owners for their loss, the General Assembly set Folly Beach's baseline along the beach's erosion control structures. There is no setback on Folly Beach, thus the state's jurisdiction is seaward of the baseline only. To see where the baseline and setback lines fall on a particular property, contact OCRM.

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

A: Building is determined by a setback line, which is established by using a mathematical formula based on the 40-year erosion rate in that area. New habitable structures must be built as far landward as possible and are limited to a maximum of 5,000 square feet of heated space. Special permits must be obtained to build seaward of the baseline. To qualify, the structure (usually a house) must be built as far landward as possible and have no impact on the primary sand dune or active beach area. If the beach erodes and the permitted structure becomes situated on the active beach, the property owner, at his or her own expense, must agree to remove the structure if so ordered by OCRM.

The Federal Emergency Management Agency (FEMA) provides additional information on where to site residential structures on coastal property in their Coastal Construction Manual (FEMA 55 - 6/2000). A copy of the publication can be requested by contacting FEMA at 1-800-480-2520.

Q: What can I build in the setback area?

A: The purpose of the Beachfront Management Act is not to stop development. The Act promotes responsible development—development that respects natural beach dynamics. Several activities are allowed in the setback, including the construction of new homes, the repair or replacement of a home, routine maintenance of an erosion control device, and the replacement of a destroyed swimming pool. A permit is not needed, but property owners are required to contact OCRM, in writing, before work begins. The agency has a notification form for this purpose. Using the Beachfront Notification form (<http://www.scdhec.gov/environment/ocrm/permit/docs/forms/beachnotice.pdf>), OCRM will determine if the proposed project is in compliance with the Beachfront Management Act. New habitable structures, for example, must be built as far landward as possible and are limited to a maximum of 5,000 square feet of heated space. New swimming pools may be constructed if located behind a functioning erosion control device. No construction may alter the beach's primary sand dune or active beach zone.

Q: Can I build anything seaward of the baseline?

A: A permit is not needed to build wooden dune walkovers less than 6 feet wide, but permits are required to build all other structures seaward of the baseline. Permits are easily obtainable for wooden decks no larger than 144 square feet, public fishing piers, golf courses, normal landscaping, and the repair or replacement of pools located landward of a functional erosion control device.

In some instances, a special permit may be obtained to build structures seaward of the baseline. To qualify, the structure (usually a home) must be built as far landward as possible and have no impact on the primary sand dune or active beach area. If the beach erodes and the permitted structure becomes situated on the active beach, the property owner must agree to remove the structure if so ordered by OCRM.

Q: Can I make additions to an existing beachfront house?

A: Yes. Additions located wholly or partially in the setback area are allowed, provided that the addition and the existing structure together do not exceed

5,000 square feet of heated space. The additions must also be located no farther seaward than the existing structure. The linear footage of the structure, parallel to the coast, cannot be increased. Additions made totally landward of the setback area do not require any notice to OCRM. Additionally, you must contact your local floodplain administrator and building permit official for local floodplain management regulations and code requirements. Also keep in mind that if the cost of modifying a structure, because of damage or otherwise, exceeds 50 percent of the value of the structure, the entire structure must be brought up to current code requirements.

Q: What building construction features help reduce or prevent damage from natural events?

A: Several features can prevent or substantially reduce the likelihood of damage from severe storms, erosion, or earthquake. Pilings raise the first floor above expected flood elevations and waves. In many areas, embedding the tip of pilings deeper than 10 feet below sea level can help a building stand during severe erosion. Any first floor walls constructed between pilings should be designed to break away when hit by waves to prevent damage to the elevated portion of the building. And a solid foundation helps a well-connected building withstand earthquakes. Keep in mind that the building foundation for oceanfront houses can't be reinforced to act as a seawall, since new seawalls are prohibited by law in South Carolina.

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. If you are building a new home on the beach, consider employing the services of a professional engineer to help ensure an adequate structural design. If you are buying an existing home, a professional engineer can help you assess the structure's strengths and weaknesses, as well as suggest structural and non-structural modifications which may help make the house more damage resistant.

Modifications may include:

- adding "hurricane clips" to improve the roof's ability to withstand uplift forces of high winds
- installing storm window protection to protect window and door openings from wind-driven rain and debris

- replacing asphalt roof shingles
- reinforcing gable end roofs
- reinforcing the attachment of plywood roof decking to roof rafters with additional nails, screws or adhesives
- reinforcing the attachments of porches and decks to a house's main structure

Remember, however, no home is disaster-proof. There are inherent and unavoidable dangers associated with building homes along the beach. Because of the substantial cost of coastal property, a professional engineering analysis could be a wise investment. Note: Sand dunes are natural features that also provide significant protection during the most severe storms. You can protect and enhance frontal dunes by keeping vehicles and people off them, planting additional dune grasses, and installing sand fences. Keep in mind, however, that dunes protect against short-term erosion caused by very severe, infrequent storms but offer little protection from long-term erosion.

FEMA's Coastal Construction Manual (FEMA 55 - 6/2000) provides guidance for the design and construction of coastal residential buildings that will be more resistant to the damaging effects of natural hazards. A copy of the publication can be requested by contacting FEMA at 1-800-480-2520.

Q: What should I know if my property has a septic system?

A Try to get a copy of the permit and the record-keeping folder (issued since mid-1996) from the previous owner or from the local DHEC Environmental Health Office. Knowing the location of the septic tank and the drain field will allow you to protect them from being damaged by cars, irrigation systems, or encroachment by outbuildings or additions. If a house has been enlarged, the septic system should be enlarged too. Ask about the repair or maintenance history of the system. Have the system inspected by someone trained by DHEC or by a licensed septic contractor.

Q: Where should a septic system be located on my property?

A: The placement of the septic system takes priority over the location of the house and other

improvements to the property. This is to ensure that the best soils are used in treating your household wastewater to protect your family's health and the environment. A minimum setback of 50 feet is required from the line of mean high water. Some septic systems may require additional area to function properly. Also be sure to check with your local municipality as they may have additional requirements for septic system installation.

Q: How often should I pump my septic system?

A: Vacation rental property on the coast puts a lot of stresses on a septic system, especially by allowing more people than what the system was designed for. Have the tank pumped on a regular basis (e.g., every three to five years; more often for rentals) and put an OCRM septic magnet on the refrigerator to let renters know what shouldn't go down the drain. Follow the guidelines on DHEC's septic maintenance fact sheet (see DHEC's Web site or local Environmental Health offices) to keep your system working properly for years to come.

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

Construct a seawall?

A: No. Erosion control structures represent the greatest threat to the preservation of the beach. On an erosional beach, seawalls and rock revetments may actually accelerate erosion, effectively destroying the beach. South Carolina applies a strict regulatory position where these structures are concerned. No new erosion control structures are allowed seaward of the setback line. Functional erosion control structures may not be enlarged, strengthened or rebuilt, but may be maintained in their present condition. If destroyed, the structure must be removed at the owner's expense.

Place sandbags in front of my home?

A: Yes. If a building is severely threatened by beach erosion, property owners are allowed to use 5-gallon sandbags to provide temporary protection. Local officials determine if a structure is in imminent danger. Sandscraping may also be used to construct temporary protection for coastal structures if local officials determine that a structure is in imminent danger.

Move my house away from the eroding shoreline?

A: Yes. House-moving is an allowable and generally a cost-effective means of getting a structure out of harm's way. If space allows, a structure may 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 any existing setback requirements.

Construct Sand Dunes?

A: Yes. Sand dunes provide some of the best protection against high tides and minor storms. OCRM's "How to Build A Dune" is a helpful guide for creating and preserving sand dunes. Contact OCRM for a free copy.

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

A: Yes. A habitable structure that has been destroyed beyond repair due to a natural cause and that is wholly or partially in the setback area may be replaced or rebuilt provided all of the following requirements are met:

- a) The total square footage of the replaced structure seaward of the setback line does not exceed the total footage of the original structure seaward of the baseline;
- b) The linear footage of the replaced structure parallel to the coast does not exceed the original linear footage parallel to the coast;
- c) The replacement structure is no farther seaward than the original structure;
- d) Where possible, the replaced structure is moved landward of the setback line or if not possible, then as far landward as practicable, considering local zoning and parking regulations; and
- e) Meets the requirements for new construction as defined in the local community's flood damage prevention ordinance.

Remember, if the cost of modifying or repairing a structure exceeds 50 percent of the value of the structure, the entire structure must be brought up to current code requirements.

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

A: Maybe. You should be able to purchase a flood insurance policy, which is separate from a standard homeowner's policy. The National Flood Insurance Program (NFIP) was established by Congress to make flood insurance available nationwide to eligible properties. Policies issued under the NFIP include conditions and costs dictated by federal requirements. The NFIP partners with private insurance companies. These private companies sell flood insurance backed by the federal government. In most cases, 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 are often 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. The building's structure can be insured for up to \$250,000 and the contents for up to \$100,000. 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. However, private insurers regularly reassess whether or not to offer coverage, and it may not always be available.

You should check with the U.S. Fish and Wildlife Service to see if your property is located in a Coastal Barrier Resource Area (COBRA) or Otherwise Protected Area (OPA) as specified by the Coastal Barrier Improvement Act (CBIA) of 1990. Properties within COBRA are not prohibited from being privately developed, but are not eligible for new federal financial assistance including flood insurance. Similarly, the CBIA also prohibits the issuance of new federal flood insurance within "otherwise protected areas" on buildings constructed after November 16, 1991, unless the building is used in a manner consistent with the purpose for which the area is protected. Otherwise Protected Area's (OPAs) are generally used for certain activities such as fish and wildlife research and refuges.

Q: Is flood insurance mandatory for coastal property?

A: The Flood Disaster Prevention Act of 1973 requires property owners backed by federally insured lenders, including mortgage companies, banks and savings and loan associations, to buy and maintain flood insurance if the property is located in a flood-prone area. Failure to maintain coverage may permit the lender to declare the balance of the loan due and payable or force-place a policy at a higher premium rate.

Flood-prone areas are identified on Flood Insurance Rate Maps, which should be available at your local building inspector's office. If your building is not in a flood-prone area or your mortgage is not federally-backed, 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. Also be sure to follow your local floodplain ordinances.

Q: What are the limitations of flood insurance?

A: Federal flood insurance covers only structural damage caused by flooding, including damage caused by waves. 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, waves, or erosion. And, it does not cover damage from other events, such as hurricane-related winds and wind driven rain. These same limitations may apply to privately underwritten insurance. You may be able to purchase insurance to cover the contents of your home.

If your home or business is damaged by a flood, you may be required to meet certain building requirements in your community to reduce future flood damage before you repair or rebuild. To help you cover the costs of meeting those requirements, the National Flood Insurance Program (NFIP) includes Increased Cost of Compliance (ICC) coverage for all new and renewed Standard Flood Insurance Policies. For more information on ICC contact your flood insurance agent.

When a structure is so badly damaged that it cannot be repaired or rebuilt, an owner could receive all benefits under the flood insurance policy and then 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 has become “un-buildable” for either physical or regulatory reasons. Be sure to verify with your insurance agent that you have sufficient building and contents coverage.

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

A: Many private homeowner policies cover wind damage and water damage caused by wind; e.g. wind blowing out a window and the subsequent rain damage to house contents. But because of the high risk in coastal areas, some private insurance companies are excluding coverage for wind damage. Some companies have even stopped writing new policies in areas that they consider to be at high risk. In response to this, South Carolina has created a “wind insurance pool” to provide insurance coverage to homeowners who cannot obtain it from private sources. This pool, called the South Carolina Wind and Hail Underwriting Association, is sponsored and subsidized by the insurance industry in South Carolina.

The Wind and Hail Underwriting Association provides coverage only in designated areas of South Carolina—generally the barrier islands and other property close to the ocean. Contact the association for specific information. There is also an emerging trend toward separating severe storm wind coverage from the rest of the homeowner’s policy. This separation is triggered when a storm becomes a tropical storm or hurricane and includes losses that occur up to 72 hours after the storm has passed through the area. In these cases, standard deductibles may no longer apply. Instead, the homeowner may be responsible for a larger deductible based on some percentage—generally 1 to 5 percent—of the insured value of the home. How property and casualty insurance is bought and sold in high hazard areas is changing. For these reasons, it is a good idea to talk with your insurance agent, read your policy closely, and understand what it does and does not cover.

Note that it is important to maintain wind insurance throughout the year. Not only does this coverage protect you from tropical storms and hurricanes, it provides protection from strong winds related to thunderstorms, tornadoes, waterspouts, and other events. If you wait until a storm is approaching, it will be nearly impossible to obtain coverage.

Most companies cease writing any form of property insurance when a storm reaches a given geographic area in the Atlantic Ocean—or they require a waiting period before implementation. Shop around and compare quotes. More than 85 percent of residents in coastal South Carolina are able to obtain coverage from private insurance companies.

Q: What about earthquake insurance?

A: Most homeowner and rental insurance policies do not cover damage caused by an earthquake, but coverage can be added to most policies as an “endorsement” for an additional cost. Earthquake insurance covers the damage to a home and its contents caused by the movement of the earth. Yet, most policies and endorsements do not cover cracking of bricks, mortar, or stucco unless specifically requested. Be sure to check with your agent or company.

Earthquake insurance is sold with a deductible on the amount of coverage, similar to a tropical storm or hurricane deductible. The amount is set as a percentage, for example, 5 percent or 10 percent of the coverage amount rather than fixed dollar amounts (higher deductibles are also available). These deductibles are separate from your basic homeowner’s policy. Earthquake insurance can be quite inexpensive. Contact your insurance agent or company to find out what the costs would be for your home.

Additional Information

Federal Emergency Management Agency (FEMA)
<http://www.fema.gov>
(202) 646-4600

National Flood Insurance Program (NFIP)
<http://www.floodalert.fema.gov>
1-800-638-6620

S.C. Department of Natural Resources Flood Mitigation
Program & State NFIP Coordinator
<http://www.dnr.sc.gov/water/envaff/flood/scnfp.html>
(803) 734-9120

S.C. Sea Grant Consortium
<http://www.scseagrant.org>
(843) 727-2078

S.C. Department of Insurance
<https://www.doi.sc.gov>
Consumer Services Division, (803) 737-6180

S.C. Wind and Hail Underwriting Association
<http://www.scwind.com>
(803) 779-8373

S.C. Real Estate Commission
<http://www.llr.state.sc.us/pol/realestatecommission>
(803) 896-4400

U.S. Army Corps of Engineers/Charleston District
<http://www.sac.usace.army.mil>
Public Affairs Office, (843) 329-8123

U.S. Geological Survey – South Carolina Earthquake Information
<http://earthquake.usgs.gov/regional/states.php?region=South%20Carolina>
1-888-ASK-USGS

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