

‘They have abandoned us.’ Sand assessments could cost beachfront Oak Islanders up to \$27,000

By **Johanna F. Still** - April 22, 2021



Oak Island's shoreline has lost 300 feet in a 20-year period. The island is considering levying sand assessments against property owners, costing thousands so the town can finance its nourishment project master plan. (Port City Daily photo/Johanna F. Still)

OAK ISLAND — Oak Island property owners may soon be assessed thousands of dollars over a four-year period to pay for a beach nourishment master plan.

Over the past few months, Oak Island Town Council has tried to figure out how to split a \$40 million cost among its residents. The crucial decision brings about countless questions, including who's paying for it, how it's getting paid for, and whether it's worth fighting the ocean.

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Planned to derive from assessments, oceanfront property owners could pay anywhere between \$27,219 to \$10,114 over four years based on preliminary estimates, depending

on how the town decides to distribute the cost burden among a set of four districts — or “benefit zones.”

Each benefit zone is determined by a parcel’s proximity to the ocean. Last week, council approved the four zones’ physical placement. In a special meeting Thursday, Apr. 22, the town could decide a percentage and payment term length to assign each zone. Once decided, the town will hold at least two more public hearings before the assessments take effect. The exact date the assessments would kick in is yet to be decided, according to town spokesperson Michael Emory, and is dependent on council’s actions Thursday.

Proposals have varied, with oceanfront homes (District 1) being assigned between 20% to 40% of the \$40 million; middle island (District 4, furthest from the ocean) ranged between 2% and 50%.

Fighting nature

For years, the town officials have pondered how to achieve a long-term solution to nature’s inevitable toll. Over 20 years, the island has lost 300 feet of beach.

After Hurricane Isaias devastated the island’s dunes last August, town officials were ready to take the leap with a beach nourishment master plan. Rather than scramble to get approved for funding after each storm rolls through and the shoreline creeps closer, the town is vying to create an “engineered beach,” designated by the Federal Emergency Management Agency (FEMA).

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If the town pays to create an engineered beach upfront, and the shoreline meets FEMA’s standards, the island would then be eligible for full reimbursement for sand loss during federally declared disasters. However, it’s not guaranteed FEMA will assign the town this designation, refunds for emergency repairs are not included, and not all named storms get federal declarations.

Built to withstand a 25-year storm (not to last 25 years), the \$40 million project would build up the dune by 7 to 9 feet above its current elevation, both higher and wider than patchwork, storm-related projects have done in the past. The master plan efforts will build on work already underway on two emergency dune projects totaling \$34.9 million, set to be reimbursed by FEMA.

Every six years or so, the “sacrificial berm” will likely erode, but with the beefed-up shoreline, maintenance won’t be as costly.

Consultants are also looking into the possibility of erecting a terminal groin, a jetty-like structure, on the west end of the island. Terminal groins require special approvals, must be placed next to inlets, and are known to actually worsen erosion. If formally pursued and approved, the source of funding has not yet been accounted for.

Unlike other beach towns that have managed to score federal funding, Oak Island is on an island of its own. Its neighbors in Caswell get free sand from the U.S. Army Corps of Engineers as part of federal navigation dredging projects to maintain access to the Port of Wilmington channel. As it’s closer in proximity to the channel, the Corps gives Caswell the sand as part of its lowest-cost disposal method, while Oak Island has to pay to move it down the beach when it becomes available.

Town officials have pleaded to no avail for funding at the federal, state, and county levels.

“They have abandoned us,” councilman John Bach said at a public hearing earlier this month. “That’s the bottom line.”

At the hearing, councilman Jeff Winecoff said he had recently returned from his fifth trip to Raleigh. Winecoff said he asked local legislators if raising the accommodations (rental) tax — currently levied at 5% — was possible, but was told no: It’s too political and there are too many lobbyists fighting it. (The town’s website states increasing this tax would require the establishment of a Tourism Development Authority, which would not be cost-effective.)

Because Oak Island is a major generator of visitor spending, town officials have repeatedly sought financial assistance from the county. In a meeting with county representatives, Winecoff said he asked for \$2.5 million a year for four years and a commissioner “snickered” at him. “I felt that [was] very offensive,” he said at the hearing. “We pay our taxes to the county, but they help us with nothing.”



John Clift walks across flooded Beach Drive on Oak Island after Hurricane Isaias. “They should have never built on these lots,” he said of the oceanfront homes that removed dunes in front of his house. (Port City Daily photo/Johanna F. Still)

Assessments

The N.C. General Assembly granted Oak Island the authority to levy special assessments to finance beach protection projects in 2007 with [House Bill 2756](#). Emory said current administrative staff aren’t sure exactly what spurred the legislation, but his understanding is it was brought on by similar circumstances the town finds itself in today. Per the legislation, assessments may only be levied based on certain circumstances; the town opted to utilize both lot value and proximity to shore.

When outside sources of funding dry up and beach towns are left to pay for sand on their own, the prospect of finding revenue pits neighbor against neighbor.

Since presenting the boundaries publicly, many homeowners in traditional, beach cottages that sleep three people complained it wasn’t fair their property would be assessed in the same category as investor-owned, triple-decker homes that can host more than a dozen people. However, the statute only permits assessments based on lot value — not overall property value.

Some residents want an even, town-wide tax, so everyone shares the burden uniformly. More don't want any cost increase.

Homeowners worry property values could temporarily take a hit and tourism dollars could be bruised when the assessments are passed onto rental fees, causing vacationers to look elsewhere. The move won't be put to a vote because a referendum isn't required.

In the past, beachfront property owners have banded together to pay for sand-replacement projects on their own. Many have criticized the ineffectiveness and timeliness of previous sand projects.

At the hearing, Bill Millard said many of the beachfront homes the town is looking to protect should have never been built in the first place. "The issue isn't beach preservation," he said. "It's artificial beach preservation."

Taxpayer burden

Earlier this month, council toyed with a spreadsheet, watching how different distribution percentages changed the total amount owed by each district.

At the 20% rate assigned to District 1 homes on the town's [assessment calculator](#), the average 0.17-acre beachfront lot with a tax value of \$275,000 would pay \$2,528 a year for four years. An average 0.15-acre inland lot valued at \$58,000 would pay \$1,413 in total. The town could shorten the payment term or divvy it up monthly, but it cannot exceed four years, per the statute.

"Why on earth are we all paying for it now with this shock-value tax when you can bond it?" Bach asked in a special meeting last month, hoping to prepare town officials with answering that question publicly.

After looking into what seems like every other potential revenue stream available, the town's financial consultants, DEC Associates, recommended the town enact the assessments, which will be pledged against the \$40 million balance in special obligation bonds.

General obligation bonds were out of the question; under this financing mechanism, the town couldn't borrow for longer than the sand would be available — an estimated six years. Parking fees, even if rates are raised, wouldn't cover nearly enough revenue needed to pay for the project. A town-wide tax hike is possible but inequitable, with inland property owners being assessed at the same rate as a beachfront home.

“The burden on the taxpayer here is going to be swift and enormous,” Bach said in a special meeting last month.

There is a cost to doing nothing. Each year, the town’s 9-mile shoreline loses 250,000 cubic yards of sand — at an approximately \$4.7 million replacement cost. At the hearing, Mayor Ken Thomas reminded a speaker of this cost, but as an inland property owner, his property isn’t as immediately affected by the ocean. “If the town decides to do nothing, it won’t affect my house,” he said.

Check out the town’s [info page](#) on the master plan for more information. View the approved benefit zones below:

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