Eroding beaches decrease tax value

Reassessments cost Brunswick, New Hanover

Even the tax man can't fight Mother Nature.

Erosion has prompted tax officials in New Hanover and Brunswick counties to sharply reduce the assessed value of dozens of threatened oceanfront and waterfront parcels. On Figure Eight Island, the loss of beachfront and dune lines has caused New Hanover County to slash nearly $11 million in assessed value from 20 lots and homes, many of which are relying on sandbags to hold back the encroaching Atlantic.

But while tweaking of oceanfront properties occurs every year, the adjustments this year have been magnified because of revaluations in both counties. In New Hanover's case, the reassessment - the first in seven years - saw the value of some oceanfront properties jump fourfold.

The need to protect the valuable oceanfront tax base was one of the primary arguments to relocate Mason Inlet, the wandering inlet that five years ago was threatening property at the north end of Wrightsville Beach. Beach nourishment proponents often make the same argument.

Caswell Beach Mayor Harry Simmons, who also is executive director of the N.C. Beach, Inlet and Waterway Association, said there are many reasons to pump sand onto a beach, ranging from storm protection to increasing recreational opportunities.

"But clearly protecting property values is one of them," he said. "Anyone who says it's not isn't paying attention."

New Hanover Tax Administrator Bob Glasgow, however, said officials don't just tweak tax values willy-nilly.

"We are careful when we reduce the values because it is revenue that the county will no longer be getting," he said.

"But we want to be fair, and you've got to be equitable."

Tom Bagby, Glasgow's counterpart in Brunswick County, said it isn't unusual for oceanfront properties to have huge land values in relation to the building value as long as the beachfront property is considered stable. That usually means a low erosion rate or that the property lies along a nourished beach, where there's been at least one injection of fresh sand.

"But it's only one good storm from changing," Bagby said, referring to the havoc a major hurricane strike can cause. Hurricane Floyd in 1999 destroyed or heavily damaged 100 beach homes on Oak Island, costing local governments nearly $27 million in tax revenue and leaving formerly pricey beachfront lots unbuildable and practically worthless. Brunswick tax officials recently reduced the land value of a dozen eroding oceanfront lots on the east end of Holden Beach by 60 percent. In that case, the cause of the disappearing beach is Lockwood Folly Inlet.

The stretch of beach near Figure Eight's north end has suffered from erosion for years, and island officials are hoping the dredging and reorientation of Rich Inlet along with a proposed pilot groin project can help stabilize and eventually rebuild the beach. But any relief could be years away. And while the erosion has yet to wash away any homes, it has eaten away the sand and dunes in front of them.

That's led county officials to reduce the land value for the threatened oceanfront properties. A property's assessed value is made up of two components - a value for the land and a value for any structure on the land.

On Figure Eight, as is true with most beach towns, the land values of oceanfront lots are generally at least 50 percent higher than the building values. But the land values for the threatened properties are now roughly equal to the building values. At 15 Comber Road, for example, the assessed value of the oceanfront parcel owned by William Courtney from Cincinnati is $515,000 for the land and $461,591 for the house. Adjacent properties have similar adjusted values. Several waterfront parcels along Rich Inlet also have seen their land values reduced significantly, with tax officials slashing the value of an undeveloped lot owned by Elizabeth Cameron 93 percent from $1.3 million to $81,500. In 1999 the assessed value also was reduced, from $149,000 to $50,000.

Glasgow said about half of the Figure Eight changes were made by his office and the other half after homeowners raised concerns.

But the valuation cut isn't enough for seven of the private island's homeowners, who have appealed the county's assessment to the N.C. Property Tax Commission.

Several island property owners either couldn't be reached for comment or didn't return phone calls this week. But just because a tax value is cut one year doesn't mean it will stay that way.

At Wrightsville Beach's Shell Island Resort, for example, tax values were dropped 50 percent when Mason Inlet was lapping at the building's foundation in the late 1990s. But after the wandering inlet was relocated 3,000 feet north in 2002, removing the imminent threat, the tax value was restored.

"We've put them on and we've taken them off," Glasgow said of tax reductions based on disappearing or rebuilt
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beaches and shorelines, whether they occur naturally or through human intervention. Another oceanfront area of New Hanover County that is suffering from chronic erosion woes and relies on sandbags for protection is The Riggings in Kure Beach.

But Glasgow said his office hasn't given the 48-unit condominium complex any tax reductions because recent sales support the Jan. 1 market value recommended by county assessors.

"We can see the value," he said "We can support those values we've put on there."

Friday a unit was for sale on Realtor.com for $249,900, significantly higher than the assessed value of $203,000 for the top condominiums at the complex.

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