Local Funding for Coastal Projects
An Overview of Practices, Policies, and Considerations

Funding for coastal projects has evolved since the first project left sand on the shores of Coney Island, New York in 1923. The increasing size of projects, science, and environmental parameters have led to variations in cost. Federal projects are usually funded up to 65% federal funds and 35% local cost share funds. Some states have dedicated funds to support beach renourishment, but these funds can be as fickle as the federal process. Communities seeking autonomy in their projects can utilize local funding strategies to fully or partially fund projects.

Creating a funding strategy should begin by considering community and regional characteristics which influence funds available to be collected for a project. Local demographics, populations, use patterns, and existing tax structures influence availability and support for projects. Regional approaches focusing on sharing costs through sand or sediment investigations, shoreline surveys, environmental permitting, numerical modeling, and mobilization can lead to significant cost savings. Further, many partnership opportunities exist at the federal, state, and local levels for communities to utilize when funding a project.

Funding Tools: Traditional and Emerging

**Special Taxing Districts**
Many communities use variations of “special taxing districts” to generate revenue based on who benefits from a project.

**Inlet Management Districts**
Inlet management districts are taxing districts established for the construction and maintenance of inlets not federally maintained.

**Inland Management Districts**
Inland navigation districts are taxing districts established to develop and fund long-range plans for maintenance of inland waterways, such as the intercoastal waterway, and for disposal of dredge material.

**Erosion Control Districts**
Erosion Control Districts are taxing districts specifically set up to address coastal erosion and will have specific taxes and beach management plans.
**Geologic Hazard Abatement Districts**

A Geologic Hazard Abatement District (GHAD, also referred to as a Geologic Hazard Assessment District) is a taxing district, which may have an independent government agency administering it, to address multiple geologic threats.

**Sales, Excise, and Use Taxes**

Sales, excise, and use taxes are based on goods purchased or services rendered.

**Environmental Impact Bonds**

Environmental Impact Bonds (EIBs) are a pay-for-success debt financing mechanism, designed to reward superior outcomes and provide a means to involve local asset owners in aspects of funding the transaction.

**Parametric Insurance**

A parametric insurance policy compensates the buyer based on measurable physical characteristics of storm being met or exceeded.

**Catastrophe Bonds**

Catastrophe bonds, or 'cat bonds', are financial instruments designed to help states, cities or other owners of large assets manage the financial risks associated with potentially devastating natural disasters and have been used by private and public sectors sponsors around the globe.

**User Fees**

User fees can take many forms but are based on direct use of the beach or coastal resource.

**Green Bonds**

Green bonds are a subset of conventional bonds. Their unique characteristic is the specification for the proceeds to be invested in projects generating environmental benefits.

**Resilience Bonds**

Resilience Bonds could become a new catastrophe bond-like product which provides funding for project-based risk reduction solutions.