

In 1986 David Lucas paid \$975,000 for two residential lots on the Isle of Palms in Charleston County, South Carolina with the intention to build single family homes, as had already been done by the owners of the immediately adjacent parcels of land. In 1988 the State of South Carolina enacted the Beachfront Management Act, which was intended to protect the South Carolina shoreline from erosion. This law had the effect of preventing Mr. Lucas from building residential homes on his lots.

Does the State of South Carolina have a moral obligation to provide Mr. Lucas with just compensation for the economic loss that resulted from the law preventing him from building single family homes on his property? If so, why? If not, why not?

MODERATOR'S ANSWER: The State is not morally obligated to provide just compensation to Mr. Lucas. The State's Beachfront Management Act was a legitimate public measure to serve purposes that the elected representatives of the people of South Carolina considered important to the public. If governments had to compensate land owners every time a regulation affects the value of an owner's land, there could be no public actions to accomplish objectives such as cleaning up toxic sites, maintaining clean air and water, limiting development of flood prone areas, and many more as well. Sometimes investors in land are hit hard by governmental decisions concerning regulation, but this fact alone doesn't make the regulation unfair.

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