Referring to the demolition threshold discussion for Dewey Beach, the reason many jurisdictions use **both structural value and replacement value** is that each measures something different, and relying on only one can create loopholes.

Structural Value

Structural value looks at the **portion of the building that is actually being removed or altered**—foundations, load-bearing walls, framing, roof systems, etc.

Purpose:

- Measures the extent of physical demolition.
- Prevents a project from being characterized as a "renovation" when most of the structure is actually being removed.
- Focuses on preservation of the existing building.

Example:
A house may have a replacement value of $1 million. If the owner removes 80% of the framing and foundation but leaves a few walls standing, the project may functionally be a teardown even if the construction cost is not extraordinarily high.

Replacement Value

Replacement value measures the **cost of the work compared to the value of the entire structure**.

Purpose:

- Captures the scale of investment.
- Addresses situations where a building is substantially rebuilt even though much of the original structure technically remains.
- Commonly used in floodplain and substantial-improvement regulations (often 50%).

Example:
A homeowner may retain all exterior walls but spend $800,000 rebuilding the interior of a house worth $1 million. Structurally, little was demolished, but economically the project is nearly a complete replacement.

Why Not Use Only Replacement Value?

Using only replacement value can create several problems:

1. **Construction costs fluctuate.**
    - Material and labor costs rise and fall.
    - Two identical projects may cross a threshold in one year but not another.
2. **Luxury finishes distort the calculation.**
    - Expensive kitchens, elevators, smart-home systems, and custom finishes can push costs over a threshold even when little structural work occurs.
3. **Demolition can be disguised.**
    - An owner could remove most of the structure but keep costs low enough to avoid triggering the demolition threshold.

Why Not Use Only Structural Value?

Structural value alone also has weaknesses:

1. A project can leave the shell standing but replace virtually everything else.
2. The resulting building may be effectively new construction despite limited structural demolition.
3. It ignores the overall magnitude of the investment.

The Strongest Approach

Many communities use a **dual test**, where a project is considered a demolition if it exceeds either:

- A percentage of the existing structural components removed, **or**
- A percentage of the building's replacement value.

This prevents both:

- "Teardown disguised as renovation," and
- "Complete rebuild disguised as preservation."

For Dewey Beach, if the goal is to preserve neighborhood character and prevent circumvention of demolition-review requirements, a combined structural and replacement-value test is generally more defensible than relying solely on replacement value. It addresses both the **physical loss of the building** and the **economic reality of the project**.