

# Sandy Point

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## PROJECT SUMMARY

(Fall 2010)

**Sandy Point is 939 acres extending over 1.6 miles of Albemarle Sound shoreline, flanking the northern terminus of the Albemarle Sound Bridge, in Chowan County, North Carolina, eight miles east of the historic Town of Edenton**

Sandy Point has been entitled by federal, state and local authorities as a “New Urban Waterfront” community. That singular designation, bestowed by the North Carolina General Assembly in 2004, permits the development of Sandy Point as a new village reflecting only the very finest of North Carolina’s historic coastal towns.

When complete, the village of Sandy Point will have 1,600 homes and boast two yacht harbors accessible from the Atlantic Intracoastal Waterway. A fifty-acre sustainable farm – growing salad greens, vegetables and soft fruits and featuring orchards, vineyards and a creamery – will provide year-round food security. Neighborhood and destination retail establishments will line Sandy Point’s Main Street. Residents and their guests will drive golf carts to the adjoining eighteen-hole course and will ride a water taxi to the nearby Town of Edenton, North Carolina’s colonial capital and ‘the south’s prettiest small town.’

Edenton Municipal Airport, three miles west of Sandy Point, has a 6,000-foot runway and an instrument landing system. The closest commercial airport is Norfolk International, an hour and a half away. Those who do not fly can drive to Sandy Point, which is four hours from Washington, DC, and two hours from the state capital, Raleigh, North Carolina, and Richmond, Virginia. Edenton’s historic Broad Street provides fine dining and leisurely shopping. National retail outlets and franchise vendors are located in Tidewater (Chesapeake, Virginia Beach and Norfolk), Virginia, an hour away. Nags Head and Atlantic beaches are an hour’s drive along the south side of the Sound.

The Sandy Point property is divided into two tracts by State Route 32, which crosses the Albemarle Sound Bridge at Sandy Point. The 3.5-mile-long bridge, the only bridge over Albemarle Sound, establishes Sandy Point as a unique location that is visible on any map of North Carolina. The West Side of Sandy Point, west of Route 32 and the bridge, is 452 acres. The East Side of Sandy Point is 487 acres.

Sandy Point's West Side will be developed around a 41-acre upland harbor, will have 1,100 dwelling units, including multi-family residences, and will host the new community's downtown retail and commercial spaces. The East Side of Sandy Point, which will feature a second, 10-acre upland harbor and a large lake, will have an agrarian character. Five hundred single-family dwellings are planned for the East Side.

### **West Side**

- New Urban Waterfront community with a 41-acre upland Harbor and 268-slip Marina
- 1,100 Dwelling Units, including 143 harbor-front homes, each with a covered porch extending twenty feet out over the harbor (and a yacht tender or fishing boat docked beneath the porch)
- Downtown Main Street and Harbor Wharf with restaurants, shops, transient housing and a Wellness Center/Spa managed by an affiliate of the medical school at East Carolina University
- Other Amenities will include a field sports (i.e., shotgun and archery) facility, equestrian center, swimming pools, tennis courts and Sound-front swimming beaches
- 2.8-acre lake, nature trails and
- Wastewater Treatment Facility, located behind wetlands in the northwest corner of the Sandy Point property (that will serve both the West and East Sides)

### **East Side**

- Agrarian, large-lot residential neighborhood with a 10-acre upland Harbor and 110-slip Marina
- 500 Lots/single-family Dwelling Units
- Sustainable Farm spread over fifty acres, assuring residents of year-round food security and serving (with the support from NC State University) as a model for integrating local food production
- 18-acre lake, offering fresh water boating and fishing, and
- Opportunity for harbor-fronting destination hotel/conference center, corporate retreat or other commercial use

## Background

The Fund for New Urbanism, LLC (FNU),<sup>1</sup> parent of the developer, The Fund for Sandy Point North Carolina, LLC (FSP), is a for-profit development company organized by the architects and town planners of Duany Plater-Zyberk & Company (DPZ). The principals of DPZ, Andrés Duany and his wife, Elizabeth Plater-Zyberk, are among the leading practitioners of what has become known throughout the world as the New Urbanism (and celebrated as Smart Growth or Traditional Neighborhood Development).

In the winter of 2003, the Foundation of Renewal for Eastern North Carolina (FoRENC), an economic development organization based in Greenville, North Carolina, invited FNU to evaluate development opportunities in northeastern North Carolina. FoRENC's leaders recognized that the woefully undeveloped region of the state, overlooked as the state's Outer Banks were built out, was poised for development. But it was FoRENC's intention to promote alternatives to conventional (a) subdivisions that crowd shorelines and waste uplands and (b) lifestyle developments that exclude neighboring populations and communities. Accordingly, FoRENC asked FNU to select a site in northeastern North Carolina for a New Urban community – a community that need not be walled off to create value, that would be walkable and people friendly and that would allow for regional economic development without undermining or overwhelming nearby, established communities.

After considering sites throughout northeastern North Carolina, FNU selected a 939-acre farm in Chowan County, North Carolina, that has been known historically as "Sandy Point." FNU determined that Sandy Point was suitable for New Urban development because it is a large, physically attractive parcel on high ground,<sup>2</sup> adjacent to navigable waters and readily accessible to major population centers by good roads and by air. FSP took control of the Sandy Point property through option in June 2003, conducted a land planning Charrette in October 2003 and exercised its option to purchase the property in January 2006.

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<sup>1</sup> FNU is owned by Wayne Huizenga, Fort Lauderdale, Florida, Sam Young, Edenton, North Carolina, and Andrés Duany, Miami, Florida.

<sup>2</sup> And accordingly, new homes will be above any wind-driven tide that might travel up Albemarle Sound.

## Entitlements

Acknowledging the economic development potential of the Sandy Point land plan, as envisioned by world-renown architect and town planner Andrés Duany, and at the request of community leaders in Edenton and Chowan County, the North Carolina General Assembly passed legislation<sup>3</sup> that authorized development of Sandy Point as a “New Urban Waterfront” pilot project. The far-sighted legislation enables development of Sandy Point without conventional waterfront setbacks around the West Side’s 41-acre upland harbor. As a consequence, the striking “urban” features envisioned for Sandy Point – quays, shops, restaurants and homes abutting the harbor’s edge – can be executed without compromise. In consideration for such license, Sandy Point will be a “low-impact development” with state-of-the-art stormwater management systems (peer reviewed by scientists at North Carolina State University).

In August 2004, Chowan County amended its land use plan, as required by the General Assembly, to designate the Sandy Point site as a New Urban Waterfront area. The North Carolina Coastal Resources Commission approved the County’s land use plan amendment in October 2004. The County accepted the preliminary plat for 1,600 dwelling units in June 2005 and subsequently approved special uses and the necessary zoning for the development of Sandy Point. The last of the state permits, the North Carolina Coastal Area Management Act “Major Development Permit,” was issued in March 2007, and the final, federal “Individual Permit” was issued by the U.S. Army Corps of Engineers in October 2007.

The North Carolina General Assembly passed a measure in August 2009<sup>4</sup> that tolls the running of development permit time periods and, then, took further action in July 2010<sup>5</sup>. That legislation had the effect of extending all of Sandy Point’s state entitlements through December 31, 2013. In September 2010, the U.S. Army Corps of Engineers extended Sandy Point’s federal permit through December 31, 2013. Accordingly, all Sandy Point entitlements/permits – federal, state and local – are effective without further action through December 31, 2013.

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<sup>3</sup> Senate Bill 732, North Carolina General Assembly (July 2004).

<sup>4</sup> Senate Bill 831, North Carolina General Assembly (August 2009).

<sup>5</sup> House Bill 683, North Carolina General Assembly (July 2010).

## Progressive Development

The development of Sandy Point will proceed progressively over fifteen to twenty years. Progressive development anticipates land development in deliberate phases, so that the value of the land being developed and the value of improvements thereto can increase phase-by-phase over time. Conventional development, on the other hand, simply consumes land, material and labor: Each is merely a line item exhausted on a closed loop. If the pricing is correct and the market opportune, conventional development succeeds. Progressive development, by contrast, opens the loop and creates opportunity for far greater – economic and social – success.

Sandy Point's town planners and architects, Duany Plater-Zyberk & Company (DPZ), designed the seminal progressive development, Seaside, Florida (in the panhandle), thirty years ago. Seaside is arguably the most successful second-home and resort development of all time, and over the intervening years, DPZ has designed 300 additional "New Urban" developments.<sup>6</sup> The Seaside story, as told in a 2001 article propounding progressive development, is summarized immediately below:

"Seaside began selling its eighth-acre lots (approximately 5,500 square feet) in 1984 for \$15,000, and only sold twenty in the first two years. However, when a fully built-out street, built at a human scale, emerged, supported by local-serving, initially developer-subsidized, retail within walking distance, potential buyers could see the value of what was being created. As the critical mass was reached, around 1987, it became apparent that Seaside would be successful and the sales pace and prices escalated. In 2000, the last hotel pad was converted to for-sale lots. The first eighth-acre lot carved out of this parcel sold for \$1.4 million or a nearly 100-fold increase over the initial lots sold 15 years earlier. A year later these lots are selling for over \$2 million. Meanwhile, Seaside's downtown, comprised of retail, office and rental apartments, was appraised for \$60 million in 1998. Given that the property was only worth a million dollars when the project began and was located on the so-called "Redneck Riviera," the current value of Seaside is a testament to the appeal of New Urbanist development. It is probably one of the most financially successful resort projects ever developed."<sup>7</sup>

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<sup>6</sup> Those additional projects have included other successful second-home, retirement and vacation resorts, including Rosemary Beach, Alys Beach and Windsor, also in Florida, and Habersham in coastal South Carolina. The developments designed by DPZ that may be most familiar to residents of the mid-Atlantic region include I'On in South Carolina, East Beach and Evans Farm in Virginia, Kentlands and Lakelands in Maryland and Mashbee Commons in Massachusetts.

<sup>7</sup> Leinberger, Christopher B., "Financing Progressive Development," The Brookings Institution, Center on Urban and Metropolitan Policy, and Harvard University, Joint Center for Housing Studies (May 2001).

The principals of the developer, which include Andrés Duany, have learned a great deal about New Urban land development since Seaside was launched. And even now, as they plan for physical development of Sandy Point upon the nation's recovery from extended recession, the principals expect development at Sandy Point to progress more quickly than Seaside progressed in its early years. The recession has highlighted the benefits of New Urban design, and the foresight of the New Urban designers, in particular Andrés Duany, has been acknowledged by the market.

Sandy Point's development plan anticipates an ever-increasing margin on lot sales, whereby the internal rate of return from the progressive sale of lots should be equal to – in fact, greater than – the return one would anticipate from the conventional sale of lots over a shorter term. Once the first few streets are built out, following the Seaside model, and streetscapes become apparent to prospective purchasers, the value of the remaining lots and the homes built on those lots should increase in value. And they should continue increasing in value phase-by-phase until Sandy Point is built out.

Sandy Point's development plan also anticipates period-to-period increases in the value of the village's "downtown," the West Side Wharf and Main Street lined with restaurants, shops and destination entertainments. Once residential stocks are built out and occupied, Sandy Point's downtown, like the downtown at Seaside, should be worth many tens of millions of dollars.

Sandy Point – the Wharf and Main Street lined with restaurants, shops and destination entertainments, the Wellness Center and Spa and the Community Supported Farm and Creamery – will become the "go to" place in the upper Albemarle region of the state. Residents of Edenton, the surrounding counties and the nearby gated communities (Albemarle Plantation, an established lifestyle community in the county east of Sandy Point, Scotch Hall Preserve, a new lifestyle community in the county west of Sandy Point, and Bal Gra Harbor, another community planned for the county west of Sandy Point) will regularly visit for lunch and other entertainments, to explore Sandy Point's shops and markets, to swim in Albemarle Sound or to simply stroll the harbor's esplanade. And as the energy and excitement of Sandy Point becomes acknowledged, families will take day trips to Sandy Point from Tidewater Virginia and the Outer Banks

(both roughly an hour away) and from cities little more than two hours away, including Richmond and Raleigh. Still others will rent homes and book transient lodging at Sandy Point.

### **Physical Development**

In early 2008, a 1,400-linear-foot breakwater – associated with agreed-upon mitigation for impacts to “submerged aquatic vegetation,” commonly known as “sea grass” – was constructed in three feet of water parallel to the shoreline along the easternmost reaches of the Sandy Point property. And through the summer 2008, the mitigation plan was implemented.

Dredging began on three navigation channels (two for the 41-acre West Side harbor and one for the smaller, ten-acre East Side harbor) in October 2008 and was completed in February 2009. The West Side’s primary navigation channel, which extends 1,551 feet into Albemarle Sound, is eight feet deep and allows for a control depth of eight feet in the harbor marina. The second West Side channel is only five feet deep, and while it can be used by smaller vessels, its primary purpose is to permit water circulation through the large upland harbor. The East Side navigation channel extends 1,655 feet into Albemarle Sound and, again, allows for a control depth of eight feet in the smaller harbor’s marina. Jetties protecting the near-shore reaches of the three channels were completed in May 2009.

No other physical development has taken place, and of course, the Sandy Point property has not been physically subdivided.