

**North Carolina  
Coastal Resources Commission**



September 28, 2010

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EXECUTIVE SECRETARY

North Carolina General Assembly  
c/o Environmental Review Commission  
Legislative Building  
16 West Jones Street  
Raleigh, NC 27601

Dear Sirs:

Senate Bill 732 (copy attached) was ratified on July 8, 2004. This Bill, entitled *An Act To Authorize The Coastal Resources Commission To Implement A Pilot Program Under Which A County May Designate An Area As A New Urban Waterfront Under The Coastal Area Management Act Of 1974*, authorized the Coastal Resources Commission (CRC) to implement a pilot program under which a county may designate an area as a new urban waterfront area under CAMA. As defined in the legislation a "new urban waterfront" means a mixed-use development that combines commercial, residential, recreational and public facilities. SB 732 modified CAMA development standards by removing buffer requirements that would otherwise have applied to some shoreline areas within a new urban waterfront development. The purpose of this pilot project was to determine both the environmental and economic impacts that would result from a new urban waterfront development.

Following the process set out in the legislation, Chowan County updated the County's CAMA Land Use Plan in October of 2004 to designate a site adjacent to the Albemarle Sound near Edenton as a new Urban Waterfront Area.

Following this action by Chowan County, The Fund for Sandy Point, LLC requested various state and federal permits for a new development that would utilize the new urban waterfront area provisions of Senate Bill 732 and the CRC's rules. After a significant amount of coordination with various state and federal agencies, the N.C. Division of Coastal Management issued CAMA Permit No. 138-06 to The Fund for Sandy Point, LLC on September 15, 2006. The N.C. Division of Water Quality also issued a Stormwater Management Permit and a Water Quality Certification for the proposed project in 2006. On March 12, 2007, the CRC granted a variance to the permittee allowing for dredging to take place through areas of submerged aquatic vegetation, something which had been prohibited by the original CAMA permit.



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Finally, in October of 2007, the U.S. Army Corps of Engineers issued a federal wetlands permit for the proposed development. Following the receipt of the federal permit, the developer initiated some of the permitted activities, mainly a small amount of grading, excavation of the entrance channels, and initiation of a submerged aquatic vegetation mitigation effort. However, due to economic concerns, work essentially halted on the project in 2008. Since 2008, little if any additional development activities have taken place and it is uncertain when these activities may resume.

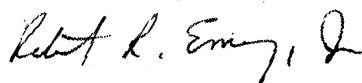
Section 4 of Senate Bill 732 required the CRC to evaluate the impacts on water quality and other environmental impacts resulting from this new urban waterfront area development and to evaluate the costs and benefits from the development to the local area. Urban waterfront areas typically have more intense and densely developed shorelines with limited opportunities to preserve buffer areas. SB 732 directed the CRC study to evaluate the impacts on water quality and other environmental impacts from the more intense development of shoreline areas within the project. The legislation required annual reports beginning in October 2005 and a final report on its findings to the Environmental Review Commission by October 1, 2010. The final report was to include any appropriate legislative recommendations.

Due to the economic downturn, development of the upland portion of the Sandy Point project has not moved forward. As a result of the indefinite suspension of development at the site, the CRC has been unable to assess the water quality and other environmental impacts that may be associated with more intense shoreline development.

The CAMA permit issued to The Fund for Sandy Point LLC remains active. Since the urban waterfront development permitted under SB 732 may move forward when economic conditions improve, the CRC recommends that the General Assembly consider extending the time period for evaluation of the project and submission of the final report to a time not to exceed two years following the completion of the high ground development of the project. It is also recommended that the final report be limited in scope to the evaluation of the water quality impacts of the high ground development and that this evaluation be based primarily on the Division of Water Quality's analysis of monitoring data required under the NPDES Stormwater Permit.

Should you have any questions concerning this matter, please feel free to contact Mr. Jim Gregson, Director of the Division of Coastal Management at (252) 808-2808. Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Emory, Jr.", with a stylized flourish at the end.

Robert Emory, Jr.  
Chairman, Coastal Resources Commission