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A History of Prince George and the Challenges Facing Public Entities Owning Unique Properties

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A HISTORY OF PRINCE GEORGE AND THE CHALLENGES FACING PUBLIC ENTITIES
OWNING UNIQUE PROPERTY

By

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of the Requirements for
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Thesis Summary

The collection of my senior thesis has been a very enjoyable and interesting task. I was born and raised in South Carolina and my family has deep roots in the state. My great grandfather purchased two lots on Pawleys Island shortly after World War II and my extended family has spent summers there ever since. In the 1950s and 1960s, more South Carolinians and Southeasterners began vacationing on Pawleys as the disposable income of Americans increased. What was previously seen as scrub and good for nothing land was becoming a land of gold as the South Carolina coast became a vacation destination.

I grew up going to Pawleys Island with my family and friends and have always been interested in the area. Hurricane Hugo destroyed many homes on the island in 1989, but most owners rebuilt larger and more modern homes because they loved the area and the land. In June 2015, I began working at the University of South Carolina Foundations office. I learned that the USC Development Foundation purchased the Prince George tract in 1994 and that there was a long and interesting story as to why the tract remained undeveloped and preserved while the vast majority of the oceanfront of Georgetown and Horry Counties were being densely developed. Hearing tidbits of what had happened piqued my interest and for this reason, I decided to delve into the history of the land and discover the different views between developers and preservationists.

Introduction

The Waccamaw Neck is a long peninsula located on the coast of the Atlantic Ocean in South Carolina and ranges from Hobcaw Barony in the south to Murrells Inlet, further north. The neck is the land between the Atlantic Ocean and the Waccamaw River in Georgetown County, SC. There are many beautiful and historic areas and beaches on the peninsula, including Debordieu, Prince George, Pawleys Island, Litchfield Beach, Brookgreen Gardens, Huntington Beach State Park, Murrells Inlet, along with several historic rice plantations.

The Waccamaw Neck attracts both visitors and permanent residents from all over due to its pleasant climate, abundant nature, modern amenities and rich heritage. Rice plantations stretched along the Waccamaw River for centuries, beginning in the colonial times. Slaves would work the plantations while plantation owners would enjoy their summer homes on the Atlantic Ocean. Much of the land has been developed, but historical wildlife preservation is an increasingly important aspect for many people who care a great deal for preserving the area.

There has been great controversy between developers and preservationists over a particular 1,964-acre site between the Waccamaw River and the Atlantic Ocean, known as Prince George (FDIC). While preservationists want to preserve the pristine land, developers want to profit from the unique coastal areas. However, could the unique physical nature of the property be sustainable for resort development? Preservationists think not, but developers believe that the land could be adapted to commercial or residential development while maintaining its unique character.

The Land of Prince George

The land of Prince George on the coast of South Carolina is rich in history and ecological significance. Prince George lies on either side of U.S. Highway 17, the main thoroughfare through the Grand Strand. The land is broken up in two tracts, the ocean tract and the river tract. The ocean tract takes up the majority of the overall land with 1,593.4 acres and the river tract consists of 371.5 acres (FDIC). The ocean tract is located between US Highway 17 and the Atlantic Ocean and the river tract is located on the other side of US Highway 17 along the Waccamaw River. When looking at a broader, zoomed out view of the land of Prince George, it is located between Pawleys Island and DeBordieu and stretches from River to Sea. It has been virtually untouched by humans for its entire history, making it unique compared to the mostly densely populated land surrounding it.

History of Rice Plantations

The Prince George tract and the surrounding lands are deeply rooted in history. The low, wet, and muddy terrain was ideal for rice planting. The Waccamaw River, Pee Dee River, Black River, and Sampit River merge near Georgetown to form the Winyah Bay, which became a center for rice culture. Along this stretch of the Waccamaw River in the 1800s, there were a total of forty-four rice plantations (Rogers, 252). Rice planters were immensely wealthy in the antebellum South. Located only 60 miles from Georgetown is Charleston, South Carolina, where rice first appeared in the colonies around 1685. A ship carrying the abundant crop was forced to dock in the Charleston Harbor due to a storm and soon after rice

became widely grown in the area (“Carolina”). During colonial times, coastal South Carolina was the largest producer of rice in the Americas. Harvesting rice, however, is not an easy task. There is a great deal of intensive labor that goes into the growing, cultivating, and packaging of the cash crop. African slaves worked on the white owned plantations doing the extremely labor-intensive work. Georgetown rice planters became enormously wealthy and powerful as rice cultivation spread out along the South Carolina coast. Eight of the top ten richest Americans in the 1850s lived in Charleston and Georgetown counties. These men were rice and cotton plantation owners. In 1850, over 46 million pounds of rice were produced in the United States (Rogers, 252). Not only was America thriving in rice production, but also Georgetown County was among the world’s top producer in the 1850s. The Waccamaw River was essential to the rice culture, as there were numerous plantations along the river including Clifton, Prospect Hill, Fairfield, Oak Hill, Bannockburn, Waterford, and Hagley (FDIC). After the rice was harvested it was carried on barges down the river for sale and eventual export throughout the world.

After the Civil War, the rice culture began to wither as slave labor was no longer available and the former slaves were no longer willing to perform the extreme labor necessary for rice cultivation at a wage affordable to the landowners. Without slaves performing the tedious work, rice planters were no longer profitable. In the decades following the war many plantations were abandoned due to inability to make a profit; however, wealthy Northerners discovered the South Carolina low country and began to migrate south to hunt and enjoy the recreational activities and eventually buying the plantations. These “Yankee” businessmen, as some would put

it, would use the plantation estates as hunting lodges and to entertain guests and clients (Ward). According to George Rogers, “The rich Yankees began to fall in love with the ready-made plantations, all with historic pasts and with appropriate settings for their gentlemanly sports” (487). The owner of the Boston Red Sox, W.H. Yawkey, was one businessman who came to the south to acquire land. Many Presidents would come down to see first hand the incredible and unique land off the coast of South Carolina. The beauty of the land and the visits from Presidents dates back to 1791, when President George Washington visited the plantations of Brookgreen and Clifton. He called the area a “fairylnd” due its unique beauty (Joyner).

Hobcaw Barony

Bernard Baruch was one of the first of many wealthy northern businessmen to purchase low country plantations. Baruch gained his fortune after moving from his birthplace, Camden, South Carolina to New York City where he would become a successful financier. By 1905 he had bought and assembled several plantations adding up to about 17,000 acres of land. This land on the Waccamaw Neck and Winyah Bay is known today as Hobcaw Barony (Rogers, 489). Hobcaw Barony lies adjacent to DeBordieu, which is adjacent to Prince George, and all are similar in terrain. On the Barony lies a grand mansion with white columns that was built in 1931 after a fire burned down the previous residence. This mansion is where Bernard Baruch resided with his family in the early 1900s. Baruch used this land to entertain his friends and clients, including United States Presidents Woodrow

Wilson, Dwight D. Eisenhower, as well as his friend Winston Churchill. In April 1944, at the height of World War II, President Roosevelt spent four weeks at Hobcaw on a “top secret” working vacation (Hobcaw).

Bernard Baruch presented Hobcaw Barony to his daughter, Belle Baruch, in 1935 because he knew how much Belle enjoyed using the land for horseback riding, duck, deer, birds, wild pigs, and alligator hunting (Miller). Although Belle hunted, she began to notice the dwindling of birds and other animals alike. Her wish at the end of her life was for the land to be like it was when she was growing up, preserved. Belle passed away in 1964, and her will provided that the land would be placed in a foundation where scientists and educators could observe and study the unique coastal ecosystem that is an “outdoor laboratory” (Hobcaw). Belle’s beloved Hobcaw Barony is presently home to a non-profit organization, The Belle W. Baruch Foundation. The University of South Carolina and Clemson University continue to work with The Belle W. Baruch Foundation to study and preserve Hobcaw Barony. They have established research institutions, marine laboratories, and nature centers to conduct studies of the coastal ecosystem and presentations to the public. This unique and protected land of forests and marshes is very similar to the land of Prince George, and located less than 5 miles away.

History of Ownership

How changes in ownership have affected the land and will affect the land in the future.

The history of ownership of the land of Prince George is a perplexing lineage, as well as a key factor in why the land is what it is today. There have been many changes in ownership of the land that is Prince George. Plantations have lined the coast since colonial times and many have had numerous owners since the abolishment of slavery. The most interesting part of the lineage of the Prince George tract is the fact that the owners wanted to preserve the pristine land and not develop it. The Prince George tract is thought to be portions of the Waterford and Arcadia Plantations (FDIC).

Isaac Emerson purchased the land that is now Prince George in 1909, along with several other plantations in the area, between 1906 and 1925. Isaac Emerson was a man similar to Bernard Baruch. He was born in North Carolina and moved to Baltimore, Maryland where he made his fortune creating a headache medicine known as Bromo-Seltzer ("Isaac"). He used that money to purchase recreational property on the coast, which is now Prince George.

Until the 1980s, the land continued to be owned by the family of Mr. Emerson. When Mr. Emerson passed in 1931, his grandson George Vanderbilt inherited the land. After George committed suicide, his daughter, Lucille Vanderbilt Pate owned the land (FDIC). In a 1993 interview Lucille Vanderbilt Pate stated her great grandfather's, Mr. Emerson's, wish was for the land to be preserved so that hunting would be most valuable. Lucille used the land primarily for timber

production and outdoor recreation, according to the FDIC's Prince George Offering. It was always the Vanderbilt family's wish to not greatly develop the land in order to preserve it, as it was the wish of the owners before Isaac Emerson acquired the land in 1909.

Mr. T Neal Cox, the property manager of Prince George, stated in a 1993 interview that the land was used primarily for hunting and fishing. Aerial photographic views were taken in 1979, 1983, 1986, 1989, and 1991 and reviewed by the United States Army Corps of Engineers. Their study concluded that there was not any major development on the land over the photographed years (FDIC).

The Savings and Loan Crisis

Lucille Vanderbilt Pate owned the property in the 1980's. In 1985, she sold the property for \$17.6 Million to developers who became known as Prince George Joint Venture (PGJV). A Texas Savings and Loan Bank financed PGJV and held a note and mortgage of \$17.5 million ("Prince George tract" 1). The PGJV developers were interested in turning the pristine land into golf courses, a 2,800-unit condominium complex, and roughly 3,000 homes, creating a major tourist attraction (Rich). Before construction began a major crisis occurred and these plans vanished in 1991 when the Savings and Loan financing PGJV went belly up, and PGJV was unable to refinance the debt elsewhere. This was due to the Savings and Loan Crisis. In the late 1980s and 1990s, over 1,000 Savings and Loan associations failed, making it the biggest closing of banks since The Great Depression of 1929 (Amadeo).

Savings and Loans were banks that were the traditional place to get home loans from the 1930s to the 1980s. The basic goal of the S&L banks was to give an opportunity for the working class citizens to purchase homes and save for the future. After WWII, millions were coming home from the war and the “baby boom” caused families to grow and in turn need homes in suburban locations. For the expansion of new suburban communities across the United States, S&L banks were there to help finance people’s new homes. The S&L banks were challenged in the late 1960s and 1970s after Congress set limits on savings rates for S&L banks. This enactment made it difficult for people to qualify for mortgage loans when the loan rates were rising and the economy was slow. In 1979, the S&L banks were hit with extremely high interest rates and inflation. By this point, there were 4,000 savings and loans banks with assets of over \$600 billion (“Savings”).

In 1982, Congress passed the Garn –St. Germain Depository Institutions Act in order to deregulate the S&L banks. The FDIC refers to the act as “an act to revitalize the housing industry by strengthening the financial stability of home mortgage lending institutions and ensuring the availability of home mortgage loans” (“Federal”). Over the next few years, however, the Savings and Loans banks did not fix the problems they were having. They made bad loans after the next and dug themselves into a huge hole. By 1989, over 1,000 of the Savings and Loans banks had failed and foreclosed, including the bank in Texas that was financing the developers of Prince George. The foreclosing of these banks affected a ton of people and was a big deal at the time.

FDIC Offering Bid

Following the foreclosure, the Federal Deposit Insurance Corporation (FDIC) was the nominal owner of the Prince George Joint Venture's assets, including the Prince George tract. Congress had enacted a law that required the FDIC to offer the property to non-profits before putting it out to the general public. Public policy at the time favored preservation over maximization of value. The FDIC had to be responsible and respectful with the land because it was preserved so valuably in the past. Therefore, the FDIC couldn't just sell it to the highest bidder; they had to be conservative. On July 16, 1993, the FDIC proposed the Prince George Offering bid in search for "government agencies and nonprofit groups for conservation, recreation or education" to purchase the land ("Prince George tract" 2). There were several instructions to follow on who could buy the land and what qualifications the bidders had to meet. One of the qualifications the FDIC required in a buyer was a conservation easement agreement. They did not want to sell environmentally sensitive land to a developer that was going to turn it into a massive tourist attraction.

A representative from Pawleys Island suggested that the state buy the property and turn it into a state park. The state made an offer of \$1.5 million but it simply wasn't enough. The county, listening to the demand of the public wanting access to the beach, bid \$5.7 million. But, the University of South Carolina Development Foundation and Scotty Trotter, the managing general partner of Prince George, L.P., made a bid to the FDIC for \$10.5 Million in 1994. Since the FDIC required a conservation easement, the Foundation developed a Conservation

Easement Agreement. A conservation easement is a legally binding agreement that the land stated under the easement will not be developed and will remain in its natural state. The Foundation ended up acquiring a total of 1,283 acres of land, about 500 of which were wetlands conserved by the conservation easement. The entire acquisition was not under the conservation easement agreement. The Prince George development group acquired the property on the basis that they would make a gift to the university of a section of the property knowing that some of it would be in easements. These easements received a substantial tax advantage.

Prince George Zoning

Under the terms of the acquisition there was a limit to 150 residential lots on the 617 acres of land set aside by the Foundation for development (Rex). When the Foundation purchased the land, there was still a social and political push for public beach access for the citizens of Georgetown County. The developer and new property owners did not want a public access to the small private beaches. In order to provide access, the Foundation aimed it would have to build about at 1,500-foot long boardwalk to get to a nice small part of the beach, which would not hold a large amount of the public comfortably. The private owners did not want overcrowding on their beach. Likewise, the more private the lot the more valuable the property. The unique physical nature of the property is in stark contrast to its suitability for resort development.

Following the purchase, the USC Development Foundation and Scotty Trotter identified 617 acres for development of 150 large single-family lots. During this

process they realized the need to change the zoning on the property. The zoning at the time consisted of the PGJV 2,800-unit condominium plan (Rich). The partnership submitted a rezoning request to Georgetown County in order to replace the condominium plan with their plan to develop 150 lots for family residences and create an environmental education center for the Development Foundation. Georgetown County disagreed with the rezoning plan when they realized there would still be no public access to the beach. The partnership turned to the Town of Pawleys Island for their help in developing an alternative solution.

Pawleys Island

Pawleys Island became its own municipality in the early 1980s. There had been discussion between the Partnership attorney, the Mayor of Pawleys Island, Julian Kelly, and five council members of the Town concerning the possible annexation of the Prince George Property. The partnership desired zoning, which would allow building 150 residential properties and also holding onto the preservation tax advantages. After the refusal by Georgetown County to annex the property, USC Development Foundation and Lucille Pate filed a Petition for Annexation by the Town of Pawleys Island on October 26, 1994 (University Foundations). The mayor and council members moved rapidly to annex and a week later, The Town of Pawleys Island annexed the entire Prince George property, including the Foundation section.

Pawleys Island has always been a peaceful place less than 4 miles long and about a house or two lengths wide. The island is separated from the mainland by a

salt marsh creek with the Atlantic Ocean on the other side. There are only two small causeways connecting the island to the mainland. The speed limit on the island is only 25 miles per hour, allowing the residents and visitors to run, bike, and walk safely on the roads. In 1994, there were only around 150 full-time residents on the island (Rich). The annexation however, created an uproar among the members of this peaceful little town. Many residents did not like the idea that the town was going to be more than just the island. Eight individual residents on the island and Georgetown County filed a lawsuit against Pawleys Island on November 22, 1994 claiming that the annexation was illegal, as only the five town council members voted to approve it (University Foundations). Other opponents argued that this annexation would diminish Pawleys Island's political control. The residents feared that once citizens started to move into the 150 residential lots on the Prince George property, there would be enough people to outvote the island residents on zoning matters in the future. This could lead to potential commercial development on the island itself, which was the primary reason the island incorporated in the first place. The mayor and council members thought the annexation would have been a good thing as they said they thought they were protecting the residents of the island from having to look out the creek side of their homes to a view of a public golf course and 2,800 unit condominium complex, instead of the serene marsh.

Bill Otis, the current mayor of Pawleys Island, got involved in Pawleys politics after the annexation. He was concerned with the way things were being run in Pawleys in general. He was elected to town council and worked closely with all parties to reach an agreement to de-annex the property after the zoning was in

place. That way, the land would no longer be a part of Pawleys Island, but the zoning would still be in place. The solution was controversial and generated many lawsuits involving the Prince George Developments, the Town of Pawleys Island, and individual residents. Mayor Otis explained the situation as “a hard fought bitter process that took a long time.” The vote of the residents of Pawleys to de-annex the property was 104-37 (Rich). The lawsuits eventually resolved when the county accepted the de-annexation of Prince George and accepted the low-density zoning. The zoning that Pawleys Island put on the land could be kept after the de-annexation and is what is currently in existence.

Unique Wildlife

Prince George is known for their marshes, tidal creeks, and abundance in wildlife. It is extremely rich in plant and animal species. When the FDIC marketed the property in 1994, there were numerous animals that were either threatened or endangered species that were potentially on the land. These species included the bald eagle, Arctic peregrine falcon, loggerhead sea turtle, piping plover, wood stork, and the red-cockaded woodpecker (FDIC). One of the most interesting endangered species on the tract is the red-cockaded woodpecker. The woodpeckers nest in longleaf pine trees, as well as loblolly and pond pine trees. As of 1993, a total of ten nests were known to be present of the land of Prince George (FDIC). The nests are located in the pine trees where the birds carve out cavities in the bark. Humans can also punch holes in pine trees in order to encourage them to go there. According to Russ Meekins, the director of the University Foundation, the Foundation sold a

colony of red cockaded woodpeckers for \$250,000. A colony of these birds consists of anywhere between 2 to 7 birds. In order to be responsible for a colony, there must be a minimum of 60 acres of undeveloped land for them to have a sufficient food habitat. Preservationists are doing everything they can to make sure that the endangered species will live a suitable life. According to the Conservation Easement Agreement signed by the University of South Carolina Development Foundation and the Holder, the Department of Parks, Recreation and Tourism, not-for-profit corporation, the Red Cockaded Woodpecker's hunting habitat must consist of 60 acres and there must be at least three thousand square feet of pine trees greater than ten inches in diameter. There may not be development in this 60-acre area of land (State of South Carolina).

The Land Today

When Russ Meekins became director of the University Foundation in 2013, he wanted to sell the Prince George tract to someone who would protect the land. The Foundation needed revenue at the time and they wanted to make sure they sold the land to a conservation minded buyer. He didn't want the buyer to take a chainsaw and cut down all of the pine trees where the red cockaded woodpeckers nested. So, this land increasingly under development pressure was sold to a conservation minded buyer, PG Preservation, LLC on April 10, 2015 for just under \$4 million (Fretwell). Prince George is still a private beach with no public access. Non-residents of Prince George, however, will come over to the property by boat from the ocean and cut some of the oak driftwood to take back with them. This is

not legal, however there is no one there to stop this from happening. The red cockaded woodpeckers continue to nest in the longleaf and loblolly pines as the deer continue to roam the forests. Private owners walk the small beach and enjoy their own little piece of private heaven on the coast of South Carolina.

Conclusion

Prince George still remains virtually untouched in an area with dense development. Looking back at the history of ownership, it is interesting to see how the previous owners of the land developed very little in the area over the history of hundreds of years. The 1,964-acre site of Prince George will see what the future holds for it with the next lineage of owners in the hundreds of years to come. Only time will tell if much of the land will remain preserved, as it is so rare and unique on the bustling southeastern coast.

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