

Eastport Court Decision

Homeowners have successfully stopped redevelopment of Eastport Golf Club for now by winning a bankruptcy court decision. The ruling could be a precedent in an area where golf course views have increasingly turned into housing developments.

Whether it turns out to be a victory for the residents, however, depends on whether the course owner can find a buyer for the property.

A bankruptcy court judge ordered that Eastport Golf Club must remain a golf course, ruling that it cannot be partially redeveloped into condominiums as the owner had proposed.

Judge John E. Waites said residential redevelopment is not allowed by the homeowners' deed restrictions, which say the property is for "golf course use only."

Attorneys say the ruling sets a precedent on the Grand Strand and is a lesson to future homeowners to check covenants and restrictions when faced with possible redevelopment.

"It's an important decision as far as I'm concerned. The only other community that attempted to stop [redevelopment of a golf course] is Deertrack. All other golf courses have just closed in our area," said Patrick O'Dea, lawyer for the Eastport homeowners.

The golf course is owned by Eastport Golf Club, Inc., which is owned by Charlotte, N.C., businessman Mel Graham, who also owns International World Tour Golf Links in Myrtle Beach.

Graham said he's disappointed the redevelopment plan was not approved.

"I am however, happy for the homeowners at Eastport if indeed this is the outcome the majority of the residents really wanted. I must add that I do not believe that the leadership at Eastport understands the negative impact this will ultimately have on their community," Graham said.

Graham said he believes he came up with a good plan that would ensure the future of Eastport as a community and a golf course, since running the golf course in its present state was not an option for him.

Without development to support the renovation and reopening of the golf course, Graham said there will simply be no golf course.

Homeowners learned in late 2005 that Graham had plans to redevelop the entire course into 1,100 condos - and could do so by zoning rules - because the course was losing money.

Some homeowners filed a lawsuit claiming their covenants state the property must remain a golf course.

Then, on Jan. 4, Graham filed the course in Chapter 11 bankruptcy, and filed a reorganization plan that would keep a smaller golf course but redevelop part of the property into 920 condos. Graham told the court he needed the money from development to renovate the course because the course isn't profitable on its own.

"We thought that we had proposed a solution-based proposal" to keep the golf course and build condos, said Rick Mendoza, attorney for Eastport Golf Club Inc.

Now that he can't redevelop, Graham said he will attempt to sell the course. "Unfortunately, we do not know of any potential buyers at this time," he said.

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Graham purchased the golf course out of bankruptcy in 1993 after the original owner developed the golf course community in the late 1980s.

While other legal options are available, Mendoza said Graham does not plan to appeal, or file another bankruptcy reorganization plan.

"So what happens is it really falls into disuse," Mendoza said.

Mendoza said it will likely be difficult for Graham to sell the property.

An oversupply of golf courses has contributed to the closing of 16 other Strand courses for planned redevelopment since January 2005.

Three courses at Bay Tree Plantation have closed within a few miles of Eastport, and at least two others intend to close nearby.

"There really isn't a market for selling these courses," Mendoza said. "It's going to remain closed."

But some residents say Graham should be able to operate the golf course profitably now because there are fewer courses left in the Little River and North Myrtle Beach area.

"In my opinion, the golf course glut has taken a drastic reversal," said Eastport resident Sherry Higginbottom. "With the closing of so many courses in this area especially, locals are having great difficulty getting tee times. I expect that buyers are out there now, maybe even from the pool of previously successful golf course owners who have sold out to benefit from the higher value of their land for development."

Graham said the golf course business would have to change for that to be true. He said the costs to operate a course are rising while the amount to play is not keeping pace.

Eastport Community Association president Don Metzger said residents are waiting to see what happens next.

"We're very encouraged that our community will be able to remain intact and continue as it now exists. We hope that things can get back to normal," he said.

The same judge made a similar ruling on a case involving proposed redevelopment of a course outside of Charleston.

Charles Summerall, who represented Eastport homeowners in bankruptcy court, also represented Charleston area homeowners in that case several years ago. Waites ruled homeowner restrictions did apply to the golf course in the King's Grant community and homeowners were guaranteed some type of amenities.

That course owner sold the property to new owners, who entered into a settlement with homeowners, Summerall said. One of the new owners was also a member of the King's Grant community.

The settlement allowed residential development on a portion of the property and leaves the remainder as a park. The new owner has also refurbished community buildings on the property, he said.

"We [at Eastport] are very pleased that Judge Waites agreed with our position that the restrictions clearly prohibit residential development on the golf course property," Summerall said.

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