

REAL ESTATE

# Razing the Hamptons

By MARCELLE SUSSMAN FISCHLER APRIL 14, 2017

New development in the Hamptons used to conjure up images of lavish houses popping up in the middle of potato fields. But as more farms and vacant land are being preserved as open space, ever fewer lots are available to build new homes. And with soaring land values, coveted beachfront locations already built on and surging demand for new and bigger houses with copious amenities, teardowns in the area have become more pervasive than ever.

But what qualifies as a teardown on the South Fork might raise eyebrows elsewhere.

To make room for the 11,600-square-foot house that James Michael Howard, a developer and interior designer, finished earlier this month in Bridgehampton, he first had to tear down the four-bedroom, three-bath 1980 house on its 1.1-acre lot. Mr. Howard paid \$3.7 million for the shingle-style house, formerly owned by the “Manchester by the Sea” director Kenneth Lonergan and his wife, J. Smith-Cameron, and built the larger home on speculation.

The fanciful new seven-bedroom, nine-bath house that Mr. Howard designed, in collaboration with the architects Bobby McAlpine and Greg Tankersley, has 30-foot ceilings with exposed beams, a breakfast nook that seats 10, a 16-seat lower-level theater, a heated in-ground pool and a pool house. Art-filled and fully furnished —

down to the candlesticks in the dining room and the books on the cocktail tables — it is on the market for \$11,950,000.

Older houses “don’t have the atmosphere people are looking for today and don’t have the light,” Mr. Howard said. “Ceilings are low; windows are small.” The newer Hamptons houses have more air, more light, more space and more volume, he added, with “quick and easy access to the outside and a lot of seating areas inside and outside.”

Gary DePersia, an associate broker with the Corcoran Group, who counts Mr. Howard’s house as one of nine among his 27 new construction listings built on the sites of teardowns, said, “With the towns buying up open space, that diminishes further the available vacant lots, making teardowns even more viable and important for those who want to build a house.”

Builders of these so-called spec houses “tear down a relatively nice house — that in some parts of the country is a beautiful house — to build their masterpiece house,” said Cody Vichinsky, co-founder of Bespoke Real Estate, an agency based in Water Mill that deals exclusively in \$10 million-plus properties.

Some multimillion-dollar homes constructed as recently as 2006 now face the wrecking ball. “Waterfront or oceanfront or Triple-A big plots of land — people pay premiums to have a select piece of dirt,” Mr. Vichinsky said, “because it is the canvas for their vision.”

Even homes built by “noted architects” in the 1970s, ’80s and ’90s, he said, are being bulldozed. “It is changing the look of the landscape,” he said.

“The hedge fund guys buy houses for \$40 million and knock them down,” said Joe Farrell, a builder who counts about 100 teardowns among the 400 homes he has built in the Hamptons since 1996. “People just want new now.”

In Bridgehampton, a 25-year-old contemporary oceanfront house has “little to no value,” said Mr. Vichinsky. The majority of the 1.4-acre \$15 million property’s value, he said, is “the land itself and its ability to yield a much more extensive new home with sought-after amenities.” Mr. Vichinsky has the listing for the \$44.9

million house that will be built in place of the older one on this site — an ultramodern 10,000-square-foot-plus structure with walls of glass, multiple outdoor lounges and a rooftop deck with a garden.

Recently, a \$16,850,000 listing for a 4,500-square-foot house on five acres in Southampton was marketed as “a development opportunity,” which ultimately led to the sale,” said Michael Cantwell, Bespoke’s chief marketing officer. Though the four-bedroom, five-bath gambrel-style house had “a sophisticated double-height living room with huge windows and skylights, creating a delightful light-filled living space,” as well as a media room and an expansive first-floor master suite, its brochure suggested that the house be “extended or repositioned.” And because the house was on a site with “awe-inspiring waterfront sunset vistas,” the brochure also proposed that an entirely new 18,000-square-foot-plus waterfront home might be constructed there.

The property sold last month. “It will likely be redeveloped,” Mr. Cantwell said.

The house is on Fowler Street, which is “a microcosm of what is happening in the Hamptons in the last five years,” he said. The street is “blossoming” with new modern oceanfront and water-view homes, including several that replaced teardowns.

In a bucolic region beloved for its light and open space, conservation efforts have significantly curtailed the amount of developable land.

In Southampton town, about 6,700 agricultural acres — mostly working, food-producing, sod, equestrian and chicken farms — are left, of which 4,500 are protected from development, said Melanie Cirillo, director of conservation planning for the Peconic Land Trust, a nonprofit land conservation organization that has helped protect 12,000 acres since 1983.

“We are concerned about that last 2,200 acres,” some of which is in the form of buildable lots, said Ms. Cirillo, whose mission involves competing with developers and deep-pocket buyers to help farmers find available land. The trust works with landowners, municipalities and town community preservation funds, aided by a 2

percent real estate transfer tax instituted in 1999 to buy development rights and resell the land to farmers at fair market value.

“Land is exorbitant, because there is less of it available,” Ms. Cirillo said. “Builders are recycling the older home sites. It is almost more affordable to buy a built house, tear down the house and put up a structure.”

In East Hampton town, about 1,400 acres of agricultural land remain, with 1,020 protected and little productive farmland lost in the last decade, said Scott Wilson, the town’s director of land acquisition. “We are going to try to preserve the balance,” Mr. Wilson said.

Since January 2015, more than 100 demolition permits for single-family homes have been issued by the town of East Hampton, according to town data. In Southampton town, 203 homes have been torn down.

While the open farmland makes it harder to find sites to build on and accelerates the pace of teardowns, some brokers and builders acknowledge that it adds to the value of the new houses.

“The vistas afforded by conserved open space are key to the Hamptons experience,” said Mr. DePersia, of the Corcoran Group. “The best of these new homes are designed in a way that respects the character of the property, its surroundings and the views seen from it.”

One of his listings, a \$14,950,000 newly constructed house, borders a 34-acre reserve in Water Mill. The 10-bedroom, 12-bath house with a pool and a sunken tennis court on 2.6 acres, replaced a \$6 million three-bedroom, three-bath house built in 1997.

Mr. Farrell said he has shied away from buying and subdividing farms. “I don’t want to be the guy chopping up farms — I am all for open space,” he said, adding that he prefers shovel-ready lots adjacent to agricultural preserves.

In the last year, he has knocked down nine houses to make room for bigger ones. Three years ago, he paid \$8 million for a 6,500-square-foot farmhouse on 2.2 acres in Bridgehampton, which he bought from Luann de Lesseps of “The Real

Housewives of New York City.” In its place, he built a 12,000-square-foot estate with 10 bedrooms, 12 baths, a 50-foot heated pool and spa, a sunken tennis court, a pool house and other bells and whistles. The price tag on the new manse: \$16,995,000.

Some buyers, of course, just prefer new construction. . “They do not want to renovate,” Mr. DePersia said. Others, however, like the convenience of the new, but with the look of the old.

Dan Scotti, a lawyer turned builder and interior designer, is as willing to tear down old homes as any of his competitors. With vacant land so hard to come by in East Hampton village, where Mr. Scotti has built a home a year for the past 10 years, all but one of those homes replaced a teardown. But when Mr. Scotti razes a house, his goal is to replace it with something that looks “turn-of-the-century” and will blend with the older homes in the neighborhood.

Mr. Scotti replaced the author James Brady’s midcentury house, which “wasn’t very architecturally attractive,” he said, with a timeless-looking villa “that looks like it fits better on Further Lane than the previous house.” The new 5,000-square-foot house sold for just over \$11 million in 2015.

Houses built on slabs without basements, or with eight-foot-high foundations that are “not super structurally sound,” Mr. Scotti said, are prime teardown candidates.

With land so pricey, “you have to maximize your buildable space,” he said, “including that which is underground.” He does that by building out lower levels in new construction with bedrooms, wine cellars, media and exercise rooms, which can create an additional 2,500 to 3,000 square feet of underground space.

As land values continue to grow, the teardown trend will spread, Mr. Farrell predicted. “Old, poorly built, poorly insulated homes not intended for year-round use, ugly contemporaries and outdated homes from the ’80s” will fuel the phenomenon, he said.

“There are hundreds and hundreds, if not thousands, of these knockdowns left that will disappear in the next 10 years,” Mr. Farrell said. “It costs me more to

renovate a house than to build a new one.”

Size is also part of the equation. In the 1980s, “people’s primary residences were nicer than their Hamptons house,” which tended to be smaller and used only from Memorial Day to Labor Day, Mr. Farrell said. In the 1990s, the Hamptons houses “started to grow,” becoming “bigger and nicer” than the owners’ city homes.

High-flying buyers seeking ocean or pastoral views and open space may now spend more on a home in the Hamptons than on their primary residence, Mr. Vichinsky said. “Oftentimes, their house out here is double or triple their holding in Manhattan,” he said. Buying a teardown affords them the opportunity “to really go wild with their real estate purchase and create something very special for themselves and their families.”

On a half-acre lot with a pool in Bridgehampton, the builder Michael Frank recently replaced a \$2 million, 2,084-square-foot, three-bedroom cape with a 6,500-square-foot, eight-bedroom, nine-and-a-half-bath house with a balcony off the master wing that overlooks a 50-foot pool and 35 acres of protected farm fields. The house is listed for just under \$7 million.

“I haven’t bought a piece of vacant land in six years,” Mr. Frank said. “It is not available.”

And some homeowners are doing their part to make sure it stays that way.

Ann LaWall, former executive director of the Southamptton Business Alliance, briefly considered rebuilding after her 4,000-square foot, five-bedroom Water Mill home of 41 years burned to the ground in March 2016. But when a builder offered her \$1.28 million for her corner lot of nearly an acre, Ms. Wall instead sold her development rights to Southamptton town for \$984,000, ensuring that the pastoral vistas she and her family had enjoyed would delight passers-by in perpetuity. This week, when Ms. LaWall closes on the deal, her property will become part of the farm next door.

“At first, I was going to build a beautiful farmhouse to leave my kids,” said Ms. LaWall, who bought and is renovating a three-bedroom house on Peconic Bay. “Then

I realized it was the final piece of a puzzle. The house was on that corner, and everything else was a farm.”

A version of this article appears in print on April 16, 2017, on Page RE1 of the New York edition with the headline: Razing the Hamptons.

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