

# TEARING DOWN The House

When soaring property values meet this old, small house, more builders and buyers are choosing demolition over renovation

By Lew Sichelman

To make way for their new 10,000-square-foot manse in the Chicago suburbs, Kassy and Joe Helme had to demolish three houses. Built in the 1950s, the bungalow, the one-bedroom ranch and the cottage-style two-bedroom weren't much to look at, and except for a few people who asked how the Helmes could destroy such darling little dwellings, no one seemed to care that they were gone.

On the flip side, the people living near a "museum-quality" 5,000-square-foot modernist house in Rancho Mirage, Calif., designed by famed architect Richard Neutra, hardly had a chance to object before it was taken down by new owners to make room for an even larger home.

Until a few years ago, "teardowns" like these seemed fairly isolated. But now older houses are coming down everywhere as homeowners seek more spacious digs, and developers mine a widening revenue stream. In most cases houses fall because, like the Helmes' trio, they possess neither architectural nor historical merit, and in many respects—style, quality and, of course, size—the new clearly surpasses the old. But when a house has a place in local or national history or embodies important design, summary demolition can pose a real problem, one that has preservationists up in arms.

Responding to what it sees as the threat of widespread architectural loss, the National Trust for Historic Preservation two years ago named teardowns to its annual list of America's 11 Most Endangered Places. (The list also includes construction trends the Trust deems hazardous.) It even went so far as to publish a 20-page booklet filled with strategies that activists can use to stem a perceived plague on communities and charming older houses.

"Across the nation, a teardown epidemic is irreparably damaging historic neighborhoods as fine historic homes are reduced to rubble to make way for much larger new houses," a 2002 Trust release stated. "Too often, these oversized structures disrupt the architectural and historic character of the existing neighborhood, diminishing livability and destroying the amenities that originally made the neighborhood an attractive place to live."

Of course, not all demolished houses are historic. Many are obsolete relics



ILLUSTRATION BY DAVID SUTER



### THREE DOWN, ONE TO GO UP

*To make way for their 10,000-square-foot chateausque home in Western Springs, Ill., Kathy and Joe Helme bought three contiguous properties and had the houses on them torn down. Two of the houses are shown at right. The locals didn't miss them when they were leveled to make way for the Helmes' new minimansion.*



that have all but outlived their usefulness and have succumbed to the natural order of real estate supply and demand. "There's nothing you can do but take them down," says Virginia Neal-Newborn, a Virginia real estate agent who last year finished building her second replacement house, this one a 9,250-square-foot behemoth where a 1954 Colonial once stood.

Still, preservationists say, too many architecturally significant properties and noteworthy landmarks have already been lost. Gone: an 1899 Craftsman-style house in Palo Alto designed by Julia Morgan, California's first female architect and designer of the Hearst Castle at San Simeon. Gone: a 1905 Main Line house near Philadelphia, considered one of the finest residential designs by Horace Trumbauer, architect of the Philadelphia Museum of Art. In Bannockburn, Ill., even a Frank Lloyd Wright design came perilously close to demolition until a public outcry forced its sale to someone who wanted to save it. Overall the Trust has documented more than 100 communities in 20 states that have experienced significant losses.

### WHY HOUSES FALL

The reasons for the teardown trend are as varied as the houses that are falling to it.

Rising real estate values, especially in cities and older, close-in suburbs, have made lots worth far more than the houses that stand on them. In some cases, says Minneapolis-area builder Rich Kleinow, lots in the Twin Cities region love value because the houses only pose an added cost for demolition. Nevertheless, buyers—particularly builders looking for teardowns—pay inflated prices knowing they can profit handsomely when they put up new houses.

In 1988 Neal-Newborn and her husband, Lester Newborn, paid \$470,000 for a 2,000-square-foot rambler they demolished. They sold the house that replaced it for \$1.95 million. They put \$700,000 into their second teardown, and bidding for similar area properties has reached \$800,000.

Behind the rising values of teardown properties is the very attractiveness of older, established neighborhoods with their mature landscaping, excellent schools and proximity to stores. "I'm fascinated with the idea that I can actually walk to buy a gallon of milk," Lynette Lovelace told *USA Today* two years ago when she and her family were moving into their 4,500-square-foot home in Hinsdale, Ill., from a subdivision house 10 miles away.

The influx of new residents into older communities is welcomed by housing

experts and urban planners who see it as a way to reverse years of decline. But the big houses built atop teardowns are often the only way to lure newcomers. With all the open land gone and infill sites (unbuilt and subdividable lots) developed, builders have no choice but to take down old houses and put up new ones. So strong is the trend in some areas that builders are losing out to house hunters. Brian Hickey of Xchange Properties, a Clarendon Hills, Ill., firm that specializes in infill real estate, is seeing more individuals outbidding builders because they don't need to turn a profit.

### BUILDING BIGGER AND BIGGER

No stats measure what people are putting up after a teardown, but often what rises is huge. Detractors brand them lot hogs, trophy houses and starter castles. It's all about size, and the American appetite for space—and the ability to buy it—has risen with every decade of prosperity. Even a modest-sized replacement can dwarf its 50-year-old neighbors. Old houses can be updated with renovation and expansion, but that can actually cost more than razing and rebuilding. "Sometimes it's not only cheaper but better to rip it down completely," says Kleinow, whose company has done several teardowns in the Minneapolis suburbs. "With remodeling you have to go backwards before you can go forward, so it's often a question of, Where do you stop?"

Dennis and Sue Byron and their two children lived in an 1875 house in Los Gatos, Calif., for two years before knocking it down. They had considered saving the old place by moving it to the back of their quarter-acre lot and renovating and expanding it, but house movers said it would fall apart. The house had only four rooms and no foundation. "The kitchen was an afterthought," Dennis says, "and the bathroom wasn't put in until 1969. I remember sitting inside one December, and the wind blew out a candle. It was that drafty."

The Byrons bought the house for \$315,000. After spending \$496,000 on demolition and new construction, they now have a 2,750-square-foot Victorian more than three times larger than the original house, yet still in sync with the community's range of styles. The most recent appraisal valued the house at \$2 million-plus, which Dennis says is in line with neighboring properties.

Critics of huge replacement houses that dwarf their neighbors say they upset the scale of the community and diminish



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the qualities that made it so attractive in the first place. Jim Lindberg, director of preservation initiatives in the National Trust's Denver office and co-author of the guide to taming the trend, admits that replacing outdated, inefficient structures is desirable as well as inevitable. But, he adds, the new McMansions too often "break the established building patterns." Besides looming over neighboring houses, he says, they're often built out to the lot lines, all but eliminating side and rear yards. "In many cases, mature trees and landscaping are cut down to make way for these massive new homes, which block sunlight to neighboring yards and cast permanent shadows onto adjacent homes."

## UNAFFORDABLE HOUSING

Bash-and-build houses also drive up property values, to both good and bad effect. In one East Memphis, Tenn., neighborhood, older residents have seen the value of the land beneath their modest homes skyrocket. In 2001 the Memphis *Commercial Appeal* profiled Pat Kelly, whose 2,300-square-foot house was half the size of three homes sitting on a large lot down the street, where one 1950s rambler once stood. While an appraisal that

year indicated the value of Kelly's house had fallen slightly, the county said the value of the 0.38-acre lot beneath it had nearly tripled, from \$43,600 to \$122,800. Great if you're selling, good for the tax collector, but not so good for taxpayers of limited means. Those who can't pay could be forced to move out.

Displacement also occurs when older houses don't filter down to lower-income buyers. When a modest yet otherwise serviceable house is bulldozed, says National Association of Home Builders economist Michael Carliner, it is "no longer available to first-time buyers who are more than willing to buy old-time houses" in order to climb onto the first rung of the ownership ladder. "Each time one comes down," agrees Marya Morris, senior research associate with the American Planning Association, "it's a lost opportunity" for someone to find affordable housing. "In some communities experiencing teardowns, the starter house is an endangered species," says the Trust's Lindberg.

Still, while teardowns may exacerbate the affordable housing problem, Morris says stopping them certainly wouldn't solve it. And Carliner says the best remedy isn't to legislate a ceasefire, but to plan properly

## OLD AND IN THE WAY

*Even though Dennis and Sue Byron's 1875 house could best be described as funky, they did entertain the notion of saving it and making it more livable with extensive renovation and expansion. But when that plan proved impractical, they bulldozed the old house and built a new Victorian that was nicely in tune with the other architecture in their neighborhood.*



BEFORE



AFTER

so builders won't have to scour old neighborhoods for potential building sites. "Ending teardowns isn't the cure," he says. "It's making adequate provision for growth."

The National Trust, on the other hand, says every community could decide to place a moratorium on teardowns so local residents and planners have time to adopt permanent policies to manage redevelopment. "It is particularly upsetting to longtime residents when a historic house is demolished without warning," Lindberg says. "Left behind is the lingering sense that the house might have been saved if only there had been adequate notice and more time to develop alternatives."

### TEARING DOWN YOUR HOUSE

If the land beneath your house is worth much more than the structure itself, your property might be a candidate for a quick sale as a teardown, says Xchange Properties' Hickey. Ditto if it is tiny by today's standards with too few bedrooms and bathrooms, in general disrepair or on a lot with space for a much larger house. If new construction in your immediate neighborhood is selling for more than twice the value of your property, you're probably in teardown territory. But that doesn't necessarily mean you or a buyer can simply plow the place under and build something bigger and better. If the old house has architectural significance, you might want to think twice about demolishing it.

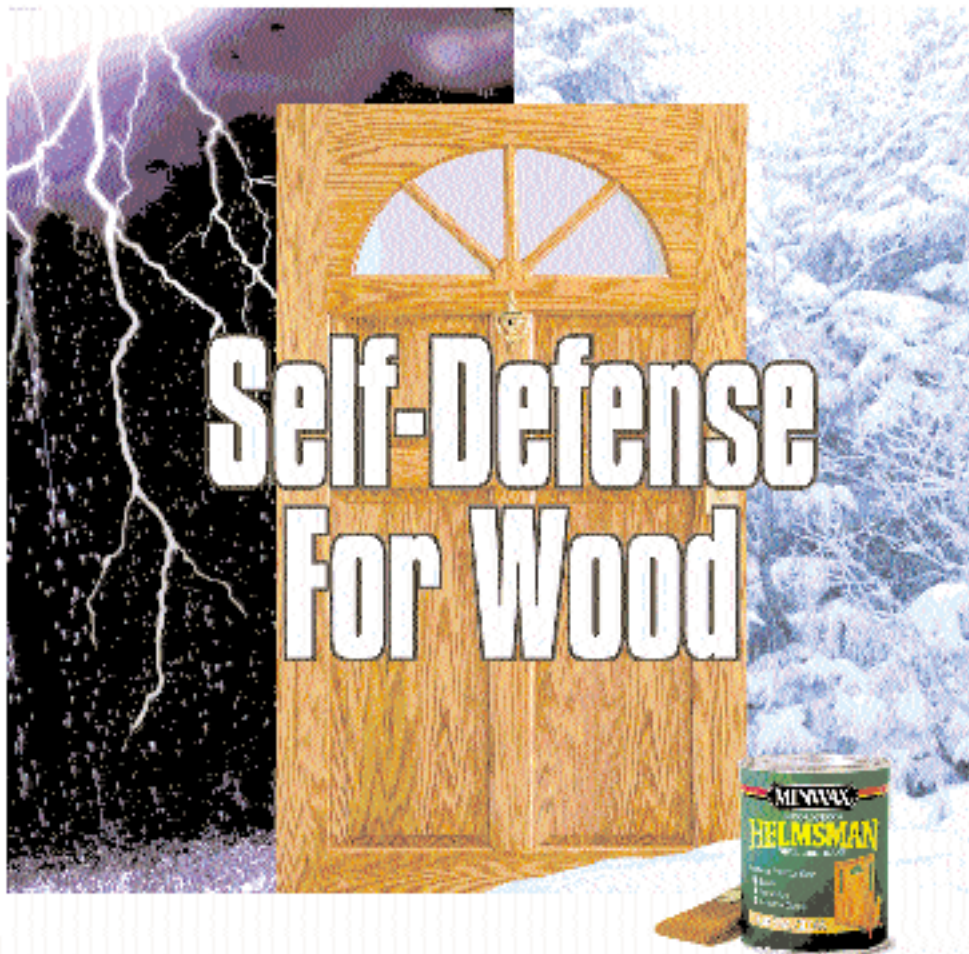
When enough townspeople feel passionately about preserving neighborhood homes, you could be in for a fight that could prove both costly and perhaps even unwinnable. Much depends on your town's zoning and new-construction ordinances. More than 2,300 communities, according to the National Trust, have established historic districts to protect against new construction that is out of character with prevailing styles. Others have created zoning codes to slow or stop what they see as an out-of-control trend. And still other towns have adopted ordinances that limit the overall size of new homes in older neighborhoods, impose strict design criteria or dictate height and setback requirements. Sometimes they simply issue moratoriums on demolition permits.

If you encounter any of these roadblocks, consider a whole-house remodel instead of a complete teardown. Often, if only one part of the house remains standing—such as a fireplace and chimney or an exterior wall—it is considered a remodel

that may be exempt from teardown rules. Then there's the economics. Builders and brokers go by the "rule of three," a teardown bromide that says the new house should be worth three times what was paid for the property for a deal to be profitable.

If you're not a real estate speculator, your need to turn a profit is secondary. But even if you intend to live in the new house you put up, you don't want to make a poor investment. To guard against that,

you probably don't want to be the first teardown on your block, because that can easily make your place the most expensive one around. Having the priciest house can pose a problem for appraisers who are looking for comparable neighborhood prices to justify the construction financing. If the new house is far out of line with the neighborhood, you may not be able to obtain a large enough loan. That's a whole other set of issues to consider. **H**



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