

The Housing Scene

Teardowns on a Tear

Lew Sichelman, *United Feature Syndicate, June 17, 2016*

Houston lost its locally famous Bullock-City Federation Mansion in 2014 to a developer who plans to erect townhouses on the site.

The house may not have been worthy of a place on a list of historically significant structures. But the 5,000-square-foot structure that was erected in 1906 on a 30,000-square-foot lot was the first in the sweltering Texas city to have air conditioning. And its demise was mourned by more than a few people.

“It’s a beautiful building,” Ernesto Aguilar, general manager of KPFT Radio, which sits next door, told the Houston Chronicle at the time. “It is sad to see a piece of Houston history going the same way as many others do.”

Teardowns -- in which builders or private individuals purchase an aging, outmoded house, then demolish it and replace it with a modern home that will suit today’s homeowners -- are currently on a tear in Houston. Permits for teardowns are up by 22 percent in the city this year.

And that phenomenon isn’t limited to Houston. Barry Sulpor, a real estate agent in the Los Angeles area, counts no less than 100 teardown sites in the so-called “beach cities” where he plies his trade: Hermosa Beach, Redondo Beach and Manhattan Beach. “And I’m sure there are just as many in Venice, Santa Monica and Beverly Hills,” Sulpor says.

According to the National Association of Home Builders’ (NAHB’s) best count, nearly 8 percent of all single-family housing starts in 2015 were attributable to teardown-related construction. That’s roughly 55,000 older houses gone forever, and that’s on top of the 31,800 single-family teardown starts in 2014.

In some instances, the houses that are destroyed are outmoded, functionally obsolete relics that no longer serve a useful purpose. But in other cases, they work just fine and simply lack up-to-date amenities. And some have historical significance that may or may not be worthy of saving.

Usually, the places that replace a teardown are larger, covering more of the lot and rising higher than the old place -- often to the maximum height allowable under local zoning rules.

Sulpor recently sold two lots where the old houses were taken down. One was bought for \$1.35 million by a builder who plans to put up a house with a nearly \$4 million price tag. The other was purchased for \$2.15 million by a retired couple who “love the creativity of working with architects to design luxury beach properties,” according to Sulpor. “When the new place is completed, it will fetch close to \$5 million.”

Because teardowns are sometimes controversial, folks considering buying an older place with the idea of taking it down and putting up a new house should proceed cautiously. Often, these old homes are not advertised for sale on the open market or in the multiple listing service, so the challenge begins with finding out about one, says Sulpor. And once you do, the agent suggests making absolutely sure the condition of the current home is such that it cannot be salvaged.

Would-be buyers should also determine, before making an offer, whether what they plan to build conforms to local restrictions. Preservationists often use -- or try to change -- local building codes to push back against teardowns.

On the other hand, people trying to sell old properties that are teardown candidates should make sure whatever offers they receive are legit, Sulpor advises. Look for the proof that they have the funds to close the deal, especially if they say they will pay with cash and have no need of a mortgage.

Sellers should also realize that selling a property “as-is” does not insulate them from their obligation to disclose any issues that might impact value. The term “as-is” means only that the house is being offered and sold in its present condition.

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