

KARL F. DEAN
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Metropolitan Historic Zoning Commission
Sunnyside in Sevier Park
3000 Granny White Pike
Nashville, Tennessee 37204
Telephone: (615) 862-7970
Fax: (615) 862-7974

STAFF RECOMMENDATION 710 McFerrin Avenue March 18, 2015

Application: Demolition-principle contributing structure
District: Maxwell Heights Neighborhood Conservation Zoning Overlay
Council District: 05
Map and Parcel Number: 08208028000
Applicant: Ryan Paige
Project Lead: Robin Zeigler, robin.zeigler@nashville.gov

Description of Project: Applicant proposes to demolish a contributing home to the Maxwell Heights Neighborhood Conservation Zoning Overlay.

Recommendation Summary: Staff recommends disapproval finding that the applicant has not proven economic hardship and demolition does not meet section III.B.2 for appropriate demolition and does meet the design guidelines for III.B.1 for inappropriate demolition.

Attachments
A: Photographs
B: Sales Contract
C: Estimate

Vicinity Map:



Aerial Map:



Applicable Design Guidelines:

III.B.1 Demolition is Not Appropriate

- a. if a building, or major portion of a building, is of such architectural or historical interest and value that its removal would be detrimental to the public interest; or
- b. if a building, or major portion of a building, is of such old or unusual or uncommon design and materials that it could not be reproduced or be reproduced without great difficulty and expense.

III.B.2 Demolition is Appropriate

- a. if a building, or major portion of a building, has irretrievably lost its architectural and historical integrity and significance and its removal will result in a more historically appropriate visual effect on the district;
- b. if a building, or major portion of a building, does not contribute to the historical and architectural character and significance of the district and its removal will result in a more historically appropriate visual effect on the district; or
- c. if the denial of the demolition will result in an economic hardship on the applicant as determined by the MHZC in accordance with section 17.40.420 D of the historic zoning ordinance.

Ordinance section 17.40.420.D. lists the following items as information that can be used to determine economic hardship. They are not standards. The standards to be met are in the design guidelines, section III.B. See above.

Determination of Economic Hardship. In reviewing an application to remove an historic structure, the historic zoning commission may consider economic hardship based on the following information:

1. An estimated cost of demolition and any other proposed redevelopment as compared to the estimated cost of compliance with the determinations of the historic zoning commission;
2. A report from a licensed engineer or architect with experience in rehabilitation as to the structural soundness of the subject structure or improvement and its suitability for rehabilitation;
3. The estimated market value of the property in its current condition; its estimated market value after the proposed undertaking; and its estimated value after compliance with the determinations of the historic zoning commission.
4. An estimate from an architect, developer, real estate consultant, appraiser, or other real estate professional experienced in rehabilitation as to the economic feasibility of rehabilitation or reuse of the existing structure.
5. Amount paid for the property, the date of purchase, and the party from whom purchased, including a description of the relationship, if any, between the owner of record or applicant and the person from whom the property was purchased, and any terms of financing between the seller and buyer.
6. If the property is income-producing, the annual gross income from the property for the previous two years; itemized operating and maintenance expenses for the previous two years; and depreciation deduction and annual cash flow before and after debt service, if any, during the same period.
7. Any other information considered necessary by the commission to a determination as to whether the property does yield or may yield a reasonable return to the owners.
8. Hardship Not Self-Imposed. The alleged difficulty or hardship has not been created by the previous actions or inactions of any person having an interest in the property after the effective date of the ordinance codified in this title.

Background: Constructed in 1914 (appears in 1914 directory but not on 1914 map.)



Analysis and Findings:

The applicant has purchased the property for \$136,033.45, including closing costs. Since at least 1999, both the lot and the building have risen in value although the sales price has fluctuated. The property sold for \$28,800 in 1982 and then dropped to \$7,400 in September of 1992. It last sold, before this most recent purchase, for \$14,000 in December 1992. This appears to be a fair price as the average costs of similar aged and sized homes within a mile is approximately \$176,000 and the DataQuick value found online is \$172,000.

For comps, the staff looked at sales that took place within a 5 block radius, were located within the overlay, sold since July 2014, were less than 1600 square feet, that were of a similar age to 1710 McFerrin, and that were in “good” condition at the time of sale in order to determine the estimated post-rehab value of the building. “Good” condition was considered to be anything that was rehabilitated in the last decade or was well maintained.

Recent Sales Prices of Homes in the Area of a Similar Age and Square Footage

Address	Date of construction	Sale Date	Sale Price/Sq Ft	Living Area	Total
710 McFerrin	1920			1120	n/a
1010 Maxwell Ave	1935	Oct 14	295.70	1116	330,000
951 Seymour	1930	Dec 14	195.18	1557	303,900
1032 Petway	1938	Aug 14	196.58	1287	253,000
953 Seymour	1930	Aug 14	212.66	1105	235,000
937 Mansfield	1938	July 14	223.68	1520	340,000
Average			224.76		

Figure 5

Based on the comps, the post rehabbed value of the building would be **\$251,731**.

The estimate for repairs generally should only include those expenses required to bring the property up to code; therefore Staff recommends removing the line items for appliances and landscaping, lowering the estimate rehab costs by just \$3,500 to **\$101,020**. Although all other costs were included, they may be lower than what is estimated. Staff’s review found that 90% of the interior is likely repairable but the estimate shows 100% replacement of walls, interior trim, and windows, 30% replacement of flooring and 50% replacement of doors. It appears that the rear of the building may need replacement but not the entire building. Staff did not find evidence of termites or serious decay on the inside of the building, but did not view underneath the building. An engineer’s report would be useful to determine appropriateness of repairs. It appears that the building was lived-in within the last year.

The settlement statement provided by the applicant shows a purchase price of \$135,033.45, including settlement charges and unpaid taxes. The total purchase price plus revised rehab estimate is **\$236,053.45**. Compared to the estimated value of \$251,731, the application could make a profit of **\$15,677**.

Staff recommends disapproval finding that the applicant has not proven economic hardship and demolition does not meet section III.B.2 for appropriate demolition and does meet the design guidelines for III.B.1 for inappropriate demolition.

PHOTOS PROVIDED BY APPLICANTS



Siding is used to cover gap between house and basement. No continuous foundation.



Posts require footers.



Some posts need to be replaced.



Crawl space only exists at the front of the house, complicating the foundation repairs.



Combination of moisture and insects has severely compromised much of the wood.

PHOTOS AQUIRED BY STAFF



Exterior



Original eaves beneath the vinyl siding.



Stairway on right façade that could be replaced or removed.



Right side elevation



Right/Rear elevation



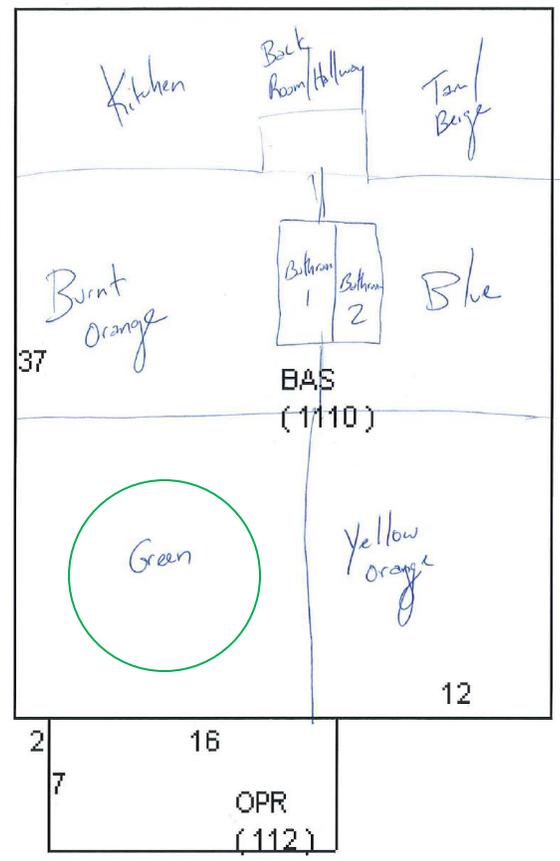
Left façade

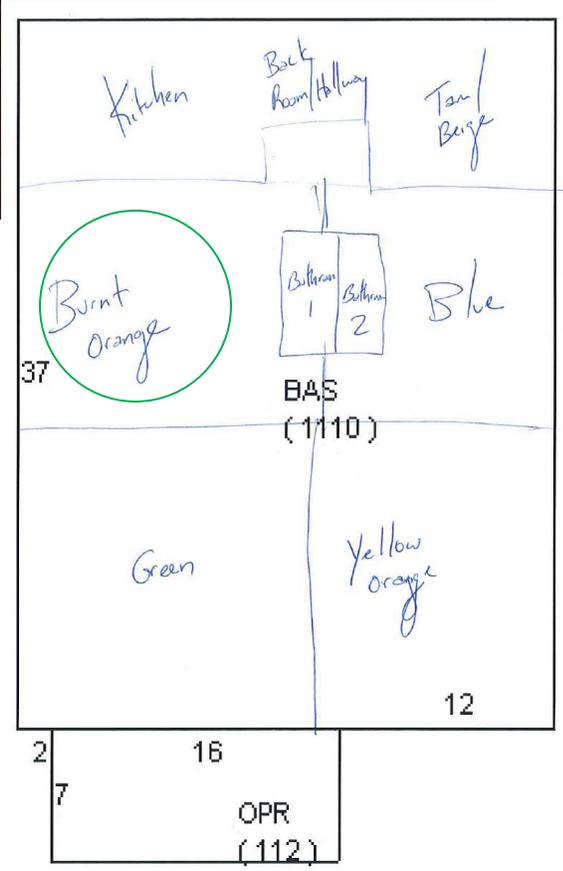


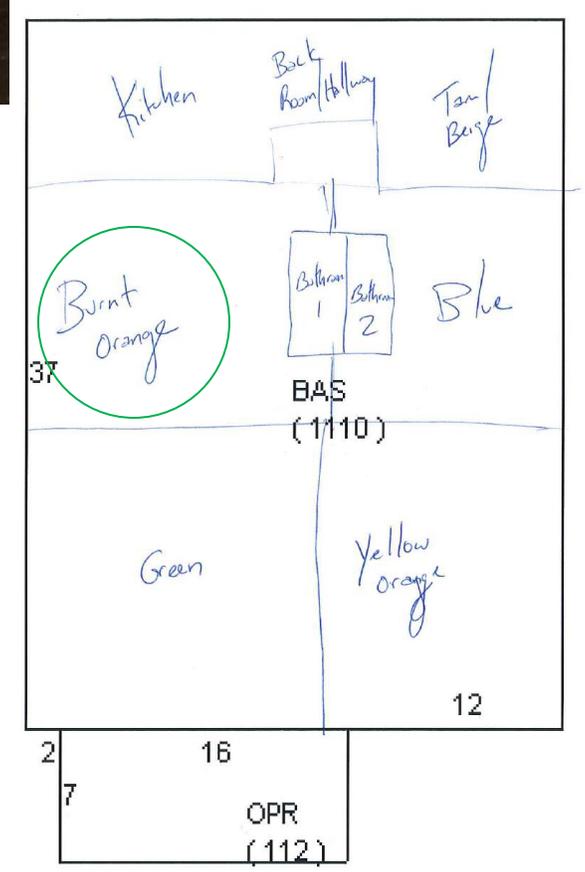
Rear



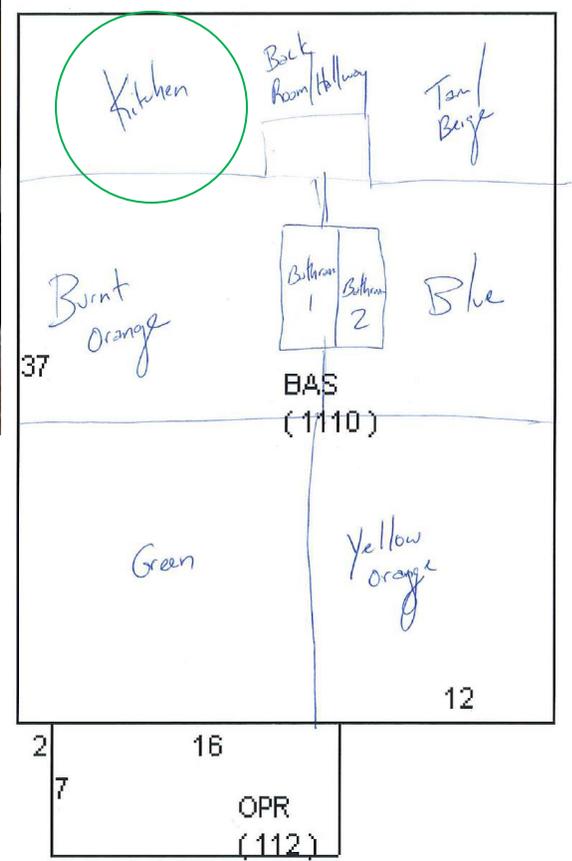
Evidence of the only ceiling damage

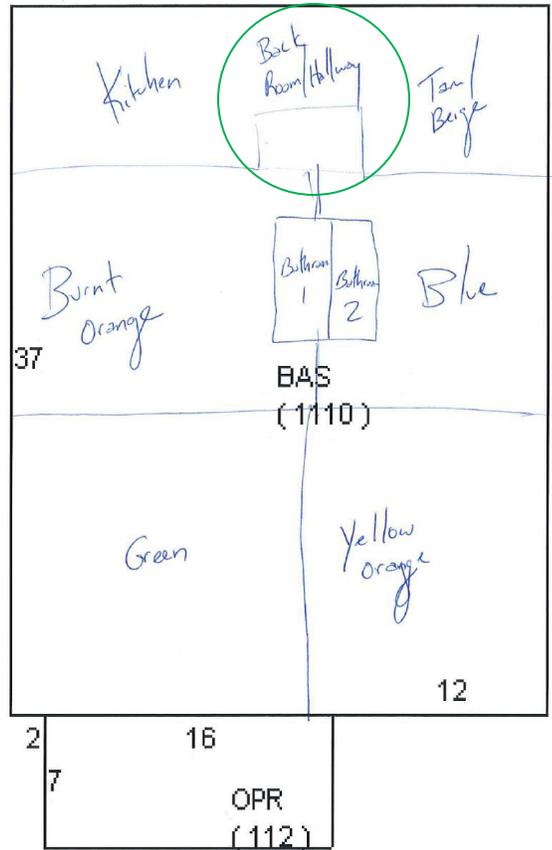






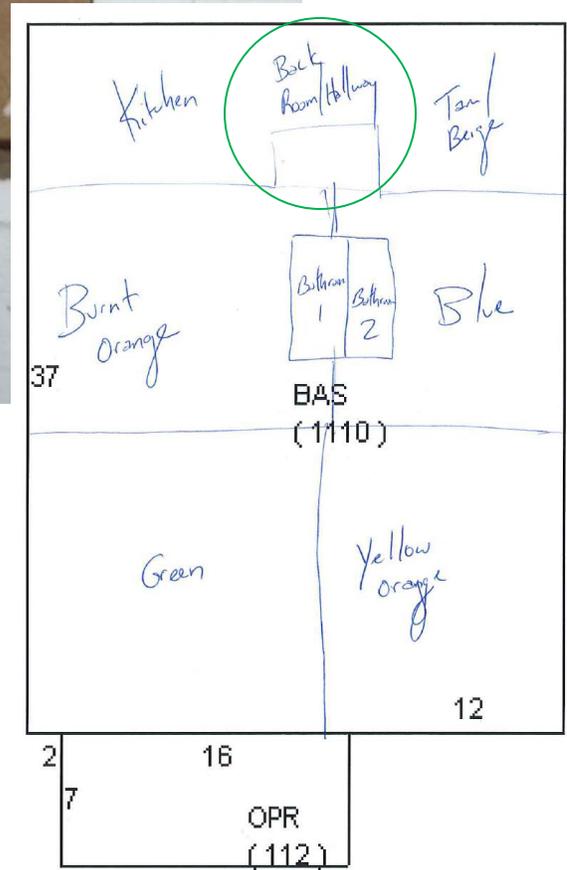


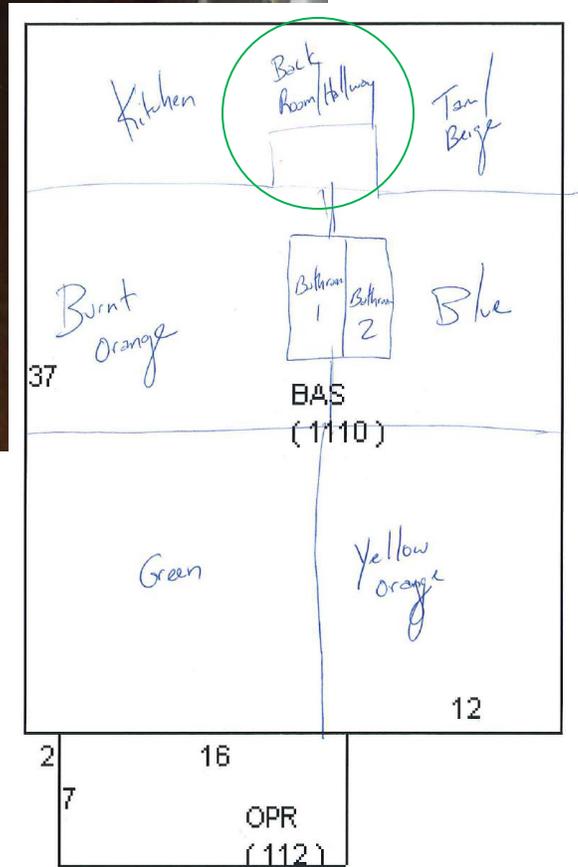






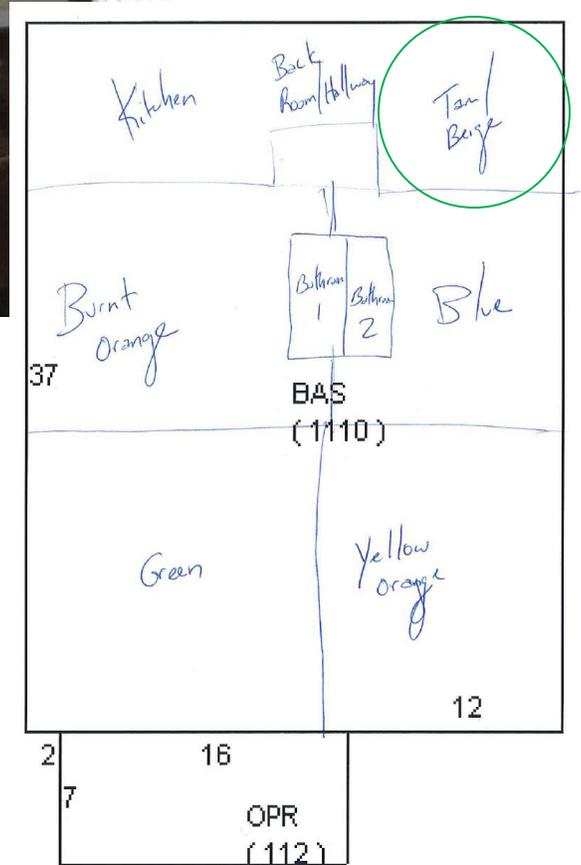
This room may be an enclosed porch.
 There are no hardwood floors in this room.

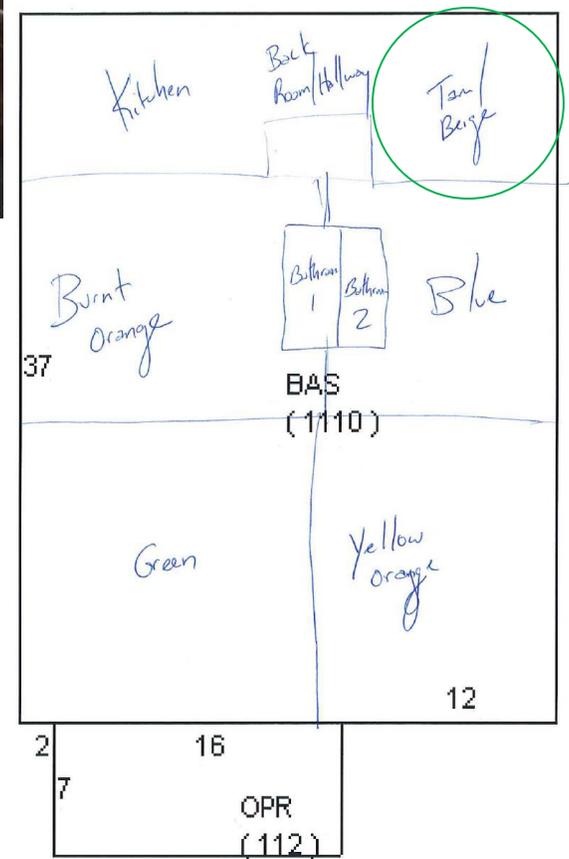
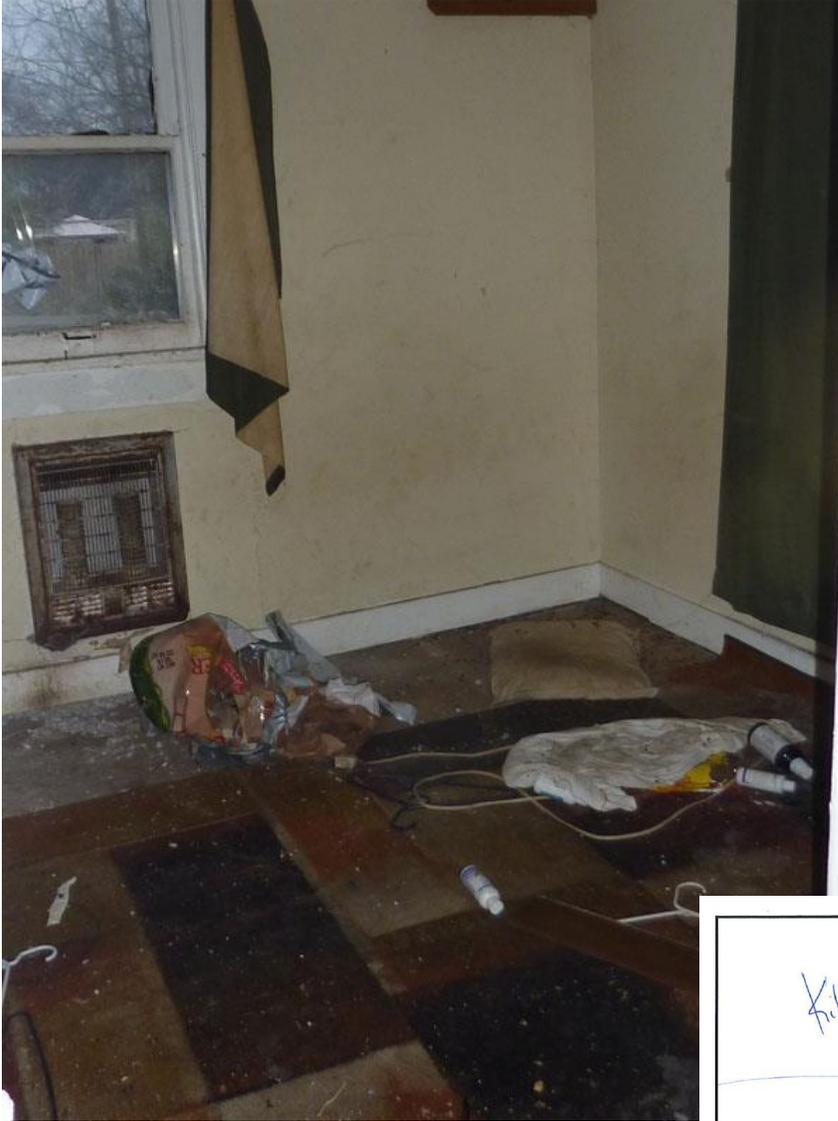


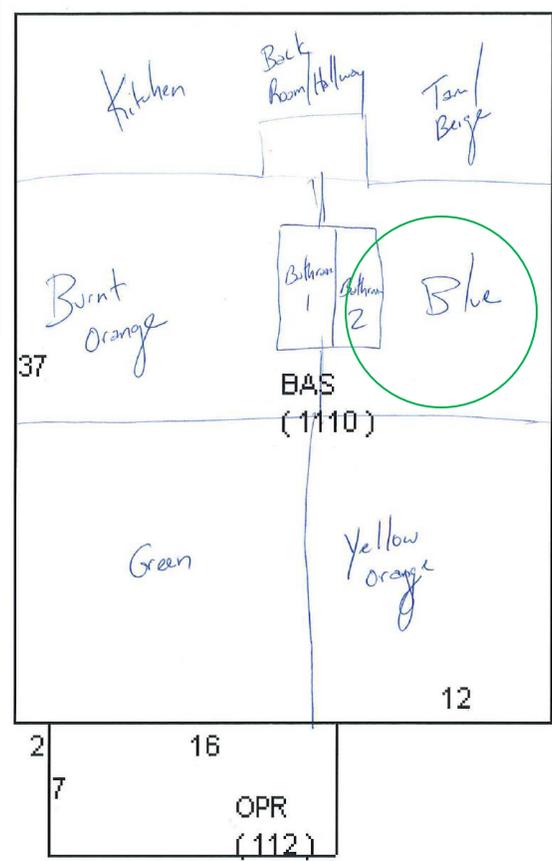


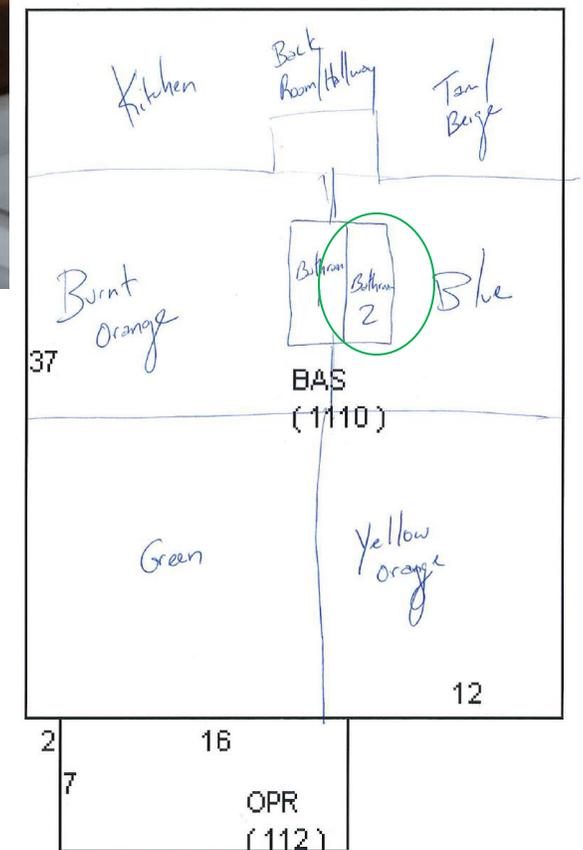


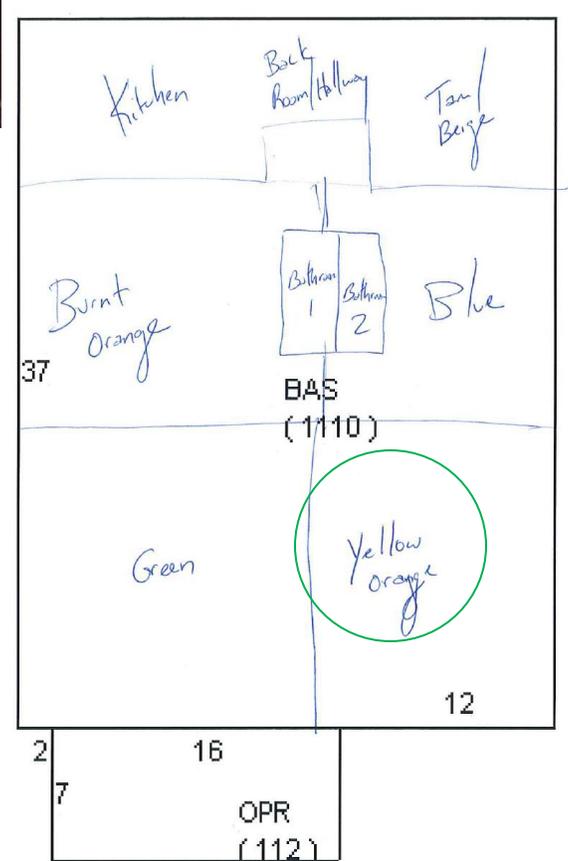
No hardwood floors

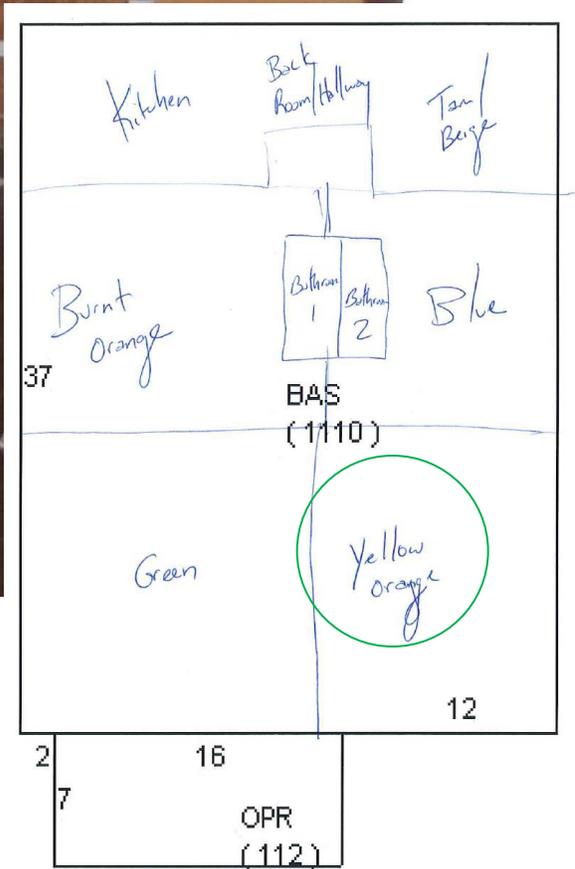
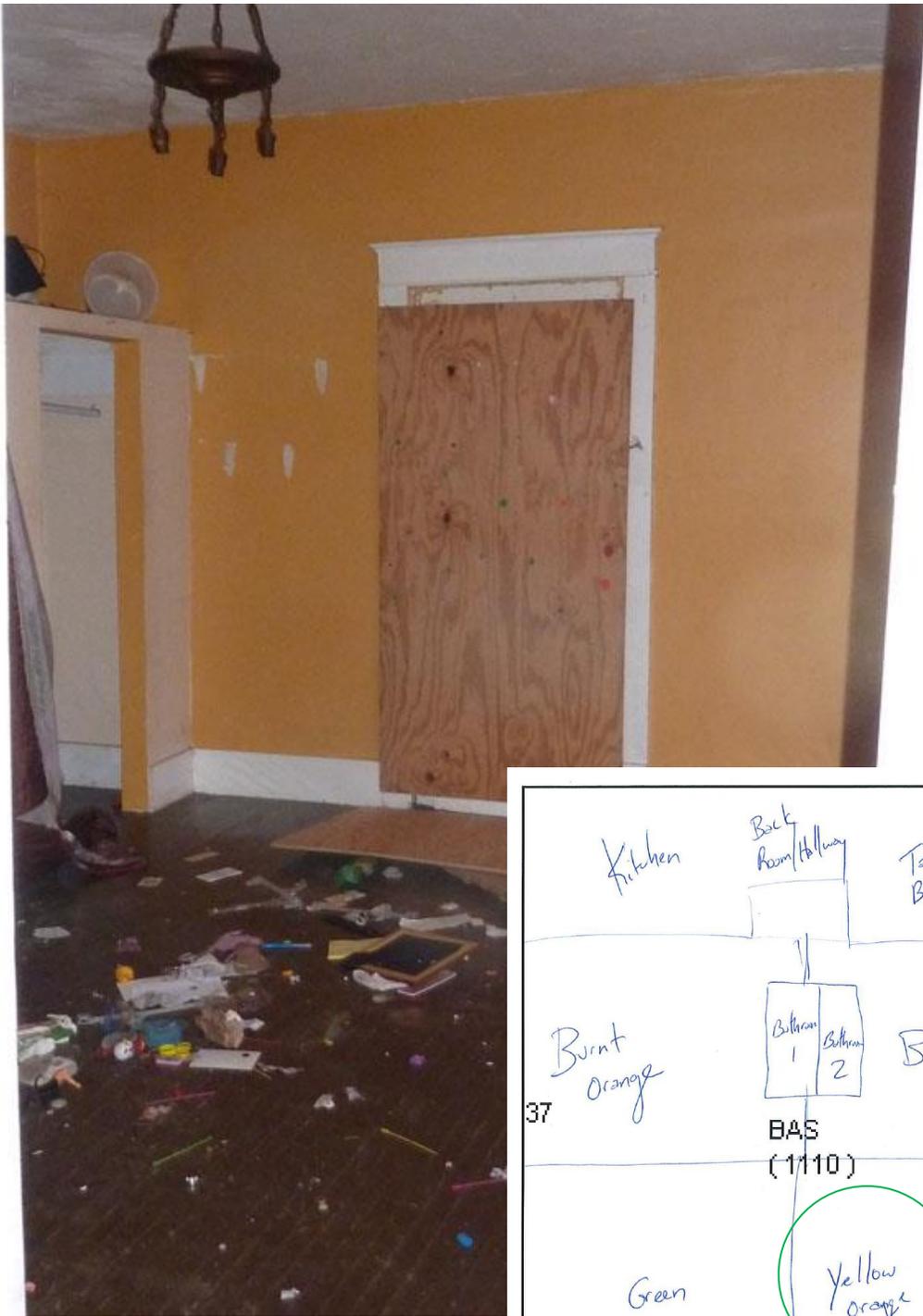














A. Settlement Statement (HUD-1)

B. Type of Loan

1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number: P1520702	7. Loan Number:	8. Mortgage Insurance Case Number:
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name and Address of Borrower: Ryan Paige 1716 Electric Avenue Nashville, TN 37206	E. Name and Address of Seller: Mark Edward Stout 221 Kennett Road Old Hickory, Tennessee 37138	F. Name and Address of Lender: SELLER FINANCING
G. Property Location: 710 McFerrin Avenue Nashville, TN 37206 Davidson County, Tennessee Lot No. 6 J. W. Hart's addition	H. Settlement Agent: Bankers Title & Escrow Corp. 3310 West End Ave., Ste. 540 Nashville, TN 37203 Ph. (615)292-5900 Place of Settlement: 3310 West End Ave., Ste. 540 Nashville, TN 37203	I. Settlement Date: March 19, 2015

J. Summary of Borrower's transaction		K. Summary of Seller's transaction	
100. Gross Amount Due from Borrower:		400. Gross Amount Due to Seller:	
101. Contract sales price	135,000.00	401. Contract sales price	135,000.00
102. Personal property		402. Personal property	
103. Settlement Charges to Borrower (Line 1400)	1,033.45	403.	
104.		404.	
105.		405.	
Adjustments for items paid by Seller in advance		Adjustments for items paid by Seller in advance	
106. City/Town Taxes	to	406. City/Town Taxes	to
107. County Taxes	to	407. County Taxes	to
108. Assessments	to	408. Assessments	to
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due from Borrower	136,033.45	420. Gross Amount Due to Seller	135,000.00
200. Amounts Paid by or in Behalf of Borrower		500. Reductions in Amount Due Seller:	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to Seller (Line 1400)	375.00
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff First Mortgage	
205.		505. Payoff Second Mortgage	
206.		506.	
207.		507.	
208. Purchase Money Note	135,000.00	508. Purchase Money Note	135,000.00
209.		509.	
Adjustments for items unpaid by Seller		Adjustments for items unpaid by Seller	
210. City/Town Taxes	to	510. City/Town Taxes	to
211. County Taxes	01/01/15 to 03/19/15	511. County Taxes	01/01/15 to 03/19/15
212. Assessments	to	512. Assessments	to
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid by/for Borrower	135,170.53	520. Total Reduction Amount Due Seller	135,545.53
300. Cash at Settlement from/to Borrower		600. Cash at settlement to/from Seller	
301. Gross amount due from Borrower (line 120)	136,033.45	601. Gross amount due to Seller (line 420)	135,000.00
302. Less amount paid by/for Borrower (line 220)	(135,170.53)	602. Less reductions due Seller (line 520)	(135,545.53)
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	862.92	603. Cash <input type="checkbox"/> To <input checked="" type="checkbox"/> From Seller	545.53

* Paid outside of closing by borrower(B), seller(S), lender(L), or third-party(T)
Substitute Form 1099-S

SELLER'S TAX ID SOLICITATION: THE INFORMATION IN BLOCKS E, G, H, I AND ON LINES 401, 406, 407 AND 408 IS IMPORTANT TAX INFORMATION AND IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE. IF YOU ARE REQUIRED TO FILE A RETURN, A NEGLIGENCE PENALTY OR OTHER SANCTION MAY BE IMPOSED ON YOU IF THIS ITEM IS REQUIRED TO BE REPORTED AND THE IRS DETERMINES THAT IT HAS NOT BEEN REPORTED. YOU ARE REQUIRED BY LAW TO PROVIDE THE SETTLEMENT AGENT WITH YOUR CORRECT TAXPAYER IDENTIFICATION NUMBER. IF YOU DO NOT PROVIDE THE SETTLEMENT AGENT WITH YOUR CORRECT TAXPAYER IDENTIFICATION NUMBER, YOU MAY BE SUBJECT TO CIVIL OR CRIMINAL PENALTIES IMPOSED BY LAW.

For sales or exchanges of certain real estate, the person responsible for closing a real estate transaction must report the real estate proceeds to the Internal Revenue Service and must furnish this statement to you. To determine if you have to report the sale or exchange of your main home on your tax return, see the 2015 Schedule D (Form 1040) instructions. If the real estate was not your main home, report the transaction on Form 4797, Sales of Business Property, Form 6252, Installment Sale Income, and/or Schedule D (Form 1040), Capital Gains and Losses. You may have to recapture (pay back) all or part of a Federal mortgage subsidy if all the following apply: a) You received a loan provided from the proceeds of a qualified mortgage bond or you received a mortgage credit certificate; b) Your original mortgage loan was provided after 1990; and, c) You sold or disposed of your home at a gain during the first 9 years after you received the Federal mortgage subsidy. This will increase your tax. See Form 8826, Recapture of Federal Mortgage Subsidy; and Pub. 523, Selling Your Home.

If you have already paid the real estate tax for the period that includes the sale date, subtract the amounts on Lines 406, 407 & 408 from the amount already paid to determine your deductible real estate tax. But if you have already deducted the real estate tax in a prior year, generally report this amount as income on the "Other Income" line of Form 1040. For more information, see Pub. 523.

For Paperwork Reduction Act Notice, see the 2015 Instructions for Forms 1099, 1098, 5498, and W-92.
Department of the Treasury - Internal Revenue Service

UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE NUMBER SHOWN BELOW ON THIS STATEMENT IS MY CORRECT TAXPAYER IDENTIFICATION NUMBER.

Seller's Signature	Seller's Signature	Seller's Signature	Seller's Signature
TaxID/SSN:	TaxID/SSN:	TaxID/SSN:	TaxID/SSN:

The Public Reporting Burden for this collection of information is estimated to average 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA-covered transaction with information during the settlement process.

Mitchell Construction, LLC
3117 Lake Park Dr.
Nashville, TN 37211

Saturday, March 28, 2015

ESTIMATE

Ryan Paige
710 McFerrin Ave.
Nashville, TN 37206

SOFT COSTS

Permits	\$	800.00
Utilities / Dumpsters / Portojohn	\$	1,200.00
TOTAL SOFT COSTS:	\$	2,000.00

HARD COSTS

Demo	\$	2,500.00	includes abatement
Foundation	\$	27,000.00	100% replace
Frame Materials	\$	500.00	20% replace
Frame Labor	\$	2,000.00	20% replace
Roofing	\$	4,000.00	100% replace
Windows	\$	4,000.00	100% repair or replace
Siding / Ext. Trim	\$	1,500.00	15% replace
Exterior Doors	\$	1,000.00	50% replace (repair existing front entry)
HVAC	\$	6,000.00	100% replace
Plumbing Labor	\$	4,000.00	100% replace
Plumbing Fixtures	\$	1,000.00	100% replace
Electrical	\$	4,000.00	100% replace
Insulation	\$	4,200.00	100% replace (includes spray foam on ext. walls to eliminate need for vapor barrier)

PHASE 2 - POST DRYWALL

Drywall	\$	3,520.00	100% replace
Trim Materials	\$	2,750.00	100% replace
Trim Labor	\$	2,750.00	100% replace
Int. Paint	\$	3,300.00	100% replace
Ext. Paint	\$	5,000.00	100% replace (includes scrape, caulk, prep on existing siding)
Flooring	\$	2,500.00	30% replace
Tile	\$	3,000.00	100% replace
Shower Door	\$	900.00	100% replace
Cabinets	\$	6,000.00	100% replace
Countertops	\$	3,000.00	100% replace
Appliance Package	\$	2,500.00	100% replace
Lighting Package	\$	2,200.00	100% replace

Hardware/Shelving (bath, locks, closet bars)	\$ 1,500.00	100% replace
Porch	\$ 1,200.00	50% repair
Landscaping	\$ 1,000.00	100% replace (plants/mulch)
Cleaning	\$ 300.00	
Punch Out	\$ 500.00	
Gutters	\$ 900.00	100% replace
TOTAL HARD COSTS:	\$ 104,520.00	
TOTAL COSTS:	<u>\$ 106,520.00</u>	
Gross Sales Price	\$ 225,000.00	
Lot Costs	\$ 115,000.00	
Interest Carry	\$ 2,000.00	
Realtor Fees	\$ 13,500.00	
Contractor Fees	\$ 18,000.00	
Closing Costs	\$ 4,500.00	
Net Profit	\$ (34,520.00)	