

CERTIFICATE OF APPROPRIATENESS

Application Date: May 28, 2014

Applicant: Pedro J. Martinez, owner

Property: 605 Cortlandt / 3500 White Oak, tracts 11 and 12, block 278, Houston Heights Subdivision. The property includes a historic one-story wood frame duplex and a historic filling station structure situated on an 8,800 square foot (88' x 100') corner lot. The property is also located in a designated Special Minimum Lot Size area with a 6,600 square foot lot minimum on the 600 and 700 block of Cortlandt.

Significance: Contributing duplex bungalow constructed circa 1930 and a contributing filling station constructed circa 1930 located in the Houston Heights Historic District South, designated in 2011.

Proposal: Demolition of a contributing 1,360 square foot duplex bungalow and adjacent contributing filling station with the intent to construct a single-family residence on site. The property is under single ownership and is appraised for tax purposes as a single property containing two structures.

The HAHC deferred the application at their June 19, 2014 meeting to allow the applicant time to provide further information. The applicant has discussed the application requirements and non-demolition options with staff during the last several months via email, phone and in-person meetings. The applicant has requested deferral to continue to develop the application for the past four HAHC meetings. Staff has compiled and assessed all materials to date in this report.

Public Comment: One letter in opposition, see attachment C.

Civic Association: No comment received.

- Attachments:**
- A. Applicant Materials
 - B. *Assessing Economic Hardship Claims under Historic Preservation Ordinances*, published by the National Trust for Historic Preservation & National Alliance of Preservation Commissions
 - C. Public letter in opposition to the demolition

Recommendation: Denial - does not satisfy criteria

HAHC Action: Denied

APPROVAL CRITERIA

**DEMOLITION OF A LANDMARK, PROTECTED LANDMARK,
CONTRIBUTING STRUCTURE, OR WITHIN AN ARCHAEOLOGICAL SITE**

Sec. 33-247(a): The issuance of a certificate of appropriateness for the demolition of a landmark, a protected landmark, or a contributing structure, or for the demolition of a building, structure or object on or in an archaeological site shall be subject to the establishment of an **(c) unreasonable economic hardship** or the establishment of an **(d) unusual and compelling circumstance**.

(c) Determination of the existence of an **unreasonable economic hardship** shall be based upon the following criteria:

S D NA S - satisfies D - does not satisfy NA - not applicable

- (1) That the property is incapable of earning a reasonable return, without regard to whether the return is the most profitable return, including without limitation, whether the costs of maintenance or improvement of the property exceed its fair market value;

The applicant purchased the property in 1989 for \$64,000. Recent estimated cost to rehabilitate and update the duplex for its current use as two rental units is \$122,400 with a post-rehab lease value of \$825/month. This value appears to be underestimated in comparison with area rental units including a comparable 700 square foot duplex located at 535 Arlington currently listed for \$1,600/month. A more reasonable low rental estimate for the subject units would be \$1,300/month; which would result in an annual income of \$31,200. This estimate is also supported by the provided January 2014 appraisal, which states that a "survey of rents in Historic Heights area typically range from \$1,217 up to \$2,275 per unit". Information was not provided on how much the filling station could be leased for once updated, however, the filling station lot has recently produced an annual income of \$15,458 for rental for parking space for a neighboring business. No information was provided estimating the sale value of the property post rehabilitation.

The applicant provided several estimated costs for repairs and rehabilitation of the site. These are summarized on page 17 of this report and detailed within the attached application materials.

As a designated historic property, the buildings qualify for City historic tax exemptions for work on the buildings, discounted permit fees, exemptions from energy code compliance, and reduced parking requirements. No investigation of how these incentives may be beneficial to costs associated with the property has been explored.

Based upon the information provided, an inability of the property to earn a reasonable return has not been established.

- (2) That the property cannot be adapted for any other use, whether by the current owner, by a purchaser or by a lessee, that would result in a reasonable return;

Estimates provided by the applicant for conversion of the duplex to a single-family residence and rehabilitation of the property range from \$23,500 to \$841,940. Staff discussed options with the applicant to replat the property, swapping portions of the lot with the neighboring business (see below) as well as the option to convert the duplex into a single-family residence, construct and addition and utilize the filling station as an accessory structure to the residence. No information was provided on the exploration or feasibility of such plans, or other plans to adapt the property.

Based upon the information provided, an inability of the property to be adapted for any other use has not been established.

- (3) That efforts to find a purchaser or lessee interested in acquiring the property and preserving it have failed;

No information regarding any efforts to sell or lease the property to a party interested in preserving

the duplex and/or filling station was provided.

The prior tenant of the filling station parking area may have been given the option to purchase the property, however, no information was provided regarding the purchasing options discussed between the owner and tenant. Staff discussed with the applicant the option to “swap land” with the neighboring property, returning the lots back to approximately their original configurations of two 6,600 square foot (50'x132') lots. This would allow the filling station to become part of the neighboring restaurant business; and provide the duplex with a backyard and access to the alley. No information was provided on if this option was discussed with the neighboring property owners.

- (4) And, if the applicant is a nonprofit organization, determination of an unreasonable economic hardship shall instead be based upon whether the denial of a certificate of appropriateness financially prevents or seriously interferes with carrying out the mission, purpose, or function of the nonprofit corporation

OR

(d) Determination of the existence of an **unusual and compelling circumstance** shall be based upon the following criteria:

- (1) That current information does not support the historic or archaeological significance of this building, structure or object or its importance to the integrity of an historic district, if applicable;

Sanborn Fire Insurance Maps indicate that both the duplex and filling station were the original structures on the property. Both maintain their original footprints, historic materials, and architectural character and contribute to the historic integrity of the district.

The Fire Insurance Maps indicate that there were originally four historic filling stations within the Houston Heights Historic District South proposed boundaries, including the subject property, and stations at the southeast corner of Cortlandt and 11th; the northwest corner of Oxford and 9th; and the southeast corner of White Oak and Heights Blvd. There was also a historic filling station at the northwest corner of White Oak and Oxford, just outside of the district boundaries. The filling station at 3500 White Oak is the last remaining historic filling station in the area.

In the “History and Significance” section (pages 6-7) of the Houston Heights Historic District South Designation Report, the value of filling stations to the area is described as follows:

“The commercial buildings of Houston Heights proudly bespoke their purpose during that historic period in which American business and industry were all important. They were often as simple as the small, frame or brick filling station, such as the one located at 1400 Oxford (N.R.), which served the community from 1929 until the 1950s. It served an important supporting function when Houston and Houston Heights evolved from their early dependence upon mass transportation toward the use of the automobile for individual mobility. Still extant are a small number of these very early gasoline stations, some of which are located on Yale at 6th Street, Heights Boulevard at 8th Street, and 3500 White Oak all of which are located within the proposed historic district.”

The duplex has a unique form and details. The front façade of the side-gable residential structure features a trio of one-over-one windows between the two side-by-side unit doors. The doors are covered by applied porch gable porch roofs with exposed rafter tails. To the other side of each door is a pair of one-over-one windows. At the time of designation, the district contained 16 identified duplexes of which 11 (including the subject property) were classified as contributing.

In the “Architectural Significance” section (page 9) of the of the Houston Heights Historic District South Designation Report, includes Bungalow Duplexes as a part of the district character:

“The one and two-story houses and cottages found throughout Houston Heights are usually of frame construction, and are executed in a variety of styles. Influences from the Colonial Revival,

Queen Anne, English Cottage, Hip Bungalow, Bungalow Duplex, Prairie, American Four-Square, Gable front cottage, Craftsman Bungalow, Bungalow and Folk Victorian styles clearly dominate, but a few noteworthy examples of other styles likewise occur.”

The information provided does not support that the historic significance of the filling station or duplex does not provide importance to the integrity of an historic district.

- (2) Whether there are definite plans for reuse of the property if the proposed demolition is carried out and what effect such plans have on the architectural, cultural, historical or archaeological character of the surrounding area;

The applicant intends to construct a new two-story 3,700 sf single-family residence facing Cortland with attached garage; and a detached 1,144 sf cabana on the property. This alters the configuration of the corner of White Oak and Cortlandt which originally had structures facing White Oak on all four corners. This character has already been compromised by the new residential construction on the northeast corner.

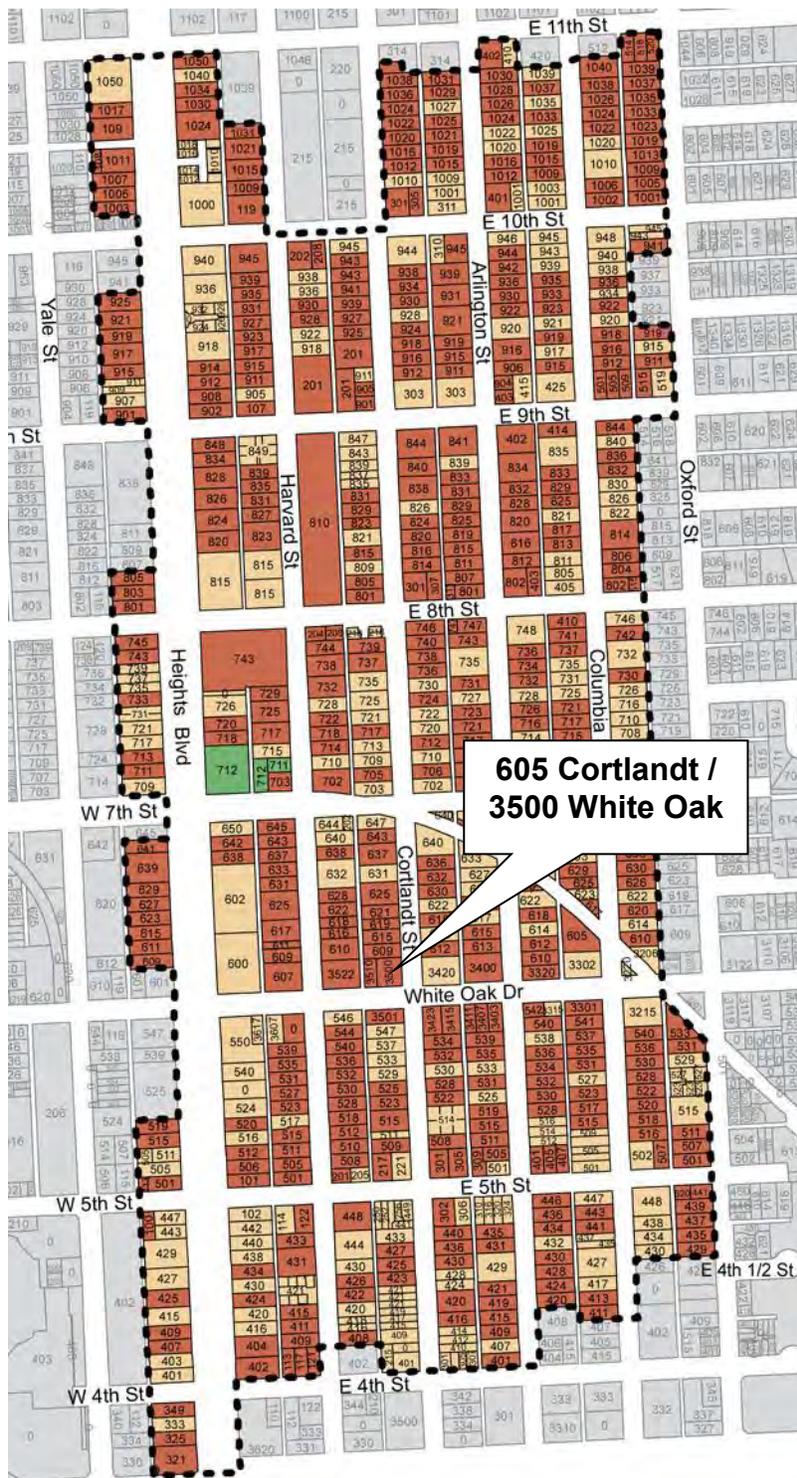
- (3) And, whether reasonable measures can be taken to save the building, structure or object from further deterioration, collapse, arson, vandalism or neglect.

The information provided indicates that measures can be taken to reverse any existing deterioration and neglect. No condition of collapse, arson or vandalism is present.



PROPERTY LOCATION
HOUSTON HEIGHTS HISTORIC DISTRICT SOUTH

- Building Classification**
- Contributing
 - Non-Contributing
 - Park



INVENTORY PHOTOS

MAY 2010

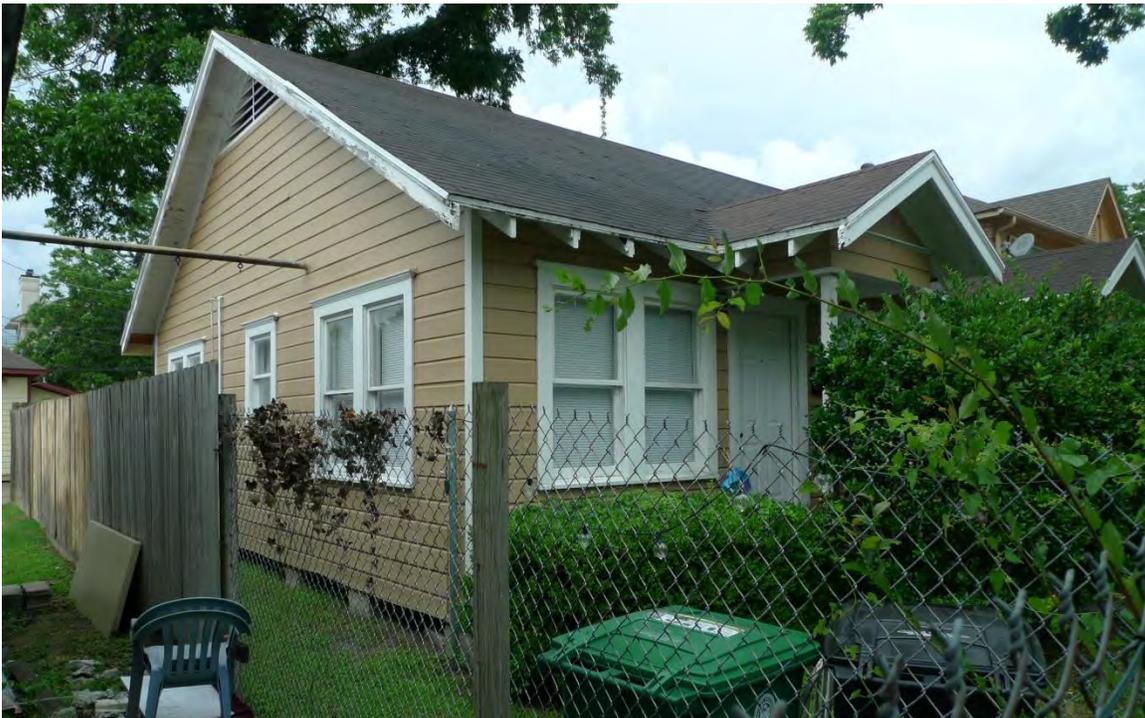


CURRENT PHOTOCURRENT PHOTOS

FRONT OF DUPLEX



FRONT & SOUTH SIDE OF DUPLEX



CURRENT PHOTOCURRENT PHOTOS
FRONT & NORTH SIDE OF DUPLEX



REAR & SOUTH SIDE OF DUPLEX



CURRENT PHOTOCURRENT PHOTOS

SIDE/REAR OF DUPLEX & FILLING STATION FROM WHITE OAK



FILLING STATION FROM CORTLANDT



CURRENT PHOTOCURRENT PHOTOS
FILLING STATION DETAILS



NEIGHBORING PROPERTIES



3500 White Oak, Contributing filling station & 602 Cortlandt, Noncontributing new construction across street



3510 White Oak, Contributing neighbor & 3500 White Oak, Contributing filling station

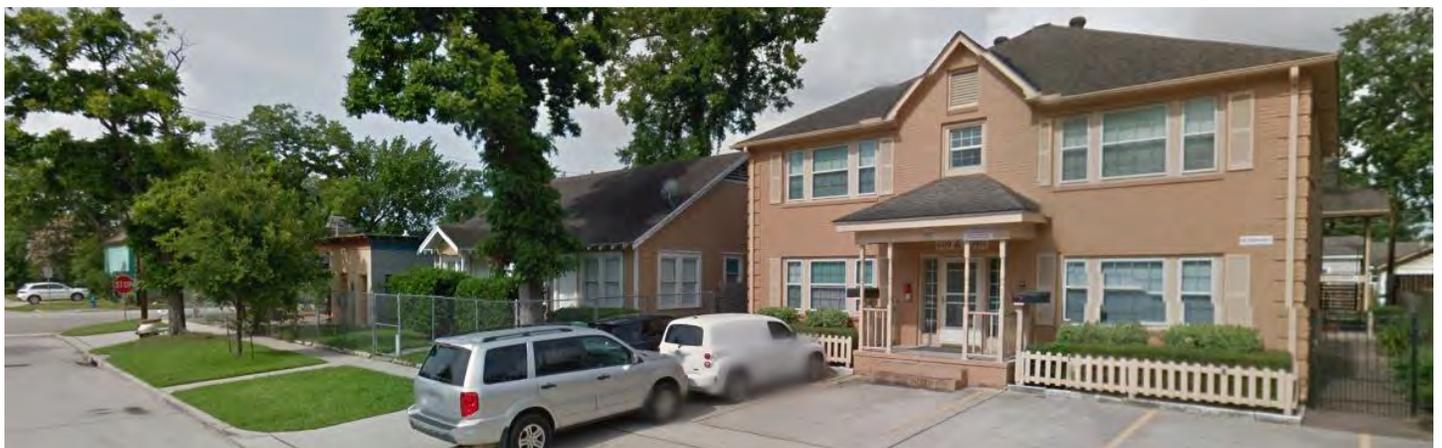


3423 White Oak, Contributing & 3501 White Oak, Contributing – across street from subject property

NEIGHBORING PROPERTIES



604 & 602 Cortlandt, Noncontributing new construction – across street from subject property

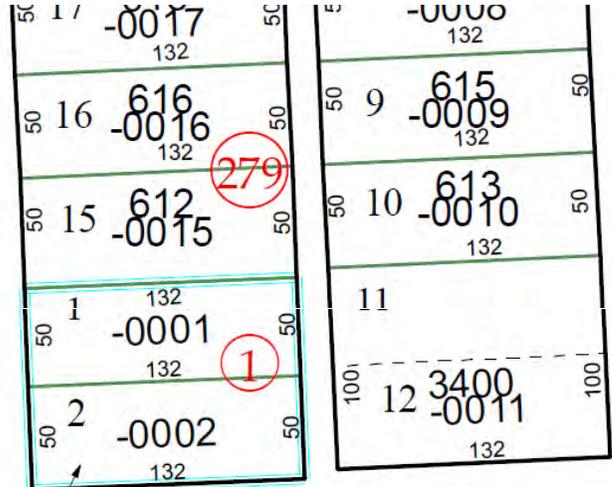
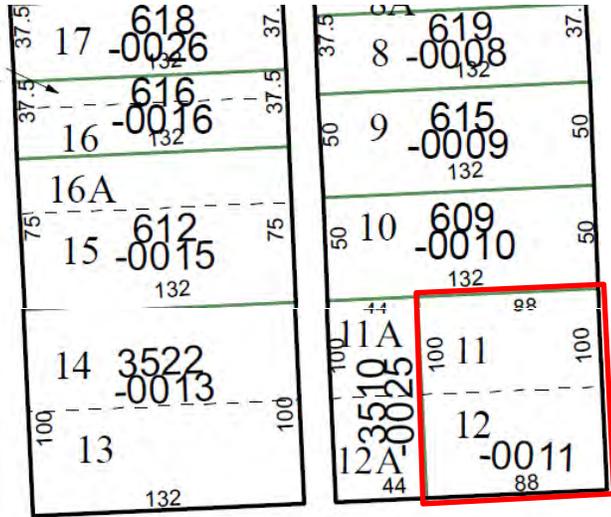


3500 White Oak, Contributing filing station; 605 Cortlandt, Contributing duplex & 609 Cortlandt, Contributing neighbor



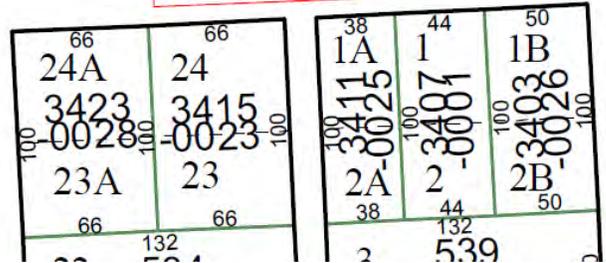
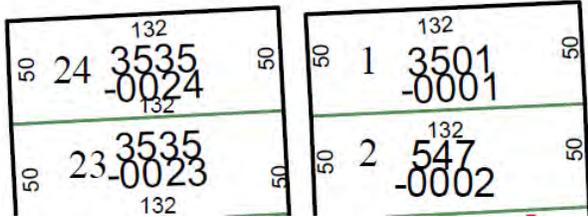
609, 615 & 619 Cortlandt, Contributing neighbors

HCAD PROPERTY MAP



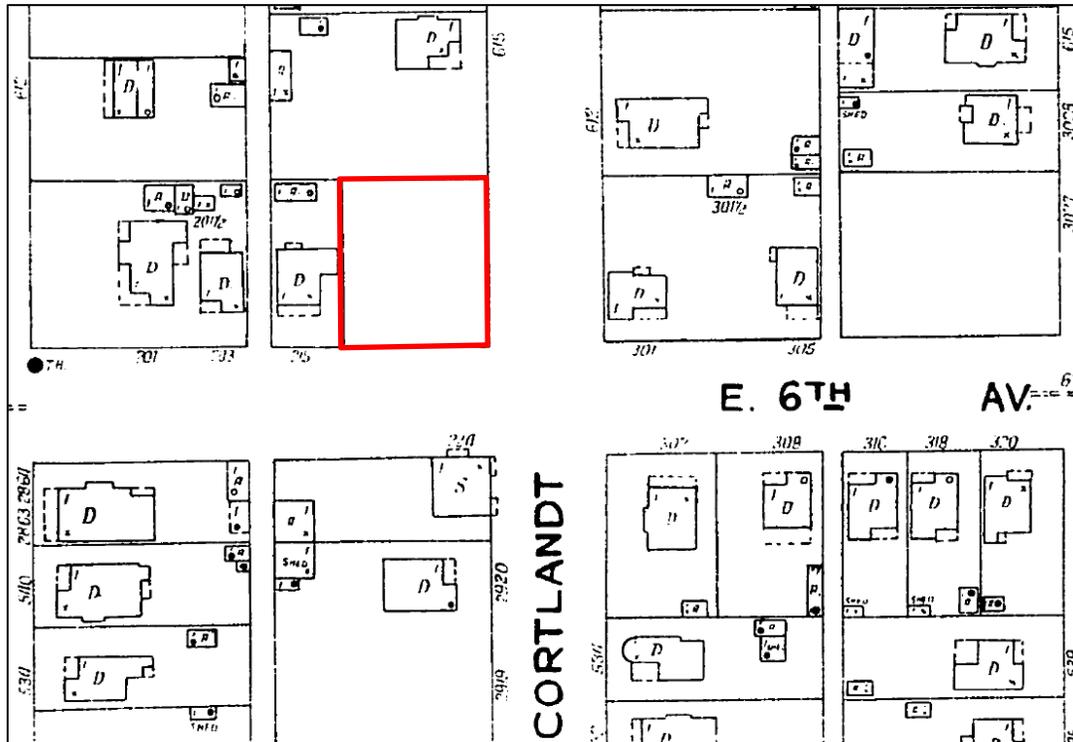
WHITE OAK PLACE

133-128



SANBORN FIRE INSURANCE MAPS – VOL. 7, SHEET 722

1924 – 1950



APPLICANT DESCRIPTION OF PROPOSED DEMO

605 CORTLANDT, DUPLEX

Written Description (include the following items, use the area below and/or attach additional pages)

- Subject of Demolition description including current location and condition of structure and any prior alterations or additions
Criteria Adherence describe how the proposal satisfies the demolition determination criteria as stated in the Historic Preservation Ordinance, Sec. 33-247 (c) (1) through (4); or, (d) (1) through (3):
(c) Determination of an unreasonable economic hardship:
(1) The property is incapable of earning a reasonable return, without regard to whether the return is the most profitable return, including without limitation, whether the costs of maintenance or improvement of the property exceed its fair market value;
(2) The property cannot be adapted for any other use, whether by the current owner, by a purchaser or by a lessee, that would result in a reasonable return;
(3) The efforts to find a purchaser or lessee interested in acquiring the property and preserving it have failed; and
(4) If the applicant is a nonprofit organization, determination of an unreasonable economic hardship shall instead be based upon whether the denial of a certificate of appropriateness financially prevents or seriously interferes with carrying out the mission, purpose or function of the nonprofit corporation

OR

- (d) Determination of the existence of an unusual or compelling circumstance:
(1) That the current information does not support the historic or archaeological significance of the building, structure or object or its importance to the integrity of a historic district, if applicable;
(2) Whether there are definite plans for reuse of the property if the proposed demolition is carried out and what effect such plans have on the architectural, cultural, historical or archaeological character of the surrounding area; and
(3) Whether reasonable measures can be taken to save the building, structure or object from further deterioration, collapse, arson, vandalism or neglect

I (we) request approval of a Certificate of Appropriateness to...

DEMOLISH THE EXISTING 1300 S.F. WOOD FRAME DUPLEX - THIS STRUCTURE, ALTHOUGH HAVING A CORTLANDT ADDRESS, FOR POSTAL DELIVERY ONLY, IS ACTUALLY PART OF THE WHITE OAK PROPERTY, AS EVIDENCED BY THE SURVEY. ALTHOUGH THIS PROPERTY GENERATES AN INCOME .. MAINTAINENCE, THE COST TO MAKE THE STRUCTURE ENERGY EFFICIENT AND CODE COMPLIANT, EXCEED POTENTIAL RETURN ON THE INVESTMENT NEEDED TO ACCOMPLISH THESE IMPROVEMENTS. AS A SIDE NOTE: IT IS SUSPECT THAT THIS STRUCTURE MAY NOT BE ORIGINAL TO THIS SITE, NOR DOES IT POSSESS ANY OUTSTANDING ARCHITECTURAL FEATURES.

APPLICANT DESCRIPTION OF PROPOSED DEMO

3500 WHITE OAK, FILLING STATION

Written Description (include the following items, use the area below and/or attach additional pages)

- Subject of Demolition description including current location and condition of structure and any prior alterations or additions
- Criteria Adherence describe how the proposal satisfies the demolition determination criteria as stated in the Historic Preservation Ordinance, Sec. 33-247 (c) (1) through (4); or, (d) (1) through (3):
 - (c) Determination of an unreasonable economic hardship:
 - (1) The property is incapable of earning a reasonable return, without regard to whether the return is the most profitable return, including without limitation, whether the costs of maintenance or improvement of the property exceed its fair market value;
 - (2) The property cannot be adapted for any other use, whether by the current owner, by a purchaser or by a lessee, that would result in a reasonable return;
 - (3) The efforts to find a purchaser or lessee interested in acquiring the property and preserving it have failed; and
 - (4) If the applicant is a nonprofit organization, determination of an unreasonable economic hardship shall instead be based upon whether the denial of a certificate of appropriateness financially prevents or seriously interferes with carrying out the mission, purpose or function of the nonprofit corporation

OR

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 - (1) That the current information does not support the historic or archaeological significance of the building, structure or object or its importance to the integrity of a historic district, if applicable;
 - (2) Whether there are definite plans for reuse of the property if the proposed demolition is carried out and what effect such plans have on the architectural, cultural, historical or archaeological character of the surrounding area; and
 - (3) Whether reasonable measures can be taken to save the building, structure or object from further deterioration, collapse, arson, vandalism or neglect

I (we) request approval of a Certificate of Appropriateness to...

DEMOLISH THE EXISTING 2955.S.F. SERVICE STATION AT 3500 WHITE OAK DR, AS REFLECTED IN SUPPORTING DOCUMENTS - APPRAISAL - REPAIR and CONSTRUCTION QUOTES - THIS PROPERTY HAS LITTLE OPPORTUNITY TO GENERATE A REASONABLE INCOME, ESPECIALLY CONSIDERING ITS PRESENT USE - A PARKING LOT FOR THE NEIGHBORING SANDWICH SHOP. SIXTY OR SEVENTY YEARS AGO, I'M SURE THE OLD STATION WAS CONSIDERED A SIGNIFICANT LOCATION IN THE FABRIC OF THIS AREA OF THE COMMUNITY. TODAY, FEW FROM THOSE TIMES ARE LEFT IN THE AREA and THE BUILDING STANDS USELESS and IN DISREPAIR. TO OPEN 'ANYTHING' TO THE PUBLIC HERE - ACCESSIBILITY REQUIREMENTS WOULD BE AN ECONOMIC OBSTICAL.

APPLICATION MATERIALS REVIEW & SUMMARY

SEC. 33-247(b)

(1) A certified appraisal of the value of the property conducted by a certified real estate appraiser:

\$125,000-\$149,000	2014	appraised value as vacant land
\$64,000	1989	land and improvements acquired by current owner

See application material pages 23-61

(2) The assessed value of the land and improvements thereon according to the two most recent assessments unless the property is exempt from local property taxes:

\$427,400	2014	\$422,400 land + \$5,000 improvements - amended
\$438,393	2014	\$422,400 land + \$15,993 improvements
\$279,500	2013	\$279,000 land + \$100 improvements - amended
\$323,449	2013	\$308,000 land + \$15,449 improvements
\$278,938	2012	\$254,000 land + \$14,938 improvements
\$272,730	2011	\$264,000 land + \$8,730 improvements
\$280,000	2010	\$264,000 land + \$16,000 improvements
\$275,000	2009	\$264,001 land + \$10,999 improvements
\$247,400	2008	

See application material pages 62-80

(3) All appraisals obtained by the owner in connection with the acquisition, purchase, donation, or financing of the property, or during the ownership of the property:

\$312,000	2008	property assessed as vacant land per the owner request
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See application material pages 81-84

(4) All listings of the property for sale or rent that are less than a year old at the time of the application:

Rental Income August 2013 – July 2014:

\$17,790	605 & 607 Cortlandt, residential duplex units
<u>\$15,458</u>	3500 White Oak, for neighboring business parking
\$33,248	total recent annual rental income for property

Some materials provided by the applicant were not provided in the consolidated application materials packet. These documents included lease agreement contracts and check deposits; documents were omitted to respect tenant privacy. Information in the documents supports the information above.

See application material pages 85-87

(5) Evidence of any consideration by the owner of uses and adaptive reuses of the property:

Staff requested reuse consideration documentation, including information regarding discussions that have occurred with the neighboring business owner that formerly rented space for parking and expressed interest in purchasing the filling station and portion of the property. No information was provided.

(6) Itemized and detailed rehabilitation cost estimates for the identified uses or reuses, including the basis

of the cost estimates:

- \$6,200 repair/replace duplex roof (5/28/14)
- \$36,250 repair filling station roof (5/28/14)
- \$6,000 repair/replace duplex roof (7/23/14)
- \$24,250 repair filling station roof (7/23/14)
- \$136,900 repair/rehabilitate duplex units (7/23/14)
- \$23,500 convert duplex to single family (7/23/14)
- \$841,940 renovate duplex & filling station (10/1/14)
- \$122,400 rehabilitate/update duplex for use as two rental units (11/2/14)
- \$82,000-\$322,000 demo of filling station & removal of underground storage tanks (10/1/14)

See application material pages 89-173

(7) A comparison of the cost of rehabilitation of the existing building with the demolition of the existing building and the construction of a new building:

- \$6,000-\$6,200 repair/replace duplex roof (5/28/14)
- \$24,250-\$36,250 repair/replace filling station roof (7/23/14)
- \$136,900 repair/rehabilitate duplex units (7/23/14)
- \$23,500 convert duplex to single family (7/23/14)
- \$25,000 demo of filling station, duplex & removal of underground tanks (5/28/14)
- \$7,000 demo of filling station (7/23/14)
- \$11,000 demo of duplex (7/23/14)
- \$7,000 removal of underground tanks (7/23/14)
- \$82,000-\$322,000 demo of filling station & removal of underground tanks (10/1/14)
- \$841,940 renovate duplex & filling station (10/1/14)
- \$820,889 new construction (10/1/14)

See application material pages 174-177

(8) Complete architectural plans and drawings of the intended future use of the property, including new construction, if applicable:

Applicant intends to construct a new two-story 3,700 sf single-family residence facing Cortland with attached garage; and a detached 1,144 sf cabana on the property.

See application material pages 178-195

(9) Plans to salvage, recycle, or reuse building materials if a certificate of appropriateness is granted:

Applicant has contacted Historic Houston with intent to recycle materials. Proposal report not provided.

See application material pages 196-198

(10) An applicant who is a nonprofit organization shall provide the following additional information: (N/A)