

April 21, 2021

Project: Demolition Request
Address: 110/112 S. Riverview Street
Owners: Marc & Heather Frient
Applicant: Marc & Heather Frient

Marc & Heather Frient are requesting the Architectural Review Board formally review our request for demolition at 110/112 S. Riverview St., Dublin, OH 43017

Please keep in mind the value added below by adding a new home on the North lot along with the future home on the south lot.

Summary of value added to the neighborhood and the City of Dublin.

- New single-family home significantly enhances the neighborhood.
- New single family home compliments neighboring homes with respect to the current 2 family dwelling in relationship to the intent of the Historic District.
- New single-family home reduces parking congestion that current 2 family home creates.
- Scale of new single-family home is consistent with the East side of Riverview Street.
- Splitting the lot allows another residential family to enjoy the Historic District and its location.
- Significant tax revenue is gained by the City of Dublin with the establishment of a new single-family home on both the North and future South lot.
- The neighborhood currently supports the demo of the existing 2 family structure which is evident from the positive feedback to the city.
- All of this adds up for a win-win-win-win for the Historic Neighborhood, City of Dublin, the John Sells Family and future property owners!

As a side note we consulted with Recyclean. A company that de-constructs residential and commercial buildings and re-uses building materials. In good faith to a concerned ARB, we received a quote from them. **See Exhibit "Recyclean Proposal"** and concluded that \$51,200 plus additional fees of \$3,200 for a certified appraisal was not economically feasible.

Thank you for your consideration!

Marc & Heather Frient

Demolition Request for 110/112 S. Riverview Street, Dublin, OH 43017

Demolition request will be by showing credible evidence that the property owner will suffer economic hardship if the request to demolish is not granted under section 153.176 (J)(5)(a) for the existing 2 family dwelling.

According to section 153.173(J)(5)(a) the following items need to be addressed:

1. Will all economically viable use of the property be deprived without approval of the demolition?

Yes. Four options exist for this property as it is zoned residential single family historic. The options and their economic viability are as follows:

- A.** Keep the structure as is and rent. Existing rent is currently \$1,800/month (\$900 per side) with no option of increasing unless significant improvements are made. This currently creates a negative cash flow of \$4,800 per year based on current Principal, Interest, Taxes & Insurance. Over \$10,000 was also spent on fixing plumbing, furnace, water leaks etc. in order to just get it in rental condition for a short-term lease while we worked on the design for a new home. **See Exhibit "110/112 S. Riverview Rental Property Valuation Worksheet."**
- B.** Update the existing structure and rent at current market rates which we believe to be \$1,800 per side. **Please see Exhibit "Comparable Rentals"** for the last 24 months. **Please also see Exhibit "Riverview 2 Family Model"** attached report from Arcaro and LaRussa in reference to estimated costs to update to current code which is over \$399,000. **Please see Exhibit "Fraker Engineering Report"**, showing the challenges of upgrading existing structure. The appraised value when we purchased in June 2020 was \$380,000. We purchased for \$425,000 because of the potential to split the lot, sell one of the lots and build a smaller home that fits the neighborhood better than the existing structure. Using a \$400,000 renovation budget with an initial investment of \$425,000 puts the Capitalization rate at well under 5% return on investment which is well below what any commercial bank will loan out for the rehab and what any prudent investor should accept for a residential neighborhood. Please also keep in mind that the appraised value will not be high enough for the bank to loan money for the rehab based on total rent roll of \$43,200 per year. Please also keep in mind that the current parking situation for the 2 family is extremely limited with no garage space and no ability to add garage space to the 2 family under current code. **Please see Exhibit "Fifth Third Bank Letter"** who is the current lien holder.

- C. Convert Two Family unit into a Single-Family Unit. **Please see Exhibit “Riverview Single Family Remodel” and Exhibit “Fifth Third Bank Letter”.** Simply stated it does not make financial sense to spend \$896,000 on rehabbing a structure that will not appraise from a bank standpoint (will have a total cost of roughly \$1,325,000 in the project when you add in the initial \$425,000 purchase price), and cost more than new construction being proposed.
- D. Split the existing lot into two lots which will enable the sale of the South lot. This takes into consideration the value lost of selling a splitable lot, which is expected to be a minimum of \$340,000 based on comps in the area. **Please see Exhibit “185 S. Riverview Land Comp”.** Both lots will comply with existing zoning and building codes according to the historic district guidelines and the Bridge Street District (BSD). Zoning Code Sections 153.057 through 153.066. Both lots will meet Lot Area requirements of greater than 8,712 square feet, Lot Width greater than 60 feet, Height structure below 35 feet, Lot Coverage less than 50% of all surfaces for new structures and Front, Side and Rear yards conforming with setbacks in Table 153.063-A.
2. Will the reasonable investment-backed expectations of the property owner be maintained without approval of the demolition?

No. It is not reasonable for a property owner to accept a negative cash flow on an investment property or a Capitalization rate below 5% after a significant rehab to the existing property. It is also not reasonable to accept the capital risk required based on the Engineering report.

The property is currently rented for \$900 each unit. The lease began September 2020 and ends June 30, 2021. **Please see Exhibit “Lease 110 Riverview 2021-2022 Fully Executed” and “Lease 112 Riverview 2021-2022 Fully Executed”.**

The tenants have agreed to move out no later than June 30, 2021 due to the safety and structural findings in the structural engineering report. **Please also see Exhibit “Lease Expiration Letter 110 112 S Riverview”.**

See Exhibit "110/112 S. Riverview Rental Property Valuation Worksheet."

This worksheet shows that we incurred considerable expenses to get the property functional (plumbing & HVAC). Please see Exhibit "Itemized Receipt List"

3. Was the economic hardship created or exacerbated by the property owner?

No.

We purchased the property in June 2020. We believe (along with our real estate agent; see Exhibit "**Real Estate Agent Letter**"), that the land itself is worth more than the structure. This is especially true since this lot is big enough to divide into two lots. This particular property is in an ideal location in downtown Dublin, in a quaint neighborhood, on a scenic river creating more value than the structure itself. The old saying in Real Estate ("Location, Location, Location") applies. We would compare it to an old beach house that is run down but overlooks the ocean. This is also based on the sale of 185 S. Riverview St. Exhibit "**185 S. Riverview Land Comp**".

We will also address the following factors to help the ARB make a final decision:

- a. A property's current level of economic return.
- b. Any listing of the subject property for sale or rent, price asked, and offers received, if any, within the previous two years, including testimony and relevant documents.

Negative Cash flow as is or less than 5% Capitalization rate.

We bought it for \$425,000 June 2020. Current rent is \$1,800.

To the best of our knowledge, it was vacant for the previous 24 months, according to talking to the neighbors. Prior to that the previous owner was in contract for a higher amount but it obviously fell through.

Please see Exhibit "110/112 S. Riverview MLS Listing"

Please see Exhibit "Lease 110 Riverview 2021-2022 Fully Executed" and "Lease 112 Riverview 2021-2022 Fully Executed". There have been no "offers" since we purchased as we are not trying to sell the property until the lot split is complete. There have been no additional viewings to rent the property as we have a current lease that expires in June 2021 and will not be renewed because of the safety and structural findings in the structural engineering report.

- c. The feasibility of alternative uses for the property that could earn a reasonable economic return.

The property is zoned Residential Historic Single Family and grandfathered in as a 2 family (see 1(A)&(B) above). Re-habbing the current structure as a single family unit will cost more than the construction of a new home and does not take into consideration the value lost of selling a splitable lot, which is expected to be a minimum of \$340,000 based on comps in the area.

- d. Any evidence of self-created hardship through deliberate neglect or inadequate maintenance of the property.

No.

Please see **Exhibit "Rental Expenses Riverview"** showing repairs during rental of property starting in August 2020.

- e. Knowledge of landmark designation or potential designation at time of acquisition.

Current code is different for demolition at time of acquiring the property in June 2020.

We completely understand that when we purchased this property that it was in an historic area and that we would also have to go through the ARB. Please see **Exhibit "Historic Designation"**. However, we were of the understanding that when we purchased that the following guidelines (See below 153.176 Demolition guidelines) were in place for demolition and that we would be grandfathered in. A property owner cannot assume that

forthcoming changes to the code will necessarily become final when deciding to purchase. Based on the code at the time we felt it was reasonable to expect the demolition of this home would be approved.

§ 153.176 DEMOLITION.

(A) In cases where an applicant applies for a Board Order to demolish a structure within the Architectural Review District, the application may be approved when the applicant is able to demonstrate economic hardship or unusual and compelling circumstances, or at least two of the following conditions prevail:

(1) The structure contains no features of architectural and historic significance to the character of the area in which it is located.

(2) There is no reasonable economic use for the structure as it exists or as it might be restored, and that there exists no feasible and prudent alternative to demolition.

(3) Deterioration has progressed to the point where it is not economically feasible to restore the structure and such neglect has not been willful.

(4) The location of the structure impedes the orderly development, substantially interferes with the purposes of the District, or detracts from the historical character of its immediate vicinity; or the proposed construction to replace the demolition significantly improves the overall quality of the Architectural Review District without diminishing the historic value of the vicinity or the District.

(B) A request for demolition may be transferred with the sale of the property. A new owner shall not be required to re-apply. However, the requirements of this section shall continue to apply to any new owner(s).

(C) If the Board considers an application for demolition or removal of a historically and architecturally significant structure within the District, the Board may impose a waiting period not to exceed one year. During this period the ARB and the applicant shall make every reasonable effort to find an alternative to demolition. During the waiting period the owner of the structure shall maintain and preserve the structure to prevent further deterioration. If the Board and the applicant do not agree on a means of preserving the structure within the specified waiting period, the application for demolition may be approved or disapproved. The imposition of the waiting period is subject to appeal in accordance with the provisions of § 153.180.

('80 Code, § 1191.20) (Ord. 25-93, passed 9-13-93; Am. Ord. 76-08, passed 2-8-10)

- f. Economic incentives and/or funding available to the applicant through federal, state, city, or private programs.

We are not aware of any viable funding programs for this specific property.