1605/1607 North Cherry Street Status Update

Habitat began discussing the acquisition of 1605/1607 N. Cherry Street with the City of Winston-Salem and Mr. Ritchie Brooks in late 2014. This property had been owned by the City for some time and was boarded up and in very poor condition. On numerous occasions squatters had utilized the property and all of the recyclable metals had been stripped from it.

This property being in the historic district of North Cherry Street needed to be remodeled in an historic mode of which Habitat has already done with two other properties in the district. Mr. Brooks indicated that if Habitat were to take possession of the property and historically remodel it, that the city would be willing to contribute to the cost of the remodel as historic restorations are much more expensive than typical Habitat houses to construct and we typically take significant losses on these projects as we can only sell them to our homeowners at their appraised value which is often under the cost of construction. Our last historic remodel at 1708 N. Cherry we took nearly a \$40,000 loss on but was an important contributing structure to save.

We met Michelle McCullough on site to look at the property on Dec 16, 2014 to identify what the historic components would need to be saved and rehabbed and what had already been altered to a point where there was no contributing value. Ms. McCullough documented the site and informed Habitat that the duplex front architectural characteristics needed to be preserved, the original wood siding and that the adjacent lot would need to be landscaped in a way to screen parking from Cherry Street and Pittsburg Avenue. All of which we agreed to do.

At the time we noticed that a tree from the adjacent property had dropped a limb onto the roof and perforated a hole in it. Habitat reported that condition to the real estate department to have the city come out and repair and secure the premises from water intrusion.

At that time Habitat was working with the UNCG Architectural department providing senior project opportunities for their students to develop real world plans and this property was one of the sites that we worked with them on.

Two students developed a remodel floorplan for the site that we intended to utilize as part of our remodel of the house.

Habitat developed a scope of work for the project in February of 2015, submitted an Environmental Review request in March of 2015, conducted lead and asbestos testing and received the reports in April of 2015, developed plans and remodel document in July of 2015. Significant lead was found throughout the house in most of the painted wood surfaces as most houses in this neighborhood do based on the age of the housing stock. Asbestos was found in the joint compound of the wallboard joints in approximately 900 square feet of the interior. Also in April of 2015 the State Historic Preservation Office approved our project as identified.

Habitat developed an agreement between Habitat and the City for the funding of this project in October of 2015 with a payment schedule based target stage completion dates. At this point Habitat began waiting for the City process to transfer ownership of the property.

It took until November of 2016 for Habitat to finally sign contracts for the sale of the property and for us to close on it. Habitat closed on the property in November of 2016.

In all of this time water had been leaking into the northern unit of the duplex and the crawlspace had been open and unprotected with the occasional squatter in the house. So approximately two years passed from the identification of the damage until Habitat ultimately addressed the problem once the property ownership transferred. Our staff had the tree removed from the adjoining property, fixed the hole in the roof and secured the house.

Habitat began to look at the property as a project in the 2017-2018 fiscal year as we were already undertaking another historic remodel on Cherry Street at that time.

When we got back into the house we realized that the damage to the house from mold, and rot was going to make the rehab impossible for us in any cost effective manner for a Habitat homeowner. This house was really too far gone to effectively remodel in a way that was affordable to Habitat nor made economic sense for either Habitat or the City.

We began talking with Michelle McCullough in October of 2017 about the possibility of demolishing this house and building new in its place.

We met her on site on October 16th to document the condition of the house and she agreed that it was too far gone to reasonably save and began a conversation with SHPO about getting approval for demolition.

Ms. McCullough worked on getting the approval for demolition and through her process got approval from SHPO with a number of conditions imposed on the new house to be built in its place.

We met with Ms. McCullough in February 2018 to go over the conditions and we were given the approval to move forward with the demolition according to SHPO which we did in March 2018.

We will need to provide SHPO with site plans for the new house placement, elevations, driveway layout etc. before we receive approval to begin construction which in our current schedule would be fall of this current 2018-2019 fiscal year which begins July 1st. SHPO staff has asked that we change the orientation of the house that replaces this one to face Pittsburg Avenue instead of North Cherry Street in order to accommodate homeowner parking and driveway in a way that keeps the front setbacks in alignment with the other contributing homes in the district.

So far Habitat has spent a total of \$8,195 on this property for lead and asbestos testing, tree removal and demolition of the existing structure. Habitat has also paid our civil engineering firm to evaluate how this lot can be repurposed to meet the guidelines that SHPO is requiring for the construction of a new house and driveway by shifting the orientation of it. These requirements will entail significant site preparation and probably larger than normal foundation height than is typical of a Habitat home and a longer driveway than we would typically provide to park at the rear of the house.

The \$65,000 allocated for this project from the City still remains on the books and Habitat would prefer that these funds could be utilized to defray our costs on this project to this point and the remainder could be used to help fund the cost of construction.

Our current house designs were developed to integrate into the architecture of the Boston Thurmond neighborhood as part of the original Cherry Street redevelopment project and as such should fit well into this site as a replacement. Habitat currently has approximately 15 different designs of houses that we build in the Boston Thurmond neighborhood based on the number of bedrooms from 2 to 5 based on family size and the orientation of the lot to the street and adjacent houses.

Habitat does not typically identify a particular house design until a partner family is identified and accepts the location for their house. This is usually done at the 50% mark in their trajectory in the program.

Based on our preliminary work with our civil engineer, we believe that this site is best suited for our model 502 or 504 design which is either a 3 or 4 bedroom, 2 bath 2 story model with a brick foundation and front porch. I am attaching a 502 model set of plans which is a story and a half. If it turns out the family size calls for a four bedroom 504 model, it is the same plan only full 2 story house.

Habitat's new construction costs for this model home range from \$90,000 to \$105,000 total cost and as mentioned previously this particular site will be costlier to build on based on the SHPO requirements.

It was Habitat's mistaken belief that our conversations surrounding this property with Ms. McCullough would be conveyed to the Community Development Department staff internally. Do to Habitat's lack of understanding of internal communications at the City level, unfortunately the CD staff were unaware that these changes had occurred and that the house had been demolished. For that we apologize.

Habitat believes that our best effort were made to save this structure and remodel it in a timely manner but the extraordinary amount of time it took to take possession of this property while it was left unprotected ultimately led to this conclusion.

This is a disappointment to all of us. Habitat's neighborhood revitalization approach gives us the latitude to take on the occasional project like an historic remodel when it is in the best interest of the community to save a significant, architecturally contributing home even though it is economically not in our best interest. Habitat is proud of these projects but can't sustain taking on too many of them and try to limit them to one every other year or so. A for-profit developer will not take these on in this community as they will not sell for more than the cost of construction. Habitat takes them on because if not Habitat, who will? But at some point even Habitat has to say this makes no sense and 1605 N. Cherry came to the conclusion much to our dismay.

It is Habitat's understanding that the Community Development Department is taking this project and its funding back to the City Council in August as an update. Habitat would hope that Council will understand how we have come to this point and perhaps see fit to allow the original \$65,000 in funding continue to come to this site to cover the costs incurred and to help Habitat complete the construction of its replacement by building a new home for a first time homeowner in the Boston Thurmond neighborhood.





















