



Photo by Wendy Miller/Independent Newspapers

Doug Sandahl (right), president, Montecito Homes and a Paradise Valley resident, and his partner John Sebald, president, Santorini Homes, stopped by to inspect construction on a new home they're building on a teardown site in PV.

TEARDOWN TOWN

New homes on old lots is growing trend

By Emily Socorsy
Independent Newspapers

Paradise Valley residents have no doubt seen it happening all around them - the demolition of older homes that gives way to the construction of brand new custom estates, which sell for millions of dollars.

It has been a trend in the Town for a number of years.

The trend

During 2002, 241 demolition permits were granted by the Town. In 2003, that number dipped slightly to 229; however, 66 demolition permits were granted from January to March this year. That exceeds totals during the same period in 2002 and 2003 (55 and 52, respectively), leading the way for record numbers in 2004.

Demolition is also a growing trend Valley-wide.

In 2001, the city of Phoenix issued 24 permits for home demos. In 2002, the number grew to 31. In 2003, it doubled to 60.

So far this year, Phoenix

has already issued 34 such permits.

Those involved with the home-building industry pinpoint Arcadia, immediately south of Paradise Valley, as one area of Phoenix where teardowns and rebuilds are becoming more common.

What's behind this teardown trend?

In Paradise Valley, the aging residents of aging homes are ready to downsize — and in doing so, they are capitalizing on the value of the land on which their home rests.

Land values

That's precisely what drew president of Montecito Homes, Doug Sandahl, into the teardown/rebuild market years ago.

"I've been active in the area for a number of years and I am actively looking for lots all the time," Mr. Sandahl said. "As soon as they come on the market, I buy them."

He currently owns 12 properties in the Town.

While Mr. Sandahl invests his money in buying resi-

dents' longtime homes, he is after location.

"The values are in the land and not in the house," he said.

Marie Levie, assistant director of the Arizona Registrar of Contractors, agreed.

"I guess it just goes to show location is everything," she said of the teardown/rebuild phenomenon.

New estates

On all 12 properties Mr. Sandahl now owns, he plans to build 7,000-square-foot homes with a four- to six-car garage, a pool and a 700-square-foot guesthouse. Sale price for the completed homes will be about \$2.7 million.

Typically, sellers have lived in the homes for 15-30 years, do not want to remodel and are instead ready to downsize.

He can offer a sale price of \$750,000 for a one-acre lot, coupled with a quick closing and no home inspections.

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"The people like selling to me," he said.

The tricky part of the process, he said, is in meeting Town codes and going through what can be lengthy permit processes.

Waiting game

"It takes approximately a year to a year-and-a-half to build that home," Mr. Sandahl said.

During building, there are also additional costs to update and upgrade the older properties.

The Town requires builders to rid properties of septic tanks and to tie in Paradise Valley's sewer lines.

Cost to install the sewer lines range from \$50,000 to \$100,000 for the infrastructure.

"Then the Town charges you to tie into the sewer line and that's \$18,500," he said.

Demolition permits are easier to come by.

According to Paradise Valley Community Development Director Hamid Arshadi, obtaining a demolition permit is not a difficult or lengthy process, especially if an owner is tearing down an entire home. It should only take a week.

If a home remodel involves 50 percent or more of the home, which requires bringing the entire home up to current Town Code standards, it could take a few extra days.

Cost for a major demolition permit is \$200; partial demolition permits cost \$100.

Transformed

Despite the costs, tear downs and rebuilds are not only lucrative for builders, they are also attractive for buyers.

"Paradise Valley is really going through a transformation now from older 2,500- to 3,000-square-foot ranch homes that were built in the '50s and '60s and '70s to these new estate-sized homes," Mr. Sandahl said.

He describes his typical buyers as falling into two cate-

gories: dual-income working professionals and affluent out-of-towners choosing an Arizona lifestyle.

"Then you have people who own businesses who can live anywhere in the United States and those people are coming here for the lifestyle of Arizona," he explained. "They like PV because it is so centrally located."

A step above

In the brand new Judson Estates neighborhood, site of the former Judson School, 1.2-1.5-acre lots are sold for \$1 million to \$1.5 million.

This commercial tear down/rebuild appeals to the most exclusive and affluent homebuyers.

A completed 9,227-square-foot custom home in the guard-gated subdivision recently listed with Russ Lyon Realtor Rusty Davis has an asking price of \$4.9 million.

Is newer better?

In the nearby Arcadia neighborhood, the tear down/rebuild phenomenon is also going strong.

"It's definitely happening in Arcadia area," Mr. Sandahl said.

Ron Todd, a longtime Arcadia resident and local architect, lives across the street from a lot has become part of the trend.

The ranch-style home that was once on the property has been leveled and is in the

process of being replaced by a brand new estate.

In Mr. Todd's mind, the trend began in his neighborhood a decade ago.

"Probably about 10 years ago, people started to move in and do some pretty dramatic redos of the homes that were there," he said.

Residences of the 1950s - one-story ranch variety which once typified the area - slowly began being replaced with a variety of architectural motifs.

Sprawling two-story Victorian, contemporary or Tuscan-style houses began replacing the traditional 2,300- to 2,700-square-foot Arcadia homes with carports, low roof lines and exposed beams.

While Mr. Todd is not opposed to growth and believes every homeowner has the right to have the type of house they desire, the tear-down/rebuild trend has saddened him.

"I kind of hate to see that happen," he said. "It's all well and good, but it's like the neighborhood is beginning to lose its distinctive look."

In some cases, like the lot across the street from his home, the new homes pay homage to the Arcadia style while still increasing the size, which is the goal for many new homeowners.

"Some builders have recaptured the style and taken it to a new level," he said. "I would love to see all of them do' the job that well. Those, as an

architect, I appreciate the most because they remain true to the essence of what this neighborhood was historically."

The future

He believes in 10 years, there won't be much of original Arcadia left.

"Ten years from now, we are going to see a real assortment of style that don't have continuity at all," he said.

All-in-all, Mr. Todd understands why the value of the land has exceeded the value of the home in Arcadia and why it is such a desirable place to live.

"I moved to Arizona temporarily 18 years ago and I can't imagine living anywhere else right now," he said, laughing. "I understand where it's going but it's not without a little bit of lament to me that we are losing some of that personality that is Arcadia."

Editor's Note: Wendy Miller contributed to this story.