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## **Teardowns on a Tear?**

Neighborhoods around the country are becoming home to “monster houses,” otherwise known as “McMansions” or “rebuilt.” Builders tear down one house and replace it with another, usually one that is much bigger.

Teardowns, as I’m used to calling them, occur most frequently in suburban New York and Chicago. But they also occur in Raleigh, N.C.; Sarasota, Fla; and Southern California, among other places. Usually, though not always, they pop up in the suburbs. In 2006, CNN estimated that “perhaps as many as 100,000” occur each year. In Minnesota, teardowns have occurred most frequently in Minneapolis, St. Louis Park and Edina.

Despite the depressed state of today’s real estate market, teardowns continue, especially in affluent neighborhoods. Their long-term future, as I’ll explain later, is bright.

## **They’re Controversial**

Though people who buy rebuilt houses like them, the rebuilding process can sure annoy the neighbors. The demolition of an old house and construction of a new one makes noise. Houses under construction are unpleasant to look at, and the process can drag on for months.

Neighbors may not like the houses when they’re finished, either. A long-familiar house is gone; neighbors lose a treasured view out the window; the new house looks like a behemoth in comparison; the style of the new house clashes with that of surrounding houses; and some people may find the style and scope of the house ostentatious.

So residents take action. They complain to the city council and make appearances before the zoning board. They create yard signs, write letters to newspapers, and in extreme cases, organize to shun the new neighbors who “destroy the neighborhood character.”

What’s responsible for such a strong response? The emotional attachment that many people make to a house that is a home extends not only to a specific structure but also to the look and feel of its immediate surroundings.

I understand the sentiment, though not the desire for a veto power over change. When driving through the downtown of a Chicago suburb for the first time a few years ago, I

instantly fell in love. The town had a charming mix of houses: large and small; old and even older; Victorian and Cape Cod. I purchased a house not far from the downtown and lived there for a while. I enjoyed the variety, but also could sense a coming wave of teardowns.

### ***Teardowns follow the money***

The late-50s rambler I lived in will soon be replaced by a new, larger house—if it hasn't been already. Demographics and economics say so.

Daniel P. McMillen, a professor of economics at the University of Illinois at Chicago, as well as a visiting fellow at the Cambridge, Massachusetts-based Lincoln Institute of Land Policy (<http://www.lincolninst.edu>), studied teardowns in the Chicago region, which was until recently the hotbed of teardowns. (Now it's second city—again, to New York.) The houses most likely to be replaced, he found, are smaller houses on lots with room to expand, in areas near public transit stations.

Teardowns are driven by the long-term trend of higher incomes added to the ever-present human desire for everything more and better. Tastes change, as do family structures and ways of living, making old houses, like mine, valuable largely for the land and location and not much else. My house, for example, had a carport but no space on the lot for a garage. The ceilings were low by today's standards. It had only three bedrooms, no suite, and a semi-furnished basement.

These design factors, plus more, make that house and many others functionally obsolete by today's standards. Lest you chide buyers for asking for too much, consider this: Would you be happy with a car that had the technology of the 1950s? Rising expectations are part of the human condition.

Add in the proximity to highways and public transit, the lack of vacant land, the lack of vacant land, the high quality of life in the area as well as the high average household income, and those functionally obsolete houses become candidates for a teardown.

So does anyone benefit from teardowns, besides buyers? Sellers can benefit, too, from the windfall. Builders and their employees gain from being able to conduct business. City treasuries gain increased tax revenue from the higher-valued houses. Cities might, if they practice frugal management, be able to tax other residents less. Finally, rebuilding is a sign of the continued vitality of a neighborhood. After all, one synonym for “not changing much” is “stagnant.”

### ***Tread Lightly***

What should local government leaders in Eagan, Eden Prairie, and everywhere else in Minnesota do when residents start complaining about teardowns? If they feel they need act at all, they should tread lightly.

They would do also well to consider whether interfering with the free choices of individuals is worth the bother. After all, in 50 or 100 years, today's so-called

McMansions will be the obsolete but beloved symbols homes of a better past, full of character—and neighbors will complain about *their* redevelopment.