

REPORT TO THE HISTORIC DISTRICT COMMISSION

DATE: August 28, 2025

SUBJECT:

Case #252101 - Request approval of a Certificate of Economic Hardship for an existing structure located at 215 S. Center Street

INTRODUCTION:

- Jim Gannaway, on behalf of current property owners Wendy R. & Mathew J. McCorry, is requesting a Certificate of Economic Hardship from the Historic District Commission (HDC) for the structures located at 215 S. Center Street (see Exhibit 5). If the request is granted, the applicant plans to demolish the principal structure previously occupied by a restaurant, and its accessory structure.
- The subject property (see Exhibit 1), which is Lot 2 in the South Center Subdivision, is zoned CB: Central Business. It is surrounded by CB zoning to the north and south (across W. South Street), MPO: Medical Professional Office to the west, and MU: Mixed Use to the east across S. Center Street.

BACKGROUND:

- The main building, constructed as a single-family dwelling was adaptively reused as offices and later as a restaurant. It was used as a restaurant from 2008 to 2022, but is now vacant.
- The subject property is within the Local Historic Overlay established in 1989 but not the National Register District. Known as the Joseph A. Campbell House, the property is individually listed on the National Register of Historic Places (see Exhibit 8).
 - The Registration Form describes the house as a Queen Anne cottage with an unusual floor plan with the original portion of the house constructed ca. 1876 and rebuilt ca. 1898-99 for J.A. Campbell.
 - The improvements, including additions, made by J.A. Campbell and detailed in the National Register Continuation Sheets and photos, lend the property its architectural significance.
- In December 2019, the HDC denied a Certificate of Appropriateness (CofA) for demolition of the structures, finding they still had historic significance (see Exhibit 2).
- If a CofA for demolition has been denied to a property owner by the HDC, the property owner has the right to present evidence to the HDC explaining how such denial creates an economic hardship for the owner pursuant to §151.199 (see Exhibit 4).
- David McLemore of McLemore & Co., Realty has a contract to purchase the subject property but does not plan to reuse the existing structures. He plans to construct a new building on the property (see Exhibits 6, 7, & 9).

KEY POINTS:

1. The purpose of the HDC's economic hardship claim process (§151.199) is to prevent a situation where adhering to local preservation regulations and building codes would impose an undue burden on a property owner, potentially akin to a "taking" of property.

- The concept of an economic hardship in preservation is similar to the legal standard for an

unconstitutional regulatory taking, meaning the owner is denied all reasonable beneficial use or return on the property due to regulations.

- An economic hardship does not relate to an owner's personal financial situation and does not apply if the owner has neglected the property.

2. Through documents such as opinions of value, construction estimates, and engineering reports, the applicant has demonstrated the existing building is incapable of earning a reasonable economic return (Exhibit 5).

- John Green Commercial has listed this commercial property since June 2023 for sale or lease, but they have not found a new owner/tenant.
- When the building was still used as a restaurant, the owner intended to renovate the principal building with plans to replace some of the floors and plaster walls on the interior and modify the handicap rails on the exterior. Upon further inspection by a building contractor and structural engineer in 2019, the scope of work increased to include replacing most of the building foundation (see pages 8-33 in Exhibit 5).
- The contractor's 2019 proposal for the larger-scope renovation to the restaurant building included removing and replacing the exterior materials, removing two sections of the building, replacing all of the windows, and constructing additions on the side (east) and rear (north) sides of the building to replace the sections removed at a cost of \$781,706.
- It is the opinion of Jim Gannaway the market value of the fully restored usable commercial space is \$500,000 (see pages 34-45 of Exhibit 5). This opinion notes it is not an appraisal from a licensed or certified appraiser.
- While there is not a formula within §151.199 for deciding financial hardship claims, a simple way of viewing the applicant's claims is the cost of rehabilitation is greater than the post-rehabilitation value.
- §151.199 includes several other factors for the HDC's consideration. The applicant has responded to each factor in Exhibit 5 (see pages 5-7).

3. The applicant has demonstrated their intent and secured financial ability to replace the historic building; however, the planned building will not be of comparable size and architectural character to the buildings proposed for demolition.

- Letters were provided from David McLemore's bank (Exhibit 6) and architect (Exhibit 7) describing steps taken to secure financing and prepare the construction drawings needed to obtain a building permit.
- David McLemore has hired a civil engineering firm, which submitted in July 2025 a Preliminary Site Plan (see Exhibit 9) for the three-story, mixed-use building containing 12 "flats," about 7,762 square feet of office and retail space.
 - The proposed building would be built adjacent to a widened commercial sidewalk with parking to the west wide and rear.
 - The building would have a flat roof, with a fourth story offset from the roofline to create outdoor rooftop space.
 - The primary exterior cladding is brick.
- The existing historic structure, which was originally built as a single-family dwelling, is 2,492 square feet in size and one and one-half stories tall (see Exhibits 1 & 8).
 - The building, which is on a corner lot, is set back approximately 38 feet from South Street and 103 feet from center street, surrounded by a lawn and surface parking.
 - The primary exterior cladding is horizontal wood lap siding.
 - The building has a sloped roof with asphalt shingles.

4. The planned mixed-use building is the type of development form and uses anticipated for Special Area 2 of the Downtown Collierville Small Area Plan (2010) (see pages 36-39 of Exhibit 5).

- Area 2 is currently in transition. Buildings such as MidSouth Gifted Academy and the former lumber yard have more urban building placements similar to the buildings around Town Square Park.
- Infill and redevelopment similar to the plan submitted for the replacement building (Exhibit 9) is expected on vacant and underutilized properties in the vicinity of the subject property.

5. Despite the existing building being incapable of earning a reasonable economic return, there are still other alternatives to demolition.

- As a commercial building on the National Register, it is eligible for historic tax credits for improvements.
- Grants are sometimes available for renovating commercial properties. The Tennessee Department of Economic and Community Development in some fiscal years has funds available for the Tennessee Historic Development Grant Program (HDGP).
- Instead of demolition, the applicant could offer the structure for relocation to another property. Relocation will likely cause the structure to be delisted from the National Register. If the new location for the structure would be within the Local Historic Overlay, the HDC would need to approve a CofA for the new location.

STAFF RECOMMENDATION: The two-part “test” for the HDC to determine whether a Certificate of Economic Hardship should be granted is the:

- building or site is incapable of earning a reasonable economic return; and,
- applicant has the present intent and the secured financial ability, demonstrated by documentary evidence and by those plans and materials which would otherwise be required in order to secure a Building permit from the Building Official, to replace the historic building or structure with a building of comparable size and architectural character to the structure proposed for demolition or relocation.

While the property owner has demonstrated the building or site is incapable of earning a reasonable economic return and the planned three-story mixed-use building is the type of development form and uses anticipated by the Downtown Collierville Small Area Plan, Staff cannot recommend approval because the “replacement building” is not of a comparable size and architectural character to the historic structure proposed for demolition. The Tennessee Historical Commission agrees the new building is not of a comparable size and architectural character (see Exhibit 10).

NEXT STEPS: If the HDC grants Certificate of Economic Hardship, allowing for the demolition of the two structures, the following are the next steps:

- **Permit for Demolition of a Building:** The applicant must obtain a demolition permit from the Building and Codes Division prior to the removal of the structures. Staff will add the following conditions to the permit:
 - Existing trees should not be removed during the demolition of the structures to preserve the character of the District. Any mature trees on the property must be protected during the demolition with tree protection fencing installed prior to the issuance of the demolition permit.
 - The property shall be seeded or sodded, as appropriate, to create a lawn area similar to other properties in the community until such time as the property is redeveloped.
- **CofA for New Construction:** Any new construction shall be reviewed and approved by the HDC

and a building permit shall be obtained prior to construction.

If the HDC denies the request, the applicant may resubmit an amended application or reapply for a Certificate of Economic Hardship taking into consideration the recommendations of the staff and/or HDC. If the building must remain, the owner of the property must maintain the building. §151.201 of the Zoning Ordinance says property owners, “shall keep in good repair all of the exterior portions of such improvements and all interior portions thereof which, if not so maintained, may cause or tend to cause the exterior portions of such improvements to deteriorate, decay or become damaged or otherwise to fall into a state of disrepair.”

Appeals of HDC decisions go to court, not the Board of Mayor and Aldermen (BMA) or Board of Zoning Appeals (BZA).

ATTACHMENTS:

[Exhibit 1 - Location Map.pdf](#)

[Exhibit 2 - 12-17-2019 HDC minutes.pdf](#)

[Exhibit 3 - 3-27-25 HDC Minutes.pdf](#)

[Exhibit 4 - 151.199 Certificate of Economic Hardship Test.pdf](#)

[Exhibit 5 - 215 S. Center St. Economic Hardship application 3-18-25.pdf](#)

[Exhibit 6 - Bank Letter 8-7-25.pdf](#)

[Exhibit 7 - Construction Timeline Letter 8-14-25.pdf](#)

[Exhibit 8 - 215 South St - Joseph Campbell House - NR form.pdf](#)

[Exhibit 9 - Preliminary Site Plan 7-31-25.pdf](#)

[Exhibit 10 - THC Letter 8-21-25.pdf](#)

PROPOSED MOTION:

Approve the Certificate of Economic Hardship request for the structures located at 215 S. Center Street.

CONTACT INFORMATION:

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