



Frank DeMuro stands at the rear of his property on Saratoga Avenue in Yonkers on May 2, with the neighboring home at 175 visible in the background. He wanted to buy the house but it was sold to a nonprofit for a lower price, and it sat empty for almost two years.

MARK VERGAR/THE JOURNAL NEWS

## Homes fixed up, unsold

### County struggles to aid blighted areas

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A federal program to buy and renovate foreclosed homes on Westchester County's worst blocks was supposed to breathe life into dying neighborhoods, but officials are now struggling to sell some of the new housing.

Westchester County received \$7.3 million in federal recovery funds to buy 12 foreclosed or abandoned properties in Mount Vernon, Peekskill and Yonkers. In one case the county allocated up to \$942,000 in federal and state funds to fix up and market a three-family home in Yonkers surrounded by conditions that would scare most potential homebuyers.

"It's extremely difficult for us to resell those properties, particularly in Yonkers. There's just no interest whatsoever," Norma Drummond, county deputy planning commissioner, told the Board of Legislators' Government Operations Committee last month. "In some cases it's the neighborhood. Even though we've invested in this one property, the rest of the neighborhood hasn't improved enough."

Drummond told legislators the toughest sell is 31 Oak St. in Yonkers, a three-family home in which the county invested up to \$862,000 to buy and renovate, plus \$80,000 in state funds to make it more affordable to a buyer who then would rent the other two units. Oak Street's undesirability was underscored April 21 when Mayor Mike Spano came to the intersection of Oak and Elm streets to announce enhanced police patrols in the area after a series of shootings and stabbings.

The county's website lists 31 Oak St. for sale at \$250,000. Potential buyers are allowed to earn up to \$129,500 yearly for a family of four. County land records show that Suburban Green Housing Development Fund Corp. bought the home for \$262,500 to oversee renovations on behalf of the county.

In an email, Drummond said the rehabilitation cost at 31 Oak St. is up to \$518,000 for the three apartments, and she cautioned that not all the money may be spent. Once the house is sold, the proceeds can be recycled to build affordable housing in other parts of the county, she said.

"This cost is far less than what it would cost to build new housing else-

where, and the need for such housing remains high in the City of Yonkers," Drummond wrote.

Yonkers resident Anthony Merante, an accountant who has clients who buy and renovate distressed properties in Yonkers, expressed surprise that a nonprofit group would spend a half-million dollars to renovate a three-family house. Merante said one of his clients recently bought a run-down, three-family home on Orchard Street for \$120,000 and expected to spend \$210,000 on renovations.

Westchester got \$7.3 million from the Neighborhood Stabilization Program, an initiative of the Housing and Economic Recovery Act of 2008.

Besides Suburban Green, the county also awarded grants to Community Housing Innovations for one Mount Vernon house and Community Capital Resources Housing Development Fund Corp. for three Peekskill buildings.

In a May 25 email, Drummond said Westchester had to spread its money across the county, rather than focus on improving several properties in one small area. "In looking for properties, a key goal was to make an investment in a property that would encourage private investors to also invest in that street/neighborhood," she wrote.

The Housing Action Council is the nonprofit agency helping the county search for qualified buyers for the NSP homes. Rose Noonan, the executive director, disagreed with Drummond that there is no interest in the homes.

"Many people who are interested just don't have sufficient credit or income to secure a mortgage. It's taken longer than any of us anticipated," said Noonan, adding that if she were to start over she would have advised a larger marketing budget.

Drummond told county legislators that another hurdle in selling the formerly blighted homes is that their sales prices are too close to the full market values in the areas. She said that has led potential buyers to opt for market-value homes because they don't have decades-long affordability restrictions, such as resale and refinancing limits and an owner-occupancy requirement.

Work hasn't even begun on all the local foreclosed homes targeted for renovations. One idle property is 30-32 S. 13th Ave. in Mount Vernon, where the county allocated up to \$650,000 to buy and renovate.

The estimated cost to rehabilitate 30-32 S. 13th Ave. is \$433,000, according to files in the county's land records. Suburban Green bought the property

for \$140,000 on June 16, 2010, according to Mount Vernon's tax assessment records.

The county's difficulty in selling some of the homes is partly the local real estate market. In its April 12 report on Westchester property sales in the first quarter, Hudson Gateway Association of Realtors noted that two-to-four-family home sales fell by 8.8 percent over the same period in 2011.

Noonan said her agency expects to close this month on a four-family home at 1400 Main St. in Peekskill, which got a grant of \$730,000 to renovate. Noonan said high renovation costs for 1400 Main St. and the other homes are because they were severely decayed.

Drummond told legislators a three-family home at 175 Saratoga Ave. in Yonkers has an interested buyer even though restoration there recently started. The county's website lists 175 Saratoga Ave. for sale at \$219,000, and county land records show Suburban Green bought it for \$212,850.

Daniel Martin, president of Housing Partnership Development Corp., which controls Suburban Green and oversees how the public money is spent, said the estimated prices to renovate the Oak Street and Saratoga Avenue houses are in line with costs in the New York metro area. He said renovating an existing home might cost \$200 a square foot, while some websites in New York City and its suburbs put renovation costs at \$250 a square foot. The Oak Street house, which is four stories, cost \$155 a square foot to renovate.

The renovation of 175 Saratoga Ave. is a sore topic for Frank DeMuro, who lives two doors down. DeMuro offered to buy it in April 2010 for \$225,000, but he said his offer was rejected. Suburban Green later bought the house for \$212,850 in August 2010. It sat idle until last month when renovations began.

DeMuro questioned the need to spend so much taxpayer money renovating 175 Saratoga Ave. because he bought 167 Saratoga Ave. and spent \$40,000 on renovations. "They're spending all this money ... for what?" asked DeMuro, whose son has applied to buy 175 Saratoga Ave. "This is a honey pot for somebody."

Martin, whose organization manages a similar program for Orange County, said the federal foreclosure program accomplished what it set out to do at the local level. "Did it take foreclosed homes off the market? Yes, it did. Did it put people to work? Yes, it did," Martin said.