

# City slow to recover from housing market collapse; buys just 8 homes out of promised 115

BY [Robert Gearty](#)  
DAILY NEWS STAFF WRITER

Sunday, February 7th 2010, 4:00 AM



Franklin I/APAs of Friday, the city has only bought 8 of the promised 115 foreclosed homes in New York.

A year ago, [Mayor Bloomberg](#) announced the city would spend \$24 million in federal "emergency" money to buy and fix 115 foreclosed homes to sell right away.

Bloomberg vowed to "act quickly," saying the purchases would target houses "that might otherwise serve as a source of growing blight."

As of Friday, the city has bought a grand total of eight homes - not 115.

Renovations have yet to begin on any of them, and none is in the hands of a new owner. One of the homes became a squatters' nest.

How all this came to be spotlights the difficulty the city faces trying to overcome daunting obstacles created by the collapse of the housing market.

The idea was to target neighborhoods with the highest foreclosure rates and sell the homes to buyers with annual incomes between \$61,000 and \$92,000 who could afford a 30-year fixed mortgage with a 7.25% interest rate.

It arrived none too soon, with a wave of foreclosures sweeping through neighborhoods from [Bedford-Stuyvesant](#), [Brooklyn](#), to South [Jamaica](#), [Queens](#).

City foreclosure filings reached a record 20,228 last year, nearly double the 10,177 filings in 2006 before the housing bubble burst, [RealtyTrac](#) says.

Reversing course has proven tough. The number of foreclosed properties banks hold after failing to sell them at auction is growing.

That number rose to 1,830 by December 2008 from 290 two years earlier, [New York University's Furman Center](#) for Real Estate and Urban Policy says.

The failure of this effort can be seen at 143-33 Glassboro Ave. in [South Jamaica](#). The red-brick one-family was vacant for months when the city

bought it for \$200,000 in December 2008.

It was downhill from there. Last summer, neighbors complained about squatters in the building.

[Eloise Hicks](#), 55, said the interlopers were there weeks before cops kicked them out. "It was amazing that they got in there," she said. "I didn't know who owned it. Nobody was coming to check on it."

Today, the home has a thick steel security door with a combination lock and a metal screen on a second-floor window installed by a company called Vacant Property Security.

Hicks was surprised to hear the city owned the house. She looks forward to the day the house is fixed up and sold.

"Hopefully, a family gets it, you know?" she said.

City officials blame a delay in getting a revolving line of credit from [JPMorgan Chase](#), [Deutsche Bank](#), [Goldman Sachs](#) and [Morgan Stanley](#) to back the home-buying effort. All four banks have been blamed for the nation's mortgage meltdown.

The nonprofits helping administer the buy-back program say banks aren't accepting the city's reasonable offers for the homes.

Heather Lawler of the [Local Initiatives Support Corp.](#) recently told the City Council that banks were demanding prices that were too high to make the program work. It was modeled on a 20% discount, but banks were insisting on 15%, she said.

"Now the big challenge is to see if the banks will play ball with us and provide a price on these distressed properties that is appropriately reduced," said [Michael Hickey](#), director of the [Center for NYC](#)

[Neighborhoods](#), another group involved in the program.

That may soon happen. [Lawler](#) said last week lenders were starting to come around, offering deeper discounts of 20% and 25%.

The city said the pace of acquisitions will quicken dramatically now that \$32 million in private financing has finally been secured to leverage the federal dollars.

Restored Homes, the nonprofit that handled the eight home purchases, recently closed on two more homes and is in talks to buy two more, director [Sal D'Avola](#) said.

[rgearty@nydailynews.com](mailto:rgearty@nydailynews.com)