Home Worth Valued
$5M for program will help pay for value loss
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By Maureen Sieh

Syracuse homeowners who are worried about declining property values will soon be able to insure their homes against a depressed housing market.

Starting next spring, homeowners can buy insurance through the Home Equity Assurance Program, an effort being piloted in Syracuse to protect existing homeowners and encourage new investment in city neighborhoods.

Rep. James Walsh, R-Onondaga, has secured $5 million from the federal government to create the program as part of the Syracuse Neighborhood Initiative, a public-private effort he launched three years ago to tackle the city's vacant housing problem. Walsh also secured an additional $1 million for the initiative in next year's federal housing budget.

Walsh, who chairs the House subcommittee on housing and veterans affairs, said the new program guarantees homeowners that if the value of their home declines for economic reasons, the program will make up part or all of the loss.

"If you buy a house in the city for $75,000, when you sell that house, you will get no less than $75,000," Walsh said.

Walsh, city officials, real estate agents and urban planners said the program will strengthen city neighborhoods, where the federal government is already investing $25 million through the Syracuse Neighborhood Initiative.

"It protects against the loss of equity on people who are purchasing properties in the city," said Vito Sciscioli, the city's director of operations. "It will ensure you're not going to suffer a loss because the market has declined. It's important for Syracuse where you have a depressed housing market, where prices have been declining."

The home equity program will be administered by Home Headquarters, a nonprofit agency that promotes home ownership. Before the program is offered to homeowners, officials will hold a series of meetings to solicit residents' input and survey the city's housing market.

The program will be similar to one that began 10 years ago on Chicago's Southwest Side, when blacks began moving into the once-predominantly white neighborhood. Residents pushed for the equity assurance program in the 1970s to prevent white flight, said Helen Juozapavicius, the program's executive director.

The Chicago equity program, which requires residents to stay in their homes for at least five years, is funded by a special local tax and by homeowners.

Homeowners pay a one-time fee of $125 to cover the cost of an appraisal, and $20 a year, she said. So far, 5,000 people have enrolled in the program, and only 11 claims have been filed, Juozapavicius said.

In Syracuse, officials are hoping to increase property values that have declined in the next decade, said Eric Hangen, management consultant for Neighborhood Reinvestment Corporation, an agency that revitalizes distressed neighborhoods nationwide.

Syracuse residents who sold homes during the mid-1990s lost between 10 percent to 50 percent of the value of their homes, he said. As a result, some people opted to buy homes in the suburbs because they were afraid to invest in the city, he said.

The city's older housing stock, crime and perceptions of city schools also contributed to the decline in property values and low home sales, Hangen said.
A May 2000 survey by the Neighborhood Reinvestment Corporation showed the average cost of a city home dropped from $63,601 in 1997 to $61,974 in 1999. In the suburbs, the average cost of a home rose from $98,409 in 1997 to $104,207 in 1999. This year's figures from the Greater Syracuse Association of Realtors showed that city homes sold for an average of $61,630, compared with an average of $110,910 in the suburbs. "Suburban neighborhoods have done better than city neighborhoods, and what we want to do is level the playing field," Hangen said. "There's concerns about bolstering confidence in inner-city neighborhoods."

David and Patricia O'Neil heard concerns about the lack of confidence in the city in July when they bought their home, on Roberts Avenue, for $145,000. Family and friends wondered why they invested in a city home rather than in one on Onondaga Hill, said Patricia O'Neil, who grew up in the Strathmore neighborhood. "We said we were committed to this neighborhood," she said. "We love the neighborhood and the commitment that people have to the area and to each other."

The couple also stayed because they loved the schools. Two of the couple's four children- Sean, 12, and Bridget, 10 - attend Roberts School. Katie, 23, graduated from Corcoran High School, and David, 19, graduated from Bishop Ludden.

The couple agree with Hangen that the equity assurance program will restore confidence in city neighborhoods. Four years ago, the O'Neils had trouble selling their home on Wolcott Avenue, also in the Strathmore neighborhood. The couple were hoping to sell the house for $76,000, but would have settled for $65,000 because of the depressed housing market. There were no serious offers.

In July, the Wolcott Avenue house sold for $79,900 after being on the market for three days. "We made out well on the house we sold on Wolcott - we were fortunate," Patricia O'Neil said. "Three blocks away, we can't get a house to sell for $30,000. That's a scary thought. If you can get insurance on your house, it will make you feel more comfortable in the long run."

Walsh said the program is a "neat tool" to promote home ownership in the urban America. With the city's low taxes and the improvements in city schools, Walsh said, the program is an incentive for first-time home buyers. "It's a deal sweetener," he said.

Dan Harnett, vice president of Prudential Properties, said the program will encourage owners to improve their homes. "If everyone is comfortable and secure in their investment, they're not going to take the first chance to leave the city for the suburbs," he said. "We've got some phenomenal neighborhoods in the city that do well, but this is in the back of people's minds. 'Am I going to improve my home? I don't want to sink my money in this hole, if I'm going to lose.' "

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