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Foreclosures bought, fixed up, resold

By *PATRICK MEIGHAN* Staff Writer

NASHUA – To see what 114 Palm St. might be, you have to look beyond the effects of weather and neglect and imagine what it once was.

The exterior gives more than a small hint.

A craftsman home with an elegant porch and custom trim that's painted red, you have to look closely to see that the house needs work.

Inside, however, the extensive renovation required is much more apparent.

The work started last week to help this 1889 home recapture some of its past elegance, and the federal government is picking up the tab through economic stimulus money.

"We have a long way to go," said Egidio Munoz, owner of Munoz Constructions Inc., which was awarded the contract to restore the 12,000-square-foot home, converting it from a single-family to a two-family dwelling.

Despite the extensive work, Munoz expects to have it complete in two months.

The unoccupied house was in foreclosure when Harbor Homes Inc. purchased it with federal Neighborhood Stabilization money, said Scott Slattery, program manager for Harbor Homes.

The house at 114 Palm St. is the first one that Harbor Homes will refurbish and then resell through the Neighborhood Stabilization program, Slattery said. Harbor Homes Inc. received \$2.09 million for homes in the Tree Streets and French Hill neighborhoods.

Also, the city of Nashua received \$1.5 million to buy and resell foreclosed and abandoned properties on Main Street and in the Tree Streets. For the program, the city contracted with Bedford civil engineering company T.F. Moran Inc., which will begin the process of identifying the properties and working with the city to find perspective buyers.

The house at 114 Palm St. was appraised at \$250,000, but Harbor Homes was able to purchase it in foreclosure for \$177,000, Slattery said. Harbor Homes will invest another \$173,000 in renovations, Slattery said.

The Neighborhood Stabilization program prevents neighborhoods from falling into decay before refurbishing homes and putting them back on the market.

"It's to stop the free fall of house values," Slattery said.

The other portion of the stimulus impact is that it creates jobs along the way, Slattery said.

"It's doing what it's supposed to do," creating work for inspectors, appraisers, contractors, real-estate agents, plumbers, electricians, heating and air conditioning technicians and laborers, Slattery said.

"I'm a stimulus job," he said.

Slattery was the former urban programs director with the city; his position at Harbor Homes was created out of the Neighborhood Stabilization grant.

Of all the neighborhoods in the city, the southernmost block of Palm Street might derive the greatest benefit of the program. It's a block that has escaped issues of drugs and crime that have plagued other parts of Palm Street. But with two houses in foreclosure and one possibly headed that way, the block could have slid into decay, Slattery said.

Harbor Homes has a contract to buy 123 Palm St. for \$144,900, with a March 12 closing scheduled, he said. The smaller house will take less work to refurbish than 114 Palm St., he said.

Additionally, another home on the block is in short sale – meaning it is being sold for less than what the owner owes on the mortgage, and any sales agreement must be approved by the bank that holds the mortgage. Though short sales are designed to avoid foreclosure, the properties sometimes end up being foreclosed, Slattery said.

Harbor Homes also has a contract on a property at 76 Kinsley St., a six-unit dwelling that will cost up to \$600,000 for the acquisition and rehabilitation, Slattery said.

Slattery approaches the foreclosed properties with mixed emotions.

"I feel bad. Something has happened to cause these people to lose their homes," he said.

Often, a home gets foreclosed when the owner is laid off or faces major medical expenses, he said.

But the Neighborhood Stabilization program at least helps get the home back into private ownership and provides much needed housing, he said.

Munoz, whose company is based in Worcester, Mass., said it's a joy to restore such homes.

"It's a good feeling, helping to fix them before they get destroyed," he said.

Destruction happens quickly once a house is empty and especially after the heat is turned off, Munoz said. That's when you start seeing the signs of vandalism, such as the windows at 114 Palm St. that had been shot out with pellet guns, he said.

Munoz has done other work in the center part of Nashua – his company replaced the roof of the Nashua Soup Kitchen & Shelter, for example.

"I always feel good doing work for the city," he said.

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