

ADOT buying some houses in freeway's path

by **Cathryn Creno** - Sept. 6, 2010 12:00 AM
The Arizona Republic

The Arizona Department of Transportation is quietly buying Phoenix homes in the path of the planned South Mountain Freeway from people with special hardship cases, even though the state is strapped for cash and the agency is in talks to move the route.

For homeowners who qualify, ADOT's hardship program is a financial godsend. For neighbors who also want to sell their homes but don't meet the strict criteria, it can be frustrating, upsetting and seem plain unfair.



Renting a house from ADOT

ADOT occasionally steps in to buy a home from people who need to sell but are unable to find a buyer because the home is in the path of a planned freeway. Eligible owners are those who are struggling to pay their mortgages because of out-of-state job transfers, illnesses or family deaths.

Since the 1980s, when the Loop 202 freeway route was first sketched out, ADOT has spent \$8.7 million in state funds to buy hardship-program homes in Ahwatukee Foothills and Laveen. It has spent a total \$79.8 million on commercial and residential property along Pecos Road for the planned freeway.

But the decision by ADOT to buy some

houses and not others is creating tension in Ahwatukee neighborhoods, especially during the economic downturn as homeowners in the path of the proposed freeway don't understand why ADOT won't buy their homes.

Fueling the controversy are freeway opponents who wonder why ADOT is buying any homes at all during a state budget crisis and while ADOT is actively discussing the possibility of moving the freeway route a little south onto the Gila River Reservation. If the route changes, the homes ADOT has bought won't be in the path of the freeway after all.

Hard to qualify

"It raises some interesting questions that they are continuing to buy homes when there is a possible alternative alignment," said Chad Blostone, who serves on both the Ahwatukee Foothills Village Planning Committee and ADOT's South Mountain Community Advisory Team on the freeway. "I hope it does not influence their discussions with tribal leaders."

Mike Hinz, who serves on the same boards,

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said he recalls the freeway advisory team being told in 2009 that the state could no longer afford to buy homes in the freeway path. "We were led to believe there wasn't any more money," he said.

So far this year, ADOT has spent \$126,000 to buy one home in Ahwatukee and is in the process of buying one more, agency spokesman Tim Tait said. ADOT bought one hardship house in 2009 for \$264,000 and 12 in 2008 for a total of \$3.9 million, he said.

But he stressed the difficulty in qualifying for the program: Applicants cannot get buyouts just because they have lost their jobs or they are upside down on their mortgages, owing more than the home is worth. "We own these houses to help people out," Tait said, "to help people who have had a death in the family or who have been forced to relocate."

The agency owns 20 houses in Ahwatukee and collects about \$250,000 annually in rent.

Tait said no federal funds will be available to buy as many as 184 more homes in the freeway path until the federal government signs off on an exact freeway route. That decision may not come for a year or more.

Frustration mounts

That delay also has created a vicious cycle: Once-desirable neighborhoods in Ahwatukee, freeway critics say, are seeing a continued erosion in the market value of their homes, creating more anxiety for homeowners in the freeway path and more demand for a hardship program they don't qualify for.

A surprising supporter of the hardship

program is Phoenix City Councilman Sal DiCiccio, who is typically critical of ADOT's handling of freeway plans. He represents Ahwatukee.

"There are some people who now have to move, and it's not their fault that they can't sell their homes. The fact that there has not been a decision in all these years has created an enormous hardship for people," DiCiccio said.

Texas IT worker Katrina Dunne is the most-recent homeowner to qualify with ADOT. She lost her job in Phoenix in 2009 and found another with a firm that moved her to Texas. The deal on her empty house closed recently.

"Really, I don't know why they agreed to purchase my house except that I am not there anymore and may not have a job again in Phoenix for 10 years," she said.

A tenant is expected to move into Dunne's former house this week and pay \$900 a month in rent to ADOT.

Dunne thinks the state should have paid her \$20,000 more but is glad to be out from

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under a mortgage she could no longer pay. Tait said the amount ADOT pays for property is set by independent appraisers who determine a fair market value.

Across the street from Dunne's former property, homeowner Sheryl Moret also wants to sell and move from her house, which is in the freeway's current path. But because she does not meet any hardship criteria, ADOT will not buy her house.

As discussions about the freeway have heated up in the past two years, the value of Moret's 1,700-square-foot home has dropped more than \$50,000 - from \$227,000 in 2009 to \$169,000. "It is very frustrating," said Moret, who in 2001 bought her house for \$150,000.

Moret said one reason she bought her house was that she thought it would have good resale value. She never imagined she would want to move during a bad housing market *and* a freeway-planning process. "We want out of our house and are stuck," she said.

Former area resident Rene Roberts was in a similar situation. She bought a home for \$400,000 in 2006 but then lost her job and needed a house with a smaller mortgage.

She asked ADOT to buy the property but did not qualify for the hardship program. She said she unloaded the house for \$240,000 in a short sale, in which the lender agrees to sell the home for less than what is owed.

Dunne said the value of houses on her former street were in the \$300,000 range at the peak of the housing bubble - before freeway discussion took a more serious tone in the past two years. Before 2009, many area homeowners believed freeway construction was a decade or more away.

"The best thing they could do is make a decision on the freeway soon," Dunne said. "Until then, no one can sell their homes, and properties keep losing value."

ADOT sees the frustration.

"It's a crummy situation," Tait said. "As an agency, we absolutely understand why people aren't happy. You combine the normal (freeway) alignment debate with the current economic conditions where people are upside down, and you have a situation we have never before faced in metro Phoenix."

Hinz, of the Ahwatukee Foothills Village Planning Committee, calls the impact of the planned freeway on some neighborhoods "devastating."

Some are located near Desert Vista High School, recently included in a list of the nation's best schools by *U.S. News & World Report* magazine.

Many homeowners paid a premium to live nearby, but now, Hinz said, "You have all of those people who live south of Desert Vista,

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and their neighborhood is being ruined because of the freeway plans."

Future freeway

A decision on where the freeway will go is not expected until late 2011 at the earliest. And if ADOT enters formal negotiations with the Gila River Indian Community to build the freeway on reservation land, a decision could take even longer.

The planned \$1.9 billion freeway project, which would extend Loop 202 west for 22 miles between Chandler and Laveen, would take out three ridges of the South Mountain Preserve, a church and several west Phoenix apartment complexes in addition to the single-family houses.

ADOT and Gila River officials have confirmed that they met Aug. 31 to discuss the merits of two possible routes through the reservation that would save the mountain, the church and the neighborhoods. But neither party has said what the next step might be or whether they have set a deadline for making a decision.

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