

real estate

No sale: Bank destroys newly built homes



Blaming the current housing market, a bank decides it would be cheaper to tear down 1 and partly built homes rather than try to finish and sell them.

By [The Wall Street Journal](#)



Shannon Bennet picks through the site in Victorville, Calif., where homes were demolished rather than completed and sold. © Nick Ut/Associated Press

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A Texas bank is about done demolishing 16 ne partly built houses acquired in Southern Califor through foreclosure, figuring it was better to k down than to attempt to sell them in the depre housing market.

Guaranty Bank of Austin is wrecking the struct provide a "safe environment" for neighbors of abandoned housing tract in Victorville, a high- about 85 miles northeast of Los Angeles, a bar spokesman said.

Victorville city officials said the bank told them of finishing the development would exceed wh could bring in by selling the homes. The houses were b California developer less than two years ago, according records.

The bank also faced escalating city fines as vandals and took over the sprawling housing project, leaving behind and drug paraphernalia, city officials said.

What's your home worth?

owner to see what is best for them."

"It's unfortunate," said George Duran, the code-enforcement manager. "We would ha for these houses to be finished. But it's up

Home prices in San Bernardino County, where Victorville is located, have fallen 60% from the h peak in 2006, according to research firm DataQuick. The median new-home price in Victorville is \$265,990, according to Hanley Wood Market Intelligence. Homes in the Victorville development priced at a range of \$280,00 to \$350,000 in early 2008, Hanley Wood said.

Guaranty spokesman John Wessman said four of the 16 structures slated for demolition were "substantially complete," while the others were less than half finished and "exposed to the elem Guaranty obtained the property through foreclosure in December. The builder, Matthews Homes

be reached.

A Guaranty official in California told the Victorville newspaper, the Daily Press, that it would cost than \$1 million to finish developing the property so it could be occupied. Wessman said that official was not authorized to speak to reporters. He said he didn't know how much it would cost to finish the job. Demolition of this size would likely cost more than \$100,000, according to a person familiar with the matter.

A video of the houses being knocked down was posted on YouTube by the founder of a Web site, Vision Victory Manifesto, which has been warning of economic disaster. He declined to give his name for this story.

Many of the appliances had been stripped out of the houses, according to the demolition company. "A little surprised they couldn't come up with an alternative" to demolition, said Ron Willemsen, president of Intravaia Rock & Sand Inc. of Montclair, Calif., which did the demolition.

Willemsen said he would grind up much of the wood into mulch for landscaping, while some of the wood would be sent to Mexico for construction there.

Home affordability calculator

Demolishing vacant houses in economically inner-city neighborhoods is common. But the high cost of demolitions in Victorville show how the housing market is weighing on lenders even in once-booming suburbs. Guaranty Bank has significant exposure to construction loans to homebuilders. Last month, its parent company, Guaranty Financial Group, issued a "cease and desist" order by the federal Office of Thrift Supervision, citing the firm's "unsound banking practices."

Many lenders, like Guaranty, have been foreclosing on homebuilders whose projects have gone sour. Regulators told Guaranty to come up with a plan to dispose of its foreclosed properties. But finding a buyer is difficult, as home values remain under pressure.

This article was written by Michael Corkery of The Wall Street Journal.

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ttahaha

Wednesday, May 06, 2009 11:51:24 AM

dumb

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Wednesday, May 06, 2009 12:09:10 PM

That is a good thing not to built a new more houses anywhere in the state. They need to concentrate to sell first all the one in foreclosure, specially the old houses. If you built a new houses for cheaper price, what's gonna happened the old houses, of course people will buy a new house cheaper than rather buying old house.

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Wednesday, May 06, 2009 12:11:55 PM

What a waste. I agree with ttahaha.

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Wednesday, May 06, 2009 12:18:21 PM

Goes to show what bankers know about the real worth of the now demolished buildings. Seems t that the house, in whatever stage of completion, could have been donated to Habitat for Humanity of course the neighborhood was too high in the stratosphere for the folks that Habitat normally bu houses for. It is awful that all that material was destroyed. The majority of it could have been sent Mexico if no one in California wanted it. What a waste.....

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Wednesday, May 06, 2009 12:27:11 PM

let the stupid bankers absorb the loss through their own stupidity

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Wednesday, May 06, 2009 12:27:33 PM

This is a reason why the banks failed and robbed us taxpayers! Before demolition, why not let nee people or their own people save the \$8000 granite counters, \$5000 appliances, etc, etc. Most of tl homes where spec homes already furnished. What a waste is putting it mildly, it is downright crim auto industry saved our butts after Pearl Harbor by halting auto manufacturing and gearing up for airplanes etc. What did the banking industry do??? We continue to pour money into these greedy institutions, but what will happen, God forbid, another Pearl Harbor happens and all our manufact outsourced, probably to our future enemies! What a grave mistake!!!

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Wednesday, May 06, 2009 12:28:28 PM

i totally agree with nechs62[Reply](#) [Report Abuse](#)**Casual Reader**

Wednesday, May 06, 2009 12:28:37 PM



This is absolutely wrong. They should set those homes up for the homeless; or children are medically challenged; what about all these people who have lost their homes due to fire, tornados, etc.? Are they just plain clueless?

And you also notice that they refused to say which bank!

Talk about a disgrace to humanity! Maybe they should have their homes ball & chain w and see how they feel then!

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Wednesday, May 06, 2009 12:35:51 PM

The bank was named and although I see why some are frustrated it would have cost the bank more to finish the homes than they were worth. If they would have finished them and then donated the homes, that would have been one of the very fine ideas that people have. The bank would have been out even more money than is out now. Emotions tell us that they should have finished the homes and donated, logic and business intelligence says they did the correct thing.

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Wednesday, May 06, 2009 12:37:20 PM

They should have finished building them and given them to habitate for humanity, write-off them, plus helping those who are less fortunate but who would still be able to make some payment on the house even though it would take a lot longer than normal. Why couldn't someone think of that instead of letting all that material, appliances, etc. go to waste. 😊

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