

This old house, at \$300 a month



MITSU YASUKAWA/THE STAR-LEDGER

Union County's head of building services, Niel Palmieri, lives in this county-owned three-bedroom, 2½-bathroom home with a fireplace, sitting on 1.3 acres in Summit. He's renting it for \$300 a month in a deal he struck with the county. It took him 18 months to gut and renovate the home.

County worker gets break on rent for renovations

BY JOE RYAN
STAR-LEDGER STAFF

It is not easy to find a cheap rental in Summit, where millionaire Gov. Jon Corzine raised his children and the average sale price of a house is over \$800,000.

Yet a Union County employee pays just \$300 a month for a three-bedroom, 2½-bathroom home with a fireplace and 1.3-acre lot on Summit's Stanley Avenue. In exchange for the cut-rate rent, the employee, Niel Palmieri, spent 18 months gutting and renovating the place.

The deal comes thanks to Union County, which owns the house overlooking Passaic River Park and hopes to make a handsome profit selling it

because of the renovations Palmieri completed in 2003. The arrangement, however, is costing the county more than \$6,000 a year.

Since Palmieri signed his first lease in 2002, Union County has paid roughly \$10,000 each year in property taxes on the house. Meanwhile, he pays just \$3,600 each year in rent.

Palmieri, who heads a division of county building services, is one of five employees living in county-owned residences. Officials defend the practice, saying the employees provide upkeep and security. But the perk, like the policy allowing certain employees to commute in county cars, draws concern from watchdog groups.

"It raises all sorts of questions

about equity and favoritism," said Gregg Edwards, president of the Center for Policy Research of New Jersey, which describes itself as a free-market think tank.

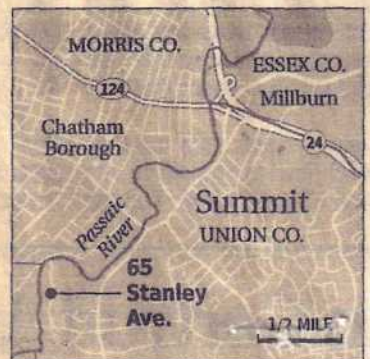
Union County owns 22 houses and apartments. Most abut parks and were willed decades ago to the county.

With county costs rising and county taxes up 40 percent since 2000, Union is considering selling several of its houses, including the one Palmieri rents. If it does sell, the county will make a nice profit because of Palmieri's work, said Sebastian D'Elia, a county spokesman.

"Taxpayers are going to make at [See DEAL, Page 11]

Deal for division head

In exchange for gutting and renovating the place, Union County's division head of building services has been allowed to rent a three-bedroom county-owned house in Summit since 2002 for \$300 a month.



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County worker's rent in Summit is \$300

least \$500,000 on that house," he said.

The other county employees renting county-owned property include two people who pay \$465 and \$500 a month to live in 19th-century houses in the Watchung Reservation's Deserted Village of Feltville in Berkeley Heights. The houses are rustic, with little insulation. Until recently, they relied on well water.

The other two rent county-owned apartments. One pays \$375 monthly to live at the Watchung stables in Mountainside. Another pays \$590 for a flat above a service yard in Kenilworth.

EXCLUSIVE DEAL

While those rents are remarkably low for Union County, Palmieri's deal is the only one through which the county is losing money, at least in the short term.

"It just goes to show that the county freeholders take care of their own, and the taxpayers have to bear the burden," said Phil Morin, chairman of the Union County Republican Party.

The house, at 65 Stanley Ave., was built in 1962 and is a gray, aluminum-sided and red-brick bi-level with four 16-foot columns out front and a two-car garage. The owner sold it to Union County for \$1 in 1966.

Officials rented it to several tenants who were not on the county payroll in the 1980s and '90s. The most recent paid \$1,250 a month when she moved out in 1995.

Then 65 Stanley Ave. stood vacant and fell into disrepair, according to neighbors and county officials. In 2002, Palmieri said, officials showed him the house, which is under the supervision of the county parks department.

Phyllis Salowe-Kaye, executive director of New Jersey Citizen Action, said there is nothing wrong with the county offering bargain rent in exchange for a tenant's promise to fix up public property.

"The bigger question," she said, "is why him and not you or me? Why does this deal get offered to a county employee?"

Joe Ascione, an attorney who works for Union County, said county officials prefer renting to their employees because they know them, they trust them and — because they sign their paychecks — have better control over how they treat the property.

Palmieri, who earns \$94,000 a year and has 24-hour use of a county-owned 2002 Ford Explorer.

taken before he started work. The roof was peppered with holes. Bricks were crumbling. Front porch columns swung loose in the wind. Inside, walls were covered with mold. Studs were riddled with termites and ants.

"The house should have been a knockdown," said Palmieri, 50.

He agreed to rent 65 Stanley for \$300 a month. In exchange, Palmieri would renovate the place. The county would pay for the materials.

"I don't see the point to that," said Edwards, of the think tank. "Why not just hire a professional contractor? Or just put it on the market without fixing it up?"

FROM EYESORE TO ASSET

D'Elia said the county hoped to make a substantial profit off the sale and allowing Palmieri to fix it was far cheaper than hiring a contractor. A contractor, he said, would have charged the county upwards of \$150,000. Three-bedroom homes in Summit rent from \$2,100 to \$3,900 a month, according to real estate listings.

The house on Stanley Avenue is not situated on Summit's most desirable lot. It is located nearly two miles from the city's downtown. NJ Transit tracks run past the property. And high-tension power lines dangle above the yard.

Still, the house could fetch at least \$2,000 on the rental market if it was in good shape, said Susan Hunter, sales manager for Lois Schneider Realtor.

Palmieri signed his first lease in September 2002 and spent 18 months renovating the house, he said. He toiled weekends and evenings after his regular workday, Palmieri said.

The work included shoring up the second floor, fixing the heating and air conditioning, replacing the walls and renovating the kitchen and every bathroom.

Palmieri said he did most of the work himself; county-paid contractors handled the complex jobs, like heating, air conditioning and electrical wiring. In total, he submitted \$25,000 worth of invoices for materials and labor, according to county records.

"That place was a dump," said Harry Young, who lives across the street from 65 Stanley Ave. "Niel brought it back from death."

Palmieri said he finished the work in spring 2004. Then, in September 2004, county freeholders approved a second, two-year lease. The rent remained \$300 a month.

Local Realtors said it is tough to gauge what 65 Stanley Ave. will sell for. It is appraised at \$376,100, which translates roughly into \$752,000 market value, according to the Summit records.

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