

Shelter from foreclosures

Group helps Roxbury residents keep their homes



"It's just a dream come true that I was able to buy a house here," Renay Peters, 49, said of her Howard Avenue home. (Evan Richman/Globe Staff)

By Brian R. Ballou

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As foreclosures pile up in the Bay State, prying struggling families from their homes and casting an uncertain future for thousands more homeowners, a Roxbury neighborhood with predominantly low-income residents has remained free of mortgage defaults.

The success is the result of an unusual arrangement between a neighborhood preservation group and many residents of about 30 acres between Dudley Street and Blue Hill Avenue that has allowed dozens of low-income buyers to purchase homes at much lower prices than in comparable neighborhoods in the city. A land trust run by the preservation group, Dudley Street Neighborhood Initiative, owns the land and sets rules that limit the profit owners can make by reselling their homes.

"It's part of a strategy that was created by the community to strengthen the community," said John Barros, executive director of the Dudley Street Neighborhood Initiative.

He said the trust was part of a plan conceived in the 1980s, when residents and members of the initiative were grappling with how to revitalize a neighborhood scarred by illegal dumping,

neglect, and arson, while keeping it in the hands of people who grew up there. The trust purchased the land from the city with the help of a grant from the Ford Foundation.

Renay Peters, who grew up nearby, said she remembers the piles of trash, vacant lots with waist-high weeds, and the burned-out homes. She now owns a home here.

"It's remarkable how much this neighborhood has changed, and it's just a dream come true that I was able to buy a house here," said Peters, 49, who added that she is required to live in the city for her job at the Boston Water and Sewage Commission. She said she bought a three-bedroom house for \$99,000.

"Having to live in the city, I would have never been able to afford a home here, so even if my home with the land is worth about \$350,000 now, I'm happy with my decision," Peters said.

The trust, Dudley Neighbors Inc., offers houses at substantially below-market prices because the sale does not include the land, which is retained by the trust.

Applicants submit their names into the city's lottery process for low-income housing. The city conducts the screening because it provides the initiative with grants to help offset the cost of building the homes and maintaining the neighborhood. The state also provides grants. Almost all of the mortgages have 30-year fixed rates through locally based lending institutions, Barros said. There are no adjustable-rate mortgages, the type that have forced many families into foreclosure with interest rates that spike several percentage points, typically after two or three years.

The homeowners pay a nominal lease fee for the land. The trust prohibits homeowners from selling above 1 percent of the purchase price for 10 years. After a decade, the ceiling rises to 5 percent. Homeowners are allowed to recoup money they spend for improvements, such as kitchen upgrades. Continued...

"We didn't want this community to become a place where speculators would come in and buy up all the property, then sell for huge profits. We wanted to make sure that the residents who grew up here could afford to buy here," Barros said.

He said the trust, which also built and maintains playgrounds and a community center, is probably the only of its kind in Greater Boston. The neighborhood now has more than 250 occupied single-family residences, and the number is expected to double soon.

Barros said the land trust is currently seeking private funds to enable it to buy foreclosed homes in the area. He said that as more homes get boarded up, it presents a problem to his organization's mission to revitalize the community.

"It seems like every day there is another house that gets foreclosed, and it's just getting closer and closer," he said. "When that happens, it brings down the whole area so. Obviously, we want to do something about it."

In Massachusetts, mortgage companies foreclosed on 7,563 homes last year, almost nine times the number in 2005, when the housing boom peaked, and almost three times the number in 2006.

Last year's figure represents the most foreclosures in a year since the early 1990s, the last period in which there was a prolonged decline in home prices, according to the Warren Group, a publisher of real estate data and news. And housing specialists are predicting that 2008 will be even worse, as housing prices are expected to fall as a result of mortgage companies selling foreclosed homes at discounted rates.

Those forces will probably have little effect on the community land trust, other than possibly allowing it to expand through the acquisition of foreclosed properties.

Barros said there have been a handful of situations in which homeowners have been threatened with foreclosure, but the land trust has stepped in and provided financial help through its homeownership assistance funds. In one case, the trust bought a house from a woman who was having difficulty making mortgage payments. She eventually chose to move in to a family-owned apartment in another part of the city.

Kevin Cuff, the executive director of the Massachusetts Mortgage Bankers Association, said it would be wrong to compare the neighborhood's success to what is going on in other parts of the city and across the country. "There are great benefits in the low- to moderate-income world for home ownership," he said, "and this is a product that is unique."■

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