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Renewing A Neighborhood

Chelsea Nonprofit Brings New Strategy To Neighborhood Revitalization

By Ian B. Murphy

Banker & Tradesman Staff Writer

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Chelsea Neighborhood Developers (CND) has blazed a trail for nonprofit development corporations trying to combat the foreclosure crisis, pulling together support from municipal government, state housing agencies, and big national banks to efficiently buy REO property and stabilize one of their city's neighborhoods.

The Shurtleff/Bellingham neighborhood, where CND had been involved since 1987, became a case study on the effects of the vicious foreclosure cycle.

Carefully rehabbed and redeveloped buildings in CND's newly created "Box District" now sat next to crumbling triple-deckers abandoned to the banks.

So CND turned its focus, resources and energy to acquiring homes and rebuilding the Shurtleff/Bellingham neighborhood.

"If it's going to be impactful, it's got to be in a way that's strategic," said Ann Houston, executive director of CND. "We're actually building a whole new neighborhood here."

Chelsea's Game Plan

In 2007, CND started monitoring which properties were distressed, which properties started the foreclosure process but pulled out, and which properties were reclaimed by the bank.

CND began acquiring properties in the second half of 2008 with a line of credit from the Neighborhood Housing Services of America – Community Development Financial Institution (NHSA-CDFI), and a few other sources of local funding.

"Some of it is geographic location, some of it is property type ... we want to acquire properties that are along main corridors and nodes; that's how people form their opinions of the neighborhood," Houston said of the buying process.

Given the well-documented effect foreclosures have on neighboring properties and their values, CND added another criterion to its property search.

"We target properties that are close to our own properties in the neighborhood to protect our own investments," Houston said.

City Hall Cooperation

More To The Story

To see a photo gallery of the Chelsea neighborhood where CND is doing its work, please [click here](#).

All photos by B&T Staff Writer Ian B. Murphy.

B&T Staff Photo Ian B. Murphy



A former REO property undergoing renovations in Chelsea's Shurtleff/Bellingham neighborhood.

Because of their successes and long-standing relationship with the city, CND operates with the full cooperation and blessing of Chelsea's City Hall – the building, after all, sits one block from the Shurtleff/Bellingham neighborhood.

Jay Ash, Chelsea's city manager, said he and his staff have monthly meetings with Houston and CND to talk about current operations and future goals.

"They're kind of like an adjunct development staff for us," Ash said. "Having the support of City Hall means that they don't have to spend a lot of time fighting over plans and disagreeing over vision."

Aaron Gornstein, the executive director of CHAPA, said CND is creating a framework for other nonprofits to follow.

"It's very important for nonprofits to prioritize which properties to go after," Gornstein said. "They've taken a very comprehensive approach, and they've done a lot of research and legwork to determine what's the best way to purchase foreclosed properties."

CND'S REO PROPERTY PURCHASES				
ADDRESS	TYPE	DATE	PRICE	SELLER
31 Suffolk St.	2-Fam	12/29/2008	\$91,000	Wells Fargo Bank
102 Grove St.	3-Fam	10/24/2008	\$250,000	Saxon Mortgage Svcs Inc
98 Marlborough St.	3-Fam	4/28/2009	\$182,000	Countrywide GP LLC
40 Cottage St.	1-Fam	9/22/2008	\$157,500	FNMA
150 Marlborough St.	2-Fam	12/5/2008	\$170,000	Deutsche Bank Natl T Co

Source: The Warren Group

First In Line

CND worked directly with financial institutions, convincing them to get a first shot at REO property in Chelsea by showing the banks how its targeted efforts are going to stabilize the Shurtleff/Bellingham neighborhood. Houston said Bank of America and Citibank have been particularly responsive to negotiations.

In March, CHAPA, Rep. Barney Frank, and Gov. Deval Patrick announced a statewide REO property database, as well as a partnership with the National Community Stabilization Trust, to give nonprofits like CND the first look at foreclosed homes in their neighborhoods. Coupled with opportunities to use Neighborhood Stabilization Program (NSP) funds, the program has given community developers a way to buy property before it's available to private buyers and investors.

But that statewide program, called a "foreclosure clearinghouse," didn't exist when CND started to acquire properties – and it's still not yet fully up to speed.

William Fenton, senior vice president of community development for Bank of America, works out of Boston and sold several properties in Shurtleff/Bellingham to CND. Fenton hopes Bank of America's relationship with CND, which he called "an extremely capable community nonprofit developer," will be common once CHAPA's statewide clearinghouse is running smoothly.

"When [Houston] calls, we try to be as responsive as possible," Fenton said. "And if the properties she had identified happened to fall within the relative value where we thought it should be, [then] we came to an agreement."

Even with CND's relationships with banks and state housing agencies, Houston said the organization still has to compete with investors for properties. Houston's primary concern is that the homes be rehabbed and restored – essentially made fit for habitation – instead of just covered with a coat of paint and put back on the market. "The world seems to be shifting right now," she said. "But pre-foreclosure is really a street fight. We're out there scrapping."