

## Market crisis is opportunity to boost affordable housing

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Like many people her age, 31-year-old Marissa Chouinard saw her dreams of owning a home in Falmouth eclipsed by the skyrocketing home prices of the past decade. She's a single mother raising an 8-year-old son, a health care worker and a full-time student. She will graduate in May with a teaching degree.

"I don't see how they expect anyone on a teacher's salary can stay here," Chouinard said. Still, she never considered moving off-Cape, where wages are better and homes cheaper.

"I have strong roots here. I've been coaching here for a few years and I'm involved in the youth group at my church. I'm a Falmouth Clipper and I don't want to leave."

She won't have to. Chouinard is about to close on a home in Falmouth whose price dropped by \$110,000 in a year because it was held in foreclosure by a Delaware bank. At \$173,000, what was once out of reach is suddenly hers.

"I did feel it was now or never," she said.

As housing prices continue to drop, foreclosures mount, and interest rates remain low, affordable housing advocates and potential homeowners are positioning themselves to take advantage of what could be an all-too-brief window of opportunity.

"The door is opening for some people, whereas the door was closed two years ago," said Housing Assistance Corporation vice president Nancy Davison.

In 1984, the Barnstable County average sales price was \$79,099. By 2004, it was \$457,200. But over the past year, that trend has swung the other way.

Barnstable County's median sales price dropped by 5.5 percent in 2007, compared with 2006, according to the county registry of deeds. The average home in Barnstable County sold for \$329,000 in December 2007, down 6 percent from \$350,000 in 2006.

But the real change was in the number of homes whose sale prices are close to \$200,000, the magic number at which home ownership becomes feasible for many Cape working families with wages closer to the county median household income of around \$70,000.

### Middle class no more?

The market is also being watched by towns that want buy homes then subsidize their re-sale in the \$150,000 to \$160,000 range, which qualifies as affordable housing.

In January 2005, the National Association of Realtors reported just one home being offered in Barnstable County at between \$160,000 and \$179,999. In January 2008, 782 homes were on the

market between \$160,000 and \$300,000.

"I have been tracking that in the newspaper and I've seen prices coming down," said Michael Guzowski, a 54-year-old mechanical engineer who moved to the Cape in 1998 and lives with his girlfriend.

Like Chouinard, Guzowski recently completed a first-time home-buyers course that will allow him to access down-payment and mortgage assistance programs to get him into a home at around \$250,000.

"I knew that housing was cyclical and eventually it would come back down to a more affordable price," he said.

Still, some wonder whether, after years of waiting out the market, many prospective buyers, especially young families, may have already fled the Cape.

"Two years ago, we didn't have a house under \$300,000 in Harwich. We now have 60 or 70," said Thomas Peterson, owner of Peterson Realty in West Harwich.

That has not translated into sales and Peterson, who also serves as treasurer for the Harwich Ecumenical Council for the Homeless. He wonders whether middle-class residents who might have bought affordable homes have left the area.

"People are not knocking the doors down to buy these houses. I guess that's because they're not there to knock," he said.

Davison has a different theory. Home prices are still too high for many of the Cape's wage earners, she said.

Even though the income required to buy the median priced home on Cape Cod dropped by \$10,000 between 2005 to 2007, that still left a shortfall of nearly \$30,000 in annual income to qualify for a \$329,000 median priced home.

"You have to give yourself a reality check. On a \$300,000 home, a family would have to earn nearly \$100,000," Davison said.

And, in the wake of the ongoing housing and lending crisis, banks are far more cautious about who they give money to, she said.

## **"I've made this my home"**

There are enough buyers out there that HAC's first-time home-buyer workshops are full for the first time in years.

"I have a waiting list continually now. I get calls every day," said Chris Perry of the Lower Cape Cod Community Development Corporation, which runs the only other federally certified first-time home-buyer program on the Cape.

Davison believes that those with incomes too high to qualify for the assistance provided by affordable housing programs, but with incomes too low to afford most market-priced homes, will be the biggest

beneficiaries of the current housing crisis.

Davison is talking about people like Carol Bosch, who has lived on the Cape for nearly 23 years. Bosch did not buy a house before prices started to soar 10 years ago, then got priced out of the market.

"I think about leaving all the time, but I can't imagine it," she said. "I've made this my home and ... when I come back over the Sagamore (Bridge) I hang my head outside the window and say I'm home."

Bosch rents in East Orleans and wants to buy in Orleans or Eastham. She thinks she'll qualify for a mortgage in the \$250,000 range, but that won't touch anything available in either of those towns. With home prices falling, she took the Lower Cape CDC home-buyer's course.

"I hope (prices) continue to drop. ... I've been waiting so long, I don't just want to settle for something," she said.

But affordable housing advocates think the window may be all too brief.

Cape Cod Commission Affordable Housing specialist Paul Ruchinskas believes the Cape might have a year, possibly two before housing prices start climbing again. Those trying to develop more affordable housing are also trying to make the most of the buyer's market.

## Turning to trusts

The Yarmouth Affordable Housing Trust was formed a year ago to take advantage of these market opportunities. Housing trusts get money from fines, fees or state Community Preservation Act money.

A town-appointed committee decides how the money will be used and selectmen authorize expenditures.

Housing trusts can get approval at any weekly selectmen's meeting, giving them greater speed to take advantage of the housing market than other affordable housing ventures, which have to wait for annual town meetings for approval.

Buy-downs are the new frontier for housing trusts.

"I think a lot of us in the housing game are looking at that," said Bob Murray, director of the Falmouth Housing Authority.

To meet federal income guidelines on affordable housing, the maximum sale prices on homes need to fall between \$160,000 and \$170,000.

Murray posited that if a trust could purchase a home at \$250,000, put \$15,000 in repairs and upgrades, then subsidize the purchase with \$100,000 of its own money, it could sell the home at \$165,000.

"Nine hundred dollars a month in principal and interest. A lot of families on-Cape could afford that," Murray said.

In Yarmouth, selectmen and the Community Preservation Act committee have both signed off on putting \$500,000 in CPA start up money for the trust to begin purchasing homes, although it still

needs town meeting approval this spring.

With \$1.26 million in Harwich's affordable housing trust fund, housing committee chairman Gerard Loftus is also looking at buying up existing homes.

Like Marissa Chouinard, affordable housing advocates may soon be looking in another direction: foreclosures. For the past decade, HAC saw three or four people a year for help avoiding foreclosures, usually due to illness or loss of a job.

Starting eight months ago, they started getting calls for help at the rate of 60 a month. With more than 400 homes already in foreclosure in Barnstable County, Davison believes that towns should be ready to deal with banks and other entities, including the federal government, looking to unburden themselves of housing stock.

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## **Houses for sale in Barnstable County**

In January 2005, there was just one home in Barnstable County being offered between \$160,000 and \$179,999, and 80 homes on the market between \$180,000 and \$300,000.

In January 2008, there were 26 homes between \$160,000 and \$199,999, and 301 on the market between \$180,000 and \$249,000. An additional 455 homes fell between \$250,000 and \$300,000.

Source: National Association of Realtors and Cape and Islands Association of Realtors.