

# Fighting foreclosures

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According to the Providence Plan, Olneyville has the highest rate of foreclosures in Providence. Three houses are boarded up along Julian Street.

The Providence Journal / John Freidah

PROVIDENCE — In the Olneyville neighborhood, houses with Nativity scenes on their front lawns compete for attention with boarded tenements and littered yards.

Someone standing on the corner of Kossuth and Putnam streets would probably conclude that the forces of blight are winning. Three of the houses on the block are in foreclosure and boarded, and a fourth has tenants but no electricity, heat or running water.

In this section of the city, one in five houses has been advertised for foreclosure auction — the highest rate of any neighborhood, according to The Providence Plan, a nonprofit group.

It is neighborhoods such as Olneyville that will benefit from the \$19.6 million in federal funds allocated for 11 Rhode Island communities that have been hardest hit by foreclosures, state officials said at a news conference held by Governor Carcieri yesterday.

The money will be used to buy, repair and, in some cases, demolish foreclosed properties to stabilize neighborhoods and create more affordable housing. It will also fund down payments for first-time homebuyers.

Foreclosures have a “cascading effect” on communities that drives down home values, said Sen. Jack Reed, a senior member of the Senate Banking Committee that helped craft the legislation that allocated money for the grants. “This is a strong step to try to help neighborhoods, and ensure [foreclosures] will not contribute to blight.”

But even state officials who praised the program said the \$19.6 million is nowhere near what is needed given the magnitude of the problem.

“It’s not enough,” Richard Godfrey, executive director of Rhode Island Housing, told reporters after the news conference. “I would have liked to see a \$60-million program.”

Rhode Island’s foreclosure rate is the 11th-highest in the nation, according to RealtyTrac, a research firm. Yet, the state received the minimum federal grant provided to low-foreclosure states such as Wyoming.

“We thought that because our foreclosure rate was way up there ... Rhode Island would get a much larger pot of money,” Noreen Shawcross, chief of the state Office of Housing and Community Development, said in an interview. “It was very disappointing and not at all what we were led to believe.”

The program outlined by housing officials yesterday includes \$3.3 million for the Providence Redevelopment Authority and \$16.3 million to be distributed by the state to Providence and other cities and towns. That includes:

- \$7.4 million for acquisition, rehabilitation and construction financing
- \$4.1 million that Rhode Island Housing, an independent state agency, could use to buy foreclosed houses and hold in a “land bank” until buyers are found.
- \$2.3 million for homebuyer assistance
- \$864,000 for demolition and infrastructure
- \$40,000 for homebuyer counseling
- \$1.6 million for the state to administer the program.

The City of Providence will receive about \$9.6 million, or more than half of the funds designated for Rhode Island cities and towns.

In Olneyville yesterday, just around the corner from the Putnam Street Laundromat, which advertises single loads for 75 cents, a young couple stood in the rain on their crumbling front stoop.

Calin Ulich and her fiancé moved into the first-floor apartment of a three-story tenement at 12 Kossuth St. a month ago. The house, which fell into foreclosure last year, was purchased by a limited-liability corporation, a common practice among real estate investors.

The place needed work, but the landlord promised he would fix it up before they moved in, Ulich said. And the rent sounded like a bargain at \$575 per month.

But when they arrived, she said, there was no running water. And last week, the electricity was shut off, so they have no heat or lights.

Inside the apartment yesterday, the kitchen was cold and smelly. Ulich said they've been using candles to boil water. The apartment is shared with Ulich's aunt and the aunt's three children, ages 3, 13 and 15. They share a bed to keep warm, she said.

The house was sold eight times over the last 10 years, according to the city tax assessor's online database. In 2006, it was sold for \$345,000, according to Providence Journal real-estate listings.

The house was advertised for foreclosure auction last March, and a buyer listed as Megazone Realty LLC purchased it two months ago from Freemont Investment & Loan for \$15,000, the Journal listings show.

A man who identified himself on the phone as the buyer but asked that his name not be published, said that he had the old electric meters removed last week in preparation of installing new ones.

He was unaware of the federal program to fix up foreclosed properties, but added that he wouldn't qualify for the money anyway. "I don't have good credit," he said.

Ulich, his tenant, said that the house is beyond repair.

"At this point," she said, "I think they should probably tear this house down."

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Neighborhood aid

Grant money was divided according to a community's percentage of the state's total of foreclosures.

Community	% of RI total	Grant
Providence	55	\$9,594,224
Pawtucket	14	\$2,541,516
Cranston	7	\$1,316,142
Woonsocket	6	\$1,089,221

Central Falls	5	\$907,684
Johnston	3	\$544,611
Warwick	3	\$453,842
W. Warwick	2	\$399,381
N. Prov.	2	\$363,074
E. Prov.	1	\$263,228
Cumberland	1	\$127,076
Counseling*	>	\$40,000
Admin. #	>	\$1,960,000
Total		\$17,640,000

\* Grant to NSP Homebuyer Counseling

# Grant for state and local administrative costs

Source: Neighborhood Stabilization Program