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Preserving old homes; keeping prices in check

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Highlights from the Boston Real Estate Now blog.

If you have a thing for old homes, nothing is worse than seeing some beautiful old Colonial or Victorian leveled to make way for yet another McMansion.

Enter Barbara Jones. The Needham contractor launched Little Pink Houses a couple years ago to provide an alternative to homeowners who want to sell but aren't keen to see all their memories bulldozed away to make way for some cold, grotesquely large, and soulless box.

Jones's aim is to hit the \$600,000 to \$800,000 end of the market in Needham, where listings are comparatively scarce, while saving some of the town's graceful older homes from the wrecking ball.

You won't see one of those big new homes built on a tear-down lot selling that low.

In fact, the homes that are built after tear downs are significantly more expensive than what was there before — you are looking at a million, at least.

Jones sold her first renovated home last year for just under \$700,000 on Linden Street and is now working on her second project.

Here's what Jones has to say:

My goal on my houses is to keep the original footprint but to update the entire inside to provide a "brand new" old house for the buyer. Staying within the existing footprint enables the end price to be well below the \$1million+ price tag that is becoming the norm here in Needham.

I want to preserve the older homes and keep the charming feel of

our 300-year-old town while providing homes in the price range that is becoming increasingly rare: \$600k - \$800.

As a side note, the home I live in was built in 1754. I was very involved in the 2 year restoration of the existing structure and addition. So, when all was complete, my knowledge of the process and passion for the completed end result was what sparked my efforts to preserve other properties in Needham.

The number of people who have expressed their gratitude to me around the preserving of my home has been overwhelming. I credit the woman we purchased my home from. She had multiple offers from builders who wanted to buy the 4 acres my home sits on and turn it into a development. We are thankful that she "waited" for us to come along.

House as retirement plan?

OK, it's pretty clear Real Estate Now blog commenter Isitfriday has big plans for his house.

A regular on the comment board of this blog on Boston.com/real-estate, Isitfriday is confident his house, presumably somewhere in overpriced Greater Boston, will be his meal ticket when he retires.

After 30 years of paying the bank, Isitfriday says he plans to be debt free and then cash in on the equity built up in his house. With home prices on the rise again — and Boston area prices roughly 70 percent above their 2000 levels — it can be a tempting idea to indulge.

Here's Isitfriday:

Is anyone else planning on using their house as a means to retire? I'm figuring in 30 years my mortgage will be paid off, house will be worth a lot more, and even if reverse mortgages don't exist, I'll still be able to sell for a good bit, downsize and spend all my money on healthcare!

OK, I like the idea of living mortgage free. But I am not so sure banking on a big gain in home equity — and planning to live off of it in your golden years — is the wisest thing.

Let's say your dreams of real estate wealth come true and your house soars in value over the next two or three decades.

Be careful what you wish for.

You may finally shed your mortgage payment only to find yourself with a crushing property tax burden. And while you might be eligible for some senior assistance, unlike your mortgage, you can count on having to pay property taxes as long as long as you are still breathing.

You need some other savings.

Here's some blunt but honest advice from the National Endowment for Financial Education:

- A house is not a retirement plan! It may be your biggest asset, but housing prices fluctuate. You still need other forms of savings.
- If at all possible, pay off your mortgage before you retire.
- Plan so you do not need to use home equity.

Scott Van Voorhis is a freelance writer who specializes in real estate. For the full Boston Real Estate Now blog, visit www.boston.com/realestate.