

In One Home, a Mighty City's Rise and Fall

By **MICHAEL M. PHILLIPS** | *The Wall Street Journal*
Sept. 26, 2009

DETROIT—On a grassy lot on a quiet block on a graceful boulevard stands the answer to a perplexing question: Why does the typical house in Detroit sell for \$7,100?

The brick-and-stucco home at 1626 W. Boston Blvd. has watched almost a century of Detroit's ups and downs, through industrial brilliance and racial discord, economic decline and financial collapse. Its owners have played a part in it all. There was the engineer whose innovation elevated auto makers into kings; the teacher who watched fellow whites flee to the suburbs; the black plumber who broke the color barrier; the cop driven out by crime.

The last individual owner was a subprime borrower, who lost the house when investors foreclosed.

A city that began a slow slide 60 years ago has now entered a free fall, pushed by the twin crises of housing and cars. Detroit's population peaked at 1.85 million in the 1950 census. It is now less than half that. In July, unemployment hit 28.9%, almost triple the national average.

And the median selling price for a home stood at a paltry \$7,100 as of July, according to First American CoreLogic Inc., a real-estate research firm—down from \$73,000 three years earlier. A typical house in Cleveland sells for \$65,000. One in St. Louis goes for \$120,000.

But, battered and forlorn today, both Detroit and 1626 W. Boston Blvd. were solid and optimistic 90 years ago.

Truman Newberry: Laying a Foundation

Early in the 20th century, Detroit was the place to make money, and to Truman H. Newberry, the ground beneath the city's Boston-Edison neighborhood was the way to make it.

Mr. Newberry, the son of a congressman, was a founding investor in Packard Motor Car Co., a maker of luxury autos. A portly man with a pince-nez and bushy moustache, he also dabbled in politics: In the 1918 race for the U.S. Senate, he defeated Henry Ford, the founder of Ford Motor Co.

A campaign-spending scandal quickly brought Mr. Newberry's political career to a halt. But Detroit was growing rapidly—leaping from the country's 13th most populous city to its fourth in the first two decades of the 1900s—and Mr. Newberry and his brother owned land in an up-and-coming area called Boston-Edison.

They subdivided it into roomy parcels to accommodate Detroit's newly prosperous.

Clarence Avery: Industrial Innovator

In 1917, the Newberry brothers sold a lot on West Boston Boulevard to Clarence and Lura Avery. The covenants required the Averys to spend at least \$5,000 on construction of the new house, which had to sit 50 feet from the front lot line and be built of brick, stone or stucco.

Mr. Avery, born in 1882, taught shop to Henry Ford's son, Edsel. "You have an engineering mind," Edsel told Mr. Avery, according to the latter's grandson, Avery Greene.

Soon, through his friendship with Edsel, Mr. Avery landed a job at Ford. He started on a three-month internship at 25 cents an hour. At the time, Mr. Ford was pushing his men to speed production of the Model Ts, each of which then took 12½ man-hours to

build. Today, historians credit Mr. Avery, more than anyone else, for turning Mr. Ford's wishes into a breakthrough that would change the nature of American industry: the moving assembly line.

Mr. Avery wandered Ford's Highland Park plant, stop-watch in hand, learning how the cars were built. He studied meat-packing plants, where hog carcasses were disassembled on a conveyor. His team tested its theories by dragging a car chassis across the factory floor.

The moving assembly line—on which workers repeated specific tasks as the vehicles passed by—cut assembly time for a Model T by almost 80%, to 2.7 man-hours.

As Ford and Detroit prospered, so did the Averys. Their move from a small house near the Ford plant to their freshly constructed home on West Boston Boulevard was a steep climb up the social ladder. Henry Ford's own starter mansion stood close by.

The Avery home had four bedrooms and a third-floor suite for the German maid. There was a butler's pantry off of the kitchen and a fireplace in the living room. Mrs. Avery set trellises against the front of the house and hung frilled curtains in the upstairs windows. Shortly after moving in, she gave birth to Anabel in a bedroom facing the street.

"I loved that house," says Anabel Avery Baxley, now 91 and living in Alabama. "I don't think I ever felt quite the same about a house as I did about that house."

Autos made a number of Detroiters very rich and they yearned for more exclusive housing. The Averys, too, built a grander home on a wooded lot in ritzy Palmer Woods.

John Crawford: Pushed Out

In 1924, they rented out, and later sold, 1626 W. Boston Blvd. to Edsel Ford's personal assistant, John

Crawford, and his first wife, Mary.

Edsel headed a design team trying to add style to Ford functionality. As part of that, “I had to figure out how or if the car could be built,” Mr. Crawford was quoted as saying in a 1974 Special-Interest Auto magazine article. “Could we form a sheet of steel to the desired shape? Was the chrome trim practical?”

Ford was a Machiavellian workplace, where members of one faction drilled peepholes to spy on their bureaucratic opponents, according to a book about the era by Thomas E. Bonsall. In this environment, Mr. Crawford—who retained the heavy brogue of his native Scotland—also served as Edsel’s protector, according to the reminiscences of Bob Gregorie, a Ford designer at the time.

In the early 1940s as Edsel Ford was dying of cancer, his enemies ousted Mr. Crawford. Mr. Crawford moved to Massachusetts and put 1626 W. Boston Blvd. on the market.

By then, the street had slipped a notch in desirability. Detroit’s well-to-do moved to more grandiose housing in Grosse Pointe and other suburbs, their commutes made possible by the very automobiles that had made them rich.

Marie Ryan: From White to Black

That allowed people of more modest means, such as Marie E. Ryan, a single schoolteacher, to aspire to West Boston Boulevard. She was born in 1894 in Ypsilanti, Mich., a town of 7,000, where in 1900 the average farmer owned 48 sheep and 108 acres.

Ms. Ryan’s father was a conductor on the Michigan Central Railroad, her mother an immigrant from France. Graduating high school in 1911, she was named “school prophetess”—a position she fulfilled by writing a whimsical essay predicting her classmates’ futures. One boy would build a “wireless telegraph

station” on the North Pole, she said; another would woo his love from a “flying machine.” The Rust sisters would end up lion tamers.

Miss Ryan herself went on to attend Michigan State Normal College, then spent 35 years teaching music in the Detroit public schools. She was 48 when she bought 1626 W. Boston Blvd. in 1942, taking out a \$5,000, 20-year mortgage at a fixed 4.5% interest rate. Her monthly principal-and-interest payments came to \$31.65.

When she moved in, the neighborhood was still fashionable for whites. That changed during the 23 years she owned the house.

In 1910, blacks accounted for just 1.2% of the total population of 465,766. By 1960, the percentage had grown to 29% of 1.7 million.

Competition for jobs and homes became acute. The tensions accelerated the use of real-estate covenants to prevent blacks, Jews and other minorities from moving in. Between 1940 and 1947, every new Detroit subdivision barred black residents, says Thomas Sugrue, a University of Pennsylvania historian.

Some deeds in the Boston-Edison neighborhood had such restrictions, but not 1626 W. Boston. Early in the century, few owners in white neighborhoods would have sold to a black family in any case.

By the 1950s, however, the white exodus to the suburbs was in full swing, and the neighborhood became a prestigious address for black doctors and lawyers seeking the large houses, leafy streets and social status.

In 1965, Miss Ryan, 71 and still single, sold 1626 W. Boston Blvd. to its first black owners, Herman and Ida Adams.

Adams Family: Blue-Collar Elite

For Mr. and Mrs. Adams, buying the house was a social high-jump. Mr. Adams had moved north from Georgia just before World War II. He joined the Army as a cook, but ended up fighting at the Battle of the Bulge in 1944 and earning a Bronze Star, according to his son, Bob Adams. After the war, Mr. Adams landed a job stamping out engine parts for Chrysler.

On the side, Mr. Adams and his two brothers-in-law ran a plumbing business. One was American Indian and light-skinned enough to pass for European white. So he wore a suit and pretended to be the boss to win white customers, while the darker men, posing as his employees, did the plumbing.

“They couldn’t believe that people went for it, but they did,” recalls Bob Adams.

Mrs. Adams was a prize-winning typist and graduate of all-black Lewis Business College. She owned beauty shops and worked as a state unemployment-claims examiner.

The family had been living in a Polish, working-class neighborhood. Bob Adams recalls his mother getting a phone call in the 1950s from a real-estate agent who, apparently thinking the Adamses were white, urged them to sell by warning that blacks were moving into the neighborhood. “They’re coming,” the agent told Mrs. Adams, according to Bob Adams.

The old neighborhood did shift from Polish to black. But, in any case, Mrs. Adams wanted to move up to Boston-Edison.

“My mother wanted to move over there because she desired to have a bigger house—plain and simple,” says the couple’s daughter, Veronica Adams, now 49. Mr. and Mrs. Adams borrowed \$14,500 to pay for the home on West Boston.

Veronica loved peering out of her second-floor bedroom window at the leaves of the American elm in

the front yard. When Dutch elm disease swept down Boston Boulevard, the city nailed a notice to the tree, marking it for removal. Veronica used her father's claw hammer to pull the sign down—several times.

“They can take any other tree in the neighborhood, but they're not taking my tree,” she recalls thinking. Eventually, the city did cut down the tree.

Ava Tinsley, a black neighbor, played jacks on the Adams' front porch as a girl. She remembers scraping her hand when the jacks snagged the rough edges of the red-brown tiles.

Veronica and Bob recall the black doctors on the block, including one who owned a motor home, a stretch limo, a Corvette and two Lincolns. Veronica recalls complaints about how the doctors' families snubbed the auto workers' families.

Mrs. Adams died of lung cancer in 1966, leaving Mr. Adams to raise the children alone just as manufacturing in Detroit began its long slide. City factories shed about 130,000 jobs between the mid-1950s and the late 1960s, according to Prof. Sugrue.

The economic unease contributed to a volatile atmosphere in 1967. On a hot night in July, police raided a “blind pig,” an unlicensed saloon in a black neighborhood, and arrested 85 people. The incident escalated into five days of rioting that left 43 dead.

Across from the Adams house, young Michelle May, an African-American, peeked through closed curtains at the looters running in the street. “If there were any more white or Jewish people, they got out of here after that,” says Ms. May, 46, who still lives there.

For Mr. Adams, the riots presented a chance to leap the color barrier at the auto plant where he worked. During the violence, white workers stayed away from the factory. When a couple of sinks broke, there was no union pipe-fitter to do the repairs.

“If you give me the wrenches, I’ll fix it,” Herman Adams told the plant superintendent, according to Bob Adams.

Later, the boss made sure Mr. Adams made it onto the union apprenticeship program—a career path largely closed to blacks at the time. In 1979, Mr. Adams retired from Chrysler a master pipe-fitter, one of the blue-collar aristocracy.

But Detroit and the auto industry were declining in tandem. In 1980, Chrysler skated past bankruptcy only through the intercession of the Carter administration. Struggling to adjust to consumers’ desire for reliable, fuel-efficient cars, car makers shuttered Detroit factories.

After her father died in 1989, Veronica Adams, then a security officer with the city water department, lived in the house. She tired of poor services, high taxes and rising crime. The family fell behind on property taxes, both Adams children say.

In 1999, an appraiser valued the home at \$104,000 and said it needed \$12,000 in repairs to patch the plaster and fix plumbing in three of the four bathrooms.

David Andrews: ‘Such a Steal’

The idea of being urban pioneers appealed to David Andrews, a young, black Detroit police officer, and his wife, Ruth. Scouting Boston-Edison for a house in 1999, they spotted Veronica Adams pounding a for-sale sign into the yard at 1626 W. Boston.

They closed the deal for \$79,900. “It was in some disrepair,” Mr. Andrews recalls. “But we thought, given the values in the neighborhood, it was such a steal.”

The Andrews turned a blind eye to the vacant house across the street. They borrowed tens of

thousands of dollars for improvements and to buy a car. They refinished the oak floors. They replaced the furnace and pipes.

Mr. Andrews, now 42, used the third-floor maid's quarters as his hideaway. Soon after they moved in, Ms. Andrews, now 40, became pregnant with their first child.

Starting in the 1990s, American car companies enjoyed a brief interlude of optimism brought on by low gasoline prices and a boom in sports-utility vehicles. Detroit, like the nation as a whole, got caught up in the housing bubble.

The Andrews watched happily as their own house's value rose. But crime drained their enthusiasm. Three times, thieves broke into their cars. "When they come into my house, I'm out of here," Mr. Andrews told a neighbor at the time, they both recall.

Not long afterwards, Mr. Andrews found his house pillaged. The antique chairs were gone. A trail of his CDs crossed the front lawn. The couple found a house they wanted on a golf course. But it took them a year to sell 1626 W. Boston Blvd.

Kimberly Carpenter: Big, Risky Debt Pile

In 2005, they found a buyer, Kimberly Carpenter, willing to pay their \$189,000 asking price. They were too relieved to question why Ms. Carpenter's closing documents recorded the sales price as \$250,000.

"We were just praying and praying we could sell it so we could move to the golf course," says Ms. Andrews.

County records show Ms. Carpenter took out simultaneous loans of \$200,000 and \$50,000 from First NLC Financial Services, a unit of Friedman, Billings, Ramsey Group, an Arlington, Va., investment bank. First NLC specialized in subprime mortgages—loans for borrowers with damaged credit.

At the time, Detroit was swept up in the subprime-lending frenzy that hit much of the country and eventually sparked the financial crisis and deep recession. Lenders became quick to loan to high-risk borrowers.

Ms. Carpenter, 37, says she was buying the house on behalf of her father, Lewis Maxwell, whose own credit record was too blemished. “My father handled all of that,” she says of the financial details. Her father, who worked on the Chrysler assembly line, died of cancer in 2007.

David and Ruth Andrews say Ms. Carpenter paid them \$189,000. They say they don’t know what happened to the other \$61,000 entered into sales records.

“I have no idea about any of that,” says Ms. Carpenter. “It’s over. It’s out of my head.”

Neighbors say nobody maintained or lived in 1626 W. Boston Blvd. A lawyer for the neighborhood association wrote a letter to Ms. Carpenter urging her to clean the property.

“Houses that are vacant and/or in obvious disrepair invite vandalism, theft and stripping, which not only destroys your property value, but impacts adversely on the neighborhood as a whole,” the letter stated.

American Residential Equities: Foreclosed

Ms. Carpenter quickly fell behind on her payments. In August, 2006, First NLC Financial bundled Ms. Carpenter’s first loan with a pool of other troubled mortgages and sold them to American Residential Equities, or ARE, a Miami company that specialized in buying bad loans.

First NLC Financial went into liquidation last January, dragged down by mortgage losses. Its parent company, FBR Group, became Arlington Asset

Investment Corp. A spokesman for Arlington said the company can't locate the original files on the Carpenter loans or comment on the lending decision.

By November 2006, ARE's collection agents were after Ms. Carpenter for \$218,348.53 on the \$200,000 mortgage, according to county documents.

A few months later, ARE foreclosed, and in February 2007 a deputy sheriff auctioned the property at city hall. No outside bidder was willing to pay the \$170,000 minimum.

In early 2008, Ms. Carpenter filed for bankruptcy protection, according to court records. ARE, meanwhile, sold the house to Petra Finance LLC, a private, Miami-based investment firm. In May 2008, Petra Finance put the house on the market for \$75,000. Unable to find a buyer for almost a year, the company ratcheted down the asking price to \$14,500.

Lisa Johanon: A New Beginning

This past April, the Central Detroit Christian Community Development Corp., a nonprofit, bought Clarence Avery's house for \$10,000.

One day this summer, Lisa Johanon, the group's executive director, undid the padlock on John Crawford's boarded-up front door. Sheets of peeling paint hung from Marie Ryan's kitchen ceiling. Advertising fliers littered the porch where Veronica Adams's neighbors played jacks. The glass was missing from the window on the staircase to David Andrews's third-floor sanctuary. Kimberly Carpenter's radiators had been stolen.

Usually, Ms. Johanon's charity provides subsidized housing in the poorest neighborhoods—where ice-cream cones are sold from behind bullet-proof glass—not high-end areas such as Boston-Edison. But now some 100 out of the 900-odd houses in Boston-Edison are vacant.

If you can't save 1626 W. Boston Blvd., Ms. Johanon wondered aloud, what hope is there for the rest of Detroit? Walking through, she noted the heavily stained carpet and the rickety back steps, but also the rich woodwork and the clawfoot tub.

She hopes her group can revive the house and find a new family willing to bet on Detroit. "A minimal spec, I'd say, would be \$30,000 to \$35,000, and it would be in pretty good shape," she said.

—Louise Radnofsky contributed to this article.