

Novogradac Journal of Tax Credits

News, Analysis and Commentary On Affordable Housing, Community Development and Renewable Energy Tax Credits

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Massachusetts Property Has New Design, New Name, Same Mission

By Jennifer Hill, Staff Writer, Novogradac & Company LLP

Forty years ago, a social action group in New Bedford, Mass. purchased an 11-acre land parcel to build housing for low-income families and those who had been displaced by the city's urban renewal experiment. In keeping with the 1960s spirit of standing up to "The Establishment," the organizers named their 200-unit community United Front Homes and formed a not-for-profit called United Front Development Corporation (UFDC). Eventually, funds to maintain United Front Homes dried up and the community fell into decline. Then in early 2010, UFDC and developer partner Preservation of Affordable Housing (POAH) used federal and state low-income housing tax credit (LIHTC) equity to begin construction on a \$42 million rehabilitation project, which is on track for completion a full year ahead of schedule. When the renovations are completed next month, United Front Homes will have a new name, Temple Landing, to reflect its dramatic physical transformation and pay homage to a local historic figure.

The Writing on the Wall

Before POAH acquired United Front Homes in 2008, the years had taken their toll on the community that UFDC's previous operations partners had been either unable or unwilling to maintain. The aging U.S. Department of Housing and Urban Development (HUD) Section 236 property was 30 percent vacant and struggling with insufficient operating subsidy, massive debt and staggering utility costs. In addition to distressed physical and financial conditions, the community was isolated on a single, extensive urban block and the name United Front had become synonymous with criminal activity. "The site was hard to patrol because it didn't have any streets running through it," said Rodger

Brown, POAH senior developer. "It had become a haven for criminals from surrounding neighborhoods."

United Front Homes' physical condition had declined so dramatically that members of UFDC began to suspect their management partner of planning to demolish the 20 apartment buildings and construct condominiums in their place. "People here couldn't afford condos," said UFDC president Marlene Tavares. "We saw the handwriting on the wall and looked for a new partnership."



Photo: Courtesy of Preservation of Affordable Housing
POAH used federal and state LIHTCs to rehabilitate and preserve United Front Homes, now called Temple Landing, in New Bedford, Mass.

Ahead of Schedule

POAH teamed up with UFDC to recapitalize and redevelop United Front Homes. In February 2010, POAH embarked on one of the most ambitious projects the preservation-focused

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developer has ever undertaken—to convert the superblock into several smaller blocks and carve 173 units out of the original 200. Rehabilitation work included the demolition or reconfiguration of 62 units to decrease density and add open space. Then the developer constructed six new buildings on the site, in addition to replacing roofs, windows, kitchens and baths, and insulation in the existing structures.

Fully aware of the project's considerable scope, the developer set an estimated completion date of 2012. But due to what Brown describes as a "series of fortunate events," Temple Landing's 20 three-story apartment buildings, community center and daycare facility are slated to be complete almost an entire year ahead of schedule. The city of New Bedford, which was enthusiastic about the redevelopment from the start, accelerated its construction activity and finished the public infrastructure early, fulfilling POAH's obligation to the state to have the infrastructure in place before receiving a \$6.4 million state LIHTC allocation.

To cinch the deal, state tax credit investor Unum Life Insurance Company, through its representative National Funding Inc., was able to use the credits a year ahead of time. "We try to get projects that have a high community impact, and [Temple Landing] will affect multiple blocks," said Richard Brinker, president of National Funding. Other financing sources include 9 percent federal LIHTC equity from JP Morgan Chase; loans from MassHousing, Massachusetts Housing Investment Corporation, the Massachusetts Department of Housing and Community Development and the city of New Bedford; and American Recovery and Reinvestment Act Section 1602 LIHTC exchange funds.

Changes of Heart

During the rehabilitation, scheduled for completion in August, 105 of the community's original 140 households have been moving back in as each apartment building is finished, and the partners are in the process of selecting new residents. Units are available to households that earn between 40 and 60 percent of the area median income, and tenants who were receiving rent subsidies under Section 236 are now getting enhanced vouchers.

But the partners knew that the community's turnaround wouldn't be complete without a new name to send a renewed message. "[United Front Homes] had a meaning in the 1960s that served them well as a unifying tool during those times, but we're in a different time and we need a different message right now," Brown said. The partners did not have to look far for inspiration. In front of the New Bedford Public Library stands a statue of Lewis Temple, an ex-slave and black inventor whose harpoon design revolutionized whaling and became the industry standard. "We wanted to honor someone of color and their contributions to history and the local economy. It sends the message that we can continue to

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contribute in meaningful ways," Brown said.

Despite the recent changes, the community's mission of housing families that otherwise might not be able to afford to live in New Bedford hasn't faded in 40 years. "We wanted to bring people back that were relocated because of urban renewal and give people good homes," said Tavares, who believes that UFDC is the first and oldest minority not-for-profit organization of its kind. "And that's what we're still doing." ♦

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