



## News from POAH

Preservation of Affordable Housing

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*National housing non profit closes on \$40 million recapitalization financing deal with stimulus dollars and backers JP Morgan (Chicago), Unum Life Insurance, MHIC others*

### **“Urban renewal” housing project built in 70s gets face lift**

Boston - Preservation of Affordable Housing (POAH) announced it has closed on the financing for the redevelopment of United Front Homes, a distressed 200-unit family affordable housing development in downtown New Bedford, MA.

United Front Homes consists of 20 three-story apartment buildings, a community center and a daycare facility on an 11-acre parcel bordered by Kempton Street, Chancery Street, Court Street, and the city-owned Magnet Park. The property was originally developed as an “urban renewal” project in the 1970s but has struggled over the years due to an inadequate capital structure and flaws in the project’s initial design.

POAH acquired the property in December, 2008, and partnered with United Front Development Corporation (UFDC) to stabilize operations and assemble the financial resources to reposition the property. Renovations have already begun on the project through which 138 units will be renovated, 62 units demolished or reconfigured and 35 new units constructed, converting the current 200 units into 173 units at the end of the revitalization.

Eleven of the 173 units will be handicapped accessible for wheelchairs and site and hearing impaired people. The renovations will also incorporate energy efficiency measures such as new siding, insulation, thermal packaging and windows.

The project will use \$10.4 million in federal stimulus aid that will create 70 new jobs over the next two years, half of which are designated for city residents. Eight of 14 positions created in the first few weeks of construction activity are filled by New Bedford residents. Infrastructure funding of \$1.7 million provided by the Commonwealth to the City of New Bedford will be used for the construction of roads, which will allow vehicle and emergency equipment to access the property and reconnect the site to the surrounding neighborhood. On Nov. 13, the New Bedford City Council approved five easements allowing for construction of the public roads to reconnect Emerson and Ash Streets from north to south and Middle and Elm Streets from east to west.

“This redevelopment reconnects United Front Homes to the surrounding neighborhood, upgrades the housing so it’s an asset for the community and allows the City to improve neighborhood safety and security by making it easier to police the area,” said New Bedford Mayor Scott W. Lang. “POAH’s work is a real boost to the neighborhood and the City.”

While state and federal funds are key to bringing the revitalization to fruition, the majority of funds come from private sources. A \$20.6 million construction loan from JP Morgan Chase Bank, as lead lender in a 50-50 collaboration with the Massachusetts Housing Investment Corporation (“MHIC”), is key to getting the construction work done.

“Chase knows that this development will provide quality affordable housing for many families and therefore is pleased to be working with the developer, POAH, and lending partner, MHIC on this important project for the city of New Bedford” said Jack Bernhard, Vice President, Chase Bank based in Chicago.

The JP Morgan Chase-MHIC loan will be paid off at the end of the construction period. The permanent financing package includes:

- JP Morgan Chase Federal Low Income Housing Tax Credit Equity investment of \$17.55 million
- The Unum Life Insurance Company of America State Low Income Housing Tax Credit Equity investment of \$6.4 million
- Massachusetts Housing Finance Agency (“MassHousing”) loans of \$4.8 million
- Massachusetts Department of Housing and Community Development (“DHCD”) Capital Improvement and Preservation Fund (“CIPF”) loan of \$1.0 million
- Massachusetts Department of Housing and Community Development (“DHCD”) loan of \$10.4 million through the Low Income Housing Tax Credit Exchange (“TCX”) program under the American Reinvestment and Recovery Act stimulus program
- City of New Bedford HOME Program loan of \$0.5 million

“United Front Homes has a special history in New Bedford. This revitalization will restore its proud image in the community and give the community new life, preserving a valuable housing resource for future generations,” said POAH President Amy Anthony. “It’s taken the dedication of so many people – from the City of New Bedford and Congressman Frank, to HUD, Mass Housing and Governor Patrick’s administration, to our private sector partners – to get us to this point and to ensure that the necessary funds were made available,” she added.

“This project represents a wonderful collaboration between the nonprofit, public and private sectors,” said Brett A. Geiger, Executive Director, JPMorgan Capital Corporation, one of the financing partners and the principal equity investor in the effort. “JP Morgan Capital Corp. is proud to be part of a community project that is creating jobs and improving the quality of life for the residents.”

“United Front Development Corporation is excited about the work that has begun - it has been a long time coming,” said Marlene Tavares, President of the UFDC Board. “We are happy to have this partnership with POAH and looking forward to a continued good working relationship for the future.”

The construction is anticipated to be fully complete in 2012, although individual buildings will be completed and occupied on a rolling basis before then.

### **Project Partners**

- City of New Bedford
- Massachusetts Department of Housing and Community Development (DHCD)
- Massachusetts Housing Finance Agency (Mass Housing)
- US Department of Housing and Urban Development (HUD)
- United Front Development Corporation (UFDC)
- JP Morgan Capital Corporation
- JP Morgan Chase Bank
- Massachusetts Housing Investment Corporation
- Unum Life Insurance Company of America