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MassHousing Provides \$41.2 Million in Financing to Make Critical Repairs and Increase Affordability at Salem Affordable Housing Community

Silver Street Development Corporation has acquired the 250-unit Pequot Highlands and increased the level of affordability for lower- and moderate-income households

BOSTON – February 1, 2017 – Residents living at the 250-unit Pequot Highlands in the Gateway City of Salem will see critical repairs made to the property and an increase in affordability for lower- and moderate-income households as a result of \$41.2 million in MassHousing financing.

[Silver Street Development Corporation](#) acquired Pequot Highlands and with its construction affiliate, Port Harbor Construction, Inc., has started approximately \$20 million in renovations to the two high- and mid-rise buildings, including approximately \$11 million to repair the brick façade that became badly deteriorated over the past several years. The new façade is expected to reduce the property’s energy costs by at least 10 percent.

The red brick, which was popular in 1971 when Pequot Highlands was built, is being replaced with modern, insulated, and energy efficient metal paneling and windows. There will also be approximately \$9 million for renovation to common areas and resident apartments within the complex.

The owner has increased the affordability at the property from 100 to 200 units until at least 2098 through the use of \$14.3 million in financing from Low-Income Housing Tax Credits allocated by the state [Department of Housing and Community Development](#) (DHCD). Of the 200 affordable units, 125 are supported by a 15-year federal Section 8 Housing Assistance Payment Contract secured by the previous owner in 2014 and administered by the Salem Housing Authority. There are 49 apartments rented at market rates and one occupied by a property manager.

“This is a terrific outcome for the residents of Pequot Highlands,” said **MassHousing Executive Director Tim Sullivan**. “This was a fairly complex transaction that was negotiated over a series of months and Silver Street was committed to making sure the important building repairs were addressed and that affordability for the residents was not only increased but preserved for the long term.”

MassHousing provided a 40-year, tax-exempt \$41.2 million construction and permanent loan with a 4.14% interest rate. The bulk of the financing for \$65 million transaction came from the MassHousing loan and tax credit allocation.

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“This marked expansion of affordability at Pequot Highlands was the direct result of the flexibility and cooperation of MassHousing, which recognized Pequot's status as a critical asset in need of large-scale rehabilitation. Being well aware of Silver Street's ability to both complete the acquisition and see through to fruition the rehabilitation process, MassHousing financed the project via Tax Exempt Bonds despite the scarcity in the state of available funds throughout 2016,” said **Silver Street Principal Chris Poulin**. “We could not have closed this complex acquisition without the deep understanding, commitment and support of MassHousing, DHCD, the Salem Housing Authority, and Boston Financial Investment Management.”

Located at 12 First St. in Salem, the high- and mid-rise buildings consist of 41 one-bedroom apartments, 150 two-bedroom apartments and 59 three-bedroom apartments. Pequot Highlands also has amenities including playgrounds, gazebos, a basketball court, a computer center, and views of both the ocean and the Boston skyline.

About Silver Street Development Corporation

Silver Street Development Corporation is an organization dedicated to the quality preservation, operation, and growth of affordable housing in the United States. Since their inception they have pioneered acquisition and development strategies, including their implementation of one of the first Section 236 decouplings and their frequent, successful employment of complex bond capitalizations, which have changed the face of subsidized and affordable housing. Through the course of their evolution from a local developer to one of the top 30 affordable housing owners in the United States, their team, comprised of industry leaders, each with more than 20 years of experience in the multi-family housing market, has developed an unmatched expertise in the industry as well as fruitful and longstanding relationships with industry leaders. With a growing portfolio of more than 10,000 units, and with offices located in Portland, Maine, Wilmington, North Carolina, and Washington, DC, Silver Street Development Corp. has never been in a better position to offer secure and beneficial affordable housing opportunities to sellers, investors, and residents alike.

About MassHousing

MassHousing (The Massachusetts Housing Finance Agency) is an independent, quasi-public agency created in 1966 and charged with providing financing for affordable housing in Massachusetts. The Agency raises capital by selling bonds and lends the proceeds to low- and moderate-income homebuyers and homeowners, and to developers who build or preserve affordable and/or mixed-income rental housing. MassHousing does not use taxpayer dollars to sustain its operations, although it administers some publicly funded programs on behalf of the Commonwealth. Since its inception, MassHousing has provided more than \$20 billion for affordable housing. For more information, visit the MassHousing website at www.masshousing.com, follow us on Twitter [@MassHousing](https://twitter.com/MassHousing), subscribe to [our blog](#), [watch us](#) on YouTube and [Like us](#) on Facebook.

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