

# The Fairweathers\*

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40R Highland Avenue  
Salem, MA 01970



On the north shore of Massachusetts, POAH renovated properties known collectively as "The Fairweathers", preserving 321 affordable homes for elderly renters with incomes below 60% of the area median.

\*The Fairweathers includes properties in four locations:

**Beverly Fairweather** at 245 Elliot Street, Beverly MA 01915;

**Danvers Fairweather** at 11 Porter Street, Danvers MA 01923;

**Peabody Fairweather** at 20 Central Street, Peabody MA 01960, and

**Salem Fairweather**, 40R Highland Avenue, Salem MA 01970.

## Project Partners

- Massachusetts Housing Investment Corporation (MHIC)
- MassHousing
- Massachusetts Department of Housing and Community Development
- U.S. Department of Housing and Urban Development (HUD)

## The Preservation Challenge

The Fairweathers were part of a 5-property, 688-unit portfolio which became an urgent preservation priority upon reaching its mortgage maturity. In the overheated real estate market of 2005-2006 there was great concern that the Fairweather properties, built with HUD funds in 1968 as affordable housing for the elderly by an affiliate of the Episcopal Church, could be converted to market rents or even condominiums. All of the buildings are well maintained and well-located; one has ocean views from its top floors.

All four of the Fairweather properties are located in solid communities on the state's north shore, and represent a significant proportion of each community's affordable housing inventory. Since all four communities report that as much as half the population of renters are experiencing a severe housing burden (paying up to 50% of their household income for rent), the loss of this asset would be profound.

## POAH's Role

In close concert with its funders, POAH developed an innovative financing plan which allowed purchase and preservation of the entire at-risk portfolio, including the four Fairweather sites. The complex package combined public and private sources, including new mortgages held by Mass Housing, equity proceeds from the syndication of low income housing tax credits, continuation of the Section 236 Interest Reduction Payments (IRP) and modest rent increases--consistent with current area fair market rents--for non-subsidized units. (Rents on about two-thirds of the Fairweathers units are subsidized through Section 8. ) The financing underwrote significant upgrades to the buildings' envelopes, new roofs and energy-efficient windows, upgrades to the heating plants with energy-saving boilers, and expanded community space including computer areas and wireless connectivity.

POAH committed to keep the Fairweathers affordable for the next 99 years to elderly renters earning 60% of area median income (AMI). Meeting this long-term ownership promise could be compromised, however, by the rapid escalation of energy costs. POAH has used the Fairweathers purchase to look at new ways of managing energy costs: in addition to replacing the windows, boilers and common area lighting, POAH has installed a test tower to measure the feasibility of wind power as a future source of the buildings' electricity.