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CAMPAIGN TO SAVE 2000 CAMBRIDGE HOMES

Campaña para Salvar 2000 Hogares

Kanpay pou Sove 2000 Kay

11 Inman St., Cambridge MA (617) 868-2900

December 10, 1996

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Dear Mayor Russell, Vice Mayor Born and Cambridge City Councilors,

Since September, each week on Tuesday night, 30-40 tenants affected by the current housing crisis and their supporters meet to make decisions regarding the Campaign to Save 2000 Homes. At our meeting Dec. 3 we authorized this letter to the Council in response to the proposal from the Community Development Department. That proposal was presented Dec. 2 to the Council Housing Committee. While the Campaign is endorsed by 16 organizations, they have not all had a chance to review these contents.

Contacts with Big Owners

In an order passed four weeks ago, the Council supported the request made by our Campaign. That request is to negotiate a deal similar to the one between Harvard and the City, which includes continuing protected status for those households who now have it, until they move or become over income. We believe this order expressed the Council's strong support (passed 9-0) that owners should balance greatly increased profits with concern for low and moderate income tenants' housing needs. In that same order, the Council requested that the Manager authorize staff to contact these large owners and make this request. The report of those contacts was due on Dec. 2.

On Dec. 2, no report was given! Although the Manager made general reference to conversations with large owners, it was vague and non-committal. We need a person-by-person report on what each large owner said. Did an individual owner agree to the Harvard framework, or did they not? Or did they offer some other proposal, such as Stulin's one year offer of a 5% increase to elderly only? This picture of what large owners are willing to do is necessary to formulating a community response and the City's response. This report needs to be submitted, in writing. It is crucial. We urge the Council to request the Manager submit the report for the Dec. 16 meeting. (Enclosed is the list we are using of larger owners, separated into those owning more than 30 units, and those owning between 20 and 30 units).

Legal Services and Public Housing organizer

In the report on what the CDD has done and what it plans to do, there was no mention of the \$50,000 the Council approved for Legal Services or the \$35,000 approved for the public housing organizer. These orders were passed 6-3 and 9-0 respectively. The Legal Services order is especially vital to stabilize the housing of protected status tenants who are in trouble. If negotiations with owners fail, good Legal Services representation can result in mutually negotiated settlements which will not displace tenants. Legal Services

representation of protected status tenants to maintain their housing is in line with the Council order supporting negotiated 5% increases for these tenants.

The Council orders specified a source of money - the Affordable Housing Trust Fund. We are sympathetic with efforts to get this money from other sources, but since that hasn't happened, this money should be taken from the Trust Fund and allocated as the Council requested right away. There is no time for delay.

\$20 Million Bond for Affordable Housing

We commend the CDD for proposing this bond issue. As you know, the Eviction Free Zone and other organizations have been recommending a dramatic increase in City spending for affordable housing for some time. We recognize that Cambridge has done more than other towns, but this crisis and the artificial inflation of what the market will bear demands a much greater commitment. This proposal for a bond issue begins to recognize these facts.

We continue to support the use of the Housing Trust Fund or a new bond issue primarily to create permanently affordable housing. One of the worst aspects of the current crisis is the constant insecurity in which people have to live. It is debilitating and frightening. Families need to know that their home is secure so they can go forth in the world and deal with other issues affecting them. People need permanently affordable housing.

Rents in formerly rent controlled buildings are not increasing rapidly now because of increases in costs or expenses. They are increasing because private investors are realizing the greatest return on investment that they can. In a hot housing market like Cambridge, that means large increases above what expenses would normally dictate. Thus, to create permanently affordable, *secure* housing, apartments for low and moderate income people must be removed from the for-profit market. They must be owned by the City, non-profits, or tenants themselves on a limited equity basis.

Given the urgency of the current housing crisis, this \$20 million bond should be issued and used as quickly as possible. Development of affordable housing is sometimes thought of as a long term process, especially when it includes working out the details of rehab with federal and state programs, etc. However, it can be a more immediate solution if the purchase of buildings is separated from the rehab.

We strongly urge that buildings be purchased now to remove them from the market and stabilize tenants' situations. The details of the rehab should wait until later. We understand that this is not the preferred method for reasons we understand, but the crisis demands action. Tenants would prioritize stabilization of their immediate situation, even realizing that rehab issues requiring increased rent revenue loom in the future. If we can stabilize buildings by removing them from the market, we can work together as a community to plan acceptable and affordable rehab.

We want to further note that the purchase cost for the City of buildings is way below the \$75,000-\$100,000 per apartment mentioned by the Manager. The current Affordable

Housing Trust Fund program offers \$25,000 to \$30,000 per unit in subsidy as part of a purchase by tenants or non-profit. This is not always enough to cover complete rehab and leave rents affordable (as discussed above), but it is certainly enough to stimulate the purchase. Thus a far greater number of units can be purchased, and fairly quickly.

Rental subsidies *linked* to moderate increases.

Even moving as quickly as possible on the purchase of buildings does not solve everyone's problem right away. Therefore, our Campaign favors a limited rent subsidy program. The CDD report was critical of rent subsidies in ways that we acknowledge. We agree it is cheaper and more secure in the long run to create permanently affordable housing than to provide rent subsidies. It is especially more *secure* given that some proponents of rent subsidies see them as either short term (as Skip Schloming proposed Dec. 2) or applying to a limited group of tenants (such as the elderly), or both.

Our proposal for rent subsidies is significantly different from that criticized by the CDD. It is different in the following ways:

- 1) It is a *limited* rent subsidy of \$50 to \$100 per household per month, which will be given to owners who agree to negotiate limited increases as Harvard did. This subsidy is an incentive or reward for doing the right thing. Since designing tax incentives for keeping rents down has been difficult, this form of rent subsidy could be seen as providing tax relief.
- 2) It comes from a *defined source*, the real estate transfer fee. Earlier CDD reports indicated the likelihood of such a fee generating \$1 to \$2 million annually. At the more conservative estimate, this amount could generate the \$50 per month for 1500 protected status households. As that number declines (as people move out or go over income), the total number of protected status tenants needing the subsidy would decrease and thus the amount available could increase or go into the Affordable Housing Trust Fund.
- 3) Since our proposed subsidy is a *flat subsidy*, it does not commit the City to pay the ever increasing market rents of private investors. It is also much easier to *administer* than the CHA Sec. 8 program.
- 4) It is *linked* to owners agreeing to *moderate increases*. Profits of investors have increased so dramatically since the end of rent control, many have expressed justifiable problems with simply funding even greater profits at taxpayer expense. Our proposal links the subsidy to negotiated, limited increases, similar to Harvard's agreement.

We believe our proposal for rent subsidy rewards those owners who are trying to do the right thing, saves the city from open-ended liability, comes from a sustainable source, and helps everyone. It should be part of a solution to the current crisis.

Condo Law

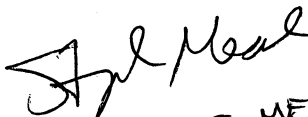
A new local condo law, listed as a CDD recommendation, could definitely help many tenants. Since it does not require state legislative approval, it is one of the most "doable" things Council can take up. Simply put, a 6-3 majority can pass a strengthened version of the state condo law. Such a law can make it clearer which tenants are covered and strengthen protections.

Already, there are many tenants in buildings which have been converted to condominiums since Jan. 1, 1995, who have not received the protections they deserved under the state law. With rent control gone, conversions of other buildings will increase. There must be attention paid to the needs of low and moderate income residents in these conversions. We have worked with Legal Services and others to draft a local order, that could give the protection that so many other cities and towns already provide.

Justice, Not Just Compassion

We ask councilors to take a stand for a proper balance between real estate profit and affordable housing need. This is not something you can do only through legislation. It is something you can do personally. We encourage you to support and attend our vigils listed below. We encourage you to attend the Concert Series for Housing Justice which will start next month. We encourage you to personally contact owners to ask that they continue protected status, or that you ask other community or religious groups in which you are involved to do the same.

We thank you for your continued interest in this vital issue. To reach the Campaign, feel free to call 868-2900.


STEVE MEACHAM

Sincerely,
Bill Cavellini
Julia Gindele
Bill Marcotte
Washington Taylor, for the Campaign

Vigils during the month of December

- 1) Fifty people, including the artist attended a vigil rededicating the Harvest Coop mural on Bishop Allen and Norfolk St. It was rededicated to the principles of diversity and protecting peoples' homes.
- 2) Vigil in Porter Sq., Saturday, Dec. 14, 2-4 pm.
- 3) Vigil in Cambridgeport, at 73-75 Magazine St., Thursday, Dec. 19, 5-6 pm

Who Supports the Campaign to Save 2000 Homes

Agassiz Tenants Assoc.
Camb. Tenant Senate
Cambridge Economic Opportunity Cmte.
Concilio Hispano
Centro Presente
Friends of Craigie Circle
Cambridge Eviction Free Zone
Haitian-American Cultural Center (HACC)

Harvard/Central Sq. Clergy Assoc.
Komite Kreyol
Margaret Fuller House
Neighbor to Neighbor
Pac-Hispano
Stu-Lin Tenants Assoc.
Ward 5 Democratic Comm.
Women's Center

Consent Communication #25

S-642

Communication was received from Campaign
to Save 2000 Cambridge Homes, transmitting
their concern of tenants affected by
expiring use.

In City Council December 16, 1996

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