

June 1, 1986

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The Cambridge City Council
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, MA 02139

Re: Rent Control - "Class D" Properties

To the Honorable; the City Council:

Past public discussion of "Class D" properties has been largely anecdotal. For this reason we have undertaken an examination of properties categorized by the Cambridge Rent Control Board (CRCB) as "Class D" for the last citywide adjustment of rents. These were properties for which, according to the Board, no reliable data about 1967 rents and expenses were available.

"Class D" Landlords

By definition "Class D" is a catch-all, containing diverse properties owned by diverse landlords. Our examination and manual count of data obtained from the Rent Control Board confirms that diversity. Exhibit 1 analyzes "Class D" by showing the number of properties and number of units for the following categories:

<u>Category</u>	<u>Definition</u>
Large Landlords:	Owners of buildings containing 10 or more units
Out-of-Town Landlords:	Non-Cambridge CRCB owner address
Landlords with multiple holdings:	Owners of at least 2 other "Class D" properties in addition to the owner's home or 10 or more "Class D" units.
Condominiums:	Units listed as condos (with unit #'s) on the CRCB listing
Owner-occupied	Same owner and property address
Exempt or potentially exempt for owner-occ.:	1, 2 or 3 unit properties with the same owner and property address
Remainder	Properties not included in any other category

The key finding from Exhibit 1 is that roughly 75% of all "Class D" properties and 73% of all "Class D" units are owned by large landlords, out-of-town landlords and landlords with multiple holdings, are exempt or potentially exempt at the present time, or are condominiums.

We have also prepared, as Exhibit 2, a listing of the 25 largest owners of "Class D" properties and units. Only "Class D" properties are included. Some of the landlords listed, like Alex Steinbergh, James Chiccarelli, or Richard Farrington, own many other rent-controlled properties in Cambridge. Others, like Harold Brown, appear to own only the "Class D" property listed. Taken together, the 25 largest landlords own 27% of all "Class D" units.

Heated or Unheated?

Of the 1,246 "Class D" properties, 890 or 71% are unheated, i.e., heat is not included in the controlled maximum rent, and 356 properties or 29% are heated.

When condominiums are considered by building, not by unit, there are 1,119 properties in "Class D". Of these, 887 or 79% are unheated and 232 or 21% are heated.

With these figures, it becomes clear that "Class D" rents understate the true housing cost paid by tenants occupying "Class D" units. Heat is always a significant expense in New England, especially during winter months. Any realistic consideration of "Class D" rents must, therefore, take into account the fact that in almost 80% of "Class D" buildings heat is an expense paid by tenants.

Registration Date

Most of "Class D" was registered between 1972 and 1978. 1973 is the medium year for registration. This means that half of "Class D" was registered after 1973.

CRCB Data Base

Our analysis of "Class D" points to further refinements and additions which should be made to the CRCB data base, in particular:

- (1) Exempt properties need to be better identified; many "Class D" properties appear to be exempt, but this fact is not recorded;
- (2) The rooming house list, containing units largely in "Class D", needs refinement and should then be identified as a significant component of the class;
- (3) All removal permits granted for "Class D" properties need to be recorded;
- (4) In some cases, reductions in the number of units at a property are not recorded; and
- (5) Rents need to be entered for a significant number of units. At present the data base contains \$0 rents to indicate the actual rent is not known or not entered. "N/A" or an equivalent code must be inserted so that \$0 rents do not falsely decrease average and median rents in "Class D".

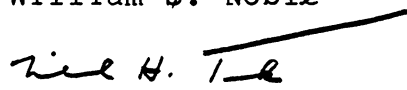
Conclusions and Recommendation

Two preliminary conclusions are in order: first, "Class D" cannot readily be characterized by any simple description and second, problems perceived and attributed to the class really pertain to some, possibly small, subcategory within the class so that no quick fix or formula applicable to the entire class is appropriate.

We are also submitting this information to the Cambridge Rent Control Board. In view of these conclusions and the attention recently focused on "Class D", we urge the City Council to allow the Board, where hearings and deliberations are underway, to sort through "Class D" and complete that process. Imposing a schedule or solutions, particularly ones that do not permit the Board to deal with the complex composition of "Class D", may prove counterproductive. At the conservative estimate of a little more than one resident per unit, over 5,000 tenants depend on "Class D" for their housing.

Respectfully submitted,


William S. Noble


Michael H. Turk

Michael H. Turk

June 1, 1986

EXHIBIT 1

Analysis of "Class D"

Landlord Category	"Class D" Props. %	"Class D" Units %
Large Landlords*	54 4%	1,098 24%
Out-of-Town Landlords + Landlords w/Mult. Holdings	594 48%	2,849 62%
Condominiums	148 12%	148 3%
Exempt/Potentially Exempt	183 15%	382 8%
Owner-Occupied	109 9%	550 12%
Remainder	212 17%	701 15%
"Class D" Totals	1,246	4,630

Note:

*This category not included in totals; numbers are included in the out-of-town and multiple holding categories.

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EXHIBIT 2

25 Largest "Class D" Landlords

Landlord	"Class D" Props.	"Class D" Units
Harvard University	22	277*
George Rothman	14**	145**
Alice Robbins	3	65
Antonio Cacciola	3	51
(Edward Cacciola	2	12)
Harold Brown	1	60
Anthony Ferraro	4	60
MIT/John Vincent	9***	57***
Rose/Murray/Eric Yogel	8	51
Joseph Ianelli	6	44
Martin Cafasso	11	42
Blanche Realty	11	30
(Paul Nugent	3	11)
Lee Street Realty	1	36
Prospect Apartments	1	32
George Demeter	2	31
David Eon, Jr.	5	29
James Kurker	2	28
Thomas Coughlin	2	24
Richard Farrington	2	23
Alex Steinbergh	4	22
Weiner Realty	3	22
Nicholas LaFauci	2	22
Richard Valente	3	19
Steve Zaglakas	5	18
Harmal Realty	2	18
James Chiccarelli	3	17
TOTALS	134	1,246

Notes:

*About 75 units at 15-19 Everett Street were converted to university "affiliated" housing prior to adoption of the Removal Ordinance.

**In January, 1986 the Rent Board granted removal permits for 17 units at 23-25-27 Trowbridge Street and 370 Harvard Street.

***Includes properties owned and managed by John Vincent and those owned by MIT and managed by John Vincent through May 31, 1986.

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Comm. from William S. Noble & Michael H. Turk,
transmitting a copy of an examination of prop-
erties categorized by the Rent Control Board
as "Class D" for the last citywide adjustment
of rents.

In City Council,

June 9, 1986

*Referred to the
Committee on Rent Control*

*copy sent to Councilor Walsh, Chairman,
Committee on Rent Control 6/13/86 wh*