



OFFICE OF THE CITY CLERK

CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

(617) 349-4260

FAX (617) 349-4307

D. MARGARET DRURY
CITY CLERK

April 24, 1996

The Honorable Timothy J. Toomey Jr.
House of Representatives
State House
Boston, MA. 02133

Dear Representative Toomey:

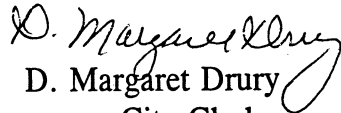
Pursuant to the request of the City Council, I am forwarding to you for filing with the Massachusetts House of Representatives, the enclosed order adopted by the Cambridge City Council at its meeting of Monday, April 22, 1996 approving the filing of the following attached legislation entitled:

"AN ACT TO CONTINUE AFFORDABILITY IN GOVERNMENTALLY INVOLVED HOUSING IN THE CITY OF CAMBRIDGE".

It is my understanding that upon receipt of this legislation you and your staff will review the text of the enclosed legislation to determine its appropriateness for filing and if any changes or corrections are necessary, your office will contact me as soon as possible.

Thank you for your cooperation in this matter.

Very truly yours,


D. Margaret Drury
City Clerk

DMD/ka

Encs.

c.c. Representative Charles F. Flaherty
Representative Alvin Thompson



City of Cambridge

Committee Report #2

IN CITY COUNCIL

April 22, 1996

ORDERED: That the City Council petition the legislature to enact the attached petition entitled, "**An Act to Continue Affordability in Governmentally Involved Housing in the City of Cambridge**" to the end that the legislation be adopted precisely as set forth, except for clerical or editorial changes of form only.

In City Council April 22, 1996

Adopted by a yea and nay vote:-

Yeas 7; Nay 2; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

D. Margaret Drury
City Clerk

To the Honorable Senate and House of Representatives of The Commonwealth of Massachusetts
in General Court assembled.

The undersigned, citizens of Cambridge, respectfully
petition for the passage of the accompanying bill or resolve, and /or for legislation.

**AN ACT TO CONTINUE AFFORDABILITY IN GOVERNMENTALLY INVOLVED
HOUSING IN THE CITY OF CAMBRIDGE.**

Petitioners are requested to sign names and addresses legibly.

Mayer Sheila T. Russell	5 Hawthorne Park, Camb Ma
Ann H. Dooling	26 Lowell Street, Cambridge MA 02138
Kathleen Leahy born, Ueckayor	3 Walden Ave, Cambridge 02140
Catherine Triantafyllou	90 Reed Street, Cambridge, MA.
Scott J. Loomer	88 Fifth St. Camb, MA 02141
Fenneth C. Reeves	11 Everett St., Camb. 02139
Katherine Davis	120 Chestnut St, Camb MA 02139



The Commonwealth of Massachusetts

IN THE YEAR ONE THOUSAND NINE HUNDRED AND NINETY-SIX

AN ACT TO CONTINUE AFFORDABILITY IN GOVERNMENTALLY INVOLVED HOUSING IN THE CITY OF CAMBRIDGE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Whereas, a serious public emergency exists with respect to the housing of citizens of Cambridge residing in governmentally-involved housing, inasmuch as there is a threat that many low-income individuals and families residing in such housing, particularly those elderly and disabled, may be threatened with displacement as a result of prepayment of mortgage financing, loss of use or rent restrictions, expiring subsidy contracts, and expected increases in rent, and there is a threat that affordable housing stock will be lost due to expiration of use or rent restrictions and such pre-payment, further exacerbating an extreme housing shortage within the city for low-income families and individuals, and whereas, in adopting Chapter 40 0 of the General Laws, the voters did not exempt such housing from protection or regulation, and whereas it is the city's policy to encourage owners of this governmentally-involved housing to accept incentives to keep such housing affordable and avert displacement, that such emergency should be met by the commonwealth immediately with due regard for the rights and

NOTE. — Use ONE side of paper ONLY. DOUBLE SPACE. Insert additional leaves, if necessary.

responsibilities of the city; therefore, this act is declared to be in the public interest.

SECTION 2.

(A) Notwithstanding the provisions of any general or special law to the contrary, including, without limitation, the provisions of chapter 282 of the Acts of nineteen hundred and ninety-four, for so long as the city council of Cambridge shall determine that the circumstances described in section one hereof continue to exist, the city of Cambridge may by ordinance regulate the rent for use or occupancy of governmentally-involved or formerly governmentally-involved housing to the extent such regulation is not pre-empted by federal law or by section six of chapter 708 of the Acts of nineteen hundred and sixty-six, as amended, once the basis for federal or Massachusetts Housing Finance Agency rent preemption no longer exists.

For purposes of this act, "governmentally-involved housing" is defined as housing accommodations which the United States, the commonwealth, or any authority created under the laws thereof (i) owns, operates, finances, subsidizes, or insures the mortgage thereon and (ii) regulates the individual rents thereof, including without limitation housing accommodations constructed or rehabilitated pursuant to Section 202, 221(d), or 236 of the National Housing Act or pursuant to project-based programs under Section 8 of the United States Housing Act of 1937, but not including the following:

- 1) housing accommodations owned or acquired by the City of Cambridge through tax foreclosure;

2) housing units in a one to four family building or structure which is not part of a larger housing development, whether on one or more sites;

3) structures containing housing accommodation units subsidized with mobile tenant-based rental assistance which would not otherwise come within the definition of governmentally-involved housing, except those subsidized units shall be considered governmentally-involved housing accommodations for the purposes of section 2(B) hereof, only;

4) structures containing housing accommodation units which were subject to St. 1976, c. 36 but which would not otherwise come within the definition of governmentally-involved housing;

5) public housing owned or operated by a local housing authority under chapter 121B of the General Laws, the United States Housing Act of 1937, or any successor act or public housing programs formerly assisted under the United States Housing Act of 1937;

6) housing units which first became governmentally-involved on or after January 1, 1975; and

7) housing units that the city of Cambridge or its designee may exempt from the first paragraph of Section 2(A) for just cause, provided that in no event shall more than twenty percent of the total rental units in Cambridge which are or could be governed under this act be exempted under this section.

"Formerly governmentally-involved housing" is defined as

housing which was governmentally-involved as of July 1, 1994 but which may no longer be owned, operated, financed, subsidized, mortgage-insured, or rent-regulated by the United States, the commonwealth, or any authority created under the laws thereof.

"Low-income" is defined as an annual income which is eighty percent or less of the median income for the Boston Metropolitan Statistical Area as determined by the United States Department of Housing and Urban Development, with adjustments for smaller and larger families.

Said city may by ordinance establish as the maximum rent for governmentally-involved and formerly governmentally-involved housing accommodations the rent in effect therefor on July 1, 1994 or six months before the basis for federal or MHFA rent preemption lapsed, whichever is later, adjusted to insure such rent provides a fair net operating income as of the date of the loss of rent preemption, but without consideration of any refinancing or change in the carrying charges resulting therefrom, provided, however, said ordinance shall authorize the City or its designee to make individual adjustments in such maximum rents as may be necessary to remove hardships or correct other inequities, provided further, however, in the event of any reduction in or forgiveness of mortgage debt for governmentally-involved housing or formerly governmentally-involved housing, the rent shall be reduced to reflect the corresponding reduction in operating expenses and/or debt service. In making individual adjustments to remove hardships or to correct other inequities,

the City or its designee shall observe the principle of maintaining maximum rents for such housing accommodations at levels which will yield to owners a fair net operating income from such housing accommodations. In determining whether the maximum rent for such housing accommodations yields a fair net operating income, due consideration shall be given to, among other relevant factors: (1) increases in property taxes; (2) unavoidable increases in operating and maintenance expenses; (3) major capital improvement of the housing accommodations, distinguished from ordinary repair, replacement, and maintenance; (4) increases or decreases in living space, services, furniture, furnishings, or equipment; (5) substantial deterioration of the housing accommodations, other than ordinary wear and tear, or failure to perform ordinary repair, replacement, or maintenance; and (6) any reduction in, or forgiveness of, mortgage debt, but without consideration of any refinancing or change in the carrying charges resulting therefrom.

(B) Such ordinance may provide that no person shall bring an action to recover possession of a governmentally-involved or formerly governmentally-involved housing accommodation to the extent that such regulation is not otherwise preempted by federal law or section six of chapter 708 of the Acts of 1966, unless:

(1) the tenant has failed to pay the rent to which the owner is entitled;

(2) the tenant has violated an obligation or covenant of tenancy not inconsistent with chapter 93A of the General Laws or

this act other than the obligation to surrender possession upon proper notice, and has failed to cure the violation after having received written notice thereof;

(3) the tenant is causing, committing, or permitting, a nuisance in, or substantial damage to, the housing accommodation, or is creating substantial interference with the comfort, safety, or enjoyment of the owner or other occupants of the same or any adjacent accommodation;

(4) the tenant has used or permitted use of a housing accommodation for illegal purposes;

(5) the tenant, who had a written lease or rental agreement which has terminated, has refused, after written requests or demand by the owner, to execute a written extension or renewal thereof for a further term of like duration on terms not inconsistent with or violative of any provision of this act;

(6) the tenant has refused the owner reasonable access to the housing accommodation for the purpose of making necessary repairs or improvements required by law, or for the purpose of inspection as permitted or required by the lease or by law, or for the purpose of showing the housing accommodations to any prospective purchaser or mortgagee;

(7) the tenant holding at the end of a lease term is a subtenant not approved by the owner;

(8) for tenant-based rental assistance programs only, the owner seeks to recover possession in good faith of a unit for the owner's own use and occupancy or for use and occupancy by the

owner's spouse, children, grandchildren, great grandchildren, parents, grandparents, brother, sister, father-in-law, mother-in-law, son-in-law, or daughter-in-law; or

(9) the owner seeks to recover possession for any other just cause not in conflict with the provisions and purposes of this act or chapter 93A of the General Laws.

The provisions of this section shall be construed as additional restrictions on the right to recover possession of such housing accommodations.

(C) Such ordinance may also provide that no person shall remove any governmentally-involved or formerly governmentally-involved housing accommodation from low-income rental housing use (including but not limited to sale, lease or other disposition of the property which may have such an effect), or convert such housing to a condominium or cooperative, without first obtaining a permit for that purpose from the City or its designee, to the extent that such provision is not preempted by federal law or section six of chapter 708 of the Acts of 1966. Such permit may be subject to terms and conditions not inconsistent with the purposes and provisions of this act, including, without limitation, (a) incentives to continue in effect the low-income use restrictions previously in place for the property, (b) where sale, lease, or disposition of the property may result in the loss of all or a portion of the property for low-income rental housing use, the right of an incorporated tenant association in such housing, the city of Cambridge, the Cambridge Housing

Authority, or non-profit community development corporations to negotiate for, acquire and operate such property on substantially equivalent terms and conditions as offered or available to a bona fide third party purchaser.

(D) To the extent not preempted by federal law or section six of chapter 708 of the Acts of 1966, the City or its designee may require an owner of governmentally-involved housing or formerly governmentally-involved housing, to affirmatively seek out and accept any prospective government housing resources, whether tenant-based or project-based, which maximize affordability of the housing accommodations consistent with the income character of the property and the owner's right to obtain a fair net operating income for the housing accommodations.

(E) To the extent not preempted by federal law or section six of chapter 708 of the Acts of 1966, and, so long as such regulation is consistent with the owner's right to obtain a fair net operating income and the city's housing policy, the City or its designee may establish local preferences, priorities, and income limits for admission to governmentally-involved housing or formerly governmentally-involved housing upon unit turnover. No regulation shall require an owner to create a tenancy involving any person with a history of conduct which would, if repeated, be grounds for eviction from such housing.

(F) The City or its designee may promulgate such rules, regulations, and orders as it may deem necessary to effectuate the purposes hereof and may grant exemptions and exceptions

thereto when such action would tend to maintain or increase the supply of affordable housing in Cambridge, including, without limitation, to promote the sale of the property to a bona fide tenant organization or non-profit community development corporation under terms and conditions which would tend to maintain the income character of the property.

(G) Any hearings regarding matters related to regulation of rents or removal permits for governmentally-involved housing or formerly governmentally-involved housing or regarding compliance with other provisions of this ordinance shall be conducted by the City or its designee in accordance with the provisions of section eleven of chapter 30A of the General Laws except that requirements (7) and (8) of such section eleven shall not apply to such hearings.

(H) All decisions of the City or its designee may be appealed to the Cambridge District Court or to the Middlesex Superior Court by any person aggrieved thereby, whether or not previously a party in the matter, within thirty calendar days after notice of such decision. The district and superior courts shall have jurisdiction to enforce the provisions hereof and any ordinance, rule or regulation adopted hereunder and on application of the City or its designee or any aggrieved person may restrain or enjoin violations of any such ordinance, rule, or regulation. In the interests of justice, the court may allow any necessary parties to be joined in or to intervene in any action brought hereunder and may in its discretion allow or require an action to proceed as a class action.

SECTION 3. It shall be unlawful for any person to do or omit to do any action in violation of this act or any order, ordinance, rule or regulation adopted or promulgated hereunder. Whoever willfully violates any provision of this act or any order, ordinance, rule or regulation adopted or promulgated hereunder or whoever makes a false statement in any testimony before the City or its designee, or whoever knowingly supplies the City or its designee with false information, in connection with a proceeding under this Act, shall be punished by a fine of not more than five hundred dollars or by imprisonment for not more than ninety days, or both; provided, however, that in the case of a second or subsequent offense, or where the violation continues after notice thereof, such person shall be punished by a fine of three thousand dollars, or imprisonment for not more than one year, or both.

SECTION 4. The provisions of this act are severable, and if any of its provisions shall be held unconstitutional or otherwise invalid by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

SECTION 5. This act shall take effect upon passage.

Ordered: That the City Council petition the
Legislature to enact the attached
Petition entitled "

to the end that the legislation be
adopted precisely as ~~first~~ set forth, except for
clerical or editorial changes of form only

ATTACHMENT A

April 11, 1996

CITY OF CAMBRIDGE
IN CITY COUNCIL

ORDERED: That a petition to the General Court, accompanied by a bill for a special law relating to the City of Cambridge to be filed with an attested copy of this order be, and hereby is, approved under Clause (1) of Section eight of Article two, as amended, of the Amendments to the Constitution of the Commonwealth of Massachusetts, to the end that legislation be adopted precisely as follows, except for clerical or editorial changes of form only:

SECTION 1. Whereas, a serious public emergency exists with respect to the housing of citizens of Cambridge residing in governmentally-involved housing, inasmuch as there is a threat that many low-income individuals and families residing in such housing, particularly those elderly and disabled, may be threatened with displacement as a result of prepayment of mortgage financing, loss of use or rent restrictions, expiring subsidy contracts, and expected increases in rent, and there is a threat that affordable housing stock will be lost due to expiration of use or rent restrictions and such pre-payment, further exacerbating an extreme housing shortage within the city for low-income families and individuals, and whereas, in adopting Chapter 40 O of the General Laws, the voters did not exempt such housing from protection or regulation, and whereas it is the city's policy to encourage owners of this governmentally-involved housing to accept incentives to keep such housing affordable and avert displacement, that such emergency should be met by the commonwealth immediately with due regard for the rights and responsibilities of the city; therefore, this act is declared to be in the public interest.

SECTION 2.

(A) Notwithstanding the provisions of any general or special law to the contrary, including, without limitation, the provisions of chapter 282 of the Acts of nineteen hundred and ninety-four, for so long as the city council of Cambridge shall determine that the circumstances described in section one hereof continue to exist, the city of Cambridge may by ordinance regulate the rent for use or occupancy of governmentally-involved or formerly governmentally-involved housing to the extent such regulation is not pre-empted by federal law or by section six of chapter 708 of the Acts of nineteen hundred and sixty-six, as amended, once the basis for federal or Massachusetts Housing Finance Agency rent preemption no longer exists.

For purposes of this act, "governmentally-involved housing" is defined as housing accommodations which the United States, the commonwealth, or any authority created under the laws thereof (i) owns, operates, finances, subsidizes, or insures the mortgage

thereon and (ii) regulates the individual rents thereof, including without limitation housing accommodations constructed or rehabilitated pursuant to Section 202, 221(d), or 236 of the National Housing Act or pursuant to project-based programs under Section 8 of the United States Housing Act of 1937, but not including the following:

- 1) housing accommodations owned or acquired by the City of Cambridge through tax foreclosure;
- 2) housing units in a one to four family building or structure which is not part of a larger housing development, whether on one or more sites;
- 3) structures containing housing accommodation units subsidized with mobile tenant-based rental assistance which would not otherwise come within the definition of governmentally-involved housing, except those subsidized units shall be considered governmentally-involved housing accommodations for the purposes of section 2(B) hereof, only;
- 4) structures containing housing accommodation units which were subject to St. 1976, c. 36 but which would not otherwise come within the definition of governmentally-involved housing;
- 5) public housing owned or operated by a local housing authority under chapter 121B of the General Laws, the United States Housing Act of 1937, or any successor act or public housing programs formerly assisted under the United States Housing Act of 1937;
- 6) housing units which first became governmentally-involved on or after January 1, 1975; and
- 7) housing units that the city of Cambridge or its designee may exempt from the first paragraph of Section 2(A) for just cause, provided that in no event shall more than twenty percent of the total rental units in Cambridge which are or could be governed under this act be exempted under this section.

"Formerly governmentally-involved housing" is defined as housing which was governmentally-involved as of July 1, 1994 but which may no longer be owned, operated, financed, subsidized, mortgage-insured, or rent-regulated by the United States, the commonwealth, or any authority created under the laws thereof.

"Low-income" is defined as an annual income which is eighty percent or less of the median income for the Boston Metropolitan Statistical Area as determined by the United States Department of

Housing and Urban Development, with adjustments for smaller and larger families.

Said city may by ordinance establish as the maximum rent for governmentally-involved and formerly governmentally-involved housing accommodations the rent in effect therefor on July 1, 1994 or six months before the basis for federal or MHFA rent preemption lapsed, whichever is later, adjusted to insure such rent provides a fair net operating income as of the date of the loss of rent preemption, but without consideration of any refinancing or change in the carrying charges resulting therefrom, provided, however, said ordinance shall authorize the City or its designee to make individual adjustments in such maximum rents as may be necessary to remove hardships or correct other inequities, provided further, however, in the event of any reduction in or forgiveness of mortgage debt for governmentally-involved housing or formerly governmentally-involved housing, the rent shall be reduced to reflect the corresponding reduction in operating expenses and/or debt service. In making individual adjustments to remove hardships or to correct other inequities, the City or its designee shall observe the principle of maintaining maximum rents for such housing accommodations at levels which will yield to owners a fair net operating income from such housing accommodations. In determining whether the maximum rent for such housing accommodations yields a fair net operating income, due consideration shall be given to, among other relevant factors: (1) increases in property taxes; (2) unavoidable increases in operating and maintenance expenses; (3) major capital improvement of the housing accommodations, distinguished from ordinary repair, replacement, and maintenance; (4) increases or decreases in living space, services, furniture, furnishings, or equipment; (5) substantial deterioration of the housing accommodations, other than ordinary wear and tear, or failure to perform ordinary repair, replacement, or maintenance; and (6) any reduction in, or forgiveness of, mortgage debt, but without consideration of any refinancing or change in the carrying charges resulting therefrom.

(B) Such ordinance may provide that no person shall bring an action to recover possession of a governmentally-involved or formerly governmentally-involved housing accommodation to the extent that such regulation is not otherwise preempted by federal law or section six of chapter 708 of the Acts of 1966, unless:

(1) the tenant has failed to pay the rent to which the owner is entitled;

(2) the tenant has violated an obligation or covenant of tenancy not inconsistent with chapter 93A of the General Laws or this act other than the obligation to surrender possession upon proper notice, and has failed to cure the violation after having received written notice thereof;

(3) the tenant is causing, committing, or permitting, a nuisance in, or substantial damage to, the housing accommodation, or is creating substantial interference with the comfort, safety, or enjoyment of the owner or other occupants of the same or any adjacent accommodation;

(4) the tenant has used or permitted use of a housing accommodation for illegal purposes;

(5) the tenant, who had a written lease or rental agreement which has terminated, has refused, after written requests or demand by the owner, to execute a written extension or renewal thereof for a further term of like duration on terms not inconsistent with or violative of any provision of this act;

(6) the tenant has refused the owner reasonable access to the housing accommodation for the purpose of making necessary repairs or improvements required by law, or for the purpose of inspection as permitted or required by the lease or by law, or for the purpose of showing the housing accommodations to any prospective purchaser or mortgagee;

(7) the tenant holding at the end of a lease term is a subtenant not approved by the owner;

(8) for tenant-based rental assistance programs only, the owner seeks to recover possession in good faith of a unit for the owner's own use and occupancy or for use and occupancy by the owner's spouse, children, grandchildren, great grandchildren, parents, grandparents, brother, sister, father-in-law, mother-in-law, son-in-law, or daughter-in-law; or

(9) the owner seeks to recover possession for any other just cause not in conflict with the provisions and purposes of this act or chapter 93A of the General Laws.

The provisions of this section shall be construed as additional restrictions on the right to recover possession of such housing accommodations.

(C) Such ordinance may also provide that no person shall remove any governmentally-involved or formerly governmentally-involved housing accommodation from low-income rental housing use (including but not limited to sale, lease or other disposition of the property which may have such an effect), or convert such housing to a condominium or cooperative, without first obtaining a permit for that purpose from the City or its designee, to the extent that such provision is not preempted by federal law or section six of chapter 708 of the Acts of 1966. Such permit may be subject to terms and conditions not inconsistent with the

purposes and provisions of this act, including, without limitation, (a) incentives to continue in effect the low-income use restrictions previously in place for the property, (b) where sale, lease, or disposition of the property may result in the loss of all or a portion of the property for low-income rental housing use, the right of an incorporated tenant association in such housing, the city of Cambridge, the Cambridge Housing Authority, or non-profit community development corporations to negotiate for, acquire and operate such property on substantially equivalent terms and conditions as offered or available to a bona fide third party purchaser.

(D) To the extent not preempted by federal law or section six of chapter 708 of the Acts of 1966, the City or its designee may require an owner of governmentally-involved housing or formerly governmentally-involved housing, to affirmatively seek out and accept any prospective government housing resources, whether tenant-based or project-based, which maximize affordability of the housing accommodations consistent with the income character of the property and the owner's right to obtain a fair net operating income for the housing accommodations.

(E) To the extent not preempted by federal law or section six of chapter 708 of the Acts of 1966, and, so long as such regulation is consistent with the owner's right to obtain a fair net operating income and the city's housing policy, the City or its designee may establish local preferences, priorities, and income limits for admission to governmentally-involved housing or formerly governmentally-involved housing upon unit turnover. No regulation shall require an owner to create a tenancy involving any person with a history of conduct which would, if repeated, be grounds for eviction from such housing.

(F) The City or its designee may promulgate such rules, regulations, and orders as it may deem necessary to effectuate the purposes hereof and may grant exemptions and exceptions thereto when such action would tend to maintain or increase the supply of affordable housing in Cambridge, including, without limitation, to promote the sale of the property to a bona fide tenant organization or non-profit community development corporation under terms and conditions which would tend to maintain the income character of the property.

(G) Any hearings regarding matters related to regulation of rents or removal permits for governmentally-involved housing or formerly governmentally-involved housing or regarding compliance with other provisions of this ordinance shall be conducted by the City or its designee in accordance with the provisions of section eleven of chapter 30A of the General Laws except that requirements (7) and (8) of such section eleven shall not apply to such hearings.

(H) All decisions of the City or its designee may be appealed to the Cambridge District Court or to the Middlesex Superior Court by any person aggrieved thereby, whether or not previously a party in the matter, within thirty calendar days after notice of such decision. The district and superior courts shall have jurisdiction to enforce the provisions hereof and any ordinance, rule or regulation adopted hereunder and on application of the City or its designee or any aggrieved person may restrain or enjoin violations of any such ordinance, rule, or regulation. In the interests of justice, the court may allow any necessary parties to be joined in or to intervene in any action brought hereunder and may in its discretion allow or require an action to proceed as a class action.

SECTION 3. It shall be unlawful for any person to do or omit to do any action in violation of this act or any order, ordinance, rule or regulation adopted or promulgated hereunder. Whoever willfully violates any provision of this act or any order, ordinance, rule or regulation adopted or promulgated hereunder or whoever makes a false statement in any testimony before the City or its designee, or whoever knowingly supplies the City or its designee with false information, in connection with a proceeding under this Act, shall be punished by a fine of not more than five hundred dollars or by imprisonment for not more than ninety days, or both; provided, however, that in the case of a second or subsequent offense, or where the violation continues after notice thereof, such person shall be punished by a fine of three thousand dollars, or imprisonment for not more than one year, or both.

SECTION 4. The provisions of this act are severable, and if any of its provisions shall be held unconstitutional or otherwise invalid by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

SECTION 5. This act shall take effect upon passage.

HD amended

Insert a new Section F(1)(c) which shall read as follows:

c. During the major reconstruction of the Central Square area scheduled to begin during 1996, the City Council finds that, based upon evidence elicited at public hearing, issues of serious public safety will occur during said reconstruction of streets, sidewalks and infrastructure, and finds further that it will be necessary to temporarily exclude performances from said areas of reconstruction. The City Council hereby authorizes the City Manager or his designee to issue notices of exclusion from areas to be defined by the City Manager as the reconstruction proceeds. The City Manager shall report to the Council when the reconstruction has been completed.

v v / 9

Cambridge Expiring Use Tenants Committee

c/o 11 Inman Street, Cambridge, MA 02139

Inman Square Apts•Cambridge Court•Fresh Pond Apts•Close Building•929
House•Huron Towers•Walden Square•Walden Park•Alewife Parkway Apts•
808-812 Memorial Drive

To: City Council Housing Committee
Chair: Frank Duehay
Kathy Born
Ken Reeves
Anthony Galluccio
Henrietta Davis

From: Cambridge Expiring-Use Tenants Committee

Re: Response to Expiring-Use Owners Association proposal

Date: April 10, 1996

The Expiring-Use Tenants Committee would like to formally respond to the preliminary agreement proposed by the Expiring-Use Owners Association and discussed by their representative, John Shanahan, at the last meeting of the Housing Committee on April 4.

The committee met on April 9 to reconsider the owners proposal and again decided to reject it in its entirety. As representatives of residents in expiring-use buildings in Cambridge, we are committed to maintaining permanent affordable housing for present and future low-income, elderly, and disabled tenants. These tenants, who are means-tested, do not have the financial resources to obtain other types of housing. The loss of expiring-use buildings in Cambridge is also devastating to the communities in which we live and have contributed for so many years.

The points in the agreement are listed, and the reasons why we reject them follow.

The Agreement

1. To jointly lobby the enactment of legislation that will ensure the continued funding of subsidies for tenants in expiring use buildings.

This is an extremely vague statement lacking in any substance.

2. A written commitment from owners to continue to protect current residents that are under 80% of median who are receiving federal assistance, no matter what the source of subsidy.

The owners are not committing themselves to anything new. They must by federal law accept federal housing subsidies. There is also much uncertainty about vouchers being available for tenants and whether appropriations for them will be available in the 1997 budget. It is clear from language in the FY 1996 Extender Bill S.1494. that Congress intends these vouchers to be available as a temporary measure. Mr. Shanahan himself stated that without vouchers, "there will be a real problem." At most, there will be a one-year safeguard for tenants.

3. For those current residents who are over 80% of the median and not receiving or who are not eligible for Federal assistance, the owners will agree to phase in increases to market over a minimum of three years.

Even residents who are over 80% of the median will be unduly burdened by the rent increases proposed by Mr. Shanahan--10% increases each year for three years. Residents in these buildings are means-tested; their incomes do not rise by 10% every year. In fact, the economy is making it more difficult for low-income people to survive because of losses in jobs and wages.

4. The owners resolve to continue to work with the tenants on the goal of Affordable Housing.

This is again an extremely vague statement.

In Conclusion

We would like to point out that using vouchers to protect tenants runs counter to the CityHome program of protecting permanent affordable housing. Vouchers do not guarantee long-term protection for tenants, whereas protected units ensure the availability of affordable housing for many years to come.

If the city agrees to substitute vouchers for units, it will, in effect, be stating that it no longer has a commitment to low-income housing. The only affordable housing that will be left in Cambridge will be the city's public housing.

We would ask the Housing Committee to go on record in rejecting the owners' proposal and favoring the home-rule petition. We would ask that the petition be sent up to the City Council to be voted on at its April 22 meeting. For the last three months we have been more than willing to accommodate the concerns of different parties involved, including the Cambridge Housing Authority and the Community Development Department. We also have given the owners' association opportunity to present a reasonable alternative. We now ask that the Council recommend the home-rule petition without further delay, as the legislature will shut down on July 1, giving us only 2 months to go through the legislative process and ensure the petition's passage. We thank you for your attention to this matter.

cc: Mayor Sheila Russell
Councilor Katherine Triantifillou
Councilor Michael Sullivan
Councilor Tim Toomey

Ed Shanahan, Mass. Rental Housing Association

NATIONAL HOUSING TRUST
1101 30TH STREET N.W.
SUITE 400
WASHINGTON, D.C. 20007
(202) 333-8931
(202) 833-1031-FAX

ATTACHMENT C

FAX TRANSMITTAL

*From
Dennis
8 pages
ATT: Councillors
Duchay*

DATE: April 8, 1996

TO: Steve Ryan
Massachusetts Association of Realtors

FROM: Jill Arment

RE: Summary of LHMFRHA Legislation

Number of Pages: 7

Steve:

Attached are summaries of H.R. 2099 and H.R. 1491. Excerpts of these bills were mailed to you last week by Michael's assistant and should arrive shortly.

If you have any further questions, please give me a call.

-- Jill

Please notify Yasmine at (202) 333-8931 if there is a problem in transmittal.

PLEASE DELIVER IMMEDIATELY

FAX# (617) 890-4919



**NATIONAL HOUSING TRUST
SUMMARY OF LIHPRHA LEGISLATION**

November 28, 1995

Michael Bodaken, Executive Director

*Bill has now
been signed
by Clinton*

On November 17, 1995 the Senate and House Conferences on HUD-VA and Independent Agencies adopted their Fiscal Year 1996 appropriations measure (H.R. 2099). The bill cuts HUD's budget by approximately 21%, cuts EPA by over \$1 billion and contains no funding for AmeriCorps. ~~This bill has not yet been enacted. It will probably be vetoed by President Clinton during the last week of November and is subject to negotiation and modification prior to the holiday recess. If the veto occurs, all HUD funds, including those earmarked for preservation, will remain threatened due to the renegotiation necessary to obtain more funds for EPA and/or AmeriCorps. It is as yet unclear how this would be impacted by the failure of the Administration and Congress to agree on a 7 year Balanced Budget. Nevertheless, the FY96 appropriations for HUD will likely be similar what is set out below.~~

A. FY96 Appropriations Levels for Preservation Set at \$624 Million Plus LIHPRHA Per H.R. 2099

For LIHPRHA, the Conference Committee provided funding that actually exceeded the \$624 million in the Senate version by including in the appropriation amounts recaptured from interest reduction payments from properties where owners prepay their Section 236 mortgages during fiscal year 1996.² This funding should save, per HUD's

¹ If Congress and the President are unable to agree on a budget for this fiscal year, then it is somewhat likely that Congress and the President will simply agree on a Continuing Resolution or so-called "CR" for the full fiscal year. If so, the HUD "CR" would, according to Senator Mark Hatfield's staff, include the approximate appropriations for HUD agreed upon in Conference.

² Depending on the number of prepayments, assuming approximately \$600/unit/year for the remainder of the mortgage term (e.g. 15 years), the total estimate is additional funding of up to \$120 million for this fiscal year. This assumes 15,000 units of prepayment, a relatively high number currently being used by certain owner interests. Even assuming a relatively low prepayment rate, the amount should be in excess of \$75

programs.

Implications for Trust Clients and Other Non-Profit Organizations

HUD will offer either a capital grant to legitimate nonprofit purchasers or 241(f) financing funded by additional property-based Section 8. HUD clearly prefers the alternative, capital grant method of funding. Existing law providing for a hierarchy of purchasers remains in place. The law permits a grant in an amount, as determined by the Secretary, that does not exceed the present value of the total published fair market rentals for existing housing for the next 10 years (do not, however, expect the full 10 year grant; we expect HUD will negotiate these grants on a case by case basis). This is typically more than what may be received under the 241(f) financing. This allows the purchaser to:

- acquire the housing from the current owner;
- pay the debt service on the existing first mortgage;
- pay for the rehabilitation of the property;
- meet project operating expenses and establish adequate reserves, including, we will argue, an operating deficit escrow, if appropriate and necessary;
- receive an adequate return (as determined by the Secretary) on any actual cash investment; and
- in the case of a priority purchaser, receive an adequate reimbursement for transaction expenses relating to acquisition of the housing (this would be in addition to any reasonable amounts of transaction expenses not covered by the Preservation Technical Assistance Grant).

In order to assure that the transaction will be approved prior to August 15, 1996, NHT recommends submission of a complete Plan of Action no later than May 1996. HUD technically has 5 months to approve the POA, but NHT expects that staff will be under pressure to approve Plans to meet the July deadline. Also, NHT encourages you to quickly move on your transactions. If you are able to carry the transaction to a closing without filing an ITAG, then by all means do so. If you must file an ITAG, do not wait for approval of the ITAG to begin preparation of all necessary documents, i.e., purchase and sale agreements, bona-fide offer and Plan of Action. Be sure to do your physical needs analysis as soon as possible.

To: SSICPRESERV

Subject: Extender Bill Passes Congress

The HUD Extender Bill, H.R. 1424, passed both houses of Congress last night and is currently awaiting President Clinton's signature. The National Housing Trust will have copies of the actual language by Thursday or Friday of this week.

The Extender Bill incorporated the following provisions of HR2099 relating to Preservation:

- Exclusive funding for nonprofit purchases of LIHPRA properties with approved Plans of Action as of August 15, 1996 (this date was extended from its original date of July 1, 1996);

- Permitting owners who have filed a notice to extend to "switch" to a sale by April 15, 1996 (again extended from March 1, 1996 to April 15, 1996);

- Funding priorities for sales to priority purchasers, such as your organization, until at least August 15, 1996. Sales should be able to proceed utilizing either a capital grant or 241(f) financing using Section 8;

- Minimum equity for participation: The minimums of "eligible properties" are those with equity above the least of the following: \$8,000/equity/unit, \$500,000/equity/project, or 8 times FMR/unit for the locality in which the property is located (this last measure is intended to assist preservation of rural properties in areas of relatively low FMR);

- Subsequent to August 15, 1996, several miscellaneous funding priorities are identified, including providing priority to those owners who originally decided to refinance and who now can "switch" to sales (so long as a modified Plan of Action to transfer is filed by July 1, 1996). Owners who have missed their previous deadline to file their 2nd Notice of Intent to sell are given a grace period to file a Second Notice to Sell by March 1, 1996 (pending legislation could extend this date to April 15, 1996);

- Up to \$10 million additionally available for predevelopment and capacity building for resident endorsed nonprofit purchasers;

- The right to prepay is restored so long as owners agree not to raise rents for 60 days thereafter; and

- Upon prepayment, tenants are given "sticky" vouchers which permit them to continue to reside in the property even if the "street rent" exceeds the fair market rent in the locality.

The current appropriations continuing resolution, wending its way through this thoughtful, deliberate Congress, would provide over \$624 million in budget authority for LIHPRA for this fiscal year. The Administration has asked that \$200 million of this be "offset" (i.e., taken away) for other Administration priorities, including AmeriCorp and EDA. . . . so far, the Senate has not taken them up on this suggestion. If you have a transaction that is in the process, you might want to call your Congressperson and suggest that the Clinton Administration shouldn't rob from housing to pay for otherwise worthwhile environmental and educational

F. Selected Provisions of the FY'96 HUD-VA Appropriations Measure

- Elimination of one-for-one replacement of public housing;
- The Brooke amendment, which sets rents at 30% of income, was threatened, but left intact. However a minimum rent contribution of \$25/month was established for public housing and Section 8 residents (Section 202);
- Section 8 FMRs are reduced to the 40th percentile (Section 205);
- Section 8 federal preferences are repealed;
- A provision that would have prohibited HUD from enforcing the Fair Housing Act against property insurance redlining was eliminated;
- The conferees used \$1.1 billion freed up from reform to the HUD single family assignment program to increase HUD's total budget authority. Among other things, these monies were used to fund the higher Senate level for public housing operating subsidies to public housing, the higher drug elimination grant number and the maintenance of the Brooke Amendment;
- The Conference Committee agreed to fund HUD McKinney Homeless Assistance Grants at \$823 million, more than either the House or Senate had originally earmarked for the program;
- The largest single cutbacks were to Public Housing modernization funds (reducing its yearly appropriation from \$3.7 billion to \$2.5 billion) and the Public Housing Development program (from \$600 million to zero);
- CDBG and HOME remained funded at their FY'95 levels.

In contrast, the HUD-VA Conferees agreed to appropriate \$30 million of credit subsidy for a mark to market demonstration approach which requires HUD to, during the next two years, initiate a demonstration. The universe is limited to 15,000 units where Section 8 contracts are in excess of the FMR. The demonstration is not limited to properties with mortgages that expire during the next two fiscal years, so long as the owner agrees to participate. HUD may restructure debt, reduce operating expenses, assure adequate reserves, and continue either project or tenant based rental assistance. Goals such as maintaining existing housing stock and minimizing displacement and adverse impact on neighborhoods are specified. "Demonstration Approaches" include joint venture agreements with third parties, debt service subsidy, renewal of property based contracts where the contract is less than 120% of FMR, and/or providing tenant based assistance in lieu of property based assistance. HUD may forgive or cancel indebtedness for any property that cannot carry at market rent while bearing full operating costs. Where a property cannot carry operating costs, HUD may approve property base rents sufficient to pay for the operating costs. Despite this legislation, many expect that a full blown mark to market proposal to be considered by the authorizing committees during the Spring, 1996.

C. Section 8 Contract Renewals Per H.R. 2099

HUD had requested authority to "voucher out" any federally assisted property which had an expiring Section 8 Contract. The Conferees rejected that approach for this fiscal year. The Report (p. 3) provides \$4.35 billion for renewing or terminating expiring Section 8 project and tenant based contracts. Section 214 of the Bill (p.26) requires HUD to, at the owner's request, for a period of one year Section 8 contracts expiring during fiscal year 1996 at their current rent levels. After this fiscal year, the Secretary is provided the discretion to provide either tenant based or property based assistance. Owners are also advised to "reduce dependence" on project based subsidy as units turn over (p. 57). The Report reiterates the need for authorizing committees to consider expiring FY'97 contracts during the Spring, 1996.

D. Developments with HUD held Mortgages and HUD Owned Projects Per H.R. 2099

Continuing a provision initially added as part of the FY'95 Rescissions bill, the Conferees gave HUD the authority to manage and dispose of multifamily properties owned by HUD and multifamily mortgages held by the Secretary "without regard to any other provision of law." \$261 million is set aside to subsidize or provide rehabilitation grants to these properties. HUD's foreclosure responsibilities can be delegated to third parties and HUD can sell or transfer HUD held mortgages to State housing finance agencies for restructuring (Sections 209 and 210).

New York). All of these are subject to funds being obligated by August 1, 1996. The Conference Report is unclear whether this is a "secondary" priority, to be funded post July 1, 1996, or whether these priorities retain the same ranking as the pre July 1, 1996 sales.

- HUD discretion funds remaining after July 1, 1996: the Secretary of HUD may determine priorities for distributing available funds, including providing vouchers to displaced tenants and to projects that have not been funded by that date but which have approved Plans of Action. These are the so-called "stay-in" approved, but unfunded Plans of Action. Additionally, after July 1, 1996 the Secretary may impose a moratorium on applications for further funding.
- Tenant Assistance Upon Prepayment: Where prepayment occurs, residents are entitled to so-called "sticky" vouchers, i.e., the resident should be able to stay in the housing even if the "street rent" for the housing is in excess of the Fair Market rent. This is a temporary one or two year voucher. Also, tenants' rents may not be raised until 60 days after the prepayment.
- Makes eligible for LIHPRHA those properties with mortgages that are held by a State agency as a result of a sale by the Secretary without insurance (which would have otherwise been eligible for LIHPRHA).
- Sunset: Effective October 1, 1996, the Secretary shall suspend processing of preservation applications which do not have approved plans of action by that date. The Conferees specifically called for sunsetting the program as of this fiscal year, calling for reform in the Banking, Housing & Urban Affairs Committee during the Spring, 1996.

B. Mark to Market Per H.R. 2099

HUD proposed dramatic portfolio reforms for 900,000 units of the 1.6 million unit universe which are both insured by FHA and subsidized by HUD, i.e., the insured Section 8 New Construction/Substantial Rehabilitation universe and the "older assisted housing stock," i.e., 221(d)(3)s and 236 projects with existing LMSA units which are not LIHPRHA eligible or viable.

HUD proposed to eliminate property based assistance as contracts expire; eliminate regulatory requirements governing the housing; pay mortgage claims triggered by the elimination of the subsidy; provide some rehabilitation to a small portion of the stock; and provide vouchers to residents. This applies equally to the older and newer assisted housing stock. Elderly and disabled tenants may retain the project based subsidy so long as they are eligible and funds are appropriated to the Housing Certificate Fund. Other households would receive certificates at the end of this "transition" period.

estimate, at least 30 - 35,000 at-risk units this year. The Conference Committee dodged outright statutory reform by making a number of changes in a brief "proviso" format, inviting the Congress to re-address this issue in its authorizing committees in Spring, 1996. Nevertheless, the actual outcome is similar to the Senate Appropriations capital grant measure.

Apart from providing an adequate sum for LIHPRHA, the bill modified the preservation law (the preservation "provisos" are at pp. 4-6 and the description is at pp. 47-48) in the following ways

- **Voluntary Program:** Despite attempts by the Trust and others to save the "mandatory" nature of preservation, the right to prepayment is allowed, i.e., the program is voluntary.
- **Clear Priority for Sales to Purchasers:** Funding is limited till July 1, 1996 to sales of projects to nonprofit buyers. Owners who have not filed a timely notice of sale have till March 1, 1996 to change their intention from "stay in" to "sell." Notably, HUD has agreed to fund current sales under a "capital grant" provision embedded in current law, 12 USC 4110(d)(B)(3)(B) (West Supp. 1995). Whether a capital grant will be "mandatory" for all sales is unclear. This should result in approximately 12,500 units of sales this fiscal year, depending on the speed of HUD processing. The grant includes up front payment for acquisition, rehab and transaction costs.
- **Minimum equity for participation:** The universe of "eligible properties" are those with equity above the least of the following: \$5,000/equity/unit, \$500,000/equity/project, or 8 times FMR/unit for the locality in which the property is located (this last measure is intended to assist preservation of rural properties in areas of relatively low FMR);
- **Technical Assistance:** Up to \$10 million will be set aside for technical assistance for predevelopment expenses or to build capacity to purchasers.
- **Other specified priorities:** the Secretary may fund with priority to properties with (1) approved Plans of Action to retain the housing that file a modified plan of action to transfer the housing; (2) projects subject to a settlement agreement executed prior to September 1, 1995; (3) projects for which submission was delayed as a result of a natural disaster (presumably Miami and LA); and (4) projects whose processing was delayed due to differing interpretations between the Secretary and the owner concerning the impact on the appraisal of a local rent regulation or law (primarily

million. More important than the actual number is the precedent that HUD will be able to recapture this amount for some type of housing use. Heretofore, the interest rate recapture was returned to the Treasury.



SUSAN B. SCHLESINGER,
Assistant City Manager for
Community Development

MEMORANDUM

TO: Robert W. Healy, City Manager

FROM: Susan Schlesinger, Assistant City Manager for Community
Development
Roger Herzog, Housing Director

DATE: April 11, 1996

RE: Current Federal Legislation on Expiring Use Restriction Buildings

In response to the request of Councillor Duehay, Chair of the Housing and Community Development Committee, at the meeting of April 4, 1996, we are transmitting copies of the current federal legislation on the expiring use restriction buildings. This memorandum will provide a summary of the current legislation, information on the current federal expenditures under the program, and the future outlook for the federal Preservation Program.

I. CURRENT FEDERAL LEGISLATION

The current federal legislation on expiring use restriction buildings, copies of which are attached, includes the following:

1. **"Housing Programs - - Annual Contributions for Assisted Housing"
(H.R. 2099)**

This bill includes the FY 1996 appropriations bill for HUD-assisted housing programs. The bill passed the House of Representatives on December 7, 1995, but has been vetoed by the President due to provisions in other sections of the bill not related to housing programs. The bill provides an annual appropriation of \$624 million plus additional amounts recaptured from prepaid projects (estimated by HUD at \$238 million) for Preservation of the expiring use buildings. It also authorizes changes to the Preservation Program, including the following:

- **Restoration of prepayment right:** The Preservation Program will be voluntary. Owners of eligible properties will have their right to prepay the federally-insured and subsidized mortgage, and terminate the affordable use restrictions. If an owner prepays, rents may not

be increased for 60 days.

- **Priority for Sales to Tenant/Non-Profit Purchasers:** Until July 1, 1996, HUD will only make funds available to properties being sold to non-profit and tenant-based organizations, such as the purchaser entity being formed at 808 Memorial Drive.

After July 1st and subject to the amount of remaining funds, HUD will have broader discretion on how to use funds (i.e. owner refinancing, rent vouchers for tenants in prepaid buildings).

- **Rent Subsidy Vouchers for Tenants in Prepayment Buildings:** Subject to appropriations, unassisted low income tenants in prepayment buildings who are rent-burdened (rent greater than 30% of income) will receive rent subsidy vouchers. These vouchers may be used in the building, or may be used in alternative housing provided the rent is within HUD limits.

2. **"Housing Opportunity Program Extension Act of 1996" (S. 1494)**

This bill, referred to as the Extender Bill, was signed into law on March 28, 1996. It authorizes the changes which were included in H.R. 2099, but which had not taken effect due to the failure to pass the appropriations bill. It extended some of the deadlines established in H.R. 2099.

II. **CURRENT FEDERAL EXPENDITURES ON PRESERVATION**

Although the federal government has not approved its HUD appropriations bill, funds have been made available for Preservation through the Continuing Resolution process. As of the end of February, 1996, HUD had already spent approximately \$200 million of the \$624 million Preservation budget. In addition, there is a queue of projects with approved plans which await available funding. This queue includes about 25 sales projects and 200 owner refinancings. Under the program changes adopted under the Extender Bill, HUD will not fund any of the owner refinancings until August 15, 1996. Until that date, HUD will only fund the sales projects and rent vouchers.

III. FUTURE OUTLOOK FOR FEDERAL PRESERVATION PROGRAM

HUD has submitted its FY 97 budget request, despite the failure to reach closure on the current year budget. As was the case last year, HUD has proposed to end the Preservation Program by submitting a zero budget. This would mean that there would be no funds available to pay for rent vouchers for tenants in prepayment buildings. Congress has yet to act on next year's budget.

Please let us know if we can be of further assistance on this important affordable housing issue.

Attachment

ATTACHMENTS

- 1. "Housing Programs - - Annual Contributions for Assisted Housing"
(H.R. 2099)**
- 2. "Housing Opportunity Program Extension Act of 1996" (S. 1494)**

H.R. 2099

Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section: [Italic->] Provided further, [-Italic] That of the total amount provided under this head, \$171,000,000 shall be for housing opportunities for persons with AIDS under title VIII, subtitle D of the Cranston-Gonzalez National Affordable Housing Act; and \$65,000,000 shall be for the lead-based paint hazard reduction program as authorized under sections 1011 and 1053 of the Residential Lead-Based Hazard Reduction Act of 1992: [Italic->] Provided further, [-Italic] That the Secretary may make up to \$5,000,000 of any amount recaptured in this account available for the development of performance and financial systems.

Of the total amount provided under this head, \$624,000,000, plus amounts recaptured from interest reduction payment contracts for section 236 projects whose owners prepay their mortgages during fiscal year 1996 (which amounts shall be transferred and merged with this account), shall be for use in conjunction with properties that are eligible for assistance under the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low-Income Housing Preservation Act of 1987 (ELIHPA): [Italic->] Provided, [-Italic] That prior to July 1, 1996, funding to carry out plans of action shall be limited to sales of projects to non-profit organizations, tenant-sponsored

You can stick these notes on anything!

organizations, and other priority purchasers: [Italic->] Provided further, [<-Italic] That of the amount made available by this paragraph, up to \$10,000,000 shall be available for preservation technical assistance grants pursuant to section 253 of the Housing and Community Development Act of 1987, as amended: [Italic->] Provided further, [<-Italic] That with respect to amounts made available by this paragraph, after July 1, 1996, if the Secretary determines that the demand for funding may exceed amounts available for such funding, the Secretary (1) may determine priorities for distributing available funds, including giving priority funding to tenants displaced due to mortgage prepayment and to projects that have not yet been funded but which have approved plans of action; and (2) may impose a temporary moratorium on applications by potential recipients of such funding: [Italic->] Provided further, [<-Italic] That an owner of eligible low-income housing may prepay the mortgage or request voluntary termination of a mortgage insurance contract, so long as said owner agrees not to raise rents for sixty days after such prepayment: [Italic->] Provided further, [<-Italic] That an owner of eligible low-income housing who has not timely filed a second notice under section 216(d) prior to the effective date of this Act may file such notice by March 1, 1996: [Italic->] Provided further, [<-Italic] That such developments have been determined to have preservation equity

at least equal to the lesser of \$5,000 per unit or \$500,000 per project or the equivalent of eight times the most recently published fair market rent for the area in which the project is located as the appropriate unit size for all of the units in the eligible project: [Italic->] Provided further, [<-Italic] That the Secretary may modify the regulatory agreement to permit owners and priority purchasers to retain rental income in excess of the basic rental charge in projects assisted under section 236 of the National Housing Act, for the purpose of preserving the low and moderate income character of the housing: [Italic->] Provided further, [<-Italic] That the Secretary may give priority to funding and processing the following projects provided that the funding is obligated not later than August 1, 1996: (1) projects with approved plans of action to retain the housing that file a modified plan of action no later than July 1, 1996 to transfer the housing; (2) projects with approved plans of action that are subject to a repayment or settlement agreement that was executed between the owner and the Secretary prior to September 1, 1995; (3) projects for which submissions were delayed as a result of their location in areas that were designated as a Federal disaster area in a Presidential Disaster Declaration; and (4) projects whose processing was, in fact or in practical effect, suspended, deferred, or interrupted for a period of twelve months or more

because of differing interpretations, by the Secretary and an owner or by the Secretary and a State or local rent regulatory agency, concerning the timing of filing eligibility or the effect of a presumptively applicable State or local rent control law or regulation on the determination of preservation value under section 213 of LIHPRHA, as amended, if the owner of such project filed notice of intent to extend the low-income affordability restrictions of the housing, or transfer to a qualified purchaser who would extend such restrictions, on or before November 1, 1993:

[*Italic->*] Provided further, [*<-Italic*] That eligible low-income housing shall include properties meeting the requirements of this paragraph with mortgages that are held by a State agency as a result of a sale by the Secretary without insurance, which immediately before the sale would have been eligible low-income housing under LIHPRHA: [*Italic->*] Provided further, [*<-Italic*] That notwithstanding any other provision of law, subject to the availability of appropriated funds, each unassisted low-income family residing in the housing on the date of prepayment or voluntary termination, and whose rent, as a result of a rent increase occurring no later than one year after the date of the prepayment, exceeds 30 percent of adjusted income, shall be offered tenant-based assistance in accordance with section 8 or any successor program, under which the family shall pay no less for

rent than it paid on such date: [Italic->] Provided further,
[<-Italic] That any family receiving tenant-based assistance under
the preceding proviso may elect (1) to remain in the unit of the
housing and if the rent exceeds the fair market rent or payment
standard, as applicable, the rent shall be deemed to be the
applicable standard, so long as the administering public housing
agency finds that the rent is reasonable in comparison with rents
charged for comparable unassisted housing units in the market or
(2) to move from the housing and the rent will be subject to the
fair market rent of the payment standard, as applicable, under
existing program rules and procedures: [Italic->] Provided
further, [<-Italic] That up to \$10,000,000 of the amount made
available by this paragraph may be used at the discretion of the
Secretary to reimburse owners of eligible properties for which
plans of action were submitted prior to the effective date of this
Act, but were not executed for lack of available funds, with such
reimbursement available only for documented costs directly
applicable to the preparation of the plan of action as determined
by the Secretary,
and shall be made available on terms and conditions to be
established by the Secretary: [Italic->] Provided further,
[<-Italic] That, notwithstanding any other provision of law,
effective October 1, 1996, the Secretary shall suspend further

processing of preservation applications which do not have approved plans of action.

Of the total amount provided under this head, \$780,190,000 shall be for capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for the elderly under section 202(c)(2) of the Housing Act of 1959; and \$233,168,000 shall be for capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act; and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for persons with disabilities as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act: [Italic->] Provided, [<-Italic] That the Secretary may designate up to 25 percent of the amounts earmarked under this paragraph for section 811 of the Cranston-Gonzalez National Affordable Housing Act for tenant-based assistance, as authorized under that section, which assistance is five-years in duration: [Italic->] Provided further, [<-Italic] That the Secretary may waive any provision of section 202 of the Housing Act of 1959 and

6

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--S.1494--

S.1494

One Hundred Fourth Congress

of the

United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Wednesday,
the third day of January, one thousand nine hundred and ninety-six

AN ACT

To provide an extension for fiscal year 1996 for certain programs administered by the Secretary of Housing and Urban Development and the Secretary of Agriculture, and for other purposes.

[Italic >] Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. [<-Italic]

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Housing Opportunity Program Extension Act of 1996'.

SEC. 2. MULTIFAMILY HOUSING ASSISTANCE.

(a) SECTION 8 CONTRACT RENEWAL- Notwithstanding section 405(b) of the Balanced Budget Downpayment Act, I (Public Law 104-99; 110 Stat. 44), at the request of the owner of any project assisted under section 8(e)(2) of the United States Housing Act of 1937 (as such section existed immediately before October 1, 1991), the Secretary of Housing and Urban Development may renew, for a period of 1 year, the contract for assistance under such section for such project that expires or terminates during fiscal year 1996 at current rent levels.

(b) LOW-INCOME HOUSING PRESERVATION-

(1) USE OF AMOUNTS- Notwithstanding any provision of the Balanced Budget Downpayment Act, I (Public Law 104-99; 110 Stat. 26) or any other law, the Secretary shall use the amounts described in paragraph (2) of this subsection under the authority and conditions provided in the second undesignated paragraph of the item relating to 'HOUSING PROGRAMS--ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING' in title II of the bill, H.R. 2099 (104th Congress), as passed the House of Representatives on December 7, 1995; except that for purposes of this subsection, any reference in such undesignated paragraph to March 1, 1996, shall be construed to refer to April 15, 1996, any reference in such paragraph to July 1, 1996, shall be construed to refer to August 15, 1996, and any reference in such paragraph to August 1, 1996, shall be construed to refer to September 15, 1996.

(2) DESCRIPTION OF AMOUNTS- Except as otherwise provided in any future appropriation Act, the amounts described under this paragraph are any amounts that--

(A) are--

(i) unreserved, unobligated amounts provided in an appropriation Act enacted before the date of the enactment of this Act;

(ii) provided under the Balanced Budget Downpayment Act, I; or

(iii) provided in any appropriation Act enacted after the date of the enactment of this Act; and

(B) are provided for use in conjunction with properties that are eligible for assistance under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the Emergency Low Income Housing Preservation Act of 1987.

5.1494
Signed 3/28

CAMBRIDGE TENANT SENATE

PETITION TO SUPPORT THE \$10 MILLION AFFORDABLE HOUSING PLAN

The Tenant Senate is already an endorser of the \$10 Million Affordable Housing Plan. We, the undersigned residents of Cambridge public housing, want to urge the City Council to pass this plan. We particularly support these parts.

Public housing coordinator. It used to be that people in public housing were relatively safe. No more. Proposals in Congress to cut back money for public housing or to "voucherize" public housing pose a real threat to our members. We need the public housing coordinator position that is in the \$10 Million Plan. This person can assist the Tenant Senate in organizing our residents to fight these cuts.

Funds for Legal Services. Our members are low income and we often need to use the Cambridge and Somerville Legal Services. The \$10 Million Plan includes a commitment to help Legal Services with \$50,000. That is very important to us.

Create and preserve permanently affordable housing. We know from looking at the waiting list for Cambridge public housing how important it is to create other kinds of affordable housing. Increasing city spending over the current \$2 million per year is extremely important to create as much housing as possible.

Home rule petition for expiring use and HUD buildings. Although we ourselves don't live in the so-called "expiring use" buildings, we can sympathize with the plight of our neighbors who do. The federal government wants to let rents go to the market level, but these buildings were built as affordable housing. The big real estate investors who own them should not be allowed to make huge profits at the expense of 2000 affordable housing units and the families who occupy them. We need the home rule petition to allow the City to protect this housing.

Name

Address

- | Name | Address |
|------------------------------|--|
| 1 <u>William Morrison</u> | <u>5 Putnam Ave #50, Camb, Ma 02139</u> |
| 2 <u>Gail Jones</u> | <u>9 Putnam Avns. Camb. 02139</u> |
| 3 <u>Angela Bretley</u> | <u>14 Dodge St. Camb. Mass 02139</u> |
| 4 <u>Edouard John</u> | <u>237 Franklin St Camb Mass 02139</u> |
| 5 <u>William C Jones</u> | <u>150 Norfolk</u> |
| 6 <u>Raymond A. Benjamin</u> | <u>84 Columbia St. Camb, MA 02139</u> |
| 7 <u>Herb Hill</u> | <u>1 Putnam Gardens Apt 1. Camb. MA.</u> |
| 8 <u>Mrs. William Putnam</u> | <u>Putnam Gardens Apt 87</u> |
| 9 <u>Alice DeVincent</u> | <u>11 Putnam Gardens #97</u> |
| 10 <u>Mary Hawley</u> | <u>11 PUTNAM GARDENS 100</u> |

CAMBRIDGE TENANT SENATE

PETITION TO SUPPORT THE \$10 MILLION AFFORDABLE HOUSING PLAN

The Tenant Senate is already an endorser of the \$10 Million Affordable Housing Plan. We, the undersigned residents of Cambridge public housing, want to urge the City Council to pass this plan. We particularly support these parts.

Public housing coordinator. It used to be that people in public housing were relatively safe. No more. Proposals in Congress to cut back money for public housing or to "voucherize" public housing pose a real threat to our members. We need the public housing coordinator position that is in the \$10 Million Plan. This person can assist the Tenant Senate in organizing our residents to fight these cuts.

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Home rule petition for expiring use and HUD buildings. Although we ourselves don't live in the so-called "expiring use" buildings, we can sympathize with the plight of our neighbors who do. The federal government wants to let rents go to the market level, but these buildings were built as affordable housing. The big real estate investors who own them should not be allowed to make huge profits at the expense of 2000 affordable housing units and the families who occupy them. We need the home rule petition to allow the City to protect this housing.

<u>Name</u>	<u>Address</u>
1 Kathleen Frye	11 Putnam Gardens #103 Camb.
2 Jose Rodriguez	11 Putnam Gardens #105 Cambridge
3 Marie Leung	11 Putnam Gardens #102 Camb.
4 Gene Verga	11 Putnam Gardens #101 Camb.
5 Letitia Haase	11 Putnam Gardens #98 Cambridge
6 Vera Nash	13 Putnam Gardens #118 Camb Mass
7 Charlene Owens	12 Putnam Gardens #109 Camb MASS
8 Armemia Bland	9 Putnam Gardens Camb. Mass
9 Joan West	9 Putnam Gardens Camb. Ma. #84
10	

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	<u>Name</u>	<u>Address</u>
1	Rosa Hough	15 Lincoln St # 12 Camb, MA, 0214
2	Aaron M. Fagan	264-8 Pitman Ave Camb, 02139
3	Richard Mitchell	1 Blackstone
4	Loren Bauer	390 Windsor St Camb. 02141
5	Nell Johnson	269 Broadway
6	Elaine Pogue	59 Howard St. Camb. 02139
7	Joan Thompson	700 Huron Ave Camb. 02138
8	Laura H. Searcy	1 Pitman Garden Apt. 1 Camb. 02137
9		
10		

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<u>Name</u>	<u>Address</u>
1 Nancy Hall	3 Putnam Gardens # 29
2 Glorinda Fuentes	3 Putnam Gardens # 30
3 Frances Ward	3 Putnam Gardens # 32
4 Rosine Ford	1 Putnam Gardens # 29
5 Paulette M Seed	1 Putnam Garden apt. 9
6 William Willock	3 Putnam Gardens # 22
7 Virginia Willock	3 Putnam Gardens # 22
8 James C. ...	
9 Jean Edwards 106	
10 Maryse Prophete	121 Jackson St # 6 Camb. Ma 02140

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Name

Address

- 1 Jean n Brown 237 Franklin St. Manning Apt. ⁰²¹³⁹ _{Cambridge}
- 2 Cathy Moakley 237 Franklin St. ⁰²¹³⁹ _{Cambridge}
- 3 Betty Patchford 237 Franklin St. ⁰²¹³⁹ _{Cambridge}
- 4 Helen R Van Wazer 237 Frank L. St. ⁰²¹³⁹ _{Cambridge}
- 5 Elizabeth Condit 237 Franklin St. Manning Apts. ⁰²¹³⁹ _{Cambridge}
- 6 Mary Jane Reed 237 Franklin St. Manning Apts. ⁰²¹³⁹ _{Cambridge}
- 7 Ann Dukeshire 237 Franklin St. ⁰²¹³⁹ _{Cambridge}
- 8 Louis J. Stevens 237 Franklin St. ⁰²¹³⁹ _{Cambridge, Mass.}
- 9 ANNA BARON 237 FRANKLIN ST. ⁰²¹³⁹ _{Cambridge}
- 10 Maria L. Pinto 237 Franklin St. Apt 13-B ⁰²¹³⁹ _{Cambridge}

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	<u>Name</u>	<u>Address</u>
1	Michael Blanchard	237 Franklin Street #13j
2	Karen Richmond	237 Franklin St Camb
3	Slotha Furman	APT. 10-C, 237 Franklin
4	Irene Audette	237 Franklin St #19
5	Jean Benninghove	237 Franklin St, Camb, Ma, 02139 ^{apt. 11K}
6	Marie Ange Doucet	237 Franklin St, Camb, Ma 02139 ^{apt. 10L}
7	Chris Foster	237 Franklin Club 13L, Camb 02139
8	Breyhner	237 Franklin St. 13F Camb 02139
9	S. Savoydsky	237 Franklin St, apt. 12E
10	Aud Sathorn	237 Franklin St. apt. 7.A.

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Name

Address

- 1 Helen H. Peters Manning APTS.
- 2 George Panagopoulos, 237 Franklin St, Cambridge, Ma 02139
- 3 Emma M. Lennard, 237 Franklin St, Camb 02139
- 4 Evelyn Plerty, 237 Franklin St, Cambridge, Ma 02139
- 5 Catherine White, 237 Franklin St, Cambridge, Ma 02139
- 6 Margo McQuinn, 237 Franklin St, Cambridge 02139
- 7 Helen Clayton 237 Franklin St, Camb. 02139
- 8 Edna Alexander 237 Franklin St, Camb 02139
- 9 Emily Stoller 237 Franklin St APT 3E
- 10 Marie Lee Smith 237 Franklin St apt 4 F

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	<u>Name</u>	<u>Address</u>
1	Anna L. Cardoso	237 Franklin St. - Apt. 65, Cambridge
2	Barbara Telle	237 Franklin St. #50
3	George Dacros	237 Franklin St 1915 Cambridge
4	Mike Traeman	237 Franklin # 17E Camb
5	Barbara Mc Grail	237 Franklin St. Camb
6	Estelle Hardy	2 Newtowne Ct Apt 150 Camb, 02139
7	Mark A. Hardy	2 Newtowne Ct, Apt 150 Camb 02139
8	Lucile Council	237 Franklin # #31 Camb
9	Betty Council	362 Rindge Ave #220 Camb
10	Theresa Martin	237 Franklin St.

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<u>Name</u>	<u>Address</u>
1. Gwendolyn C. Wood	237 Franklin St Cambridge Mass
2. Mary Battle	237 Franklin St Camb mass
3. Sara Mc Curthy	237 Franklin St Camb
4. Myrtle R Garland	237 Franklin St. Camb.
5. Gladys Walton	237 Franklin St, Camb.
6. Katherine F. Walsh	237 Franklin St Apt 11-14 Camb Ma.
7. Doris Bascomb	237 Franklin St Cambridge Mass.
8. Marshall Cavanaugh	237 Franklin St, Cambridge, ^{Blind} Ma 02139
9.	
10.	

City of Cambridge

MASSACHUSETTS

In City Council April 22, 1996

*Committee Rep. #2 - filing home rule petition on
expiring use*

YEA	NAY	ABSENT	PRESENT	
✓				VP Kathleen L. Born
✓				Ms. Henrietta Davis
✓				Mr. Francis H. Duehay
	✓			Mr. Anthony Galluccio
✓				Mr. Kenneth E. Reeves
	✓			Mr. Michael A. Sullivan
✓				Mr. Timothy J. Toomey, Jr.
✓				Ms. Katherine Triantafillou
✓				Mayor Sheila T. Russell

7 2 0 0

FDms 4/9
RF 0-9



City of Cambridge

Committee Report #2

IN CITY COUNCIL

April 22, 1996

ORDERED: That the City Council petition the legislature to enact the attached petition entitled, "**An Act to Continue Affordability in Governmentally Involved Housing in the City of Cambridge**" to the end that the legislation be adopted precisely as set forth, except for clerical or editorial changes of form only.

In City Council April 22, 1996

Adopted by a yea and nay vote:-

Yeas 7; Nay 2; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

A handwritten signature in cursive script that reads "D. Margaret Drury".

ATTEST:-

D. Margaret Drury
City Clerk

NAME

ADDRESS

Manning Apts.

1. Wesley M. Peon, 237 Franklin St., Cambridge, Ma 02138
2. Ivan Simpkins 237 Franklin St. Cambridge
3. Rosalina Duncan 237 Franklin St. Camb.
4. Finis LaValley 4 4 4
5. Mary Lopez 237 Franklin St. Camb.
6. Raymond Fioreto 237 Franklin St. Cor
7. Sharon Williamson 237 Franklin St. Camb. MA
8. Jonathan Backstrom 237 Franklin St., Camb, MA Blind
9. John Russell 237 Franklin Camb. Ma,
10. Margaret Daugherty Russell - 237 Franklin Camb. Ma
11. Veronica Carlisle 237 Franklin St., Camb., Ma 02138
12. Thom Chapman 237 Franklin St. Cambridge - MA 02139
13. GEOFFREY COPITAS 237 FRANKLIN ST
14. Otis Brown, 237 Franklin St., Cambridge, Ma 02139
15. JAMES J. Hayes 239 Franklin St. Cor. Camb.
16. Lena Maciel 237 Franklin St. Camb. Mass. 02139
17. Edgardo Maciel 237 FRANKLIN ST. CAMB. MASS. 02139
18. Martha Sparks 237 Franklin St. Camb. Mass.
19. Walter Walker 237 Franklin St. Cambridge, MA 02139
20. Catherine Day 237 Franklin St. Cambridge
21. Mary Christoph 237 Franklin St. Cambridge
22. Lorence Queller 237 Franklin St. Cambridge
23. Hayd Batten 55 Magazine St. Camb
24. Annabelle Walker 237 Franklin St. Apt 15 F

Memo

To: All city councilors

**From: Terry Canavan, Bill Cavellini, Nancy Hall, Steve Meacham, Chris Robinson, and
Natalie Smith, writing for the Eviction Free Zone and the \$10 Million Plan Coalition**

Date: April 10, 1996

In light of recent budget debates before City Council about schools and other issues, we want to restate why we think the budget order for affordable housing we put before you is necessary and justified.

On March 4, three of our members (Canavan, Cavellini and Hall) made a presentation to City Council. They made use of a chart, a copy of which is enclosed with this memo. As this chart shows, our specific proposal for affordable housing involves the expenditure of \$5.8 million per year. This figure corresponds exactly to the savings from the rent control budget and the City Manager's estimates of what will be increased revenue coming into the City as a result of the end of rent control.

There are many significant issues the Council faces besides housing. We are aware of that. We are concerned about these issues ourselves. However, all the issues the City faces (except housing) would be the same even if rent control had not been defeated, except that the City would face these issues without \$5.8 million per year extra. This extra money exists only as a result of the end of rent control. It should be used to help the people who have been hurt by the end of rent control or other federal and state cutbacks. It should be used for affordable housing.

We believe this position is logical and defensible. It allows the City to respond to the housing crisis that is upon us with decisive action. It is a fair position even from the point of view of those concerned primarily with other matters such as schools or the hospital.

Of course, we still favor annual expenditure of \$10 million per year. But this amount is dependent either 1) on the institution of a transfer tax or 2) on the realization of more increased revenues from the end of rent control than was in the Manager's estimate.

We want to address one other matter concerning the our budget order. Our order, as you know, proposes to spend the money on a variety of affordable housing programs. It allows spending on low interest loans to owners who keep rents down and on rental subsidies. However, it proposes to focus most of the money, as is now done under the City Home program, on preserving permanently affordable housing. The method used is City financing of \$25-30,000 per apartment to assist tenant purchases or non-profit purchases.

Why do we favor this permanent affordability? We don't want to see all the City money spent in ways which leave nothing behind at the moment a subsidy is withdrawn. After a few years of rental subsidies, for example, if the subsidies are withdrawn, we have just postponed the crisis.

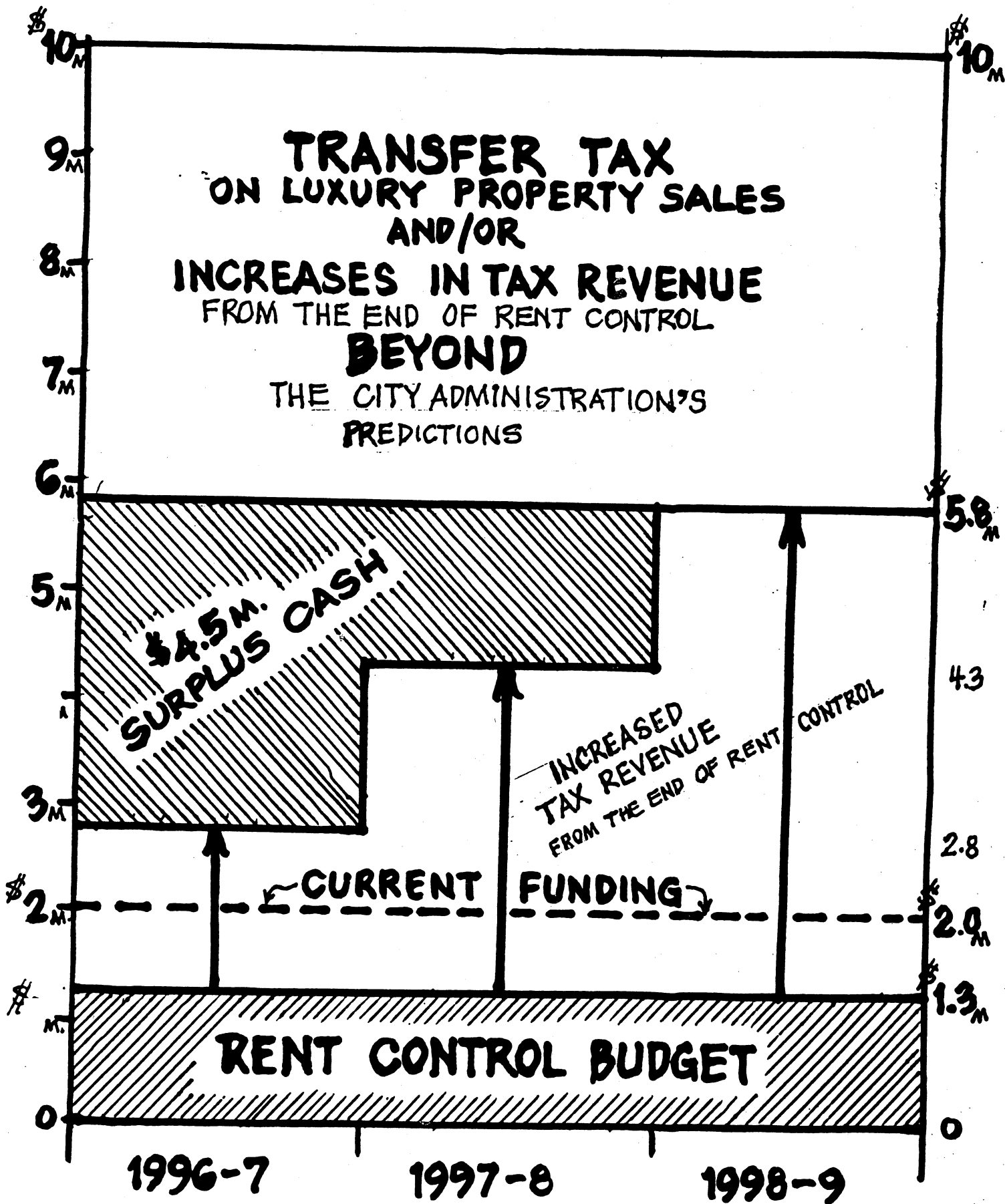
Nevertheless, we also recognize that the preservation of permanently affordable units takes time. There are many families and elderly in the city who face crisis right now, or 8 months from now, or one year from now. The City may want to provide rental assistance to some of these families while at the same time searching for more permanent solutions. We believe all the supporters of the \$10 Million Plan support a flexible mix of affordable housing programs.

Whenever we discuss the pressing budget issues the City faces, it is worth noting that the home rule petition put forward by the Expiring Use Tenants Committee would preserve 2000+ units of affordable housing with virtually no City budgetary obligation. We certainly don't want to make the existing housing crisis greater, and the budgetary demands greater, by letting HUD-assisted housing disappear.

We hope this memo further clarifies our proposals. We urge the Council to act favorably upon them.

SOURCES OF REVENUE

\$10 MILLION AFFORDABLE HOUSING PLAN



C. Duehay Corrections

City of Cambridge

The Housing and Community Development Committee held a public meeting on April 11, 1996, beginning at 3:15 p.m. in the Sullivan Chambers, for the purpose of continuing to discuss affordable housing issues in Cambridge.

Present at the hearing were Councillor Francis H. Duehay, Chair of the Committee, Councillor Kathleen L. Born, Vice Mayor, Councillor Henrietta Davis, Councillor Anthony Galluccio, and Councillor Michael Sullivan. Also present were Robert W. Healy, City Manager, James Lindstrom, City Auditor, James Maloney, Assistant City Manager for Fiscal Affairs, Susan Schlesinger, Assistant City Manager for Community Development, and Donald Drisdell, Deputy City Solicitor. Due to the absence of the City Clerk and Deputy City Clerk, Roger Herzog, Housing Director, took the notes for the meeting.

Councillor Duehay convened the meeting and explained the purpose. The first item on the agenda was to complete the discussion for the proposed Petition to the Legislature on expiring use and other governmentally-involved housing. At the last meeting, the Committee voted to send the Petition to the full Council. At today's meeting, the Committee would finish its discussion of the matter, and to hear from the representative of the building owners regarding their proposal to mitigate the effects of potential federal deregulation of this housing.

Councillor Duehay requested that Donald Drisdell summarize a revision made to the most recent draft of the Petition dated April 3, 1996. The sponsor of the Petition, through their attorney, Susan Hegel of Cambridge and Somerville Legal Services, submitted a revised Petition to the Committee dated April 11, 1996. Mr. Drisdell explained that the revision was made in response to a request from the City's Law Department to revise the definition of governmentally-involved housing. The revised definition establishes the requirement that properties must also be rent regulated by a governmental entity, in addition to financial participation by a governmental entity, in order to be subject to the provisions of the Petition. (ATTACHMENT A)

upon motion by
Councillor Duehay ~~said that~~ ^{*home-subpetition was*} the revised definition will be approved by the Committee ~~and to be~~ submitted to the full Council ^{*with the recommendation that it be approved*}.

Councillor Duehay asked Mr. Ed Shanahan of Peabody, Massachusetts, managing Director of the Rental Housing Association, if he had any further comments on the Petition or the proposal by the property owners, at the request of Councillor Galluccio, regarding concerns expressed at the last meeting over the possibility that low income tenants may not receive rent subsidy vouchers in the event of a mortgage prepayment.

Mr. Shanahan said that the owners are prepared to provide an additional protection to elderly persons with incomes below 80% of median income if rent subsidy vouchers are not available. The additional protection would consist of a commitment by the owners to limit annual rent increases to ten percent, and phase-in the market rents over a minimum of three years. The definition of elderly tenant is any tenant of age 65 years or older.

Councillor Born asked Mr. Shanahan how the owners would determine market rents. Mr. Shanahan explained ~~that~~ the process of rent setting in rental property. Councillor Born clarified that it is the owners who will determine market rents.

CONFIRMED

Councillor Davis asked whether it was possible that the owners could continue increasing rents by ten percent for a prolonged period. Councillor Davis noted that for many tenants, income would not keep up with increased rents. Mr. Shanahan agreed that it was a very difficult situation.

Susan Schlesinger asked Mr. Shanahan why the owners limited the extra protection to the elderly, and not for the families or disabled persons. Councillor Born asked whether Mr. Shanahan had demographic information on the tenant composition of the expiring use buildings. Mr. Shanahan replied that he did not have this information. Mr. Shanahan said that individual owners may come in and reach individual agreements with the City regarding other special protection for tenants, but that he could only offer provisions that have been agreed to by the owners as a group. Ms. Schlesinger asked Mr. Shanahan if he could help arrange individual meetings with owners, and noted that the Community Development Department had recently sent letters to owners but had not received any replies. Mr. Shanahan said that he could help set up these meetings.

Councillor Duehay asked whether any tenant representatives wanted to respond to the owners' proposal. Patricia Cassola of 364 Rindge Avenue offered a response. Ms. Cassola said that the owners' proposal is prejudicial in that it only provides protection to elderly tenants, and not disabled or family households.

Councillor Duehay entered into the record several documents, including the following: the response to the owners' proposal from the Cambridge Expiring Use Tenants Committee dated April 10, 1996; a transmittal of a fax from the National Housing Trust provided to Councillor Duehay by Denise Jillson; and a memorandum from the Community Development Department to the City Manger dated April 11, 1996 on current federal legislation on the expiring use buildings. (ATTACHMENTS B, C, & D).

Councillor Duehay asked Roger Herzog to summarize information in the memorandum prepared for the City Manager regarding changes to the federal legislation governing the expiring use buildings. Mr. Herzog summarized the two pieces of legislation that deal with expiring use buildings. The FY 96 Appropriations bill, which has not been passed, provided a budget of \$624 million for Preservation of the expiring use buildings, and also authorized changes to the Preservation Program. These changes included restoring the right of owners to prepay the federally-insured and subsidized mortgages, and terminate the affordable use restrictions; establishing a priority for sales of these buildings to tenants and non-profit purchasers; and providing rent subsidy vouchers to unassisted low income tenants in buildings where the owner prepays the mortgage. Due to the failure of Congress to enact the Appropriations bill, Congress did pass the so-called "extender Bill" which authorized the program changes. Mr. Herzog also summarized the current spending under the Preservation program, and the outlook for the future of the program.

Councillor Galluccio asked Mr. Herzog whether there was any limit for owners to prepay, and whether any owners have notified the City that they intend to prepay. Mr. Herzog responded that there is no time limit, and that no owners have notified the City regarding their intentions to prepay.

Councillor Galluccio asked Mr. Shanahan whether the owners would consider extending the additional protection to disabled tenants. Mr. Shanahan responded that the owners would consider this request, but that they were concerned over the different definitions of disabled.

Councillor Duehay requested that additional materials be entered into the record and transmitted to the full Council along with the minutes of these two meetings for consideration at the Council meeting on April 22, 1996. The additional materials include: Petition to the Legislature dated April 11, 1996.

The second item on the agenda was the ten million dollar plan for affordable housing. Councillor Duehay asked for a summary of the plan. A representative of the sponsor, William Cavellini of 158 Brookline Street, provided a summary. Mr. Cavellini said that there is not much different from the presentation of the plan made at a public hearing before the Council on March 4, 1996. He reviewed a memo from Terry Canavan, Bill Cavellini, Nancy Hall et.al. to the Councilors dated April 10, 1996, and a chart showing the sources of revenue for the plan. Mr. Cavellini noted that the plan is really a \$5.8 million plan, plus the revenues generated from a proposed transfer tax, which requires the approval for the Legislature. Therefore the sources of revenue include the amount of the administrative costs of the Rent Control Board and the increases in property tax revenue attributable to the loss of rent control. (ATTACHMENTS E, F & G).

Mr. Cavellini also said that the sponsors support the flexible use of the affordable housing funds. The sponsor is not locked in to the use of funds for the CityHome program, and would consider the use of funds for rent subsidies during a transitional period. The sponsors are pleased with projects such as the Pleasant Street project, which the Community Development Department has developed under its Condo Buyer Initiative.

Mr. Cavellini also said that the Plan would provide funding for a public housing advisor to work with tenants, and legal assistance for low income tenants.

Councillor Duehay asked the City Manager and Assistance City Manager for Fiscal Affairs to discuss the fiscal situation facing the City. Robert Healy provided a summary of the City's fiscal condition, and also summarized the CityHome program. The City responded to the loss of rent control by agreeing to allocate \$2 million per year for a ten year period to support affordable housing efforts. In the first year, the City used \$1.3 million of free cash to fund this effort, which preceded any additional tax revenue coming to the City. In the FY97 budget, the City Manager has proposed a 12.5% increase to the \$2.25 million for the CityHome program. The source of funds is the \$1.5 million saved from the Rent Control Board budget and fifty percent of the anticipated tax revenue increase for the former rent control properties. Mr Healy noted that there is not \$5 million available this year to support

the ten million dollar plan. Mr. Healy said that this is a fair and equitable allocation, and that no other community in the Commonwealth provides this amount of financial support to affordable housing.

Councillor Duehay asked Mr. Healy to explain the Fund Balance account. Mr. Healy explained that this account accrues surplus revenue. The rule of thumb is to have ten percent of the operating budget in such a Reserve account. During this year, the City has used 42% of its free cash, so the account is down to about \$12 million.

Councillor Duehay asked about the tax revenue increase on non-rent control property. Mr. Healy said that the City expects to see a 2.2% increase. Mr. Maloney discussed the recent fiscal history of the City in the wake of Prop 2½, and discussed the major capital expenses planned by the City in the next few years.

Councillor Duehay asked how the City will pay for the Harvard properties. Mr. Healy said that the deal is under negotiation, but that the City hoped to make an initial downpayment and finance the balance of the acquisition cost with Harvard. The question is whether the City will be able to use its available housing funds for the downpayment.

Councillor Duehay asked about the City's regular sources of housing funds. Ms. Schlesinger described the two regular federal sources: CDBG and HOME. The City receives about \$4.2 million in CDBG, and allocates about 50% to housing. The City also receives about \$770,000 in HOME funds. Ms. Schlesinger cautioned that the federal government is considering significant cuts in these programs in the coming years.

Councillor Born presented the options to increase housing funds that the Council should consider. These options include the following: 1) Increase taxes by up to \$6 million; 2) use free cash reserves; 3) make cuts in other programs and use these savings from housing; and 4) identify new sources of revenue, such as the transfer tax. A discussion on new ways to generate revenue, including linkage fees, followed.

Councillor Davis asked whether the City was charging the maximum amount of linkage fees. Ms. Schlesinger responded the current fee schedule was based on a study commissioned by the City. The city could conduct a new study, but the City would need state approval to revise the fee schedule.

Councillor Duehay requested that the Committee look at possibilities for increased revenues, including increasing linkage fees.

Councilor Duehay asked the City Auditor to comment on the report provided by the City Manager on the City's fiscal condition. James Lindstrom responded that the report was accurate, and that the City has managed its finances very well relative to other cities.

Councillor Duehay asked whether protected tenants were being prioritized for placement in new housing using under development. Ms. Schlesinger said that special efforts were being made to address the housing needs of protected tenants. The City, the CHA, and

The Housing and Community Development Committee held a public meeting on April 11, 1996, beginning at 3:15 p.m. in the Sullivan Chambers, for the purpose of continuing to discuss affordable housing issues in Cambridge.

Present at the hearing were Councillor Francis H. Duehay, Chair of the Committee, Councillor Kathleen L. Born, Vice Mayor, Councillor Henrietta Davis, Councillor Anthony Galluccio, and Councillor Michael Sullivan. Also present were Robert W. Healy, City Manager, James Lindstrom, City Auditor, James Maloney, Assistant City Manager for Fiscal Affairs, Susan Schlesinger, Assistant City Manager for Community Development, and Donald Drisdell, Deputy City Solicitor. Due to the absence of the City Clerk and Deputy City Clerk, Roger Herzog, Housing Director, took the notes for the meeting.

Councillor Duehay convened the meeting and explained the purpose. The first item on the agenda was to complete the discussion for the proposed Petition to the Legislature on expiring use and other governmentally-involved housing. At the last meeting, the Committee voted to send the Petition to the full Council. At today's meeting, the Committee would finish its discussion of the matter, and to hear from the representative of the building owners regarding their proposal to mitigate the effects of potential federal deregulation of this housing.

Councillor Duehay requested that Donald Drisdell summarize a revision made to the most recent draft of the Petition dated April 3, 1996. The sponsor of the Petition, through their attorney, Susan Hegel of Cambridge and Somerville Legal Services, submitted a revised Petition to the Committee dated April 11, 1996. Mr. Drisdell explained that the revision was made in response to a request from the City's Law Department to revise the definition of governmentally-involved housing. The revised definition establishes the requirement that properties must also be rent regulated by a governmental entity, in addition to financial participation by a governmental entity, in order to be subject to the provisions of the Petition. (ATTACHMENT A)

Councillor Duehay said that the revised definition will be approved by the Committee to be submitted to the full Council.

Councillor Duehay asked Mr. Ed Shanahan of Peabody, Massachusetts, managing Director of the Rental Housing Association, if he had any further comments on the Petition or the proposal by the property owners, at the request of Councillor Galluccio, regarding concerns expressed at the last meeting over the possibility that low income tenants may not receive rent subsidy vouchers in the event of a mortgage prepayment.

Mr. Shanahan said that the owners are prepared to provide an additional protection to elderly persons with incomes below 80% of median income if rent subsidy vouchers are not available. The additional protection would consist of a commitment by the owners to limit annual rent increases to ten percent, and phase-in the market rents over a minimum of three years. The definition of elderly tenant is any tenant of age 65 years or older.

Committee Report #2

S-225

Received from Councillor
Duehay, Chair, Housing
and Community Development
Committee transmitting a
report of a public meeting
held on April 11, 1996 for
the purpose of continuing
to discuss affordable housing
issues in Cambridge.

In City Council April 11, 1996

*Report accepted. Placed on file.
Order adopted to file Home
Rule Legislation 7-2-0.*