

City of Cambridge

The Housing and Community Development Committee conducted a public hearing on Wednesday, March 13, 1991, beginning at 7:16 p.m. in the Sullivan Chamber, City Hall.

Councillor Edward N. Cyr, Chair of the above referenced Committee convened the hearing and stated that the purpose of this hearing was to discuss The Cambridge Housing Plan dated February 25, 1991. Present at the hearing were: Councillor Jonathan S. Myers, Councillor Timothy J. Toomey, Jr., Councillor William H. Walsh and Deputy City Clerk John E. Flynn.

Councillor Cyr began the discussion by stating the approximately 700 copies of this proposal has been distributed for public review and comment. The Chair then stated that the review process would include general comment, discussion of the policy statements and discussion of the reorganization and financing mechanisms. He further stated that through the combined workings of this Committee and the Rent Control Committee a first real attempt in a number of years has been achieved in putting together a comprehensive housing policy.

Councillor Cyr then proceeded to outline a summary of the attempts of the housing initiative as authored and proposed by the Chair. (A copy of the proposal attached.)

Upon conclusion of the presentation, Councillor Cyr opened the floor for the purpose of soliciting public testimony and comment.

Reverend Thomas Michaelson, Pastor First Parish in Cambridge expressed support for the broad range effort of initiatives as submitted by Councillor Cyr, Toomey, Myers and Vice Mayor Reeves. He further stated his delight and encouragement in the review process as it moves forward. He also stated that a response would shortly be forthcoming in the form of a proposal to the initiatives submitted by Members of the City Council. He further stated that the proposal would address Theological values such as tenancy for very low income, provisions for people for color, expansion of the decision-making process, targeting of resources and a comprehensive program to include the low level in income and homelessness.

Reverend Cynthia Holsman of the First Church Congregational echoed the comments of the previous speaker.

Councillor Cyr inquired of the appropriate vehicle to be employed to take the provisions of the Clergy's recommendations to the Community.

Reverend Michaelson is response stated that through the Ministries of 75 Churches - 30 of which very active - from North to East Cambridge with tandem lay group provide a mechanism to make inroads.

Ms. Linda Levine, 26 Mt. Auburn Street, citing the Abt Report, inquired of the higher percentage of diversity in market rate units versus rent controlled units.

Councillor Cyr stated his belief that the numbers had been skewed given the fact a need existed to separate out the number of sales made in the late 1970's to mid 1980's due to a turnover of an owner or owners for a long period time to a new owner thus reducing diversity.

Mr. George Spartichino, 99 Normandy Avenue, stated his appreciation for the spirit of the Committee in dealing with the issue of affordability and access but stated his belief that quick access would be ensured by a Means Test.

Councillor Cyr cited the fact that not one precedent exists in Constitutional Case Law to allow the constitutionality of such a Means Test.

Mr. Neil Rohr, 279 Pearl Street, stated his support for the reorganization of the various housing components with the City government. He also stated that the Report was well put together and worthy of further discussions.

Councillor Cyr in response stated that both he and Councillor Toomey were willing to speak to any and all interested groups throughout the City on their respective initiatives.

Mr. Anthony Pini, President, Health INSpectors Union, provided the Committee with the provisions of the Massachusetts Deleading Law and its lack of stringent enforcement due to the lack of personnel resources.

Councillor Cyr citing the fact that it is a problem facing every city and town with an average cost of \$8,000 per unit and no one has a program to implement it.

Councillor Cyr thanked all participants for their comments and participation.

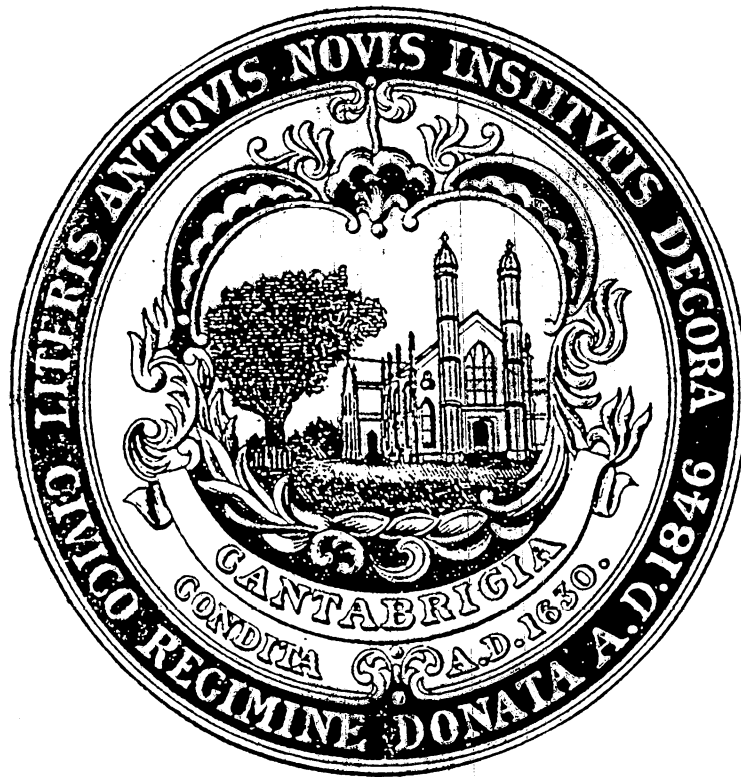
The hearing adjourned at 8:26 p.m.

For The Committee,

Councillor Edward N. Cyr, Chair

HOUSING OUR PEOPLE

THE CAMBRIDGE HOUSING PLAN



A Housing Policy for Cambridge

February 25, 1991

City Councillor Ed Cyr
Chair Housing Subcommittee

Introduction

Nearly 95,000 people call the six and one-half square miles of Cambridge home. Although small, we are a great American city with an economic, racial, and demographic diversity that is seldom seen. We are home to immigrants and engineers, families with young children, retired factory workers, and struggling artists. Together we occupy over 42,000 units of housing, in nearly 16,000 buildings. Most of the stock was built before 1920. We are, and always have been, a city of renters, with three in four of us paying a monthly rent.

Due to aggressive City support of affordable housing, dating from the post war era, Cambridge retains its diversity in the face of enormous and unprecedented economic pressures. Rent Control, support for public housing, and extensive use of federal and state housing construction and support programs shield over 50% of the rental stock from the impact of market-driven price increases.

No city in the Commonwealth has a broader or more consistent commitment to developing and maintaining affordable housing. Our continued goal is to maintain the diversity of our community through the development and maintenance of a stock of housing affordable to individuals and families across the economic spectrum. At the same time we recognize, and commit ourselves to respond to, the particular needs of those struggling in the lower quarter of that spectrum - young families, the homeless, and the otherwise disadvantaged.

The simple truth is that without subsidy or assistance prices for those entering the private market have grown beyond means of the average Cambridge citizen. As a city in the midst of a twenty-year-long economic transformation - from industrial center to a high tech, and service sector economy - our cherished diversity is no longer something we can leave to chance. Public sector intervention is necessary.

The efforts required to maintain the diversity of our community require a new urgency, a shared vision, attainable goals, and consistent direction. For these renewed efforts to succeed will require leadership, management skills, and a commitment of public and private resources unprecedented in this community and a willingness to confront problems traditionally avoided.

We must acknowledge that if the rent controlled stock is to remain both affordable and intact, there must be new rehabilitation resources. We cannot continue to close our eyes to the capital needs of older buildings for the sake of affordability. We cannot, in the name of preservation, sanction the unfettered capital improvement that causes displacement. Our definition of preservation must be broadened to mean preservation of rental housing as affordable housing; our definition of affordable must always mean affordable decent housing.

Problems

The problems we face today are daunting. While state and federal authorities have abandoned the whole realm of housing policy, Cambridge must now translate its current commitment of substantial local resources in support of affordable housing into locally driven, and increasingly self-financed, affordable housing policy.

Failure to act will cause a continuing erosion both in the stock of affordable housing available and the quality of much of what remains. At the same time the increasing pressures on low-income tenants and small landlords to leave Cambridge will be accelerated.

The Conflict of Affordability and Habitability

One aspect of the problem was articulated last year in the "Low Rent Field Study" conducted by Andrea Devine of the Rent Control staff. Looking at 200 of the rent controlled apartments with the lowest rents, Ms. Devine found a distressing concentration of very low-income people living in substandard conditions. Using language reminiscent of tenement studies from the turn of the century, Ms. Devine paints a picture of low-income tenants trapped in substandard housing while paying all the rent that they can afford, landlords refusing or unable to invest the money necessary to ensure standards of liveability in their buildings, and the limits to public policy.

If these landlords make the capital improvements needed to fix up the apartments, the low-income tenants will be unable to afford the resulting rent increases, and they will be displaced. If the landlords do not make capital improvements, the apartments will become uninhabitable and, again, the tenants will be displaced.

The Community Development and Housing Subcommittee heard testimony earlier this year from tenants at Hampshire Place, a striking case in point.

The other aspect of this problem was demonstrated in the testimony of tenants at 1 - 3 Langdon Street, a rent controlled building in the Agassiz neighborhood, who recently saw capital improvement increases double the rents in their rent controlled apartments. The increases were all allowed under the current regulations (in which affordability is not any part of the criteria) but, in a situation which reflects the well founded fears of tenants, affordability was lost. In a moment of candor, the landlord admitted that it was his intention to search out upper-income tenants to fill these apartments. In addition, even with these huge increases there is still no assurance that the buildings have been appropriately restored, or that capital improvement increases won't continue.

While these examples are striking in their inequity, the sad truth is that under the current system such capital improvement rent increases are the principal means that we have to finance the capital upgrade of the rent controlled housing stock. These examples demonstrate the central conundrum of our current housing policy. Clearly capital investment is required to maintain and

preserve housing stock. That investment must be paid for. But when cost translates into rent increases, the investment required to keep the housing in service destroys its affordability for people of modest means.

Access to Housing

The testimony of numerous advocates, members of the local clergy, staff from the Human Rights Commission, and the Cambridge Housing Authority points to another critical issue. There is a crisis in access that adversely impacts the ability of the poor, families, people of color, the handicapped, and others to take sufficient advantage of our housing initiatives. Some of these reflect a structural deficiency in the stock (lead paint and handicapped access), others are informational (lack of information), while still others reflect the competitive disadvantage these populations experience in the area of housing search, and others reflect illegally discriminatory practices.

The Maze of Regulation

Small landlords have made the argument that the regulatory environment makes it very difficult for them to make the system work, particularly in a climate of tight credit. Their principal contact with Cambridge housing programs is through the hearing examiners in the Rent Control office. While they might best be served by the rehab staff at Community Development, the system is not set up to facilitate such contact. Even when such contact is made, there is not a consistent regulatory relationship between the two City agencies, so our rehab specialists try, as do landlords, to thread their way through the regulatory system. The lack of predictable response, for anyone but the most sophisticated investor, creates an inevitable reluctance to upgrade properties.

THE CAMBRIDGE HOUSING PLAN

We in Cambridge have been more successful than any other community in the Commonwealth of Massachusetts at shielding the rental housing stock from the gentrifying impacts of housing price inflation. It is now incumbent upon us to move beyond that success to the even greater challenge of supporting **both** affordability and the restoration of the housing stock.

What is called for is a reformulation of our approach that starts with a clear and consistent **policy statement** from the City Council. We can no longer afford the luxury of simply responding to the crisis. It is incumbent on policy leaders to set a clear direction that allows for the development of long-term solutions. While this first step sounds obvious, it is not. Today such direction is sorely lacking.

Beyond that the City's government must undertake an **administrative reorganization** to guarantee that all City efforts are well coordinated and integrated.

Finally, we must commit ourselves to developing **new resources** to invest in the purchase, and/or rehabilitation of the housing stock.

The question is not whether we should substantially rehabilitate the housing stock, and commit ourselves to guaranteeing permanent affordability, but rather - how can we pay for it? We reject the notion that the only options are affordability or quality. We believe that the question that should be posed is: how can we focus sufficient public resources on the problem to insure that our neighborhoods can continue to resist speculation and decay?

I. POLICY CLARIFICATION

We have established the following hierarchy of "policy statements" to guide our efforts. It is our intent to insure that available resources support these policy statements, and to develop the appropriate additional resources that will be necessary to meet our clearly established goals.

- * **We Support Rent Control.** Rent Control is the single most important housing policy that the city of Cambridge has in place. Over the past twenty years it has allowed a substantial percentage of the rental housing stock to remain affordable in the face of unprecedented inflationary pressures. For the system to serve us as well over the next twenty years, Rent Control must now be more consistently integrated into the city's overall housing program, and a conscious strategy must be developed to guarantee the housing stock's preservation, while expanding efforts to maintain affordability. Rent Control regulations must reflect the broader policy objectives of the City.
- * **We Support Housing Preservation/Rehabilitation as the Key Component in our Strategy.** The most important source of affordable housing in Cambridge is that stock which already exists. Therefore it must be a goal of the City of Cambridge to marshal all available resources to deal with the required substantial rehabilitation of the aging rental stock (including the critical issue of de-leading) while maintaining the maximum affordability.
- * **We Support Non-Profit and Tenant Ownership of the Multi-Family Stock.** We must support the purchase of multi-family housing (including the substantial expiring use stock) by non-profits and limited equity co-ops in order to insure their permanent availability as affordable housing for low-income people.
- * **We Support Improved Housing Access.** Access to housing is a critical concern which cannot simply be regulated by laws

concerning discrimination. While utilizing and building on existing resources to fight housing discrimination, we must recognize that the poor, moderate income families with children, the elderly, and the disabled continue to experience real barriers to access. They will require our assistance.

- * **We Support Affordable Homeownership.** An often-underestimated source of affordable housing in Cambridge, and an important force in stabilizing neighborhoods, is that portion of our housing stock acquired by owner-occupants prior to the recent decade's housing inflation. Not only do these owners provide affordable housing for themselves, but often they provide such opportunities to others.
- * **We Support Building Appropriate New Housing.** We must declare and act upon a commitment to build a specified number of units of new housing per year which will be permanently affordable to very low and low-income households for the next ten years. Special attention should be given to developing types of housing which are in short supply, such as S.R.O.'s and supportive housing for homeless and formerly homeless families.
- * **We Support Prioritizing Resource Allocations to Help the Poor.** We have become, perhaps, a throw-away society; but we cannot afford to discard our neighbors. We cannot turn our backs on need and say: "you do not have to live in Cambridge." We must take care of our own neighbors and neighborhoods, be prepared to share our surplus, and set a positive example for the Commonwealth.
- * **We Support "Pro- Affordable Housing" Zoning Reform** City zoning ordinances should be reformed to encourage the development of small, scattered-site affordable housing. This may be done through the use of density bonuses and other preferential treatment; a commitment to exclusive-use housing districts; and through requiring the inclusion of affordable units in all multi-family developments.
- * **We Support Consistent Enforcement.** While we intend to bring new and substantial resources to the problem of housing stock maintenance and rehabilitation, we recognize that the maintenance of a quality housing environment will require the consistent enforcement of health code regulations, and the utilization of all

available sanctions and remedies. Enforcement programs must work hand in hand with rehabilitation efforts and must move beyond simple code enforcement to capital needs assessment.

To support these ends the City must undertake critical administrative reforms - and must commit itself to developing the new resources which will be required to guarantee the permanent affordability and the capital restoration of the Cambridge housing stock.

II. ADMINISTRATIVE REORGANIZATION

The City of Cambridge currently spends approximately \$4.3 million on a range of programs which deal directly with housing issues. Of that total over \$2 million is spent on 51 full time staff people working 100% of the time on housing issues and programs in five different departments. Their efforts - while substantial - are unfocused, sometimes contradictory. Communications are dependent upon personal relationships. Examples abound: Housing Inspectors do not work with rehab specialists; housing search staff have no access to the stock of affordable housing; and Rent Control hearing examiners pass on capital improvement increases without reference to overall capital needs - or to the city's resources for rental rehab.

The Cambridge Housing Department

We propose the consolidation of the various Cambridge housing programs (Community Development Department Housing/Rehab components, Rent Control, Affordable Housing Trust, CRA, Housing Inspectors, Department of Human Services housing search) into a single department which will plan for, develop, and administer the **Cambridge Housing Plan**. The Housing Department will focus and coordinate our resources on the critical issues addressed in the policy statement.

When appropriately consolidated the existing departments can support each other - with resources as well as ideas - so that each component can better achieve its mission, and play its role in a cohesive housing policy as well. A careful review of the current housing component budgets suggests that coordination may also represent cost efficiencies. The allocation of additional resources should not be necessary to create the Cambridge Housing Department.

Cambridge Housing Department Responsibilities

The Cambridge Housing Department (CHD) will have responsibility for housing rehabilitation, code enforcement, new development, housing financing, and the administration of the Rent Control system.

owners of distressed rental properties.

II. Administration of Programs to Develop New Affordable Housing

- a. **Land Bank.** The Cambridge City Council recently passed a landmark Land Bank bill setting aside local land for re-use as affordable housing. The City must commit itself to filling, and then refilling, the Land Bank. The Planning Board, with the assistance of the Community Development Department, should provide an annual assessment of surplus City land, buildable public land, and other real property which may be available for affordable housing development.
- b. **Development Support** The city must continue to support the agencies and organizations which develop affordable housing in Cambridge. Support of organizational overhead, in-kind contributions which minimize the development soft costs, and technical support should be provided to ensure the continued strength of the nonprofit sector.
- c. **Financing Support.** The City must to be proactive in assisting nonprofit agencies attempting to package financing for housing. The Affordable Housing Trust and other innovative financing vehicles, should be utilized aggressively for this purpose.

III. Administration of the Rent Control System.

Effective administration of the rent control system is an important aspect **The Cambridge Housing Plan**. A well-regulated market affords us the opportunity to preserve and rehabilitate the housing stock without sacrificing affordability. Without strong and effective rent control, the stock of affordable housing will quickly evaporate.

The Cambridge Housing Department will be charged with the preservation of the rent-controlled housing stock, the maintenance of its affordability, and the provision access to lower income households. The regulation of rents and evictions will continue to be a key component of Cambridge's housing strategy.

IV. Provision of Improved Access

- a. **Cambridge Housing Inventory** Today there is no adequate inventory of the Cambridge housing stock. the first requirement for access is information. An inventory containing information about de-lead apartment, handicapped-accessible apartments, family housing, and other special-needs housing should be compiled in conjunction with the Rent Control data base.

- b. **Cambridge Housing Assistance Office:** One method of improving access for low-income people, and others with special needs, is a mix of supportive services offered to both tenants and landlords. A tenant match program can overcome some of the barriers experienced. When combined with meaningful incentives such a program can have a powerful impact in opening up the affordable housing stock to those who need it most.

The Housing Assistance office will also facilitate the targeting of housing units which have been rehabed with City funds to low-income renters.

- c. **Fair Housing Office** The City of Cambridge should pass the Fair Housing Ordinance and empower the Human Rights Commission to enforce local laws against housing discrimination.

V. Operation of Coordinated Housing Code Enforcement/Rehabilitation Program:

The Housing Inspection Office The City must commit itself to a consistent, and aggressive enforcement of health codes if we are to guarantee quality housing for our citizens. The Inspectional Services Department as currently structured does not make the critical link with the city's rehabilitation efforts - and this failure leaves the long term problems unresolved.

Planning Department Responsibilities

The New Cambridge Housing Department will subsume the rehab and housing development programs of the current Community Development Department. The remainder of the CDD will constitute the "Planning Department" and will be the data and policy choice resource which supports both the CHD and also the critical legislative and regulatory actions of the City Council itself. Key Support activities of the Planning Department will include:

- a. **Needs Assessment:** A housing "needs assessment:" for Cambridge must progress promptly on two fronts. First, the Planning Department must develop a demographic profile of Cambridge households: counts and percentages for household types and incomes, number and age distribution of occupants, and similar data. The 1990 census, even now coming off of the federal tapes, and the work completed for the Housing Challenges" study this past year will prove invaluable in this regard. From background information about existing households, we can develop an assessment of what kind and mix of housing stock is required to support our current population.

But even more important, a "needs assessment" must consider, not only what kind of community Cambridge is today, but also where we are headed, and what kind of community we want to be. We are justly proud of our "diversity", but

what specifically do we mean? How does Cambridge population mix compare to the greater Boston region? What pressures exist on Cambridge households; how has household mix changed over time, and where will it be in another ten years? Are we content to let the "market" dictate who lives in Cambridge, or do we want to maintain, or create, a particular kind of household mix? Again working with 1990 census data, the Planning Department can help us to foresee and govern our future, and answer these challenging questions.

- b. **Zoning Reform Initiatives:** Public policy and action cannot, by itself, accomplish all aspects of the Cambridge Housing Plan; the private market must be coaxed into supporting (not thwarting) the overall effort. In this regard, zoning reform in support of housing goals will be critical.

What the 1980's showed us is that, given half a chance, commercial and institutional uses will outbid residential uses for a place in the sun. Unfortunately, our current Zoning Ordinance gives non-residential uses, not just half a chance, but a great many chances. The Planning Department will have to give systematic consideration to revising the Cambridge Zoning Ordinance such that land use controls give new priority to affordable housing retention and production. Zoning reforms to pursue include: Conversion of existing commercial zones to residential zones where existing neighborhoods can usefully expand; perfection of new "mixed use" zoning to protect housing in commercial areas like Harvard Square, and permit local retail in residential neighborhoods; and simplification of the wood frame housing renovation rules, so that adding a dormer or porch does not require an expensive and risky zoning variance. The Planning Department should become a primary advocate of these kind of housing supportive zoning reform.

III. NEW FINANCING

The rehabilitation of the pre-1920 housing stock can only be accomplished with the commitment of substantial resources. As stated earlier, the central conundrum facing local policy makers is how to facilitate the rehabilitation of the housing stock while maintaining affordability. It is clear that there is no magic bullet. A patchwork of plans, programs, and funding sources will be required over an extended period of time. We currently commit over \$2 million dollars per year through various state and federal programs and it is obvious that we must commit ourselves to the development of new local resources as well. While the specific mix will require extensive public discussion, review by legal and bond counsel, and legislative approval, it is nonetheless necessary to begin that discussion as soon as possible. The following suggestions may serve as a starting point.

- * **Conventional and Below Market Financing** Improved access to local banks and financing institutions must be created for housing development initiatives. Banks' Community Reinvestment Act responsibilities, as well as a new linked deposit banking program now being developed should provide leverage for increased commercial lending.
- * **Municipal Bond Issues** A \$20 million pool of capital could be raised from the floating of municipally supported bonds to assist non-profits in the purchase of affordable housing units.
- * **Transfer Tax** A 1% transfer tax on real state sales (with an exemption for homeowner sales below \$300,000.) could generate an initial annual income of approximately \$1.4 million. These funds would be available to the Affordable Housing Trust for the construction of new housing, or to the Distressed Buildings Capital Grants Program for the rehabilitation of permanently affordable housing.
- * **Rent Surcharge** A rent surcharge could provide an initial annual income of \$1 - \$1.2 million dollars to be used by the Distressed Buildings Capital Grants program to support the rehab of apartments for low-income tenants - without increasing their rents.
- * **Enhanced Linkage** An enhanced linkage program could expand the number of projects covered and raise an additional \$1 million dollars annually in payments. These new funds should be committed to the Affordable Housing Trust for the construction of new housing and rehabilitation of permanently affordable housing.

COMMITTEE REPORT #2 S-501

Communication received from John E.
Flynn transmitting a report from Councillor
Edward N. Cyr, Chair of the Committee on
Housing and Community Development for a
hearing held on March 13, 1991 to discuss
The Cambridge Housing Plan.

In City Council,

April 8, 1991

*Report accepted
Placed in file*