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Rent Control in Cambridge

Part 2

The Beneficiaries

Prepared by Rolf Goetze, PhD.
October 1992

Exhibit B

Testimony: Preliminary Findings, Age and Occupation Patterns in Cambridge Residents

Delivered by: Rolf Goetze, PhD

Date: October 2, 1992

Summary of Preliminary Age Group and Occupation Class Findings

Given the purpose of rent control legislation, one would expect units controlled by the Cambridge Rent Control Board (CRCB) to house a greater share of the City's older residents and those working in lower status occupations or retired.

Analysis shows the reverse, that rent-controlled properties house a disproportionate number of persons in their 30s and 40s, the peak earning years. Furthermore, upper status occupations are over-represented, particularly in the controlled condominium stock.

The Analytical Approach

The Election Commission list of Cambridge residents over 17 years of age (Nov. '90) can be used to classify most Cambridge residents by age group and occupational class.

- Over 90 percent of the dates of birth and 75 percent of the occupations were classifiable.¹
- The large majority of addresses in the CRCB's list of properties and units were matched with the addresses in the Election Commission list.²
- Over 16,600 residents were classifiable into specific units identified as controlled apartments (C) or controlled condominiums (C*) in the CRCB database, which are hereby designated RC-DUs, rent-controlled dwelling units.
- An additional 6,700 were classifiable into other types of units in the CRCB database, but currently exempt from rent level controls due to owner occupancy, new construction, etc.³
- To differentiate residents living in rent controlled units from the rest of the City population, all residents were divided into two groups, RC-DUs, those living in identified, rent-controlled units, and Balance, all other residents not explicitly matched to controlled units.⁴

Age Group Patterns

As Figure 1, Age Distribution by Stock Type, reveals, rent-controlled units house a disproportionate share of residents aged 30 to 49, persons in the prime earning years, and

¹ Of the 71,443 residents listed, 65,055 were classifiable by age and 54,086 were classifiable by occupation. Some 6,381 residents had blank or unrealistic dates of birth and were therefore not classified. Similarly, some 17,357 residents had occupations that were blank or impossible to classify.

² This was done by geo-coding each address list using MapInfo mapping software. The relatively small number where residents' addresses did not readily match those in the CRCB database usually had offset street numbers, such as street number "47" where the Election Commission list showed persons residing at "45" and "49."

³ A small number of units were listed as currently exempt due to market rate certificates from the Cambridge Housing Authority. Even if these were included in RC-DUs, they are too few to alter the basic patterns.

⁴ The total population residing in rent-controlled units remains unknown, but it seems likely that at least three-quarters of the adults over 17 actually living in rent-controlled units are included in RC-DUs. The number included in the Balance (due to unmatched addresses) are too few to significantly alter the underlying patterns.

increasingly smaller shares as one moves away from this range. See Table 1, Age Distribution of Cambridge Residents, Nov. 1990, for actual counts.

- 30s: The contrasts were most extreme among residents in their 30s. The share of residents in RC-DUs in their 30s, one in three, was 61 percent higher than the one-in five in this age group in the Balance population.
- 40s: Among residents in RC-DUs, one in five was in their 40s, while in the Balance, only one in seven was in their 40s.
- 50s: Among residents in their 50s, there is little difference between RC-DUs and the Balance population. About 8 percent in each category were in their 50s.
- 60+: In RC-DUs, only one resident in seven is over 60 while over one in four is this old in the Balance population.
- Elderly: The share in RC-DUs of Cambridge residents age 65 and over, 11 percent, was barely half as large as the share in the Balance, 21 percent – the reverse of what one would expect.⁵
- Under 30: Among the RC-DUs, only one in four was between 18 and 30 years old, whereas in the Balance population one in three was within this age group. It seems in general that rent-controlled units do not concentrate on this age group, which includes most students.

Occupational Patterns

Three-quarters of the 71,443 adult residents in the Election Commission list, or 54,086, were also classifiable by occupation into one of 12 categories.⁶ Using these classifications for analysis, the following patterns emerge.

Figure A: Occupational categories used for classifying resident occupations

1 professional	doctor, lawyer, scientist, clergy, post-B.A. degree
2 managerial/administrative	director, manager, vice president, president, owner, landlord, supervisor
3 technical/semi-professional	analyst, consultant, technician, teacher, specialist, etc.
4 clerical	secretary, word processor operator, clerk
5 skilled trades	carpenter, plumber, electrician, woodworker
6 semi-skilled blue collar	truck driver, assembler, machine operator
7 unskilled workers	taxi driver, warehouseman, maid, stock boy,
8 student	
9 retired	
10 housewife	
11 unemployed	
12 uncategorized	(blank, self-employed, persons who identified only the field of work [e.g. state govt], etc.)

⁵ Only 10.9 percent of the residents classified as living in RC-DUs (1,669 out of 15,294 age and CRCB classifiable residents) were 65 years of age or older in 1990, whereas 21 percent of the Balance (10,432 of 49,761) were 65 and older.

⁶ The balance of 17,357 were either blank or so cryptic that reliable classification was not possible. The majority of these were blank and a considerable number of the blanks were probably students. An examination of their ages and addresses indicates these residents were young, and living in larger buildings where the Election Commission list coverage tends to be less thorough.

Figure 2, Occupational Distribution by Stock Type, shows that persons with higher status skills are more prevalent in RC-DUs, whereas *Students, Retired, Housewives, the Semi-skilled, Unskilled and Unemployed* are all under-represented. In Figure 2, one would expect the persons to the left to have less problems with housing affordability than those to the right. Yet a greater share of the occupations to the left are concentrated in controlled units. See Table 2, Occupational Distribution of Cambridge Residents, Nov. 1990, for actual counts.

The white collar groups, categories 1-3, plus 5), *skilled trades*, contain persons generally viewed as more advantaged. Thus, one would not generally expect to find too many of these occupations in rent controlled housing. Together, however, these actually include 56.6 percent of all residents in RC-DUs, compared to only 43 percent of all residents in the Balance.

- **technical/semi-professional:** In RC-DUs, analysts, consultants, technicians, teachers, and other specialists comprise 31.9 percent of the residents, compared to 22.9 percent in the Balance.
- **managerial/administrative:** In RC-DUs, directors, managers, vice presidents, presidents, owners, landlords and supervisors make up 9.8 percent of the residents, compared to 7.3 percent in the Balance.
- **professional:** In RC-DUs, doctors, lawyers, scientists, members of the clergy, and persons with post-B.A. education are 11.9 percent, compared to only 10 percent in the Balance. Remember, the balance includes all resident owned dwellings and all new construction as well as market rate units. Nevertheless, professionals are disproportionately represented in RC-DUs.
- **clerical:** In RC-DUs, secretaries, word processor operators and clerks are also over-represented at 9.1 percent of all residents, compared to 8.1 percent of all residing in the Balance.

On the other hand:

- **retired:** In RC-DUs, retired persons comprise only 6.8 percent, compared to 12.6 of all residing in the Balance.
- **housewife:** In RC-DUs, housewives are only 5.2 percent, compared to 9 percent of all residing in the Balance of the housing stock.
- **student:** While students are a significant presence in RC-DUs, comprising 13.7 percent of the residents, their share in the Balance is even larger, 17.3 percent.
- **semi-skilled, unskilled, and unemployed:** There are a host of lower status occupations represented in the residents, including those self-described as truck drivers, assemblers, machine operators, as well as taxi drivers, warehousemen, maids and stock boys, along with the unemployed. Together, in RC-DUs, these comprise 8.7 percent, compared to 10 percent in the Balance.

A final note:

Rent-controlled condominiums comprise a significant subset of RC-DUs, which includes 3,260 of the 14,755 residents in controlled housing classifiable by occupation. Residents in controlled condominiums present an even more extreme profile, with over 70 percent in the three white collar classes: *professional, managerial/administrative, and technical/semi-professional*.

FIGURE 1:

Age Distribution by Stock Type
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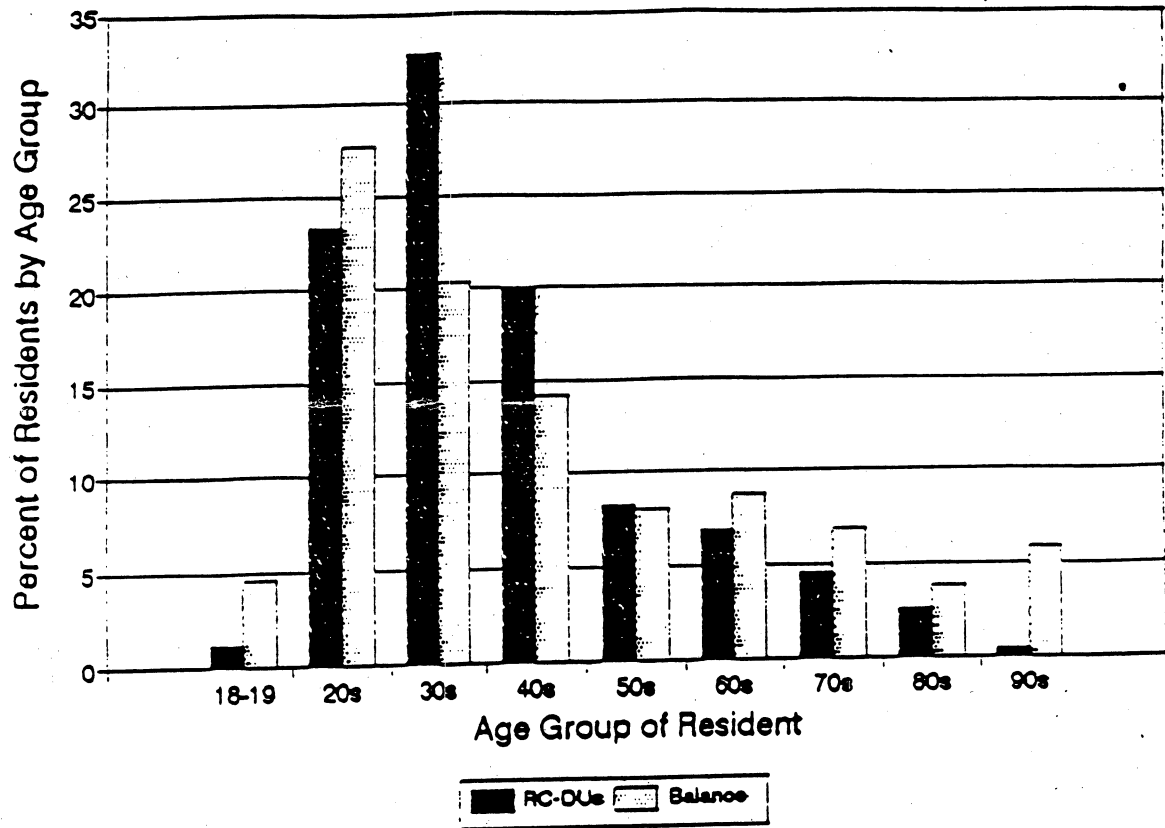


FIGURE 2: Occupational Distribution by Stock Type
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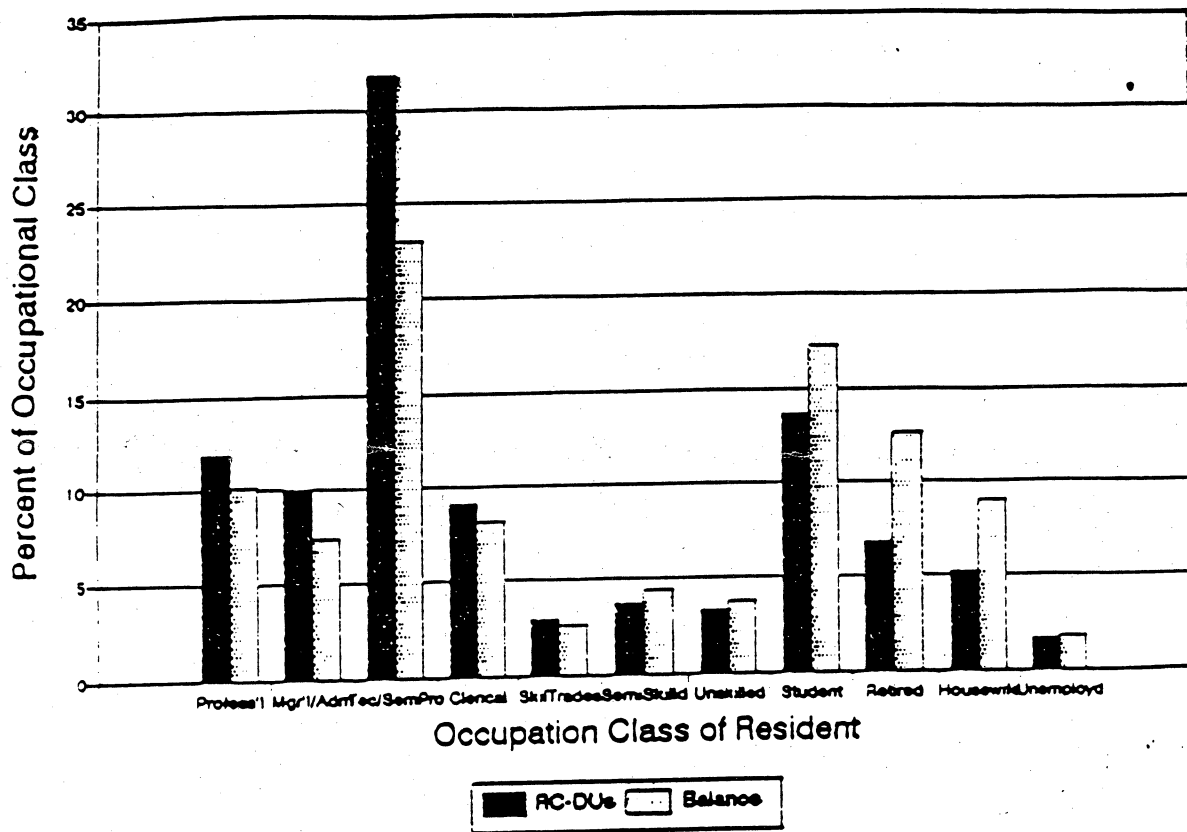


Table 1: Age Distribution of Cambridge Residents, Nov. 199

Age Group (persons)	RC-DUs	Balance
13-19 yr olds	181	2,283
in their 20s	3,566	13,773
in their 30s	5,007	10,080
in their 40s	3,063	7,029
in their 50s	1,255	3,995
in their 60s	1,048	4,388
in their 70s	701	3,415
in their 80s	408	1,918
in their 90s	65	2,880
Unclassifiable	1,314	5,074
Grand Total	16,608	54,835
Classifiable	15,294	49,761
% Unclassifiable	7.9%	9.3%

Age Group (percent)	RC-DUs	Balance
18-19 yr olds	1.2	4.6
in their 20s	23.3	27.7
in their 30s	32.7	20.3
in their 40s	20.0	14.1
in their 50s	8.2	8.0
in their 60s	6.9	8.8
in their 70s	4.6	6.9
in their 80s	2.7	3.9
in their 90s	0.4	5.8
Classifiable Ages	100.0	100.0

Source: Cambridge Election Commission list,
matched with Cambridge Rent Control
Board Database by R. Goetze

GeoData Analytics, D:\CAMB\AGRES, 02-Oct-92

Table 2: Occupation Distribution of Cambridge

Occupation (persons)	Class	RC-DUs	Balance
Professional	1	1,757	3,951
Mgr'l/Administ	2	1,450	2,874
Techn/SemiProf'l	3	4,701	9,024
Clerical	4	1,338	3,189
Skilled Trades	5	436	1,043
SemiSkilled BluCol	6	548	1,736
Unskilled Workers	7	488	1,486
Student	8	2,020	6,802
Retired	9	1,004	4,973
Housewife	10	767	3,529
Unemployed	11	246	724
UnClassifiable	12	1,853	15,504
Grand Total	ALL	16,608	54,835
Classifiable		14,755	39,331
% UnClassifiable (12)		11.2%	28.3%

Occupation (percent)		RC-DUs	Balance
Professional	1	11.9	10.0
Mgr'l/Administ	2	9.8	7.3
Techn/SemiProf'l	3	31.9	22.9
Clerical	4	9.1	8.1
Skilled Trades	5	3.0	2.7
SemiSkilled BluCol	6	3.7	4.4
Unskilled Workers	7	3.3	3.8
Student	8	13.7	17.3
Retired	9	6.8	12.6
Housewife	10	5.2	9.0
Unemployed	11	1.7	1.8

Classifiable Occs. 100.0 100.0

Occ. Groups (percent)	RC-DUs	Balance
White Collar(1-3)	53.6	40.3
Skilled Trades(5)	3.0	2.7
Student (8)	13.7	17.3
SubTotal(12358)	70.2	60.2

Subtotal(46791011) 29.8 39.8

Classifiable Occs. 100.0 100.0

Source: Cambridge Election Commission list,
matched with Cambridge Rent Control
Board Database by R. Goetze

Small Property Owners Association
287 Huron Avenue
Cambridge, MA 02138
(617) 354-5533

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October 14, 1992

Cambridge City Council
City Hall
795 Mass. Ave.
Cambridge, MA 02139

To the Honorable City Council:

Enclosed please find Part 2 of Dr. Goetze's study "Rent Control in Cambridge - The Beneficiaries". The data in this section presents compelling evidence that rent control misses the intended target - the elderly and the low income. Instead, the primary beneficiaries are the opposite groups, namely, those in their prime earning years, 30's and 40's, with higher income careers.

Although the council denied our Sept. 4th request for a public hearing, we hope that upon seeing this additional data you will reconsider that decision.

The objectivity of Dr. Goetze and the accuracy of his findings are above bias or criticism. Dr. Goetze is an eminent social scientist and was the city's own choice three years ago when it hired him to produce "Cambridge Housing Challenges". That work preempts any question of his qualifications or objectivity.

Continued refusal to discuss the factual data of the Goetze study only hides the truth and the obvious conclusion that there is no justification for rent control.

We hope that the council convenes a public hearing on this very important subject at the earliest convenience.

Sincerely,



Susan Batchelder
Corresponding Secretary

attachment: "Rent Control in Cambridge, Part 2, The Beneficiaries" prepared by Rolf Goetze, PhD

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Small Property Owners Association
287 Huron Avenue
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October 14, 1992

Ms. Margaret Drury, City Clerk
Office of the City Clerk
795 Mass. Ave.
Cambridge, MA 02139

Dear Ms. Drury:

Enclosed please find Part 2 of Dr. Goetze's study "Rent Control in Cambridge - The Beneficiaries". For the record, please submit this study, along with the attached cover letter, into the record of the city council. Also, please distribute copies to all city councilors for the Oct. 19th meeting.

Sincerely,



Susan Batchelder
Corresponding Secretary

enclosure

Consent Comm. # 21

5829

Comm. from Susan Batchelder, Corresponding Secretary, Small Property Owners Association, transmitting Part Two of Dr. Goetze's study "Rent Control in Cambridge - The Beneficiaries."

In City Council,

October 19, 1992

Referred to the
City Manager & City
Solicitor
copy sent to City Manager
& City Solicitor 10/21/92 @