



City of Cambridge

1.

IN CITY COUNCIL
January 28, 1991

COUNCILLOR TOOMEY

- WHEREAS:** The Cambridge Rent Control Board has significantly improved its management of the list of Rent Controlled Housing, identified most exempt units and the reasons for their exemption; and
- WHEREAS:** The Rent Control Board's database has been coordinated with Election Commission, Assessor's office and is increasingly articulated with the Building Department's non-automated list of code adhering housing; and
- WHEREAS:** The Human Rights Commission has identified a critical need to identify de-lead apartment units available now and in the future for family residents; and
- WHEREAS:** The state Housing Bill of Rights mandates a Housing Registry of all units developed in the Commonwealth accessible to people with disabilities be created and maintained by the Massachusetts Rehabilitation Commission; and
- WHEREAS:** the federal Fair Housing Law or the Massachusetts Architectural Barriers Act mandates that one in twenty units of any renovation involving more than 25% of the assessed value of any multi-unit property be made accessible, and abide by adaptability requirements, and that all new construction abide by these accessibility and adaptability formulas; and
- WHEREAS:** There is little coordination of any single list of de-lead, accessible and adaptable housing in the city of Cambridge; therefore be it
- ORDERED:** To request a study on the feasibility, due for review by the Cambridge City Council by the 15th of March, on establishing lead paint status, accessibility and adaptability as three fields for sorting within the Rent Control Board database; and be it further
- ORDERED:** To request that study also address the feasibility of consolidating all housing related lists in the city from Rent Control, Building Department, Community Development, Election Department, Assessor's Office, and the Office of Handicapped Affairs.

**REFERRED TO THE HOUSING AND COMMUNITY DEVELOPMENT
AND RENT CONTROL COMMITTEES**

City of Cambridge

MASSACHUSETTS

In City Council Jan. 28 1991

C. Cyr

Suspension of Rules for Purpose of Going
to Orders 1-8

	YEA	NAY	ABSENT	PRESENT
Mr. Ed Cyr		✓		
Mr. Francis H. Duehay	✓			
Mr. Jonathan S. Myers	✓			
Mr. Kenneth E. Reeves		✓		
Mrs. Sheila T. Russell	✓			
Mr. Walter J. Sullivan	✓			
Mr. Timothy J. Toomey, Jr.	✓			
Mr. William H. Walsh	✓			
Mayor Alice K. Wolf	✓			

7 2 0

Suspension Prevailed

City of Cambridge

MASSACHUSETTS

In City Council _____ 199

C. Cyr - Moved to Refer Orders #1-5

	YEA	NAY	ABSENT	PRESENT	
Mr. Ed Cyr	✓				
Mr. Francis H. Duehay	✓				
Mr. Jonathan S. Myers		✓			
Mr. Kenneth E. Reeves	✓ ^②			4 ^①	
Mrs. Sheila T. Russell	✓				
Mr. Walter J. Sullivan	✓				
Mr. Timothy J. Toomey, Jr.	✓				
Mr. William H. Walsh		✓			
Mayor Alice K. Wolf	✓				

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7^②*

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For the 1/28/91
Council folder

***Economic
in Cambridge Housing***

A Plan and Legislative Proposals

Timothy J. Toomey, City Councillor

Cambridge City Council

25 January 1991

*Economic Justice
in Cambridge Housing*

A Plan and Legislative Proposals

Timothy J. Toomey, City Councillor

Cambridge City Council

25 January 1991

Economic Justice in Cambridge Housing

Since the last election, there has been some change in housing regulation. The Rent Control Board is reconciling its list of regulated apartments with those at the Election Commission, Assessor's Office, and Building Department. The Housing Authority acknowledges the licensed and authoritative role of Building Inspectors. Community Development incorporates realistic capital improvement plans in rent controlled and limited equity renovation plans. Each signals movement among the city's regulatory agencies, and support for a Housing Cabinet among city agencies, as I suggested in 1989.

These changes are important but not enough. As part of the "C and a half Compromise" in the Massachusetts Senate, we must develop a housing policy beyond the "crisis" which justifies rent control. Rent control may eventually result in a Cambridge Housing Court, pending again in this legislative session, or a more aggressive Housing Trust, as I suggest here, or some combination of regulation and support.

I strongly believe in incentives to make regulation attractive to both tenants and landlords. I therefore advance a strategy to satisfy the General Court's requirement of reform of rent control and to justify its extension. Without real reform, rent control is in danger from both state and federal courts and lawmakers. With the reforms I here suggest, we can preserve the stability while opening additional rent control benefits to additional landlords and tenants.

The following plan endows the existing Affordable Housing Trust Fund through fees charged against both upper income tenants and real estate speculators. To buttress this Fund and extend its scope, I suggest some substantial reorganization of existing housing services, along the lines I suggested in 1989. First I will outline the new roles for the Fund and a renewed range of Rent Control Board benefits, incorporating new value to both landlords and tenants. Then I will suggest where the sources of revenue are to support such a Fund, and how both tenants and investors will benefit. Finally, I will suggest other needed changes in ordinances and regulations which will make this renewal effective.

Housing Trust Fund

The Affordable Housing Trust Fund should support capital improvements, rent supplements, and mortgage guarantees, primarily through existing regulations and staff. Within these guidelines, the Fund should guarantee and subsidize the interest on loans for de-leading, weatherization, fire prevention and other capital improvements. *The Fund must preserve, increase and upgrade our existing stock* of over 16,000 rent controlled units. The Rent Board must have authority over properties financed in whole or in part by this Fund,

and should grant accelerated process to increases reflecting improvements so both landlords and tenants can maintain stable, affordable housing under the existing law, with major improvement in living conditions for all parties.

Rent Control Board

The Fund should expand the number of rent regulated units through making loans and loan guarantees to currently un-controlled landlords, and down payment loan guarantees to Limited Equity investors. Because the Rent Control Board has finally rectified its list of regulated units, we know for the first time how many are regulated and exempt, and by which means. Over 1,900 expiring-use units would further erode an already soft unregulated rental market in the next few years, at Rindge Towers, 808 Memorial Drive, 700 Huron Avenue, Walden Square and Briston Arms. Whether as rental or limited equity developments, the availability of loan guarantees under the regulated control of a Rent Board will stabilize rental housing while supporting its improvement.

The Fund requires uniform means to guarantee or subsidize landlords or tenants. This should be primarily via landlord-tenant agreements for improvements or new construction, under the regulatory umbrella of rent management, with adequate protection to *both* landlords and tenants. The Fund should provide:

1. Loan guarantees and interest subsidies, for improvements and redress of code violations, with immediate pass through of actual costs of capital improvements to rent controlled tenants upon completion and with no interest for the duration of those improvements.
2. Accessible deposits, by landlords of security deposits and by tenants of rent withholdings, to assure security for both tenants and landlords while increasing the net capital available for loans and guarantees.
3. Rent supplements to any tenant paying more than 30% of their income as rent for low cost rent controlled housing, through a city rent supplement administered by contract to the Cambridge Housing Authority.
4. Expand limited equity options, including limited equity for tenants of any income, shared equity with investors, and down payment and renovation financing guaranteed through the city's institutions.
5. Help in financing moderate income families to purchase Ordinance Condominiums through the expanded Limited Equity program.
6. Guarantee reverse equity mortgages for elderly homeowners, for renovations and maintenance for the rest of their lives.

These additional rent controlled units, along with broader limited equity ownership, will reduce the pressure on small, owner resident buildings to bear the principal burdens of rent control. *As long as the absolute number of controlled units continues to increase, the Board*

can de-regulate the rent of one unit in each four to six family owner occupied building to encourage economic diversity among tenants.

Fees and Fund Support

To support the Trust Fund, the improvements it sponsors, and the cooperative regulatory atmosphere it generates, I propose we examine two new sources of income in tandem. A transfer fee on industrial, commercial and upper income residential property should exempt the first \$300,000 in the sale price, first time homeowners, the elderly and people with disabilities, yet generate a reliable and significant income without reducing Cambridge's unique market advantages to universities and high technology industry. This feasibility study has already been requested by the City Council.

Yet owners must not be made to bear the total burden of the reform of rental housing. I also suggest that upper income tenants of rent controlled property should contribute in like measure. Whether as a fee or as an excise tax on rent, tenants with incomes over 250% of poverty can and should afford a modest contribution to the economic stability of housing stock.

In linking fees between tenants and owners, we can demonstrate to the State Senate that housing in Cambridge is more than simply "controlled" or "market" or "condominium." We will show a policy which is comprehensive and corrective rather than ad hoc and crisis oriented. A Trust Fund to improve the current stock and a set of incentives to increase the stock now regulated is the foundation for a series of other regulatory and legislative measures. Most of the following I suggested two years ago, and most requires very modest change in regulations or city ordinances.

New Housing Ordinances

Among the city's *ordinance* options, and the responsibility of the Cambridge City Council between now and the November election, are the following:

1. Guarantee fire prevention and de-leading, weatherization and fuel assistance, as basic housing services with full city assistance to preserve every unit against poison, arson, or loss.
2. Gradually remove the institutional exemption to rent control, to make sure each neighborhood has equity in its proportion of rent control units.
3. Establish a discount water rate for landlords who rent below market rates.
4. Develop a reduced tax rate or work-out re-financing plan for condominium units rented below market, voluntarily regulated by the Rent Board, to encourage filling the vacancies among condos with tenants paying fair rent control rents.

Implementing these ordinances would require cooperation among all city agencies, finally acknowledging the housing crisis which justifies rent control. These changes in law are the foundation for cooperation among city agencies bringing about regulatory change.

New Housing Regulations

Under the umbrella of a comprehensive rent reform act as a home rule amendment, the following changes would amend current regulations:

1. A Housing Cabinet of Housing Authority, Rent Control, Zoning Appeals, Building Department, and Community Development to coordinate efforts among city agencies thereby eliminating duplication.
2. Consolidate Rent Control, Building Department, Assessor's Office, Office of Handicapped Affairs and Election Commission data (including owner names, addresses, location of accessible units, lead paint status) in a single list of all regulated and taxed housing. Consolidation would
 1. Regain all rent control property lost by illegitimate removal permits;
 2. Identify units for priority renovations of de-leading, weatherization and fire protection. Thus identified, other priorities like accessibility can be used to direct the volume of loans and guarantees.
 3. Help to enforce the city's full occupancy ordinance, with eminent domain takings, renovations, and return to rent regulation financed through the Trust Fund.
3. Establish minimum rent options for landlords, based at some fixed percent of Section 8 or 707 offers by the Housing Authority.

These regulatory and City Council steps are all conditioned upon a Home Rule Amendment which consolidates vision in a comprehensive package of housing reform. Before we present such an amendment we must know how much money we could expect a transfer fee to generate, how much a fee from upper income tenants might provide, and how such funds would effect the city's bonds as well as the independence of a Housing Trust Fund. We also must have real numbers to assess its historical impact on other housing markets before experimenting with the already fragile Cambridge market.

We must stop the stalemate before the City Council. Cambridge is a city, and cities change. Yet we must be the catalyst of change and not its victims.

Legislative Proposals

- * Consolidated Housing Information
- * De-Leading Loans
- * Security of Withholdings
- * Security of Deposits
- * Alternative Base (Minimum) Rents
- * Discount Water Rates
- * Excise Tax on Upper Income Tenants
- * Expanded Rent Control



City of Cambridge

1.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

WHEREAS: The Cambridge Rent Control Board has significantly improved its management of the list of Rent Controlled Housing, identified most exempt units and the reasons for their exemption; and

WHEREAS: The Rent Control Board's database has been coordinated with Election Commission, Assessor's office and is increasingly articulated with the Building Department's non-automated list of code adhering housing; and

WHEREAS: The Human Rights Commission has identified a critical need to identify de-lead apartments available now and in the future for family residents; and

WHEREAS: The state Housing Bill of Rights mandates a Housing Registry of all units developed in the Commonwealth accessible to people with disabilities be created and maintained by the Massachusetts Rehabilitation Commission; and

WHEREAS: the federal Fair Housing Law or the Massachusetts Architectural Barriers Act mandates that one in twenty units of any renovation involving more than 25% of the assessed value of any multi-unit property be made accessible, and abide by adaptability requirements, and that all new construction abide by these accessibility and adaptability formulas: and

WHEREAS: There is little coordination of any single list of de-lead, accessible and adaptable housing in the city of Cambridge; therefore be it

ORDERED: To request a study on the feasibility, due for review by the Cambridge City Council by the 15th of March, on establishing lead paint status, accessibility and adaptability as three fields for sorting within the Rent Control Board database; and be it further

ORDERED: To request that study also address the feasibility of consolidating all housing related lists in the city from Rent Control, Building Department, Community Development, Election Department, Assessor's Office, and the Office of Handicapped Affairs.



City of Cambridge

2.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

WHEREAS: The Cambridge Affordable Housing Trust Fund currently loans and guarantees funds for the construction of new, affordable housing; and

WHEREAS: The Cambridge Human Rights Commission has identified the state lead paint regulation as a cause of discrimination against families with children as well as an unreasonably high medical and insurance liability of landlords; now therefore be it

ORDERED: To request a study, for review by the City Council by the First of March, on the feasibility of underwriting de-leading efforts of landlords under Rent Control regulation through the Affordable Housing Trust Fund.



City of Cambridge

3.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

WHEREAS: The integrity of the Rent Control system is predicated upon fundamental principles of fairness and economic justice; and

WHEREAS: That integrity is threatened through the unwarranted loss of income by landlords in cases of non-payment of rent over extended periods of time; and

WHEREAS: The law recognizes that there are situations in which rent withholding and/or abatement is justified due to substandard conditions or loss of services; and

WHEREAS: Even though tenants are now encouraged to set aside rent payments in separate accounts when withholding rent pending Rent Control Board proceedings, most do not; and

WHEREAS: Tenants who do not set aside such payments are most often unable to meet their financial obligations at the conclusion of the Rent Control proceedings, are subject to eviction, and have their continuous tenancy seriously jeopardized; and

WHEREAS: The present statutory mechanism for security deposits is inadequate to protect landlords from unwarranted monetary loss in the City of Cambridge's system, where rents and evictions are controlled because of the delays inherent in the system; therefore be it

ORDERED: That the Committee on Ordinances draft a petition to the General Court authorizing the City of Cambridge, within the framework of its Rent Control System, to require the segregation and maintenance of rent payments in separate accounts to assure both tenant and landlord fiscal security upon the disposition of cases pending before the Rent Control Board.



City of Cambridge

4.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

WHEREAS: The Cambridge Affordable Housing Trust Fund provides a fiscally secure, socially responsible public investment opportunity; and

WHEREAS: Landlords are mandated to maintain security deposits against a future date of tenants' departure and the assessment of any damages; now therefore be it

ORDERED: To suggest that landlords be encouraged to deposit said security fees with the appropriate city agency supervising the Trust, and receive standard interest on said deposits thus made available to guarantee affordable housing in the City of Cambridge.



City of Cambridge

5.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

- WHEREAS: The Cambridge Rent Control Board bases rent formulas on the Net Operating Income multiplied by the Consumer Price Index, and has successfully regulated rents to reflect this Net Operating Income plus capital improvement costs for almost twenty years; and
- WHEREAS: The Rent Control Board's recent research for the Green Ribbon Committee indicated that minimum rent options are not feasible for the lowest cost units in the city, since most of those units may also have serious code violations and be habitable only with the consent of both landlord and tenant; and
- WHEREAS: Based on an informal estimate of the condition of Rent Control housing, Inspectional Services have historically delayed their quintennial census of rental housing mandated by state law; and
- WHEREAS: The Cambridge Housing Authority authorizes annual inspections and involves Building Department Inspectors when identifying violations to secure code standard housing for Section 8 and Section 707 tenants; and
- WHEREAS: Rent Control is not intended to mandate that tenants live in units which do not meet Housing Authority standards; now therefore be it
- ORDERED: To request a study, due for review by the City Council by March 1, 1991, on the feasibility of establishing Net Operating Income base rents at a fixed percentage of the fair market rent negotiated in Housing Authority Section 8 and Section 707 Contracts; and be it further
- ORDERED: To request that study also address the potential impact of such new base rents upon the overall rental housing market, the 707 and Section 8 rental market, and, most specifically, the rents of currently regulated rent controlled apartments in four, six, and ten unit buildings particularly.



City of Cambridge

6.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

WHEREAS: The Cambridge Housing Alliance Affordable Housing Task Force (7/30/90) noted a continued need for improvement and renovation of housing under rent control; and

WHEREAS: Over twenty percent of the total stock of rental housing in the City of Cambridge is currently regulated by the Rent Control Board and rented to low and moderate income tenants; and

WHEREAS: The City should encourage rentals to low and moderate income tenants with real financial incentives; now therefore be it

ORDERED: To request a feasibility study due for review by the City Council by March 1, 1991, on a discount water rate to landlords with low income, elderly, and disabled tenants, and any moderate income tenants whose rent plus this fee would be more than 25% of their gross income.



City of Cambridge

7.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

- WHEREAS: The Cambridge Housing Alliance Affordable Housing Task Force (7/30/90) noted a continued need for new capital for the improvement and renovation of housing under rent control; and
- WHEREAS: Federal funds for refinancing 1,900 units of H.U.D. Expiring Use Housing in Cambridge by 1995 are in short supply; and
- WHEREAS: The most recent studies (by Goetz based upon the 1987 Abt Study) suggest that up to 55% of Rent Controlled units have residents at 80% or more of the region's median income; and
- WHEREAS: This City Council has already requested a feasibility study on taxing real estate transfers, which has repeatedly failed in an even more liberal legislature; now therefore be it
- ORDERED: To request a feasibility study, due for review by the City Council by March 15, 1991, on an excise tax or fee levied on upper income tenants of rent controlled properties, exempting elderly and disabled tenants, and any tenants whose rent plus this excise would be more than 25% of their gross income; and be it further
- ORDERED: That such a study review feasibility against the ten criteria outlined in the earlier Leggat McCall Study of 1987, which found a transfer tax feasible; as well as the feasibility of a Home Rule Amendment regarding a Tenant Excise Tax.



City of Cambridge

8.

IN CITY COUNCIL

January 28, 1991

COUNCILLOR TOOMEY

WHEREAS: The Cambridge Affordable Housing Trust Fund currently loans and guarantees funds for the construction of new, affordable housing; and

WHEREAS: The Cambridge Housing Alliance and Cambridge Housing Task Force note the continuing need for additional capital for affordable housing; and

WHEREAS: There is currently a surplus of housing among condominium developers and a serious risk of foreclosure, bank distress and other financial distress in the private housing market in Cambridge; and

WHEREAS: The Department of Community Development has identified a priority to refinance H.U.D. Expiring Use mortgagees and continue these developments' affordability beyond the terms of the H.U.D.; and

WHEREAS: There have been no properties added to those controlled by the Rent Control Board since 1969; now therefore be it

ORDERED: To request a study, due for review by the City Council by March 1, 1991, on the feasibility of underwriting part of the Expiring use refinancing by the Affordable Housing Trust Fund; and be it further

ORDERED: That such a study review the feasibility of adding units underwritten by the Cambridge Affordable Housing Trust fund to those units whose rents are already regulated by the Cambridge Rent Control Board; and be it further

ORDERED: That such a study review the feasibility of the Cambridge Affordable Housing Trust Fund underwriting some of the debt currently at risk among the city's other housing real estate investors, condominium owners, developers and associations, providing that such underwriting move those investors to seek the protection of the Rent Control law and lease their properties to low and moderate income tenants.

Legislative Proposals

- * Consolidated Housing Information
- * De-Leading Loans
- * Security of Withholdings
- * Security of Deposits
- * Alternative Base (Minimum) Rents
- * Discount Water Rates
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- * Expanded Rent Control

Mr. Toomey

- WHEREAS, The Cambridge Rent Control Board has significantly improved its management of the list of Rent Controlled Housing, identified most exempt units and the reasons for their exemption; and
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- WHEREAS, The Human Rights Commission has identified a critical need to identify de-leaded apartments available now and in the future for family residents; and
- WHEREAS, The state Housing Bill of Rights mandates a Housing Registry of all units developed in the Commonwealth accessible to people with disabilities be created and maintained by the Massachusetts Rehabilitation Commission; and
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- WHEREAS, There is little coordination of any single list of de-leaded, accessible and adaptable housing in the city of Cambridge; be it
- ORDERED, To request a study on the feasibility, due for review by the Cambridge City Council by 15 March, on establishing lead paint status, accessibility and adaptability as three fields for sorting within the Rent Control Board database; and, further
- ORDERED, To request that study also address the feasibility of consolidating all housing-related lists in the city from Rent Control, Building Department, Community Development, Election Department, Assessor's Office, and Office of Handicapped Affairs.



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Order # 1 S-180

Councillor Toomey re: report on establishing
lead paint status.

In City Council,

January 28, 1991

Referred to the
Housing & Community
Development & Rent
Control Committees
Copies sent to both
Committees 2/2/91 *aw*