



CITY OF CAMBRIDGE

831 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02139

TEL 499-6161

RENT CONTROL BOARD

TERRENCE P. MORRIS, EXECUTIVE DIRECTOR

MEMORANDUM

To: Robert Healy, City Manager
From: Terrence Morris, Executive Director
Re: Council Order # 11 9/17/90
Date: September 28, 1990

In response to the above-referenced Council Order I am submitting the enclosed documents from the Hearing Examiner, Buddy Packer. As Mr. Packer points out, the matter is still pending. Accordingly, there is a limit to what he, as the trier of fact in the case, may discuss. Nonetheless, since the Order is simply requesting a report on the facts of the case, I am transmitting a copy of the hearing report which sets forth the facts.

OFFICE OF THE CITY MANAGER

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RECEIVED

MEMO

TO: Terry Morris
FROM: Buddy Packer
RE: 345 Harvard St. Council Order
DATE: September 23, 1990

A complete case report was presented to the Board on April 18, 1990. The Board remanded the case to me. Fact finding hearings have been held on 6-20-90, 7-9-90, and 7-24-90. There are no further fact finding hearings scheduled. I have not yet completed the remand report.

The case report and Board Notice of Ruling are attached. It would be inappropriate for me to respond in greater detail about this matter. It is a case which I have not yet decided. The report is a matter of public record.

HEARING REPORT

Case #: SCZ 90-049
Property: 345 Harvard St.
Property #: 6002
Hearing Date: 2-26-90
Examiner: Buddy Packer

Issues:

The size of units B2, 1a, 2a, 4a, 5a, and 6a.
The current and historical use of these units.
Are these units controlled or exempt.
Are the Rent Control records for these units accurate.
What effect any possible inaccuracies has had on past General Adjustments for the property.

Attending the hearing:

Elliot Mishara	Landlord's attorney
MacDavis Begelfer	Landlord
Bob Rhoad	Tenant
Audrey Rhoad	Tenant 3a (9-87)
Karen Rockow	Tenant 3b (9-71)
Manju Sen	Tenant 2b (4-76)
Adelaide Crosman	Tenant 4f (9-75)
Alison Davis	Tenant 2a (6-89)
Anne Berleman	Tenant 2a (6-89)
Alex Wood	Tenant 2d (9-89)

Exhibits:

Landlord's

- 1- floorplan of 4th floor @ property.(available in case file)
- 2- floorplan of 6th floor @ property.(available in case file)
- 3- Landlord's Questionnaire and Notice of Rent Adjustment dated(3-24-75)
- 4- memorandum dated 3-9-90.

Tenant's

- 1- memorandum submitted 3-5-90.

Hearing Examiner's

- 1- 1972 Long Registration form
- 2- 1972 Affidavit from Macdavis Realty Management

Summary of the Testimony and Evidence of the Landlord

M. Begelfer testified that:

- 1- All units except B1 and B2 are the same size.
- 2- Units B1 and B2 each have two rooms and are equal to 50% of the other units in the building.
- 3- The interior of unit 2a is divided into five rooms
- 4- Unit 1a was residential in 1964.
- 5- In 1966 or 1967 there were problems renting that unit.
- 6- In 1966 they decided to rent to a doctor. They removed the kitchen, installed soundproof partitions and generally renovated the unit.

- 7- They rented to that doctor for about eight years and then to other doctors.
- 8- Around 1981 they re-converted to residential use.
- 9- They did the same things to units 2a and 4a at around the same time periods.
- 10- Units 5a and 6a were initially mechanical storage rooms.
- 11- The Assessor's records showed twenty eight units in 1967 but they never corrected the error. There were really twenty four units in 1967.
- 12- Units 5a and 6a were first rented as doctors' offices in the mid 70"s and were converted to residential in 1982 or 1983.
- 13- Unit B2 is not the superintendent's unit. There is no live-in superintendent and there hasn't been one since around 1976.
- 14- Units B1 and B2 were originally connected and used as his [Mr. Begelfer's] office. Sometime in 1967 or 1968 they were closed off from each other.
- 15- Sometime around 1968 Arthur Gurin, the building superintendent, moved into unit B2. Before that time it was an office.
- 16- He (Mr Begelfer) kept his office in unit B1 for not more than a few months after Mr. Gurin moved into unit B2, he then moved the office to unit 1a next door at 351 Harvard St.
- 17- When Mr. Gurin started living in unit B2 the landlord assigned an amount out of his salary for the use of that unit.
- 18- They began adjusting Mr. Gurin's pay to account for use of unit B2 late in 1968.
- 19- Units B1 and B2 were originally partially partitioned with a door between the units.
- 20- The units were used as an office from 1964 to 1968. Mr. Gurin originally used the space as his office, but about six months after he was hired he began to live in unit B2. He started living there in 1968 or 1969. He stayed until 1975 or 1976.
- 21- After he left it was totally remodelled. They put in a new kitchen and new appliances. When Mr. Gurin lived there he had only a sink and a refrigerator. He [Mr Begelfer] installed closets, made a kitchenette, made a complete bathroom and air conditioned the unit. He spent a great deal of money.
- 22- He does not recall the first rent he charged in 1975 for unit B2, the current rent is \$600 per month.
- 23- He has managed the building since 1964.

A registration form submitted 11-20-70 stated that the March 17, 1970 rent for unit B2 was "\$205=\$65". Mr. Begelfer testified that he did not personally complete that form and has no idea what that means.

Atty. Mishara introduced LL exhibit #3, the landlord's "Notice of Rent Adjustment and Questionnaire" dated March 24, 1975. He called this examiner's attention to unit B2 which was listed as exempt but had a rent of \$243 showing.

I note that the document submitted as LL exhibit #3 is a completed 1975 Landlord's questionnaire. This document was not included in the Board's records for this property.

Mr. Begelfer was questioned and stated that he doesn't know where the \$243 rent listed on LL EX.3 for unit B2 came from but noted the unit was still listed as exempted. He didn't pay attention because he felt it didn't matter.

Several Notices have been sent to the landlord which list unit B2 as exempt. They include:

- A- A Notice of Rent Adjustment (Questionnaire) dated 3-34-75 listing the unit as exempt and the number of bedrooms as J (no further explanation).
- B- The 1975 General Adjustment (GA) lists the unit as exempt.
- C- A 1977 Landlord's Questionnaire has a no rent for the unit and a notation of EX. Five other units [1a,2a,4a,5a,6a] have no rent listed with notations of CM.
- D- The 1977 GA has the same notations as the 1977 Questionnaire.
- E- The 1979 GA, the 1980 GA, and the 1982 GA all have the same notations as the 1977 GA notice.
- F- The 1985 and 1987 GA notices list the rent for B2 and the five other units as \$0 with a notation that all six units are EX
- G- The 1989 GA notice lists the rent for unit B2 as increasing from \$502 to \$577 per month. It also lists the unit as EX. The other five units have rents listed as \$0 and notations of EX.
- H- The Corrected 1990 GA notice dated 1-22-90 lists the rent for B2 as increasing from \$577 to \$594 with an EX notation. The other five units are listed as EX with \$0 rents.

Summary of testimony and Evidence of the Tenants:

- 1- All parties agreed that all units except B1 and B2 are the same size.
- 2- Adelaide Crosman testified that these units were occasionally used for meetings by the landlord. She agrees with Mr. Begelfer's estimate that they were first used residentially in the early eighties. *which units?*
- 3- Manju Sen testified that Mr. Gurin was the live in superintendent in April 1976 when she first moved in to the building. He passed away in December 1976.

Tenants Closing Argument:

Bob Rhoad argued that if the tenants have been overcharged through some mistake they should be reimbursed even if the overcharges were inadvertent. He cited precedents in two court cases. Haverhill Gas Company v. Findlen, 357 Mass. 417, (1970) and Boston Gas v. City of Boston 13 Mass Ap. Ct. 408, (1982).

Mr Rhoad concluded that if an error has been made then the tenants have been paying illegal rents. The landlord should pay the tenants back. The landlord has had the benefit of rents that were higher than they should have been.

After hearing these arguments I informed Mr. Rhoad that the record would be held open for seven days to allow him to present any written arguments and to allow him to present the cases he had cited. Mr. Rhoad submitted a written argument on March 5, 1990 [tenant exhibit #1].

Landlord's Closing Argument:

Atty. Mishara was given until March 12, 1990 to submit a written argument and response to Mr. Rhoad's submission. He submitted a memorandum of facts on March 13, 1990 and I have included that memorandum as part of the record despite it's late submission (LL exhibit #4). Mr. Mishara stated that he was unaware of any precedent. He attempted to review the computation but could not get an adequate explanation from the rent control staff. He argued that if there has been a miscalculation by the Rent Board the landlord is totally innocent. He simply accepted the rents given to him by the Rent Board without questioning the notice from the Board. The landlord has done many capital improvements on this building and has not filed for increases based on those improvements. If the rents he received from the General Adjustments had been lower he may have come in for those increases. If the Board is to retroactively reduce rents they should allow for retroactive capital improvement increases.

He further argued that if the Board should decide to roll the rents back that the landlord make best efforts to notify past tenants and so that each person can make individual claims. The landlord should not be liable for triple damages in any case.

FINDINGS OF FACT:

- 1- I find that units B2 and B1 have two rooms.
- 2- I find that all other units are the same size.
- 3- I find that all other units except 2a have four rooms. Unit 2a has an additional wall creating an additional room in a unit which is the same size as all the four room units.
- 4- Based on the undisputed testimony of Mr. Begelfer and the 1972 registration form I find that units 2a, 4a, 5a, and 6a were not residential housing on January 1, 1969.
- 5- I find that units 2a, 4a, 5a, and 6a are exempt from Rent Control pursuant to section 3(b)(2) of the Act as units converted from non housing to housing use after January 1, 1967.
- 6- I find that Mr. Gurin, the building superintendent, resided in unit B2 from sometime in 1968 until 1975 or 1976. At that time the unit was renovated and again rented as a residential unit.
- 7- While Mr. Gurin occupied unit B2 some amount was withheld from his salary as rent for unit B2.

8- Based on findings of fact #6 and #7 I find unit B2 has always been a controlled rental unit.

9- Based of Mr. Begelfer's testimony that unit B1 was rented sometime around late 1968 combined with the sworn affidavit listing a tenant and 1967 rents for the unit I find that unit B1 has always been a controlled rental unit.

RECOMMENDATIONS:

A- Status of Units

I recommend the Board find that units 2a, 4a, 5a, and 6a are exempt from Rent Control as units converted from a non housing to a housing use after January 1 1969.

I recommend that the Board find units B1 and B2 are subject to Rent Control.

B- Room Count

I recommend that units B1 and B2 be listed on our data base as having two rooms.

I recommend all units other than B1 and B2 be listed as having four rooms. The fact that unit 2a has an additional partition does not mean that units of the same size should be treated differently, the purpose of allocations based on room count is to estimate differences in units of different size. In the instant case we are aware of each units actual size and should not knowingly make incorrect estimates.

C- Correct Rents

I recommend the legal maximum rent for unit B2 be established as equal to unit B1. For the purposes of the calculations in this case the rent for unit B2 would be established as \$330 per month prior to the 1985 GA.

I take administrative notice that the long form registration (H.E. exhibit 1) completed by Mr. Begelfer on 9-22-72 stated that the rent for unit B1 was \$165 in both January and September of 1967. That same form listed unit B2 as being the superintendent's unit.

I take administrative notice that a notarized affidavit (H.E. exhibit 2) was submitted to the Rent Board on December 6, 1972 and is included in the Registration file for this property. These records were used to establish the validity of the 1967 rents for this building. They "... certified that attached rent records were the actual records used in daily operation of the rental units ... and that the ...records are true, accurate and valid". Those rent records list unit B1 as having a tenant and having a rent of

\$165 for the months of September 1967 through December 1967. The rent for unit B2 was covered with white out but was discernable as \$95 for October 1967 and \$65 for November 1967. The rents for units 1a, 2a, and 4a, are also listed and then covered with white out. No income is listed for units 5a and 6a. The burden of proof that a unit is exempt from the Rent Control Act is on the landlord.

The current legal maximum rent for unit B2 is a hypothetical rent which was established for calculation purposes. The unit has always been a controlled unit. The rent listed for unit B2 in the 1989 GA was arrived at by taking the average rent per room for the building and multiplying that rent by three rooms. This was done because our data base incorrectly listed unit B2 as having three rooms and being the superintendent's unit. I recommend the legal maximum rent for unit B2 be established as equal to unit B1. For the purposes of these calculations the legal maximum rent for unit B2 would be established as \$330 per month prior to the 1985 GA.

The 1967 rent for unit B1 is listed as \$165 per month. That figure was accepted based on the certified records submitted in 1972. I make no finding as to the discrepancy between the certified record and Mr. Begelfer's testimony. I recommend that the 1967 rent be accepted and that a hypothetical 1967 rent for unit B2 be established as \$165 per month.

There are no legal maximum rent for unit's 1a, 2a, 4a, 5a, and 6a. Our formula allocates taxes and heat to the whole building. This allocation requires that the exempt units be included in our calculations. This is done by assigning hypothetical rents to the exempt units. These rents are for calculation purposes only. The rent which the landlord may actually collect for these units is not controlled by the Board. I have assigned 1967 and 1984 rents to all these units equal to the average rent of the other four room units in the building. The 1967 hypothetical rents are \$244 per unit. The 1984 hypothetical rents are \$487 per unit.

The 1984/85 General Adjustment was calculated incorrectly. The 1967 gross income for the building was calculated by adding the known 1967 rents for twenty two units and multiplying that total by 23/17. This produced an inflated base year income of \$85,885. The actual 1967 base year income should be calculated using the twenty two known rents plus \$165 for unit B2 and \$244 for units 1a, 2a, 4a, 5a, and 6a. Thus the correct 1967 gross income is \$80,100.

Another error was made when the 1967 taxes were allocated. Although the gross income was for the whole building, only 70% of the 1967 taxes were deducted as an expense. This was clearly incorrect. The taxes for the entire building should be deducted from the income from the entire building. The 1967 taxes for the property were \$18,967. It is not relevant how many units the Assessor thought were in the building. The taxes are a matter of record.

The 1967 heat expenses are estimated to be \$4,366. The estimate was arrived at by multiplying the known 1979 usage of 24948 gallons of oil times the average 1967 cost of \$.175 per gallon.

The correct calculations for the 1984/85 GA [Regulation 100] are:

1967 Gross income	=	\$80,100
-1967 taxes	=	(\$18,967)
-1967 heating cost estimate	=	<u>(\$4366)</u>
Subtotal (gross -heat and taxes)	=	\$56,767
 \$56,767 times Board set inflation factor [2.435]	=	\$138,228
+ 1984 Heat	=	\$16,555
+ 1985 taxes	=	\$10,941
+ Annual Capital Improvements	=	<u>\$0</u>
Target Gross Income	=	\$165,724
 Present Gross (income prior to 84/85 GA)	=	\$159,828
Target Gross/Present Gross = 1.04 therefore		
the Reg 100 increase is 4%		

The correct calculations for the 1987 GA [Regulation 104] are:

1967 Non-heat Non-tax Gross		
\$56,767 times Board set inflation factor [2.81]	=	\$159,515
+ 1987 Heat	=	\$14,608
+ 1987 taxes	=	\$17,559
+ Annual Capital Improvements	=	<u>\$0</u>
Target Gross Income	=	\$191,682
 Present Gross (income prior to 1987 GA)	=	\$166,176
Target Gross/Present Gross = 1.15 therefore		
the Reg 104 increase is 15%		

The correct calculations for the 1989 GA [Regulation 106] are:

1967 Non-heat Non-tax Gross		
\$56,767 times Board set inflation factor [3.12]	=	\$177,113
+ 1989 Heat	=	\$11,195
+ 1989 taxes	=	\$18,999
+ Annual Capital Improvements	=	<u>\$0</u>
Target Gross Income	=	\$207,307
 Present Gross (income prior to 1989 GA)	=	\$190,980
Target Gross/Present Gross = 1.09 therefore		
the Reg 106 increase is 9%		

The correct calculations for the 1990 GA [Regulation 108] are:

1967 Non-heat Non-tax Gross		
\$56,767 times Board set inflation factor [3.22]	=	\$182,790
+ 1989 Heat	=	\$11,571
+ 1989 taxes	=	\$18,494
+ Annual Capital Improvements	=	\$0
Target Gross Income	=	\$212,855

Present Gross (income prior to 1990 GA)	=	\$208,116
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Target Gross/Present Gross = 1.02 therefore

the Reg 106 increase is 2%

Based on the above calculations the correct rents should have been:

ser#	UNIT	#rms	Reg.100 8-1-85	Reg.104 10-1-87	Reg.106 5-1-89	Reg.108 3-1-90
1	B1	2	\$343	\$394	\$429	\$438
2	B2	2	\$343	\$394	\$429	\$438
3	1a	4(ex)	\$506 *	\$582*	\$634*	\$647*
4	1b	4	\$472	\$543	\$592	\$604
5	1c	4	\$418	\$481	\$525	\$536
6	1d	4	\$524	\$602	\$656	\$669
7	1e	4	\$472	\$543	\$592	\$604
8	1f	4	\$472	\$543	\$592	\$604
9	2a	4(ex)	\$506*	\$582*	\$634*	\$647*
10	2b	4	\$524	\$602	\$656	\$669
11	2c	4	\$524	\$602	\$656	\$669
12	2d	4	\$472	\$543	\$592	\$604
13	2e	4	\$524	\$602	\$656	\$669
14	2f	4	\$524	\$602	\$656	\$669
15	3a	4	\$494	\$568	\$619	\$632
16	3b	4	\$524	\$602	\$656	\$669
17	3c	4	\$524	\$602	\$656	\$669
18	3d	4	\$524	\$602	\$656	\$669
19	3e	4	\$524	\$602	\$656	\$669
20	3f	4	\$524	\$602	\$656	\$669
21	4a	4(ex)	\$506 *	\$582*	\$634*	\$647*
22	4b	4	\$524	\$602	\$656	\$669
23	4c	4	\$524	\$602	\$656	\$669
24	4d	4	\$524	\$602	\$656	\$669
25	4e	4	\$494	\$568	\$619	\$632
26	4f	4	\$524	\$602	\$656	\$669
27	5a	4(ex)	\$506*	\$582*	\$634*	\$647*
28	6a	4(ex)	\$506*	\$582*	\$634*	\$647*

The actual notices sent by the Board listed rents greater than those listed above by the following amounts.

ser#	UNIT	#rms	9-1-85	10-1-87	5-1-89	3-1-90
1	B1	2	\$53	\$61	\$94	\$101
2	B2	2	\$ na	\$ na	\$ na	\$na (listed as exempt)
3	1a	4 (ex)	\$	\$	\$	\$
4	1b	4	\$73	\$84	\$129	\$139
5	1c	4	\$64	\$73	\$112	\$120
6	1d	4	\$81	\$94	\$144	\$155
7	1e	4	\$73	\$84	\$129	\$139
8	1f	4	\$73	\$84	\$129	\$139
9	2a	4 (ex)	\$	\$	\$	\$
10	2b	4	\$81	\$94	\$144	\$155
11	2c	4	\$81	\$94	\$144	\$155
12	2d	4	\$73	\$84	\$129	\$139
13	2e	4	\$81	\$94	\$144	\$155
14	2f	4	\$81	\$94	\$144	\$155
15	3a	4	\$76	\$88	\$135	\$145
16	3b	4	\$81	\$94	\$144	\$155
17	3c	4	\$81	\$94	\$144	\$155
18	3d	4	\$81	\$94	\$144	\$155
19	3e	4	\$81	\$94	\$144	\$155
20	3f	4	\$81	\$94	\$144	\$155
21	4a	4 (ex)	\$	\$	\$	\$
22	4b	4	\$81	\$94	\$144	\$155
23	4c	4	\$81	\$94	\$144	\$155
24	4d	4	\$81	\$94	\$144	\$155
25	4e	4	\$76	\$88	\$135	\$145
26	4f	4	\$81	\$94	\$144	\$155
27	5a	4 (ex)	\$	\$	\$	\$
28	6a	4 (ex)	\$	\$	\$	\$
Totals			\$1695	\$1962	\$3008	\$3237
			<u>x25 months</u>	<u>x19 mo.</u>	<u>x10 mo.</u>	<u>x1mo.</u>
			\$42,375	\$37,328	\$30,080	\$3237

The total difference between the Legal Maximum Rents the Board informed both the landlord and tenants of and the amount the maximum would have been had there been no mathematical error is \$109,783 from 9-1-85 through 2-1-90. This amount assumes all tenants in the units listed with rents were given proper notice and that the landlord charged the rent which he was notified was the legal maximum rent. This does not include the difference between the legal maximum rent for unit B2 and the amount that the landlord charged based on the incorrect assumption that the unit was exempt.

In his argument Mr. Rhoads cites cases of Public utilities to show that retroactive corrections of errors have been accepted by the Courts. In both case the errors were made by the Gas Company and the issue was a correction of a past bill. The Courts said that the correct amount of consumption had to be paid even though the company had made errors in calculating that amount.

These cases differ significantly from the instant case where both parties reasonably relied on the notice of a Regulatory agency (the Board). Errors made by this Agency can potentially be corrected when the error is made in the landlord's favor. However, state law providing notice of tenancy requirements prohibits any retroactive correction if the error results in rents which were below the fair amount if our calculations were correct. This disparity has properly made the Board reluctant to allow retroactive rent decreases when the overcharges were caused by our administrative error.

There is no dispute that the Board's notices were based on administrative errors. There is no evidence that a reasonable landlord taking practical precautions would have been aware of this error. When the Board makes an error which does not allow the full amount of rent a landlord should have been allowed there can be no retroactive solution because of the contract for tenancy. In such cases the Board has sometimes found some equitable solutions to egregious errors. Adding years to the useful life of capital improvements which were incorrectly excluded from the rent in the past is an example. It should be noted that solutions for these errors have been prospective where there is no evidence of bad faith or misstatements. Because neither party was aware of the error, no one made a timely attempt to have the Board correct the error.

There is nothing in the Act which deals with administrative errors. The Board must use its inherent power to set rents in a manner which allows for a fair net operating income for the landlord. There is nothing in the Act which deals with retroactivity. The Board must reach an equitable decision. The standard for most cases of this type is and should remain that corrections are made prospectively. The landlord had no reasonable way to know that the rents which the Board notified him were the legal maximum rents were based on a mathematical error. To subject the landlord to retroactive liability is not fair.

Along with its obligation to allow the landlord a fair net operating income the Board is also mandated to provide affordable housing. The tenants have paid rents which far exceed the Board's own definition of what fair rent should have been. To simply reduce the current legal maximum rent effective immediately would in effect allow the landlord to keep over \$112,000 more than the Board's own formula determined to be fair.

The landlord's attorney argued that the landlord has not filed for increases based on the many capital improvements done to this building. He further argued that the landlord may well have come in for the increases he was entitled to receive if past General Adjustments were lower. I find this argument to be the key to an equitable solution.

I recommend that the Regulation 108 rents be the Legal Maximum Rents and that they be effective on March 1, 1990. There is a limited amount of retroactivity. The landlord should not have reasonably depended on the Regulation 108 rents he was initially notified of because he had full knowledge of the prior mathematical error.

There still remains a question of what is the equitable solution to a potential retroactive liability of \$109,783. The bulk of this amount has been paid by the tenants in excess of what the fair rent should have been pursuant to the Board's own decisions. It is fair to assume that the landlord had the bulk of the units rented from 9-1-85 but it is not fair to assume that there has been full occupancy. The landlord has received substantial benefit from this excess capital. Any reinvestment of this excess capital into the building through capital improvements was made substantially easier by the availability of the excess income. The logical and equitable conclusion is that the tenants have provided the resources for capital improvements already completed for which the landlord has not yet requested increases pursuant to our regulations.

I recommend that \$54,892 ($109,783 \times 50\%$) of improvements completed prior to the date of this Board hearing shall be considered prepaid. In other words the landlord cannot have those capital improvements added to the rents.

The results of such a decision would benefit both current and future tenants. The tenants have had their rent increased dramatically and unfairly in the past five years. Establishing the legal maximum rents recommended and finding that \$54,892 of improvements have been prepaid gives the current tenants immediate relief in the form of a decrease of 16 to 18 % from the rent levels of February 1990. It further gives the tenants some limited assurance that their rents will not quickly return to levels which are burdensome. The landlord does derive some benefit from this decision by not becoming immediately liable for a debt of over \$100,000. I recommend that the landlord not be required to deduct the entire amount of the error from his capital improvement claims. First, it is unlikely that the landlord collected 100% of the rents in discussion. Second, it is undisputed that neither the tenants nor the landlord is at fault. I therefore recommend that both parties share equally the financial burden of the mistake. I recommend that only the first \$54,892 ($109,783 \times 50\%$) of capital improvements completed prior to the date of this Board hearing shall be considered prepaid.

The Board has attempted to address landlords' concerns when previously allowed capital improvements have been inadvertently left out of reports for years. The Board has reached for equity by extending the useful life of these improvements. In SCZ87-075 (51-55 Howard St) the Board took retroactive action based on the specific facts of the case. The Board should note that the current landlord has owned the building for over twenty years. The facts

would be substantially different if the current landlord had not been the beneficiary of the error. The recommendation attempts to address the period of time when this landlord has derived significant benefit from our administrative error. It does not affect the costs or allowances of any improvements completed in the future.

There was not enough evidence presented in the instant case to determine the amount of overcharges for unit B2 and I make no findings on this issue.

Respectfully Submitted

Buddy Packer
Senior Hearing Examiner
3-20-90

NEW LEGAL MAXIMUM RENTS

ser#	UNIT	#rms	
1	B1	2	\$438
2	B2	2	\$438
3	1a	4 (ex)	\$647*
4	1b	4	\$604
5	1c	4	\$536
6	1d	4	\$669
7	1e	4	\$604
8	1f	4	\$604
9	2a	4 (ex)	\$647*
10	2b	4	\$669
11	2c	4	\$669
12	2d	4	\$604
13	2e	4	\$669
14	2f	4	\$669
15	3a	4	\$632
16	3b	4	\$669
17	3c	4	\$669
18	3d	4	\$669
19	3e	4	\$669
20	3f	4	\$669
21	4a	4 (ex)	\$647*
22	4b	4	\$669
23	4c	4	\$669
24	4d	4	\$669
25	4e	4	\$632
26	4f	4	\$669
27	5a	4 (ex)	\$647*
28	6a	4 (ex)	\$647*



CITY OF CAMBRIDGE

831 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02139
TEL 499-6161

RENT CONTROL BOARD

TERRENCE P. MORRIS, EXECUTIVE DIRECTOR

Date: May 2, 1990

Case No: SCZ 90 049

Address: 345 Harvard St

Notice Of Ruling

(Please see Notice Of Appeal Rights)

The Board at its meeting of April 18, 1990 voted 5-0 to affirm in part the findings of Hearing Examiner Buddy Packer as to the following:

1. that units 2a, 4a, 5a and 6a are exempt from rent control pursuant to section 3(b)(2) of the Act;

2. that units B1 and B2 consist of two rooms and are subject to rent control; all other units have four rooms;

2. that the present rents are as stated on the attachment;

Nonetheless the Board remanded the case in part to consider whether capital improvements have been made to the property over time which may be used to offset the rent overcharges. In addition the Board wanted further evidence on the actual amount of rent overcharge on unit B-2.

PER ORDER OF THE BOARD

Terrence P. Morris
Executive Director

cc: case, registration files
computer, docket
General Counsel

Computer:

Change Number of units XX
Change Status XX
Change Rents XX



CITY OF CAMBRIDGE

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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

October 1, 1990

To The Honorable, The City Council:

In reference to Awaiting Report Item No. 71, relative to 345 Harvard Street, please find attached a response from Terrance Morris, Executive Director, Cambridge Rent Control Board.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
enclosure

Agenda # 12

S-955

Awaiting Report Item Number 75,
regarding 345 Harvard Street.

In City Council,

Oct. 1, 1990

Placed on file