

MYER J. COHEN
Attorney at Law
33 Mount Vernon Street
BOSTON, MASSACHUSETTS 02108

Clerk, City of Cambridge
Cambridge City Hall
Massachusetts Avenue
Cambridge, Ma. 02138

May 21, 1982

Dear Sir:

I enclose herewith nine copies of a column which appeared in the Boston Globe on April 25, 1982. I would appreciate it if you would distribute the same to the members of the City Council for their inspection and comments.

Your assistance is appreciated.

Sincerely,



Myer J. Cohen

12

Condo conversion has an important role to play in housing

DOUGLASS A. LINDSAY

The Massachusetts Legislature is considering a bill to grant every community in the state the authority to control condominium conversion. Such action would toll the death knell for multifamily rental production in Massachusetts. We know of no bank or investor willing to risk mortgage money for a residential rental complex for 25 or 30 years with the threat of a conversion ban on the horizon.

The conversion of rental housing to the condominium form of ownership has generated heated debate and a great deal of controversy. That both sides have resorted to hyperbole in presenting their cases has not served the public well, nor has it clarified any principle at issue.

The increasing condominium conversion activity results from several factors. First, there is a growing market preference for condominium living, particularly among young couples and the so-called "empty-nesters"; these two groups represent the two fastest-growing segments of our population.

The resultant increase in demand for

this type of housing, coupled with the reluctance of most Massachusetts communities to accept new condominium construction, obviously makes the conversion of rental units to "for-sale" units attractive to both purchasers and building-owners.

The second factor is the commonwealth's growing shortfall in housing production at this time of unprecedented demand caused by the baby-boom generation coming of age. It makes the converted rental unit one of the few affordable alternatives to single-family housing. The median-priced new single-family home in Eastern Massachusetts is over \$80,000; a median-priced converted condominium is under \$50,000. Given today's interest rates, the converted unit is perhaps the only option available to many young families.

The impact of condominium conversions on our social fabric is overwhelmingly positive. Not only does the process provide the opportunity for ownership to many who would otherwise be denied that benefit, but also many municipal coffers have been enriched simultaneously. Decaying neighborhoods have been revitalized and stocked with residents who have

a recognizable financial stake in maintaining the neighborhood.

The great danger facing many of our older urban neighborhoods is residential disinvestment, not condominium conversions. This has been documented by the 1980 census, which catalogued the continued flight of population and residential capital from our core cities to suburban and exurban areas. One need not wonder what further social erosion would have taken place in our cities had not the conversion process blunted this migration.

Another hidden benefit inherent in the conversion process is its potential as future housing for the elderly. As middle-aged buyers can now often arrange to have their mortgage on a condo paid off by the time they retire, they can essentially live in the unit rent-free upon retirement. Given the merciless cuts being made in the HUD Section 8 elderly program by the Reagan Administration, the converted rental unit may in fact become the only elderly housing available in the future.

Opponents of owners' right to convert their property from rentals to condominium ownership cite a decreasing rental stock and the hardships imposed upon

tenants who decide not to purchase as reasons for denying an owner the basic right to dispose of his investment as he or she sees fit.

In describing the decrease in the rental stock resulting from conversion, these opponents use the number of units converted as the actual rental loss. This is a distortion. To properly measure the net loss of rental stock resulting from conversions, it is necessary to consider population movement as well as the number of units purchased by renters from within the market area. Examine what has taken place in Boston during the past decade. The city's population has continually declined while a majority of the purchasers of converted rental units were previous renters. The result of these developments is quite predictable. The rental vacancy rate in Boston is now higher than it has been in years.

Based on a survey by the Greater Boston Real Estate Board's Rental Housing Assn., the overall vacancy in the metropolitan Boston area in March was 5.6 percent, compared with 4.83 percent in November 1981. The vacancy rate in Boston was 8.17 percent, compared with 6.6 percent a year ago.

It is imperative to respect the rights and safeguard the sensibilities of tenants during the conversion process. It is possible to do this without unnecessary damage to the housing industry. First, tenants must be given one year's notice of conversion, in addition to the right of first refusal. Additionally, we support the position that the elderly and the handicapped be given two years' notice plus an additional month for every year of continuous occupancy. Third, relocation assistance must be provided for tenants who elect not to purchase. Fourth, some form of language dealing with warranties and consumer protection should be included in any bill presented for passage. This industry urges the Legislature to adopt statewide condominium conversion legislation containing these provisions this year.

Government has a role to play in the housing delivery process. All too often that role has been a negative one. The opportunity now exists for legislators to vote for home ownership. They must not neglect this opportunity.

Douglass A. Lindsay is executive vice president of the Builders Association of Greater Boston.

Dear Council Members:

In spite of the fact that you may find the author of this article to be somewhat "biased", I think that some important points are made that, regardless of your stand on the issue, are worth consideration.

Myer J. Cohen, Esq.
8 Newport Road #5
Cambridge, Mass. 02140

12.

S-436

Comm. from Paul E. Healy, City Clerk, transmitting comm. from Myer J. Cohen Re: condominium conversion.

In City Council,

May 24, 1982