

City of Cambridge

The Housing and Community Development Committee conducted a public hearing on Thursday, February 28, 1991 beginning at 7:10 p.m. in the Sullivan Chamber, City Hall.

Councillor Edward N. Cyr, Chair of the above referenced committee convened the hearing and stated that this evening's discussion would include the review of a housing initiative proposed by Councillor Timothy J. Toomey, Jr. Present at the hearing were: Vice Mayor Kenneth E. Reeves, Councillor Francis H. Duehay, Councillor Jonathan S. Myers, Councillor Timothy J. Toomey, Jr., Councillor William H. Walsh and Deputy City Clerk John E. Flynn.

To begin the discussion Councillor Cyr recognized Councillor Toomey for presentation of his proposal entitled Economic Justice in Cambridge Housing dated January 25, 1991. (A copy of the proposal is attached)

To outline the proposal, Councillor Toomey read from prepared remarks. (A copy of his remarks is attached).

Upon conclusion of Councillor Toomey's remarks, Councillor Cyr opened the Floor for the purpose of soliciting public testimony and comment.

At this time the Committee heard from Ms. Linda Wallace, President of the Cambridge Council of Realtors, and the resident of 127 Coolidge Hill Road who expressed her organization's willingness to contribute and participate as the proposal moves forward. Ms. Wallace did state her opposition to the real estate transfer tax aspect of the initiative. Ms. Wallace further stated that the administrative structure associated with this transfer tax was costly. She further provided the Committee with data from sales in 1990 of properties above \$300,000.00 at fewer than 200. She also stated that such a tax increases the cost of home ownership.

Councillor Cyr, citing the fact that Cambridge will soon be facing its property tax levy limit and the need for alternative revenue sources, inquired if the figure of 200 included both residential and commercial sales.

Ms. Wallace responded in the affirmative and noted that 1989 sales data showed sales of some 5600 pieces of property of which 1500 were residential sales over \$300,000.00.

Councillor Walsh asked Ms. Wallace if any other city or town in the Commonwealth has a real estate transfer tax and its effect on property values.

Ms. Wallace stated that only one she knew of was Nantucket and could not respond to the latter.

Councillor Walsh noted the tumbling effect of such a tax both on mortgage as well as equity.

Ms. Wallace stated her belief that the City would be polarized-people who have lived here and the very rich.

Councillor Toomey stated his belief that Cambridge is and will continue to be an attractive place to live and that the transfer tax is a viable way to protect the existing housing stock.

Councillor Cyr citing the Legatt-McCall study stated that no evidence exists to support any adverse impact on sales.

Councillor Walsh stated that the real estate market is totally different now from when the study was undertaken and no test was undertaken to study the effect of such a tax. He further stated that the City of Philadelphia is considering the repeal of its transfer tax because of it not working.

At this time the Committee heard from Mr. Salim Kabawat, 145 Bishop Allen Drive, Co-Chair Small Property Owner's Association who expressed his congratulations to Councillor Toomey on his proposal. Mr. Kabawat stated his opposition to the enforcement of the full Occupancy Ordinance and the real estate transfer tax. He further stated the suggestion of the legalization of Ordinance Condominiums where a fee could be assessed and used for affordable housing.

Mr. Neil Rohr, 279 Pearl Street, stated his desire to see the development of coordinated affordable housing policy but not one rushed through. He stated his appreciation for the work of Councillor Toomey in his initiative. He stated his belief that a transfer tax would not lead to a depression in the real estate market. He stated his opposition to the de-control aspect in the 4-6 units piece but thought the escrow piece and security piece calling the proposal an ambitious one but expressed concerns on whether or not it adds up to meet the needs.

Councillor Toomey stated that his concern was to get the issues out in the open and begin a dialogue. He further stated that he wants to guarantee access for those in need.

Mr. Robert LaTremouille, 348 Franklin Street, stated his support for the transfer tax and the delending piece as well as the affordable trust piece.

Mr. John Natale, Fourth Street, expressed his congratulations to Councillor Toomey on his proposals and stated his please with points 9 and 10 on page 6. He stated his opposition to the real estate transfer tax proposal.

At this time the Committee heard from Ms. Julia Gregory, Cambridge Rainbow Housing Committee who stated her support for a broad linkage tax, transfer tax, upper income tenant tax (more than 120% of the median), access to rent controlled units for low income and poor tenants and reorganization of the various housing agencies.

Ms. Denise Jillson, 5 Chester Street, stated her support for point 6 and hoped it would be implemented immediately.

Mr. Peter Shapiro, Landlord Counsellor, Just A Start Corporation, commented on the need to more fully discuss the escrow issue as proposed.

Mr. Alex Steinbergh, 3 Clinton Street, stated in general terms his commendation to Councillor Cyr and Councillor Toomey for their attempts to get out from the mire and noted the real positive chances the Committee has before it. He stated his support of the transfer tax, cap on rents and institutional use changes.

Vice Mayor Reeves asked of Mr. Steinbergh if his support for the cap was based on the premise of predictability.

Mr. Steinbergh responded in the affirmative.

Mr. David Sullivan, 284 Huron Avenue, offered to the Committee the suggestion that it determine the number of units to be classified as affordable housing and provide meaningful incentives to property owners to meet the goal.

Vice Mayor Reeves questioned the term of meaningful incentives - grants and/or loans, trade-offs.

Mr. Sullivan stated that grants could be considered meaningful.

Councillor Cyr asked Mr. Sullivan for his thoughts on capital improvements mechanism.

Mr. Sullivan stated his belief that the present mechanism is flawed and that a reserve account needs to be established.

Ms. Linda Levine, 26 Mount Auburn Street, congratulated Councillor Toomey on his proposal and stated her hope that the Affordable Housing Trust fund - page 2, paragraph 2 be expanded.

Councillor Cyr concluded the hearing by thanking those assembled for their participation and comments in this ongoing process.

The hearing was adjourned at 9:15 p.m.

For the Committee

Edward N. Cyr, Chair

*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 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.



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

COUNCILLOR TOOMEY

January 28, 1991

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 quinquennial 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

COUNCILLOR TOOMEY

January 28, 1991

- 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.



CAMBRIDGE CITY COUNCIL

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

(617) 498-9094

Timothy J. Toomey, Jr.
City Councillor

PLAN FOR ECONOMIC JUSTICE IN CAMBRIDGE HOUSING

Remarks by
Councillor Timothy J. Toomey, Jr.
February 28, 1991

A year ago I was elected on a platform of continuity and change. Specifically, I promised to continue rent control and adapt changes to support housing's long term affordability to both tenants and landlords.

In our first thirteen months on the Council, there has been little progress on housing issues. However, since I released the Toomey "Plan for Economic Justice in Cambridge Housing" one month ago, there has been not one but two housing position papers proposed.

There have been positive steps taken despite the Council's lack of progress. Terrence Morris, the new Executive Director of the Rent Control Board, has begun to reconcile the list of regulated apartments with other lists at the Assessor's Office and the Building Department. The Housing Authority now

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acknowledges the licensed and authoritative role of Building Inspectors. The Community Development Department now incorporates realistic capital improvement plans in rent controlled and limited equity renovation plans. Each of these actions signals movement among the city's regulatory agencies in support of a key plank in my 1989 Housing Platform: a Housing Cabinet among city agencies.

There seem to be other changes in the wind, cracking the monolithic support or disapproval of Rent Control. Each change in the direction I signalled last year.

The Executive Director of the Rent Control Board talks of including a Capital Reserve expense as an allowable cost under the Rent Control law. A leading landlord representative and a leading activist for housing rights talk of a fee to be levied on rent controlled tenants at or above median income in the city, to produce a loan guarantee fund.

There also seems to be some changes among landlords. The housing depression - for the recession is already more than a year long - has undermined much of the financial pressure against Rent Control. When condominiums don't sell, rent control at least provides an income. One of the largest owners of rent controlled units in the City, seems to be shifting to management rather than ownership, having syndicated many of his units during

last year's "C-1/2" hiatus. Harvard seems to be willing to pay more for its long erosion of the Rent Control Base, at least in lieu of taxes if not in support of housing. These major landlords have the luxury of policy and financial manipulations that is not available to small landlords, whose time seems primarily occupied in futile battles with the City Council Rent Control Committee.

Yet, these changes are too slow, too few, and too uncoordinated to protect either tenants or landlords or the city at large. There remains a need which seems to far exceed the grasp of the majority on the City Council: that need is for a serious and concentrated dialogue to generate substantial housing policies affecting rent controlled, un-controlled rental, and public and privately owned housing throughout this city.

As I said a year ago, "I want people to have real housing. I want housing to be as valued as it is valuable, to be a major way we express our trust in family and friendship with neighbors, to be our hope for the future and our security today."

To sustain that housing I proposed my "PLAN FOR ECONOMIC JUSTICE IN CAMBRIDGE HOUSING".

We are currently under a rapidly approaching deadline to respond to the Legislature's demand for reforms to our rent control policy. That deadline is July, 1991. We ignore that deadline at Rent Control's peril! Thus we may appropriately request any home rule petitions needed for a comprehensive policy. The policy, however, cannot rely on the State. There are too many unpredictable and unstable political winds to wed a Cambridge solution to a new State administration.

Within the City's existing authority, or under new ordinances submitted for adoption by the Cambridge City Council, I propose that:

1. The Affordable Housing Trust Fund, endowed by a fee on tenants at or above average incomes, support capital improvements, rent supplements, and mortgage guarantees to preserve, increase and upgrade our existing stock of over 16,000 rent controlled units;
2. Guaranteed de-leading be a basic housing service with full assistance from the city to eliminate discrimination against tenants with children as well as discrimination against landlords by insurance companies because of the potential liability caused by the presence of lead paint;

3. The institutional exemption to rent control be removed so that Harvard and other institution's units be returned to the rent control rolls;
4. A discount water rate be established for landlords who rent below market or to subsidized tenants;
5. A special tax rate be established for condominium units rented below market, voluntarily regulated by the Rent Control Board, to encourage filling the 30% vacancies among condos with tenants paying fair rent control rents;
6. A Housing Cabinet be established, comprised of the Housing Authority, the Rent Control Board, the Board of Zoning Appeals, the Building Department, and the Community Development Department to eliminate duplication and contradiction among City agencies regarding housing;
7. All rent control property lost by illegitimate removal permits be regained;
8. Rent Control coverage and protection be expanded to include the more than 1,900 expiring use units such as 808 Memorial Drive and 700 Huron Avenue;

9. The rent of one unit in each four to six family owner occupied building be deregulated as long as the absolute number of controlled units continues to increase and that current tenants are not effected;
10. A minimum rent option for landlords be developed, based at some fixed percentage of Section 8 or 707 leases offered by the Housing Authority or through some other formula;
11. The City's full occupancy ordinance be strictly enforced, with eminent domain takings, renovations and return to rent control financed through the Affordable Housing Trust Fund.
12. A loan guarantee pool be established 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;
13. All tenants be protected with a city-wide guarantee that no more than 30% of any tenant's gross income be paid as rent for low cost rent controlled housing, through a city rent supplement administered by contract to the Cambridge Housing Authority;

14. Limited equity options be expanded, including limited equity for tenants of any income, shared equity with investors, and downpayment and renovation financing guaranteed through the City's institutions; and
15. Reverse equity mortgages be guaranteed for elderly homeowners, for renovations and maintenance for the rest of their lives.

These are preliminary suggestions. The goal is and must remain improved access to quality housing for all people - landlords, tenants, people of color, people with disabilities, and people with limited means.

To support the Affordable Housing Trust Fund, the improvements its sponsors, and the cooperative regulatory atmosphere it generates, I propose we examine, in tandem, two new sources of income.

First, a transfer fee on industrial, commercial, and upper income residential property, exempting the first \$300,000 of sales price, first time homeowners, elderly, and people with disabilities. This fee will generate a reliable and significant source of income without reducing Cambridge's unique market advantages for universities and high technology industries.

Second, because owners must not be made to bear the total burden of the reform of rental housing, I propose that upper income tenants of rent controlled property contribute through a fee to the Affordable Housing Trust Fund. Wealthier tenants can afford and must contribute to the economic stability of our housing stock. As I said in the Boston Business Journal, "If they have been benefiting from a social policy geared to those less fortunate, they should be willing to help the people it was intended to."

These regulatory and City Council measures 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 the Affordable 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.

Unlike the divisive 1989 election, the City now has an unique opportunity to examine and review rent control as a comprehensive housing policy. Cambridge should finally address how to house ourselves and our neighbors in a broader arena of controlled and uncontrolled rental housing as well as other taxed and regulated housing city-wide.

We must stop the stalemate before the City Council.
Cambridge is a city, and cities change. We must be the catalyst
for change and not its victims. I am prepared to meet that
challenge. I urge my colleagues on the Council, both Independent
and CCA, as well as tenants and landlords, to join me. If we are
truly concerned about economic justice, I agree that the time to
stand and deliver is now.

COMMITTEE REPORT #1

S-502

Communication received from John E. Flynn transmitting a report from Councillor Edward N. Cyr re: Committee on Housing and Community Development for a hearing held on February 28, 1991 re: the review of a housing initiative proposed by Councillor Timothy J. Toomey.

In City Council,

April 8, 1991

Report accepted

Placed on file