

Small Property Owners

ASSOCIATION

SPOA 102R INMAN STREET, CAMBRIDGE, MA 02139 • (617) 497-5341

10 February 1998

COMMENTS

on the recent

Cambridge Rental Housing Study

"Impacts of the Termination of Rent Control"

and an inaccurate summary by Assistant City Manager Susan Schlesinger

We want to register the sharpest objection to Susan Schlesinger's inaccurate, distorted summary of the recent Cambridge Rental Housing Study called "Impacts of the Termination of Rent Control," which was commissioned by the city.

Three of us have read her memorandum summary in relation to the study findings. The three are (1) myself – I have done published research at the Harvard School of Public Health with the late Dr. Jean Mayer, former president of Tufts University; (2) Skip Schloming, who has a Ph.D. in sociology from Brandeis University; and (3) Colin Martindale, a tenured professor of psychology at the University of Maine.

All of us are very clear that Ms. Schlesinger's summary is, purely from a professional, scholarly standpoint, far from an accurate, balanced characterization of the study findings – so far off, in fact, that Ms. Schlesinger suggests conclusions *opposite to the study's*. Why spend taxpayer money to commission a study if the results are to be ignored or contradicted?

Ms. Schlesinger picks and chooses a few statistics from the study for the purpose, it seems, of supporting her personal belief that rent decontrol has caused or worsened a housing crisis. Any sensible reader of the study, in fact, will see immediately that Ms. Schlesinger has ignored a number of the study's conclusions and that the study, instead, supports the conclusion that **diversity is up, not down, as a result of decontrol**. We urge all interested persons to read the study directly themselves.

Here are four clear examples of distortion in Ms Schlesinger's summary:

1. Ms. Schlesinger says "the study shows a shift underway in Cambridge demographics" and then compares existing or "sitting" tenants in decontrolled stock to new tenants moving into it. The new tenants, she points out, have higher incomes, more education, etc., than the old tenants still there. But this is a comparison of the wrong tenant groups. What Ms. Schlesinger does not tell us is the study's comparison of the tenants who moved out with *those who replaced them*. That's the only significant comparison. **The tenants moving IN had significantly lower incomes than the tenants moving OUT.** In fact, the tenants who moved out had *the highest incomes of all tenant groups in the city*. And the tenants replacing them had an average income that was **less** by almost \$10,000 a year. The net effect of decontrol

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has been to *reduce* the average income level of tenants in the formerly controlled housing stock. And since 60% of the new tenants are coming from outside the city, the net effect is to reduce income levels *citywide*. **Diversity is up, not down, as a result of decontrol.** These income facts are very easily confirmed by looking on page 34 of the study.

2. Ms. Schlesinger mentions nothing about ethnicity. That's because the study supports the opposite of her preferred view. The study shows that whites generally moved out of rent-controlled apartments and were replaced by a greater racial mix. To be exact: 88% of tenants who moved out were white, while only 75% of tenants moving in were white. Once again, **diversity is up, not down, as a result of decontrol.** These facts are plain to see on page 43 of the study. Given the high-profile issue of diversity, it is hard to excuse Ms. Schlesinger from this sort of omission.

And now we see the big picture: **Rich, white tenants are the ones who have moved out of formerly rent-controlled apartments. Rich, white tenants are the ones that rent control served.**

3. Ms. Schlesinger reports that the study found that "over one third (38%) of former rent control tenants have moved since the termination of rent control." This statistic was quoted in a front-page Globe article and a Globe op-ed column as cause for alarm. But read on. Ms. Schlesinger says this "turnover rate [is] generally consistent with that reported by the 1987 *Cambridge Housing Study* [the Abt study] and the U.S. Census." The phrase "generally consistent" is un-descriptive and vague, on purpose, it seems, because it tripped up the Globe reporters. But what it means is *that the turnover rate is no different than it has ever been*. Indeed, the Abt study found a 33% turnover in *two* years, which would extrapolate to a 41% turnover rate over 2 ½ years comparable to the current study. **The current study shows that rent decontrol did not push people out of their apartments at any greater rate than they would have moved out anyway, and possibly resulted in a slightly LOWER turnover rate.** Since the study does not support her assumptions, Ms. Schlesinger immediately turns to an undocumented, informal report from another city department to suggest a higher-than-normal turnover rate – among "protected" tenants only, a tiny, unrepresentative minority (9%) of the original controlled tenant population. Judged by any reasonable standards of scholarship, Ms. Schlesinger's statements are slipshod and irresponsible, if not outright deceptive.
4. Ms. Schlesinger says that the study found that 40% of tenants pay more than 30% of income in rent, and it is assumed by the whole context that this is an *impact* of decontrol. She does not make it clear, however, that this so-called excessive housing cost burden is identical among ALL tenant groups in Cambridge and reflects no historical change caused by decontrol. Moreover, the study says: "**Sitting tenants [former rent-controlled tenants who have not moved] were the least likely to have high housing costs**" [p. 13]. In the whole controversy over rent control, this finding is critically important – decontrol did not produce burdensome housing costs but kept housing costs at the most moderate in its sector. It is inexcusable that Ms. Schlesinger should cavalierly omit this finding from discussion. In the light of this finding, all the absolute dollar amounts of average rent increases over the 2-½-year period covered by the study are meaningless, even though Ms. Schlesinger quotes them with the obvious intent of sounding alarming.

5. Finally, Ms. Schlesinger ignores another key finding quoted in the executive summary of the report: rents in market-rate apartments in the two years after decontrol "increased more slowly than in comparable Boston neighborhoods and in the state as a whole." The study suggests this low rent increase rate is a result of the sudden new supply of market-rate apartments in the form of decontrolled units – consistent with the view of almost all economists about the effect of rent control on the housing market.

All the concerns about ending rent control – rampant turnover, crushing rent burdens, soaring rents, rich tenants pushing out poor tenants, whites pushing out minorities – simply did not occur. The opposite occurred. Rich whites moved out. Lower incomes and more minorities moved in.

If Cantabrigians indeed do truly care about diversity, then they should heed the information in this study. There is now very clear proof that rent control was a de facto segregationist policy that served upper-class whites primarily, and many people were deceived into believing something else about it.

Rent control has been a significant chapter in this city's history. For that reason, Cantabrigians deserve at least an honest simple statement of the study results – and then they can draw their own conclusions about what to do on city policy for the future.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lenore Schloming", with a long, sweeping horizontal line extending to the right.

Lenore Schloming
President

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Consent Communication #10

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Communication was received from
Lenore Schloming, President, Small
Property Owners Association, transmitting
their objection on the summary of the
Cambridge Rental Housing Study.

In City Council February 23, 1998

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