20 Prescott St. #5
Cambridge, MA 02138
October 16, 1989

Cambridge City Council
Cambridge City Hall
Cambridge, MA 02139

Dear Mayor Vellucci and City Councillors:

I understand that on October 16 the City Council will have before it consideration of Harvard University's affiliate housing. I wrote a letter to the Council dated October 16, 1988, on this subject, and I would like to send you another set of copies. Please consider my suggestions at the bottom of page two and top of page 3.

Thank you for your consideration.

Sincerely yours,

Robert O. Edbrooke

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Cambridge, MA 02138
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Mayor Alfred Vellucci and City Councillors
Cambridge City Hall
Cambridge, MA 02139

Dear Sirs/Madams:

I understand the City Council will hold a hearing on October 17 concerning the tax status of Harvard University's affiliate housing. While I am an admirer of Harvard's educational mission and approve of the efforts of the University's faculty, staff, and students in helping the citizens of Cambridge, I believe the Planning Office and Harvard Real Estate have taken a pro-development stance which is detrimental to most residents of Cambridge and to Harvard's own students, faculty, and staff.

Harvard has chosen to add to its office and commercial real estate holdings, to increase its development investments, and to raise rents for its affiliates and non-affiliates in the housing it owns rather than to relieve the pressure its students put on the Cambridge housing market. M. I. T. appears to be following the same pattern of pursuing investments which will maximize profits rather than balancing university and community needs. Although it is not surprising that the educational institutions in Cambridge are trying to cash in on the real estate speculation which has overtaken the city and are land-banking property by purchasing buildings which will later be converted to non-taxpaying, institutional use, the City of Cambridge should do its best to protect its citizens from institutional expansion.

In Harvard Square the University has recently acquired 51 Brattle St. for $5. 2 million and converted it to institutional use. The Architects Collaborative Office Building, 4-12 Story St., was purchased for $11. 5 million and institutional use is planned for that site also after a ten year leaseback expires. The O'Brien properties (88, 92-96 Mt. Auburn, 65-67 Winthrop) were purchased for $4. 4 million. Harvard does not reveal how it finances these purchases, but Sally Zeckhauser, when President of HRE, stated that Harvard tends to pay cash. The <u>Harvard Crimson</u> in 1987 reported that as of June, 1985, the accrued purchase price of Harvard's commercial and residential properties in Cambridge was $40 million, and in 1986 alone Harvard paid $27. 4 million for the properties listed above plus three others.

Harvard has reduced the amount of rent-controlled, residential housing it holds in Cambridge by selling one, two, and three-family buildings to owner occupants and by converting residential space to office space. For example, at 7 Sumner Road 15 rent-controlled units were lost. In 1988 Harvard chose to convert a wood-frame Freshman dormitory at 8 Prescott St. to office space.

When Harvard removed rent-controlled units at 8-10 Mt. Auburn St., the high construction costs at the replacement 8A Mt. Auburn/ 18 Banks St. complex necessitated rents too high for the target consumers, junior faculty and staff. Harvard now tries to rent those apartments to its students (38 one bedrooms: $955-1,063; 5 two bedrooms: $1,233-1,350 per month for 1988-89).

When Harvard Real Estate sold its one, two, and three family frame houses, it hoped to reduce operating expenses and encourage faculty to buy homes close to the University. No concern was voiced for the low and moderate income residents who rented apartments in the buildings. Of course speculators bought some of the buildings and converted them to condominiums. Banker and Tradesman reports that Unit One at 70 Hammond St. changed hands in 1987 for $180,000. HRE advertised 8 Gerry St. in 1985 at $275,000 with an unfinished interior needing new systems. HRE's prices are often beyond the means of its faculty. The City of Cambridge should investigate to find out how many one, two, and three family buildings have been sold since Harvard quietly began its disinvestment in residential, rent-controlled property in the Fall, 1983, and how many of the buildings are now available as rental housing. Harvard now reports that it owns 790 units of rent-controlled housing, more than 100 units fewer than several years ago.

Harvard in the last few years has housed undergraduates in buildings formerly limited to graduate students and staff like 29 Garden St. and Botanic Gardens. Harvard admits it houses only 15% of its graduate students in Cambridge. The Harvard Law School Student Handbook reports for 1988-89 541 of HLS's 1,800 students are housed in its dormitories.

Harvard and other universities' students are forced to seek housing in the Cambridge rental market. Harvard has rapidly increased its rents in its affiliated housing. At 29 Garden St. one bedroom apartments went from $263-273/month in June, 1978, to $712-738 for 1988-89. With a definition of an affordable level of rent as being no more than 30% of income, a $712/month rent requires an income of $28,480, a figure much too high for most students and Harvard staff.

In rent-controlled properties Harvard Real Estate has chosen to exploit Rent Control Board regulations by up-grading buildings so that new tenants pay $650-700/month for a one bedroom apartment, very close to the market rate. HRE is consciously making housing very expensive for its students.

If the City chose to tax Harvard residential buildings on the basis of their property assessment determined by cash-flow, the University would pass the cost on to the tenants in rent increases, driving even more of them into the Cambridge housing market. Perhaps the City can determine a fair rate of return on affiliate housing in a fashion similar to its regulation of non-institutional owners and apply rent control to such rental units. Otherwise Harvard Real Estate will continue to charge the most it can and create a burden on Harvard students as well as the community.

Harvard counts all of its properties, taxable and tax-exempt, when it files protests to zoning petitions. The City should ask Harvard to pay in-lieu-of-tax payments on all its properties including Harvard Yard and at a much higher rate than the present one.

Harvard has chosen as its most recent development project a hotel on the Gulf Station site in Quincy Square. This site was once the home of Beck Hall, a private dormitory, and it is ironic that Harvard, which does not provide enough institutional housing for its students, now chooses to develop a 200 room hotel for visitors to Harvard Square. Harvard has encouraged the real estate speculation in the Square which has driven out many small businesses and forced existing businesses to cater to a tourist/student market rather than the citizens of Cambridge. Harvard has compounded the irony by participating in the destruction of an existing hotel at the other end of Harvard Square and encouraging a large retail/office building because it is more commercially profitable. Of course Harvard has an option to acquire the entire property for its own purposes at a later date.

Suitable and sensitive development is desirable in Harvard Square and land costs are a major factor, but Harvard has played a major role in driving up prices and hence taxes for every businessperson in the Square. The City faces increased parking and traffic woes, and housing prices are forced up as a recent City study revealed.

Although this presentation has been brief and not all the complex issues have been addressed, I would ask the City to study more carefully the impact HRE and Harvard's profit-making endeavors are having on all of Cambridge. I believe Harvard has taken advantage of a tight housing market to charge its students and other affiliates high rents, to replace longer-term Cambridge residents in rent-controlled housing with Harvard affiliates, and to raise the rents in rent-controlled buildings by every means possible. I do not believe Harvard is alone among institutions in creating housing problems for Cambridge, and I hope the city will look carefully at the housing situation rather than at the rhetoric of interested parties.

Sincerely yours,

Robert O. Edbrooke

Robert O. Edbrooke

1978 RENTS

HARVARD UNIVERSITY

HOUSING OFFICE
7 Holyoke St. — Holyoke Center
Cambridge, Massachusetts 02138

Katharine Galaitsis, *Manager*

Graduate Student & Faculty Housing:
- Main Office 495–2675
- Peabody Terrace Rental Center 495–2896
- Soldiers Field Park Rental Center 495–2890
- Non-university housing: 495–3377

To Junior Faculty and Officers of the University:

Harvard University maintains a housing office to assist all members of the university community with their housing needs. The office acts as the rental agent for Harvard-owned and managed apartment buildings and is also a source for listings of property owned by local landlords. Included in this flyer is information on the off-campus services of the office.

Should you be interested in applying for on-campus housing, information on the complexes open to junior faculty and officers is given below. To request application material please write or telephone the Housing Office. We ask that a completed application be accompanied by a letter confirming future Harvard affiliation or that a current Harvard ID number be indicated.

COMPLEX	APT. SIZES	(thru 6/78) PRICE RANGE	ELEMENTARY SCHOOL DISTRICT
Botanic Gardens (Jr. faculty have priority)	one bedroom	$252-260	Peabody School Cambridge
	two bedrooms	$330	
	three bedrooms	$390	
		rent includes heat & hot water	
Soldiers Field Park	studio	$195-245	Boston School systems
	one bedroom	$265-345	
	two bedrooms	$345-450	
	three bedrooms	$500-535	
		all utilities inc.	
29 Garden Street	studio	$165-170	Peabody School Cambridge
	one bedroom	$263-273	
	two bedrooms	$305-315	
		all utilities inc.	
Beckwith Circle	one bedroom	$190-242	Lincoln Park School Somerville
	three bedrooms	$344-380	
		heat & hot water inc.	

(All but Botanic Garden are also open to students)

We will begin renting apartments in May for July 1 occupancy. September and August apartments will be available only as July apartments remain unrented. For most occupancy dates there will be a waiting list. A lease is required and the tenant is responsible for the apartment until June 30 of the following year. **NO PETS ARE PERMITTED.**

If you have any questions not answered in this material the Housing Office staff will be happy to assist you.

Please note that A MAP giving the locations of the complexes is included.

New Rents for Affiliated Housing Complexes

Harvard Real Estate, Inc. (HRE) has announced the new rent schedule for approximately 1,700 Harvard-owned apartments reserved for graduate students and other University affiliates.

The new rents for this affiliated housing, which were reviewed by the Faculty Advisory Committee on Affiliated Housing, take effect July 1 when the 1989-90 rental season begins, according to HRE Vice President Nancy Kossan.

Affiliated housing rents are determined according to prevailing market levels, a policy that was first recommended by an ad hoc University committee and reconfirmed by President Derek Bok in 1983.

"Rents in the local market increased between 4 and 7 percent between 1987 and 1988," explains Kossan. "Rents for 1989-90 are set to bring them up to 1988-89 market levels and to keep pace with market levels projected for 1989-90. Setting rents below the market levels would have the effect of providing a random subsidy to the small percentage of affiliates who are able to obtain University-owned housing," says Kossan.

Accordingly, rent increases for current affiliated housing residents who renew their leases will be set to bring rents to market rates. However, such increases will be the lesser of up to the fair market rent or 9 percent. In no case will increases for continuing tenants exceed 9 percent.

For new, incoming residents, increases will range from zero percent to, in a few instances, 14 percent. The rents for most apartments for newcomers will increase by 6 percent.

In setting the proposed 1989-90 rents, HRE officials first analyzed an extensive data base covering some 11,000 Cambridge and Somerville apartments listed with the Housing Office by other property owners during the past five years, including some 975 rent-controlled units.

More than a dozen variables were taken into account in arriving at the new rents, including: location, the availability of furniture, heat, and utilities; the number of bedrooms; the availability of other desirable features such as a separate dining room, air-conditioning, a working fireplace, laundry facilities in the building, modern kitchen appliances, wall-to-wall carpeting, a porch or balcony, and a yard or garden.

Figures for how much the inclusion of each amenity adds to the rental value of typical apartments in Cambridge neighborhoods were culled from the data base and used in determining the rents for the Harvard-owned units.

For example, the data showed that the availability of garage parking adds between $15 and $87 per month to the cost of an apartment, depending on the neighborhood and the type of parking facility. The added rent cost is in addition to whatever fee might be charged for use of the garage.

New Rent Schedule

The approved rents for newly rented apartments at the University's affiliated housing complexes are as follows:

• 18 Banks/8A Mt. Auburn: one bedroom (38 units) $965-$1,063, up zero to 1 percent; two bedrooms (five units) $1,233-$1,350, no increase.

• Beckwith Circle: one bedroom (eight units) $620-$666, up 6 percent; three bedrooms (10 units) $919-$1,008, up 7 percent.

• Botanic Gardens: one bedroom (25 units) $768-$839, up 4 percent; two bedrooms (72 units) $1,109, up 4 percent; three bedrooms (20 units) $1,362, up 4 percent.

• Garden Street: studios (10 units) $520-$549, up 3 percent; one bedroom (30 units) $733-$760, up 3 percent; two bedrooms (42 units) $919-$980, up 3 percent; three bedrooms (one unit) $1,619, up 8 percent.

• Haskins Hall: studios (11 units) $497-$513, up 5 percent; one bedroom (69 units) $637-$667, up 5 percent; two bedrooms (three units) $839-$1,034, up 9 percent.

• Holden Green: one bedroom (68 units) $630-$738, up 2 to 6 percent; two bedrooms (27 units) $806-$945, up 1 to 6 percent; three bedrooms (nine units) $1,216, up 1 percent.

• Kirkland Court: one bedroom (10 units) $708-$826, up zero to 5 percent; two bedrooms (14 units) $924-$1,004, up zero to 3 percent; three bedrooms (seven units) $1,181-$1,523, up zero to 13 percent.

• 65 Mt. Auburn: studios (eight units) $516-$659, no increase; one bedroom (10 units) $643-$811, no increase; two bedrooms (three units) $898-$966, no increase.

• Peabody Terrace: studios (86 units) $522-$570, up 14 percent; one bedroom (226 units) $670-$800, up 10 percent; two bedrooms (161 units) $825-$980, up 8 percent; three bedrooms (22 units) $1,387, up 4 percent.

• Shaler Lane: one bedroom (32 units) $757, up 5 percent; two bedrooms (19 units) $1,061-$1,127, up 6 percent.

• Soldiers Field Park: studios (70 units) $618-$736, up 5 percent; one bedroom (186 units) $825-$1,012, up 5 percent; two bedrooms (198 units) $1,116-$1,491, up 5 to 6 percent; three bedrooms (26 units) $1,605-$1,697, up 7 percent.

• Terry Terrace: studios (13 units) $528-$575, up 4 percent; one bedroom (56 units) $672-$753, up 4 percent; two bedrooms (six units) $955-$1,029, up 8 percent.

• Walker Street: two bedrooms (three units) $1,066-$1,149, up 5 percent; three bedrooms (one unit) $1,395, up 4 percent. ❑

3. S-714

Comm. from Robert O. Edbrooke, 20 Prescott St., regarding Harvard University's Affiliate Housing.

In City Council,

October 23, 1989

Placed on file

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