Councillor Duehay stated that he met earlier this week with the University Provost, Professor Carnesale, and James Rowe and Kathy Spiegelman. He reported on this meeting after noting that last year the Committee voted that it wanted to purchase all of the formerly rent controlled units. Councillor Duehay said that at the meeting he asked questions about Harvard's knowledge of the circumstances of the unprotected tenants living in their units. For example, one tenant is a retired schoolteacher in her 80's, who has lived in Cambridge all her life. He also asked whether Harvard would help individuals who were just on the edge of being able to buy condominiums. He congratulated Harvard on having improved its proposal and on being an example for other private owners. Regarding the 300-400 units that will become affiliate housing, Councillor Duehay said that he made two points in the meeting: looked at directly, Harvard takes over two or three or more blocks of the City. Regarding the issue of diversity, could this housing be offered to all kinds of affiliates, including secretaries and other employees. The other issue is neighborhood stability; it would be much better to have individuals and families who will be in Cambridge for a long time and be active, involved members of the community.

Councillor Galluccio said that his main concerns when he first met with Happy Green and Kathy Spiegelman were protection of the low income tenants who currently had protected status. He is very glad to see that they will continue to be protected. Councillor Galluccio asked about protected tenants of buildings that will be sold. Kathy Spiegelman said that all protected tenants will continue to be protected. If buildings are sold, protected tenants will be offered an opportunity to move into another equivalent unit.

Vice Mayor Born asked how many units are under discussion. Kathy Spiegelman said that Harvard currently owns 676 units. Vice Mayor Born asked how many units Harvard intends to sell on the open market. Kathy Spiegelman said 49 would be sold on the open market. The remainder will be rented to affiliates when they become vacant. Harvard's intention is to gradually bring the units up to market rate rents.

Councillor Galluccio stated that this looks like a great opportunity. He noted the effect that graduate students have on increasing rents because they pool their income and can pay much more than a family can. He stated that graduate students and faculty who live in affiliate housing may be a source of increased diversity for the City. Councillor Galluccio asked the City Manager to address the source of funding and whether City Home funds would be used. The City Manager said that the source of funds will depend, somewhat, on what happens with 808 Memorial Drive. The City needs another $2 1/2 - 3 million, some can be identified from this year's Trust dollars and perhaps some from next year's appropriation. He can guarantee that he will deliver a financing package that will not adversely impact the City's other affordable housing.

Councillor Galluccio asked about the rate of rent increases and vacancies. Kathy Spiegelman said that there is a landlord interest in keeping a stable tenant base and having a transition over time.

Councillor Davis asked to see a map of the properties. Susan Schlesinger displayed a map of properties.

Kathy Spiegelman said Harvard would hold 13 buildings, a total 62 units, sell 75 units, 48 of which are in the affordable housing project.

Councillor Davis said she is interested in long-term plans - whether there were plans for other types of building. Kathy Spiegelman said that the institutional purpose is to house affiliates. In Riverside, some are at the edge of parking lots and it may be that the parking lots will not be parking lots in the future. Kathy Spiegelman said that most are masonry buildings at or above the floor area ratio (FAR) that the zoning would allow. All are in residential zones. They are not development sites. Riverside is slightly different in that the buildings are smaller.

Councillor Davis said that affiliate housing is not like ordinary housing, and ordinary citizens cannot live there. Kathy Spiegelman said all the properties are within the institutional overlay zones.

Councillor Duehay requested an analysis of the zoning and the zoning restrictions that pertain to all of these units and a simple explanation of the institutional overlay zone.

Councillor Galluccio asked what the affiliate housing would be. Kathy Spiegelman said the housing will be apartments. She said that it is in both Harvard's and the City's interest to have stable neighborhoods.

Councillor Duehay asked about tax status. Kathy Spiegelman said that the units Harvard owns will stay on the tax rolls.

Councillor Davis suggested looking at what goals for the neighborhoods are set forth in the neighborhood studies and whether this proposal fits in with those goals. Councillor Davis asked what commitments Harvard could make as to long term residents in the affiliates. Kathy Spiegelman said they are trying to develop some for faculty, who tend to stay longer. Peabody Terrace is not comparable, because the source of funds requires that the units be targeted to students. Staff is eligible to live in any housing not targeted just for students. However, without rent control it is not likely that staff will want to pay the premium to live near Harvard.

Vice Mayor Born asked the number of students at Harvard. Kathy Spiegelman said there are 7,000 undergraduates, 10,000 graduates. Thirty-four percent of graduate students are housed by Harvard and 6,000 are not.

Happy Green said that 3,000 Harvard students live in Cambridge in non-Harvard owned housing. She does not know how many students of other universities live in Cambridge.

Vice Mayor Born asked what would happen to existing tenants in the buildings sold to the City. Susan Schlesinger that there would be no displacement of any existing tenants. Susan Schlesinger said that City and non-profit staff would meet with tenants in these buildings as soon as possible to reassure tenants.

Vice Mayor Born asked about the possibility of staff occupying some of these units. Kathy Spiegelman said there are 8,000 staff and about 1% are housed by Harvard. There is no program of financial aid to staff for housing.

Councillor Davis asked what happens to affiliates when they stop being affiliates. Kathy Spiegelman said that the present policy is that when affiliates stop being affiliates, they are requested to leave.

Happy Green, Director of Community Relations for Harvard University, said that this is a matter of concern to the neighborhoods, and there is room for some discussion about proposals such as extending leases for another year, etc.

Joanne Preston, 124 Oxford Street, Co-Chair, Agassiz Tenants Association, expressed her disappointment in not having received a copy of this written proposal. She stated that she feels positive about this proposal. It offers important opportunities for affordable housing in the Agassiz neighborhood. She questioned the limit to 60% of median income. She expressed concern about tenants who do not fit within the protected tenant guidelines. Ms. Preston said that she does not believe that the fact that the units are affiliate units will make a difference to the rate of turnover. She suggested that Harvard look at other possibilities on their property to house more affiliates.

Councillor Duehay requested information regarding who/what affiliate house exists and who lives in affiliate housing.

Richard Griffin, 17 Howland Street, producer of the Howl, stated that he sits on the Harvard Neighborhood Committee representing the Agassiz Neighborhood. The Committee meets monthly and talks about issues like this. His concern is that the neighborhood is becoming less economically diverse. He hopes Harvard will act as an advocate with other property owners to recommend that they engage in similar progressive policies. He would like to see a greater opportunity for Harvard service workers to live in the neighborhood.

John Pitkin, 18 Fayette Street, President, Mid-Cambridge Neighborhood Association, submitted a memorandum regarding Harvard's proposal and summarized the contents. (ATTACHMENT B). He noted a fundamental disagreement about Harvard's plan to convert these units to affiliate units. He expressed support for the conversion of units to affordable housing. Mr. Pitkin noted the different length of occupancy before turnover in Harvard affiliate housing and Harvard's formerly rent controlled units. Mr. Pitkin said that this will result in conversion of virtually the entire non-Harvard housing stock between Ware Street and John F. Kennedy Street. Along Prescott and Ware Streets there will be a red brick wall, reminiscent of New Haven and Yale. The mitigating measures mentioned by Ms. Spiegelman, i.e., extending leases, and encouraging faculty, are not nearly enough.

Councillor Duehay asked if there were any definition of affiliate housing that Mr. Pitkin would find adequate. Mr. Pitkin said that there could be some improvements.

Vice Mayor Born asked what would happen if the Council were not to assent to this affiliate use. Susan Schlesinger said that at present Harvard has the legal right to use them as affiliate housing, and it is questionable whether zoning laws could prevent this.

Kathy Spiegelman said that the proposal for affordable units is tied to recognition of Harvard's use of the others as affiliate housing.

William Cavellini, Brookline Street, said that unaffordable rent increases are a form of eviction. He cautioned the City Council on anything that is offered as a quid pro quo for the future use of so many units. Would these units be exempt from any zoning changes? There needs to be a better understanding of what is meant by the City recognizing "in some way" Harvard's use of the units for affiliates. He noted that Harvard has come a long way with this proposal; and he commended the City Manager and Community Development Department for their work.

Randy Fenstermacher, 820 Massachusetts Avenue, spoke in support of using this housing to enable housing more Harvard employees to live in the neighborhood.

Melissa Weintraub, student at Harvard, stated that a lot of the talk has presumed a neat division between affiliates and other residents. Hundreds of affiliates do not want universities to expand to overpower the neighborhoods. More than 400 students have signed a petition in opposition to more affiliate housing. (ATTACHMENT C). The undergraduate student council passed a resolution in support of affordable housing. Harvard has an obligation to constitute to sustaining its neighborhoods.

Peter Daly, Executive Director, HRI, stated that the proposal has a lot of merit and urged resolution of any outstanding issues to make these units permanently affordable. It would take 5-6 years to assemble this many units. Non-profits generally cannot afford to buy units in this neighborhood. There is a good mix of housing in the proposal.

Roger Herzog, Community Development Department, noted that tenants can still apply for protected status up through December, 1996. He asked whether any newly designated tenants would be protected. Kathy Spiegelman said that they would be protected.

Councillor Duehay said the definition of affiliate housing and what Harvard intends to do about it is very important. He reviewed the information that has been requested during the course of the meeting. Councillor Duehay asked whether one person households are being considered in the City's plans to maintain affordable housing. Susan Schlesinger said that they would be so considered and noted that there are studio apartments in this proposal.

Happy Green said that the idea of a Kenmore Square in Cambridge is unacceptable to Harvard, and that Harvard wants to work with the community and other property owners to avoid this. This is a problem for the City beyond the 300 units that are under discussion.

Councillor Duehay urged Harvard to think as to what kinds of commitments regarding this affiliate housing could strengthen the community. It was agreed that the matter would remain in Committee for an additional discussion. Councillor Duehay thanked those present for their attendance.

The meeting was adjourned at 5:20 P.M.

For the Committee

Francis H. Duehay

Councillor Francis H. Duehay
Chairman

A

HARVARD PLANNING AND REAL ESTATE

SUMMARY OF HARVARD HOUSING PROPOSAL

A. **The long-term continuation of below-market rents for 78 currently "protected" households for as long as those households remain qualified based on existing income criteria.**

The University will voluntarily continue protections (which have been temporarily afforded by state law) to its existing tenants that qualify for such protection based on income, age or disability guidelines. This will provide below-market rents for 78 tenants of Harvard-owned units for as long as such tenants continue to qualify based on existing income criteria as monitored by Harvard. If buildings are sold in the open market, protected tenants may need to relocate to other Harvard-owned apartments. The City will agree to tax these units based on their below-market rental, or alternatively Harvard will adjust its PILOT payments to account for any over-assessment of these 78 units.

B. **The sale of 100 apartment units of Harvard-owned housing to the City (or to a City-designated non-profit agency) at below-market prices for the creation of permanent affordable housing (together, items A and B allocate more than 26% of Harvard's overall formerly rent-controlled portfolio to use as affordable housing).**

Harvard University will offer 100 housing units for low-cost sale to the City (or to a City-designated non-profit housing agency) for the creation of permanent affordable housing in Cambridge. The total price for the 100 units will be $3,155,200, or less than $32,000 per unit, a significant discount from market value.

The properties will be sold as-is and with restrictions requiring continued affordability. These units will be targeted for use as rental housing for households earning roughly 60% of median income.

The properties that comprise this program have been selected to include a mix of unit sizes and building types, and include wood frame houses as well as several large brick apartment buildings. The package includes buildings located in the Agassiz, Riverside, And Mid-Cambridge neighborhoods. The following table describes the distribution of these units by location and by type:

Building	Total Number of Units	Studio Units	1 Bedrm Units	2 Bedrm Units	3 Bedrm Units
50-52 Trowbridge St.	35	1	33	1	
64 Oxford St.	17	9		8	
9-19 Sacramento St.	19	1	15	3	
23 Wendell St.	3		2	1	
25 Wendell St.	3				3
84 Wendell Street	6			2	4
22-24 Flagg St.	5		4		1
23-25 Athens St.	6			6	
27-29 Athens St.	6			6	
TOTAL	100	11	54	27	8

C. **A recognition of Harvard's ability to use the remaining units to house Harvard affiliates.**

In addition to protecting existing tenants, and transferring buildings to the City to create permanently affordable housing, and encouraging home ownership by tenants and local residents, the University must also ensure that its resources are used to support its teaching and research mission. In the case of Harvard's formerly rent-controlled properties, such support will be realized as the University uses its remaining units to house its affiliates.

These affiliates are comprised of an extremely diverse population of faculty and graduate students, a significant proportion of which would otherwise be expected to reside elsewhere in Cambridge. It should be noted that approximately 3,000 affiliates currently live off-campus in Cambridge, and that about 25% of Harvard's formerly rent-controlled units are already occupied by such affiliates. The City will need to recognize the University's right to use its remaining units to house its affiliates and agree not to impede such use.

B

Mid-Cambridge Neighborhood Association
P.O. Box 907, Cambridge, MA 02238

May 16, 1996

To: Cambridge City Council Committee on Housing
From: John Pitkin, President

Regarding the Future of Harvard University's Open-Market Rental Housing

Every month, representatives of five neighborhood groups meet with representatives of Harvard University to discuss matters of common concern. Regular participants in these meetings are Pebble Gifford, President of the Harvard Square Defense Fund, Richard Griffin, representing the Agassiz Neighborhood Council, Jack Joseph, representing the Neighborhood 9 Association, Stuart Lesser, President of the Neighborhood 10 Association, Mary Nichols, representing the Riverside Neighborhood Network, myself, representing the MCNA, Happy Green, Director of Community Relations at Harvard University and Kathy Spiegelman, Director of Harvard Planning and Real Estate. Harvard Vice President James Rowe also attends some of the meetings.

Since the beginning of 1995, the future of the University's formerly rent controlled open-market housing has been discussed at almost every meeting. There has been agreement on many key facts and some other points of agreement have been found. However, we are in fundamental and so far irreconcilable disagreement about Harvard's plans for the great majority of its 690 open-market rental housing units, namely eventual complete conversion to graduate student "affiliate" occupancy. Of particular concern is the fact that these units comprise almost all of the non-institutional housing stock in the area generally between Ware Street, Bow Street and JFK Street.

The other neighborhood representatives have therefore asked me to write this memo for you to have at your hearing today.

- We support the City Council's position on the transfer (sale) of many of the 690 units to the City or housing non-profits for use as affordable housing. We commend Harvard for the offer that it has made. If there can be agreement to increase the number of units that would help to address our concerns.

- We are in general agreement with and support Harvard's policies toward existing tenants (no evictions, one-year leases, moderate rent adjustments) and income-eligible, protected, tenants.

- We are in specific agreement that properties to be sold at market prices will be offered first to existing tenants and then, through neighborhood groups, to other neighborhood residents before being offered on the open market.

- We oppose Harvard's proposed conversion of the great majority of the 690 units to graduate student housing because of the unacceptable impacts on (1) neighborhood stability (increased transiency) and (2) relations between institutional and non-institutional activities (town and gown) in the affected area.

In an effort to develop a mutually acceptable plan for the housing units in question the neighborhood representatives initiated a conceptual proposal for disposition of the disputed housing stock and discussed the proposal with Harvard's representatives. This proposal called for the creation of one or more "Transitional Area Housing Trusts." After considering the proposal, Harvard representatives informed us that the proposal did not merit further discussion because the University insisted on retaining control of the properties in question.

The University representatives subsequently made counter-proposals to mitigate the impacts of its plan, specifically

1. Extended leases
2. Emphasis on faculty
3. Ownership opportunities
4. Transfer of protected tenants into the area

While some of these suggestions have merit, they fall far short of meeting our concerns about transiency and neighborhood quality of life.

For your information, a copy of the discussion draft is attached (Concept for Disposition of Harvard Open-Market Housing).

Some the neighborhood representatives will be speaking at the hearing to state our positions more fully and to answer any questions you may have.

January 17, 1996

Concept for Disposition of Harvard Open-Market Housing

1. Majority of Larger (Red-Brick) Apartment Buildings — in Mid-Cambridge, Harvard Square and Agassiz neighborhoods

- Disposition: Long-term lease to one or more *Transitional Area Housing Trusts*
- Transitional Area Housing Trust(s):

  —Includes representatives of

  (1) tenants,
  (2) area residents,
  (3) the City and
  (4) Harvard;

  —Sets *Policies* (tenant selection, capital improvements, neighborhood relations); and

  —Selects *Manager(s)* for properties

- Policies: All units to be rented to non-affiliates and affiliates alike, and include substantial numbers at three rent levels

  —full-market

  —long-term market and

  —below-market (moderate income) rents

- Manager: Private Non-Profit or For-Profit managers to be selected on competitive basis
- Financing: Trust, which is master tenant,

  —Pays rent to Harvard at market rate less a fixed *"Percentage Contribution for Stabilization and Affordable Housing"*

  —Receives income from

  (1) Tenant rents
  (2) Earmarked subsidies, such as from CHA,
  (3) General subsidies from City appropriations or *Tax-Increment Financing*

2. Remainder of Larger (Red-Brick) Apartment Buildings — Mid-Cambridge, Harvard Square and Agassiz neighborhoods, where current character of street and occupancy is most compatible with conversion to campus use

- Disposition: Affiliate housing owned and operated by the University
- Policies:

  —Current tenants allowed to remain on leases as under the current plan, protected tenants at moderate increased rents

  — Conversion to affiliate status on vacancy only

  — Non-affiliates to have option of moving to comparable units in buildings operated by Housing Trust

3. Smaller Buildings — approximately 100 units in Riverside and Agassiz neighborhoods

- Disposition: Sale in order of offering to

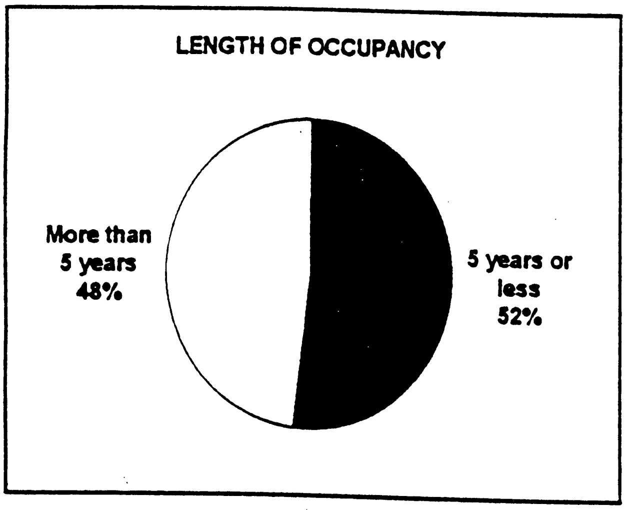
  (1) Current tenants
  (2) Harvard affiliates
  (3) Area residents
  (4) Anyone else

- Foster sales to area residents by providing pre-offering information to City First-Time Buyer Program and neighborhood groups
- Enable purchase of some units by moderate-income owner-occupants through appropriate deed restrictions and *Stabilization and Affordable Housing Write-Downs*

PRESCOTT/WARE AREA
HARVARD'S FORMERLY RENT CONTROLLED UNITS

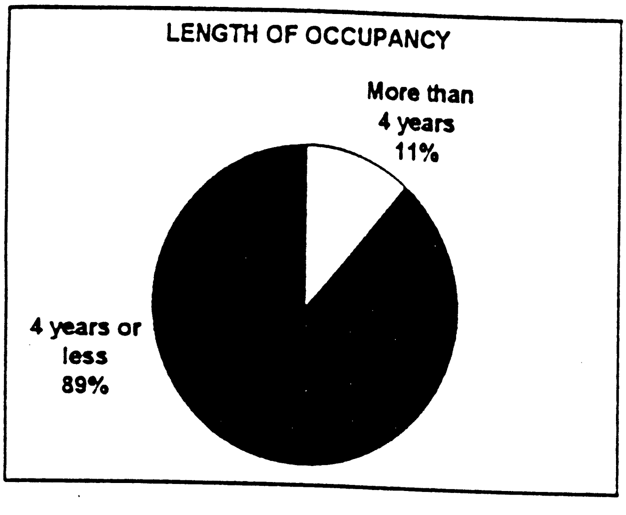
Source: *1996 HPRE Records*
Population: *Tenants of Harvard-owned units*

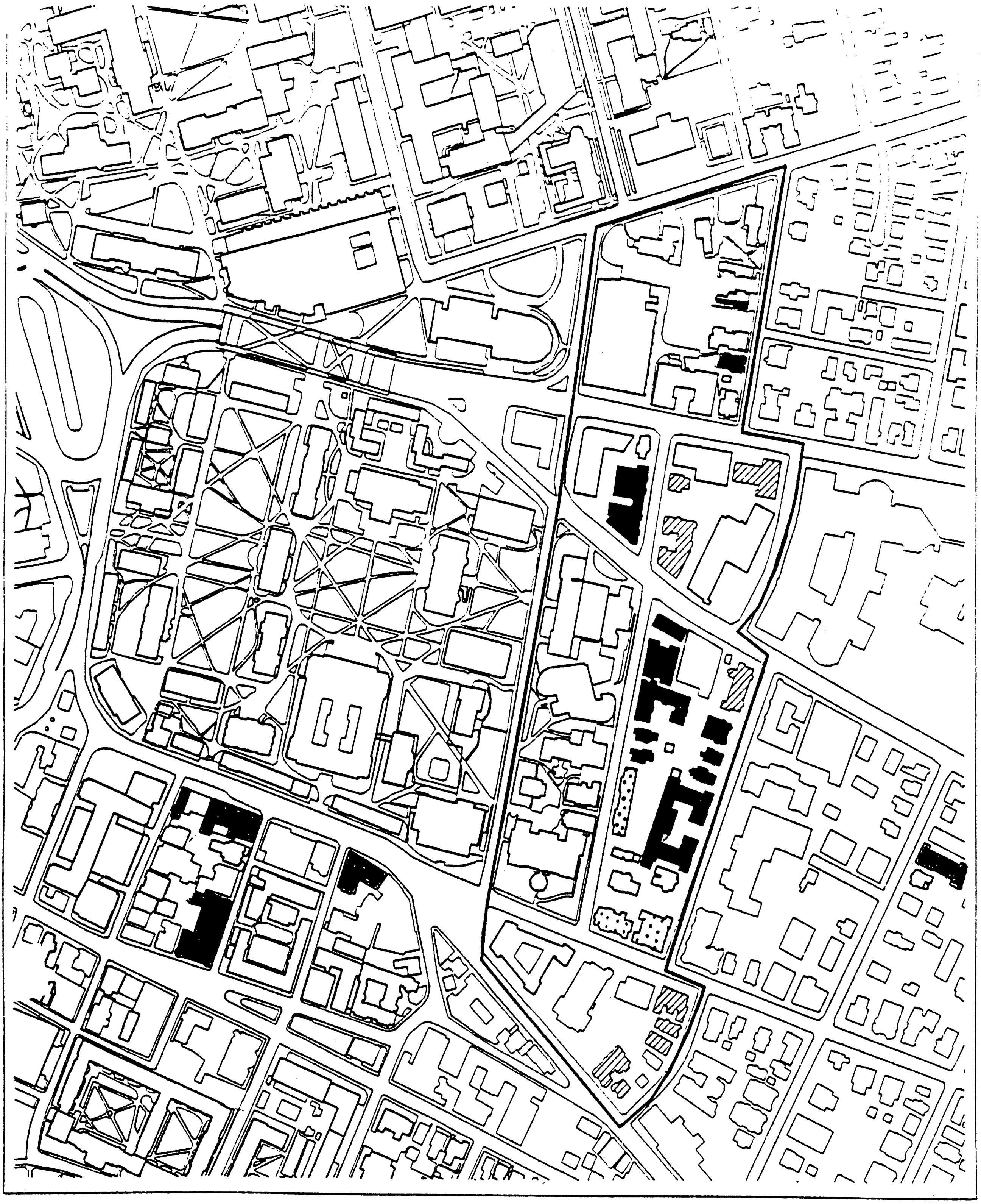
Number of Units = 313



HARVARD'S AFFILIATE HOUSING
TYPICAL CHARACTERISTICS

Source: *HPRE Graduate Student Survey (1993) and tenant records*
Population: *Affiliate Housing Tenants*





PRESCOTT/WARE AREA

FORMERLY RENT CONTROLLED HARVARD PROPERTIES

NON-HARVARD RESIDENTIAL

FRESHMEN DORMITORIES

C

Attention: President Rudenstine and Harvard Planning and Real Estate
The below is a copy of a resolution passed by the Undergraduate Council on May 5, 1996. This resolution affirms the beliefs of hundreds of students who have signed petitions and written letters this year, and of many faculty and alumni who have called to express their support as well. In light of the upcoming hearing on this issue, we strongly urge Harvard to follow the mandate of its students, alumni, faculty, and community, not to contribute further to what is already an emergency housing situation in the City of Cambridge.

Preservation of Affordable Housing (Kirshner, Mayers, Albert)

Whereas the end of rent control has created major problems for low and moderate income tenants in Cambridge, resulting in a 30% increase in homelessness in the last year according some reports.

Whereas Harvard is the largest residential and commercial real estate owner in Cambridge and therefore has a major role in deciding the make-up of Cambridge's residential community.

Whereas the preservation of low and moderate income residences in Cambridge is important in preserving a diverse community, something Harvard has always said it wants to foster.

Whereas the City of Cambridge has proposed a plan that would have Harvard and the City jointly fund a program that would allow all of the formerly rent-controlled units owned by Harvard to be purchased by low and moderate income residents.

Be it resolved that the Undergraduate Council urge the University to work with the City of Cambridge to preserve as many as possible of the formerly rent-controlled apartments owned by Harvard for low and moderate income residents.

City of Cambridge

The Housing and Community Development Committee held a public meeting on Thursday, May 16, 1996, beginning at 3:10 p.m. in the Sullivan Chamber for the purpose of considering a proposal relating to formerly rent controlled units owned by Harvard University.

Present at the hearing were Councillor Francis H. Duehay, Chair of the Committee, Vice Mayor Kathleen L. Born, Councillor Henrietta Davis, Councillor Anthony D. Galluccio and City Clerk D. Margaret Drury. Also present were Robert W. Healy, City Manager and Susan Schlesinger, Assistant City Manager for Community Development.

Councillor Duehay convened the hearing and explained the purpose. He invited a presentation by representatives of Harvard University.

Kathy Spiegelman, Associate Vice President for Planning and Real Estate at Harvard, stated that she appeared before the Committee in June of 1995 to discuss a proposal regarding these units. In the intervening time, there have been many meetings among concerned groups, neighbors, and affordable housing agencies. As a result of all these discussions, Harvard is prepared to present a revised proposal. (ATTACHMENT A). She summarized the proposal:
1. Long term continuation of below market rent for the 78 currently "protected" tenants;
2. Sell 100 units to City or designated non-profit for creation of permanent affordable housing at approximately $30,000 per unit; 3. Remaining units would be used to house Harvard affiliates. No eviction of existing tenants. She noted the diversity of the stock offered to the City, in terms of unit size and location. Ms. Spiegelman said that Harvard has maintained for the rest of Harvard's tenants gradual increases to market. Harvard University does intend to sell some of the remaining units. She stressed that it is important to Harvard to work through this proposal as a partner with the City.

Councillor Duehay invited Robert W. Healy to comment. Mr. Healy stated that this is the best opportunity for the largest number of units that has been brought forward. The number of units that will be preserved is significant. The proposed exchange is something that is not very different from what would otherwise happen to the units - they will go to market rates and be unavailable to low/moderate income tenants.

Susan Schlesinger, Assistant City Manager for Community Development, said that the City has been working hard in the wake of the loss of rent control to protect existing tenants, the stock of affordable housing and the diversity of the population. This proposal does work toward those goals and is a better solution than the sale to private owners on the open market. The proposal includes buildings in each of three neighborhoods where Harvard owns property - Agassiz, Mid-Cambridge and Riverside. The number of units being offered on a permanent basis has increased significantly from the first proposal.

Committee Report #1 S-332

A report from Councillor Duehay, for a meeting held on 5/16/96 for the purpose of considering a proposal relating to formerly rent controlled units owned by Harvard University.

In City Council June 10, 1996

Report Accepted -
Placed on file