

Small Property Owners Association

287 Huron Avenue • Cambridge, MA 02138 • 491-2699 • 864-7725

June 11, 1990

Cambridge City Council
Rent Control Subcommittee
Kenneth Reeves, Chair

Dear Councillor Reeves,

Again we ask for a date before your Rent Control Subcommittee for the purpose of airing our reform proposals.

This is the fourth request we have made since February; the first request was to the City Council who referred our issues to your sub committee; two subsequent requests in March and April were made directly to your committee. We have received no response.

Several members of the council were quoted this week in the Crimson as saying that "something" must be done to help the small property owners. What help do they have in mind? And when do they plan to help? Our full reform agenda was sent to your committee in an earlier communication; we repeat a few of our recommendations here:

- 1- A means test so owners do not continue to subsidize tenants who don't need subsidy. And a means test coupled with incentives for owners to rent to **low income families** who do need subsidy.
- 2- Redefine "Fair Net Operating Income". Have rents cover the cost of bona fide mortgage interest, unavoidable vacancy/non-payment costs, legal costs as well as operating costs, capital improvement recovery and FNOI. Redefine FNOI to include a 12% return on equity. Calculate equity by subtracting mortgage from assessed value. By using assessed value instead of market value, tenants are protected against speculative valuation but owners will receive fairer return than one based on base year income.
- 3- Freedom to sell individual units to tenants.
- 4- Remove the 2 year time limit on the "sabbatical" leave program to allow small property owners to vacate their apartment and collect market rent from it; not just academics who are owners of already exempt 2s and 3s.
- 5-Retain the rent increase for capital improvements after the amortized life of the improvement.
- 7- Set minimum rents to be at least competitive with Dorchester, Mattapan, Roxbury, Chelsea, or the Cambridge "Y".
- 8- Allow owner/occupants of exempt buildings to increase the number of units in their building and remain exempt. This would increase the number of units and ease the "emergency".

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9- Give Amnesty and exemption to owner/occuants of ordinadnce condos of record prior to the C1/2 decision of 11/1/89.

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10- Exempt old (>80years) buildings because those buldings can't take 20 more years of neglect and replace them with new construction which can.
(Spread the joy of rent controll)

We anticipate that your sub committee and the Rent Control Board will define that there are no conflicts and it remains only to justify the apriori decisions made in January when the council rescinded Ordinance 1043. We expect you will rule that apartments no longer need a 2nd exit, no longer need a kitchen and toilet, and knotty zoning issues will be avoided altogether by either grandfathering illegal conditions or by changing the zoning law to suit the situation. The result will be zero help to these property owners but will result in expensive lawsuits if any can afford to persue them against the daunting 1.3 million dollar budget and the 14 attorneys of Rent Control.

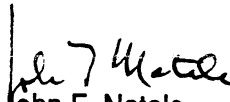
Conflicts affects only 41 owners so even if all conflicts cases were conceded by the city (and we expect only 2 or 3 will be), only 150 units in some 15,000 are involved. Conflicts is not a global issue that gets to root problems that all owners share.

What about REFORM? What about substantive changes in the system that gives real relief and ends the extraordinary abuse of a minority by the majority?

We are hopeful, Councillor Reeves, that the "something" you and your colleagues have in mind are important and major changes. If you will consider advice from the "other side", it would be better for the supporters of the system to institute changes from within rather than await large and embarassing changes brought by external forces that are out of your control. Cambridge is definitely the harshest rent control jurisdiction in the country; it has run amok on property rights for 20 years. Unless its regulations are relaxed and made reasonable, we believe its day is soon over.

You have the power and the responsibility to make the system fair.

Respectfully,


John F. Natale
Co Chair SPOA

cc: City Clerk, Cambridge
Members of the Cambridge City Council
Members of the Cambridge Rent Control Board
Executive Director Cambridge Rent Control Board
Members of the Cambridge Legislative Delagation
Members of the Local Affairs Committee, Mass State Legislature

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S. 651

Comm. from John F. Natale, Small
Property Owners Association, requesting
a hearing before the Rent Control
Committee regarding their reform proposal.

In City Council,

June 25, 1990

*Referred to the Rent
Control Committee
Copy sent to Rent Control
Committee 6/28/90 (ll)*