City of Cambridge

The quality of life in these neighborhoods will be adversely affected because long-time residents will wind up living in close proximity to students whose life style may not be compatible. This could cause further de-stabilization in these neighborhoods as long term residents are driven out by noise and disruption. This could allow Harvard to buy up even more housing at low prices and turn these neighborhoods into part of the institution.

Under the proposals Harvard has put forth, the 94 designated units would be preserved as affordable for only 20 years and all other units would eventually become market rate. It is in the best interest of the City of Cambridge to do everything in its power to ensure that Harvard's rent-controlled housing stock not become affiliate housing.

With the loss of rent control and with cuts in many federal domestic programs affecting low and moderate income persons, fewer and fewer such persons will be able to afford to live in Cambridge. Harvard, since it has benefitted financially so substantially from the demise of rent control, should stand as a beacon and as an example to other institutions and property owners in Cambridge to moderate that trend.

Councillor Born has not had an opportunity to consider this report and Vice-Mayor Russell did not attend the hearing due to a conflict. Therefore, this report and the recommendations that follow are the recommendations of the Chair only, and not of the full committee. I present them for the full Council's consideration.

1. That Harvard and the City of Cambridge jointly fund a program which would allow all of Harvard's formerly rent-controlled housing units to be purchased at below market cost by tenants under the City's first time low interest home ownership plan or continue as rental units owned by the City's non-profit community development corporations.

2. That the City Council, with the leadership of the Mayor and the City Manager, assume the responsibility to negotiate directly with the officers of Harvard, under the leadership of its President.

Respectfully submitted,

Francis H. Duehay DMD

Francis H. Duehay, Chair

City of Cambridge

The Housing and Community Development Committee held a public hearing on October 5, 1995, beginning at 5:45 p.m. in the Sullivan Chamber for the purpose of receiving a report regarding Harvard University's plans for its formerly rent controlled housing.

Present at the hearing were Councillor Francis H. Duehay, Chair of the Committee, Councillor Kathleen L. Born, Councillor Katherine Triantafillou, and City Clerk D. Margaret Drury. Also present were Robert W. Healy, City Manager, Richard Rossi, Deputy City Manager, and Roger Herzog, Community Development Department.

Councillor Duehay convened the hearing and explained the purpose. He noted that the demise of Rent Control and the severe cutbacks in state and federal housing subsidies have resulted in a crisis in affordable housing. Harvard University, the owner of the largest number of rent controlled units as part of its planning for the future of this stock, has made a proposal to the City to keep some of this housing stock as affordable housing. Councillor Duehay stated that City Council and the city administration intend to use every possible tool to keep as most affordable housing as possible in the City of Cambridge.

Councillor Duehay then noted that Susan Schlesinger, Assistant City Manager for Community Development was not present because of illness in her family. He introduced Robert W. Healy, City Manager and requested that Mr. Healy present the issues.

Mr. Healy stated that Harvard University came forward in the Spring with a proposal for disposition of its property, which would keep some affordable housing. He noted that Harvard University has no legal obligation to keep any of its housing affordable. No other landlord has come forward with any proposal. On the other hand, Harvard does have a better ability to afford such a commitment.

Mr. Healy stated that the City has a very serious concern about the fate of affordable housing, especially in light of what is happening to federal and state housing subsidies. Mr. Healy said that the City has stepped to the plate to do its best to preserve affordable housing with its City Home program, to which the City will contribute two million dollars per year, for ten years. The City has asked the Harvard expand its proposal and increase the number of units that it will commit to keep affordable.

Councillor Duehay then invited representatives of Harvard University to speak. Ms. Kathy Spiegelman, Associate Vice President for Planning and Real Estate introduced Happy Green, Government Relations Office, and Susan Keller and Paris Bond from her staff.

Ms. Spiegelman read a letter which she also submitted for the record (Attachment A), which outlined Harvard's proposal.

The following elements are included in the proposal.

- Protection for income eligible tenants until June 1988. (94 tenants.)
- 10% of the units stay affordable long term.
- No tenants in good standing will be evicted.
- Harvard will sell twenty-four buildings over four years - mostly woodframe, and they will be offered first to existing tenants.
- Moderate increase in rental rates to gradually reach market.
- Vacated units will house Harvard affiliates, faculty and graduate students.

Ms. Spiegelman said that for over two decades, Harvard has managed its property in accord with Cambridge's rent control regulations. Even after rent control was ended, Harvard has acted responsibility to its tenants. Rents increases have averaged 10% approximately. She urged a climate of cooperation rather than adversarial proceedings.

Councillor Duehay stated that he would first like to thank Ms. Spiegelman for her many years of service to affordable housing in Cambridge through her work as a member of the Affordable Housing Trust. Councillor Duehay then asked about the length of the commitment for affordability.

Kathy Spiegelman said that the commitment to affordability for the units Harvard will maintain is a twenty year commitment. The proposal is that ten percent of what is sold will go to non-profits which can maintain permanent affordability, and ten percent of what Harvard is retaining will be set aside for twenty years.

Councillor Duehay asked about the purchase price paid for the buildings. Ms. Spiegelman said that she did not believe that Harvard would be willing to make that information available. Councillor Duehay said the Committee would be interested how much Harvard University paid for the buildings, how much Harvard put into the buildings and what is the present tax assessment.

Ms. Spiegelman said that she has a responsibility to work from the present market value of the property, particularly in view of the current funding situation for universities. Federal funding has been cut, and the availability of grants is more uncertain.

Councillor Duehay asked what information Harvard has about the tenants who live in the units. Ms. Spiegelman said that Harvard has income information for the 94 protected units but not the rest of the tenants.

Councillor Duehay asked whether Harvard feels responsibility to moderate income tenants. Ms. Spiegelman said that Harvard has made a commitment to raise rent gradually. The university has tried to assist elderly people who have come in to sigh leases.

Councillor Duehay raised the issue of whether there was a way of regulating affiliates who now live in the community to try to have them live in Harvard's housing. Councillor Duehay then asked how many people have left rent controlled property. Ms. Spiegelman said fifteen percent have left, which is somewhat higher than usual but not dramatically so.

Councillor Duehay asked about the property tax payments contemplated. Ms. Spiegelman said that Harvard would pay full taxes or make payments in lieu of taxes.

Councillor Duehay stated that it is very important for the City Council and City Manager to be in touch with the President and the top policy makers on this matter. He added that he appreciates the staff work involved.

Councillor Duehay stated that this inquiry is not meant to single out Harvard University but since Harvard is the largest landowner, this seemed to be a reasonable place to start. Councillor Duehay then invited public testimony.

Joanne Preston, 124 Oxford Street, Chair of the Agassiz Tenants Association, said that their neighborhoods are in an emergency situation. There have been many very large rent increases. The Association is concerned about the Harvard affiliates; they are also concerned about rent increases for the non-protected tenants. In addition, there is no affordable housing in that neighborhood, and they would like Harvard to sell a large building to an entity that will keep rents affordable for elderly and low and moderate rents.

Bill Cavellini, 158 Brookline Street, stated that he was speaking as one of several from the Eviction Free Zone. The Eviction Free Zone position is that no existing affordable units should be removed from the rental market. These units could be used in the City Home program, especially if the City expands its program to a ten million dollar affordable housing program.

Abigail Gindele, 10 Agassiz Street, stated that today she heard Henry Cisneros, Secretary of HUD, speak at Harvard about wanting to hear ideas for housing in the future because Harvard has a reputation for liberal innovation thinking. She urged Harvard to be aggressive and creative in its approach.

Kathleen Manion, Newport Road, Agassiz neighborhood, urged that Harvard maintain mixed income, mixed population buildings, not just buildings full of associates. She recommended a working group of community members, Harvard officials, City officials and some real estate persons.

Ms. Geneva Malenfant, 75 Henry Street, President of the Cambridge Civic Association (CCA) stated that the CCA has discussed this matter at its Housing Committee and has three recommendations.

1. There should be permanently affordable housing, at a percentage much higher than ten percent. One possibility would be for Harvard to house its lower paid clerical, maintenance employees.

2. Existing tenants need stability. There should be longterm commitments for leases and moderate rents.

3. The City should begin a process of discussing this matter in meetings that include a full range of persons and interests.

Ms. Malenfant added that Harvard is in a special position because Harvard does not pay taxes, and therefore should not be considered and treated just like any other for profit enterprise.

Ms. Nancy Hall, Putnam Gardens, stated that she is speaking as a member of the Eviction Free Zone and a longterm Riverside resident. Riverside has a long history of fighting Harvard's intrusion into its community. Riverside does not need any more Harvard dormitories or administrative offices. She urged Harvard to sell fifty percent of its buildings, at the rent-controlled price, to the City to be permanently affordable.

Decia Goodwin, 175 Chestnut Street, stated her concern that the small buildings, the four and six unit woodframes will be the most expensive to operate. Harvard should also look at how it can promote homeownership, using its funds to write down mortgages to an affordable rate.

Michael Turk, 24 Prescott Street, Cambridge Tenants Union, stated that he is a Harvard tenant, but he also wants to focus on the citywide issue. He also stated there are questions as to what leverage the City has. In this regard, late in June, there was a Boston Housing Court decision on Chapter 282 which opened up a door that the City should look at very carefully. One interpretation suggests that there might remain a power to regulate removal, which would include removals for affiliate housing. Mr. Turk stated that there is also the possibility of ballot questions which would expand the City's power's to regulate in these areas.

Christopher Robinson, 20 Ware Street, Eviction Free Zone, stated that twenty five years ago, before rent control was instituted, there was a great deal of concern about Harvard's effects on the neighborhoods. He is disappointed in Harvard's concern for its own interest rather than for the community upon which it depends.

Mr. John Pitkin, 18 Fayette Street, stated that Harvard owns five percent of mid-Cambridge housing and large pieces of the Riverside and Agassiz neighborhoods. Harvard is not "just another landlord." Mr. Pitkin added that in the wake of the demise of rent control, landlords have more rights, and with rights go responsibilities. Cambridge has been a very successful city over the past few twenty years, and has enjoyed stability. As of 1990, 25% of rental units were occupied by student households. That number must be monitored carefully, or the stability and the social fabric of the City will suffer. Campus expansion would also be detrimental to the City, as a whole. Already, South Street, the oldest street in the City is owned by Harvard.

Mr. Pitkin applauded Harvard's treatment of its tenants. He stated that the percentage set aside for affordable housing must be much higher. The most expensive units have the highest turnover rate. He recommended open access to rental units and preference to neighborhood residents in sales. Mr. Pitkin suggested looking at the Redline report, and said that units outside the red line, such as 52 Trowbridge Street, should be subject to separate treatment. He also noted the October 17, 1990 forum report, and the Town Gown Commission, which includes some important principles that Harvard has signed off on. There is a structure that can be built upon for a negotiation.

Ms. Mary Nichols, 135 Putnam Avenue, Riverside Community Network, (formerly R.C.CrimeWatch) stated that the organization has branched out because housing is such a pressing need. She described the problem for Riverside that resulted from Harvard expansion in the 1960's. At that time it was necessary for those working on the issue to disrupt the Harvard commencement. After that, there were more productive negotiations. She works for Cambridge Headstart, and they had to drop two classrooms because of tenants leaving the city.

Elizabeth Kondakjian, 3 Linnaean Street, stated that she is now a protected tenants. There is terrific anxiety among the tenants. The people of Cambridge have given strength and health to Harvard over many years, and she hopes that Harvard will recognize this.

Vincent Dixon, 286 Harvard Street, said that Harvard is continuously expanding, and suggested requesting Harvard to stop its expansion plans and its plans for its rental units for a year while there is cooperative plan for addressing the issue with financial mechanisms to create new housing units. He suggested that for every new seat created in the institution, a new housing unit be created.

Peter Daly, Executive Director, (HRI) Homeowners Rehab,Inc., and Cambridge NHAS stated that the demise of rent control and the cutbacks in federal and state funds for housing are widening the gap in affordable housing that has always existed. Low acquisition costs are critical in times of short subsidies. Homeowners Rehab, Inc. would love to purchase all of the property Harvard is going to sell but cannot buy any at market rate.

Councillor Duehay asked whether any HRI/CNAHS projects offer units to single people. Mr. Peter Daly stated that they do. Councillor Duehay asked whether single people are equally as eligible as families. Mr. Daly said that it depends on the funding source; at Brookline Street there are several one bedroom units. Most subsidies available for single persons are for elderly and disabled persons.

Louise Dunlop, 8 Craigie Circle, stated that she has been in South Africa for two months. Ten percent seems like so little for permanent housing. She is also shocked that affiliate housing excludes support staff and other Harvard workers. She stated that there is a lot further to go in negotiations.

Councillor Duehay stated that it is his intention to take this matter under advisement. The Committee will be developing a set of recommendations for the full City Council.

Councillor Born stated that in all of the events that she has attended this fall, people are beginning to understand the depth of the changes in population and demographics that the end of rent control is bringing about. Councillor Born stated that she has lived in Cambridge since 1969, and at that time there were many more working class families who had lived here for generations and whose children could afford to live there. There are many more graduate students at Harvard now. Harvard has an obligation to provide housing for its students without taking away housing from the community. Claremont College students who don't live on campus pay a tax to the school. Harvard takes in real estate as donations. She suggests that Harvard divest equal amounts to the city. She thanked the Harvard representatives and members of the community for their attendance.

Councillor Duehay thanked all those present for their participation.

The hearing was adjourned at 7:50 p.m.

For the Committee

Francis H. Duehay DMD

Francis H. Duehay, Chair

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Harvard Planning and Real Estate

Direct Dial 495-2234

October 12, 1995

Councillor Francis Duehay
Chairman, Subcommittee on Housing and Economic Development
Cambridge City Council
795 Massachusetts Avenue
Cambridge MA 02139

Dear Councillor Duehay,

Thank you for this opportunity to describe Harvard's plans for the future of its rent control property. Harvard's approach attempts to strike a difficult balance between its community interest and its institutional responsibility, and involves a diversified program of strategies that address a broad range of housing needs. Harvard's program provides protection to its existing tenants, helps meet objectives for affordable housing, and supports the University's critical educational mission.

As part of this housing program, the University will voluntarily extend protections which have been afforded by state law to its low-income, elderly or disabled tenants. This extension will provide additional protection for 94 tenants of Harvard-owned units, and will run through June 1998. In addition to extending protection for income eligible tenants, the University is working with the City to assure that 10% of Harvard's rent control properties remain affordable long-term.

Even for tenants who do not qualify for protection based on income, the University plans only moderate rent increases which, in many cases, will not bring rents to market levels for a number of years. No tenants in good standing will be evicted by the University.

Over the next four years, Harvard also plans to gradually sell approximately 24 buildings from its rent control portfolio. These sales will be comprised primarily of woodframe houses which are scattered in locations furthest from the University. For tenants of such buildings, Harvard is committed to providing prompt and open information concerning any impending marketing activity. Any property sold in the private market will first be offered at fair market value to existing tenants.

In addition to setting policies aimed at protecting tenants and providing affordable housing to Cambridge residents, the University must also ensure that its resources are used to support its teaching and research mission. In the case of Harvard's rent control properties, such support will be realized as the University uses vacated units to house Harvard affiliates. These affiliates will be 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 25% of Harvard's rent control units are already occupied by such affiliates.

Harvard's use of rent control units to house its affiliates will not result in reduced municipal revenue for Cambridge. Assuming that such buildings are assessed to reflect the below-market rents for protected tenants, the University will continue to make municipal payments through direct taxes or through equivalent in-lieu payments.

Although the University's holdings represent only a small percentage of the city's 14,000 rent control units, Harvard recognizes its leadership role in Cambridge and its special obligation to help maintain the quality and character of its surrounding neighborhoods. The University is proud of this program, and believes that it reflects a sense of responsibility both to its own needs and to those of the community.

In summary, Harvard's program includes the following:

- Extended protection for 94 tenants of Harvard-owned units;
- A long-term commitment to 10% of Harvard's units as affordable housing;
- The gradual sale of 24 buildings over four years, targeted first to existing tenants;
- Moderate increases in rental rates, gradually reaching market rates over a number of years;
- Rental of vacated units to Harvard affiliates.

For more than a year, Harvard has willingly participated in open discussion of these plans with City officials and community representatives. The University looks forward to continuing this constructive dialogue and to moving forward together on this important matter.

Sincerely,

Kathy A. Spiegelman

Kathy A. Spiegelman
Associate Vice President for Planning and Real Estate

cc: Councillor Kathleen Born
Councillor Anthony Galluccio
Councillor Jonathan Myers
Mayor Kenneth Reeves
Vice Mayor Sheila Russell
Councillor Michael Sullivan
Councillor Timothy Toomey, Jr.
Councillor Katherine Triantafillou

City of Cambridge

October 25, 1995

Report of Councillor Francis H. Duehay, Chair,
The Committee on Housing and Community Development
Cambridge City Council.

The Committee on Housing and Community Development met on October 5, 1995 for the purpose of hearing reports from the City Manager and Harvard University on the status of discussions between the City and Harvard University concerning the disposition of Harvard's stock of rent-controlled housing.

Harvard owns currently 5% of the formerly rent-controlled units located primarily in three of the city's neighborhoods: Agassiz, Riverside and Mid-Cambridge.

In its proposal Harvard has agreed to protect until 1998 those 94 lower-income tenants now protected under law only until January 1, 1997. Harvard has agreed to set aside (for only 20 years) 10% of its units for low and moderate income tenants and to sell 24 houses on the open market giving existing tenants the right of first refusal at fair market value. However, most of the remaining units would be converted from open housing to housing available only to university affiliates. Harvard has also agreed to allow existing rents to rise gradually to market rate and not to evict tenants in good standing. Harvard has committed itself to pay full property taxes on its affiliate housing.

Harvard purchased much of this housing at low prices due to the depressed value caused by rent control. Now, Harvard, perhaps the wealthiest university in the world, stands to benefit financially from the loss of rent control in two ways: first by buying at low prices and second by receiving a windfall at the end of rent control. Harvard is an international institution, protected from paying property taxes, providing far more public benefit outside Cambridge than within. It should not be speculating in the real estate market to the detriment of a diverse Cambridge.

From the perspective of the three neighborhoods primarily affected, the conversion to affiliate use will cause significant demographic change. The policy proposed by Harvard will change the economic mix. Those of lower income will be replaced gradually by those of higher income. Permanent tenants will give way to transient tenants. Therefore, the policy will add to neighborhood instability in a city whose neighborhoods are already dominated by university interests. The university has made it clear through its rental structure and financial aid program that housing for "affiliates" means housing for faculty and graduate students, not for clerical and technical workers. This latter category of employee is much more likely to add permanence and economic diversity to the neighborhood.

Committee Report #1 S-345

A communication was received
from D. Margaret Drury, City Clerk,
transmitting a report from Councillor
Francis H. Duehay, Chair, Housing &
Community Development Committee regarding
the Disposition of Harvard's stock
of Rent Controlled Housing, and
including a report of the public hearing
on this issue held on October 5, 1995.

In City Council October 30, 1995