

SPOA Rent Control Reform Agenda

Group 1

1. Exempt 3 units in every owner/occupied building, the owner's unit and 2 others.
All Owner/Occupied buildings regardless of size should have the same number of exemptions.
Lines based on building size are arbitrary and unfair.
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. (Washington D.C., the largest RC city in the nation, does this.)
3. Eliminate the capital improvement rent reduction. Payments for caps now evaporate after the amortized life of the improvement although the tenant continues to enjoy the benefit of the improvement. (The State Court of Appeals in New York unanimously struck down a similar rule.) This reduction in rent is a major disincentive for owners to maintain the buildings.
4. Establish realistic rent minimums e.g. \$300/mo. for unheated studio. (The tax exempt "Y" charges \$433 for 1 room, no facilities, no roommates.) Act on the Green Ribbon Report.
5. Increase management fee from 6% to 12% for Owner/Occupants and to 10% for non Owner/Occupants (The fee was 6% in 1970 for exempt buildings! Nearby cities use a larger fee with 3 x the rents!)
6. Use the local cost of living index, CPI, not the national, IPD, to establish rents. (Adopted 3/90 but not implemented.) The wrong index, used since 1984, continues to cause huge losses by owners. Set new rents now based on what the rent level should have been if the correct index had been used all along.
7. Pass increases in taxes, water/sewer, to tenants automatically and immediately upon city billing of owners.
8. Eliminate parking as a rent control item. \$35/month, i.e. 1\$/day, is absurd. This encourages owners to rent on the open market and not to tenants.
9. Change the "Sabbatical" rule which allows owners to move out and rent at market rent for 2 years. This rule benefits academics who are owners of 2's and 3's. It does not help 'real' RC owners. Exempt the owner's unit if it has been owner/occupied for 2 years. As a minimum, permit owner to charge market rent for the first rent when he/she vacates after 2 years.
10. Modify Ordinance 966. Grant removal permit to owner or tenant of unit in building with Master Deed filed prior to December 31, 1989. (Brookline does this.)
11. Adopt "AMNESTY". (Vellucci motion, 12/12/88, to resolve disputes between RC and Building Dept as to the legal number of units; set the RC number to agree to the legal number as established by Building/Zoning/Sanitation inspection.)
12. Redefine "Family Member" to include grandparents/children, aunts/uncles, neices/nephews, cousins; now, it includes only parents, children, siblings, in-laws. This benefits both tenants and owners.
13. Remove the Board from eviction cases. This process is obstructionist, is heavily biased toward the tenant and adds one year to the process with the associated probable loss of one year rent. (See No. 3 and Group 2, No. 3.) Further, it adds greatly to the administrative burdens of RC thereby aggravating the processing time for rent increases for Reg. 72/76. Eviction cases should go directly to court.
14. Eliminate the 120 day rule. This rule prevents small owners from doing the work themselves. It forces either a contractor to be hired at much greater cost or causes the work to be neglected. It also usurps an owners right to hold an apartment open for a preferred tenant known to want it at a later date.

Group 2.

1. Prohibit SPIL from representing tenants unless they also represent owners. This is a particularly offensive practice. Exclusive representation of tenants assumes that tenants are needy, deserving and right while owners are the opposite. (Ditto for Cambridge/Somerville Legal Services)
2. Prohibit hearing officers and staff from:
 - 1) being either RC tenants or RC owners.
 - 2) advising owners, in eviction cases, to pay tenants and from advising tenants that they demand payment from owners. Make it illegal to pay the tenant more than moving costs.Prohibit spouses of Rent Control staff who are attorneys from representing clients before the board.
3. Prohibit withholding rent during the eviction process. Write regulations to prevent rent loss during an eviction process, e.g., automatic, no-contest, eviction if rent late by 15 days as determined by date on certified bank check.
4. Disallow triple damage payments altogether. This is an irresistible incentive for shark lawyers to go after owners. Triple damages have impoverished, even caused the death of, some owners. If penalties are imposed, they should go to a housing fund and not to the tenant or attorneys. In the meantime, impose the same triple damages on tenants who overcharge the legal maximum rent to subtenants and roommates. (The legal maximum to subtenants/roommates should be defined as rent / No. roommates.) There are now no penalties to the overcharging tenant.
5. Require that a roommate(s), whose name is not on the lease, inform the owner in writing within 30 days when the tenant, whose name is on the lease, vacates. Reaffirm that apartments do not automatically pass on to roommates but that the decision of who gets a R.C. apartment is the owner's.
6. Allow owner/occupants of exempt buildings to increase the number of units in their building and remain exempt. This would increase the supply of housing and ease the "emergency".
7. Give Amnesty and exemption to Owner/Occupants of ordinated condos of record prior to the C 1/2 decision of 11/1/89

Group 3

1. Require a Means Test to qualify for a rent controlled apartment; household income not to exceed 4 times the apartment rent. Exceptions for family members or for payment of a monthly 50% tax on the difference between controlled rent and market rent into a fund for low income families, AND couple the Means Test with meaningful incentives for owners to rent to low income families. (See No.2)
2. Provide meaningful incentives to rent to low income families e.g. a) exempt 1 unit for every unit permanently set aside to such families, b) subsidize, at 100%, the cost of deleading, c) guarantee rent when rent is not paid for any reason, d) offer tax/water bill credits, e) provide zero interest capital improvement loan.
3. Provide a low interest capital improvement fund.
4. Eliminate the delay in eviction and rent increase proceedings by claims of minor code violations.
5. Require tenants to inform owners of non emergency code violations 2 weeks prior to being able to withhold rents and/or seek rent abatements; that is, 2 weeks prior to informing the rent board.
6. Send notices to all property owners in the tax bill whether their building/condo/apartment is rent controlled and under what conditions. Provide a limited amnesty to owners who didn't know; include parking in the amnesty.

Small Property Owners Association

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

CAMBRIDGE MA.

April 20, 1990

Cambridge City Council
Rent Control Subcommittee
Kenneth Reeves, Chair

Dear Councillor Reeves,

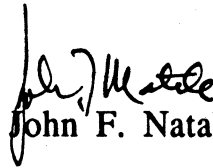
Enclosed is the rent control reform agenda of our Association. As you know, we are very eager to review these with your committee, and proceed with whatever are its recommendations to the full council.

We realize that our list is long and that many of the items will require considerable discussion, probing and explanation. More than one meeting will probably be needed. We suggest that the first meeting be dedicated to a reading of the big picture in which we would go through the entire agenda quickly. Subsequent meetings might then be scheduled as needed to review, in detail, specific items.

We know your committee "has a full plate"; however, we do hope you will consider the importance of these issues and will be able to schedule a meeting soon.

Thank you

Sincerely,


John F. Natale

cc: J. Meyers
W. Walsh
J. Connaughton

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S- 439

Comm. from John F. Natale, Small Property
Owners Association, transmitting the rent
control reform agenda for the association.

In City Council,

April 30, 1990

*Referred to the
Rent Control
Committee
Copy sent to Rent
Control Comm 5/2/90 @*