CITY OF CAMBRIDGE
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CAMBRIDGE, MASSACHUSETTS 02139
TEL 498-9077

RENT CONTROL BOARD
D. MARGARET DRURY, EXECUTIVE DIRECTOR

To: Robert Healy
City Manager

From: Margaret Drury MD
Executive Director

Date: July 31, 1987

Re: Interest Rates on Capital Improvements

The following steps have been taken to collect information on the interest rates paid for capital improvements:

1. In rent adjustment hearings, staff members are asking owners whether money was borrowed to make capital improvements, and if so, at what rate. So far, the results are:

   7 cases -- no money was borrowed

   2 cases -- the improvements were made by a previous owner (the current owner did not know whether money was borrowed, or on what terms)

   2 cases -- the owner's loan structure was too complicated to answer the question without preparation (both of these cases involved Resource Capital Group)

2. The Board held a public policy meeting on July 22, 1987, at which members of the public presented their views on this issue. At this hearing, the Board decided to survey all property owners who have filed Regulation 76 rent adjustment petitions within the past year, in order to find out what interest rates have been paid. Members of the public were invited to submit sample questions; we expect to complete the survey design and mail it out in the near future.

   In addition, the Board has directed the staff to contact banks which lend money to owners of rent-controlled properties, and to inquire about the interest rates actually charged for loans to those properties.

30.

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

August 3, 1987

To the Honorable, the City Council:

Enclosed please find copy of a report on the Rent Control Board's progress in studying the costs of borrowing money for capital improvements.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

Agenda Item No. 20S-498

Re: enclosed report on the Rent Control Board's progress in studying the costs of borrowing money for capital improvements.

In City Council,

August 3, 1987

Placed on File