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Lenore Schloming, President 497-5341

DATE: 5/7/98

TO: Cambridge City Councilors

FROM: Lenore Schloming, SPOA president

RE: Distorted data given to city councilors

Please see the attached materials regarding a deliberate distortion of data given to you.

Small Property Owners

published by the Small Property Owners Association

NEWS

May 1998

SPOA P.O. Box 398115, Cambridge, Massachusetts 02139 617-354-5533 Membership & One-Year Subscription (10 issues): $35

City officials alter results in rent control study

Butchered report drops 38% of data

Elected officials fooled

How can you possibly have a study of the after-effects of rent control and leave out what happened to almost 40% of the former rent-controlled tenants? You can't!

But that's exactly what the Cambridge Community Development Department did when they presented to elected officials the alleged results of their recent study on rent control's end in Cambridge. Ignoring tables from the original study, they presented butchered new charts with whole chunks of data dropped out.

Who would drop out data? Someone with an agenda. An agenda not served by the truth.

Like its municipal counterparts everywhere, the Cambridge Community Development Department's primary agenda is to build "affordable housing" projects. They gather and funnel public funds through their circle of affiliate nonprofit developers. All of their jobs depend on a perceived need for affordable housing.

What they are hiding: new tenants are less affluent than old ones

To this city agency, rent control's end looked like a bureaucrat's bonanza. They saw pay dirt in the myth that rent control housed the "poor." They could predict exactly what would happen with rent control gone. The poor would leave. The rich would move in. And Cambridge would become a city of the wealthy. **Unless** the Community Development Department and their nonprofit siblings come to the rescue and build lots of "affordable housing" projects.

Their predictions were right in line with what they needed to justify spending millions, and they commissioned a study to "prove" what they already knew had to be true. But guess

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City bureaucrats also try to block giving full data to the public

They thought they could get away with their data cover-up (see story above). But a college student, innocently wanting to do research, asked for the study data and forced Cambridge's Community Development officials into a hide-and-obstruct stance. They turned down the student's request and scrambled to block public access to the study.

The college student is Lucas Schloming, an MIT student and son of Lenore and Skip Schloming, SPOA president and newsletter editor respectively.

The younger Schloming, as part of a research project in an economics course, had already obtained from Community Development the full data from the city's 1987 "Abt" study of rent control. He then asked his father to get the full data from the city's recent study.

The idea keeps showing up... "We've got something to hide."

At the time this newsletter went to press, Community Development officials were consulting with city attorneys in an effort to prevent disclosure of the full study data. It's another hiding maneuver, but it may not work since it potentially violates Massachusetts' Freedom of Information Act, which allows public access to virtually all non-classified, non-private documents and materials belonging to local and state governments.

Housing Director Roger Herzog initially told Skip Schloming that the data was

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The truly explosive finding . . .

Rent control harbored the richest tenants in Cambridge,

Alters results

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what? Surprise! Their study showed the truth to be exactly the opposite of their favored predictions.

The tenants who moved out of their decontrolled apartments were the richest tenants in all of Cambridge.

The tenants who stayed on as their rents rose were the lowest in income of all the city's tenants.

And new tenants moving into formerly rent-controlled housing had ***lower*** incomes than the tenants they replaced.

The average tenant income in all the housing that lost rent control actually ***dropped*** after decontrol! That dire prediction – that the poor would move out and only the wealthy would live in Cambridge – was a complete fizzle.

Stacking the deck

So when it came time to present the study to Cambridge's elected officials in an April hearing, something had to be done.

The original study included ***four*** groups of tenants: (1) former rent-controlled tenants who moved ***out*** of their apartments, (2) former rent-controlled tenants who ***stayed*** in their old apartments, (3) new tenants who moved ***in*** to formerly rent-controlled apartments, and (4) market-rate tenants who had never lived in rent-controlled housing. All four tenant groups appeared in every single chart in the original report.

But in the Cambridge City Council hearing in April, only *three* tenant groups appeared in the charts specially prepared for the hearing and for elected officials. One tenant group was totally missing.

Who butchered the charts? The original city-hired researcher was Peter Hooper of Atlantic Marketing Research, Inc., in Boston. Hooper confirmed that he also prepared the new charts for the hearing. When asked why one tenant group was omitted from the charts, Hooper said he omitted that group "at the request of the city." The butchered charts were submitted at the hearing by Roger Herzog, Housing Director of the Cambridge Community Development Department.

The big lie

The ugly truth, the unwanted truth was that the rich moved out while the less-well-off stayed.

So what tenant group was chopped from the data? Yes, the tenants who moved out – rich, very well educated, predominantly white. They constituted 38% of the tenants who had lived in Cambridge's rent-controlled housing. Thus, 38% of the impacted population was shoved under the rug.

Now elected officials and the public were looking at charts comparing old rent-controlled tenants (but not all of them) to new tenants moving in. Blocked from seeing the high incomes of the tenants who moved out, anyone would *assume* that the old tenants still living in decontrolled units were pretty much the same as those who moved out – in other words, all of them "poor" (by Cambridge standards only, of course).

Now the charts would say the exact opposite of the truth – that a huge chunk of "poor" rent-controlled tenants got pushed out, making it look like they were replaced by better-off tenants. Cambridge was horribly *gentrifying* because of decontrol. That's the misperception – the big lie – that Community Development wants Cambridge's elected officials and the public to believe.

In fact, however, to state the truth plain and clear: decontrol caused tenant incomes to ***decline*** in the former rent-controlled housing by almost $4,000. An average income of $41,453 (*all* the old tenants: those who stayed + those who moved out) dropped to an average of $37,812 (old tenants who stayed + new tenants who moved in) after decontrol. Ending rent control created ***less*** need for affordable housing. Sorry, Community Development.

Another omission, another big lie

Were the old tenants who stayed as their rents rose really all that poor? Were they really poorer than the new tenants moving in? Nah-h-h. But another bold omission from the charts made them ***look*** poorer.

%.3 Yes, it's true, their average income was $35, 50, while th new tenants moving in had an average income of $41,340.

But check this: the old tenants were very often single persons living alone (54%) , while the new tenants were just the opposite – they were very often households with two or more persons (7 %).

So who is poorer? A single wage earner making $30,000? Or two wage earners making $40,000 combined? Obviously, the two wage earners are making only $20,000 apiece and they are poorer, even though $40,000 is more than $30,000.

That is the effect of household size, which must always be used to correct incomes. One person living on $50,000 is way better off than a family of five living on that same $50,000.

But Community Development had already learned its lesson about household size from its earlier 1987 "Abt" study of rent control, which properly corrected incomes for household size. (It compared tenant groups not by dollar income figures but as percentages of Greater Boston area median income for each household size.)

So in the new study, exact household size was ***never even asked***. Any social scientist would call it a glaring omission.

There was, however, one clue to household size in the new study: the number of single-person households. It varies dramatically among the tenant groups. But in the butchered charts presented to Cambridge's elected officials, this critical clue to household size is dropped, dumped, left out.

And now, as officials and the public stare at a fancy-looking chart showing important socioeconomic differences – house-

. . . is already out of the bag .

who left, letting lower-income tenants move in.

holds with children, with elderly, with roommates, with students, with minorities – they don't see one critical difference. The number of single-person households. It is THE biggest difference between old tenants who stayed and new tenants moving in. The difference is so huge it wouldn't even fit on the chart, it would run off the scale showing the other differences. Dropped, dumped, left out. To make the old tenants look poorer than the new tenants moving in. Another big lie.

Truth, anybody?

So what's the real truth? The old tenants who stayed are probably not one penny poorer than the new tenants who moved in. They might even be richer. We would know the truth exactly if the study had only asked that obvious question of household size.

What we do know for sure is that over half (54%) of the old tenants who stayed are single-person households choosing to pay their rising rents, choosing to stay in Cambridge, choosing not to move in with a roommate, choosing to keep the luxury of an entire apartment to themselves. If their rent burdens are a little higher, they are choosing it. What income they have is all theirs.

What we also know for sure is that a very large part (76%) of the new tenants moving in are multi-person households. What income they have is shared income. The space they are renting is shared space.

Sorry, Community Development, that hoped-for gentrification just ain't happenin', try as you may to twist facts.

One final lie with statistics

The orignal study reported that the turnover rate of tenants in the three years following decontrol was the *same* as before rent control's end and the *same* as the rest of the state's turnover rate. Despite the panicked predictions, decontrol caused *no increased turnover whatsoever.*

Scientists call this a "null" or "nothing" finding. No difference occurred.

But Community Development is not interested in being scientific. Out of the five butchered charts presented to elected officials, one consisted entirely of this "null" finding – a pie-shaped circle showing 38% of rent-controlled tenants had moved out over three years. Totally missing was the comparative data: the very same turnover rate during rent control days, the very same turnover rate in other parts of the state. So elected officials were led to believe the common myth that ending rent control pushed people out of their apartments more than normal.

Suffice it to say, if research professionals or academics were ever caught perpetrating the repeated deceptions and fraud contained in these butchered charts, they would be censured by their colleagues. Sadly, government becomes not credible.

Bureaucrats block data

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not available in electronic disk form. "We just don't have it," he said.

Doubtful, the elder Schloming called the study's principal researcher Peter Hooper at Atlantic Marketing Research, Inc., whose name was attached to the butchered hearing charts. Hooper assured Schloming that the city "should have the data in [electronic] disk form."

"It's the city's data. They own it. And if they don't have it [in electronic form], I can get it to them right away," Hooper said. Hooper also said he would "gladly give it" to Schloming and send a computer disk with the data directly without charge. Hooper, however, said he needed authorization from the city as the owner of the data and referred Schloming to Herzog.

Schloming called Herzog back, who again denied he had the full data in electronic disk form. "We only commissioned Atlantic for a report," Herzog said, suggesting that the data in disk form was not part of the deal.

Herzog said he 'would decline' to release the study data.

When confronted with Hooper's assertion that the city had the data in disk form and Hooper's willingness to supply it if the city did not, Herzog said he "would decline" to release it to Schloming.

Schloming submitted a written request to Herzog for the electronic data on behalf of his son and contacted city councilor Anthony Galluccio, who tried to get the data released. Galluccio's office later confirmed that the city's attorneys were being consulted in an effort to stop disclosure of the data and that the full ten days allowed to process a Freedom of Information request would be taken.

Altogether, the butchered hearing charts and the withheld data disk say that city officials know they are hiding something. The data disk would allow any computer-trained researcher to rapidly construct complete and accurate versions of the tampered charts presented to Cambridge elected officials.

And the question is: what else does the data show that we don't know about?

Meanwhile, one person already hurt by Community Development's hide-and-obstruct stance is the younger Schloming, whose course project deadline falls short of the ten-day official decision period. The earlier "Abt" study data had been handed over on short notice to accommodate his deadline.

High cost 'affordable' housing projects hit community resistance

The Cambridge Community Development Department is connected to nonprofit developers, and everybody keeps their job by building "affordable" housing. They are always slogging against the fiscal reality that these expensive projects benefit very few tenants. Lately, however, they have also been slogging against the local communities they supposedly serve.

Twice in two weeks, proposed "affordable" housing projects in Cambridge have been reported killed or critically wounded by neighborhood protests.

The incredibly high cost of these projects – at least double the value of private rental housing *plus* lost city revenues – is clearly not the only sticking point on this pet government approach to housing.

Neighbors vociferously do not want these mini-ghettoes, even though they profess allegiance to affordable housing (somewhere else). Indeed, neighbors at one site – 2525 Massachusetts Avenue – appear prepared to accept a large retail or office complex rather than 18 new units dedicated to moderate-income tenants. Or they want the city to kick in even yet money to bring the project size down to eight units.

> The government should be cooperating, not competing, with private providers to help house lower-income tenants.

Even local tenant activist Bill Cunningham expressed dissatisfaction at a recent City Council meeting with the idea of placing tenants outside of their natural "community" in new construction with affluent neighbors.

So as additions to the local "community," affordable housing projects just don't fit in.

Ignoring high costs

Another factor totally ignored in all the hoopla about building new "affordable" housing is their very high cost (to taxpayers) to benefit very few tenants. The alternative approach is to subsidize many more tenants in much cheaper private rental housing. Of course, a lot of bureaucrats and developers would be out of work.

A typical, privately-owned Cambridge apartment is assessed (full market value) at about $50,000 currently. Even a luxury apartment does not usually exceed $80,000 assessed value.

By comparison, the cost of the units proposed for 2525 Massachusetts Avenue was initially $125,000 per unit and, after neighbor protest, was raised to $138,000 when the number of units was reduced.

A similar project already finished at Garfield Place along Massachusetts Avenue cost at least $181,000 a unit.

On top of these already high construction and land-acquisition costs are two additional and on-going costs for any affordable housing project:

(1) Additional government rent subsidies must be given anyway to the tenants year after year to cover the difference between the real cost of the housing and the tenants' ability to pay.

(2) The city loses substantial revenues from forfeited property taxes. Since the projects are nonprofit, the city forfeits any taxes on the land and buildings that it would otherwise collect if the properties were privately developed.

In the case of 2525 Massachusetts Avenue, the 15,000-square-foot parcel would support a 14,000-square-foot office or retail complex that would give the city $50,000 to $75,000 annually in commercial property taxes. By allowing commercial development instead of 20 tax-exempt housing units, the resulting taxes could be turned into subsidies, giving 20 tenant households a monthly rent subsidy of $208 to $315 *forever* – and save all the construction costs and on-going tenant subsidies the nonprofit housing would need anyway.

Public versus private housing

Even in an allegedly high-rent area like Cambridge, rental subsidies given to needier tenants would place them in any neighborhood the tenants chose, in housing already built, to which neighbors could not and would not object.

All the government money going into building new "affordable" housing could be turned into vouchers that would serve vastly more tenants. Or the same number of tenants could be subsidized at greatly reduced cost.

When it comes to affordable housing, government bureaucrats check their wisdom at the door. What's getting lost is the fact that private rental housing is really the most affordable available, and that the government should be cooperating, not competing, with private providers to help house lower-income tenants.

Consent Communicaiton #14 3445

A memorandum was received from Lenore Schloming, Small Property Owners Associatin, transmitting information regarding distorted data given to City Councillors.

In City Council May 11, 1998

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