



CITY OF CAMBRIDGE
INTEROFFICE CORRESPONDENCE

To Robert W. Healy, City Manager

Date July 2, 1987

From Joseph E. Connarton, *JEC* City Clerk

Reference

Subject Calendar Item No. 10 & City Council Order No. 26
of June 29, 1987

Pursuant to the motion of Councillor Wolf, would you please review both of these items, in order to determine if either or both are feasible. Copies of both Calendar Item No. 10, which is your communication to the City Council dated June 22, 1987 transmitting a communication from the Executive Director of the Rent Control Board with regard to a program for matching low and moderate income tenants with vacancies in rent-controlled housing, and Councillor Walsh's order dated June 29, 1987 are enclosed for your assistance.

The City Council would appreciate a response to both of these items in time for the August 3rd meeting. Your very kind attention in this matter will be greatly appreciated.

JEC/mb

Enclosure: Calendar Item No. 10 of 6/29/87
Order No. 26 of 6/29/87



City of Cambridge

26.

IN CITY COUNCIL

June 29, 1987

COUNCILLOR WALSH

ORDERED: That the Cambridge Housing Authority manage and implement the Rent Control Pilot Program; and be it further

ORDERED: That any landlord who voluntarily becomes involved in the program and continues in the program for five (5) years or more, then at the time the unit becomes vacant, the rent of said unit shall be the rent charged by the Cambridge Housing Authority or the rent controlled rent, whichever is higher.

6/29/87 - REFERRED TO THE CITY MANAGER FOR REPORT FOR AUGUST 3, 1987 ON MOTION
OF COUNCILLOR WOLF



CITY OF CAMBRIDGE

678 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02139

TEL 498-9077

RENT CONTROL BOARD

D. MARGARET DRURY, EXECUTIVE DIRECTOR

TO: ROBERT HEALY, CITY MANAGER
FROM: D. MARGARET DRURY, EXECUTIVE DIRECTOR, CAMBRIDGE RENT
CONTROL BOARD
RE: A PROGRAM FOR MATCHING LOW AND MODERATE INCOME TENANTS
WITH VACANCIES IN RENT CONTROLLED HOUSING
DATE: MAY 22, 1987

This memorandum is submitted to you for transmission to the City Council at the request of the Cambridge Rent Control Board.

On May 7, 1984 the City Council requested that the City Manager investigate the possibilities of matching lower income tenants with vacancies in rent controlled units (see attached Order). Consequently, a series of meetings was held among city agencies dealing with housing issues. While response to the vacancy match concept was favorable, these meetings did not produce a viable proposal.

The attached memorandum, which has been unanimously approved by the Rent Control Board, is a new response to the outstanding City Council order. The Board suggests that a nine month pilot program, as outlined in the attached memorandum, be implemented. The experience of this limited project will establish a sound basis from which to discuss, develop and hopefully implement a more extensive program.



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RENT CONTROL BOARD

D. MARGARET DRURY, EXECUTIVE DIRECTOR

VACANCY MATCH PROGRAM

INTRODUCTION

The Rent Control Act initially adopted by the City Council in 1970 (St. 1970 ch.842) and reenacted in 1976 (St. 1976 ch. 36) establishes rent and eviction controls of the private housing stock on the finding that a public emergency in affordable housing exists in the City of Cambridge.

Section 1 of the Act ("Declaration of Emergency") does not limit either the intent or the effect of the Act to any particular class of tenants, and the Council has not enacted any ordinance nor has the Board have promulgated any regulation explicitly linking the rights of landlords or tenants to the incomes of existing tenants.

Without limiting the scope of rent control, the "Declaration of Emergency" does note, however; the "...shortage of decent rental housing accommodations especially for families of low and moderate income and for elderly people on fixed income...". References in the removal ordinance (Ord. 966), Rent Board regulations (e.g. regulation series No. 46) and the debates of the Board and the City Council also support the notion that maintaining affordable housing for the benefit of low and moderate income tenants is of special importance.

The City recently commissioned Abt Associates to survey rent controlled properties, among others, and prepare a profile of tenant incomes and rents. When this study is completed, it may show that some tenants in rent controlled apartments do not fall into any reasonable definition of low or moderate income. Such a finding implies that low and moderate income tenants who are unable to afford market rents might be better served if a program were developed to match these persons with rent controlled units.

This memo will explore some of the issues involved in implementing such a program and will suggest a pilot project to facilitate the rental of rent controlled units to low and moderate income tenants.

FRAMING THE PROBLEM

One formulation of the problem is that there are upper

income tenants currently matched with rent controlled apartments.

Two possible solutions to this problem are 1) to remove the units in question from rent control, or, 2) to remove upper income tenants from the units.

In the first case the solution destroys the institution it is designed to save. An irresistible incentive would be created for landlords to displace low and moderate income tenants in favor of those who could decontrol their units. The second case is barred by legal and political considerations.

A more helpful formulation focuses on the low and moderate income tenants who have been unable to find affordable housing.

This memo will suggest a solution based on helping property owners decrease the percentage of "mismatched" tenants by attrition through a program of matching low and moderate income tenants with vacancies in rent control units.

Under existing law the right to choose who will live in a rent controlled apartment in Cambridge belongs to the owner. Therefore, the key to the mismatched tenant problem lies with the landlord.

Rent control landlords generally fill vacancies either by choosing tenants from their own list, by word of mouth or by allowing the departing tenant to propose a replacement.¹ In rare cases a landlord will list vacancies in the newspapers or with agents.

If we assume that there is no shortage of demand for housing from low and moderate income tenants, then there are two likely causes for the placement of upper income tenants in rent controlled apartments.

1) Landlords are presented with and accept tenant referred replacements who may be of neither low nor moderate income.

2) The owner may deliberately select against low or moderate income applicants.

This latter position may either be institutionalized, as in the case of landlords with tenant income requirements in excess of that needed to pay the legal maximum rent, or it may be expressed more informally as a simple choice of a more affluent tenant over other applicants.²

1/ In a situation in which a tenant departs leaving behind an unapproved occupant, the landlord has the option to either approve of that occupant as a tenant or to bring an action for possession. If the owner has not accepted the occupant as a tenant then that person is without the rights of a tenant and the action for possession will be successful.

2/ While it is difficult to gauge either the extent or the depth of landlord preference for affluent tenants, the phenomenon is well recognized (e.g. see comments of Cambridge landlord Doug Thayer in the Boston Globe of 10/10/86). Reasons for this preference may include a) the likelihood that more affluent tenants will not be as motivated to assert their economic rights (e.g. rent abatement for conditions) as their less affluent counterparts, b) the possibility that affluent tenants will be

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This memo proceeds on the assumption that a significant number of Cambridge property owners would rent to low or moderate income tenants if given a clearer opportunity to do so. Even owners marginally preferring affluent tenants may rent to the low and moderate income if attention is focused on the choices being made, modest incentives are generated, and the moral authority of the City Council is brought to bear on the problem.

VACANCY MATCHING:

In this voluntary program, landlords would notify the Board of vacancies and anticipated turnover in their units. Property owners would be eligible for benefits only if they complied with this notification aspect of the program.

Upon notification by the participating owner, the Board would notify eligible tenants who could then apply for the vacancies. The property owner would then a) rent to a tenant referred by the program, b) enter into a lease agreement with the CHA, c) rent to a lower income person selected independently, or, d) rent to an upper income tenant. The goal of this program is to encourage options "a", "b" and "c" in the manner outlined below.

a) Lower income tenant referrals

Initial response to the prospect of a vacancy match program among City and non-profit agencies dealing with lower income tenants has been very positive. Consequently, we believe that the creation of a referral list of eligible tenants will present few problems either for a limited pilot project or a more developed program.

With approximately one month's lead time the CHA will be able to provide us with a list of between 100 and 200 prospective "lower income" tenants whose income falls below 80% of median for the Boston area as determined by H.U.D. (the guideline for public housing eligibility). Furthermore, the Department of Human Services is working closely with a limited number of homeless people who would receive substantial rent assistance if only they could find housing. We recommend, in the interest of simplicity, that a that the list for the initial pilot program be drawn from

able to buy their units if the rent control laws are modified to allow condominium conversion by an existing tenant, c) the belief that poorer tenants will put larger numbers of people, especially children, in a smaller space than affluent young professionals, with the consequent increase in wear and tear and water usage, and, d) the assumption that low and moderate income tenants may be more likely to fall behind in their rent.

these two public agency sources.³

As an incentive for placing a tenant referred by this program (or an income eligible tenant of the owner's choosing) the Rent Control Board would agree to a reduction in filing fees (e.g. for a regulation 76 or 75 rent adjustment).

Possible additional incentives for renting to tenants from the referral list address the belief that lower income persons might be more likely to default on their rent than upper income tenants. One suggestion has been that the City might indemnify owners for non-payment of rent incurred by these tenants between the filing of an application for certificate of eviction for non-payment of rent and the date of the Board notice of ruling. Another suggestion has been to prioritize non-payment cases involving tenants from the referral list.

If criticism of this program narrows to the issue of incentives then perhaps the Board, in conjunction with those in City government in position to provide more lucrative incentives, will be able to do so.

b) Non-referral lower income tenants:

A participating landlord may rent to a lower income tenant chosen independently and still be eligible for an incentive from the City in the form of a waiver of filing fees as outlined above.

In order to obtain a waiver of a regulation 75 or 76 filing fee the landlord and tenant would jointly certify, on a form provided by the Board, that the tenant's income was below 80% of the median income. The landlord, in this case, would be certifying only that he had requested income information and that, to the best of his knowledge, the tenant was eligible.

c) Leased Housing:

The financial incentive for an owner to enter a lease agreement with the CHA (section 8 or 707) is so great that it is unlikely that owners could be further encouraged by the limited incentives being considered in this proposal.

A program such as this may, however, serve as an important outreach vehicle for leased housing arrangements by widely disseminating information and presenting owners with leased housing options.

PROGRAM ADMINISTRATION

3/ Further evidence of the feasibility of obtaining and administering a list of eligible tenants is that RCCC has also expressed enthusiasm at the prospect of cooperating in such a project by providing lists of eligible tenants which they have compiled. Also, the CHA has names of a small number of persons falling between 80% and 100% of median.

The Rent Control Board is in the best position to maintain contact with owners of rent controlled property and is most likely to be able to integrate a pilot program into its regular duties without the need for substantial changes in budget or personnel.

Furthermore, the Board is in a position to administer the incentive program outlined above and can maintain contact with the variety of sources from which a tenant referral list will be drawn. Administration of the program should be reviewed after the initial nine month period.

We recommend that the total filing fee waiver for the pilot program be limited to the difference between the fees projected and the fees collected in FY 87 - roughly \$10,000.

Participation in the program would require: a) that the landlord agree to notify the Board of all vacancies or anticipated vacancies, b) that the landlord not rent to a non-low or moderate income tenant for at least 10 days after notifying the Board, and, c) that he or she consider applications from any persons referred from the tenant list.

A pilot project such as this will be relatively inexpensive and easy to administer. While the proposal is far from flawless we hope that it points in the direction of adjusting the reality of rent control in Cambridge so that it might better fulfill the goals that have been reaffirmed by the City of Cambridge for the past several years.



City of Cambridge

4.

IN CITY COUNCIL

May 7, 1984

COUNCILLOR WOLF

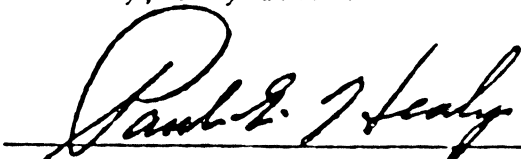
ORDERED: That the City Manager, through the Rent Control Administration and Community Development Department, is hereby requested to explore the feasibility of a program that would make vacated rent-controlled units available to low/moderate income people; and be it further

ORDERED: That the City Manager report back to the City Council optional ways in which such a program could be implemented.

In City Council May 7, 1984.
Adopted by the affirmative vote of 6 members.
Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


Paul E. Healy, City Clerk.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

TEL. 498-9011

EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

RICHARD C. ROSSI

Deputy City Manager

June 22, 1987

To the Honorable, the City Council:

Enclosed please find copy of a communication from D. Margaret Drury, Executive Director of the Cambridge Rent Control Board, relative to a program for matching low and moderate income tenants with vacancies in rent-controlled housing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", is written over the typed name.

Robert W. Healy
City Manager

RWH/mbf
Enc.

Re: program for matching low & moderate income tenants with vacancies in rent-controlled housing.

In City Council,

June 22, 1987

C. Walsh
Charles Walsh

Ch. 16. #10 plus amendment
to c. 12.

That the Cambridge Housing Authority
manage and implement the
Rent Control Pilot Program.

That any landlord who voluntarily
becomes involved in the program
and continues in the program
for five (5) years or more, then
at the time the unit becomes vacant
the rent of said unit shall be the
rent charged by the Cambridge
Housing Authority or the Rent
Controller rent, whichever is
higher.

1. w/o 10
1. w. be reg. is concludes
@ div. 3rd making up a report
on both orders.



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June 29, 1987

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6/29/87 - REFERRED TO THE CITY MANAGER FOR REPORT FOR AUGUST 3, 1987 ON MOTION OF COUNCILLOR WOLF

Order #26

8-425

C. Walsh order re: Cambridge Housing Authority manage & implement the Rent Control Pilot Program & that any landlord who voluntarily becomes involved & continues in the program for 5 years or more, then at the time the unit becomes vacant the rent of same be the rent charged by the CHA or the rent controlled rent, whichever is higher.

Copy of this order + calendar item 10 of this date sent to the City Mgr. with transmittal letter 7/2/87 - copy within

In City Council,

June 29, 1987

c. walsh

Referred to the City Manager for a Report