OFFICE OF CITY CLERK

1991 APR 16 AM 10: 12

April 15, 1991

Mr. Joseph E. Connarton, City Clerk
City Clerk's Office
Cambridge City Hall
Mass Ave.
Cambridge, MA 02139

Dear City Clerk:

Please include the enclosed editorials from the New York Times and The Wall Street Journal in Communications to the City Council for the meeting of April 22, 1991.

Sincerely,

Robert Wolynes

Robert Wolynes
Membership Chair

Small Property
Owners Association

enclosures

The New York Times

THE NEW YORK TIMES EDITORIALS/LETTERS TUESDAY, APRIL 9, 1991

Tap the Treasure in Rent Control

While New Yorkers ponder emergency measures to repair their city's deteriorating financial condition, a hoard of taxable value remains untapped under the welter of rent control regulations that keep the rents for many apartments unjustifiably low.

The potential to generate new income for the city increases the need to mitigate rent regulations that have destroyed older housing and discouraged new rental construction for half a century.

A civic group, the Citizens Budget Commission, recently produced yet another study showing that while rent control assists a small number of low-income families, its main beneficiaries have been families in above-average income brackets, which have received an unparalleled housing bargain at taxpayer expense.

According to the commission and Prof. Elizabeth Roistacher of Queens College, who conducted a survey for the commission, tenants in apartments renting for $750 a month or higher receive on the average a gift of $4,140 a year. That's how much more rent other people would be willing to pay for the same apartments in a free market.

The apartments under regulation in New York City are relatively cheap compared with apartments of similar quality in other cities without rent regulation. The cost of this hidden subsidy is borne partly by the owners of the buildings, who receive less rent than in a free market, and partly by the city, which collects less in taxes than if the apartments rented at market rates.

The tax charges on such buildings would, by Professor Roistacher's findings, be about $100 million a year higher if rents were allowed to rise to market levels and the assessed valuation of the buildings were adjusted accordingly.

There is an easy fix for this injustice. The Emergency Tenant Protection Act, the state's basic rent regulation statute, provides that when 5 percent of the apartments in any price class are vacant, the class must be decontrolled and deregulated. Unfortunately, state and city governments, fearful of a backlash from tenants, refuse to press for an official study testing the vacancy rate at different price levels.

If a survey indicated that, as many people suspect, vacancies now exceed the limit, the law should be allowed to run its course, subject to existing leases.

With the city cutting vital services and flirting with new taxes that could stifle the economy, rent control can no longer be viewed as a politically benign way to do a favor for tenants at the expense of everyone else in New York. Ignoring the economics of such unjustified subsidies has become political treason to the city and particularly to those in its population who depend most on public services.

THE WALL STREET JOURNAL WEDNESDAY, APRIL 10, 1991

Asides

Times Landmark

We almost missed it. Buried at the bottom of its columns yesterday, the New York Times published what is arguably its most important editorial since World War II—an unequivocal call for the end of rent controls on apartments in New York City. We have long felt that no single other policy decision would have a more salutary effect on the struggling city's social, political and economic health than the end of distorting rent controls. We look forward to many more editorials in what will be a worthy and courageous campaign to make New York livable and affordable again for all classes of citizens.

5. S-507

Consent Communications

Comm. from Robert Wolynes, Small Property Owners Association, regarding rent control.

In City Council,

April 22, 1991

Referred to hearing at 7:00 p.m.