

Emile N. DuPont

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October 22, 1990

Cambridge Rent Board
831 Massachusetts Avenue
Cambridge, Mass., 02139
Terrence Morris
Executor Director

Dear Ms. Morris,

On June 12th, a hearing was held by Larry Gomes re apartment #12, 393 Broadway. The case was one of eviction for non-payment. It has been 4 months and the case has not been written-up according to information received from Mr. Gomes. His "case-load" is backed up for several months. The tenant is now \$3,784.00 in arrears.

The heating season is here again, taxes are due. Everyone will expect me to meet these obligations including the Rent Board for the tenant who is living rent free, thanks to the delay from the Rent Board. If the Rent Control Board wants to stay in business, they must do their jobs, hiring more people, whatever it takes to be effective. I expect that you will look into this matter for me, and have an answer as to when I can expect the hearing to be scheduled in front of the board.

I can provide a typist to help with the case, or anything that will expedite this matter.

Sincerely,


Emile N. Dupont

END: jm
cc: City Council
File

DECONTROLLING

RENT CONTROL

By Mary Sit
GLOBE STAFF

In this fall's thriller movie "Pacific Heights," a slick tenant moves into a three-family house, avoids paying rent, terrorizes the yuppie landlords' lives - and manages to find legal loopholes to protect his outrageous behavior.

To say that tenant-landlord relationships are as rancorous as in the movie is stretching it a bit. But in Brookline, a battle has been percolating for years between property owners and tenant advocates, and last week it erupted.

The issue was rent control - an emotional topic that has, at times, polarized this town. Early Tuesday morning, town meeting members approved a far-reaching bylaw that eventually will phase out strict rent controls.

Supporters of the bylaw, subject to review by the attorney general, say it finally will relieve the unfair tax burden single-family homeowners have had to bear. Single-family houses make up 40 percent of the property in Brookline, but their owners have been paying 86 percent of the tax revenue.

Opponents call the phase-out of rent-controlled units a tragedy that will do little to shift the tax burden from homeowners, and instead will destroy Brookline's ethnic and economic diversity and quality of life.

The Brookline vote has spurred another debate: The value of rent control in general.

Originally enacted about 20 years ago, rent control was a method of

RENT CONTROL, Page A34



GLOBE PHOTO / MILBERT ORLANDO BROWN

In Brookline, the debate over rent control intensifies

RENT CONTROL

Continued from Page A29

curbing the booming student population that was moving into neighborhoods such as Cambridge, Brookline, Allston and Brighton, economists say. Landlords discovered they could pack apartments with unrelated adults and receive more rent than from one family. Students were displacing the elderly and families.

"This policy was set up to protect existing tenants, and has evolved to the point where it's now being held up as an affordable housing policy," said Charles C. Ames, a Brookline selectman and attorney who co-drafted the new bylaw. "When units become vacant, they don't go to the poor, they go to the lucky. Rent control is bad housing policy."

Anthony Downs, an economist and senior fellow at The Brookings Institution, concluded in a 1988 study that rent controls provide short-run benefits but long-term disadvantages, such as rental shortages. He said they also unfairly penalize owners of rental units and hurt poor tenants because landlords are not required to rent to low-income people, and sometimes opt to rent to higher-income residents with good credit.

Downs believes rent controls should be avoided unless there is a rapid increase in housing demand and laws that restrict building new units — two conditions that usually exist only during wartime. "Rent controls are an inefficient means of attacking tenant poverty," he wrote.

But Stanley L. Spiegel, a member of Brookline's finance committee and a college professor, argued that rent control can be an effective means of providing affordable housing.

Rent control, Spiegel said, has provided "modest housing for people of modest means who can't afford the amenities of newer buildings that have been built."

He also said that non-rent controlled housing will become more attractive to investors, and Brookline neighborhoods will deteriorate when investors buy two- and three-family houses and become absentee landlords.

Ames believes rent control is a scatter-shot approach. "The town meeting members wanted a more rational policy that provides targeted assistance for people in need without imposing the enormous cost that rent control imposes on the town," he said.

Brookline's rent control board has never kept track of how many rent control units exist, but estimates range from 7,000 to 11,000. About 40 to 45 percent of all Brook-

line housing is subsidized — and most of that is rent-controlled. The result: Capping rents meant apartment buildings received lower assessments, and their owners paid less property taxes. In effect, single-family homeowners say, they have subsidized rent-controlled property owners and their tenants.

Harold Petersen, an economics professor at Boston College and a town meeting member who supported the change, said removing rent controls should bring in \$5 million additional revenue as rent control is phased out over 20 years as tenants move out. That money will either provide tax cuts for homeowners or more services. "The bottom line is it provides options," he said.

Petersen laid out the following scenario: The typical Brookline home is worth \$350,000 and the owner now pays \$4,174 a year in property taxes. If the town budget stayed the same, and the town decided to use the extra tax payments from decontrolled property to reduce property taxes across the board, that typical homeowner's tax bill would be cut about 5 percent — or \$204. Spread out over 20 years, this amounts to a cut of \$10 a year.

And if the town decided instead to increase spending, the burden would be spread out among more taxpayers, Petersen argues. Our typical homeowner's tax bill would rise about 3 percent, or \$142. Over 20 years, that's about \$7 a year.

But taxes on decontrolled property will soar. Let's take a 10-unit building assessed at \$300,000; the owner pays \$4,287 in taxes. Once the building is decontrolled and the owners fix it up, the property would be worth \$680,000, Petersen estimated. The tax bill will more than double, to \$9,316.

"Tenants will be paying more rent, the place is more valuable, we can assess it for more, it brings in more taxes," Petersen said. "Nobody should imagine this will happen over night. All of this has to be taken as pretty tentative, and subject to a lot of fine-tuning."

But opponents of the proposal say homeowners were betrayed by promises of lower taxes. Those who wanted to destroy rent control "have in effect, passed a Proposition 2½ override," said Joseph P. Carey, president of the Brookline Tenants Union and a computer programmer who lives in a rent-controlled apartment. Carey said rent-controlled units now can be converted to condominiums, and that will require higher taxes to pay for the new growth and attendant services.

"It will not produce any real relief for

homeowners," he said. "If all the decontrolled units are rented at market rates ... the homeowner may see a slight decrease in taxes. If they're all converted to condominiums, it will raise homeowners' taxes, in some cases by 6 percent," Carey said.

Will landlords reap a windfall? The rent control forces say yes, because land-

lords will be able to charge whatever the market will bear. The anti-rent control folks disagree, pointing out that landlords of big buildings must pay into a trust fund or set aside units for residents of low or moderate income.

"It's not a windfall for anybody," said

Betsy DeWitt, chairwoman of the town's financial subcommittee for revenues and a supporter of the proposal. "It's a very slow growth to the tax base. There are incentives for landlords to have apartments become vacant. Some landlords may look for opportunities and take them. Windfalls do not occur on a unit by unit basis."

9. 0-44

Comm. from Emile N. Dupont, 1 Church St.,
Webster, MA relative to a rent control
issue.

In City Council,

~~October 29, 1990~~
November 5, 1990

Placed on file

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