CTU
CAMBRIDGE TENANTS UNION

June 19, 1991

Cambridge City Council
City Hall
795 Massachusetts Avenue
Cambridge, Mass. 02139

To the Honorable; the City Council:

On behalf of the Cambridge Tenants Union I would like to express our strong opposition to the "tenant tax" plan presented to the council on June 10 by the city manager and delayed for consideration by the council until June 24 when Councillor Walsh exercised his charter right.

During the council discussions this spring about the merits of a "tenant tax" on rent-controlled tenant households, we opposed the idea of a tenant tax as regressive, illegal, and unworkable. The plan now developed by the city manager demonstrates clearly just how damaging a proposal the tenant tax is.

If enacted into law, the city manager's draft home-rule petition will do the following:

(1) redefine the city's housing emergency in a way that will undermine the continuation of strong rent control and will move rent control from a system of rent regulation toward a means tested subsidy system;

(2) impose the "tenant tax" on close to half of all rent-controlled tenants;

(3) tax tenants at a minimum of 5 percent of the monthly rent, but authorize the tax to go as high as 10 percent of the rent;

(4) require low-income tenants who seek exemptions from the tax to produce federal and state income tax returns in order to gain exemptions; and

(5) make landlords tax collectors from tenants.

To disguise the fact that rent-controlled tenants are being asked to pay a tax, the tax has been called an "Affordable Housing Preservation Fee", and is supposed to be collected from tenants as if it were a rent increase. This appears to be intended to

1151 MASSACHUSETTS AVENUE, CAMBRIDGE, MA 02138 (617) 576-1006

blunt legal challenges to the plan that would arise if it were presented as a tax.

Making the tax a rent adjustment necessitated certain other steps: (1) rewriting parts of the Rent Control Act, including those that pertain to rent adjustments; and (2) making landlords liable to criminal penalties if they fail to perform their tax collection duties for the city, since to do otherwise--in this framework where taxes are rent adjustments--would effectively end the legal prohibition against rent gouging.

We believe that the disguise won't work. As the preamble to the proposed legislation states plainly, the purpose of the "Affordable Housing Preservation Fee" is to raise revenue for what is deemed a public purpose. That is a tax. Moreover, funds collected by landlords are to be paid to the city treasurer, who will send tax bills for these funds to landlords. We contend that as a tax the plan will not survive legal challenge.

We also take exception to the gross misuse of statistics contained in some of the supporting materials included in the city manager's package. A series of pie graphs was drawn up, designed to show how small an increase in rent burden the tax would produce. Instead, this series of graphs shows either the bias or incompetence of those who, it appears, manufactured the data.

By selecting assorted data from the 1987 Abt Study and applying assumptions that are contrary to fact, in particular by transforming without basis the size of the typical rent-controlled household, the authors have managed to suggest that 20 percent of rent-controlled households have incomes at or above $51,300 (see third row of graphs on rent burden). According to the Abt Study, though, 20 percent of all rent-controlled households have incomes at or above $30,000. Is it possible that between 1987 and 1991 the incomes of rent-controlled households have risen on average by 70 percent? No, it is not.

Again, in 1987 the Abt Study found that the average income of all rent-controlled households was about $22,500. How then is it possible that in 1991 nearly half (45 percent) of all rent-controlled households have incomes at or above $34,200 (see first row of graphs on rent burden)? There are no facts to support this claim by the authors of the package. At best the presentation of this distorted data, designed to convince others of the virtues of the tenant tax, is deceptive.

We would respectfully request that the council inquire further into why this data was manipulated and that the tenant tax plan itself be rejected.

Respectfully submitted,

Michael H. Turk,
Co-chair

cc: City manager Robert Healy

CONSENT COMMUNICATIONS

Communication received from Michael H. Turk, Co-Chair, Cambridge Tenants Union, in opposition to the "tenant tax" plan.

In City Council,

June 24, 1991

Referred to Calendar Item # 2.

CCM-101

City of Cambridge

IN CITY COUNCIL

June 10, 1991

ORDERED: That this City Council go on record favoring the filling of the attached Home Rule Legislation entitled "AN ACT AUTHORIZING THE CITY OF CAMBRIDGE TO ESTABLISH A REHABILITATION RESERVE FUND FOR RENT CONTROLLED HOUSING ".

The Commonwealth of Massachusetts

IN THE YEAR ONE THOUSAND NINE HUNDRED AND NINETY-ONE

AN ACT

AUTHORIZING THE CITY OF CAMBRIDGE TO ESTABLISH A REHABILITATION RESERVE FUND FOR RENT CONTROLLED HOUSING

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. The general court finds and declares that the continuing deterioration of a significant portion of the housing stock in the City of Cambridge has resulted in a serious public emergency, with respect to the housing of a substantial number of inhabitants, that is detrimental to the public health, safety and general welfare of the city; that the decreasing availability of federal and state financial assistance and of affordable private financing is intensifying the emergency; that the emergency most affects those tenants with low or moderate income, who are least able to afford significant rent increases to pay for needed major capital improvements; that many tenants with higher income levels have benefitted and continue to benefit from rents in controlled rental units that are well below rents for equivalent rental units in the city, and in neighboring communities, that are not subject to rent control; and that unless means are provided for financing the repair and rehabilitation of those controlled rental units that are in substantial disrepair, the serious shortage of adequate rental housing in the city will be exacerbated, defeating the primary public purpose of the rent control program.

SECTION 2. Section 7 of Chapter 36 of the Acts of 1976 is hereby amended by striking out paragraph (c) and inserting in its place the following paragraph:

c) For the propose of adjusting rents under the provisions of this Section, the Board may promulgate a schedule of standard rental increases or decreases for improvement or deterioration in specific services and facilities, or increases for the funding of the rehabilitation reserve fund established under Section 7A of this Act.

SECTION 3. Said Chapter 36 is further amended by adding after Section 7 the following new section:

SECTION 7A. Rehabilitation Reserve Fund

a) The Board may make a general increase, by percentage, of the rental levels for any or all classes of controlled rental units under Sections 7 and 8 of this Act in order to provide funds for the rehabilitation reserve fund described in this section. (Any such increase for this purpose shall be referred to hereafter in this section as the "reserve adjustment".) The initial reserve adjustment for each class shall be equal to five percent of the maximum rental level applicable prior to establishment of that reserve adjustment. Thereafter, any percentage increase to the initial reserve adjustment shall be made only upon the request of the City Manager with the approval of the City Council. In no event shall the aggregate reserve adjustment percentage for any class exceed ten percent of the maximum rental level determined without regard to any reserve adjustment.

b) In accordance with regulations established by the Board, the City Treasurer shall issue bills on a regular basis to each landlord of a controlled rental unit for which a reserve adjustment is payable, and the landlord shall pay the amount then due to the City Treasurer. The Treasurer shall in turn deposit that amount in a reserve fund (referred to in this section as the "Fund") to be held in trust by the Treasurer and expended solely for the purpose of rehabilitation, reconstruction or extraordinary repair of controlled rental units, and related administrative expenses of the city, in accordance with the provisions of this section. Any such payment not made by a landlord when due shall bear interest thereafter at a rate set from time to time by the City Treasurer not to exceed eighteen percent per annum. In the event that a landlord has not received payment of a reserve adjustment in full when due from the tenant of the rental unit, the landlord may apply to the Board for abatement of the reserve adjustment, and if the Board finds that the landlord has made a good faith effort to collect the reserve adjustment but cannot reasonably expect to receive timely payment in full from the tenant, an abatement shall be granted to the landlord, but the tenant's obligation to pay the reserve adjustment shall not be extinguished unless an exemption has been established. Any payment received by the landlord from the tenant representing a reserve adjustment for which an abatement has been granted shall be forwarded immediately upon receipt by the landlord to the City Treasurer. The Board shall set forth by regulation the procedures to be followed with respect to application for and granting of abatements. Any landlord who fails to make a payment required by this Section shall be subject to the criminal penalties prescribed in Section 12. In addition, while any such amount remains unpaid with respect to a controlled rental property, the Board may refuse to grant a rent increase for that property under Section Seven of this Act.

c) The Board may establish exemptions from the reserve adjustment for tenants of low or moderate income, which shall mean for purposes of this section those persons or families whose annual incomes are less than eighty percent of the median income in the metropolitan area. The Board may provide for complete or partial exemptions and shall set forth by regulation the procedures by which eligibility for exemptions shall be determined. Such regulations may require affidavits from tenants and may also provide for the submission of supporting evidence, including copies of state and federal tax returns. Such regulations shall allow sufficient time, at least sixty days after the regulations take effect, for existing tenants to establish eligibility for exemptions. Exemptions shall apply only prospectively.

d) The fund shall be under the control of the Board of Trustees of the Cambridge Affordable Housing Trust Fund.

Expenditures from the funds shall be made only for rehabilitation, which may include reconstruction or extraordinary repair, of controlled rental units authorized by the Board of Trustees and for related administrative costs, including without limitation costs of collection of the reserve adjustment, supervision of rehabilitation projects and administration of the programs described in this paragraph; moneys in the funds shall not be subject to appropriation by the City Council. The Board of Trustees may establish a program or programs under which it may make mortgage loans, unsecured loans or grants, or any combination of loans and grants, to assist the owners of controlled rental units to rehabilitate those units. The Board of Trustees shall establish program standards that provide specific criteria for determination of which units are in greatest need of rehabilitation and that specify the circumstances, if any, under which a grant may be made instead of a loan. The standards shall also specify the interest rates, terms of repayment and other terms and conditions of loans. Any such standards shall also provide that before or upon transfer of ownership of any controlled rental unit for which the owner has received such a grant or loan, the owner shall repay all grant or loan amounts then outstanding, unless other provision satisfactory to the Board of Trustees is made for such repayment and the unit will remain a controlled rental unit after the transfer.

SECTION 4. This act shall take effect upon its passage.

House, No. ....

BILL

C. C. 106

City of Cambridge

MASSACHUSETTS

CONSENT AGENDA ITEM NO. 21
Communication relative to the Affordable
Housing Preservation Fee.

In City Council June 10, 1991

	YEA	NAY	ABSENT	PRESENT	
Mr. Ed Cyr					
Mr. Francis H. Duehay					
Mr. Jonathan S. Myers					
Mr. Kenneth E. Reeves					
Mrs. Sheila T. Russell					
Mr. Walter J. Sullivan					
Mr. Timothy J. Toomey, Jr.					
Mr. William H. Walsh					
Mayor Alice K. Wolf					

To the Honorable Senate and House of Representatives of The Commonwealth of Massachusetts in General Court assembled.

The undersigned, citizens of Cambridge, *respectfully petition for the passage of the accompanying bill or resolve, and/or for legislation*

AN ACT AUTHORIZING THE CITY OF CAMBRIDGE TO ESTABLISH A REHABILITATION RESERVE FUND FOR RENT CONTROLLED HOUSING.

Petitioners are requested to sign names and addresses legibly.

PETITION—HOUSE

Rep. ....

of ....

presents the petition of ....

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....

PLEASE LEAVE THIS SPACE BLANK.

[Accompanied by bill, House, No.

HOUSE OF REPS., ... , 199 .

Referred to the Committee on

. . . .

Sent to the Senate for concurrence.

. . . ., ***Clerk.***

SENATE, ... , 199 .

The Senate concurs.

. . . ., ***Clerk.***

AN ACT AUTHORIZING THE CITY OF CAMBRIDGE TO ESTABLISH A REHABILITATION RESERVE FUND FOR RENT CONTROLLED HOUSING

SECTION 1. The general court finds and declares that the continuing deterioration of a significant portion of the housing stock in the city of Cambridge has resulted in a serious public emergency, with respect to the housing of a substantial number of inhabitants, that is detrimental to the public health, safety and general welfare of the city; that the decreasing availability of federal and state financial assistance and of affordable private financing is intensifying the emergency; that the emergency most affects those tenants with low or moderate income, who are least able to afford significant rent increases to pay for needed major capital improvements; that many tenants with higher income levels have benefitted and continue to benefit from rents in controlled rental units that are well below rents for equivalent rental units in the city, and in neighboring communities, that are not subject to rent control; and that unless means are provided for financing the repair and rehabilitation of those controlled rental units that are in substantial disrepair, the serious shortage of adequate rental housing in the city will be exacerbated, defeating the primary public purpose of the rent control program.

SECTION 2. Section 7 of chapter 36 of the acts of 1976 is hereby amended by striking out paragraph (c) and inserting in its place the following paragraph:-

c) For the purpose of adjusting rents under the provisions of this section, the board may promulgate a schedule of standard rental increases or decreases for improvement or deterioration in specific services and facilities, or increases for the funding of the rehabilitation reserve fund established under section 7A of this act.

SECTION 3. Said chapter 36 is further amended by adding after section 7 the following new section:-

SECTION 7A. Rehabilitation Reserve Fund.

a) The board may make a general increase, by percentage, of the rental levels for any or all classes of controlled rental units under sections 7 and 8 of this act in order to provide funds for the rehabilitation reserve fund described in this section. (Any such increase for this purpose shall be referred to hereafter in this section as the "reserve adjustment".) The initial reserve adjustment for each class shall be equal to five percent of the maximum rental level applicable prior to establishment of that reserve adjustment. Thereafter, any percentage increase to the initial reserve adjustment shall be made only upon the request of the city manager with the approval of the city council. In no event shall the aggregate reserve adjustment percentage for any class exceed ten percent of the maximum rental level determined without regard to any reserve adjustment.

b) In accordance with regulations established by the board, the city treasurer shall issue bills on a regular basis to each landlord of a controlled rental unit for which a reserve adjustment is payable, and the landlord shall pay the amount then due to the city treasurer. The treasurer shall in turn deposit that amount in a reserve fund (referred to in this section as the "fund") to be held in trust by the treasurer and expended solely for the purpose of rehabilitation, reconstruction or extraordinary repair of controlled rental units, and related administrative expenses of the city, in accordance with the provisions of this section. Any such payment not made by a landlord when due shall bear interest thereafter at a rate set from time to time by the city treasurer not to exceed eighteen percent per annum. In the event that a landlord has not received payment of a reserve adjustment in full when due from the tenant of the rental unit, the landlord may apply to the board for abatement of the reserve adjustment, and if the board finds that the landlord has made a good faith effort to collect the reserve adjustment but cannot reasonably expect to receive timely payment in full from the tenant, an abatement shall be granted to the landlord, but the tenant's obligation to pay the reserve adjustment shall not be extinguished unless an exemption has been established. Any payment received by the landlord from the tenant representing a reserve adjustment for which an abatement has been granted shall be forwarded immediately upon receipt by the landlord to the city treasurer. The board shall set forth by regulation the procedures to be followed with respect to application for and granting of abatements. Any landlord who fails to make a payment required by this section shall be subject to the criminal penalties prescribed in section 12. In addition, while any such amount remains unpaid with respect to a controlled rental property, the board may refuse to grant a rent increase for that property under section seven of this act.

c) The board may establish exemptions from the reserve adjustment for tenants of low or moderate income, which shall mean for purposes of this section those persons or families whose annual incomes are less than eighty percent of the median income in the metropolitan area. The board may provide for complete or partial exemptions and shall set forth by regulation the procedures by which eligibility for exemptions shall be determined. Such regulations may require affidavits from tenants and may also provide for the submission of supporting evidence, including copies of state and federal tax returns. Such regulations shall allow sufficient time, at least sixty days after the regulations take effect, for existing tenants to establish eligibility for exemptions. Exemptions shall apply only prospectively.

d) The fund shall be under the control of the board of trustees of the Cambridge Affordable Housing Trust Fund.

Expenditures from the fund shall be made only for rehabilitation, which may include reconstruction or extraordinary repair, of controlled rental units authorized by the board of trustees and for related administrative costs, including without limitation costs of collection of the reserve adjustment, supervision of rehabilitation projects and administration of the programs described in this paragraph; moneys in the fund shall not be subject to appropriation by the city council. The board of trustees may establish a program or programs under which it may make mortgage loans, unsecured loans or grants, or any combination of loans and grants, to assist the owners of controlled rental units to rehabilitate those units. The board of trustees shall establish program standards that provide specific criteria for determination of which units are in greatest need of rehabilitation and that specify the circumstances, if any, under which a grant may be made instead of a loan. The standards shall also specify the interest rates, terms of repayment and other terms and conditions of loans. Any such standards shall also provide that before or upon transfer of ownership of any controlled rental unit for which the owner has received such a grant or loan, the owner shall repay all grant or loan amounts then outstanding, unless other provision satisfactory to the board of trustees is made for such repayment and the unit will remain a controlled rental unit after the transfer.

SECTION 4. This act shall take effect upon its passage.

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SECTION 4. This act shall take effect upon its passage.

24.

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 349-4300
FAX. 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

June 20, 1991

To the Honorable, the City Council:

RE: Council Order #7, dated 5/6/91, Re: Clarifications to Affordable Housing Preservation Fee

The following clarifications are in response to questions I have received about the program design of the Affordable Housing Preservation Fee. In addition, the preamble to the attached Home Rule Petition has been modified to reflect concerns of Rent Control's General Counsel.

I would like to call your attention to the pilot program which is a critical part of the administrative plan. This pilot program includes the testing of both the exemption forms and outreach process and is designed to ensure that all eligible tenants receive exemptions. The City is crossing new ground with this program and we intend to proceed with care. This pilot program will allow us to learn from experience before the City-wide mailing to tenants.

In addition it should be noted that the intention of the Program is that no additional costs be placed on property owners as a result of the Program. To that end, the contemplated administrative costs include reimbursement for owners' costs associated with the program. It is anticipated that property owners will be entitled to retain two percent of the fee collected from their property to offset the administrative costs of collecting and remitting the fee.

Yours truly,

Robert W. Healy
City Manager

RWH:SS:nb

CONSENT AGENDA

Awaiting Report Item No. 27 regarding clarifications to the Affordable Housing Preservation Fee.

In City Council,

June 24, 1991

Referred to
Charter Right #2

HUD INCOME GUIDELINES FOR BOSTON PSMA
EFFECTIVE APRIL 17, 1991

Family Size	80% of Median	100% of Median	120% of Median
1 Person	$26,600	$33,250	$39,900
2 Person	30,400	38,000	45,600
3 Person	34,200	42,750	51,300
4 person	38,000	47,500	57,000
5 Person	41,050	51,300	61,550
6 Person	44,100	55,100	66,100
7 Person	47,100	58,900	70,700
8 Person	50,150	62,700	75,250

Notes on Methodology

1. Although HUD's calculation of April 17, 1991 Boston PSMA median four-person-family income was $50,200, the above calculations are based on a lower four-person median -- i.e. $47,500 -- simply because the Federal Government currently caps four-person-family median income at that figure on a national basis.

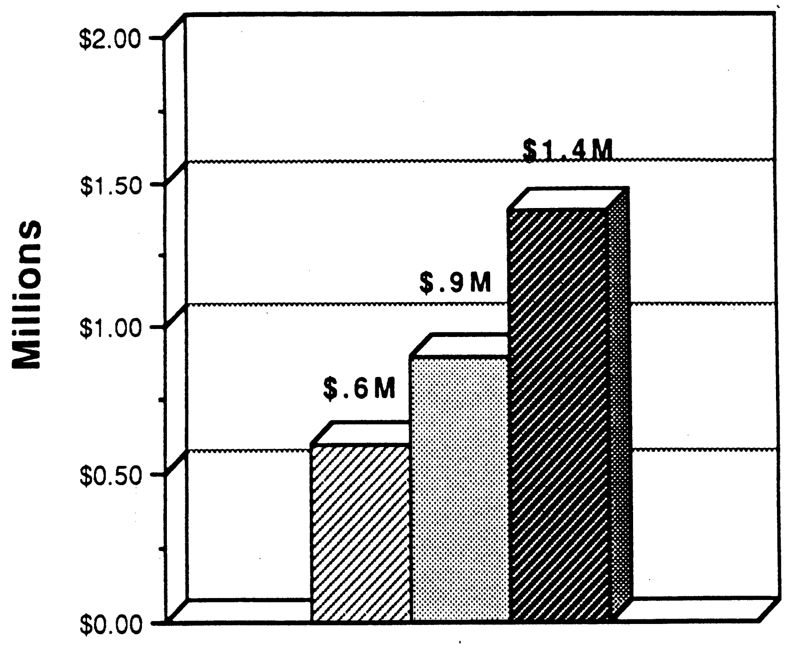
2. The income limits for the family sizes smaller and larger than four-person are calculated by using the HUD formula -- 10% reduction from the median for each smaller size, and 8% increase to the median for each larger size. This formula has necessarily also been used to adjust the "100 of median" to smaller and larger family sizes.

3. The "50% of median" consists of limits HUD has calculated for it "Very Low Income" category. This involves a special formula, which produces in most years, as in this, a four person limit somewhat offset from the exact "50% figure". The limits for smaller and larger families are then developed by the method covered in #2 above.

4. All limits are rounded to the nearest $50.

ATTACHMENT 2

Capital Raised Through Housing Preservation Fee *



If Fee is Charged to:

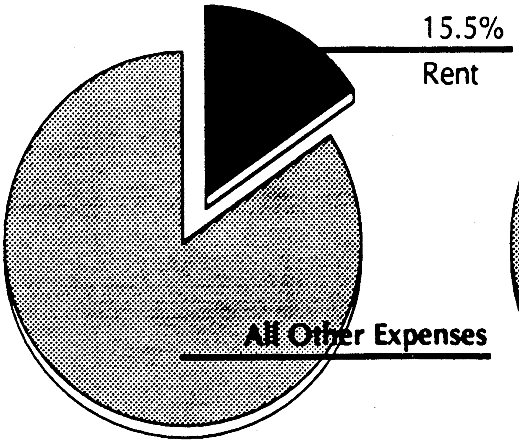
- Households at or above 120% of median - The fee will raise $603,000 anualy
- Housholds at or above 100% of median - The fee will raise $928,000 annually
- Households at or above 80% of median - The fee will raise $1,391,000 annually

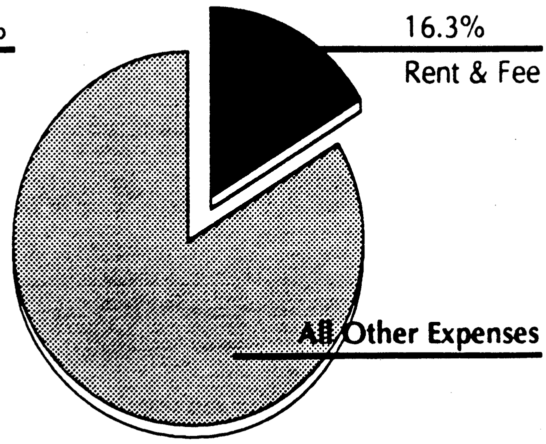
*Assumes Full Collection

Small Increases in Rent Burdens Result from Preservation Fee

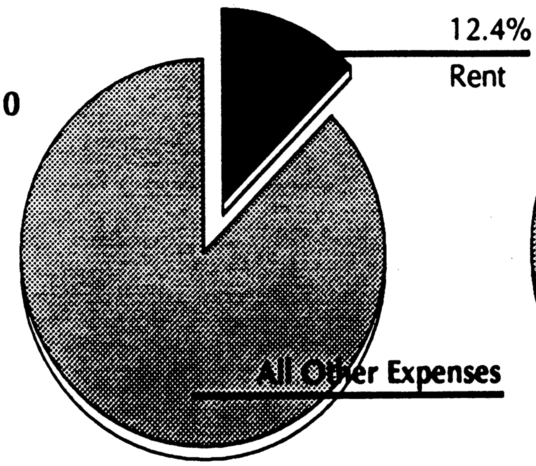
	ALL EXPENSES VS. CURRENT RENT	ALL EXPENSES VS. RENT INCLUDING PRESERVATION FEE

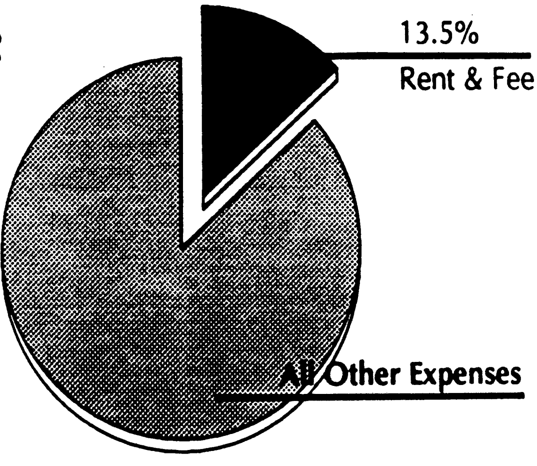
80% of Median Income - $34,200
(45% of rent controlled households have incomes at or above this level)



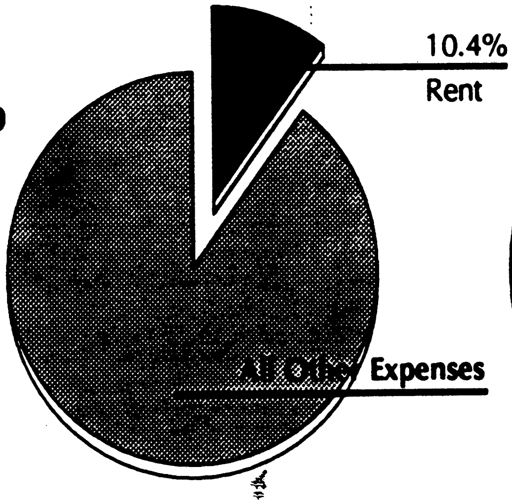


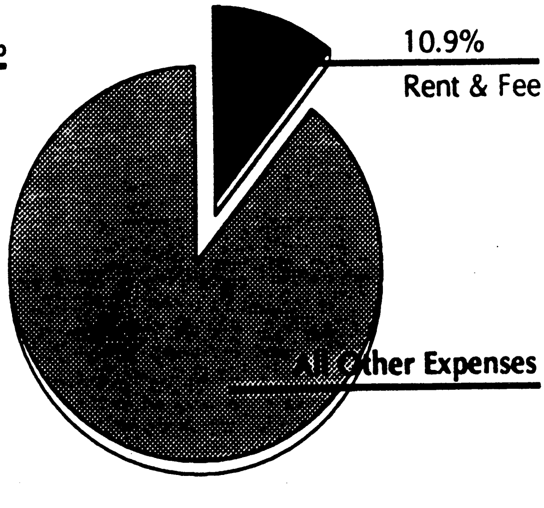
100% of Median Income - $42,750
(30% of rent controlled households have incomes at or above this level)





120% of Median Income - $51,300
(20% of rent controlled households have incomes at or above this level)





Assumes average rent controlled rent of $443/month and a 5% preservation fee of $22/month, and three person households.

PRIVACY NOTICE: The information on this form will be confidential. **(DRAFT 6/3/91)**

APPLICATION FOR LOW-INCOME WAIVER FROM AFFORDABLE HOUSING PRESERVATION FEE

Low income tenants are not required to pay the portion of their rent which represents the affordable housing preservation fee. You can qualify for this exemption in either of two ways:

1. If your total household gross income is 80% or less of the Boston area median income, or
2. If your rent plus the fee amounts to more than twenty-five percent (25%) of your total household gross income.

To receive this exemption, you must provide the Affordable Housing Preservation Office with the information below by date printed by computer. **Help in completing this form is available either in person or by telephone from the Affordable Housing Preservation Office (349-XXXX) and is also available from the organizations listed on the back of this form.** If you fail to respond to this notice, we will assume that you do not qualify for the exemption and your rent will include the fee. Forms received after the due date will be accepted, but no reductions to your rent for the period prior to our receipt of the form will be made.

You and your landlord will receive notice from the Affordable Housing Preservation Office after this form is received and processed. The notice will tell you and your landlord whether the fee must be paid. Also, the Affordable Housing Preservation Office will audit selected forms to determine whether the information you have provided is accurate. Should your form be selected for audit, you must comply with audit requirements or your request for a waiver may be denied.

IMPORTANT!!! IMPORTANT!!! IMPORTANT!!! IMPORTANT!!! IMPORTANT!!!

The following information must be provided for all persons living in the unit who receive income (see definition of income on the back of this form). This should include yourself, spouse or significant other, children, other relatives, roommates, and all other persons receiving income who live in the unit). **Each person must also read the statement below sign in the space provided for the form to be accepted.**

By my signature below, I certify the below information is true and complete to the best of my knowledge. I understand that the City of Cambridge may audit this information to determine if the information is accurate, and that I must comply with all requests the City makes during the audit of this form, including but not limited to the signing of release forms for the City to obtain copies of my federal and state income tax forms and a verification of employment form. I understand that failure to comply with the terms of the audit may result in denial of my application for a waiver of the fee.

Signed below under pains and penalties of perjury.

Number of persons, including children, who live in your home: __ 1 __ 2 __ 3 __ 4 __ 5 __ 6 __ 7 __ 8 __ over 8
Number of persons who have income in your home: __ 1 __ 2 __ 3 __ 4 __ 5 __ 6 __ over 6

Occupant Name	Gross Yearly Income	Signature	Date	Telephone No.

process is clear to their constituents. Special efforts will be made to reach immigrant and non-English speaking communities. Materials will be mailed and otherwise distributed to clergy, community leaders, and counsellors in the school system, describing the program and the exemption process.

In September, 1992, program information and exemption forms will be mailed citywide. During October and November, exemption forms will be received and processed. This will be the time of the most intensive data entry activity. Temporary workers will be hired to ensure that the data processing will be completed as scheduled. Auditing of selected exemption forms will begin in October and thereafter will be an ongoing program activity.

When the 1993 Rent Control general adjustment notices are mailed in January, 1993, the notice will include the affordable housing preservation fee as a part of the new rent. Assuming proper notice, property owners will begin collecting the fee with the March, 1993 rent. The first City bills will be sent to property owners in March, 1993. The City will begin to collect the fee from owners in April, 1993, and will collect it monthly thereafter.

AFFORDABLE HOUSING PRESERVATION FEE PROGRAM IMPLEMENTATION AND ONGOING SCHEDULE

DRAFT 6/3/91

NOVEMBER, 1991

Home Rule petition passes

Advertise for program manager

Receive applications for program manager

DECEMBER, 1991

Select program manager with a beginning employment date of mid to late January, 1992

Select site for program; establish office

JANUARY, 1992

Mail program description to all tenants and landlords with 1992 General Adjustment notices (early-mid)

Program manager begins work (mid-late)

Program manager answers beginning questions from public about program

FEBRUARY, 1992- APRIL, 1992

Program manager and committee begin formal planning stages-

1. Program planning
   a. Form design
      1) Public information materials
      2) Waiver form
      3) Adjustment form
   b. Pilot project
      1) Samples to be surveyed
      2) Number of test forms to use in survey
      3) Analysis to be performed on pilot
      4) Audit criteria

2. Outreach with organizations and individuals in advance of pilot mailing (meetings, etc. to help with form design)

MARCH, 1992 (middle)

Advertise for second staff member (paraprofessional/account clerk responsibilities)

Database design/work with programmer

APRIL, 1992

Interview and hire second staff member

Complete database design and programming

MAY, 1992

Second staff member begins work

Mail pilot project forms

MAY-JUNE, 1992

Answer public inquiries

Receive pilot forms
1. Data entry of form information
2. Follow up on problem forms
3. Audit selected forms
4. Analysis of pilot program
5. Consult with outreach advisors on improvements to system

JUNE, 1992

Revise and order forms for January, 1993

Begin planning accounts receivable process
1. Billing
    a. Schedule
        1) Mailing frequency
        2) Beginning date for billing
        3) Payment due dates
    b. Billing forms - design, order
    c. Collections process
        1) Schedule
        2) Forms, letters

JULY, 1992

Complete accounts receivable planning

Outreach program begins

AUGUST, 1992

Outreach program continues

Modify audit criteria for waiver forms based on pilot experience

SEPTEMBER, 1992

Citywide mailing of program information/waiver forms to remaining units

Follow up on problem forms

Enter waiver form data into computer

Answer public inquiries about program

SEPTEMBER-OCTOBER, 1992

Begin planning general adjustment waiver process
1. Waiver materials and general program information if different than materials already used
2. General adjustment notice requirements

OCTOBER, 1992	Process waiver forms Begin auditing selected forms Continue answering public inquiries about program
NOVEMBER, 1992	Complete form processing Continue form auditing
DECEMBER, 1992	Complete form auditing Coordination of Rent Control staff general adjustment processes with housing stabilization program processes Outreach
JANUARY, 1993	**General adjustment notices mailed; annual program begins** Send general adjustment and program materials (waiver forms, general information) to landlords and tenants Outreach/answer public inquiries Property owners notify tenants of rent increase to be effective March 1, 1993 Waiver forms received 1. Follow up on problem forms 2. Enter waiver data into computer
FEBRUARY, 1993	Waiver forms still being received 1. Follow up on problem forms 2. Enter waiver data into computer Data entry of forms by outside agency Notify tenants and property owners if waiver form processed; compute new rent
MARCH, 1993	Audit selected forms Tenants pay affordable housing preservation fee (first of month) Landlords pay fee to City (by 15th of month)
APRIL, 1993	Audit selected forms Tenants pay affordable housing preservation fee (first of month) Landlords pay fee to City (by 15th of month)

MAY, 1993	Audit selected forms Tenants pay affordable housing preservation fee (first of month) Landlords pay fee to City (by 15th of month)
JUNE, 1993	Tenants pay affordable housing preservation fee (first of month) Landlords pay fee to City (by 15th of month)
JULY, 1993	Tenants pay affordable housing preservation fee (first of month) Landlords pay fee to City (by 15th of month) Revise and order materials for September waiver cycle
AUGUST, 1993	Tenants pay affordable housing preservation fee (first of month) Landlords pay fee to City (by 15th of month) Outreach
SEPTEMBER, 1993	Tenants pay affordable housing preservation fee (first of month) Landlords pay fee to City (by 15th of month) Outreach program continues Citywide mailing of program information/waiver forms Follow up on problem forms Enter waiver form data into computer Answer public inquiries about program

SUMMARY OF
ADMINISTRATIVE PLAN

I. IMPLEMENTATION SCHEDULE

Implementation of the Affordable Housing Preservation Fee will begin after the Legislature approves the home rule petition. If the bill passes by November, 1991, the first step of advertising for and hiring a program manager will occur in November and December, 1991, with the expectation that the first fees will be collected from tenants in March, 1993. This 16-month period will be used for implementation activities and will allow coordination with the Rent Control Board's general adjustment schedule.

In January, 1992, the program manager will begin work. Rent controlled landlords and tenants will be mailed a description of the new program with the announcement of the 1992 general adjustment. The program manager will be available to respond to questions from the public about the program.

During the months of February through April, 1992, the program manager will initiate and manage the first stages of the outreach program, and will complete program planning. Outreach tasks will include planning; identifying and contacting organizations that work with lower income persons, the elderly, and linguistic minorities and can assist in outreach; planning and conducting public meetings and workshops; and developing a media outreach plan and an outreach schedule. Program planning will include developing and refining forms, designing the computer database for the program, and designing a pilot project to evaluate the effectiveness of the forms. In April, 1992, the second staff person, an accounts receivable specialist, will be hired.

In May, the pilot project exemption forms will be mailed to a sample group of tenants and property owners. During June, 1992, responses will be analyzed, and the exemption forms will be redesigned to address problems identified through this sample. Throughout June and July, the accounts receivable process for billing property owners will be designed, with major tasks of database and form design.

II. ANNUAL SCHEDULE

The annual outreach program, as opposed to outreach planning activities, will begin in July, 1992. The program will work with staff at social service and advocacy agencies to ensure that the

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139
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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

31.

June 7, 1991

To The Honorable, The City Council:

The Cambridge City Council has adopted the twin goals of preserving both the affordability and the habitability of the housing stock in its housing plan entitled "Housing Our People." The Affordable Housing Preservation Fee ensures that low-and moderate-income residents have access to decent, safe and sanitary housing at a rent which is affordable. The gap in resources left by the withdrawal of the federal government and now the state government from supporting affordable housing makes it essential that new resources for preservation of the stock and its affordability be developed.

The Preservation Fee, set at 5% of the rent, will be charged to all tenants living in rent control properties. In order to protect affordability, all tenants whose income is 80% or less than median income will be exempted from paying the fee. Eighty percent of median income adjusted for family size is the standard definition of low-and moderate-income households used in both federal and state housing programs. (Attachment #1, Income Guidelines) The public purpose of extending such a benefit to persons of this income level has thus been clearly established in the administration of federal and state benefit programs. On the other hand, standards which exempt people at significantly higher levels of income such as 120% of median income do not relate to any established low and moderate income standard. Providing benefit through the exemption process to households above the 80% of median standard may call into question the overall legality of the program. Attachment #2, Capital Raised Through Housing Preservation Fees, shows the amount of income generated by a 5% fee with the exemption levels set at different incomes. Attachment #3, Small Increases in Rent Burdens, shows that the effect of the surcharge on the percentage of income a household pays for housing costs is not significant.

The exemption process will be straightforward and the form easy to fill out. (Attachment #4, Draft Application for Low Income Waiver) Discussions with a variety of social service and advocacy groups including COPA and Centro Presente, have helped to develop an outreach plan. The purpose of the housing outreach plan will be to ensure that low and moderate income tenants who are eligible for exemptions receive them. Special efforts will be made to reach immigrant and non-English speaking communities, by mailing information and translated forms directly to Spanish, Portuguese and Creole-speaking households. Program representatives will also work with staff at social service and advocacy groups to ensure that the process is clear to their constituents. Mailings to clergy, community leaders, and counsellors in the school system, describing the program and the exemption process, will provide additional outreach. Special outreach efforts will be made to blind and disabled individuals, and those participating in literacy programs.

Approximately 15% to 20% of the $1.4 million raised annually will be used to fund the administrative costs of the Program. The estimates of cost of processing and verifying exemptions is based on discussions with the Cambridge Housing Authority, Boston Housing Authority, the Santa Monica Rent Control staff and Metropolitan Housing Assistance Program. These agencies have had extensive experience in verifying incomes. The administrative plan builds on existing Rent Control processes such as the General Adjustment as well as the City's procedures related to collecting other fees. The plan allows ample time for outreach related to the exemption process. (Attachment #5, Summary of Administrative Plan and Implementation Schedule)

The Preservation Fee will be paid on a monthly basis both by tenants to property owners and by property owners to the City. The funds will be placed in a dedicated Trust to be used exclusively for the rehabilitation of rent-controlled buildings. Loan criteria for the fund will be developed by the Affordable Housing Trust in close consultation with a newly formed advisory committee.

The Preservation Fund will be used initially in the buildings occupied by lower income tenants and with substantial physical needs. Over time, the fund will be used to help prevent buildings from becoming severely distressed. The Fund will allow the rehabilitation of rent-controlled buildings without generating rent increases that would cause the displacement of lower income tenants. Units receiving the benefits of these funds will be rented to lower income households.

The Home Rule petition constitutes legal authority to enable the City Council to enact the housing preservation fee. (Attachment #6, Home Rule Petition) It embodies the essential features of the program design, including the exemption levels. The law will

Attachments:

1. Income Guidelines
2. Capital Raised Through Housing Preservation Fees Chart
3. Small Increases in Rent Burdens Chart
4. Draft Application for Low Income Waiver
5. Administrative Plan/Implementation and Ongoing Schedule
6. Home Rule Petition

constitute an amendment and addition to the Rent Control Act. After approval by the City Council, the petition must be passed by the State Legislature to become law.

Very truly yours,

Robert W. Healy
City Manager

RWH:SS:nb

Attachments

Cal#2

21 F-417.

CONSENT AGENDA

Communication relative to the Affordable Housing Preservation Fee. A/K/A "An Act Authorizing the City of Cambridge to Establish a Rehabilitation Reserve Fund for Rent Control Housing."

In City Council,

June 10, 1991

Charter Right Exercised by Councillor Walsh

Referred back to the City Manager for further info re: collection mechanism, rate & cut off median, other mechanism & plans & report requested by July 29, 1991.

Copy sent to City Mgr 6/26/91 [initials]