

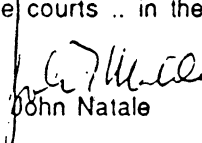
Why are our buildings run down? Look at the infamous capital improvement rent reduction regulation. This is another clever strategy to maintain rents as low as possible, condition of the building be damned. In this regulatory gem, the rent increase associated with a capital improvement vanishes after the amortized life of the capital improvement. This reduction is a serious hurt to the owner. For this reason, many small owners like those in our association, don't do capital improvements or do bandaid repairs much too late to arrest deterioration. The results of these policies are evident: Cambridge is speckled with poorly maintained, deteriorating buildings and quasi slums. But that's OK. The rents are low. (This same law in New York was recently struck down by the NY State Supreme Court 6-0).

Why are our buildings rundown? Who will loan to us? What are their rates? Banks do not normally loan to rent controlled properties. They are not the investments of choice. The city recognizes this and so last year interceded in our behalf at local banks to create a "low" interest loan fund. How low? 11.5%! That's low?? This is just another opportunity for us to increase our debt!

There is one other thing about this derelict building buy-up program that is a peculiar irony. Why is it that we cannot sell individual apartments to tenants but, when the city buys up our buildings, it can?? Furthermore, since the city so admires rent control, and resists all efforts to remove units, why doesn't the city continue to operate these buildings as rent controlled properties with the same rules that apply to us instead of permanently removing low income rental units from the market? What ever happened to all the concern to maintain the stock of affordable rental units? Is this program the "Final Solution"? Some people who don't own rent controlled buildings might find that reference to be offensive but we wonder.

Finally, it is impossible not to say something about the ultimate craziness of them all, viz. high income tenants living in rent controlled apartments and there are thousands of them. Former Councillor David Sullivan, a Harvard Law School Graduate, lived in a rent controlled apartment on Inman St. while his family income consisted of three salaries; his two as City Councillor and attorney for the State Treasurer's office plus that of his attorney wife. Our present Vice Mayor, who is also the newly appointed chair of the rent control committee, attorney Ken Reeves, also a graduate of Harvard Law School, lives in a rent controlled apartment of 5 rooms for \$342/month, with heat! It is not our intention to single out these two gentlemen among the thousands like them. However, they are singularly visible examples of a system gone berserk and they are singularly bent on maintaining the harshest rent control system in the country. Or do they believe they are among the low income, elderly, long term Cambridge residents for whom this housing "emergency" was created? Don't get personal the council says. Don't use names they tell us. Nonsense! That admonition is just a shield to hide one's own hypocrisy. Councillors Duehay, Wolf, D. Sullivan, Graham and now, as one of our members said to the council last week, Cyr, Myers, Reeves and Toomey, treat us like slaves. You treat us like slaves and you say don't get personal. Forget it! This is a very personal issue. You take our buildings, you usurp all of our property rights, you steal our retirement and our children's legacies and you say don't get personal. Are you kidding? Can you really expect us not to wonder how much rent Mayor Wolf charges for the apartment in her exempt 2 family? We presume it is a hell of a lot more than we receive. We wonder if she would be willing to rent that apartment as affordable housing to Vice Mayor Reeves at his present rent of \$342 like one of us is doing now? It's very easy to preach doctrine and affordable housing provided you don't have to practice the doctrine or provide the housing.

We didn't pick this fight with the new council. We had intended to withhold judgment and "wait and see". But they came in with righteous guns blazing...determined to overturn "Conflicts" and inflict more damage with an even tighter law regulating condo sales and conversions. Now they are investigating the rent board's recent general adjustment which brought rents up to their present paltry levels; presumably they intent to roll back this increase. It is evident that the new council intends to make rent control stricter and to hell with owners. We see clearly that our only recourse for substantial relief will be in the courts .. in the meantime, we will not acquiesce in our own annihilation.


John Natale

Co Chair, Small Property Owners Association

Small Property Owners Association

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Feb 6, 1990

Letter to the Editors Chronicle, Tab

We are stunned by the news that the Community Development Department has a program that buys up derelict, financially choked buildings then rehabs them with a couple of hundred thousand dollars from city/state funds and operates them as limited equity co-ops where tenants buy their units and live in them. Where are these buildings? Why are they derelict? Why can't the owners make them work financially? The answer is the buildings in this program are rent controlled. That's why they are derelict and that's why they don't work financially.

This program was recently described to us at a regular SPOA meeting by a spokesperson of CDD who acknowledged that rent controlled buildings are "financially unworkable" because of rent control regulations. We are outraged at this admission by the city that, on one hand, created a set of financially unworkable regulations for small property owners that have driven many buildings to disrepair and neglect and that now, on the other hand, offers to "solve our problem" by buying these buildings with city/state funds for transfer of ownership to tenants. It almost appears to be a scheme to attack and eliminate private ownership of property in Cambridge by a set of unworkable financial controls. It is the ultimate insult. It is the city that created the Rent Control monster with its many abusive regulations and unfair system of legalized stealing where the few subsidize the many. It is the city which makes the system more and more unbearable, more restrictive and stricter every week - behold the new and tougher "C1/2" (and passed with a vote to deny public hearings!) and repeal of the "Conflicts" Ordinance last week. It is the city who holds our rents 20 years behind the market, regardless of the ability of the tenant to pay, and it is the now the city who, when our buildings fall over from neglect or the owner is too emotionally beaten and quits, buys up our buildings at bargain basement rates. It is the city who caused this awful injury to us in the first place! It is absolutely appalling and we are outraged.

Why are our buildings run down? Look at our rents.. Our rents are about 1/3 that of such nearby desirable communities as Chelsea, Dorchester, Mattapan, Roxbury. If you doubt that, read "Apartments for Rent" in next Sunday's Globe.

Why are our buildings run down? A "Fair Net Operating Income" is supposedly guaranteed for a rent controlled building by the Rent Board. Unfortunately, however, it is the Rent Board that defines FNOI and their definition is an academic abstraction. It does not include mortgage or equity or legal fees. All refinancing costs since 1967 are ignored by the Board, so unless an owner is free and clear of mortgage, it is only the owner who is paying more than the legal maximum. Further, the management fee allowed for rent controlled buildings is 6 1/2%. In 1967, it was 6% for non-rent controlled buildings! Only 1/2% more for all the record keeping, minutia, logs, filings and considerable headaches associated with ownership of a rent controlled building! And only 1/2% more in 20 years! C'mon. Nor are legal fees recognized as legitimate, acceptable expense. All owners know that to go to the rent board without legal representation, is to leave without your kneecaps.

Why are our buildings run down? Look at the new minimum rents recommended by the chair of the "Green Ribbon Committee" whose task it was to study and presumably, correct the problem of very low rents. They are a cruel joke. Can anyone argue that these rents are reasonable: \$206 for 3 unheated rooms, \$301 for 3 heated rooms? (The tax exempt "YWCA" is \$433/mo for one room without bath or kitchen or roommate.) Why not insist that the store owner provide milk at \$.20 a quart and bread at \$.30 a loaf? Although the recommended rents are low, they would represent an increase for about 1000 apartments so imagine what those rents are now! And note, these recommendations have not yet been acted upon by the Rent Board. Let's see how long it takes for any action to come down.

Why are our buildings run down? Name one pro-owner regulation. Name one pro-owner policy. In fact, name one that is not actively anti-owner! Even the 5-4 council vote of last May to automatically pass along water bill increases to tenants without the necessity for owners to file a form and pay a filing fee (\$65) has not been adopted. Owners still have to pay all water bill increases unless they file a form, pay a fee, endure an adversarial hearing and wait several months for results. Councillors Duehay, Wolf, D.Sullivan, Graham voted against passing along water usage to the tenants who use the water. Let the owners pay as usual.

23 Craigie Street
Cambridge, MA 02138

March 7, 1990

Dear City Council,

I find the enclosed letter rather crudely written, but I do agree with the letter-writer that the present rent control system is arbitrary, unjust, and inefficient.

If Russia can introduce perestroika, why shouldn't Cambridge?

The command economy is a losing proposition. I agree poor people should be helped. But why don't you give them rent-money directly instead? Sincerely,
Dirbet Koener

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Comm. from Lisbet Koener, 23 Craigie St.,
relative to rent control.

In City Council,

March 19, 1990

Placed on file