



OFFICE OF THE CITY CLERK

CITY OF CAMBRIDGE

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D. MARGARET DRURY
CITY CLERK

JOHN E. FLYNN
DEPUTY CITY CLERK

TO: Mayor Kenneth E. Reeves

FROM: ^{MD} Margaret Drury, City Clerk

DATE: May 20, 1993

SUBJECT: Application of Rule 25 to Communication Regarding Goetze Report

Enclosed is a copy of a communication from the Small Property Owners Association, enclosing a copy of the Goetze report. As this constitutes a substantially unchanged copy of previously submitted communication, I have not placed in on the agenda, and am instead transmitting it to you.

Thank you for your attention to this matter.

THE SMALL PROPERTY OWNERS
ASSOCIATION

OF CAMBRIDGE

287 Huron Avenue

Cambridge, MA 02138

(617) 354-5533

May 13, 1993

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OFFICE OF CITY CLERK

1993 MAY 17 AM 9:48

CAMBRIDGE MA.

Ms. Margaret Drury
City Clerk, Cambridge City Hall
795 Massachusetts Avenue
Cambridge MA 02139

Dear Ms. Margaret Drury:

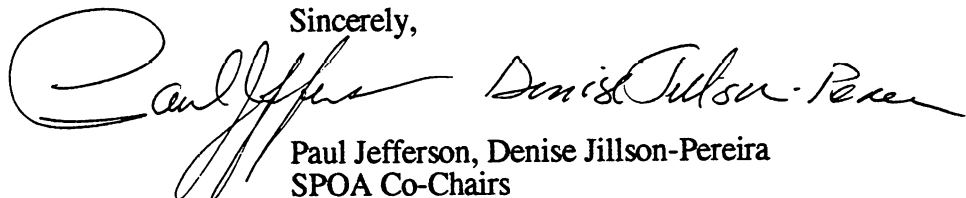
The members of SPOA would like to provide you, as City Clerk, with Parts 1, 2, and 3 of Dr. Rolf Goetze's comprehensive study of Rent Control in Cambridge, and accordingly request that you include this as a permanent part of the City's records. This important report factually demolishes the myths about Rent Control, for example, that it serves the needy, that a housing emergency exists, or that owners under rent control receive a fair return.

As compelling as the findings and numbers of the Goetze report are, even more compelling are the stories not told. Among them, the subjugation of a class of citizens for twenty-four years in a city where no political relief is possible, the tyranny and excesses of a bureaucracy gone crazy, the almost total loss of property rights, and the ideological bias of a hostile Rent Board and staff.

Dr. Goetze draws his data from the 1990 U.S. Census Report, the City Assessor's data tapes, the City's annual Election Commission Street Listings, and the Cambridge Rent Board's own records. A researcher of impeccable integrity and credentials, with some 27 years experience in housing and demographic analysis, Dr. Goetze was, in fact, engaged by the city of Cambridge in 1990 for its own housing study. That particular experience was an important reason why we commissioned Dr. Goetze; no one can claim his findings are now biased.

We remind you that the 1986, \$93,000 ABT Report which was based on 545 telephone calls received two hearings before the City Council. Goetze made no telephone calls, but carefully analyzed over 15,000 rent control records and 75,000 records in all. With the issuance of this latest element of Dr. Goetze's study, we repeat the request made to the City that the Council hold a public hearing on these reports and what initiatives Cambridge should take as a result.

Sincerely,



Paul Jefferson, Denise Jillson-Pereira
SPOA Co-Chairs

Rent Control in Cambridge

Part 1

Rent Levels and the Housing Emergency

Prepared by Rolf Goetze, PhD.
August 1992

EXHIBIT A

Testimony: Preliminary Findings, Rent Patterns in Cambridge

Delivered by: Rolf Goetze, PhD

Date: August 25, 1992

Summary of Preliminary Findings

- Household population in Cambridge has declined by over 14 percent from 95,778 in 1960 down to 81,769 in 1990, according to U.S. Census statistics.
- Dwelling units have increased by nearly 19 percent from 35,330 in 1960 to 41,979 in 1990.
- Average number of persons per household declined by 28 percent, from 2.71 persons in 1960 to 1.95 in 1990.
- Total housing stock and household population changed relatively less between 1980 and 1990.
- Average number of persons per unit, now at less than 2 per household, cannot conceivably decline much further, without severe underutilization of the existing housing stock.
- Vacancy rates more than doubled, from 3.05 percent in 1960 to 8.13 percent in 1990; the vacant unit count increased 2.4 times, from 1,077 vacant units in 1960 to 2,574 in 1990.
- Local surveys suggest that since 1990 these trends have not reversed but continued.
- In 1990, 16,900 of the total 27,400 rental units, over 60 percent of the rental stock, are no longer market rate units but controlled by the City in one way or another.
- While owners of federal and state assisted developments received public subsidies, some 12,700 apartment units controlled by the Cambridge Rent Control Board (CRCB) do not.
- Median rent in the CRCB controlled units was \$388 in 1990, about 53 percent of the market rate median of \$732, which in turn differed little from the concurrent Fair Market Rents maintained by HUD (the Dept. of Housing and Urban Development) for assisted developments throughout the Boston region.
- Owners of CRCB controlled rental units receive neither HUD Fair Market Rents nor the below market interest rate (BMIR) financing provided from various taxpayer sources to owners of publically assisted housing.
- Using the Urban Consumer Price Index (CPI-U) as a yardstick, the average owner of a CRCB-controlled property is at least 23 percent worse off compared to 25 years ago, in 1967 when controls were first imposed.
- If controlled rents had been regularly adjusted to rise with the CPI from the 1967 base year, average controlled rent would have been \$517 instead of \$306 in 1990, and \$540 instead of \$426 in 1991.
- Using this CPI index, nearly \$20 million was trimmed from rents in 1991 one alone, or \$1,500 per apartment on average.
- Using this CPI index and compounding interest over the interval at passbook savings rates, the cumulative savings for tenants sums to around \$15,000 per CRCB controlled unit, -- or some \$200 million across Cambridge altogether.

Overview of Cambridge Housing Demographics, 1960 - 1990

Table 1: Population Changes in Cambridge, 1960 - 1990

<u>Year</u>	<u>Population</u>	<u>Group Quarters</u>	<u>Household Population</u>	<u>Persons/ Household</u>
1960	107,716	11,938	95,778	2.71
1970	100,379	11,859	88,520	2.35
1980	95,322	12,434	82,888	2.01
1990	95,802	14,033	81,769	1.95

Table 2: Housing Changes in Cambridge, 1960 - 1990

<u>Year</u>	<u>Dwellings, Total Units</u>	<u>Owner Occupied</u>	<u>Renter Occupied</u>	<u>Vacant Units</u>	<u>Vacancy Percentage</u>
1960	35,330	7,708	26,545	1,077	3.05
1970	37,648	6,990	29,421	1,237	3.29
1980	41,278	8,889	29,947	2,442	5.92
1990	41,979	11,959	27,448	2,574	6.13

Source: U.S. Census statistics for respective decades.

Cambridge Rental Housing Distribution, Preliminary Findings, 1990

Cambridge had 27,400 rental units in 1990 (about 65 percent of its stock total of 42,000 housing units), according to the U.S. Census STF1 data. Of these rentals, using City data, some 12,700 were listed in apartments whose rents were controlled by the Cambridge Rent Control Board (CRCB), a little over 2,700 were owned and managed by the Cambridge Housing Authority (CHA), and slightly over 1,500 were in directly subsidized developments (SubsHsg) - and rents for these three housing types are in the public record.

This leaves a little under 10,500 market rate units (Market), of which over 1,100 are owned by private institutions such as Harvard and MIT. The balance of around 9,300 includes mainly private rentals, some condominiums (partly controlled by the CRCB), as well as developments built under HUD insurance.¹

The U.S. Census STF1 data also provide 1990 rent distributions for Cambridge by \$50 rent ranges up to \$750. See the graph and table in Attachment A.²

The CRCB stock had a median of \$388 in maximum allowable rent (calculated from CRCB data). The median for the balance of market rate units is \$732, roughly the same as HUD Fair Market Rents, and some 80 percent above the median of the rent-controlled units.³

¹ Source of these counts are the 1990, U.S. Census Summary Tape File 1 (STF1) and development counts researched in Cambridge Housing Challenges, prepared by me for the City of Cambridge Community Development Dept., June 1990. When the 1990 STF3 data become available for each of the City's 94 census block groups, we will do more precise analyses.

² To generate a preliminary overview of this rental market I have subtracted the rent-controlled apartments, the CHA public housing, and the directly subsidized units from the 1990 Census counts. This leaves the market rate units as a residual in each price range. This procedure enables us to arrive at 1990 medians as well as upper and lower quartile rents for each of these four stock categories - accurate to +/- \$25.

Graph A shows these distributions visually. The CRCB-controlled units are shown as a dark mound in the foreground, the large majority renting for well below the City-wide median of \$483, while virtually all the market rate units are on the high rent side. CHA housing appears at left, at the low rent end, and the assisted, subsidized housing is a more limited resource, available to tenants at rents below the Cambridge median as well. Here, if the U.S. Census data permitted, the graph should properly continue to the right in \$50 increments, smoothing out the sharp peaks to the right of \$700.⁴

Note that the U.S. Census reports the rents paid by household heads, not the rents received by the housing provider -- thus ignoring the substantial public subsidies supporting subsidized and public housing.

An actual monthly housing cost graph, showing rents received by housing providers would be very different, with only the CRCB rent-controlled stock at the left, low-cost end, while CHA and assisted housing, subsidized units providing their owners Fair Market Rent would all shift to the right -- to join the market rate housing.

CPI vs. Controlled Rents in Cambridge, MA, 1967 - 1992

A widely accepted measure of constant purchasing power is the urban Consumer Price index for the Boston region, the CPI-U. This is the most commonly used yardstick because it reflects the regional situation.⁵ This CPI yardstick can be applied to evaluate how the Rent Control Board has handled these surging market forces.

One way of considering the impact of rent-controls is by tracking permitted rent increases in the units continuously controlled and recorded by the CRCB since 1967. There are 5,650 such units in the CRCB database. For these, the average rent in 1967 was \$128.⁶ This "consistently regulated set" comprises about 45 percent of the total apartments regulated in 1991.

- This average, controlled rent of \$128 in 1967, allowed to increase with the urban Consumer Price Index would have been \$517 in 1990, and \$540 in 1991, a multiplier of 4.22.⁷

³ These medians are based on cumulative percentages for the rental housing within each category and then interpolated within the \$50 rent intervals used by the U.S. Census. Note that mean or average rents used below tend to be a little higher than these medians, depending on the presence of high end units renting at over \$1,000 monthly.

⁴ Note that 750+ means renting for \$750 - \$1,000; and 1000+ means renting for anything over \$1,000 monthly. The peak in the right hand side of the graph is caused by the inconsistent, wider \$250 interval, \$750 - 1,000, in the census data, and the final, right-hand column is the count of everything renting at over \$1,000 per month. Since the U.S. Census data are aggregated this way, they cannot easily be separated.

⁵ The national CPI is a broader measure, not intended to reflect living cost differentials between higher cost East and West Coast locations, and rural sections, the South, as well as areas with simpler economies. The implicit price deflator is another index not really as appropriate to monitoring regional housing markets because it too does not take regional differences into account.

⁶ Average rents are used here in place of median rents because medians are both more cumbersome to calculate and cannot then be used to generate the estimates that follow below of resources trimmed or transferred to other interests.

⁷ This is calculated by applying the CPI-U for all Urban Consumers in the Boston region, U.S. Dept. of Labor, Bureau of Labor Statistics, to the CRCB 1967 base rents.

- Allowable average rents listed by the CRCB for this "consistent set" were only \$396 in 1990 and \$426 in 1991, some \$120 and 23 percent below rents indexed to the CPI-U rate over this period – a multiplier of only 3.33.
- Furthermore, actual rents received by property owners can only be lower than allowable-controlled rents, due to vacancies, collection losses, rent abatements and costs not allowable as pass-throughs.

In other words, today's average owner of a rent-controlled property in Cambridge is at least 23 percent worse off compared to 25 years ago when controls were first imposed. This 23 percent gap provides a potential measure of the over-reaching of rent controls during the intervening period.

Note that this 23 percent is measured against the CPI, not average market rents in Cambridge, or the Boston region Fair Market Rents maintained by HUD, which were in excess of \$700 in this same time period. Against the latter, controlled owners were as much as 45 percent below market.⁸

The graph, CPI vs. Controlled Rents in Cambridge, MA, 1967 - 1991, Attachment B, shows that the gap between allowable rents and the CPI became significant after 1980.⁹ Until then, during the 1970s, rents tracked closer to the rate of inflation.

- By 1982, a significant gap had emerged, and the graph reveals that rent adjustments were most restrictive between 1980-'81, and again 1984-'89.
- By 1992, the average pre-general adjustment rent was \$477 for the 5,650 unit consistent set, but only \$457 for the other 7,050 apartment units listed in the CRCB data base with controlled rents in 1991 but not consistently all the way back to 1967.
- This \$457 rent level, \$20 lower than the "consistent set," suggests that the owners not able to tie their rents back to 1967 may be even worse off.

A Preliminary Estimate of the Economic Impact of Current, Below CPI Rents

A monthly rent reduction of \$120 (below CPI rents) amounts to over \$1,400 per year on average (\$120 x 12) for each household able to live in the 5,650 apartments consistently controlled since 1967. Simply, it grants this benefit to whoever may be the current tenant – from resources to which an owner would have been entitled under CPI-indexed rents.

Summed over the 5,650 such units, this loss to owners (and income transfer to tenants) amounted to over \$8 million in 1991 alone.

Over the balance of the rent-controlled inventory (the units with average rents of only \$457), the annual transfers can be estimated to be closer to \$1,700 per unit per year (\$140/month x 12).

⁸ After the 1990 U.S. Census STF3 data are released on CD-ROM, they will be used to determine rent, vacancy and median income distributions in each of the City's 94 census block groups. The housing composition of each of these block groups is already analyzed.

⁹ This graph is based upon the "consistent set", those 5,650 apartment units that have rents entered regularly in the CRCB data base from 1967 to 1991. This is not a sample, subject to bias, but the entire set, and comprises about 45 percent of all the controlled apartments with CRCB rent data in 1992.

Aggregated over the more than 7,000 "other" rent-controlled apartments, the loss to the owners of these units was \$11.75 million in 1991 alone.

Combining these, in the year 1991 nearly \$20 million was trimmed from rents; in effect an income transfer from property owners to tenants. To repeat, this transfer is only measured against the CPI, not HUD Fair Market or local market rents.

Examined over time, this annual loss to owners/income transfer to tenants has been increasing fairly consistently since it first became evident in the late 1970s. The pattern is neither one of lean years offset by feast years, nor a discontinuity produced by the federal tax reforms earlier in the 1980s.

This cumulative withholding from owners, using the 1967 base rents indexed to the CPI-U, sums to around \$200 million dollars altogether, with compound interest at passbook savings rates. For each controlled apartment (on average) the present value of this cumulative income transfer (vs. CPI-indexed rents) is some \$15,000.¹⁰

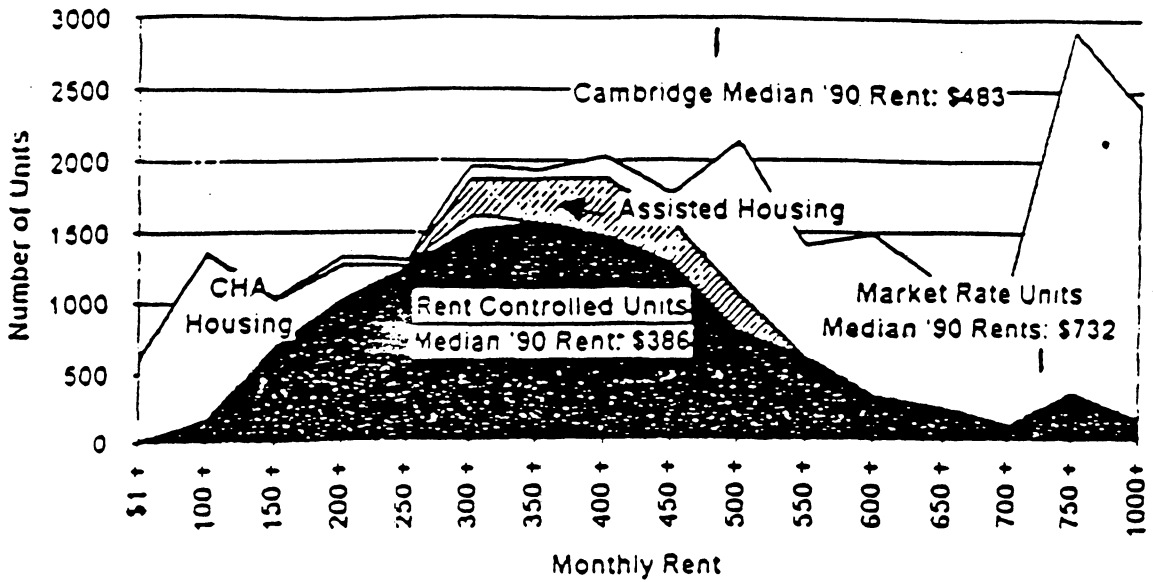
While the political pressures to limit rent increases to the Consumer Price Index in hot markets are understandable, it is hard to find justifiable grounds for depressing them below this widely accepted index of constant purchasing power.

A final note: I intend to complete a fuller analysis as soon as STF3 U.S. Census data covering each of the 94 Census block groups in Cambridge for 1990 are released on CD-ROM, (promised before the summer is over). These will permit an analysis far more detailed and reliable than the Cambridge Housing Study of 1987, known as the Abt Survey of only 1,483 households city-wide. Since the STF3 1990 U.S. Census data are based on the long forms, filled out by one household in six in April 1990, they provide a far more reliable base for determining household incomes, sizes and rent burdens, as well as race/ethnicity, age of head, and mobility (length of residence in same unit).

¹⁰ Measured with respect to HUD's Boston Region Fair Market Rents, the loss/transfer can conservatively be estimated to be at least twice as large - probably over \$30,000 per unit and \$400 million city-wide - but calculating this more precisely for comparable units requires the detailed Census STF3 data by census block group that are not yet available.

Cambridge Rental Housing Distribution, 1990

Goetze, GeoData Analytics RCR90A

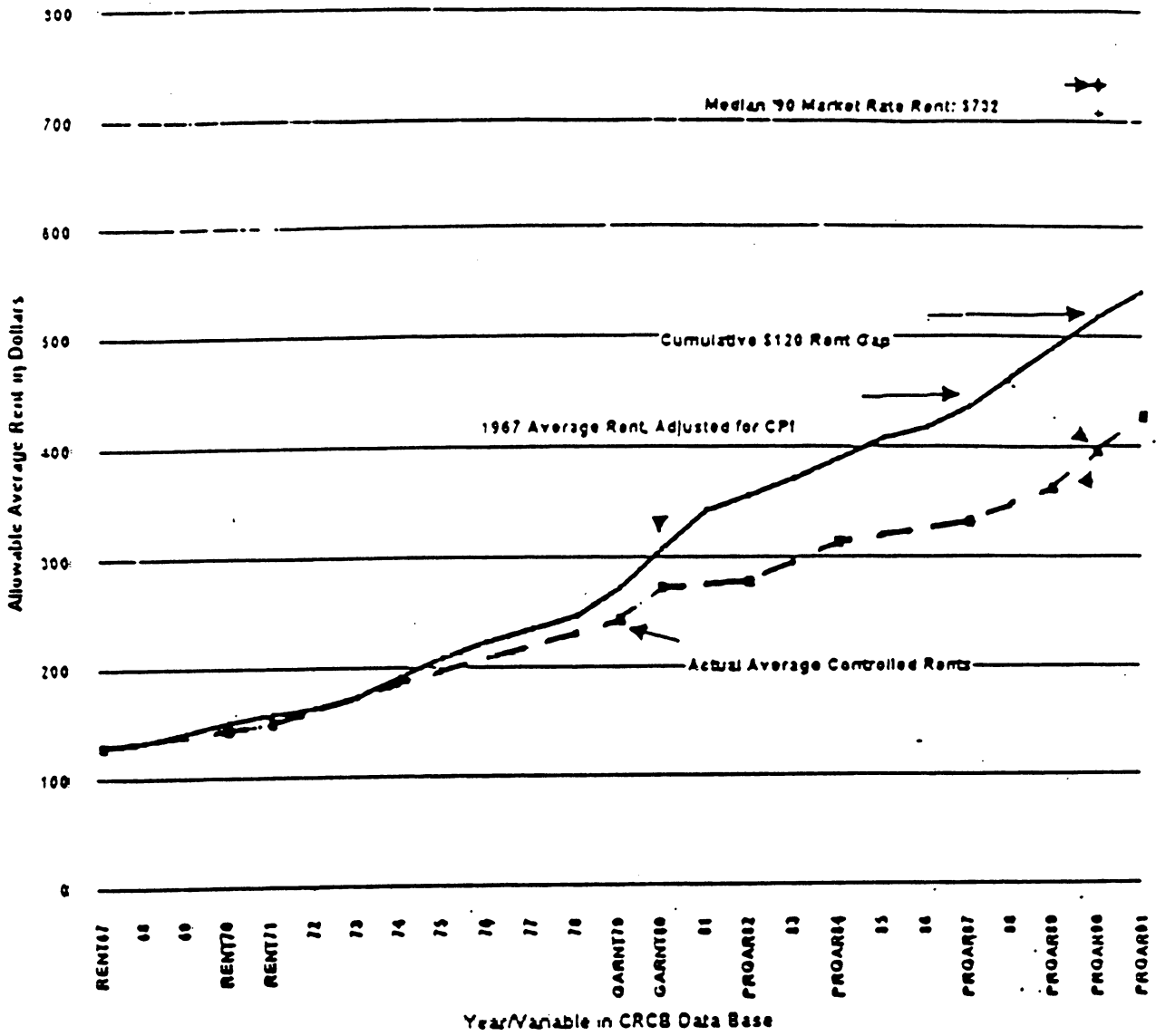


'90 RENTS	'90 CRCB TOTAL	Dist	'90 USCensus TOTAL	'90 CHA TOTAL	'90 SubsHsg TOTAL	'90 MARKET TOTAL	Market Minus CRCB
\$0 TO \$1	988		504	328		176	
\$1 TO 100	18	20	526	586		20	
100 TO 150	178	193	1,376	1,163		20	
150 TO 200	710	770	1,099	309		20	
200 TO 250	1,034	1,121	1,412	241		50	
250 TO 300	1,258	1,364	1,409	5		40	
300 TO 350	1,515	1,643	2,089	102	250	94	
350 TO 400	1,571	1,704	2,066		300	62	
400 TO 450	1,478	1,603	2,151		400	148	
450 TO 500	1,279	1,387	1,867		300	180	
500 TO 550	800	868	2,205		270	1,067	
550 TO 600	620	672	1,458			786	
600 TO 650	338	368	1,513			1,145	
650 TO 700	251	272	1,147			875	
700 TO 750	127	138	1,119			981	
750 - 1000	356	386	2,953			2,567	
OVER 1000	165	179	2,408			2,229	
ALL	12,687	12,687	27,402	2,734	1,520	10,461	
LOWER QUART:	\$289		\$319	\$101	\$372	\$604	(\$315)
MEDIAN RENT:	\$386		\$483	\$127	\$426	\$732	(\$346)
UPPER QUART:	\$490		\$689	\$152	\$482	\$967	(\$477)

Source: 1990 U S Census, STPL, CRCB 2/92 data, analyzed by R. Goetze

ATTACHMENT B:

CPI vs. Controlled Rents in Cambridge, MA. 1967-1991



Rent Control in Cambridge

Part 2

The Beneficiaries

Prepared by Rolf Goetze, PhD.
October 1992

Exhibit B

Testimony: Preliminary Findings, Age and Occupation Patterns in Cambridge Residential

Delivered by: Rolf Goetze, PhD

Date: October 2, 1992

Summary of Preliminary Age Group and Occupation Class Findings

Given the purpose of rent control legislation, one would expect units controlled by the Cambridge Rent Control Board (CRCB) to house a greater share of the City's older residents and those working in lower status occupations or retired.

Analysis shows the reverse, that rent-controlled properties house a disproportionate number of persons in their 30s and 40s, the peak earning years. Furthermore, upper status occupations are over-represented, particularly in the controlled condominium stock.

The Analytical Approach

The Election Commission list of Cambridge residents over 17 years of age (Nov. '90) can be used to classify most Cambridge residents by age group and occupational class

- Over 90 percent of the dates of birth and 75 percent of the occupations were classifiable.¹
- The large majority of addresses in the CRCB's list of properties and units were matched with the addresses in the Election Commission list.²
- Over 16,600 residents were classifiable into specific units identified as controlled apartments (C) or controlled condominiums (C*) in the CRCB database, which are hereby designated RC-DUs, rent-controlled dwelling units.
- An additional 6,700 were classifiable into other types of units in the CRCB database, but currently exempt from rent level controls due to owner occupancy, new construction, etc.³
- To differentiate residents living in rent controlled units from the rest of the City population all residents were divided into two groups, RC-DUs, those living in identified, rent-controlled units, and Balance, all other residents not explicitly matched to controlled units.⁴

Age Group Patterns

As Figure 1, Age Distribution by Stock Type, reveals, rent-controlled units house a disproportionate share of residents aged 30 to 49, persons in the prime earning years, and

¹ Of the 71,443 residents listed, 65,055 were classifiable by age and 54,086 were classifiable by occupation. Some 6,381 residents had blank or unrealistic dates of birth and were therefore not classified. Similarly, some 17,357 residents had occupations that were blank or impossible to classify.

² This was done by geo-coding each address list using MapInfo mapping software. The relatively small number where residents' addresses did not readily match those in the CRCB database usually had offset street numbers, such as street number "47" where the Election Commission list showed persons residing at "45" and "49."

³ A small number of units were listed as currently exempt due to market rate certificates from the Cambridge Housing Authority. Even if these were included in RC-DUs, they are too few to alter the basic patterns.

⁴ The total population residing in rent-controlled units remains unknown, but it seems likely that at least three-quarters of the adults over 17 actually living in rent-controlled units are included in RC-DUs. The number included in the Balance (due to unmatched addresses) are too few to significantly alter the underlying patterns.

increasingly smaller shares as one moves away from this range. See Table 1, Age Distribution of Cambridge Residents, Nov. 1990, for actual counts.

- 30s: The contrasts were most extreme among residents in their 30s. The share of residents in RC-DUs in their 30s, one in three, was 61 percent higher than the one-in five in this age group in the Balance population.
- 40s: Among residents in RC-DUs, one in five was in their 40s, while in the Balance, only one in seven was in their 40s.
- 50s: Among residents in their 50s, there is little difference between RC-DUs and the Balance population. About 8 percent in each category were in their 50s.
- 60+: In RC-DUs, only one resident in seven is over 60 while over one in four is this old in the Balance population.
- Elderly: The share in RC-DUs of Cambridge residents age 65 and over, 11 percent, was barely half as large as the share in the Balance, 21 percent – the reverse of what one would expect.⁵
- Under 30: Among the RC-DUs, only one in four was between 18 and 30 years old, whereas in the Balance population one in three was within this age group. It seems in general that rent-controlled units do not concentrate on this age group, which includes most students.

Occupational Patterns.

Three-quarters of the 71,443 adult residents in the Election Commission list, or 54,086, were also classifiable by occupation into one of 12 categories.⁶ Using these classifications for analysis, the following patterns emerge.

Figure A: Occupational categories used for classifying resident occupations

1 professional	doctor, lawyer, scientist, clergy, post-B.A. degree
2 managerial/administrative	director, manager, vice president, president, owner, landlord, supervisor
3 technical/semi-professional	analyst, consultant, technician, teacher, specialist, etc.
4 clerical	secretary, word processor operator, clerk
5 skilled trades	carpenter, plumber, electrician, woodworker
6 semi-skilled blue collar	truck driver, assembler, machine operator
7 unskilled workers	taxi driver, warehouseman, maid, stock boy,
8 student	
9 retired	
10 housewife	
11 unemployed	
12 uncategorized	(blank, self-employed, persons who identified only the field of work (e.g. state govt), etc.)

⁵ Only 10.9 percent of the residents classified as living in RC-DUs (1,669 out of 15,294 age and CRCB classifiable residents) were 65 years of age or older in 1990, whereas 21 percent of the Balance (10,432 of 49,761) were 65 and older.

⁶ The balance of 17,357 were either blank or so cryptic that reliable classification was not possible. The majority of these were blank and a considerable number of the blanks were probably students. An examination of their ages and addresses indicates these residents were young, and living in larger buildings where the Election Commission list coverage tends to be less thorough.

Figure 2, Occupational Distribution by Stock Type, shows that persons with higher status skills are more prevalent in RC-DUs, whereas *Students, Retired, Housewives, the Semi-skilled, Unskilled and Unemployed* are all under-represented. In Figure 2, one would expect the persons to the left to have less problems with housing affordability than those to the right. Yet a greater share of the occupations to the left are concentrated in controlled units. See Table 2, Occupational Distribution of Cambridge Residents, Nov. 1990, for actual counts.

The white collar groups, categories 1-3, plus 5), *skilled trades*, contain persons generally viewed as more advantaged. Thus, one would not generally expect to find too many of these occupations in rent controlled housing. Together, however, these actually include 56.6 percent of all residents in RC-DUs, compared to only 43 percent of all residents in the Balance.

- **technical/semi-professional:** In RC-DUs, analysts, consultants, technicians, teachers, and other specialists comprise 31.9 percent of the residents, compared to 22.9 percent in the Balance.
- **managenal/administrative:** In RC-DUs, directors, managers, vice presidents, presidents, owners, landlords and supervisors make up 9.8 percent of the residents, compared to 7.3 percent in the Balance.
- **professional:** In RC-DUs, doctors, lawyers, scientists, members of the clergy, and persons with post-B.A. education are 11.9 percent, compared to only 10 percent in the Balance. Remember, the balance includes all resident owned dwellings and all new construction as well as market rate units. Nevertheless, professionals are disproportionately represented in RC-DUs.
- **clerical:** In RC-DUs, secretaries, word processor operators and clerks are also over-represented at 9.1 percent of all residents, compared to 8.1 percent of all residing in the Balance.

On the other hand:

- **retired:** In RC-DUs, retired persons comprise only 6.8 percent, compared to 12.6 of all residing in the Balance.
- **housewife:** In RC-DUs, housewives are only 5.2 percent, compared to 9 percent of all residing in the Balance of the housing stock.
- **student:** While students are a significant presence in RC-DUs, comprising 13.7 percent of the residents, their share in the Balance is even larger, 17.3 percent.
- **semi-skilled, unskilled, and unemployed:** There are a host of lower status occupations represented in the residents, including those self-described as truck drivers, assemblers, machine operators, as well as taxi drivers, warehousemen, maids and stock boys, along with the unemployed. Together, in RC-DUs, these comprise 8.7 percent, compared to 10 percent in the Balance.

A final note:

Rent-controlled condominiums comprise a significant subset of RC-DUs, which includes 3,260 of the 14,755 residents in controlled housing classifiable by occupation. Residents in controlled condominiums present an even more extreme profile, with over 70 percent in the three white collar classes: *professional, managenal/administrative, and technical/semi-professional*.

FIGURE 1:

Age Distribution by Stock Type
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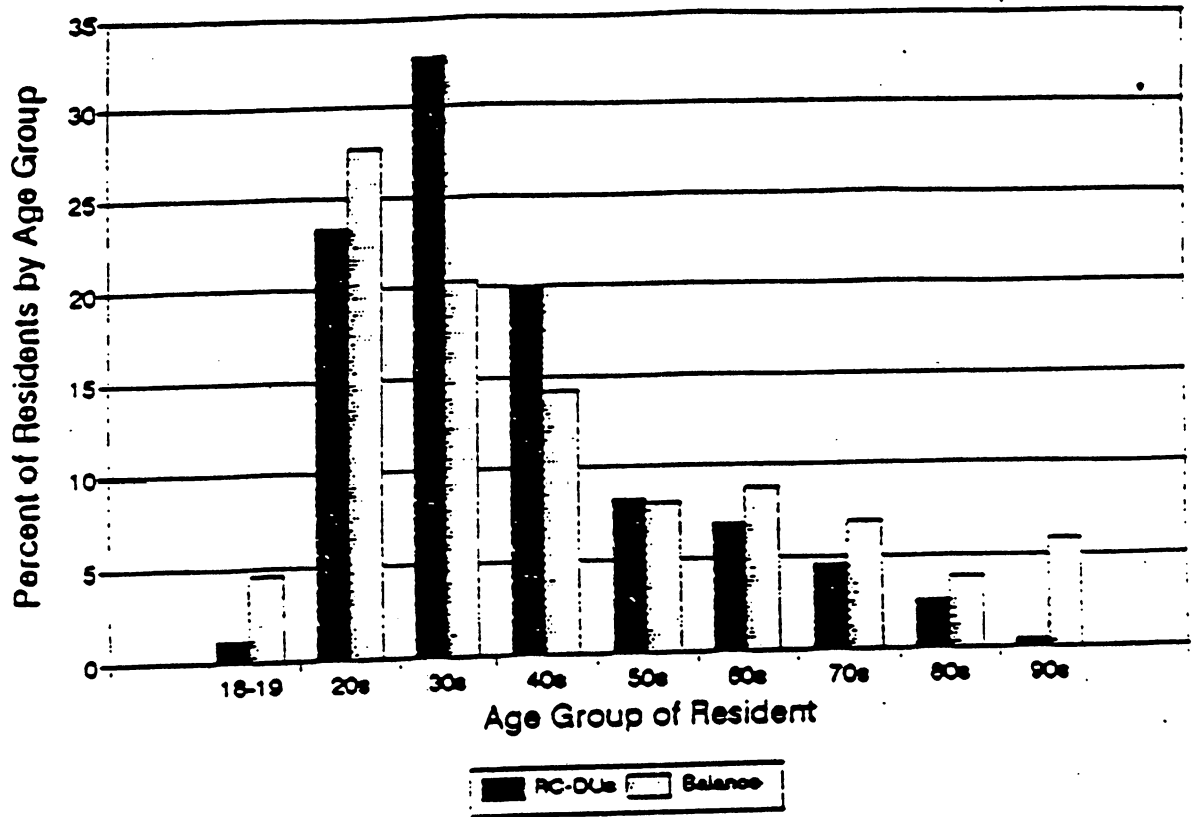


FIGURE 2: Occupational Distribution by Stock Type
 OCCDIS4 Goetze D:\CAMB\OCRES 10/1/92

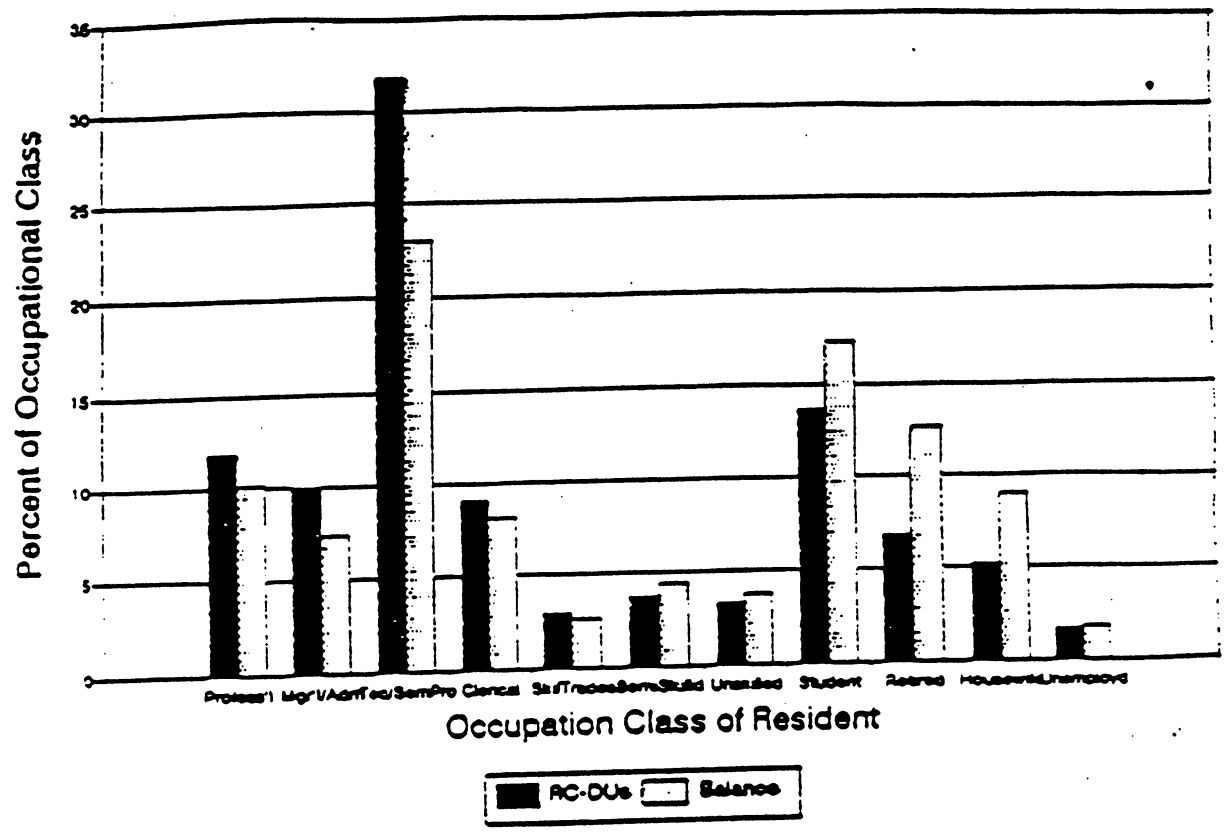


Table 1: Age Distribution of Cambridge Residents, Nov.

Age Group (persons)	RC-DUs	Balance
18-19 yr olds	181	2,283
in their 20s	3,566	13,773
in their 30s	5,007	10,080
in their 40s	3,063	7,029
in their 50s	1,255	3,995
in their 60s	1,048	4,388
in their 70s	701	3,415
in their 80s	408	1,918
in their 90s	65	2,880
Unclassifiable	1,314	5,074
Grand Total	16,608	54,835
Classifiable	15,294	49,761
* Unclassifiable	7.9%	9.3%

Age Group (percent)	RC-DUs	Balance
18-19 yr olds	1.2	4.6
in their 20s	23.3	27.7
in their 30s	32.7	20.3
in their 40s	20.0	14.1
in their 50s	8.2	8.0
in their 60s	6.9	8.8
in their 70s	4.6	6.9
in their 80s	2.7	3.9
in their 90s	0.4	5.8
Classifiable Ages	100.0	100.0

Source: Cambridge Election Commission list,
 matched with Cambridge Rent Control
 Board Database by R. Goetze

GeoData Analytics, D:\CAMB\AGRES, 02-Oct-92

Table 2: Occupation Distribution of Cambridge

Occupation (persons)	Class	RC-DUs	Balance
Professional	1	1,757	3,951
Mgr'l/Administ	2	1,450	2,874
Techn/SemiProf'l	3	4,701	9,024
Clerical	4	1,338	3,189
Skilled Trades	5	436	1,043
SemiSkilled BluCol	6	548	1,736
Unskilled Workers	7	488	1,486
Student	8	2,020	6,802
Retired	9	1,004	4,973
Housewife	10	767	3,529
Unemployed	11	246	724
UnClassifiable	12	1,853	15,504
Grand Total	ALL	16,608	54,835
Classifiable		14,755	39,331
* UnClassifiable (12)		11.2%	28.3%

Occupation (percent)		RC-DUs	Balance
Professional	1	11.9	10.0
Mgr'l/Administ	2	9.8	7.3
Techn/SemiProf'l	3	31.9	22.9
Clerical	4	9.1	8.1
Skilled Trades	5	3.0	2.7
SemiSkilled BluCol	6	3.7	4.4
Unskilled Workers	7	3.3	3.8
Student	8	13.7	17.3
Retired	9	6.8	12.6
Housewife	10	5.2	9.0
Unemployed	11	1.7	1.8

Classifiable Occs. 100.0 100.0

Occ. Groups (percent)	RC-DUs	Balance
White Collar(1-3)	53.6	40.3
Skilled Trades(5)	3.0	2.7
Student (8)	13.7	17.3
SubTotal(12358)	70.2	60.2

Subtotal(46791011) 29.8 39.8

Classifiable Occs. 100.0 100.0

Source: Cambridge Election Commission list,
 matched with Cambridge Rent Control
 Board Database by R. Goetze

Rent Control in Cambridge

Part 3

Housing Utilization, Rents and Incomes in and around Cambridge

Prepared by Rolf Goetze, PhD.
April, 1993

Testimony: Draft findings: Vacancies, Housing Utilization, Rents and Incomes In and Around Cambridge

Delivered by: Rolf Goetze, PhD

Date: April 5, 1993

The 1990 U.S. Census reveals that by virtually all commonly accepted measures -- rent levels, housing utilization and rental cost burdens upon tenants -- Cambridge rates are lower than in every adjoining community. These measures indicate a relative housing surplus, the very opposite of a housing emergency in Cambridge today. Furthermore, the Census confirms that most rent-controlled units in Cambridge *are priced well below market, tend to be in the better locations of the City, and are generally occupied by the income-advantaged, who pay a much lower portion of their income in rent than is usual.*

Summary of Findings

1. Vacancies in Cambridge in 1990 were remarkably high, comprising over 6 percent of all units.
2. Cambridge was the only community in the area with less than 2 persons per housing unit.
- 3a. Cambridge stands out with a remarkably low median contract rent of only \$483 in 1990.¹
- 3b. Due in part to rent controls, 17 percent of all rental units in Cambridge rented for less than \$250 per month, a greater share than in any other abutting community except Boston.
- 3c. An unprecedented 52 percent of all units in Cambridge rented for less than \$500 per month in 1990.
- 3d. The Cambridge 1990 median gross rent of only \$538 is startlingly low for the surrounding area.
4. Only in Cambridge did 36 percent of all tenants have a rent burden of less than 20 percent of household income.
5. Cambridge had the lowest median rent/income ratio in the area: 20.9 percent.
6. Tenants actually benefitting from Cambridge rent controls tend to be "the income advantaged." Median income of rent-controlled households was \$30,090 in 1990, vs. \$24,220 (a full 20 percent lower) for all other renters not able to live in controlled units.
7. The rent burden of the large majority of households living in rent-controlled units in Cambridge is remarkably low.
8. Access to rent controlled housing by current occupants thus represents a benefit worth at least \$142 per month, or some \$1,700 annually per household compared to normal rent burdens in the area.

¹ Measures for comparing and evaluating rents must be consistent to avoid confusion. In the 1990 U.S. Census, Summary Tape File 1 (STF1, from the short form completed by every household in April 1990) provides data on *contract* rent distributions. STF3 (completed by the sample of about one household in six) covers *gross* rent distributions and portion of renter household income devoted to rent. Maximum *allowable* rents set annually by the Cambridge Rent Control Board provide yet a third measure examined elsewhere (in Part 1).

9. Based on the value of single family homes located in the same block groups, rent-controlled units tend to be in the more attractive parts of the City and do not reduce the values of the properties not directly under rent controls.
10. There is no monopoly concentration of ownership in controlled rental properties in Cambridge.

The 1990 U.S. Census tabulations released last fall provide the latest reliable data. Less rigorous indicators such as the rental industry sample surveys suggest that the Cambridge market situation is little altered since 1990, except for household incomes rising with the consumer price index and the rental market firming again after a slight dip in 1991.

I. CAMBRIDGE RENTAL HOUSING IN ITS SURROUNDING CONTEXT

Table A, Cambridge Housing Utilization Compared to Surrounding Communities, 1990, applies some widely-used benchmarks to the housing stock of Arlington, Belmont, Boston, Brookline, Somerville and Watertown, as well as Cambridge. The total count of housing units in Cambridge in 1990 was somewhat larger than in most of its abutting communities, but less than one-sixth that of Boston (Col. A).

Cambridge provides a significant share of the rental units in the local area. The Cambridge total count of 27,446 renter-occupied units (Col. E), however, was dwarfed by the six times larger total of rental units in Boston alone. The share of the total stock that was renter-occupied in Cambridge, 65 percent (Col. F), matches adjoining Somerville and Boston. This share declines as one gets further from the downtown -- to 52 percent in Watertown, 42 percent in Arlington, and 39 percent in Belmont.

Housing Utilization

Table A, Cambridge Housing Utilization Compared to Surrounding Communities, 1990

City/Town	Total Housing Units	Vacancy		Persons/ Occupied Unit	Renter Occupied	
	(A)	Count (B)	% (C)	(D)	Units (E)	% (F)
Arlington	19,421	602	3.1	2.3	8,089	42%
Belmont	9,968	304	3.0	2.4	3,906	39%
Boston city	250,863	22,399	8.9	2.2	157,920	63%
Brookline	25,353	996	3.9	2.1	13,857	55%
Somerville city	31,786	1,467	4.6	2.3	20,921	66%
Watertown	14,748	558	3.8	2.2	7,684	52%
Cambridge city	41,979	2,574	6.1	1.9	27,446	65%

Source: 1990 U.S. Census, STF1, Tables H002, H003, H009, H0017, H032, and STF3, Tables H001, H019.

Finding 1: Vacancies in Cambridge were remarkably high, comprising over 6 percent of all units. Vacancies in Cambridge (Col. C) were generally between 1.5 to 2 times higher than the rates in abutting communities. Only Boston, with nearly 9 percent vacancies, had a higher vacancy rate than Cambridge.

Finding 2: Cambridge was the only community in the set with less than 2 persons per housing unit. Persons per occupied unit (Col. D) is a common measure of housing utilization alongside the vacancy rate. When many units are vacant and the occupied units are less intensively used, this indicates a housing surplus. The Cambridge rate of 1.9 persons per unit was over 14 percent lower than the average throughout all the abutting communities, 2.2 persons per unit.

Contract Rent and Gross Rent

Table B, Cambridge Rents Compared to Surrounding Communities, 1990 lists rents, renter household income and rent burdens among the same communities shown in Table A. **Contract rent** is the amount in the rental agreement, whereas **gross rent** includes utilities.²

Table B, Cambridge Rents Compared to Surrounding Communities, 1990

City/Town	Contract Rent Distribution			Gross Rent				Renter	
	Median < \$250 < \$500			Median (D)	Rent Burden		H'hold Income (H)	Rent/Inc Ratio (I)	
	(A)	(B)	(C)		Average (E)	< 20% (F)			>30% (G)
Arlington	\$691	11%	22%	\$754	\$753	29%	35%	\$33,807	24.5
Belmont	\$792	7%	18%	\$863	\$878	30%	33%	\$42,976	22.1
Boston city	\$546	19%	43%	\$625	\$634	26%	44%	\$23,530	27.8
Brookline	\$629	8%	33%	\$671	\$759	34%	36%	\$32,489	23.2
Somerville city	\$591	12%	36%	\$677	\$687	28%	42%	\$29,616	23.9
Watertown	\$722	10%	23%	\$813	\$794	34%	31%	\$39,702	21.8
Cambridge city	\$483	17%	52%	\$538	\$601	36%	34%	\$27,763	20.9

Source: 1990 U.S. Census, STF1, Table H032, and STF3, Table H050

Finding 3a: Cambridge stands out with a remarkably low median contract rent of only \$483 in 1990 (Col. A). Even in Boston, a much larger rent-controlled city, the median contract rent of \$546 was \$63 *per month* or 13 percent higher. Somerville, at \$591 with no rent controls, was \$108 or 22 percent higher. These are the only communities with median contract rent under \$600. In Brookline, also impacted by rent controls, median contract rent was \$629.

The remaining towns do not have any rent controls: Arlington's median contract rent was \$691 in 1990, Watertown's was \$722, and Belmont's was \$792.

Finding 3b: Cambridge, due in part to rent controls, had 17 percent of all units renting for less than \$250 per month. Public and assisted housing generally accounts for most of the rental stock in this low-priced category in any community. Cambridge, however, provided a larger share of lower cost units, a greater share than in any other community except Boston, which has proportionately more public housing.

Finding 3c: In Cambridge, an unprecedented 52 percent of all units in the City rented for less than \$500 per month in 1990 (Col.C). This further confirms the impact of rent controls.

² See footnote 1.

Even in Boston only 43 percent of all units are priced this low. The communities with higher median contract rents had correspondingly smaller shares of units renting for less than \$500 -- down to 36 percent of the rental stock in Somerville, 33 percent in Brookline, 23 percent in Watertown, 22 percent in Arlington, and only 18 percent in Belmont.

Finding 3d: The Cambridge 1990 median gross rent of only \$538 is startlingly low.³ The comparable median for Boston, \$625, was a full \$87 or 16 percent higher. Elsewhere in this set of communities, median rents ranged from \$671 to \$863, far above the Cambridge levels.

Rent Burden

Finding 4: Only in Cambridge did 36 percent of all tenants have a rent burden in 1990 of less than 20 percent of household income (Col. F). Rent burden, as calculated by the U.S. Census, is a widely used measure arrived at by comparing annual gross rents to the household incomes of the residents in their respective units.⁴ Obtaining rental housing for less than 20 percent of household income is generally viewed as a very favorable situation for tenants.

In all the other communities *including those housing the more affluent*, a smaller share of the households experienced such a light rent burden. In Boston, only 26 percent obtained such favorably priced housing, and in Somerville, 28 percent. While 34 percent of all renter households in Brookline and Watertown also experienced such a favorable rent burden, this was due to generally higher household incomes (Col. H).

Finding 5: Cambridge also had the lowest median rent/income ratio: 20.9 percent. The abutting communities had median rent income ratios that were several percentage points higher. Such a low rent to income ratio is usually only experienced by higher income renters.⁵

To this point the 1990 U.S. Census data reveal that Cambridge consistently had the most favorable rents and rent-to-income ratios in the area, demonstrating the impact of the City's rent controls and private subsidy policies. However, the higher vacancy rates and less than 2 persons per occupied housing unit also testify to the existence of a general housing surplus in 1990.

II. RENTAL HOUSING WITHIN CAMBRIDGE

The 1990 U.S. Census also allows us to examine how equitably these favorable rents are allocated among the renter households living in the City of Cambridge.

³ Gross rent patterns are naturally somewhat higher and in step with the preceding findings. Regardless of whether one examines median or average gross rents (Col. D and Col. E), the City of Cambridge consistently provided the least cost housing. Averages are shown only because they are sometimes discussed. Since Cambridge has more luxury rental properties than most communities (much like Brookline), the difference between median and average gross rents is greater in these two communities than among the rest.

⁴ Columns F and G are derived from data in Table H50 in the 1990 U.S. Census STF3 counts (based on the long census form completed by one household in six) which detail the rent burdens for tenants in five household income bands separated at \$10,000, \$20,000, \$35,000, and \$50,000. As income rises, the rent burden generally declines.

⁵ Rent/income ratio, (Col. I, derived from columns A and H), is a simple percentage comparing twelve times monthly contract rent to the respective renter household income, *assuming that the poorer households get to live in the lower priced units*. A low median rent/income ratio in Cambridge means its less advantaged households would have a lower rent burden than in any adjoining community if access to the stock were equitably distributed.

Household Incomes

- Median 1990 household income of all renters throughout Cambridge (dominated by the 53 percent living in rent controlled housing), was \$27,763.
- The median income of the households living in the rent-controlled units was \$30,090, 8.4 percent higher.
- Only 30 percent of all households living in rent-controlled units in Cambridge had incomes under \$20,000, whereas over 43 percent of all other renter households within the City had incomes in this range.

Finding 6: Tenants actually benefitting from Cambridge rent controls tend to be "the income advantaged": Median income of rent-controlled households was \$30,090 in 1990, vs. \$24,220 (a full 20 percent lower) for all other renters not living in controlled units.

Rent Burdens

- Any household renting in the Boston metro area in 1990 with a \$30,000 income (the median of households occupying rent-controlled units in Cambridge) normally had to pay between \$500 and \$750 in monthly rent payments, that is, between 20 and 30 percent of household income.⁶
- *Of all households living in rent-controlled units in Cambridge, however, fully 45 percent, or nearly half, spent less than 20 percent of their household income on gross rent (which includes utilities)*
- Because market rents in Cambridge generally are higher than controlled rents, households living in the City but *not in rent-controlled units* typically spent between 23 and 35 percent of income to rent their units in Cambridge. The target beneficiaries of rent controls, less affluent households, not living in a controlled apartment or public/subsidized housing, had the highest rent burdens.

Finding 7: The rent burden of the large majority of households living in rent-controlled units in Cambridge is remarkably low. This rate is low both in comparison to their counterparts renting market housing in Cambridge and to similar households living in neighboring communities (as shown in Table B, Col F, above).

- The median contract rent in rent-controlled units, was only \$485 in 1990 according to the U S Census, a shade above the city-wide median of \$483.⁷
- This means the median rent-controlled household, with \$30,090 annual income, had a rent/income ratio of only 19 percent -- a very favorable income ratio, particularly for this income class.

⁶ The HUD standard of spending 30 percent of income on rent is used to determine assistance to low and moderate income households to hold their rents down to 30 percent of income. Many lower income households not receiving housing assistance or subsidies are forced to spend over 35 percent of income on rent. With higher incomes, the portion spent on rent regularly declines.

⁷ The Cambridge city-wide median contract rent, \$483, clearly reflects the dominance of rent controls. Over half the rental units in the city are controlled, covering the middle of the spectrum. Only one unit in six is publicly assisted or managed by the Cambridge Housing Authority (lowest rents), and less than 30 percent are market rentals, with generally higher rents.

- Based on spending 25 percent of a \$30,090 income on rent (a more normal rate for this income level in the Boston area), this median household would have paid \$627 in rent, some \$142 or 29 percent more per month.
- The median 1989 contract rent in market rate rentals in Cambridge was \$731, according to the 1990 U.S. Census, some \$246 or 50 percent higher than the rent-controlled median.⁸

Finding 8: Access to rent controlled housing by current occupants thus represents a benefit easily worth \$142 per month, or some \$1,700 annually, compared to a normal rent burden of 25 percent of household income.

These benefits should not be confused with the more substantial amounts that result when one compares the controlled rents with the higher market rents within Cambridge. Using Cambridge market rents as a measure and allowing for slightly smaller unit size, the monthly benefits of obtaining a rent-controlled unit increase to over \$200 per month.

The 15,000 households living in controlled rental housing, but not paying 25 percent of income on rent, together receive benefits worth at least \$25 million dollars a year. This subsidy comes from current owners and property deterioration, while many members of the original target population, not living in a controlled unit, experience even greater rent burdens.

Neighborhood Appeal

Values for single family homes can be used as an index of neighborhood attractiveness.⁹

- The Cambridge city-wide median single family value was \$293,000 according to the 1990 U.S. Census.
- In block groups with concentrations of market rate housing, the median single family value (1990 U.S. Census) was \$336,000, some 15 percent higher.
- In block groups with high concentrations of rent-controlled units, the median single family value was even higher, \$389,000, a full 33 percent above the city-wide single family median value.

Finding 9: Based on the value of single family homes located in the same block groups, rent-controlled units tend to be in the more attractive parts of the City and do not reduce the values of the properties not directly under rent controls.

Concentration of Ownership

- The 13 largest owner/managers of rent-controlled property in Cambridge, each with 100 - 709 units, together control 25 percent of the stock.¹⁰

⁸ The median household income in market rate rental housing was \$34,381, making the median market rate rent/income ratio 25.5 percent—a more normal rent burden. Only 33 percent of these households paid less than 20 percent of income in rent.

⁹ The median value of single family properties is generally accepted as an index of neighborhood attractiveness.

¹⁰ This finding arises from examination of the Cambridge Rent Control Board landlord/manager records for all the units registered in the City registered with the CRCB.

- The next largest 65 owner/managers, each with 25 - 99 units, together control another 25 percent.

Finding 10: There is no monopoly concentration in the ownership of rent-controlled properties in Cambridge.

III. METHODOLOGY

The methodology used to arrive at these findings is important to understand. The U.S. Census does not tabulate housing data in terms of whether individual dwelling units are market rate, rent controlled, or publicly subsidized -- but simply tallies dwelling units geographically -- counting by census blocks, census block groups and census tracts.¹¹ The 1990 U.S. Census is the most reliable source of recent data on such attributes as rent levels, vacancies, housing values, household incomes, rent burdens, persons per dwelling, employment, labor force participation, occupations, in-movers and vehicle ownership. Since these are only revealed down to the block group level, the census block group (BG90) becomes the appropriate level for analyzing Census data.

To tie this study in with the rich source of U.S. Census data, it was necessary to sort the block groups by market housing type. City records from the Assessing Department and Rent Control Board list every unit in the City and its rent control status. These data, by address and map location, were used to determine the census block location of every rent-controlled and publicly subsidized rental unit.¹²

The unit counts, by housing type, were aggregated to the block group level, mapped and compared to the total rental housing counts enumerated by the U.S. Census for the respective block groups. Market rate rental units were taken as the remainder, after subtracting subsidized and rent-controlled units from the total rental housing stock associated with each census block group.¹³

¹¹ A typical urban census block is bounded by streets on four sides, just as one would expect. It is "what you would walk around." Cambridge has 622 U.S. Census blocks, which are grouped into 94 "block groups," usually comprising some 5 to 8 blocks. These block groups, in turn, aggregate into the 30 census tracts comprising Cambridge, which tend to be bounded by major streets.

¹² In practice, MapInfo 5.0 desktop mapping was used to *geocode* each property by address, that is, place it schematically in the interpolated location on each street segment. For example, 28-30 Aberdeen Ave. a rent controlled property, was placed twice on the right side of the street segment extending from 24 to 198 on the right -- at the proper points for 28 and for 30. Similarly, 35-37 Aberdeen Ave. was geocoded on the left a little up the street. (The fact that the block on Aberdeen Ave. actually goes only to 124, or that 30 is the unit upstairs above 28 does not matter in this schematic approach.) All points were geocoded so that matches could be made with the Election Commission list showing residents at each address.

The MapInfo software assigns an "XCOORD" and "YCOORD" to each address point, corresponding to longitude and latitude, which in turn serves to determine the bounding census block, tract, neighborhood, ward, or whatever. Once all the address records were "tagged" with their appropriate census block groups, counts were aggregated by census block group.

¹³ Things never "fit" completely, but here the fit was very close. In terms of address geo-coding, virtually every unit could be assigned to its appropriate census block, if not the interpolated position on the street block face. Address errors in TIGER revealed themselves during geocoding (through matches that failed) and were corrected before proceeding, e.g. missing address segments on Lake View Avenue (the street was also crooked, and misplaced address ranges along the right side of Garden Street, which placed some apartments on the Common, instead of on the triangle block between Concord Ave, Garden St, and Waterhouse St.

Coding of rent-controlled properties posed different sorts of problems. The category, C#, meaning lodging house unit, does not match any U.S. Census unit, and sometimes, these should be assigned to

Among the 94 census block groups in Cambridge, those with noteworthy concentrations of particular housing types were flagged, e.g. **rent-controlled**, **public/assisted**, or **market rentals**.

Table C, All Housing Units in the City of Cambridge, 1990, breaks down the total housing count from the 1990 U.S. Census, 41,979 dwelling units (D.U.), into owner- and renter-occupancy stock on the **Cambridge Total** line. Below this are the respective counts for the respective block groups in which different rental housing market types are concentrated.¹⁴ The block groups that have special concentrations of particular rental housing types reveal the very significant differences among the types. As Map A, Housing Type Concentrations, 1990 shows, these representative block groups are fairly widely distributed throughout the City.

Table C: All Housing Units in the City of Cambridge, 1990

	<u>Total</u>	<u>Owner Occupancy</u>		<u>Renter Occupancy</u>			<u>Rent/ Income Ratio</u>
	<u>D.U. Count</u>	<u>D.U. Count</u>	<u>Median 1-family Value</u>	<u>D.U. Count</u>	<u>Median Rent</u>	<u>Median H'hold Income</u>	
Cambridge Total	41,979	13,377	\$293,120	28,602	\$483	\$27,763	21.0
Rent-Controlled Total	9,991	3,127	\$389,025	6,864	\$485	\$30,090	19.3
Public/Assisted Rentals	3,539	714	\$175,279	2,825	\$246	\$13,610	21.7
Market Rentals	5,246	2,403	\$336,166	2,843	\$731	\$34,381	25.5

Source: 1990 U.S. Census, STF1, STF3, using CRCB and Comm. Dev't data to determine market types.¹⁵

group quarters. This helps explain why housing counts are difficult to reconcile completely. The Rent Control Board (CRCB) may count 7 single room units as 7 separate units, whereas the U.S. Census may identify their lodging as 1 dwelling, or assign all the residents to the group quarters tabulations. The total count of such rooms, 537 units citywide, or 2 percent of the total rental stock, is not large enough to seriously distort the findings.

Controlled condominiums posed yet another type of minor problem. Where the CRCB identified units as C*, meaning controlled condominiums, the U.S. Census simply counted units as either rental and owner-occupied. Only on the two block groups dominated by Harvard, 3537003 and 3537004 (and 3 others with condo concentrations) was the residual count of market units negative. In general, this means the derived count of market rentals in the city, (8,375 units, or 29 percent of the rental stock), may be overstated by an indeterminate number of "controlled units" that the census revealed as owner-occupied condominiums. While the number is not large, it may aggregate to several hundred units. With a little time and effort, diverging counts could easily be reconciled at the block level, using the STF3 Census data and this desktop mapping approach.

¹⁴ Note that vacant units are included here in their respective categories. Thus the Cambridge Total Renter Occupancy stock shown in Tables D and E, 28,602 units, is a little larger than the renter-occupied stock shown in Table A, Col. E. The study focused on total rental units, not just renter-occupied units, because the Assessing Department and Rent Control Board Records do not identify vacant units.

¹⁵ Note that Table D lists all the renter-occupancy units (D.U. Count) of all market types on the respective block groups that had high concentrations of particular rental housing types. Table D shows that there were 6,864 rental units altogether on the block groups with rent-controlled housing concentrations, *not* that there were 6,864 rent-controlled units in the City.

Table D, All Rental Housing Units in the City of Cambridge, 1990, disaggregates the rental dwelling unit count column in Table C, to demonstrate the high sampling rate. The lines correspond to the preceding table, but here in Table D the total rental stock is sorted into three, mutually exclusive categories: **Rent Controlled**, **Public/Assisted Housing**, and **Market Rentals**.

Table D: All Rental Housing Units in the City of Cambridge, 1990

	<u>Total</u>		<u>Rent-Controlled</u>		<u>Public/Subsidized</u>		<u>Market Rentals</u>	
	D.U. Count	D.U. Count	Row Pct	D.U. Count	Row Pct	D.U. Count	Row Pct	
Cambridge Total	28,602	15,227	53.2	5,022	17.6	8,375	29.3	
Rent-Controlled Total	6,864	6,403	93.3	76	1.1	385	5.6	
Public/Assisted Rentals	2,825	633	22.4	1,773	62.8	419	14.8	
Market Rentals	2,843	545	19.2	45	1.6	2,253	79.2	

Source: 1990 U.S. Census, STF1, STF3, using CRCB and Comm. Dev't data to determine housing market types

The first line, **Cambridge Total**, divides the total count of 28,602 rental housing units in the City into **15,227** rent-controlled units (53 percent of the rental stock), **5,022** public and assisted housing units (18 percent), and **8,375** market rate rental units (29 percent). The highlight percentages in Table D for the respective housing types are important for interpreting the median values, rents, and household incomes in Table C.

The line, **Rent-Controlled Total**, shows that **6,403** of the 6,864 units on these block groups are actually rent-controlled units, or **93.3** percent of all the units.¹⁶ Viewed in the context of all 15,227 rent-controlled units, the 6,403 on these block groups comprise 42 percent of the City total. This is a remarkably high "sampling rate" considering the conventional wisdom that Cambridge neighborhoods are very diverse.

In the **Public/Assisted Rentals** block groups, **62.8** percent of the units are public or subsidized housing units, while 22.4 percent are rent-controlled, and 14.8 percent are market rate rentals. Similarly, in **Market Rentals**, **79.2** percent of all units are market rentals, and most of the balance, 19.2 percent are rent-controlled.

Median rents. With the foregoing considerations in mind, reconsider Table C. The Cambridge median contract rent is \$483.

- The median for all rental units in block groups with **rent-control** concentrations is **\$485**, only a little bit higher. The median for actual rent-controlled units must lie *somewhat below this* due to the presence of 6 percent market units on these block groups with higher rents.¹⁷

¹⁶ The balance are 76 publicly assisted units and 385 market rate units.

¹⁷ Medians used here are weighted averages of the census medians for each block group, that is, the block group medians are each multiplied by the respective owner/rental unit count, aggregated, and then divided by the total unit count to arrive at a weighted average. Tests using block group, tract and citywide data show this technique matches the medians tabulated by the U.S. Census for the respective geographies. Not only are these medians more useful than *means* or *averages* (which tend to be higher), but *means* cannot be calculated for some block groups because the census only lists the counts for the higher ranges (\$750 - \$1,000, and over \$1,000), in ways that cannot be used to calculate *means*.

- The median for all rentals on **public and assisted** rental block groups is **\$246**. Similarly, the median for actual public and assisted rentals *must be lower* due to 22 percent rent-controlled and 15 percent market rentals with higher rents in these block groups.
- The median contract rent in the **market rental** block groups is **\$731**. In this instance, the median for actual market rentals *is likely to be higher*, due to the presence of 19 percent rent-controlled units plus a small number of subsidized units at lower rents in these block groups.

Median Renter Household Incomes and **Rent/Income Ratio** are also shown in Table C. The **all-Cambridge** median renter household income of **\$27,763** is a blend of different housing market types. Tenant incomes and rent burdens become more meaningful when housing types are disaggregated:

- The median household income of all renters living on census blocks where **rent-controlled** units dominate was **\$30,090**, over 8 percent higher than the all-Cambridge median. Comparing the median annual contract rent to the median household income indicates a rent to income ratio of only 19.3 percent of household income.
- The median income for all rentals on **public and assisted** rental block groups was **\$13,610**, resulting in a rent/income ratio of 21.7 percent.
- The median renter household income on **market rental** block groups was **\$34,381**. Comparing this to the median rent of \$731 reveals a rent/income ratio of 25.5 percent.

In conclusion

Such a high concentration of particular rental housing types gathered in the respective block groups, compounded by the total number of units covered, makes the findings summarized on page 1 at the outset, considerably more robust than any previous research on rental housing in Cambridge.

The only grounds on which these findings might be challenged would be the assertion that the one household in six completing the 1990 U.S. Census long form misrepresented their incomes or rents. Since the research approach reveals such significant differences in rent burden between rent-controlled and market rate households *among fairly similar income classes*, there is little ground for such a challenge. Furthermore, entirely separate research approaches at the property level using City data, comparing occupations and ages of Cambridge residents in controlled and other housing (previously presented as Part II: Summary of Preliminary Age Group and Occupation Class Findings, 10/2/92), corroborate the findings presented here.

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