

City of Cambridge

The Housing and Community Development Committee conducted a public hearing on Wednesday, June 30, 1992 at 5:30 p.m. in the Ackermann Room, City Hall.

Vice Mayor Edward N. Cyr, Chair of the Committee, convened the hearing. Present at the hearing were Councillor Francis Duehay, Councillor William H. Walsh, Councillor Timothy Toomey, Jr. and Acting City Clerk, Margaret Drury.

Vice Mayor Cyr reviewed the five issues slated at the last hearing for further discussion by the Committee: rehabilitation standards; how to make capital available for purchase of rental housing stock by nonprofit housing agencies; how to keep the rental stock affordable; who gets access to the private rental stock which is affordable to lower income people; and regulation of rent increases and capital improvements which affect affordability, although this last issue is more appropriately referred to the Rent Control Committee. He then stated that the purpose of this hearing was to discuss housing rehabilitation standards, and that the discussion would start with an examination of the rehab guidelines developed by the Rent Control Board in connection with its new preapproval regulations.

Bernard Packer, Senior Hearing Examiner for the Cambridge Rent Control Board, submitted "Regulation 74 Pre-Approval of Capital Improvements Guidelines for Rehabilitation," attached to this report as Attachment A. Vice Mayor Cyr suggested that the hearing focus in some detail on the categories of rehab discussed in the document.

Vice Mayor Cyr requested information as to why the rehabilitation of walls was controversial. Susan Schlesinger, Housing Director for the Community Development Department said that the question was whether some good walls should be saved, and whether to save or replace a wall was not just a project-by-project, but a room-by-room analysis. Vice Mayor Cyr asked when the decision becomes a problem or a controversy. Michael Turk, 24 Prescott Street, said that it often depends on who is making the decision and what resources are available, but that the question really is how many years a particular wall can last without being replaced. Vice Mayor Cyr asked how the Rent Control Board decides whether wall should be patched or replaced. Buddy Packer responded that the Board looks at the factors of lead paint, insulation, wiring, and how much of the wall needs repairing. Susan Schlesinger noted that this is a technical decision, not an ideological decision.

William Noble, 188 Franklin Street, said that the physical extremes are clear, where the unit is either very rundown or in very good shape. The middle ground is the problem and that is

where the issue becomes political. In that discussion, the two poles are the perspective of the mortgage banker who want security for a loan or the Enterprise Foundation, which sacrifices many traditional construction principles for cheap housing.

Peter Daly, Executive Director, Cambridge Neighborhood Apartment Housing Services, said that the source of subsidies is often a factor in rehab decisions. For example HUD's Moderate Rehab Program required a fifteen year lease which prohibited any increases for any additional expenditures for capital improvements during the fifteen years. In those cases, owners have to decide what work needs to be done over the next fifteen years and do it all up front. Mr. Daly said that for housing nonprofit agencies, gut rehab is the exception, not the rule. They try to save everything possible. Sometimes, to accommodate families, some reconfiguration is proposed in the course of a job requiring extensive rehab. In these rare situations, the Rent Control Board has been very supportive, where the ultimate goal is to accommodate low and moderate income families.

The discussion then turned to the standards for electrical rehab work. Buddy Packer said that the Board's position is to encourage the upgrading of electrical systems and not to second-guess electricians. In response to a question from Councillor Duehay, Peter Daly said that some of the most dangerous situations with old wiring occur where there is old wiring to ceiling fixtures because the fixture is generating heat, and when he starts the rehab work, he often sees that charring of the old wires has occurred. William Noble stated that the Cambridge Tenants Union is troubled by the different standard of electrical work required for condominiums.

A discussion of plumbing rehab work highlighted the replacement of bathroom fixtures. Susan Schlesinger illustrated the issue with the example of the claw-footed bathtub, which CDD generally seeks to replace and yet is sold by Manhattan designers for high prices. She explained that since the tubs are not against the wall, there are big problems with water damage, and it doesn't take much water to cause the damage, small amounts sit there and rot the floors. In addition, when the stack is being replaced, plumbers generally will refuse to guarantee the connection if the old tub remains. Peter Daly said that CNAHS does occasionally save these tubs, if the unit will continue to be occupied by a current tenant who has not caused water damage, but keeping this type of tub will add to the maintenance cost for the apartment. Michael Rosenberg, Assistant City Manager for Community Development, observed that any evaluation of cost effectiveness must take into account any difference in operating costs that will follow from the particular rehab choice.

Michael Turk said that in the area of energy saving improvements, the effects on operating costs have been a mix. Sometimes the resulting savings have been great and sometimes not. Even though the work seems to have been the same, the effects have

been different in different buildings. Susan Schlesinger suggested that differences in the quality of work could account for this.

The discussion then turned to kitchens. Buddy Packer said that the Rent Control Board sees a big variation of costs claimed for rehab work to kitchens. Vice Mayor Cyr said that he perceives this area as being somewhat different. The issues are not just deterioration, but also of bringing the kitchen into the modern age, with big questions about affordability. How do we know when to stop? Daniel Weunschel, Executive Director of the Cambridge Housing Authority (CHA), said that the CHA looks very much to the effect on maintenance costs in making such decisions. For example, the CHA discourages dishwashers, which add to maintenance and operating costs, but wants good quality cabinets and counters because maintenance costs will be lower. Michael Rosenberg said that for the CDD and the nonprofits, the decision to rehab a kitchen will be driven more by the deterioration of systems than by a desire to modernize.

Vice Mayor Cyr asked whether the requirements of lenders were a big factor in determining the scope of rehab. Peter Daly said that in general, banks want to know that the building can be maintained over the life of the loans they are making. Banks have become more flexible as they have had more dealings with the rent-controlled stock. In the Small Property Loan Program run by CNAHS, banks are willing to finance improvements of up to \$8,000 per unit, even though there is additional work costing up to \$8,000 per unit left to do at a later date. However, if there is outstanding work of more like \$30,000 per unit that is being left for later, the bank would most likely refuse the loan unless there is some feasible plan to address the necessary work.

There was additional discussion on the different choices in levels of rehab being made by different owners. David Sullivan, 287 Huron Avenue, said he believes the best choices are made under the free market system.

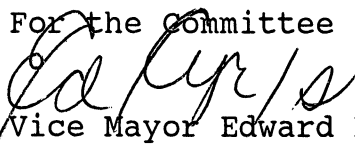
Michael Turk said that there are rent-controlled owners who are spending too much on rehab, when a piecemeal approach would keep up the building and keep it affordable. Susan Schlesinger said that when less than all of the rehab really needed is being undertaken, there has to be a careful plan to the phased approach, or the work and the money is wasted. Buddy Packer said that he has seen very bad choices in rehab work made by owners out of ignorance. He believes many rent-controlled owners would make better decisions in this area if they had technical assistance. Nancy Pozar, President, Riverside Cambridgeport Corporation, agreed that additional technical assistance would benefit owners. She said that it was important to understand that there are significant costs to the rehab done by nonprofits such as quality control and planning.

Susan Schlesinger said that the availability of resources is the central issue for any discussion of rehabilitation of the

multifamily rental housing stock.

Vice Mayor Cyr thanked those present for their participation,
and adjourned the hearing at 7:30 pm.

For the Committee

A handwritten signature in dark ink, appearing to read "Ed Cyr", written over the printed name.

Vice Mayor Edward N. Cyr, Chair



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RENT CONTROL BOARD

TERRENCE P. MORRIS,
EXECUTIVE DIRECTOR

REGULATION 74 PRE-APPROVAL OF CAPITAL IMPROVEMENTS GUIDELINES FOR REHABILITATION

INTRODUCTION

The Rent Control Board itself cannot invest in the buildings that comprise the Cambridge housing stock. The survival of this housing stock, most of which was built before 1930, therefore, depends on the efforts of its owners to care for it. Many rental housing units which are over 50 yrs old need considerable rehabilitation, particularly where little or none has been done to date. The Rent Board encourages such investment in property: these guidelines for such rehabilitation have evolved from standards articulated by the Board in many rent adjustment cases.

In general, where the surfaces (walls, ceilings and floors), systems (electrical, plumbing, heating), kitchen equipment (cabinets, stove, refrigerator, etc.) or windows show signs of significant deterioration or have become obsolete, it may be prudent to either repair or replace one or more of the aforementioned items.

However, whether any particular item should be repaired or replaced depends upon a consideration of the indicators described below. As a practical matter, when an item requires repair so frequently that the annualized cost of repair would exceed the annual amortized cost of replacement, it is prudent to replace the item.

The Rent Board will not allow the cost of luxurious components or amenities to be passed on to the tenants as part of a rent adjustment.

I. SURFACES

Walls, Ceilings: These surfaces will usually be composed of plaster on wood lath, which was standard construction until 1940, replaced by gypsum lath and plaster, wire lath and plaster or sheet rock. Wood lath and plaster walls can last indefinitely. However, they are vulnerable to cracking from building settlement (often caused by the drying out of wooden structural members) or to impact (caused by ordinary wear and tear). Leaks from plumbing or the weather are also damaging. Pulling in additional wires tends to break off the keys holding the plaster to the wood.

Broken keys will cause the plaster to separate from the lath and cause the surface to feel spongy. Sooner or later chunks of plaster will fall off. Cracks in the plaster are also evidence of failure. Thin wood panelling and dropped ceilings may also disguise an underlying plaster problem and some older ceilings may be covered with tin.

It may be prudent to cover or replace, rather than repair, plaster surfaces. While loose or cracked plaster can be repaired, it is labor intensive and costly. Furthermore, experienced painting contractors will often recommend covering the wall with a new layer of sheetrock before painting. This practice reduces the preparation work before painting as well as future painting costs.

Wall replacement is also related to the issue of heating costs and insulation. Modern insulation reduces heat flow through a wall to a small fraction (about 1/4) of what exists in uninsulated walls. Using rolled or bat, rather than blown-in, insulation greatly enhances the R-factor. Removing and replacing the inside surface of exterior walls achieves the best insulation result.

Installing a new layer of sheetrock over existing walls is an effective way to de-lead because door and window casings can be eliminated in the process and the risk of peeling chips of paint is permanently eliminated.

The Rent Board encourages insulation, de-leading, and safe wiring. If these are done as a single project, tenants will benefit by having safer accommodations with lower heating costs.

Problems arising with the surface areas in bathrooms are normally related to the damaging effects of water around the bathtub/shower. Units in which showers have been installed as an adjunct to the tub frequently experience water damage to the floor. It is prudent to install a new tub surround of fiberglass or ceramic tile where surfaces are not adequately waterproof. If the later installation of a shower exposes a bathroom window to water damage (where the window is located over the bathtub), it is prudent to relocate or downsize the window.

Reconfiguration: As a rule the Board does not allow reconfiguration (i.e., the removal and/or addition of walls) unless the owner is able to demonstrate that the reconfiguration remedies a significant deficiency in the unit. The owner must provide sketches of the present layout and proposed reconfiguration.

Floors: It is prudent to either refinish worn wood flooring or cover it with carpeting or other standard floor covering. It is prudent to replace other types of flooring when the surface is deteriorated or tiles have broken or buckled. If the walls and ceilings are being replaced or re-covered, it may be cost-effective and therefore prudent to install new flooring simultaneously.

Wood Trim: In the course of de-leading, it may be cost-effective and prudent to replace existing baseboards, door frames and/or window casings.

IV. WINDOWS

Windows: Windows are part of the exterior shell of the building which also includes the roof, gutters, downspouts, exterior siding, doors and trim, and exterior stairs and decks. However, since windows are seen as within the unit they are dealt with here. The other parts of the exterior shell need periodic repair and replacement, but are not now dealt with by this regulation.

It is prudent to replace older windows with modern windows as a means of reducing energy consumption and maintenance costs. Prudent window upgrade may include:

- (1) the installation of storm windows consisting of frame, sash and screens;
- (2) the replacement of the original wood sashes including new track for the sash run within the existing frame;
- (3) the installation of a complete new window.

In some cases compliance with the Building Code will require window enlargement or installation where none exists. The code requires each habitable room to have glass or window area equal to a specified percentage of its floor area. The cost of any additional window or skylight that exceeds the Building Code requirement may be disallowed as a luxury.

II. SYSTEMS

Electrical: Given the obvious life safety implications, the installation of modern wiring systems is prudent. The installation of ground fault interruptors in kitchens and baths is code-required where service to these rooms is upgraded.

Heating/Cooling: Replacement of individual gas-fired or electric heaters with central heating is encouraged. Gas or oil-fired forced hot water or warm air systems are reasonable replacements for individual heaters, or for old gravity hot water or steam systems which are no longer performing efficiently. The conversion to electric heat is not encouraged since it is generally less costly to install but more costly to operate.

Installation of room air conditioners is prudent. If central air conditioning is installed -- either independently or as part of a new heating/cooling system -- the difference between the cost of the central air-conditioning and what it would have cost to install individual cooling units in rooms other than the bath and kitchen will normally be disallowed.

Plumbing: The installation of a modern shower may require the replacement of the bathtub, regardless of its condition. Since many older free-standing tubs are not readily adaptable to shower use, it is prudent to replace a free-standing tub with a modern one surrounded by tile on a waterproof base up to five feet above the tub. Water-saver toilets are encouraged as a conservation measure.

Replacement of light-weight cast iron, brass or galvanized pipe with pipe manufactured according to current standards is reasonable.

III. KITCHEN EQUIPMENT

Cabinetry, Countertops: It is prudent to provide substantial counter space, and base and wall cabinets in addition to the standard appliances. Where older wood cabinets exist, multi-layered paint applications will include lead paint which is very expensive to remove and refinish. Therefore, replacement is reasonable.

The owner may also replace old cabinets as part of an effort to revitalize an outmoded kitchen. In all such cases, the Board will allow the cost of mid-line (as compared with top-of-the-line) quality components.

The lack of storage/utility space may warrant the replacement of a free-standing sink with a base cabinet and drop-in sink. In general, the extent of other prudent renovations may be the key factor in deciding whether optional improvements are reasonable.

Other: Microwave ovens are considered a lavish improvement when a unit already contains a functioning conventional oven. Installation of a dishwasher is prudent. The addition of shelving is considered prudent unless the shelves are constructed so that they can be easily removed from the unit.

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COMMITTEE REPORTS

S-731

Report from the Housing & Community
Development Committee for a hearing
held on June 30, 1992 relative to
further discussion of rehabilitation
standards, making capity available
for purchase of rental housing stock
by nonprofit housing agencies, keeping
the rental stock affordable, access to
the private rental stock to lower income
people and the regulation of rental
increases and capital improvements which
affect affordability.

In City Council,

Sept. 14, 1992

*Report accepted
Placed on file*