

City of Cambridge

The Rent Control Committee conducted a public hearing on Tuesday, August 18, 1992 beginning at 5:45 p. m. in the Sullivan Chamber, City Hall.

Councillor Jonathan S. Myers, chair of the above referenced committee, convened the hearing and stated that the purpose of this date's proceedings was to continue discussions on the issue of high rents and to set the Committee's agenda for the next three meetings.

Present at the hearing were: Councillor Timothy J. Toomey, Jr., Councillor William H. Walsh and Deputy City Clerk John E. Flynn.

To begin the discussion, Councillor Myers provided a review of the committee's work to date highlighting such topics as the rehab of the lowest rent units, the high rent situations at the premises numbered 266-270 Windsor Street, 19-25 Market Street and 205-211 Harvard Street and the anticipated October, 1992 report from the City Manager regarding the plan for rehab of those lowest rent units.

Turning to the topic at hand regarding the high rent issue, the Chair requested of Mr. Terrence P. Morris, Executive Director of Rent Control, to provide the committee with a report showing a breakdown of units by neighborhood with a monthly rent of \$700.00 or more and the size of said units.

Councillor Walsh requested that the base rent before Rent Control also be included in the report. Councillor Myers further requested that the report contain a historic overview of major rent increases for each depicted unit.

Mr. Morris stated that he could provide such a report and was confident that the rent control data would answer the Committee's inquiries.

Councillor Myers requested any and all information/material regarding mitigation of large rent increases (i.e. voluntary phase-in, prudent landlord etc.)

Mr. Morris stated that his department has been reviewing this issue and are exploring some mitigation options that cover the gamut.

Mr. Skip Schloming, 102 Inman Street, stated his concern with what the Committee was requesting and what it was looking for - undeserved rent increases - prudent landlord.

In response, Councillor Myers stated that the Committee was looking at the gamut - looking for answers to question such as if these rent increases make it limited for low and middle income persons to gain access to these units.

Mr. Skip Schloming suggested that the Committee divide the information up to determine what kind of pattern can be deduced.

Mr. Michael Turk, 24 Prescott Street, suggested to the Committee that it employ a case study vehicle similar to the Market Street Study and review the rate of rent increase in a given year. He further suggested that the Langdon Street properties be used in such a case study.

Mr. Morris stated that discussions are continuing with regards to the level of rehab in each year at the Langdon Street properties. He further stated that with regards to the Zucker Decision the Board has issued a report outlining its feelings on the process to be followed. Mr. Morris cited the following example regarding siding. - In one case secondary siding in place for some fifty years - a cosmetic solution that created another problem. In one case the Board allowed the cost in another case the Board allowed a technical increase.

At this time Councillor Myers steered the discussion towards the formation of an Advisory Committee to advise on issues such as the loan fund program and others.

Mr. Schloming inquired of the composition of such a committee.

Councillor Myers in response stated that it could be comprised of some seven interested persons with some experience in housing.

Mr. Schloming stated that potentially it could be an invaluable aid that is needed. He further stated that it might be worth trying.

At this time the Committee heard from Mr. Turk with regards to the Cambridge Tenants Union's recently submitted petition on the General Adjustment.

Mr. Turk stated that the Committee could not reverse previous actions but could recommend changes in the system. He further stated that some rents have an inclusion of capital improvements built into base rents. He also stated that the impact of Capital Improvements and the impact of the General Adjustment drive rents to increase. He then submitted a copy of an order introduced by Councillor Toomey and adopted on June 10, 1991 with regards to proposed changes to the General Adjustment process. (A copy is attached). He stated that in the opinion of the Cambridge Tenants Union that most of the order is not being followed.

Councillor Myers inquired of Mr. Morris for a status report on where presently the General Adjustment process is at.

Mr. Morris in response noted that the General Adjustment has been annualized since 1989 and it is expected but not a foregone conclusion that the Board will grant a General Adjustment for March, 1993. He further stated that during the week of August 24, 1992 the first discussion will be held and that he will offer a streamlined process. The components to be discussed will include: repairs/maintenance; insurance - treat it differently?. Already included in the computation are actual taxes and actual water costs and that every third year actual heat and fuel costs.

Mr. Turk stated that taxes and heat go back a ways and that he supported actual water costs. He stated that the Cambridge Tenants Union is concerned about the figures used to adjust net operating income are not well grounded and that he does not see a response to the City Council Order. He further stated his belief that the General Adjustment fits into the high rent issue. He was also critical of the Rent Control Board process.

Councillor Myers in response stated that in reading the City Council Order that Step One had been followed and that Step Two needs further discussion.

Mr. Turk repeated his earlier statement that the Rent Control Board should answer the Order and come back to the Committee.

Mr. William Noble, 188 Franklin Street, concurred with Mr. Turk with regards to the General Adjustment fitting into the rent issue. He also requested the Rent Control Board to answer the City Council Order and return it to the Committee.

Ms. Linda Levine, 26 Mount Auburn Street, stated that the formula should be changed in order to attain fairer rents. She also stated that the Committee can effect change.

Ms. Lenore Schloming, 102R Inman Street, requested the Committee to determine the gap between Market rate rents and Rent Control rents. She suggested to the Committee to look at income distribution.

Councillor Walsh requested of Mr. Morris to provide the Committee with a report outlining the Cambridge Housing Authority rent structure.

Mr. Charles Christensen, 540 Columbia Street, stated that he never received a fair net operating profit and that the Committee should review the capital improvement issue.

At this time, the Chair stated his intent to take the General Adjustment Issue under advisement.

Mr. Turk again stated his belief that the two components that drive rents up significantly were: The General Adjustment and Capital Improvements. He suggested that the amortization period be extended to a closer useful life and that a differential should be made between repair and replacement.

Councillor Myers in response stated the Advisory Committee could take up this issue.

Ms. Schloming suggested to the Committee that it look at the public policy questions regarding disinvestment due to amortization and interest rates.

At this time, Councillor Myers scheduled the following dates for the Committee to meet:

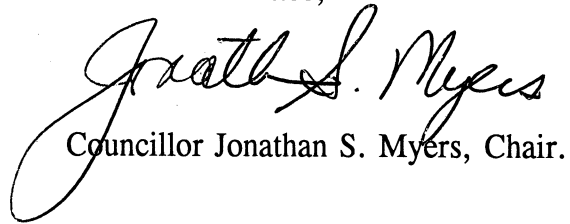
September 22, 1992 at 5:30 p.m.

October 13, 1992 at 5:30 p.m.

November 10, 1992 at 5:30 p.m.

The hearing was adjourned at 7:20 p.m.

For the Committee,

A handwritten signature in black ink, reading "Jonathan S. Myers". The signature is written in a cursive style with a large, looping initial "J".

Councillor Jonathan S. Myers, Chair.



City of Cambridge

Calendar Item # 9
SUBSTITUTED ORDER
IN CITY COUNCIL

April 8, 1991
June 10, 1991

COUNCILLOR TOOMEY

WHEREAS: The Rent Board adopted in 1985 a comprehensive formula to adjust rents in citywide "General Adjustments", simulating the Board's individual building adjustments, and based on models and constructs, for which essential information was lacking, including, for 40 percent of all units adjusted, any information about their net operating income, and based, as well on estimates of expense categories like maintenance and repair that did not account for their wide variation among properties; and

WHEREAS: This general adjustment formula has produced rent increases since 1985 that, on average, substantially exceed the rate of inflation, thereby violating both the letter and spirit of the Rent Control Act; now therefore be it

ORDERED: That the City manager be and is hereby requested to convey a copy of this order to the Rent Board and to advise the Board that it is the view of the City Council that the following principles be used as the basis for future citywide adjustments of rents:

(1) General Adjustments shall be based on actual and verified changes in property taxes and other operating expenses, including water and sewer fees, heating costs (if furnished by the landlord), and insurance costs.

(2) That all models or constructs which are used by the Rent Control Board shall be based upon statistically significant or reasonable verifiable samples. The City Council does not support the use of unverifiable models, in creating rent control rents; and be it further

ORDERED: That the Rent Board determine, before the adoption of the next General Adjustment, how many of the apartments and properties about which the Board lacks essential information are currently being used as controlled rental housing, and to determine, for such apartments and properties in use, how additional information might be obtained, upon which an "actual and verified" General Adjustment might reasonably be based; and be it further

ORDERED: That notice to tenants and landlords shall be sent out with each General Adjustment, explaining in clear language how the percentage of increase or decrease was arrived at, including, to the extent possible, the specific elements that went into adjusting the rent for their unit/units.

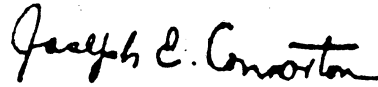
In City Council June 10, 1991.

Adopted as amended by a yea and nay vote:-

Yeas 6; Nays 3; Absent 0.

Attest:- Joseph E. Connarton, City Clerk.

A true copy;



ATTEST:-

Joseph E. Connarton, City Clerk

2.

S-657

COMMITTEE REPORTS

Rent Control Committee report for a hearing held on Tuesday, August 18, 1992 relative to continue discussions on the issue of high rents and to set the committee's agenda for the next three meetings.

In City Council,

Sept. 14, 1992

*Report accepted
Placed on file*