



# City of Cambridge

Agenda # 18

IN CITY COUNCIL

May 3, 1993

MAYOR REEVES  
VICE MAYOR CYR  
COUNCILLOR DUEHAY  
COUNCILLOR MYERS  
COUNCILLOR RUSSELL  
COUNCILLOR SULLIVAN  
COUNCILLOR TOOMEY  
COUNCILLOR WALSH  
COUNCILLOR WOLF

- WHEREAS: In November, 1992, the Commonwealth of Massachusetts implemented substantial funding cuts of almost \$30 million and converted the Chapter 707 rental assistance program for low and moderate-income tenants into the Massachusetts Rental Voucher Program (MRVP); and
- WHEREAS: The Governor's FY '94 budget proposal has reduced MRVP funding by an additional \$12.6 million; and
- WHEREAS: Over 350 Cambridge households receive the benefits of the rental assistance program; and
- WHEREAS: The Community Development Department, with assistance from the Housing Authority and non-profit organizations, conducted a study of the impacts of funding cuts to the state rental assistance program on Cambridge tenants; and
- WHEREAS: This study concluded that the cuts are causing most state-assisted tenants significant hardship, including 21 families cut off from the program last November and rent increases for families still on the program; and
- WHEREAS: Any future cuts will cause even more devastating effects on the tenants receiving this assistance, including 42 families at risk of losing assistance if proposed cuts are approved; now therefore be it
- RESOLVED: That this City Council urge the Cambridge state legislative delegation to stabilize funding for the Massachusetts Rental Voucher Program for Fiscal Year 1994 by not allowing any further cuts and restoring funding to Fiscal Year 1992 levels; and be it further
- RESOLVED: That the City Clerk be and hereby is requested to prepare suitably engrossed copies of this resolution to be sent to Speaker Flaherty, Representatives Thompson and Toomey, Senators Barrett, Traviglini and Havern; and be it further
- RESOLVED: That this City Council authorize His Honor the Mayor to meet with Speaker Flaherty and other members of the Cambridge state delegation to discuss this matter.

In City Council May 3, 1993.

Adopted by the affirmative vote of nine members.

Attest:- D. Margaret Drury, City Clerk.

A true copy; *D. Margaret Drury*

ATTEST:-

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*All*  
*C. D. ...*  
*C. Wolf*  
*C. C. ...*  
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*C Buckley m. sup. to allow  
introduction 11/9-0*  
*add all names*  
*C ~~Buckley~~ Reu*  
*W / 9-0*  
5/3/93

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## CAMBRIDGE TENANTS AT-RISK

### *The Impact of Funding Cuts to the State Rental Assistance Program on Cambridge Tenants*

Prepared by City of Cambridge Community Development Department

#### **Executive Summary :**

In November, 1992, the Weld administration implemented substantial funding cuts and program changes to the Chapter 707 Program, which offered rental assistance to low and moderate income households. The program was changed from one enabling households to limit rent expenditure to 30% of their income into a fixed amount voucher program called the Massachusetts Rental Voucher Program (MRVP). Furthermore, the income-eligibility limits of the new program were significantly lowered, resulting in the termination of assistance altogether to 21 families in Cambridge alone.

The state has also proposed additional cuts of \$ 12.6 million to the MRVP for FY'94. Those cuts may be implemented through further lowering of the program's income-eligibility; in which case, rental assistance will be terminated to another 42 Cambridge families.

The City of Cambridge Community Development Department (CDD), with the cooperation of the Cambridge Housing Authority (CHA), has completed an impact assessment study of cuts to this program on Cambridge tenants. This study concludes that the termination of rental assistance has caused a number of low-income Cambridge families significant hardship. In addition, the study clearly shows that most of the Cambridge tenants receiving state rental assistance are worse off under MRVP than under the former Chapter 707 program.

There are 350 Cambridge households receiving MRVP assistance administered by the CHA, and an additional 11 families receiving assistance through the Metropolitan Boston Housing Partnership (MBHP). Even with the protection of Cambridge's rent control, lower income families cut off from the MRVP program face the prospect of dramatic increases in their rents, shrinking family budgets to meet basic needs, and

increased risks of losing their homes. For families still on the program, state assistance has been reduced, resulting in rent increases. Almost 80% of tenants living in housing developments with project-based rental assistance are paying more in rent under the new MRVP program.

In the case of a Cambridge single mother and her two children, the funding cuts had a drastic effect on the quality of life. Formerly homeless, the family received rental assistance through the Chapter 707 program, as well as AFDC support in the amount of \$539 per month. The monthly rent for their Mid-Cambridge three bedroom apartment is \$996, below the rent control maximum of \$1,028. Under the 707 Program, they paid \$109 and the state provided a \$887 assistance payment each month. When the program changes were implemented in November, 1992, the family received a "voucher" worth \$625 in state rental assistance, a cut of \$262 per month in state assistance. The tenant portion of the rent increased to \$371, or 69% of family income. Since the family can not afford this rent, it will be forced to move by the end of April, 1993. The move will cause a significant and immediate disruption to their lives, particularly to the children's, who will have to change schools.

## **I. Introduction:**

The City's Community Development Department, with assistance from the Cambridge Housing Authority, Cambridge Economic Opportunity Committee, Cambridge and Somerville Legal Services, the Eviction Free Zone, Homeowners Rehab, Inc., Just a Start, and CASCAP, has conducted a study on the impacts to tenants in Cambridge on the changes to the state rental assistance program. There are approximately 350 households in Cambridge receiving state rental assistance through the CHA and another 11 households through MBHP.

CDD convened a meeting on February 26, 1993 to discuss Governor Weld's FY94 budget proposal for MRVP. The administration's proposal is to cut \$12.6 million from MRVP, which comes on top of the 25% cut approved for FY93. Despite the fact that rent control provides protection to some state-assisted tenants, there were concerns expressed over the serious hardships faced by tenants, such as the example described above, due to these cuts. These concerns stand in contrast to claims made by the Executive Office of Communities and Development, that no families have suffered as a result of the cuts.



### State Funding of Rental Assistance Program

|                 | Year  | Amount ( <i>in Millions</i> ) | % Change |
|-----------------|-------|-------------------------------|----------|
|                 | FY'92 | \$ 105.00                     |          |
|                 | FY'93 | \$ 75.00                      | - 28%    |
| <i>Proposed</i> | FY'94 | \$ 63.00                      | - 17%    |

In the course of the meeting, a number of concerns were voiced about impacts on property owners who had agreed to participate in the rental assistance program. The Rent Control Board has ruled that, due to the MRVP Program changes, units leased to state-assisted tenants no longer qualify for exemption. This decision will cause property owners loss of income, and may lead to financial problems affecting the units.

All participants in the meeting recommended that CDD conduct a survey of current and former tenants to determine the impacts of these funding and program changes. The City sent surveys to 243 tenant households in three distinct categories. The first group included 22 families who had been cut off the program in November, 1992. The second group consisted of 41 families at risk of getting cut off if further funding cuts are made. Finally, the third group included 180 families living in housing developments with project-based assistance. The survey asked tenants questions about their current rent payment; rent increases since 11/92; and the impact of such increases on family budgets.

## II. Responses to the Survey:

CDD received responses from 23% of the households. An impressive response, considering that this was a voluntary written survey. These responses demonstrate overwhelmingly that the funding cuts and program changes to the state rental assistance program are causing serious hardship for lower income families. The specific responses by category are as follows:

### A. Tenants Cut Off Program in November, 1992

There are 21 families who were cut off from the state rental assistance program last November as a result of the FY93 cuts. 67% of the respondents have seen a rent increase as a result of the loss of state assistance, for an average increase of \$105 per month. We would expect that at least some of these families have been displaced as a result of losing their assistance. The Post Office returned two letters to CDD because the addressees had moved.



## **B. Tenants At Risk of Being Cut Off**

The Weld administration has proposed lowering income limits even further in the FY94 budget. There is even talk at the State House that some legislators may propose even deeper cuts. The City estimates that up to 42 families are at-risk of losing their assistance in this current budget round. 50% of those responding to the survey experienced rent increases since last November, at an average increase of \$93 per month. More importantly, these tenants will face dramatic increases in rent of \$200-300 per month if their assistance is terminated.

## **C. Project-Based Rental Assistance**

There are 180 families receiving project-based rental assistance in housing developments in Cambridge. These are housing developments that secured a state commitment of rental assistance as part of an overall development financing package. 77% of respondents have seen increases in rents since November, 1992. The average increase is \$80 per month. Since these housing developments are typically newer housing, they are not subject to rent control; thus state-assisted tenants in these projects do not have protection afforded by rent control to mitigate the rent increases.

## **III. Conclusion:**

The conclusion of this study is straightforward. The cuts to the state rental assistance program are causing serious problems for lower income tenants in Cambridge. Any further cuts will continue to push families to their financial limits of meeting rent payments and other basic needs. As time goes by, many of these families will not be able to sustain rent plus utility payments exceeding 30% of income. Some families may become homeless, others may be forced to leave Cambridge or move in with family or friends. Families are put in the difficult position of making a choice between basic human necessities: rent; food; health care; utilities; or, clothing. Finally, the full impact of these cuts is yet to be seen. Some property owners may refuse to sign new leases by the April 30 deadline due to program changes.

It is critical that Cambridge's state legislative delegation is aware of the potentially devastating effects of any future cuts in this program.

18.



# CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

TEL. 349-4300

FAX. 349-4307

EXECUTIVE DEPARTMENT  
ROBERT W. HEALY  
City Manager

RICHARD C. ROSSI  
Deputy City Manager

May 3, 1993

To The Honorable, The City Council:

Please find attached a report prepared by the Community Development Department on  
**CAMBRIDGE TENANTS AT-RISK - The Impact of Funding Cuts to the State Rental Assistance Program on Cambridge Tenants**, for your information.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Healy", written in dark ink.

Robert W. Healy  
City Manager

RWH/mev  
attachment

CONSENT AGENDA ITEM #18

U R-29

Communicatin from Robert W. Healy, City Manager, relative to a report prepared by the Community Development Department on Cambridge Tenants At-Risk - The Impact of Funding Cuts to the State Rental Assistance Program.

In City Council,

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*Placed on file*  
*Order adopted*