

City of Cambridge

The Housing and Community Development Committee held a public meeting on April 1, 1998, beginning at 5:15 p.m. in the Sullivan Chamber for the purpose of considering a report commissioned by the Community Development Department entitled "Impacts of the Termination of Rent Control on Population, Housing Costs and Housing Stock," by Atlantic Marketing Research in collaboration with Cambridge Economic Research.

Present at the hearing were Councillor Kathleen L. Born, Chair of the Committee, Councillor Henrietta Davis, Councillor Kenneth E. Reeves, Councillor Sheila T. Russell, and City Clerk D. Margaret Drury. Also present were Beth Rubenstein, Deputy Director, Community Development Department; Roger Herzog, Housing Director, Community Development Department; Elizabeth Hepner and Elizabeth Sternberg, Housing Planners, Community Development Department; Cliff Cook, Data Manager, Community Development Department.

Councillor Born convened the hearing and explained the purposes, to discuss the effects of the end of rent control and to set affordable housing priorities. She stated that she expected that there would be more than one meeting devoted to these topics. Councillor Born then requested that city staff introduce themselves and they did so.

Beth Rubenstein then introduced the presentation. There have been significant changes in the rental market in Cambridge. Over 15,000 units were decontrolled. The Community Development Department undertook a study of the effects of the ending of rent control. The Community Development Department commissioned a telephone survey of 1,000 tenants to determine the effects. The study also included a survey of 50 property owners, and a survey of tenants who moved out of Cambridge.

Ms. Rubenstein then introduced Peter Hooper, President of Atlantic Marketing Research. Mr. Hooper described Atlantic Marketing, winner of the competitive bid for this study. He then described the sampling technique. It included both formerly rent-controlled units and non-controlled units. The overall results may be interpreted at a 95% confidence level, plus or minus 3.1% overall. Only 97 former rent controlled tenants who moved were interviewed, which is a small sample group, so these results must be approached with more caution.

Mr. Hooper then presented slides of the findings in graph form. Attachment A. He noted that from the survey of tenants who moved, the majority moved because of rent increases.

Roger Herzog, Housing Director, Community Development Department, then addressed the implications of the findings for the city's housing policy, and made the following points:

1. Affordable housing is an important tool;
2. The City must continue to look at new steps to address the need for affordable housing;
3. The sitting tenants of de-controlled units represent a large group of at-risk households. If present trends continue, these tenants will face a continued loss of their current rental housing. The City must prioritize these tenants in its affordable housing projects; and
4. There is a need for a variety of housing opportunities for a variety of groups in need of affordable housing.

Councillor Born then invited questions from City Councillors.

Councillor Reeves asked whether the data which is reported as of December 1994 to Summer 1997 covers two and a half years. Mr. Hooper stated that it does. The December date corresponds to the exact end of rent control; the "summer" date is used because the data was collected over two months, July and August, 1997.

In response to a question from Councillor Reeves, Mr. Herzog stated that over 600 surveys were mailed to try to reach former rent controlled tenants who had moved. Only 16% responded.

Councillor Reeves noted that the profile of tenants in two, three and four unit buildings would be different from that of tenants in larger buildings. He also asked whether tenants receiving housing subsidies were included. Mr. Herzog stated that this was a survey only of tenants in private rental housing. It did not include any tenants who receive housing subsidies.

Councillor Reeves asked if one could extrapolate projections of future patterns. Mr. Hooper said that this would be dangerous.

Councillor Reeves asked about unit size, can the data separate the tenants by unit size? Mr. Hooper stated that it is possible, but it is important to watch out for sample size.

Councillor Russell asked of those who remained in rent-controlled units, how many did not need to live there in the first place. Mr. Herzog stated that 40% of the sitting tenants remaining in formerly rent-controlled units have a rent burden greater than 30% of income.

Councillor Davis asked if there is any information about how the end of rent control affected the number of children in public schools. Mr. Herzog said that 18% of sitting tenants have children, 12% of new tenants have children, so of the units that have turned over, more have gone to households without children.

Councillor Davis noted that market rate units have a higher percentage of children than new tenants of formerly rent-controlled units. She asked if the Community Development Department could produce a report that contains more analysis of the effects on children.

Mr. Herzog stated that in units turning over, there was an average of \$5,000.00 spent for renovations.

Councillor Born noted that she was surprised that 62% of sitting tenants remained. She expected it be less. She asked whether the survey took condominium conversion into account. Mr. Hooper stated that it did not. Councillor Born stated that this is a major problem with the report because many of the tenants who have been displaced have been displaced by condominium conversion of formerly rent controlled buildings where the units are now occupied by owners.

Mr. Herzog stated that "market rate" units refer to units that have never been rent controlled.

Councillor Born then invited questions from the public.

Bill Cunningham, 72 Kirkland Street, asked if the data could be broken down by neighborhood. Mr. Hooper said that it can be broken down by zip code but not neighborhood.

Ellen Surow, 654 Green Street, asked the ages of the group, identified as "students." Mr. Herzog stated that "student household" means a full time college or graduate school student. It does not refer to high school or younger grade students.

Bill Cavellini, 9 Speridakis Terrace, asked whether the number of households where English was not the primary language equaled the percentage that they represent in city population. Mr. Hooper stated that Spanish speaking and Haitian Kreyol speaking tenants were interviewed, persons speaking other languages were not interviewed.

Cliff Cook stated that in general, these telephone surveys underrepresent low income people, people who work in the afternoon and evening, people without phones and certain minority populations who are not likely to respond.

Bill Cunningham asked about immigrants - Is there a reluctance to respond to some questions? Mr. Hooper stated that in general there is a higher refusal rate from new immigrants.

Mr. Cavellini asked if tenants who moved were undercounted. Mr. Hooper stated that it is absolutely true that tenants who moved were undercounted.

Cliff Cook stated that the method used to try to contact tenants who had moved was a somewhat lengthy mail survey. It presumed that a current forwarding address was supplied to the Post Office and that there was no subsequent move. Thus it is no surprise that the response rate was only 16%.

Mr. Cavellini asked why Section 8 tenants were not included. He noted that in general, from this discussion it appears that lower income tenants were underrepresented.

Councillor Davis noted that the information as to the number of Section 8 certificates that formerly rent-controlled tenants received would be available from the Housing Authority.

William Marcotte, Agassiz Street, asked why the median rent was used rather than mean or average. Mr Hooper stated that median is generally used on income because it controls for extremes. Mr. Marcotte stated that it would be helpful to see the actual amounts of the rents.

Mercedes Evans, 288 Sherman Street, member, Human Rights Commission, asked whether tenants with subsidies were included in the category of tenants who remained in their unit. Mr. Herzog stated that tenants with Section 8 certificates were not included in the study.

Ellen Al Wequayan, 72 Kirkland Street, stated that 72% of the tenants in her building have left since the end of rent control and have typically been replaced by wealthy graduate students who still have to have roommates to afford the rent and tend to stay no longer than a year. She noted the importance of looking at the effect on neighborhoods of the end of rent control.

Ellen Surow, Green Street, asked if there was a correlation between age and excess rent burden. Mr. Herzog stated that he was not sure.

Councillor Reeves stated that he hopes that the minutes reflect that the City Council requested this study. What we have today is part of the picture and he encourages the Community Development Department to continue this study. He stated that his own impression of large buildings is more in line with the statistics Ms. Al Wequayan reported. He urged the Community Development Department to take a look at 10-15 large buildings. The school census is down. Councillor Reeves stated that he does not think we will know all the impacts until up to five years or so. He believes that ultimately there will be a total turnover of those who do not buy houses. There was a time when the entire population of Back Bay turned over in five years.

Reverend Vernon Carter, 295 Harvard Street, asked if there is any program for assisting tenants to stay in their units. Mr. Herzog described the Section 8 and voucher programs and noted the extensive waiting lists, even though there is a priority for tenants facing an emergency. The city is investing significant funds in affordable housing.

Councillor Russell asked if there is information about who is buying the condominiums. Mr. Herzog stated that it would require a different survey to gather that information. He noted the Community Development Department's affordable home ownership program and stated that the price of condominiums in Cambridge is steadily increasing.

Michelle Dupres, Cambridge, asked why evictions were not included. Mr. Hooper stated that this was a random survey.

William Cavellini provided criticism of the analysis for the Campaign to Save 2000 Homes. He stated that Section 8 tenants should have been included. He presented the following recommendations of action that the city should take:

1. Update report at some future date when effects are more complete;
2. Ask for foreign language and immigrant sensitive addenda;
3. Factor in direct experience of service providers, school department, and community organizations;
4. Document difficulty of Section 8 tenants who found housing in 1994, compared with 1997, for example.
--Number of landlords who made initial request for cancellation of Section 8's "due to business reasons";
5. The current level of city funding for protecting and increasing the supply of permanently affordable housing should be increased to \$10M per year. (From \$4.5M)
--Asst. City Manager Jim Maloney should appear before the Council to explain how far above expectations the increases in tax revenue (from the end of rent control) are;
6. New Lease, Legal Services, and Aggressive Acquisitions of formerly rent controlled buildings should continue unabated and enhanced;
7. Public housing tenant advocate should be hired...to work with Section 8 and development-based tenants; and
8. Additional efforts should be made to pass home rule petitions on expiring use buildings, and a real estate transfer tax; as well as local passage of condominium control.

Mercedes Evans, 208 Sherman Street, member of the Human Rights Commission, stated that the Commission is concerned about the effects of the end of rent control on diversity in Cambridge.

Michael Turk, 24 Prescott Street, stated that he sees across-the-board rent gouging. The City Council should consider imposing some form of rent regulation. As estimated by building permits, it is clear that the money from new rents has not gone back into the buildings. On the basis of building permits, rent increases should have been much less.

Kathy Elliot, CASCAP, 698 Massachusetts Avenue, stated that it would have been helpful to include surveys of landlords. CASCAP has as clients great numbers of people who have become homeless as a result of the end of rent control.

James Williamson, 17 Perry Street, questioned the use of the word "termination." He stated that he would like to see data about windfall profits, additional profits since the end of rent control. He agreed that landlords should be questioned. Mr. Williamson asked the cost of the study. Mr. Herzog stated that it cost \$50,000.00 and the consultant was selected through a competitive bid process.

Councillor Born noted that the study is not an end in itself; it is a policy-making tool.

Mr. Williamson stated that he is concerned about whether the consultants being hired more and more by the City are the people who are going to be able to afford to live here.

Laura Booth, CEOC, asked for time for CEOC to make suggestions about more information.

Councillor Reeves stated that this is a very important hearing. He hopes that there can be a televised hearing to inform the rest of the City. Forty percent is almost one-half of the rent controlled tenants. He thanked the Human Rights Commission and its Director for being here. He stated that he would like to hear from the CEOC board and from SPOA.

Nancy Hall, Putnam Gardens, Eviction Free Zone, stated that the main impact of the end of rent control is a loss of economic diversity in the city.

William Marcotte, 19 Agassiz Street, stated that over one third of formerly rent controlled tenants have moved and up to 60% of protected status tenants have moved. He stated that he is grateful for the study. It shows the loss of housing affordability and the massive displacement that has occurred. He said that he believes that the figures are conservative. He further stated that he agrees that it would be useful to check on large buildings. For example, in two large buildings in his neighborhood, one is a 60 unit building and only two formerly rent-controlled tenants remain; the other is a 38 unit building, and only 2 remain in that building as well.

Mr. Marcotte said that the people who remain have had a 41% median rent increase. Four out of ten of these are already paying more than 30% of their median income on rent. He noted that in 6% or 600 units, tenants are paying more than 50% of their income as rent and questioned what is going to happen to them. He stated that the Campaign to Save 2000 Homes has questions about why the tax assessments have not kept up with the value increases.

Vincent Dixon, 287 Harvard Street, stated that it is important to think about solutions. He suggested the three following solutions:

1. Require colleges to file an annual statement of housing impact in which they disclose how many students they have and how many units of housing they intend to provide;
2. Perhaps the City could do a large scale bonding for affordable housing through limited equity purchases; and
3. Require inclusionary job creation in all projects in the city.

William Cunningham, 77 Kirkland Street, stated that the sitting tenants are a larger and more rooted group than other tenants. The catastrophe has a long way to go yet. In three years, Cambridge still has no transfer tax and no expiring use protection. Taxpayers will become more and more affluent and more reluctant to spend their money on tenants with whom they have little in common. The problem is so vast and the solutions have accomplished so little that there is no way to solve this without bringing back some form of rent control. There were problems with rent control. The city could set up a commission to recommend an improved form of rent regulation. Cambridge is facing the loss of the middle class. It is necessary to look at the effect in different neighborhoods.

Randy Fenstermacher, 820 Massachusetts Avenue, stated that he has a Ph.D in experimental physics; he is no stranger to measuring things. The report is useful. His first reaction was emotional: This report does not measure his reality. He questioned the continued effect on people remaining in decontrolled units. He stated that he would also like to see a measure of the transfer of utility of money. A number of people with low incomes have suffered a loss of utility and this has been transferred to large real estate owners, and thus has a low marginal utility; so overall there has been a loss of utility.

Michelle Duprey, former resident of 58 Wendell Street, stated that the loss of rent control and resultant displacement has had enormous effects on the lives of those who have been forced to leave. These challenges are facing everyone in the global economy.

Mike Eisenberg, Western Avenue, stated that his cousin is in real estate and tells him how "hot" the Cambridge real estate market is. We need to do something that will make a large statement to protect our residents.

Councillor Born thanked all those present for their attendance.

The meeting was adjourned at 7:22 p.m.

For the Committee,

Kathy L. Born

Councillor Kathleen L. Born
Chair

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CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

SUSAN B. SCHLESINGER
Assistant City Manager for
Community Development

BETH RUBENSTEIN
Deputy Director for
Community Development

TO: Kathleen Born, Chair, Housing & Community Development
Committee

FROM: Roger Herzog, Housing Director, Community Development Dept. *RH*

DATE: April 1, 1998

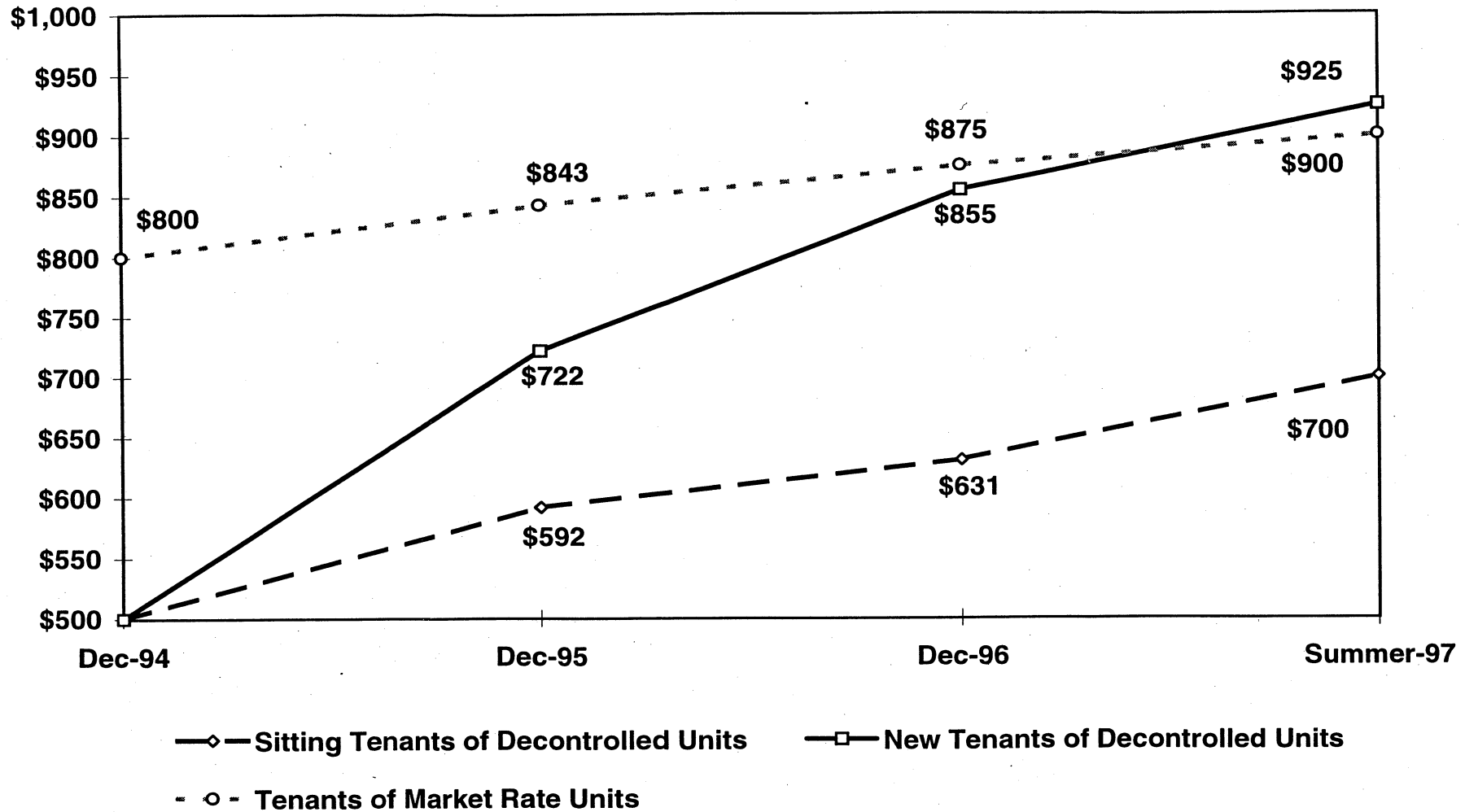
RE: Charts on Impacts of Termination of Rent Control Study Conducted
by Atlantic Marketing Research, Inc.

Attached to this memo are several charts prepared as part of the presentation to the Housing & Community Development Committee on the recent study entitled "Impacts of the Termination of Rent Control" conducted by Dr. Peter Hooper of Atlantic Marketing Research, Inc. for the Community Development Department. Charts include the following:

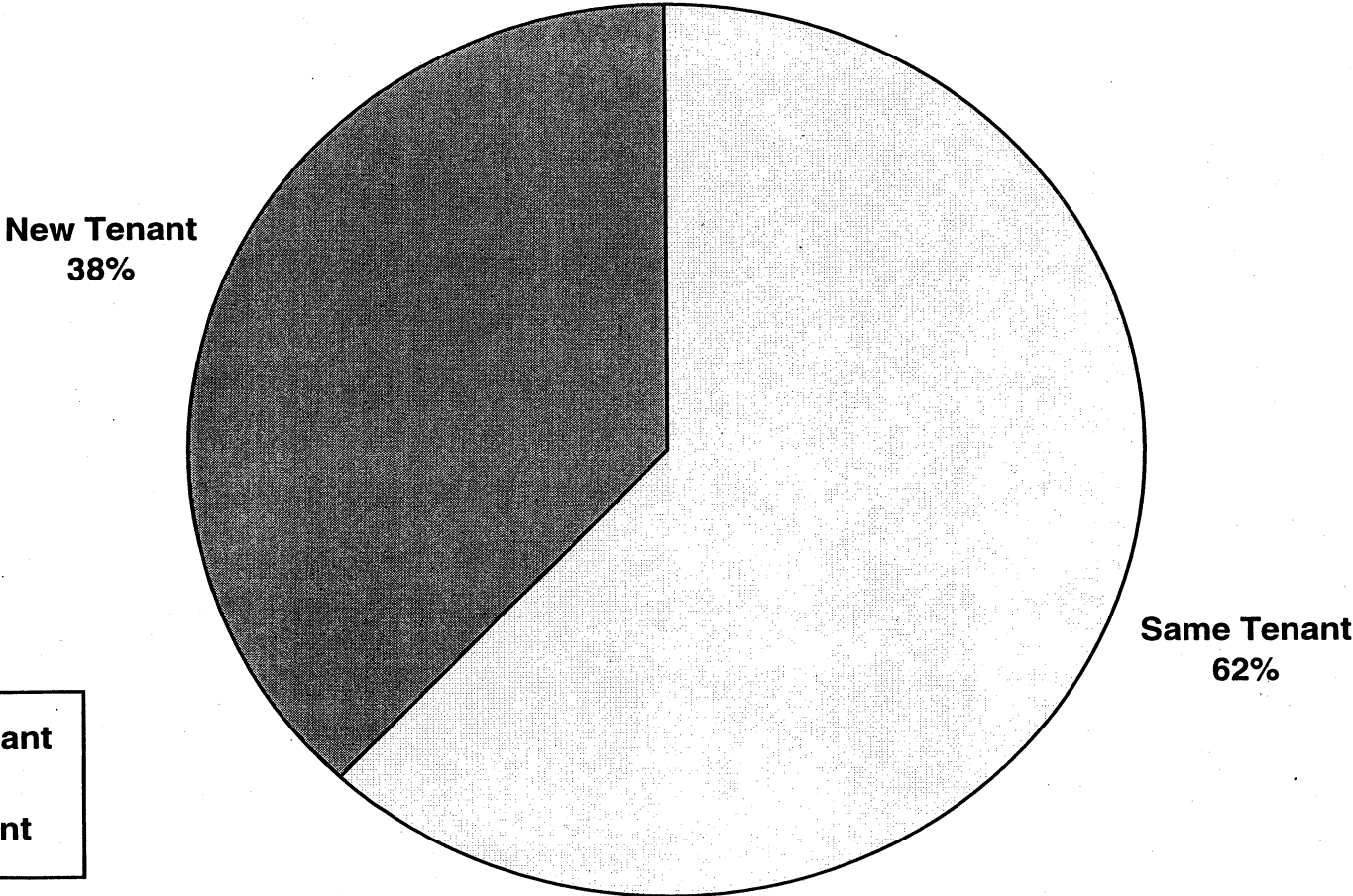
- Cambridge Households by Tenant Status: Median Rents
- Turnover Rate in Decontrolled Units Between December 1994 and Summer 1997
- Socioeconomic Differences Between Sitting Tenants & New Tenants of Decontrolled Units
- Non-Student Cambridge Households by Tenant Status w/ Annual Incomes Under \$40,000 & Under \$20,000
- Non-Student Cambridge Households by Tenant Status: Rent Burden in Excess of 30% & in Excess of 50%

We look forward to discussing this information with the Committee.

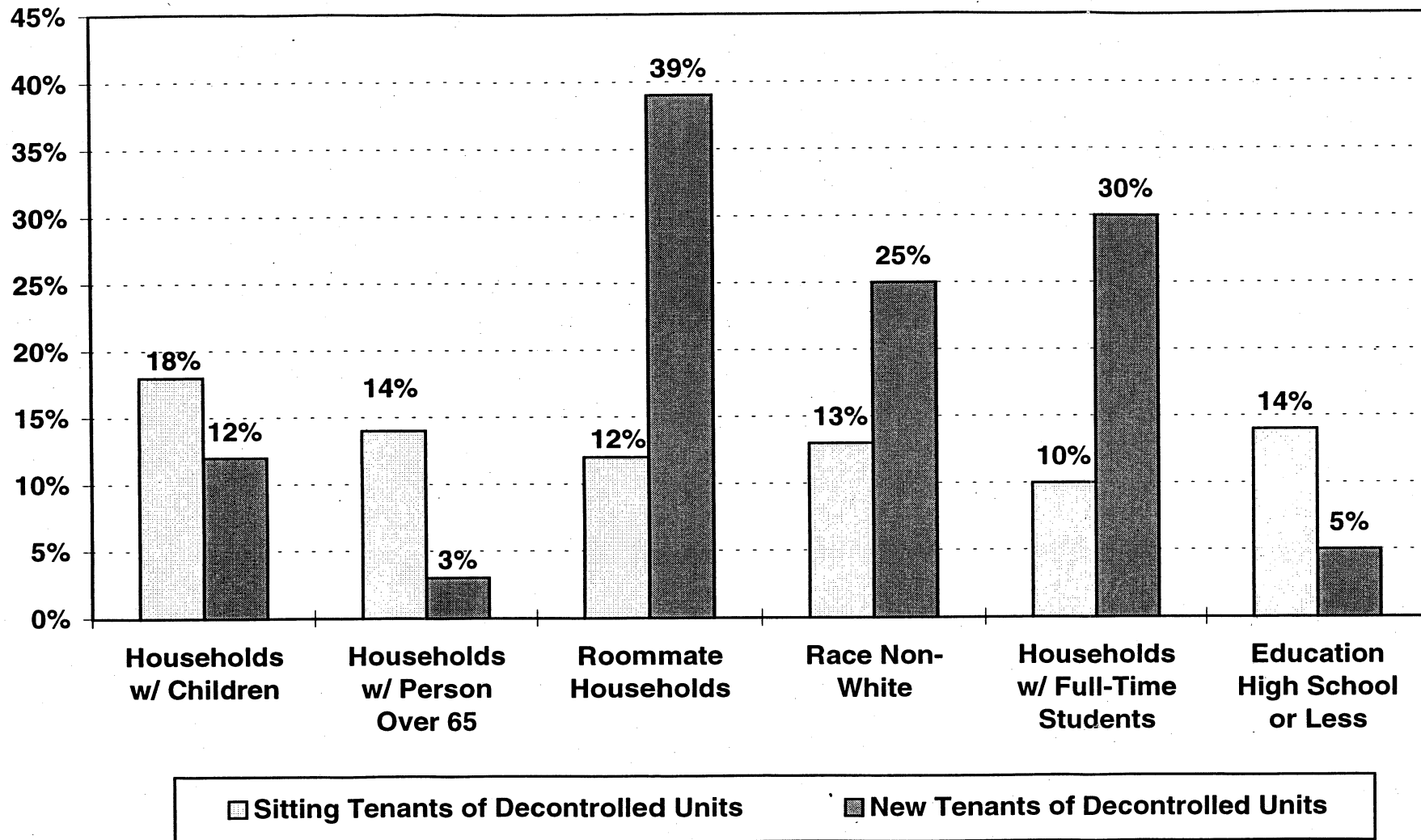
Cambridge Households by Tenant Status: Median Rents



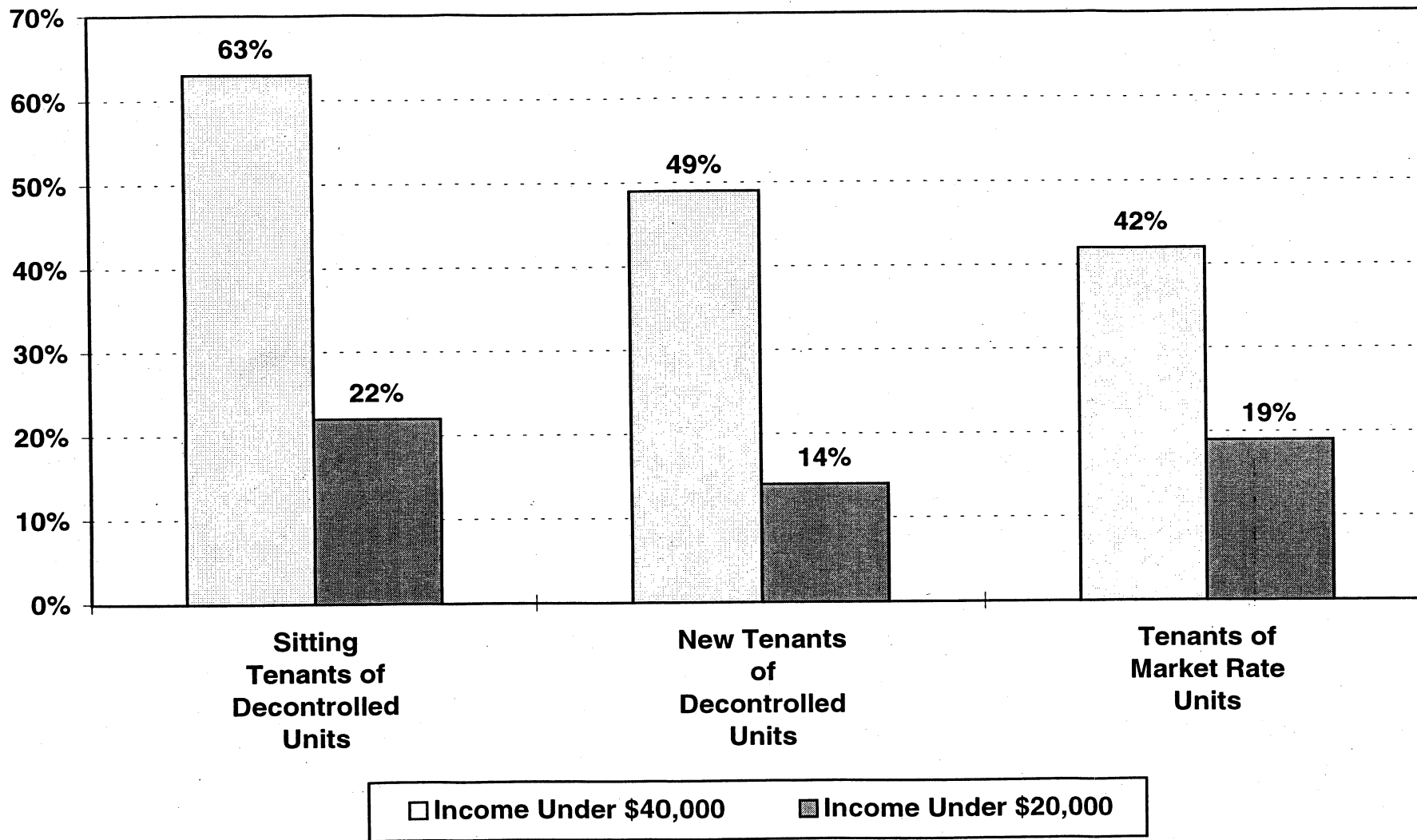
Turnover Rate in Decontrolled Units Between December 1994 and Summer 1997



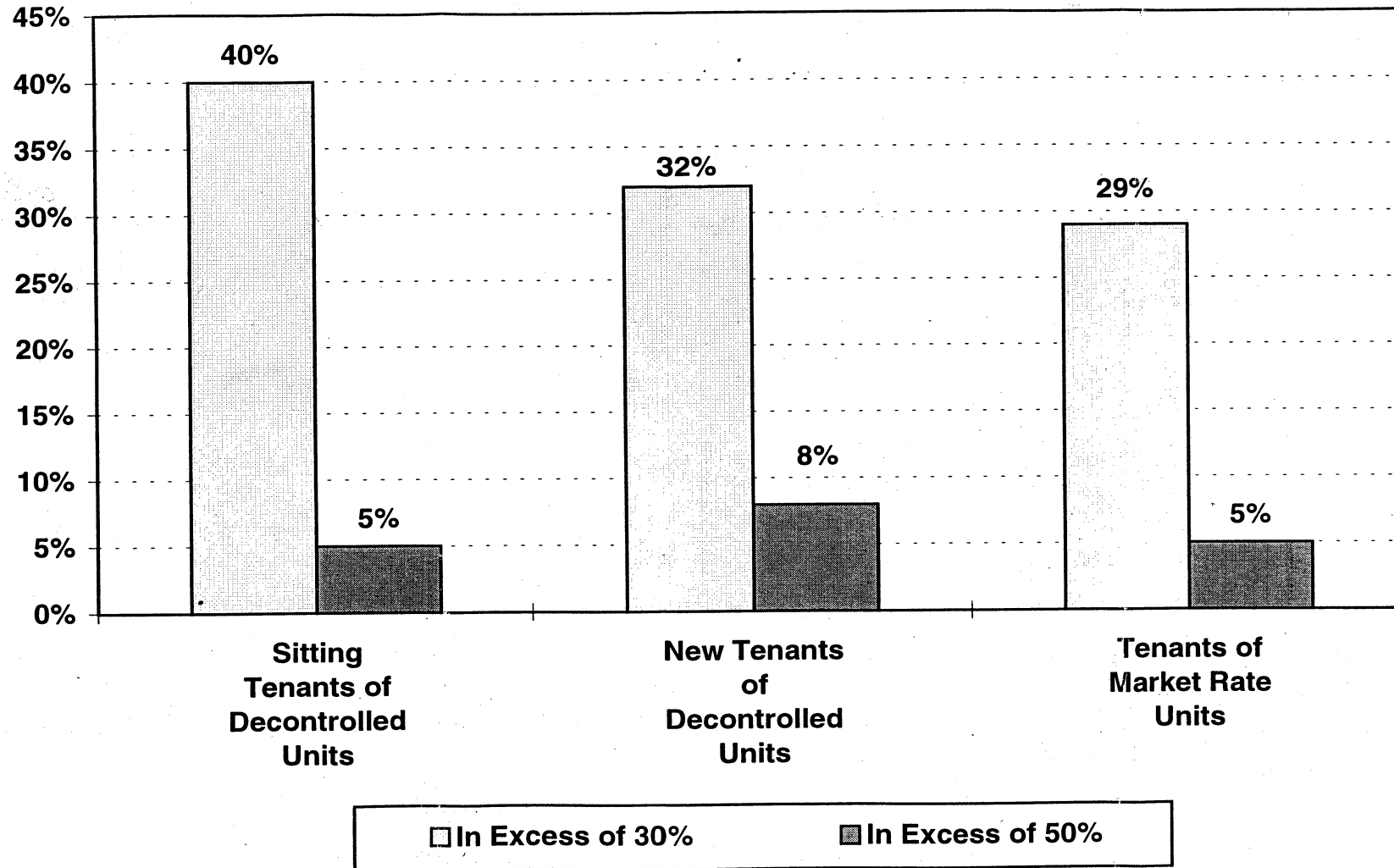
Socioeconomic Differences Between Sitting Tenants & New Tenants of Decontrolled Units



Non-Student Cambridge Households by Tenant Status w/ Annual Incomes Under \$40,000 & Under \$20,000



Non-Student Cambridge Households by Tenant Status: Rent Burden in Excess of 30% & in Excess of 50%



Communication was received from D. Margaret Drury, City Clerk, transmitting a report from Councillor Kathleen L. Born, Chair of the Housing and Community Development Comm., for a meeting held on April 1, 1998 for the purpose of discussing the effects of the end of rent control and to set affordable housing priorities.

In City Council April 27, 1998

CHARTER RIGHT

exercised by
Councillor Born

5/4/98

Report Accepted

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