



urban investments, inc.

26 December 1971

The Honorable Alfred E. Velluci
Mayor of the City of Cambridge
Cambridge City Hall
Cambridge, Mass. 02139

Dear Mr. Mayor:

We urge you to repeal Cambridge Rent Control.

We think that our case dramatizes the inequities and destructive qualities of the law -- a law with iatrogenic effects. We originally started out eleven years ago as "good guys": renovating run down buildings to provide good, beautiful Cambridge apartments at very reasonable prices. People often asked us why we didn't charge more -- as much as other less desirable apartments in the city. We were called good and decent landlords. However, Cambridge rent control has punished us for having those values, and it has driven us almost to the point of bankruptcy. If we had behaved differently in the years before rent control, we would not be suffering now. Ironically, if we had been "bad guys" or even "big guys" we would not be suffering now.

Enclosed you will find a section from our petition for exemption from federal rent control guidelines. This petition is about to be submitted to the I.R.S. The petition details the unconscionable delays and inequities that have resulted from rent control in Cambridge.

In addition, you will find enclosed a copy of a letter that you received last August which described our desperate plight at that time. We had one answer to that letter; it was from Senator Brooke. The situation described for that time has changed only for the worse.

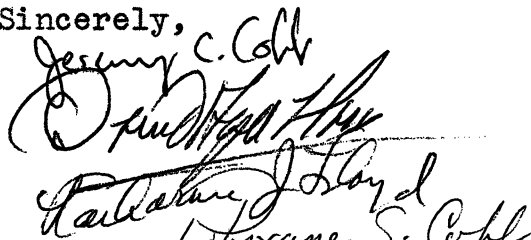
In our view, perhaps rent control was initiated in Cambridge with good intentions. But, it has been administered and supported illegally, punitively, and in a confiscatory manner. The present City Council bears the responsibility for that.

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The Honorable Alfred Velluci

We urge you to take a stand for sanity. We urge you to take a stand to end the destructive and debilitating conflict generated by Cambridge rent control. We urge you not to undo past inequity for that cannot be done simply by repealing the law. We urge you instead to prevent the continuation of inequity by voting for repeal at the next City Council meeting.

Sincerely,



Jeremy C. Cobb, President and Treasurer
David Agee Horr, Ph.D., Vice President
Katharine J. Lloyd, Vice President
Polyxane S. Cobb, Administrative Officer.



urban investments, inc.

20 August 1971

The Honorable Edward M. Kennedy
United States Senate
Washington, D.C.

Dear Senator Kennedy:

We are a small, eleven year old Cambridge corporation engaged in the rehabilitation, ownership, and management of apartment buildings. Currently, we own and manage twenty-three units in three buildings in Cambridge.

As of mid-September 1971 we are completely closing down one entire building of six apartments. The cause: (a) the unconscionably slow bureaucracy of the Cambridge Rent Control Administration and (b) President Nixon's freeze on wages, prices, and rents.

We are removing six apartments from the Cambridge housing market since the cost of keeping them tenanted under current, approved rates is more than the cost of leaving them empty and closing the building.

By closing the building we are:

- (1) removing six large units of five rooms each from an already over-demanded Cambridge housing market.
- (2) cutting back on the wages of our two handymen, one of whom has already been laid off from his primary job.
- (3) cutting back on income for our supporting service industries, e.g. the fuel company, the disposal company, the electric, gas, and phone companies, the hardware and paint companies, and other services such as plumbers, etc.
- (4) cutting back on income for surrounding shops in this relatively economically depressed area: the food shops, laundries, etc.
- (5) depressing the tax base of Cambridge.

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- The Honorable Edward M. Kennedy -

This situation has come about through an amazing combination of lack of cynicism on our part and an unresponsive bureaucracy on the part of the City.

When we bought the building in the fall of 1969, we had several options. Among them was jacking the rents on existing tenants - one of them quite elderly - to levels unpayable by those tenants. Instead, we chose fairness to residents with moderate, graduated raises at a small loss to us.

However, in September of 1970, Cambridge instituted Rent Control with a rollback provision to the level of the previous March. Raises that we had intended could not be instituted, and the small increases that we had instituted in the spring were taken from us.

In November of 1970 and again on 14 January 1971, we told the Rent Control Administrator by registered mail that an emergency situation existed and asked for relief. We received no answer.

In March of 1971 we were finally asked for supporting figures. It was not until 10 May 1971, however, that we had a hearing on this property. Seemingly, this was the end to our eight month wait.

Nevertheless, it is now fifteen weeks after our hearing and eleven months after the institution of rent control and we have still not received permission to charge more than the amount charged on 17 March 1970; even though we now (a) provide services far in excess (including heat, refrigerators, disposal service) of those provided in March 1970, and (b) are operating severely below a level to meet expenses, not counting interest or amortization on our debt. We have not yet received a ruling.

It seems extraordinarily unfair that having been subjected to local controls that have been nothing short of punitive and confiscatory, incredibly slow-moving and unresponsive, we should now be doubly victimized by a federally imposed freeze. Doubly victimized since the Cambridge Rent Control Administration has ruled that, due to the freeze, it will not issue rent adjustments until some vague point in the future.

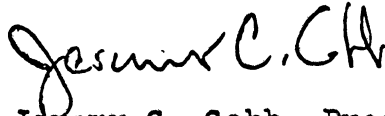
Therefore, we ask that we be exempted from federal rent freezes since for eleven months our income has already been frozen at a level far below our expenses.

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- The Honorable Edward M. Kennedy -

We hope that we will not receive even shorter shrift at the hands of the U. S. Government than we already have had at the hands of the government of the City of Cambridge. Our cynicism grows daily.

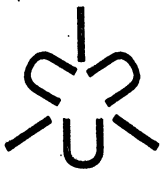
Sincerely,



Jeremy C. Cobb, President
Katharine J. Lloyd, Vice President
David Agee Horr, Vice President

cc: Senator Edward W. Brooke
Representative Thomas P. O'Neill
A. D. O'Connor, Regional Director, O.E.P.
Alfred E. Vellucci, Mayor, City of Cambridge
William Corkery, Rent Control Administrator
Councillors of the City of Cambridge:
Walter J. Sullivan
Robert Moncreiff
Thomas H. Mahoney
Thomas W. Danehy
Edward A. Crane
Thomas Coates
Daniel J. Clinton
Barbara Ackermann
William Walsh, Attorney

cc: Francis W. Sargent, Governor, Commonwealth of Massachusetts
John Corcoran, City Manager, City of Cambridge



urban investments, inc.

Form S-16: Attachment p. 1

Item # 2: Reason(s) for request

Urban Investments, Inc. is currently losing money. We have a current cash deficit of \$7,215.00 consisting of unpaid bills. We are incurring further debts at the rate of approximately \$1,350.00 during the winter, (higher in winter due to heating bills).

We have been forced to close one entire building of six 5-room apartments, thus cutting back on available income. (This building has been partially tenantless since June 1971 and completely tenantless since September 1971. The cost of keeping it tenanted under rates allowed by the Cambridge Rent Control Administration exceeds the income.)

We have been forced to curtail drastically all but essential repairs, and we can make no provisions for improvements. Preventive maintenance has come to a standstill.

The three owners have been forced to float additional loans to the corporation just to pay operating expenses; these loans come from personal savings. We are unable to pay any management expenses and have been unable to do so for the past 18 months.

This situation follows directly from these successive events:

1. Imposition of rent control in the City of Cambridge. Enactment in mid-September 1970 and beginning enforcement in December 1970 of rent levels rolled back to March 17, 1970. For us, that meant rents that were set in June 1969 to take effect for the lease year of 1 September 1969--31 August 1970. These events occurred under a State enabling act which guaranteed landlords a "fair net income." However, roll backs and freezes were instituted irrespective of these provisions. Instead, a complicated and time consuming appeal and hearing procedure was instituted. Despite our protests of an emergency situation existing for us (documentation attached), it took until 10 May 1971 and 24 June 1971 before we had any hearings on our properties. This was EIGHT MONTHS after the enactment of rent control in Cambridge. Following the hearings, the unconsciously slow bureaucracy of the Cambridge Rent Control Administration held true to form: by the time of the President's freeze, adjustments still had not been granted to us.

2. The 15 August 1971 freeze on wages, prices, and rents further exacerbated an already intolerable situation by effectively continuing the freeze on our income at levels set in June of 1969; this in relation to August 1971 costs. Our protests and documentation submitted to OEP again fell on deaf ears.

3. The confusion on Phase Two vis a vis rent controlled municipalities in general and Cambridge in particular has further prevented release or institution of raises--raises that have now been delayed for one year and three months since the enactment of rent control in Cambridge.

Dec. 26, 1971

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