

11/15/94

AFFORDABLE HOUSING RENT CONTROL PROGRAM

Home Rule Petition developed from EFZ-called meetings after Nov. 8

At an EFZ-called meeting Nov. 10, about 100 people debated what form a new home rule petition should take. That meeting formed a "small group" which met Nov. 11. About 20 people met and reached consensus on the following proposals. These proposals are designed to:

1. Get a home rule petition through the legislature by speaking to the problems that the public thinks exist in the rent control system.
2. Protect the homes of existing rent control tenants.
3. Protect affordable housing into the future. We want to show that we are concerned not just with our own situations (although that is completely legitimate) but also with preserving a better Cambridge that is open to all kinds of people, not just the rich.

1. Amnesty for illegal owner occupants of rent control condos.

Some buildings were converted to condos on the condition that they had to remain rental units, that the owner couldn't live in them. Over the years, fake trusts were set up to allow owners to illegally occupy these units. Now we are criticized for that fact that "owners can't live in their own condos".

We propose that amnesty be given to illegal owner occupants. We further propose that other owners of ordinance condos be allowed to move into those condos when they become vacant (no owner occupancy eviction would be allowed). In return, these owners should agree that, since they bought these units cheaply because of rent control, they should not to make a killing on resale. They should agree convert them to limited equity condos, to sell them for what they paid plus normal inflation. The limited equity would be a deed restriction. This formula would protect existing tenants, remove the condo problem, and create hundreds of below market home ownership opportunities into the future for moderate income households. New buyers of such limited equity condos would be taken from a city-approved means tested list as is the case with limited equity coops.

This offer goes only to present owners of rent control condos to prevent a current investor owner from selling at a high price now and making a limited equity condo at a high price.

2. Vacancy de-control of owner occupied 4-unit buildings.

Vacancy de-control of 4-unit buildings would cover many small owners. It would include 8% of all rent control units. Since it is "vacancy de-control", existing tenants would be protected. Organizations like ours would monitor the situation to prevent harassment. Landlords would continue to have the right to bring owner occupancy evictions as is presently the case.

3. A means test.

Whatever the City Council puts forward to the legislature will have to speak to the issue of rich people living in rent control. No matter that this is a small proportion of rent control tenants. That small number is well publicized and it has eroded support for rent control among many people.

We propose a means test for rent control units. The landlords already use a means test to make sure new tenants make *enough* money to pay the rent. Their rule of thumb is that rent plus utilities should be no more than 30% of gross income. Our means test proposes that new tenants make below 150% of that figure. In other words, under our proposal, no rent control tenant should make more gross income than 5 times the rent plus utilities. Therefore,

if the rent plus utilities are \$500,	the income limit would be \$2500/mo. or \$30,000/yr. gross
\$600	\$3000/mo. \$36,000/yr.
\$700	\$3500/mo. \$42,000/yr.
\$800	\$4000/mo. \$48,000/yr.

This income cap would be altered by adding \$5000/yr. for each dependent. Thus a single mother with two kids could make up to \$46,000/year if her rent plus utilities were \$600.

Tenants making more than this amount would not be prohibited from taking an apartment or be forced to leave. They would be expected to pay 30% of any income above that cap to an affordable housing trust fund of the City of Cambridge. This would be used to assist small owners in making repairs, de-leading, etc. That would in turn benefit tenants by limiting rent increases.

The enforcement mechanism for this means test would be twofold. Each tenant would be required to file an affidavit of income once each year. Since this affidavit would be signed under pains and penalties of perjury, it is likely that precisely those tenants who might be "overincome" would be the same tenants least likely to risk lying on such an affidavit. Therefore, it would be enough. Any tenant who is "overincome" could be evicted unless they agreed to the affordable housing trust fund payments.

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Comm. # 7

S-513

Comm. from CEDC transmitting
Affordable Housing Rent Control Program
home rule petition.

CTD

In City Council,

November 15, 1994

11/15/94 No action taken

11/16/94 Placed on file