

CITY OF CAMBRIDGE

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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

January 25, 1991

To The Honorable, the City Council:

RE: Council Order #45, dated 1/7/91, Re: Monitor Riverside-Cambridgeport Community Corporation

The situation related to the 59 units of rent-controlled housing owned by a subsidiary of Riverside Cambridgeport Community Corporation (RCCC) is very serious. RCCC has been unable to pay the mortgage for a number of months and, in addition, has incurred significant additional debt including late property taxes. In addition, RCCC has been unable to pay fuel bills on a regular basis and there have been buildings without heat. The properties continue to operate at a deficit. This is due in part to an ongoing rent strike by some tenants as well as extremely high costs of maintenance due to the deteriorating condition of the properties. It is likely that the consortium of lenders involved in the properties will begin foreclosure proceedings in the near future.

The City is currently owed \$29,444 in back taxes and interest. In December 1990, a lien was placed on two of the properties. However, foreclosure cannot be filed by the City for a period of six months after the lien. Once the foreclosure is filed the Land Court could take several years before the case is finally resolved.

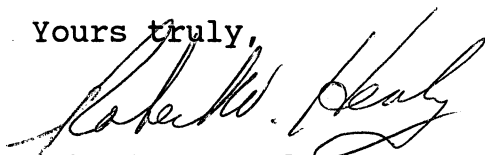
The Schwartz properties were purchased in 1981 by a limited partnership which included Riverside Cambridgeport Community Housing, Inc. as the managing general partner. At least twenty of the units are leased to the CHA for low income families. The properties consist of 6 buildings, many of which contain larger units appropriate for families. The loss of these units from the affordable stock would have a major impact on lower income families currently living in the properties. If the properties are auctioned, one of the buildings (the three family) could be sold separately and decontrolled. Section 8 leases might be broken and

the rehab costs passed through the rent structure would result in steep rent increases.

The conveyance of these properties to a non-profit which shares RCCC's commitment to affordability and has the capacity to assemble the public, private resources necessary to stabilize the properties is the solution which best assures ongoing affordability and decent conditions for the tenants.

This conveyance must be accomplished quickly and because of the goal of maintaining affordability it is unlikely that RCCC, as an organization, can realize any profit on the sale. RCCC is currently exploring this option with Homeowner's Rehab, Inc. However, there has been little progress up to this point.

Yours truly,

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

Robert W. Healy
City Manager

RWH:SS:nb

Agenda # 26

8 190

Response for Awaiting Report Item
Number 42 regarding Riverside-
Cambridgeport Community Corporation.

In City Council,

January 28, 1991

Placed on file