

20 Healey Street
Cambridge, Mass. 02138
November 17, 1980

To the Cambridge City Council:

We enclose documents from the Cambridge Rent Control Board to support the following.

After completing \$12,400.00 in improvements on one building, we took our receipts and records to the Rent Board. The date was July 2, 1979. Seventeen months later - on December 1, 1980 - the increase will finally take effect.

Even granting the unusual incompetence of the Rent Board, five months would be a generous length of time to give them to comply with the law and give an owner a return on his expenditures in a reasonable time.

The Board is, in effect, accountable to no one, and the law does not permit us to sue them or the city. The \$2,600. year's increase is lost. Instead of a modest return for our work and money, we had an additional expense: the \$1,108. interest on the \$12,400.

With low rents we can no longer afford to spend more than what is legally required to keep our Cambridge buildings up to code. How soon will these buildings become uninhabitable, having been consumed by the weather, the tenants, and the law?

Very truly yours,

Lillian A. Beauvais
John Beauvais
Lillian and John Beauvais

Enclosed: 13-page Cambridge Rent Control Board re 384-388 Franklin Street

RENT ADJUSTMENT CHECK LIST

3 5 12 2 ; (1)

Property location 384-388 Franklin Street RA1979-149-11.

Received petition from landlord tenant

Received Petition on 7/2/1979

Assigned to Remand- Imparato Solution, hearing examiner

Date entered in docket and assigned: 7/5/1979

Hearing Notice:
Time and date of hearing- 10 o'clock A.M., Wed, 8/1, 1979

Notice mailed to parties 7/11, 1979

Copy of notice filed with record

Registration properly filed Property Number

0	4	6	6	9
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8/1, 1979

Hearing Held _____, 197__
Continued to _____, 197__

_____, 197__ and _____, 197__

Report submitted to typist 9/29/80 (MAI) 10/17, 1979

Report returned typed 10/2/80 10/25, 1979

Report submitted for review _____, 197__

** AGENDA date for Board meeting 11/7/79 ^{11/14/79} 6:30pm, 197__ ***

Notice of report completion to parties 10/10/80 10/26, 197__

Agenda date continued to Remanded 11/14/79, 197__

6/28/80 6:30p.m., 197__ and 10/22/80 6:30p.m., 197__

Board's decision date _____, 197__

Notice of decision mailed to parties _____, 197__

Computer maintenance form completed and filed _____, 197__

Expense data form completed and filed _____, 197__

Case filed _____, 197__

- completed
- withdrawn
- inactive
- dismissed
- settled
- other _____

COMMENTS:

40F 2077

2 (2)

REPORT OF REMAND HEARING

Address: 384-388 Franklin St.

Hearing: RA1979-149

Owner: John Beauvais

Date: August 4, 1980

Examiner: M. Imparato

Present: John Beauvais-Owner

Aleza

~~Helene~~ Beauvais

Martha Bavaro-Representative of owner

Dana Hodsdon-Owner's son-in-law

Peggy Kemp-Tenant, apts. 2F and 2R

I. The remand hearing began at 10:00 a.m. I explained the issues to be considered at the hearing and administered the oath to everyone present.

II. Procedual Background

Jack Beauvais is the owner of the property at 384-388 Franklin St., and has been since 1966. On July 2, 1979 Mr. Beauvais submitted a petition for a Regulation Series 72 Rent Adjustment which was scheduled for hearing on August 1, 1979 by Hearing Examiner Daniel Solomon for determination of the following issues:

1. To determine the 1967 rent for each unit.
2. To determine whether the 1967 rent for apartment 2F was influenced by a special relationship between the landlord and tenant.
3. To determine whether the cost of a shower shared by 2R and 2F should be allocated to both units.
4. To determine a hypothetical base year rent for 388-B.
5. To determine whether the proposed rent for 388-B is reasonable.

Examiner Solomon held the remand hearing on January 25, 1980 at 3 p.m. In March, 1980, Mr. Solomon resigned his position with the Board before he completed his hearing report. On June 9, 1980, the Executive Director, suggested to the Board that interim rent levels be established pending a final decision in the case.

At the Board hearing of June 25, 1980, the Board established the following interim legal maximum rent levels:

<u>Apt.</u>	<u>Rent</u>
384-1R	\$245
386-1F	215
386-2F	127
386-2R	185

The remand hearing was reassigned to me.

III. Building Structure

The property at 384-388 Franklin Street is a 4 unit building. There is an additional living space in the basement which is occupied by the owner, but which may not properly be called an apartment.

The first floor rear apartment has its own entrance through a door marked 384. This is a 3 room apartment known as 384-1R.

The door marked 386 gives access to three 3-room apartments; one on the first floor rear known as 386-1R, and two on the second floor, front and rear, known as 386-2F and 386-2R, respectively. The two second floor apartments share a bathroom.

The basement area, reached by a door marked 388, is one large room with a toilet and wash basin. Mr. Beauvais lives in this area. He has a separate gas heater for the area. However, there is no kitchen, and no tub or shower. Mr. Beauvais said it is his understanding that he may occupy this area because he is the owner of the property. He may not rent the area as an apartment.

IV. Base Year Gross Income

The case was remanded in order to determine the base year rent for each unit, and to determine whether the base year rent for apartment 2R was influenced by a special relationship between the landlord and tenant pursuant to Regulation 72-09.

Mr. Beauvais submitted copies of his 1967 ledger sheets which he kept in the ordinary course of business. The ledger sheets indicate the name of each tenant and the rent each paid. However, no apartment numbers are listed. Mr. Beauvais said that he remembered which tenants lived in which apartment.

A tenant named Mrs. May lived in 384-1R and paid \$55 per month. Mrs. De Voe lived in 386-1R and paid \$50 per month. Mrs. Mc Cloud lived in 386-2F and paid \$60 per month.

A tenant named de la Chaise, a student, lived in 386-1F and paid \$115. The basement area was rented to a tenant named Norton who paid \$65 per month. The area was used by him as a workshop, not as a residence. The services included in these rents were heat and hot water for the 4 apartments. In addition, 386-1F was furnished.

Mr. Beauvais explained that when he acquired the property, he acquired three long term tenants who were elderly women on fixed income. He decided to keep their rents low, and to furnish the apartments and rent them to students at market value rents when the elderly women vacated. In fact, he did that with apartment 386-1F before 1967.

He furnished 386-1F with used furniture: a bed, bookcase, bureau, desk, kitchen table and chairs, a couch and an easy chair, rugs and refrigerator. Mr. Beauvais charged \$115 to tenant de la Chaise for this furnished apartment. He said that he believed the value of the furniture to the tenant in 1967 was \$30 per month. That is, he would have charged the tenant \$85 per month if he had rented the apartment unfurnished.

Mr Beauvais also said that each of the 4 apartments is now furnished with used furniture, similar to that described for 386-1F. He will only rent the apartments furnished, and he does not want to have a separate furniture charge established for each unit.

Therefore, for the purpose of this adjustment, I have adjusted the base year rents in 384-1R, 386-2R and 386-2F (all the same approximate square footage as 386-1F) \$85 each to account for the special relationship between Mr. Beauvais and each elderly tenant. He would have charged \$85 for an unfurnished apartment to a tenant other than one of these tenants.

I therefore established a 1967 rent of \$85 for each of the 4 apartments. This rent includes the services of heat and hot water.

(I did not establish 1967 rents of \$115 in each unit which would have included the additional service of furniture, because the result is to create an artificially high base year net income. This is due to the fact that the service of providing furniture in 1967 does not create a corresponding operating expense in 1967.)

Therefore, this adjustment will be from a 1967 rent without furniture. I will then recommend a monthly charge for furniture which may not be separated out from the recommended legal maximum because Mr. Beauvais has the right to insist that tenants rent a furnished apartment.

Refrigerators

Mr. Beauvais noted that in 1967 he provided a refrigerator in 386-1F. Now 386-1F, 386-1R, and 386-2R have refrigerators provided by him. 386-2F did not and does not have a refrigerator provided by him.

Therefore, I subtracted \$5 from the 1967 rent of 386-2F to reflect the fact that a refrigerator was not provided.

I established 1967 base rents as follows:

<u>Apt.</u>	<u>Rent</u>
384-1F	\$85
386-1R	85
386-2F	80
386-2R	85
388- B	65

These rents include the service of heat and hot water in the 4 apartment units, and a refrigerator in 1F, 1R, and 2R. Only water was provided with the basement area. 1967 gross rents total \$4,800.

V... 388-B

The third and fourth issues to be determined are whether the hypothetical base year rent and the proposed rent for 388-B are reasonable.

We have seen that there is an actual base year rent for 388-B of \$65, so there is no need to establish a hypothetical rent.

Mr. Beauvais said that 388-B does not share equally in the absorption of operating expenses because it is only one room. It does have a separate gas heater, so it does use heat. However, it does not use as much hot water as the other units because there is not a shower, tub or kitchen. Mr. Beauvais said that if he were to rent the space, not as a residence but as a workspace, he would charge \$100. I think this is a reasonable proposed rent and I think it reflects the actual share of the operating expenses absorbed by the unit. Therefore, I accepted \$100 as a reasonable proposed rent for 388-B.

However, this figure was later changed to \$150. (See Section IX).

VI. Shower - 2F and 2R

The last issue to be determined is whether the cost of the shower shared by apartments 2F and 2R, should be shared by the units. The original report allocated the cost of \$353 to 2F only.

Both Mr. Beauvais and Mrs. Kemp, (who is the tenant in both 2F and 2R) agreed that the cost of the shower should be shared equally by the two apartments.

VII. Washing Machine

The original hearing report mentions that Mr. Beauvais had recently given permission to the Kemps to use a washing machine. The day following the remand hearing, August 5, 1980, Mr. Beauvais came to the office with a copy of a lease commencing September 1, 1975 for 386-2R which is signed by Kenneth Kemp and Peggy Sloan. There is a clause which allows the tenants to use their own washing machine, provided that they be responsible for any damage caused by its use.

This is not actually a service provided with the rent, since Mr. Beauvais is not providing the washing machine. The cost to him of the extra water used by the washing machine is reflected in his operating expenses. Therefore, I accepted the information he offered, but no adjustments or findings are made necessary by the information.

III. Capital Improvements

I asked Ms. Bavaro whether there were any objections to the allowances of expenses and capital in the original report. She said that Mr. Beauvais had submitted a Capital Rent Adjustment petition in December, 1979 which was returned to him because this office was not accepting petitions in December. The petition was resubmitted on January 17, 1980 and was apparently given to Examiner Solomon to combine with the Rent Adjustment. The documentation for the additional improvements was submitted to the Examiner at the January 25, 1980 remand hearing. I allowed the following additional Capital Improvements:

1979

24. Shower - 384-1R - August, 1979, Robert L. Pann Co., Inc., \$688.11
Mr. Beauvais submitted a bill from Robert Pann for disconnecting ~~h~~ the existing shower stall, relocating the hot and cold water lines, clearing the existing drain and installing the new shower unit. The bill is for \$688.11.

Rounded to the nearest dollar, I allowed \$688 and assigned a useful life of 15 years.

25. Fire Escape - All, June 1979, Harry E. Whitten Iron Works, Inc., \$370.

Mr. Beauvais submitted a bill for installation of a fire escape balcony and ladder.

I allowed \$370 and assigned a useful life of 15 years.

26. Refrigerator - 386-2R - August 1979, Allen Supply Co., \$176.40, Back Bay Movers, Inc., \$60.

Mr. Beauvais submitted a bill from Allen Supply for \$176.40 and a bill from Back Bay Movers for moving the refrigerator.

Rounded to the nearest dollar, I allowed \$236 and assigned a useful life of 10 years.

27. Trash Barrels - All - August 1979, Somerville Lumber & Supply Co., Incl, \$62.80.

Mr. Beauvais submitted 2 bills which total \$94.31 for 6 trash barrels. Two barrels were returned. Therefore, I allowed 2/3 of the total cost.

Rounded to the nearest dollar I allowed \$63 and assigned a useful life of 10 years.

28. Storm Windows - Heating Duct and Thermostat - All - October 1979, Mr. Beauvais submitted 6 bills for 20 storm windows and other materials, including & new heating duct, and thermostat, which total \$860.36.

He also submitted expense sheets to document the cost of labor for installation of windows ~~and~~ the heating duct. Chris Moore worked for 24 hours at a cost of \$9 per hour which equals \$216.00. The workmen's compensation cost to Beauvais was \$13.24, making a total expense of \$229.24 to him for Mr. Moore's labor.

8

Mr. Beauvais also employed Dave Beaujon who - worked for 15½ hours on October 18 and 19, 1979 and 10 hours on November 9 and 12, 1979, at \$8 per hour, a total of \$204.

Mr. Beauvais also claimed \$72 for his own labor helping Mr. Moore to install the heating duct on October 30, 1979.

Rounded to the nearest dollar, I allowed \$1366 and assigned a useful life of 10 years.

29. Slipcovers - 2R - August, 1979, Aleza Beauvais, \$85.

Mr. Beauvais said that his daughter spent 10 hours at \$7 per hour making covers for 6 couch cushions.

He also provided the apartment with 3 Madras Spreads at \$5 each.

I allowed \$85 and assigned a useful life of 5 years.

30. Ceiling - 2R and 2F - November, 1979, \$83.92

Mr. Beauvais claimed \$83.92 for scraping and painting two ceilings. I think that because this is a yearly recurring type of expense, and because the amount is low, that this item is more properly an operating expense. However, because it is a 1979 operating expense, it can not be considered in this report.

IX. Landlord's Proposed Rents

On his original petition, Mr. Beauvais proposed new legal maximum rents as follows:

<u>Apt.</u>	<u>Proposed Rent</u>
384-1R	\$245
386-1F	215
386-2F	150
386-2R	185

No legal maximum was proposed for 388-Basement.

At the conclusion of the remand hearing, Ms Bavaro said that the rents needed to be repropoed to reflect the added Capital Improvements. She then proposed a rent of \$300 for each apartment.

This, combined with a proposed rent of \$100 for 388-B (see Sec. V.) results in an annual proposed rent of \$15,600.

When I began to prepare this report, I realized that the relationship among the proposed rents obviously did not reflect the relative differences in size and condition of each unit. I, therefore, repropoed the rents maintaining an annual proposed gross of \$15,600.

<u>Apt.</u>	<u>Examiner's Proposed</u>
384-1F	\$295
386-1R	295
386-2F	289
386-2R	280
388--B	150

I think these proposed rents reflect the fact that the two second floor apartments share a bath, and that the basement space does not absorb very many operating expenses.

X. Summary of Findings

A. Base Year Gross Income - 1967 ----- \$ 4,800.

B. Operating Expenses 1967 1978

1. Payroll	\$ 0	0
2. (Electric		
3. Gas)	178	392
4. Water	41	144
5. Heat	499	933
6. Management	374	502
7. Paint/Deco.	0	0
8. Maint/Repairs	205	860
9. Supplies	0	0
10. Miscellaneous	6	0
11. Insurance	101	280
12. Real Estate Taxes	<u>413</u>	<u>1012</u>
	\$2,217	\$4,123

C. Capital Improvements

<u>Apt.</u>	<u>Nature</u>	<u>Total Cost</u>	<u>Life</u>	<u>Yrly Cost</u>	<u>Yr. Comp.</u>
1R	Sink/cbts.	\$149	15	\$19	1967
1F	Door	31	15	4	1967
All	Sidewalk	28	15	4	1967
All	Gutters	1311	15	164	1968

<u>Apt.</u>	<u>Nature</u>	<u>Total Cost</u>	<u>Life</u>	<u>Yrly. Cost</u>	<u>Year Completed</u>
All	Steps	\$225	15	\$28	1968
1R	Refrig.	144	10	22	1969
All	Windows	2235	15	280	1969
All	Porch Roof	473	15	59	1969
All	Motor	85	10	13	1969
1F	Shower	397	15	50	1969
All	Soil Pipe	164	15	21	1970
2F	Plumbing	593	15	74	1970
All	Buzzers	62	15	8	1970
1R	Electric	60	15	8	1974
All	Insulation	150	15	19	1975
2F	Shower	177	15	25	1977
2R	Shower	177	15	25	1977
1F	Linoleum	28	8	5	1977
1R	Linoleum	28	8	5	1977
1R	Light	23	15	3	1976
All	Tree/Foun.	275	15	34	1968
All	Fence	150	15	22	1978
All	Insulation	2646	15	381	1978
1R	Shower	688	15	99	1979
All	Fire Escape	370	15	53	1979
2R	Refrig.	236	10	41	1979
All	Trash/Barl.	63	10	11	1979
All	Stm/Winds. etc.**	1366	10	235	1979
2R	Slipcovers	85	5	23	1979
		\$12,419		\$1,735	

*Items 17 and 19 from the original report have been omitted.

Item 17, Refrigerator for 2R in 1977 was replaced in 1979
Item 19, Thermostat for all units in 1974, was replaced in 1979.

**There are no storm windows for the basement unit, so no part of this cost is allocated to that unit.

XI. Calculations Pursuant to Regulation Series No. 72

1. Base Year Gross Income - 1967 -----	\$4,800
2. Allowed Base Year Oper. Exp. - 1967 ----	2,217
3. Actual Base Year Net Income -----	2,583
4. Item 3 times I.P.D. \times (2.09) -----	5,398
5. 1980 Fair Net Oper. Income -----	5,398
6. Allowed 1978 Oper. Expenses	
<u>W/Out Capital</u>	<u>W/Capital</u>
4,123	5,858
7. Adjusted Allowed 1980 Fair Gross Income (item 5 plus item 6)	
<u>W/Out Capital</u>	<u>W/Capital</u>
9,521	11,256
8. Landlord's Proposed Gross Income	
<u>W/Out Capital</u>	<u>W/Capital</u>
13,865	15,600
9. Factor	
<u>W/Out Capital</u>	<u>W/Capital</u>
.6867	.7215
10. Recommend Gross -----	11,304*

*Without Furniture - See Sec. XII - Below, for recommend gross - including furniture.

XII. Based on the above findings, the 1967 gross income was \$4,800, the 1967 operating expenses were \$2217, leaving a 1967 net income of \$2583. To preserve the purchasing power of the 1967 net income, it is multiplied by the Implicit Price Deflator Index of 2.09 to \$5398. This figure is the Fair Net Operating Income.

All 1979 operating expenses are added to the Fair Net Operating Income to arrive at an allowed 1980 Gross Income of \$11,256.

In order to fairly apportion the allowed gross among the units, the allowed gross excluding capital is divided by the Landlord's proposed gross excluding capital to yield a factor which describes the portion of his proposed gross without capital to which the landlord is entitled. The factor is .6867.

Each individual proposed rent without capital is multiplied by the factor, and a monthly allowance for capital is added to arrive at a recommended rent.

I then recommended an extra \$30 per month charge to account for the value of furniture to the tenants.

These calculations result in the following recommended rent levels:

Apt.	Rms	Base Rent	Pres.* Rent	Prop. Rnt/w/o	Prop** Rnt/w	Rec. Rent	Rec.*** Rnt/Furn	\$inc. over Present
384-1F	3	85	215	264	295	212	242	+27
386-1R	3	85	245	256	295	215	245	0
386-2F	3	80	127	246	280	203	233	+106
386-2R	3	85	185	247	280	203	233	+48
388--B	1	65	0/0	143	150	109	0/0	---
Total Rms	13							
Total Per-Mnth----		400	772	1156	1300	942	953	+181
Total Per-Year ---		4,800	9,264	13,872	15,600	11,304	11,436	+2172

error, not a furn. appt. So deducted \$30 - from increase.

*Interim levels established by Board. Prior rent levels were as follows:

1F - 211	<i>242</i>	<i>240</i>
1R - 244	<i>245</i>	<i>12</i>
2F - 84	<i>283</i>	<i>480</i>
2R - 174	<i>233</i>	<i>240</i>
	<i>953</i>	<i>2880</i>
	<i>713</i>	
	<i>240</i>	

**Proposed: by Examiner

***I recommend adding \$30 per month to each recommended rent to reflect the value of furniture to the tenant. This results in recommended rents which include the service of furniture.

I recommend that furniture not be given a separate charge, because the landlord does not want to give tenants the option of renting without furniture.

except 386 2F which is no furn.

Respectfully submitted,
 Maria A. Imperato
 Assistant Director



City of Cambridge

AMENDED ORDER

4.

IN CITY COUNCIL

October 27, 1980

COUNCILLOR WYLIE

ORDERED: That the Executive Director of the Rent Control Board appear before the City Council at its meeting on November 17, 1980 to explain why the petition of John Beauvais, 20 Healy Street, consumed seventeen months before a ruling was made; and be it further

ORDERED: That the Executive Director of the Rent Control Board provide the City Council with

- (i) a numerical tabulation of all pending cases, broken down by the age of the case, that is showing the number of pending cases which were filed one month ago, the number filed two months ago, etc.;
- (ii) the average length of time it presently is taking to reach a decision on each type of case; and
- (iii) an analysis of the effect of the additional part-time hearing examiners provided by special City Council appropriation on the backlog of pending cases before the Board during the current year; and be it further

ORDERED: That John Beauvais be invited to attend the meeting of November 17, 1980.

In City Council October 27, 1980.

Adopted as amended by the affirmative vote of 8 members.

Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-



City of Cambridge

4.

IN CITY COUNCIL
October 27, 1980

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and be it finally

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(iii) *an analysis of the effect of the additional part-time hearing examiners provided by special City Council appropriation on the backlog of pending cases before the Board during the current year;*



City of Cambridge

4.

IN CITY COUNCIL
October 27, 1980

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- (ii) The average length of time it presently is taking to reach a decision on each type of case;

and be it finally

ORDERED:

That John Beauvais be invited to attend the meeting of November ~~10~~¹⁷, 1980.

17

Order # 4 S-525

C. Wylie re: Explanation of Rent Control case on the petition of John Beauvais.

Mr. Beauvais invited to attend meeting - letter sent 10/29/80 (all)

11/17/80

- Hearing Held -

Mr Stanton } Present
John Beauvais } Head-
Mr Beauvais }
in City Council,

October 27, 1980

10/27/80

Order adopted as amended
Amended to

Nov. 17/80 at 6pm.

Also provided by

L David Fellman

letter sent to Peter Stanton 10/29/80 (all)