HARVARD UNIVERSITY

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CAMBRIDGE, MASS.

Robin Schmidt
Vice President

Massachusetts Hall
Cambridge, Massachusetts 02138
617-495-1703

April 29, 1983

Mr. Paul Healy, City Clerk
Cambridge City Hall
795 Massachusetts Avenue
Cambridge, MA 02139

Dear Mr. Healy,

I am responding to your request that we provide information about residential properties purchased in Cambridge through the Cambridge Option Plan (COP).

The plan was established by Harvard in 1978. Under its terms, certain faculty members and senior administrators have received 6% mortgage loans (up to $100,000) from the University to purchase a residence in Cambridge. In the five years since the plan's inception (through January 31, 1983), 65 properties have been financed through COP. Twenty-three are located in Neighborhood 10, 19 in Neighborhood 9, 16 in Neighborhood 6, 4 in Neighborhood 11, 2 in Neighborhood 8, and one townhouse in Neighborhood 13. Sixty-one of the 65 properties are single family dwellings comprised of 28 condominiums, 27 single family houses (a few with so-called "in-law" apartments), 4 townhouses and 2 cooperatives. Four of the properties are multi-family structures.

Two of the 65 properties have been repurchased by the University. One, a condominium, has been resold. The other, a house, is still for sale.

COP was terminated in 1982 although 14 persons remain eligible for the program under a grandfather clause. The Faculty of Arts and Sciences is now offering in its stead a declining mortgage subsidy to assist newly tenured faculty when interest rates are above 12 percent. This program applies to the purchase of a home anywhere in the greater Boston area.

During the five years that COP was in effect, the estimated total number of transfers of residential units in Cambridge was 5175.* Because the 65 units financed under COP represent only 1.26% of that total, it seems reasonable to conclude that the COP program's impact on the Cambridge housing market has been minimal, if not insignificant, as was predicted by Prof. Kain when we asked him to study the plan several years ago. You might also be interested to know that the average COP purchase price was $143,500, significantly above the level which would seriously impinge on the low and moderate income market. (Average sale prices for the City as a whole, for instance, ranged from $51,000 in 1978 to $71,000 in 1982 according to my figures.)

From a personal standpoint, I cannot help but add that I view the retention of over 60 Harvard faculty members in Cambridge as a very positive contribution to the marvelous diversity of this very interesting city.

Sincerely,

Robin Schmidt

Robin Schmidt

RS:mr

*excluding transfers among families

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Comm. from Robin Schmidt, Vice-Pres., Harvard University Re: residential properties purchased by the University in Cambridge under the Cambridge Option Plan (COP).

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In City Council,

May 2, 1983

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