

**The Mayor's Green Ribbon Committee
to Research and Propose Minimum Rents**

REPORT OF THE CHAIRMAN

December, 1989

**Michael Rosenberg,
Chairman**

Acknowledgements

The Chairman wishes to acknowledge and thank the Committee members for their many hours of work on behalf of this Committee. In addition to attending Committee meetings, David Sullivan, John Natale and Neil Rohr spent additional time developing proposals for the Committee's consideration. Laura Tennyson served as a capable and responsible staff aide to the Committee.

Special acknowledgement is due to Laurie Goetz, Rent Control Board Assistant Director for Management, and Bernard Packer, Rent Control Board Senior Hearing Examiner for their invaluable assistance in creating statistical reports and analyzing rent control data.

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INTRODUCTION

In the last year much public discussion has focussed on the issue of whether some of the rents for rent controlled units are too low. Particularly at the City Council, much public discourse has centered around the plight of the small rent controlled property and its owner, and whether rent controlled rents for some of these properties were sufficient for their upkeep. Upon an order proposed by Mayor Alfred Vellucci, on June 12, 1989, the City Council established the Mayor's Green Ribbon Committee to Research and Propose Minimum Rents for Small Property Owners. The Council Order directed that the committee include the Community Development Department, the Rent Control Office, a representative of the small property owners, a tenant, and a representative from the City Solicitor's Office.

Mayor Vellucci appointed, as Chairman of the Committee, Michael Rosenberg, Assistant City Manager for Community Development. The Mayor also appointed Margaret Drury, then Executive Director, Rent Control Board; David Sullivan and John Natale, Cambridge small property owners and officers of the Small Property Owners Association; Neil Rohr, Cambridge tenant and representative from the Cambridge Tenants Union; ValJeanne Prescott, Cambridge tenant; and City Solicitor Russell Higley. In addition, Mayor Vellucci assigned his staff intern, Laura Tennyson, to act as staff to the committee.

Over the next five months, the Green Ribbon Committee met nine times. Several Committee members spent many additional hours developing statistics and proposals for the Committee's consideration.

The Committee reviewed more than 40 statistical reports about the lower-rent rent controlled units. All of the final statistical reports prepared for the Committee are included in the appendix to this report and available for review at the Community Development Department. In addition, the Chairman wrote to the administrators of rent control programs in other cities which are subject to rent control, and requested that any pertinent information about any special systems they had established for low rent units be forwarded to the Committee. Relevant responses were received from Berkely, Los Angeles and Santa Monica.

After thorough review of the statistical data on the nature of the low rent units, in terms of such variables as number of rooms, building size, prior rent adjustment history and location,

the Committee reviewed data from Rent Control and Community Development Department records about the operating costs for controlled rental units in Cambridge. Next, the Committee considered proposals from Committee members.

Both the small property owners and the tenants submitted thoughtful proposals. Both proposals are included in full in the appendix. As discussed within, the two approaches are so different that it became clear to the Chairman that a consensus Committee position could not be accepted by all members.

Therefore, the recommendations set forth in this report are the recommendations of the Chairman. The recommendations are based upon a proposal developed jointly by staffs of the Rent Control Board and the Community Development Department. The recommendations utilize portions of the proposal of the property owners and portions of the proposal of the tenants. They are the product of a great deal of study and consideration, and in the Chairman's opinion, they represent a reasonable, moderate and fair response to the problem.

It is important to note that this report and the Chairman's recommendations herein are being submitted to the City Council for its consideration and referral to the Rent Control Board for further detailed investigation, public hearings and implementation. Under Ch. 36 of the Acts of 1976, the Rent Control Act, only the Rent Control Board has the authority to promulgate the regulations which would be required to implement the recommendations.

THE CHARACTERISTICS OF LOWER RENT UNITS

In its attempt to analyze the characteristics of the lower-rent rent controlled units in Cambridge, the Green Ribbon Committee reviewed more than forty statistical reports prepared from data in the Rent Control Board data base. Many of these reports classified the data into categories of rents of \$150 or less per month, \$150 to \$200 per month, and \$201 or more per month. Most of the reports distinguished between units where tenants paid the utility or oil company separately for heat (unheated units) and units where the amount paid to the landlord as rent included the cost of heat purchased by the landlord from the utility or oil company (heated units). A rent of \$150 per month for an unheated unit falls approximately in the 10th percentile of all rent controlled rents, and a rent of \$200 for an unheated unit, the 25th percentile. For a heated unit, a rent of \$150 per month lies under the 5th percentile, while a rent of \$200 per month is slightly less than the 10th percentile.

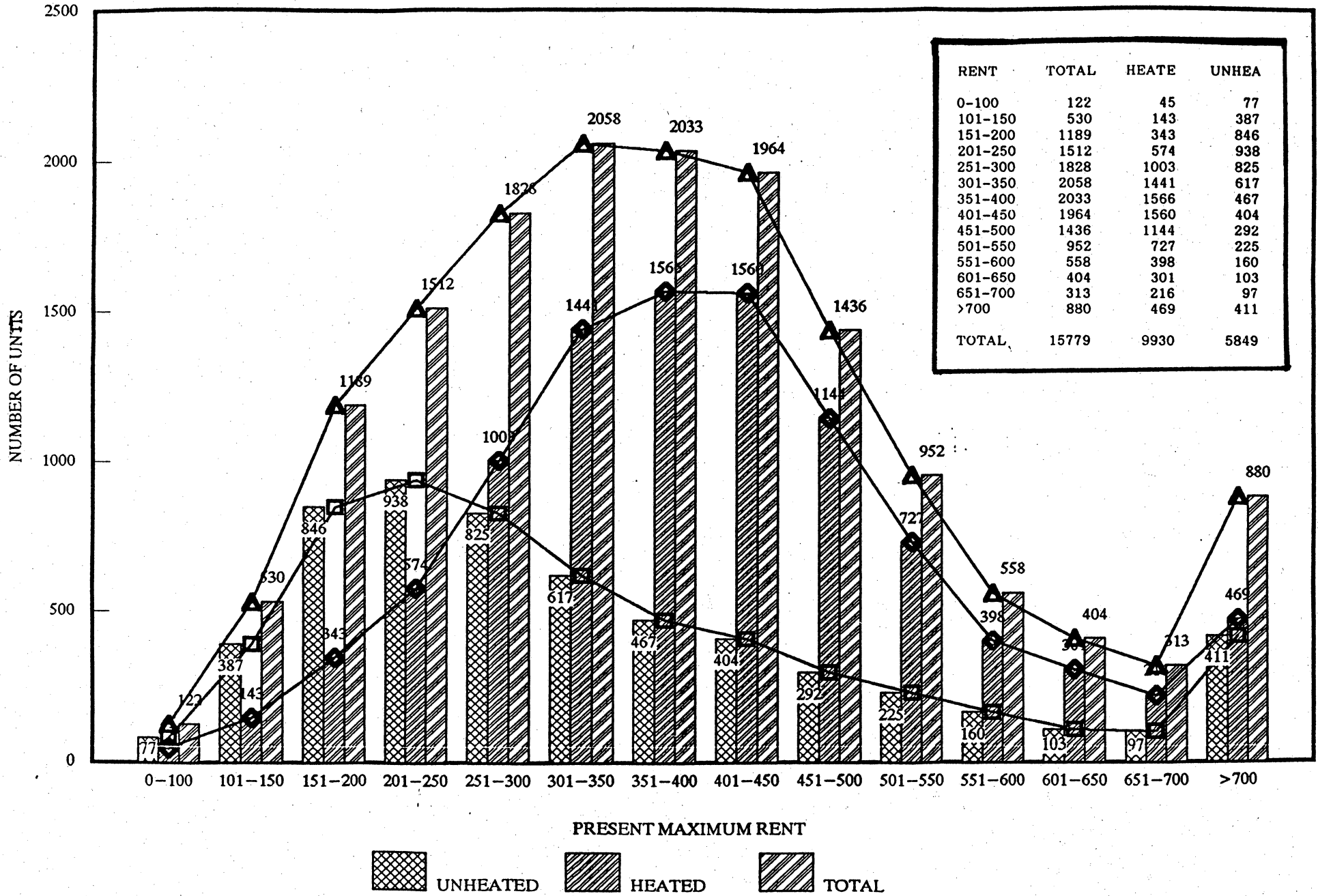
Attachment A-2 illustrates the distribution of rents for all controlled units except rooming house units and units with no rents listed. Rooming house units are excluded because they represent a very different type of unit with rents which cannot be compared with apartment rents, and units with no rents listed generally represent a problem with the data for the particular unit or building. Attachment A-3 also depicts the distribution of rents for rent controlled units, but it excludes condominiums and one-, two- and three-unit buildings as well as rooming house units and 0-rents. One-, two- and three-unit buildings can be exempted from rent control by owner occupancy. The Rent Control Act bases the exemption on occupancy, not registration, and many owners have moved into their buildings and lived there for several years but have not so notified the Board. Therefore units in such buildings may be exempt and may in reality have much higher rents. Similarly, many rent-controlled condominiums which are listed at very low rents may have been owner-occupied for several years. It should be noted that while the number of units which fall into the category of lower-rent units changes, the distribution is quite similar whether or not the condominiums and one-, two- and three unit buildings are included.

After exclusion of the condominiums and one-, two- and three-unit buildings, there are 87 units with rents of \$100 or less, 345 units with rents between \$101 and \$150 and 772 units with rents between \$151 and \$200, a total of 1,175 units with rents below \$200. It should be noted, however, that the Rent Control Board data base changes frequently as rent adjustments are processed.

Thus there is some variation in the total number of units in the different statistical reports considered, so that in some of the reports, the total number is different. Total number of lower rent buildings is 343.

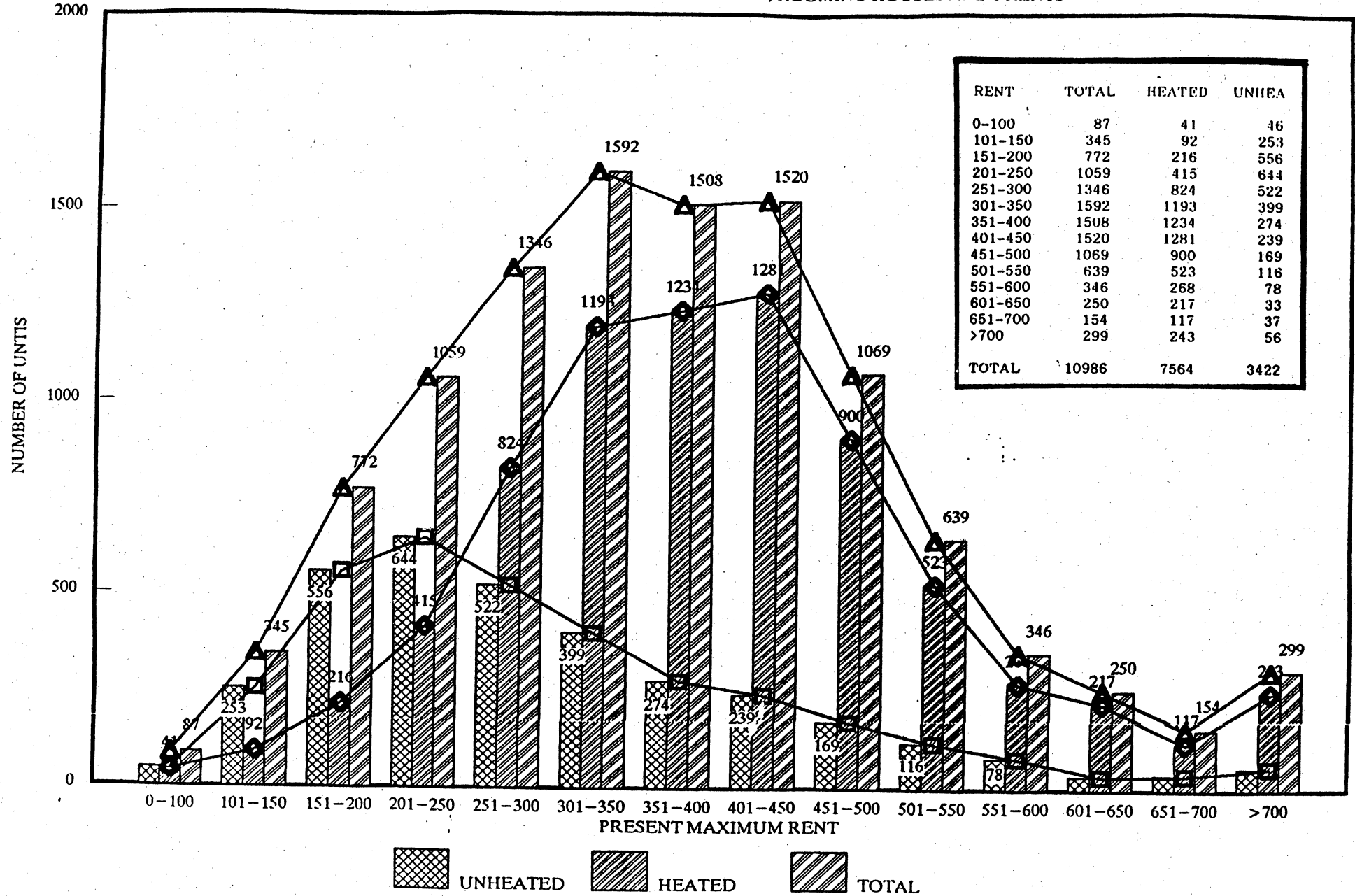
DISTRIBUTION OF RENTS FOR CONTROLLED UNITS

INCLUDING CONDOS, 1-2-3 UNIT BLDGS.; EXCLUDING ROOMING HOUSES AND 0 RENTS



DISTRIBUTION OF RENTS FOR CONTROLLED UNITS

EXCLUDING CONDOS, 1-2-3 UNIT BLDGS., ROOMING HOUSES AND 0 RENTS



BUILDING SIZE

There is a greater percentage of lower-rent units in buildings containing four to nine units than in any other size of buildings. Attachment C-1 analyzes the percentage of lower-rent units in several categories of building sizes. Buildings of less than four units are not included in the statistics, and all buildings of more than eighteen units are treated as one category. While units in four-to-nine unit buildings comprise 44% of the total rent controlled units (excluding condos and one-, two- and three-unit buildings), 81% of all units with rents of less than \$100, 74% of all units with rents of \$101 to \$150, and 71% of all units with rents of \$151 to \$200 are found in buildings of four-to-nine units.

MORE UNHEATED UNITS

There are many more lower rent units in unheated buildings than in heated buildings. As illustrated in Chart 1, unheated units comprise 67% of all units with rents of under \$150 and 71% of all units with rents of \$151 to \$200. On the other hand, unheated units comprise 26% of all units with rents of more than \$200. Overall, unheated units represent 37% of the total rent controlled units.

ATTACHMENT C-1 (REVISED)

TOTAL

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BLDG SIZ	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
4-6 UNTS	45	52	200	58	423	55	3120	32	3788	34
7-9 UNTS	25	29	54	16	124	16	924	9	1127	10
10-12 UN	4	5	46	13	57	7	581	6	688	6
13-15 UN	2	2	19	6	62	8	256	3	339	3
16-18 UN	11	13	4	1	44	6	417	4	476	4
>18 UNTS	0	0	22	6	62	8	4484	46	4568	42
TOTAL	87	100	345	100	772	100	9782	100	10986	100

HEATED

=====

BLDG SIZ	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
4-6 UNTS	13	32	28	30	65	30	1373	19	1479	20
7-9 UNTS	17	41	17	18	43	20	605	8	682	9
10-12 UN	0	0	20	22	36	17	450	6	506	7
13-15 UN	0	0	6	7	15	7	181	3	202	3
16-18 UN	11	27	4	4	17	8	288	4	320	4
>18 UNTS	0	0	17	18	40	19	4318	60	4375	58
TOTAL	41	100	92	100	216	100	7215	100	7564	100

UNHEATED

=====

BLDG SIZ	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
4-6 UNTS	32	70	172	68	358	64	1747	68	2309	67
7-9 UNTS	8	17	37	15	81	15	319	12	445	13
10-12 UN	4	9	26	10	21	4	131	5	182	5
13-15 UN	2	4	13	5	47	8	75	3	137	4
16-18 UN	0	0	0	0	27	5	129	5	156	5
>18 UNTS	0	0	5	2	22	4	166	6	193	6
TOTAL	46	100	253	100	556	100	2567	100	3422	100

CHART 1

ANALYSIS OF LOW-RENT UNITS (EXC. RH'S, CONDOS, 0 RENTS, 1-2-3 UNIT BLDGS.)

HEATED VS. UNHEATED STATUS

	=< \$150		\$151 - \$200		> \$200	
	=====		=====		=====	
	NUMBER	%	NUMBER	%	NUMBER	%
	=====	=====	=====	=====	=====	=====
HEATED	145	33.0	218	28.2	7215	73.7
UNHEATED	295	67.0	554	71.8	2572	26.3
TOTAL	440	100.0	772	100.0	9787	100.0

SIZE OF UNITS

As one would expect, Attachment D-1 and D-3 indicate that there is a higher percentage of low rents in the smaller size units. As illustrated in Attachment D-1, while one, two and three room units together account for 47% of all rent controlled units, they make up 67% of the units with rents of less than \$100, 50% of the units with rents of \$101 to \$150, and 49% of the units with rents of \$151 to \$200.

Although the percentage of lower rent units is higher in the smaller size apartments, there is a significant percentage of lower rent units among the apartments of some three, four, five and six room units as well. As depicted in Attachment D-3, 11% of four room units, 9% of five room units, 10% of six room units and 13% of seven room units have rents of less than \$200. The total number of four, five and six room units with rents of less than \$200 is 598.

LOCATION

According to Chart 4, a greater percentage of the lower rent units are located in the eastern part of the City, particularly in Neighborhoods One, Three, and Five. Neighborhood One contains 27.3% of all units with rents of less than \$150 and 18.3% of all units with rent of \$151 to \$200. Conversely, Neighborhood One contains only 3.7% of all units with rents of more than \$200. Neighborhood Three contains 20.5% of all units with rents of less than \$150 and 20.9% of all units with rents of \$151 to \$200. Neighborhood Five contains 15.5% of all units with rents of less than \$150 and 16.5% of all units with rents of \$151 to \$200.

CHARACTERISTICS OF UNITS BY RENT LEVEL - NUMBER OF ROOMS

TOTAL

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ROOMS	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
1 RM	35	40	54	16	82	11	363	4	534	5
2 RMS	6	7	43	12	88	11	930	10	1067	10
3 RMS	17	20	76	22	205	27	3212	33	3510	32
4 RMS	19	22	112	32	192	25	2828	29	3151	29
5 RMS	9	10	43	12	142	18	1746	18	1940	18
6 RMS	0	0	13	4	48	6	564	6	625	6
>=7 RMS	1	1	4	1	15	2	139	1	159	1
TOTAL	87	100	345	100	772	100	9782	100	10986	100

HEATED

=====

ROOMS	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
1 RM	35	85	49	53	79	37	347	5	510	7
2 RMS	3	7	26	28	66	31	820	11	915	12
3 RMS	1	2	8	9	48	22	2775	38	2832	37
4 RMS	2	5	4	4	16	7	1998	28	2020	27
5 RMS	0	0	1	1	5	2	938	13	944	12
6 RMS	0	0	1	1	0	0	273	4	274	4
>=7 RMS	0	0	3	3	2	1	64	1	69	1
TOTAL	41	100	92	100	216	100	7215	100	7564	100

UNHEATED

=====

ROOMS	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
1 RM	0	0	5	2	3	1	16	1	24	1
2 RMS	3	7	17	7	22	4	110	4	152	4
3 RMS	16	35	68	27	157	28	437	17	678	20
4 RMS	17	37	108	43	176	32	830	32	1131	33
5 RMS	9	20	42	17	137	25	808	31	996	29
6 RMS	0	0	12	5	48	9	291	11	351	10
>=7 RMS	1	2	1	0	13	2	75	3	90	3
TOTAL	46	100	253	100	556	100	2567	100	3422	100

ATTACHMENT D-3 (REVISED)

NUMBER ROOMS

RENTS	1 RM	%	2 RMS	%	3 RMS	%	4 RMS	%	5 RMS	%	6 RMS	%	>=7 RMS	%	TOTAL	%
\$1-\$100	35	7	6	1	17	0	19	1	9	0	0	0	1	1	87	1
\$101-\$150	54	10	43	4	76	2	112	4	43	2	13	2	4	3	345	3
\$151-\$200	82	15	88	8	205	6	192	6	142	7	48	8	15	9	772	7
\$201-\$250	95	18	157	15	249	7	286	9	212	11	52	8	8	5	1059	10
\$251-\$300	73	14	264	25	346	10	348	11	234	12	66	11	15	9	1346	12
\$301-\$350	76	14	219	21	655	19	354	11	230	12	53	8	5	3	1592	14
\$351-\$400	43	8	126	12	713	20	342	11	204	11	63	10	17	11	1508	14
\$401-\$450	15	3	93	9	627	18	529	17	205	11	42	7	9	6	1520	14
\$451-\$500	60	11	30	3	338	10	332	11	235	12	58	9	16	10	1069	10
\$501-\$550	1	0	15	1	135	4	257	8	152	8	71	11	8	5	639	6
\$551-\$600	0	0	11	1	67	2	151	5	80	4	31	5	6	4	346	3
\$601-\$650	0	0	14	1	44	1	112	4	60	3	18	3	2	1	250	2
\$651-\$700	0	0	1	0	24	1	42	1	57	3	23	4	7	4	154	1
> \$700	0	0	0	0	14	0	75	2	77	4	87	14	46	29	299	3
TOTALS	534	100	1067	100	3510	100	3151	100	1940	100	625	100	159	100	10986	100

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CHART 4

ANALYSIS OF LOW-RENT UNITS (EXC.RH'S, CONDOS, 0 RENTS, 1-2-3 UNIT BLDGS.)

GEOZONE (NEIGHBORHOOD)

	=< \$150		\$151 - \$200		> \$200	
	NUMBER	%	NUMBER	%	NUMBER	%
0	10	2.3	7	0.9	18	0.2
1	120	27.3	141	18.3	358	3.7
2	0	0.0	0	0.0	261	2.7
3	90	20.5	161	20.9	719	7.4
4	35	8.0	64	8.3	633	6.5
5	68	15.5	127	16.5	925	9.5
6	27	6.1	71	9.2	2661	27.2
7	26	5.9	72	9.3	751	7.7
8	13	3.0	14	1.8	796	8.1
9	36	8.2	57	7.4	1590	16.3
10	0	0.0	7	0.9	603	6.2
11	15	3.4	49	6.3	449	4.6
12	0	0.0	0	0.0	0	0.0
13	0	0.0	2	0.3	23	0.2
TOTALS	440	100.0	772	100.0	9787	100.0

PRIOR CONTACT WITH RENT CONTROL

In general, the lower rent units are located in properties whose owners have had very little contact with the Rent Control Board. Most of the properties have never received an individual rent adjustment for operating expenses (a Regulation 72 rent adjustment). Sixty percent of the lower rent units are classified as Class N in the general adjustment process, which means that they are properties which have never had an individual operating expense adjustment. Only 341 of the 1175 units with rents under \$200 have had a Regulation 72 adjustment.

Even more striking is the lack of allowances for capital improvements built into the rents for these units. Under Rent Control Board regulations, owners who make capital improvements and repairs to their buildings are entitled, upon petition to the Rent Board, to have the cost of the improvement plus interest built into the rent. Under the Board's regulations, all types of capital improvements are covered, from replacing water heaters to landscaping to adding on rooms. Yet 68% of the units with rents of less than \$200 have had absolutely nothing added to the rent for capital improvements.

Furthermore, 304 of the lower rent units are heated units for which there is no amount to cover the cost of heat built into the rent because the owners did not return the fuel use questionnaire which the Board sends out as part of the general adjustment. Without information as to the amount of fuel used by the building, the Board cannot calculate a fuel allowance for the rent.

COSTS OF OPERATING THE UNITS

During the course of several meetings at which the Committee reviewed data about the characteristics of lower-rent units, there were repeated discussions about what constituted a low rent and what made any particular rent too low. Throughout the discussions, although Committee members did not agree as to what dollar amount would constitute a rent that was too low, most Committee members, at various times, expressed the position that a rent which did not cover the reasonable costs of operating the unit was too low. The Committee therefore undertook to research and review information regarding the operating costs of rent controlled units.

The information which the Committee reviewed came from two sources. The Community Development Department (CDD) provided operating cost information from eight rent-controlled buildings which either had in the recent past or were presently undergoing extensive rehabilitation under the auspices of programs sponsored by CDD. For four of these buildings with a total of 24 units, CDD was able to provide actual data as to current operating expenses. The remaining four buildings were still in the process of rehabilitation, and so for those buildings, only projected costs could be provided. The average operating costs per month per unit for the CDD buildings are:

<u>Expense</u>	<u>Actual Cost (Based on 24 Units)</u>	<u>Projected Costs (Based on 35 Units)</u>
Insurance	\$44	\$51
Water, Sewer & Electric	31	29
Repair & Maintenance	23	29
Management	32	42
Taxes	<u>38</u>	<u>40</u>
Total	\$168	\$191

The Rent Control Board provided information on the actual operating costs for 2,170 rent controlled units. Of these units, 1,365 were units for which the landlord supplied the heat, and 805 were unheated units in which tenants paid their heat costs directly to the utility or oil company.

These operating costs were obtained from the Rent Board's records of the documented operating costs allowed by the Board after individual operating cost rent adjustments were completed for the buildings. Although the costs were compiled for all rent adjustments completed since 1985, all costs were adjusted to 1988 dollars.

The actual operating costs for the 2,170 units were:

<u>Expense</u>	<u>Heated Units</u>	<u>Unheated Units</u>
Insurance	\$20.30	\$30.08
Water, Sewer & Electric	18.94	18.94
Repair & Maintenance	49.60	24.00
Management	27.42	24.33
Taxes	28.50	28.50
Heat	<u>38.60</u>	<u> </u>
Total	\$183.36	\$125.85

There was a difference of \$42 between the average actual expenses for the 24 units reported by the Community Development Department and the average actual expenses for the 2,170 units reported by the Rent Control Board. Both Susan Schlesinger, Housing Director for Community Development, and Bernard Packer, Senior Hearing Examiner, Rent Control, who presented the statistics on behalf of their agencies, informed the Committee that the Rent Control data should be accepted as more typical of operating expenses for rent controlled units. Since the Community Development properties had recently undergone extensive renovations, which had increased the value of the property, certain categories of operating expenses based on value, such as taxes and insurance, would be higher than those of average rent controlled properties. In addition, the sample of properties supplied by the Rent Control staff was much more extensive.

APPROACHES SUGGESTED BY COMMITTEE MEMBERS

The proposal submitted by Committee members John Natale and David Sullivan, small property owners, and Neil Rohr, tenant, are reproduced in full in the appendix to this report.

John Natale and David Sullivan's approach averages the actual Rent Control Board operating expenses and the projected Community Development Department operating expenses. It utilizes the Rent Board's 1967 average ratio of cost to rent of 50% to allow 50% net income, and calculates a rent for a rent controlled apartment. Through use of a "weighted midpoint" it fixes the size of this unit as 3.86 rooms, and then scales this rent to other sizes of units. For heated units, the owner's approach adds \$65 to the Rent Control Board operating cost data and utilizes 2.89 rooms as the base apartment size.

There are three major difficulties with this approach. It relies very heavily on a very small sample (four properties) of projected rather than actual operating expenses in buildings which are not typical rent controlled buildings. In addition, when allowing more than average expenses, and an average net income-to-expenses ratio, the resulting rent is much more like an average rent than the minimum rent that this Committee was charged to develop. Finally, there does not appear to be an adequate basis for the "weighted midpoints" of apartment sizes used to scale rents. According to Rent Control Board data, the median sized heated apartment is a three-room apartment, and the median size unheated apartment is a four-room apartment.

Neil Rohr's proposal establishes a prima facie test for low rents and then provides that when rents are below these levels the Board itself will initiate individual rent adjustment. Also included is a proposal for outreach and assistance to owners of these buildings during the process of these individual rent adjustment petitions.

While the concept of additional outreach and assistance from the Board to these owners is commendable, and is included in the chairman's recommendations, there are problems with an approach which relies so heavily on individual rent adjustments. Although the individual rent adjustments would in many cases result in larger rent increases than the minimum rents, the individual adjustment process is quite time consuming. Median processing time for Regulation 72 rent adjustments is between four and six months. The Board calculates the average hearing and staff writing time for an individual adjustment for operating expenses as approximately 20 hours. Assuming individual adjustments are completed for 2/3 of the 343 buildings of four or more units with rents of \$200 or less, the total number of Rent Board staff hours needed for

processing these cases is 4,528 hours. Assuming an average staff work year processing of 1,725 hours, even if one staff person were to devote every working hour to this project, it would require 2.6 years to complete these adjustments.

Additionally, the City Council order creating this Committee refers to minimum rents as a way to provide assistance for small landlords who are so intimidated and alienated from the rent control system that they have never applied for rent adjustments. While personalized outreach can help many of these owners cope with the regulatory process, it is unrealistic to expect that all or even most will respond. Moreover, to the extent that the owners have not adequately documented their expenses, as is often true with small property owners, under Board regulations, they will not be eligible for adjustments, and for these owners, the perception of the Board as frustrating and unresponsive will be increased by the experience.

CHAIRMAN'S RECOMMENDATIONS

The Chairman's recommendations include some elements from each of the two proposals submitted by Committee members. The recommendations for the Rent Control Board's consideration include establishing a minimum rent through a general adjustment for all the low-rent units, investigating the feasibility of a 1967 minimum fair net operating income for properties with historically low rents, and creating an outreach program for small property owners to assist them in applying for and receiving individual rent adjustments.

1. Establishment of a Minimum Rent for All Units.

The methodology for establishing minimum rent controlled rents should be based on the costs of operating rent controlled units. Rent Control Board staff submitted statistics regarding average costs per unit based on rent controlled units which have had Regulation 72 individual rent adjustments in the last five years. In those rent adjustments the expenses were thoroughly reviewed and determined to be accurate. Although the Community Development Department staff also presented eight additional properties, four showed projected rather than actual expenses, and none of the eight properties, including the four with actual expenses, were presented as typical properties, because they had recently undergone extensive renovations, which would increase the value of the property and thus result in increases in certain categories of operating expenses based on value, such as taxes and insurance. Thus these eight properties are not a fair representation of the population of rent controlled properties.

In addition, while the average rent controlled expenses are used in constructing the model of minimum rents, in the adjustment process, in keeping with the Rent Board's general adjustment methodology, actual costs for heat and taxes should be used.

Under the Rent Control Act, the Board is required to make provision for a fair net operating income as well as operating expenses and capital improvements. Thus, in addition to an amount for expenses, an amount for net income is also included in a rent controlled rent. The Rent Control Board's historical rent data which is used in establishing base year expenses in rent adjustments shows that the average 1967 net operating income was roughly twice the operating expenses after heat and taxes were removed.

Keeping in mind that the task before the Committee is to set minimum, not average, rents, if a ratio of twice the operating expenses constitutes an average net, then a minimum net should be established as a ratio of a net equal to the operating expenses.

Thus the methodology for the minimum rent utilizes 100% of the available actual costs for heat and taxes, 100% of the known average per unit operating costs for other operating expenses of all rent-controlled units which have had rent adjustments, and adjusts from an average to a minimum by taking a smaller than average portion of the ratio from which one would calculate an average net, the "unknown" portion of the rent. It is also worth noting that, according to Rent Control studies, the proportion of net to expenses in the base year varied greatly among properties, and that operating expenses for buildings have risen at a rate higher than inflation.

The rent produced by this methodology can be assumed to represent a minimum rent for the median size of rent control apartment, heated and unheated, and can then be scaled to calculate minimum rents for apartments with different room counts. Rent Control Board data shows that the median size for a heated unit is three rooms, and the median size for an unheated unit is four rooms.

The calculations described above result in the following minimum rents:

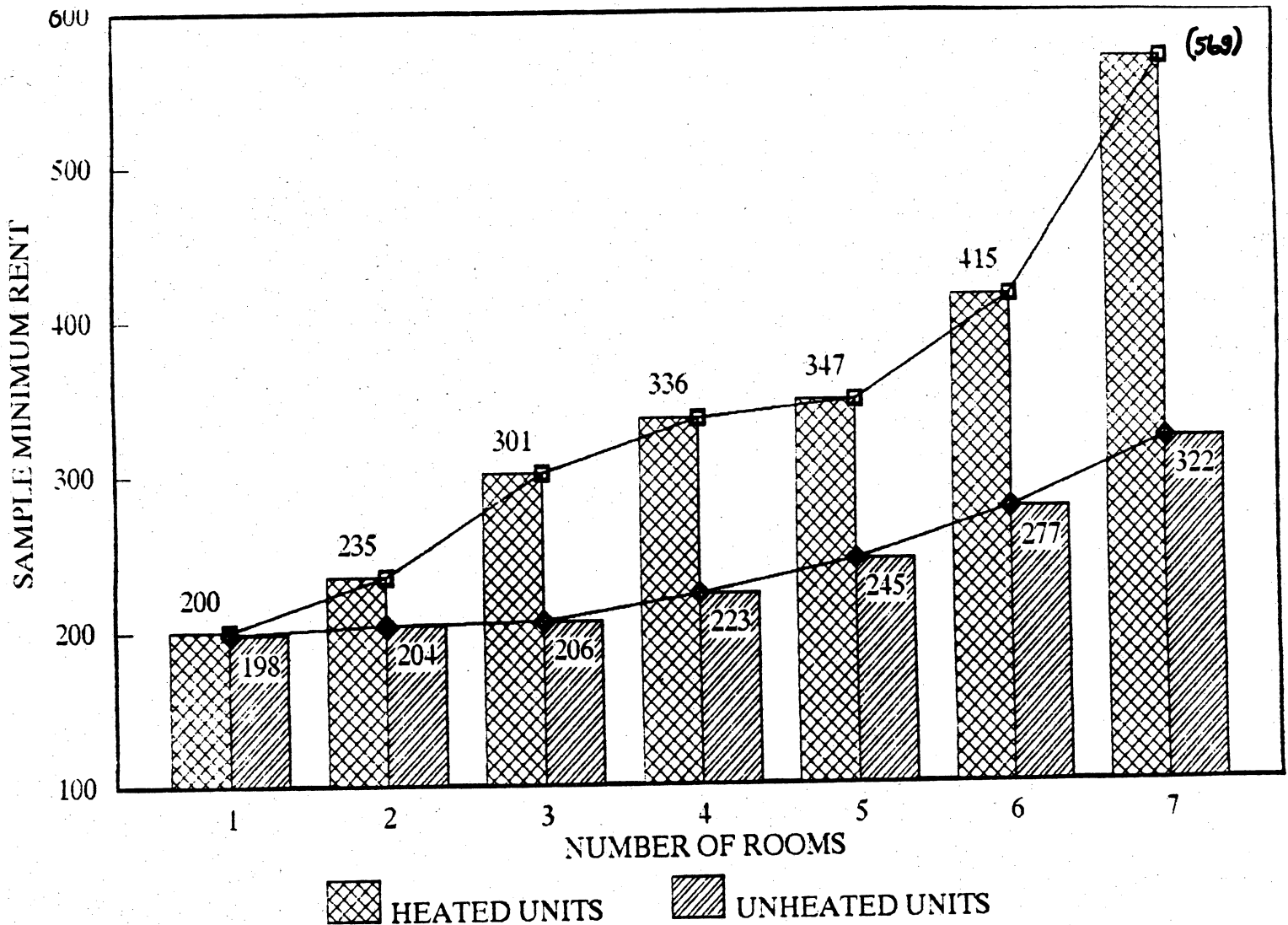
<u>Rooms</u>	<u>Heated</u>	<u>Unheated</u>
1	\$200	\$198
2	235	204 (use \$210 as average)
3	301	206
4	336	223
5	347	245
6	415	277
7	569	322

The minimum rents listed above have been calculated by scaling the minimum rents for a median sized apartment in the ratio of the median rent controlled rents for the different sizes of units. While the resulting minimum rents are in proportion to the median rents for the relevant apartment size, there is not an even distribution of increasing rents for increasing apartment sizes. It is recommended that when the Rent Control Board considers implementation of minimum rents, the Board consider adoption of a more even distribution of increases in proportion to increasing unit size.

The minimum rents set forth above are based on 1988 costs. In keeping with the Board's general adjustment methodology, the costs used at the time of the minimum rent adjustment should be updated to reflect any more recent cost data available at the time the adjustment is implemented.

Although one-room units are included in the above calculation, minimum rents should not be set for one-room units. Units listed as having one room in the Rent Board's data base include a wide range of housing. A unit could be a studio apartment or a 70 square foot room. Larger, more equipped one-room units would not be affected by any imposition of a minimum, and the cost analysis which is based on an average three-room apartment with kitchen and bathroom cannot be logically extended to single room occupancies.

A graph of the sample minimum rents is set forth below:



To protect tenants who are living in substandard units with conditions which violate the Sanitary Code, the Rent Board can utilize the general adjustment procedures of allowing the tenants whose rents are increasing the opportunity of filing an affidavit with the Board stating that code violations exist. In such cases, these conditions must be cured before the Rent Adjustment is allowed.

The Committee agreed that the effect of minimum rents on current tenants is one of the criteria by which a proposal should be evaluated. There is no data available as to the income of the actual occupants of the specific lower rent units. The 1987 Abt Cambridge Housing Study shows a correlation between low incomes and low rents. The various housing assistance programs which provide subsidies for tenants whose gross income is 80% or less of Boston area median income, adjusted for family size, assume that these tenants can afford 25-30% of their income as rent and require that the tenants pay that amount. If one assumes that tenants can afford 25% of gross income for rent, then rents equal to or less than the following are affordable to tenants with incomes of 50% of median income, adjusted for family size.

<u>Family Size</u>	<u>50% of Median Income</u>	<u>Affordable Rent</u>
1	\$16,400	\$342
2	18,750	390
3	21,100	440
4	23,450	489
5	25,350	528
6	27,200	567

Thus, assuming that tenants live in units sized in proportion to family sizes, the proposed minimum rents are affordable to families with gross incomes of 50% of Boston area median rents.

The public discussion and concern which resulted in the establishment of this Committee focussed on the problems of small, unsophisticated property owners who have been alienated and intimidated by the complications of the regulatory scheme of rent control. The Committee did not concentrate on any issues regarding large property owners who may own many other units and may have the additional resources, sophistication and understanding of the regulatory system. The Board may wish to consider limiting a minimum rent adjustment to small property owners.

Establishing minimum rents provides a relatively quick, short-term solution for the lowest-rent properties in the City. Unless the Rent Control Board also implements the next recommendation regarding low rent properties, the Board will also need to provide for an indexed or other regular adjustment to its minimum rent standards to prevent the problem from recurring.

2. Investigation of a 1967 Minimum Fair Net Operating Income for Properties with Historically Low Rents

The formula currently used by the Rent Control Board to determine the base year fair net operating income relies on the rents for 1967, or a year close to 1967 for which the rents can be accurately determined. If rents were low in the base year, the formula maintains those proportions. There is an assumption that the low base year rents were adequate to maintain the property unless the landlord can prove there were special circumstances in the base year.

The Board has traditionally defined special circumstances narrowly to include the renting of units to relatives. There were other factors for some properties which have caused historically low rents. These factors include but are not limited to the renting of units to old friends, the unwritten but clear understanding between the landlord and the tenant in the base year that repairs would be handled by the tenants in exchange for a lower rent.

As the Board has developed new data bases, and new statistical tools with which to analyze its data, it has improved its ability to make more precise judgments about the historically low rents. It is now possible for the Board to determine where in the range of all 1967 rents any particular 1967 rent fell. While the mere fact that a 1967 rent fell below the median 1967 rent does not mean that the rent was too low, if a 1967 rent was in the lowest 20 to 25th percentile of rents for the area and size of the apartment, then there may be reason to suspect that special circumstances may have been incorporated in the setting of such a rent. The Chairman recommends that the Rent Board reconsider the meaning of special circumstances.

The historically low rent properties are the properties which today have the lowest net operating incomes. Since the Rent Board rent adjustment formulas assume the base year rent was fair and build up the rent from the base year, if the base year rent was comparatively low, the present rent will also be low. The Chairman recommends that the Rent Control Board consider the adoption of a minimum 1967 net operating income for properties in which it determines that the net income falls below the range in which a 1967 net income for ordinary rents set without special circumstances would fall.

3. Outreach to Small Property Owners

The Chairman endorses the proposal that the Rent Control Board staff increase its outreach to small property owners, to the extent that its workload and budget will allow. For example, without great additional staff time or budget expenditure, special meetings

could be held in the neighborhoods with the greatest numbers of low rent buildings to give owners the opportunity to come to the neighborhood center to sign up for additional help with rent adjustment applications. Letters could be sent, with follow-up telephone calls where necessary, to individual owners to encourage them to contact Board staff for assistance in increasing their rents. In addition, both the Rent Control staff and the Cambridge Housing Authority could increase their efforts to inform Rent Control landlords that their rental income can be increased dramatically by renting units through the Housing Authority's Section 8 program.

Given the level of many small property owners' alienation from and suspicion and hostility toward Rent Control Board staff, if resources could be found, the Chairman believes that the City Council and the Rent Board should consider creating a staff position at Rent Control specifically for assistance to small property owners. The person who fills that position would work on public assistance, development of public policies, simplification of procedures, prioritization of rent adjustments for properties most in need of such adjustment and timely completion of rent adjustments.

As a member of the Rent Control Board staff, the small property staff person would have the understanding of procedures and ready access to Rent Control files necessary to assist the property owners most effectively. As a staff person concentrating almost exclusively on the issues and problems of small property owners, that person could improve the Rent Board's service to small property owners where necessary and attempt to overcome the hostility and suspicion that prevent other small property owners from availing themselves of the assistance and service now available.

APPENDIX

Statistical Reports on Lower Rent Units

List of Reports Received from Other Cities

Landlords' Proposals

Tenants' Proposal

Statistical Reports on Lower Rent Units

STATISTICAL INFORMATION

The charts listed in Part A were initially submitted in a memorandum dated July 26, 1989 to the Green Ribbon Committee to facilitate initial discussions of units with low rents. Please note that the information in Charts 1-6, 8A-B, 9, 10, and 11 excludes condominiums, rooming houses, units in one, two, and three family houses, and units with no rent listed.

PART A:

- Chart 1: Heated vs. unheated status of units with rents of \$200 or less
- Chart 2: Building size of units with rents of \$200 or less
- Chart 3: Unit size (number of rooms) of units with rents of \$200 or less
- Chart 4: Geozone (neighborhood) of units with rents of \$200 or less
- Chart 5: 1989 general adjustment class of units with rents of \$200 or less
- Chart 6: 1989 general adjustment subclass of units with rents of \$200 or less
- Chart 7: General adjustment median rents for 1984, 1987, 1989 (also includes average rents for 1989 GA)
- Chart 8A: General adjustment rescissions for units with rents of \$ 200 or less
- Chart 8B: Units not submitting fuel information for the general adjustment with rents of \$ 200 or less
- Chart 9: Rent distribution for all controlled units according to heated/unheated status, excluding condos, rooming houses, units in 1-2-3 unit buildings, and units with 0 rent
- Chart 10: Rent distribution for all controlled units according to size of units, excluding condos, rooming houses, units in 1-2-3 unit buildings, and units with 0 rent

The second series of charts (Part B) was submitted in a memorandum dated August 25, 1989.

PART B:

GENERAL RENT INFORMATION

- Attachment A-1: Graph of rent distribution including condos, rooming houses, 1-2-3 unit building; excluding 0 rents
- Attachment A-2: Graph of rent distribution including condos and 1-2-3 unit buildings; excluding rooming houses and 0 rents
- Attachment A-3: Graph of rent distribution excluding condos, 1-2-3 unit buildings, rooming houses and 0 rents
- Attachment B-1: Percentile distribution of rents including condos, rooming houses, 1-2-3 unit buildings; excluding 0 rents
- Attachment B-2: Percentile distribution of rents including condos and 1-2-3 unit buildings; excluding rooming houses and 0 rents
- Attachment B-3: Percentile distribution of rents excluding condos, 1-2-3 unit buildings, rooming houses and 0 rents

BUILDING SIZE

(all exclude condos, rooming houses, 1-2-3 unit buildings, and 0 rents)

- Attachment C-1: Building size analyzed by rents (total, heated, unheated)
- Attachment C-2: Rents analyzed by building size (total, heated, unheated)
- Attachment C-3: Pie charts of rents analyzed by various building sizes (total only)
- Attachment C-4: Line graph of rents analyzed by building sizes (total only)
- Attachment C-5: Rents analyzed by building size (total only - \$50 increments up to \$700)

- Attachment C-6: Building size analyzed by rents (total only - \$100 increments up to \$700)
- Attachment C-7: Rents analyzed by building size (total only - \$50 increments up to \$700)

UNIT SIZE (NUMBER OF ROOMS)
(all exclude condos, rooming houses,
1-2-3 unit buildings, and 0 rents)

- Attachment D-1: Unit size analyzed by rent (total, heated, unheated)
- Attachment D-2: Rent analyzed by unit size (total only)
- Attachment D-3: Rents analyzed by unit size (total only - \$50 increments up to \$700)

NEIGHBORHOOD (GEOZONE)
(all exclude condos, rooming houses,
1-2-3 unit buildings, and 0 rents)

- Attachment E-1: Geozone analyzed by rents (total, heated, unheated)
- Attachment E-2: Rents analyzed by geozone (total, heated, unheated)

1989 GENERAL ADJUSTMENT CLASS
(all exclude condos, rooming houses,
1-2-3 unit buildings, and 0 rents)

- Attachment F-1: 1989 general adjustment class analyzed by rents (total, heated, unheated)
- Attachment F-2: Rents analyzed by 1989 general adjustment class (total, heated, unheated)
- Attachment F-3: Rents analyzed by 1989 general adjustment class (total only - \$50 increments up to \$700)

1989 GENERAL ADJUSTMENT SUBCLASS
(all exclude condos, rooming houses,
1-2-3 unit buildings, and 0 rents)

- Attachment G-1: 1989 general adjustment subclass analyzed by rents (total, heated, unheated)
- Attachment G-2: Rents analyzed by 1989 general adjustment subclass (total, heated, unheated)

VALUE OF CAPITAL IMPROVEMENTS

Attachment H: Value of capital improvements in buildings with units with rents of \$200 or less (excluding condos, 1-2-3 unit buildings, rooming houses, and 0 rents)

The third series of charts (Part C) was submitted in the memorandum dated September 12, 1989.

PART C:

- Attachment 1: Number of buildings with units with rents of \$200 or less (excluding condos, rooming houses, 1-2-3 unit buildings, 0 rents)
- Attachment 2: Regulation 72 rent adjustment expense years for Class A buildings with units with rents of \$200 or less (excluding condos, rooming houses, 1-2-3 unit buildings, 0 rents)
- Attachment 3A: Line graph of median rents according to size of unit (excluding 0 rents only)
- Attachment 3B: Line graph of median rents according to size of unit (excluding 0 rents and rooming houses)
- Attachment 3C: Line graph of median rents according to size of unit (excluding condos, 1-2-3 unit buildings, rooming houses, and 0 rents)
- Attachment 4A: Line graph of percentage of units in various rent categories according to size of unit for one to six room units (excluding condos, 1-2-3 unit buildings, rooming houses, and 0 rents)
- Attachment 4B: Line graph of percentage of units in various rent categories according to size of unit for one to three room units (excluding condos, 1-2-3 unit buildings, rooming houses, and 0 rents)
- Attachment 4C: Line graph of percentage of units in various rent categories according to size of unit for four to six room units (excluding condos, 1-2-3 unit buildings, rooming houses, and 0 rents)
- Attachment 5: Definitions of 1989 general adjustment classes

List of Reports Received from Other Cities

REPORTS RECEIVED

CITY OF:

BERKELEY RENT STABILIZATION BOARD: HISTORICALLY LOW RENTS AND
TENANT AND HOUSING PROFILE. DECEMBER 1988.

LOS ANGELES COMMUNITY DEVELOPMENT DEPARTMENT, RENT STABILIZATION
DIVISION, A REPORT ON THE PROBLEMS OF HISTORICALLY LOW RENTS.
JULY, 1986.

SAN FRANCISCO RESIDENTIAL RENT STABILIZATION AND ARBITRATION
ORDINANCE. SEPTEMBER 1987.

SANTA MONICA RENT CONTROL BOARD, INCENTIVE HOUSING PROGRAM
AUGUST, 1989.

TOWN OF BROOKLINE RENT CONTROL BOARD, AUGUST 1989.

TOWNSHIP OF TEANECK RENT LEVELING ORDINANCE, TEANECK, BERGEN COUNTY
NEW JERSEY. OCTOBER 1988.

Landlords' Proposals

A COST BASED PROPOSAL FOR MINIMUM RENTS

Natale/Sullivan, 10/25/89

Minimum rent for an apartment should be based upon the number of rooms, whether the apartment is heated or unheated, (other utilities such as gas, hot water and electricity, should also be considered if those costs can be identified or approximated) and the annual dollar value of the capital improvements attributed to the unit.

Management fee should be scaled to recognize the uncompensated work performed in the day to day maintenance and upkeep of buildings by small owner/occupants. We suggest the following scale:

Owner/Occupants	12%
Non-Occupant Owners (less than 12 units)	10%
Non-Occupant Owners (more than 12 units)	8%

Other costs not presently included in the real costs of running a rent controlled building and not included in the determination of Fair Net Operating Income, but which should be are:

- Mortgage payments (No part of either principle or interest are allowed.)
 - Vacancy (Although the vacancy rate under rent control is low, it is not zero.)
 - Non payment of rent (When an eviction is initiated, it begins a couple of months after the non payment has started; the case takes up to a year in Rent Control and then when the case goes to court, the tenant disappears...14 months or so with \$0 rent.
The point is rental income is not equal to 12 x monthly rent.)
 - Legal Expenses (It is absolutely essential to engage an attorney in all matters before hearing officers and the Rent Board; it is an adversarial system.)
 - Time (Time for Rent Board related business, to appear at Hearings, to prepare forms, maintain records.)
 - Payments for medical expenses/ psychological counseling for Rent Control induced problems.)
- • These are costs specifically associated with Rent Control that owners in '67 did not have.)

SUGGESTED METHODOLOGY

- 1- Calculate the operating costs for an average size apartment, heated and unheated.
- 2- Use the Rent Board's 1967 Red Book ratio of cost to rent of 50% (also Santa Monica).
- 3- Scale the rent thus determined to all sized apartments using Laurie Goetz's data of:
 - a - Median rent by size of unit, table 3-C of 9/12/89 and,
 - b - Unit size/rent level, table D-1 of 8/25/89.

CALCULATIONS

1- Operating Costs.

Average for an unheated unit

Estimated at \$126 by the Rent Board.

Estimated at \$168/\$191 as actual /projected by Community Development.

We suggest taking the projected, \$191.

We suggest an average between Rent Board and Community Development of **\$159.**

Average for a heated unit

Estimated at \$184 by the Rent Board.

No estimate by Community Development.

We suggest "creating an average of \$249 (\$65 above the RB, same as unheated.)

Use the average between the Rent Board and Community Development of **\$217.**

2- Applying the fifty percent cost to rent ratio produces a minimum rent for an "average" sized unit of:

\$318/mo for an unheated unit.

\$433/mo for a heated unit.

3- Scaling by size.

a. Heated (w/o capital improvements)

The median heated apartment size is 2.89 rooms (table D-1). Thus, as above,

the minimum rent for a 3 room heated apartment is $\$433 \times 3/2.89 = \$449/\text{mo}$.

Use with table 3-C to determine minimum rents for other size units, e.g., $431/385 \times 449 = \$502$ for 4 rooms.

<u>No. of rooms</u>	<u>Minimum Rent</u>
1	\$299
2	\$351
3	\$449
4	\$502
5	\$518
6	\$620
7	\$850

b. Unheated (w/o capital improvements)

The median unheated size is 3.86 rooms (table D-1). Thus the minimum rent for a 4 room

unheated apartment is $\$316 \times 4/3.86 = \329 . Scale as above, table 3-C, for unheated sizes.

<u>No. of Rooms</u>	<u>Minimum Rent</u>
1	\$292
2	\$335
3	\$304
4	\$329
5	\$361
6	\$402
7	\$473

Since the data actually shows the rent of a 2 room unit to be greater than that of a 4 room unit, we suggest lowering this rent to \$300..

HARACTERISTICS OF UNITS BY RENT LEVEL - NUMBER OF ROOMS

TOTAL
=====

ROOMS	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
1 RM	35	40	54	16	82	11	363	4	534	5
2 RMS	6	7	43	12	88	11	930	10	1067	10
3 RMS	17	20	76	22	205	27	3212	33	3510	32
4 RMS	19	22	112	32	192	25	2828	29	3151	29
5 RMS	9	10	43	12	142	18	1746	18	1940	18
6 RMS	0	0	13	4	48	6	564	6	625	6
>=7 RMS	1	1	4	1	15	2	139	1	159	1
TOTAL	87	100	345	100	772	100	9782	100	10986	100

HEATED
=====

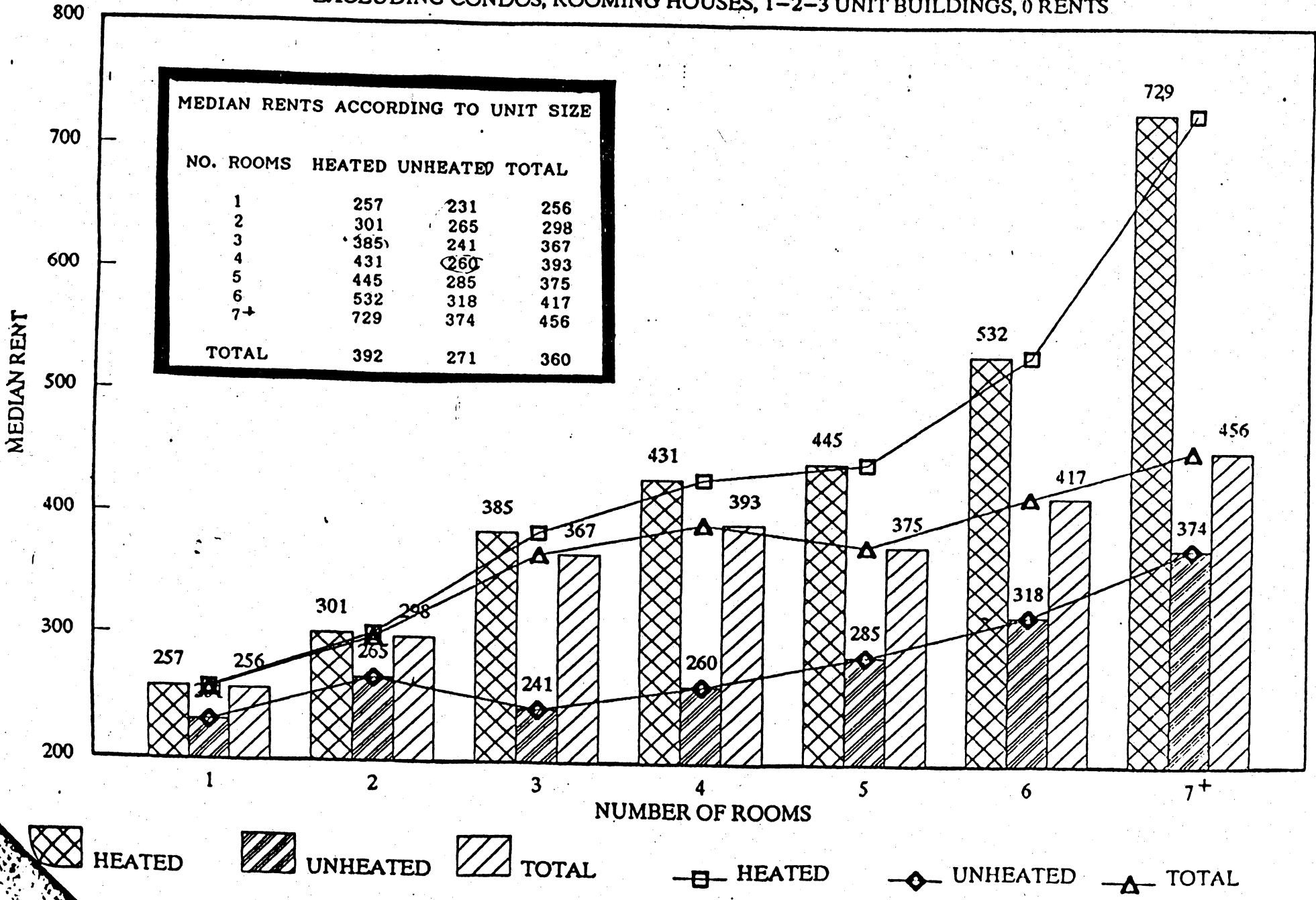
ROOMS	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
1 RM	35	85	49	53	79	37	347	5	510	7
2 RMS	3	7	26	28	66	31	820	11	915	12
3 RMS	1	2	8	9	48	22	2775	38	2832	37 ← *
4 RMS	2	5	4	4	16	7	1998	28	2020	27
5 RMS	0	0	1	1	5	2	938	13	944	12
6 RMS	0	0	1	1	0	0	273	4	274	4
>=7 RMS	0	0	3	3	2	1	64	1	69	1
TOTAL	41	100	92	100	216	100	7215	100	7564	100

UNHEATED
=====

ROOMS	\$1-\$100	%	\$101-\$150	%	\$151-\$200	%	>\$200	%	TOTAL	%
1 RM	0	0	5	2	3	1	16	1	24	1
2 RMS	3	7	17	7	22	4	110	4	152	4
3 RMS	16	35	68	27	157	29	437	17	678	20
4 RMS	17	37	108	43	176	32	830	32	1131	33 ← *
5 RMS	9	20	42	17	137	25	808	31	996	29
6 RMS	0	0	12	5	48	9	291	11	351	10
>=7 RMS	1	2	1	0	13	2	75	3	90	3
TOTAL	46	100	253	100	556	100	2567	100	3422	100

LINE GRAPH OF MEDIAN RENTS BY SIZE OF UNIT (NUMBER OF ROOMS)
EXCLUDING CONDOS, ROOMING HOUSES, 1-2-3 UNIT BUILDINGS, 0 RENTS

ATTACHMENT 3-C



80% PROPOSAL FOR MINIMUM RENTS

Natale/Sullivan 10/10/89

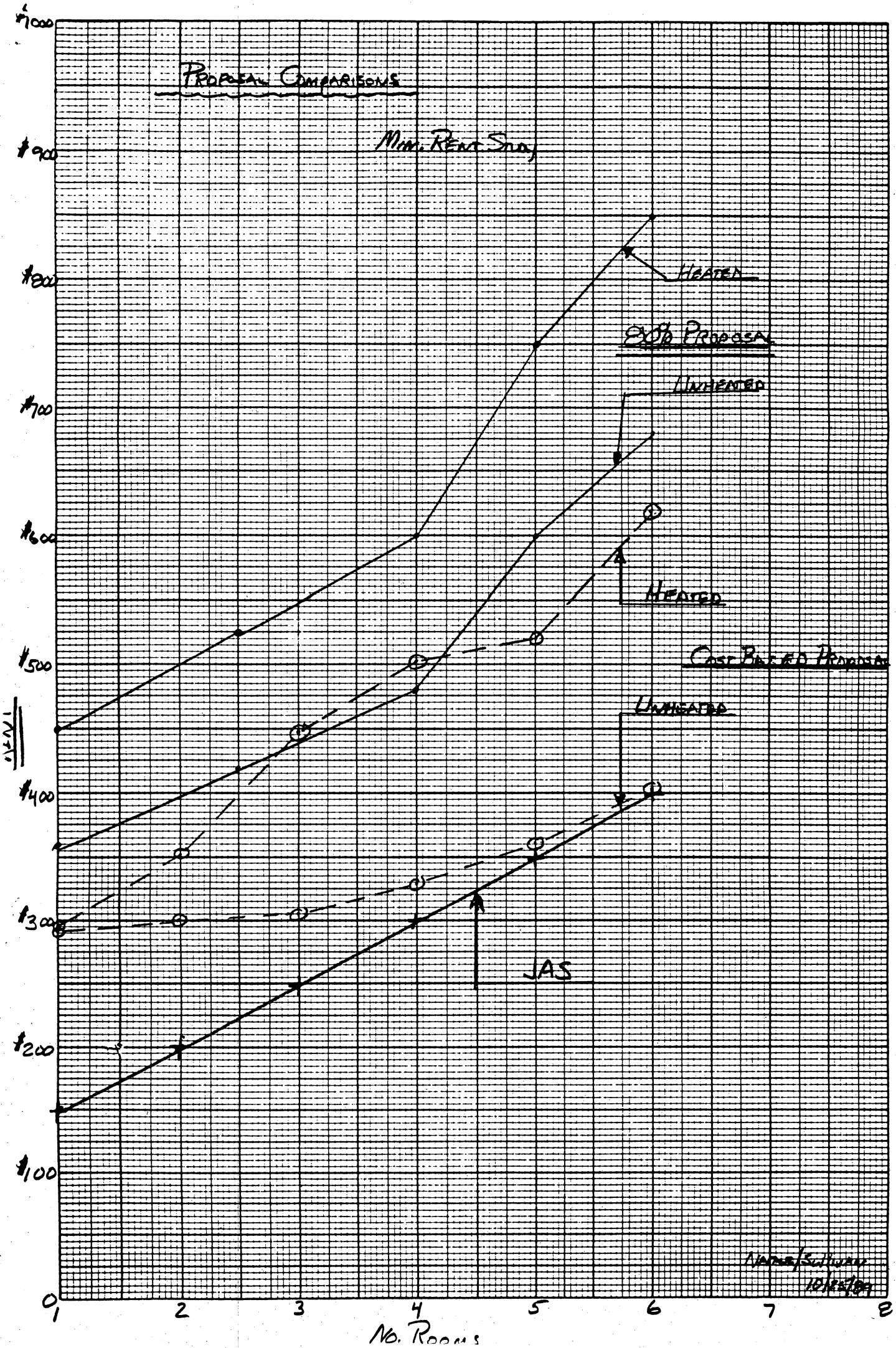
This proposal is based on setting rent controlled rents to 80% of the rents associated with Section 8 Certificates. The below information was obtained from Mr. Charles Sarno at CHA.

<u>No. of Bedrooms</u>	HUD Fair Market <u>All utilities</u>	HUD range ¹ <u>Sec 8</u>	<u>80%</u>	
			<u>unheated</u>	<u>heated</u>
0	\$566	\$400/500	\$360	\$450
1	\$688	\$450/600	\$420	\$525
2 ²	\$811	\$500/700	\$480	\$600
3	\$1012	\$600/900	\$600	\$750
4	\$1134	\$700/1000	\$680	\$850

1- Low represents worst case acceptable unit with no utilities; High represents best unit with all utilities.

2- Two bedrooms is assumed to correspond to 4 rooms.

PROPOSAL COMPARISONS



Name/Signature
Date

11/21/89
N/S

Proposal Summaries - Natale/Sullivan

Apartment Sz./# Rms.	<u>Unheated</u>			<u>Heated</u>		
	<u>80%</u>	<u>Cost Based</u>	<u>Chairman</u>	<u>80%</u>	<u>Cost Based</u>	<u>Chairman</u>
1	\$360	\$292	\$198	\$450	\$299	\$200
2	420	300	204	525	351	235
3	480	304	206	600	499	301
4	600	329	223	750	502	336
5	680	361	245	850	518	347
6		408	277		620	415
7			322			569

Tenants' Proposal

November 21, 1989

DRAFT TENANT PROPOSAL
TO THE "GREEN RIBBON" COMMITTEE

1. Where the Rent Board finds, based on a prima facie test, that certain rents may be below a level sufficient to produce a fair net operating income, the Board may, pursuant to Section 8(a) of the Act, initiate an individual rent adjustment for such units and/or properties to provide fair net operating income in accordance with existing Board regulations.
2. The prima facie test will be made in the following manner:
 - (a) Each year the Board will determine average operating expenses for all expense categories described in Regulation 72 for all those properties which received individual rent adjustments based on the previous year's expenses. These properties will be separated into two categories: heated and unheated.
 - (b) The average monthly cost of all expense categories per unit, whether for heated or unheated units, determined in Subsection (a) will then be adjusted by multiplying the total average costs of maintenance and repair, payroll, painting and decorating, and supplies by .85 and the average cost for management by .5.
(Maintenance and repair and related expenses and management are the two general categories of expenses which are most likely to vary significantly from property to property and from landlord to landlord.)
 - (c) The average cost per unit for heated and unheated units, adjusted per Subsection (b) will be divided by .6. This means that adjusted operating costs per unit account for 60 percent of the rent and the remainder of the rent is net operating income.
 - (d) Taken together, the preceding steps will establish rent levels for units with generally lower operating expenses and somewhat limited net operating income.
 - (e) Any unit, excluding rooming house units, whose rent, after adjustments for differences in number and size of rooms, is less than that established in Subsection (d) for a comparable unit will be deemed to have met the prima facie test and the Rent Board shall proceed as described in Section 1 above.

- (f) Capital improvements, if any, should not be taken out of the rent for purposes of calculating the rent levels in Subsection (e). Landlords who have filed for and received adjustments in rent for capital improvements should reasonably be assumed to be knowledgeable enough to proceed on their own with an individual rent adjustment.

Implementation

This proposal, including the prima facie test, does not require any change in the Act. The Board may draft regulations which derive authority from Sections 7 and 8 of the Act.

The proposal is self-adjusting. It allows for establishing annually what rent levels meet the prima facie test and hence does not require new regulations to be drafted or new proposals to be adopted in succeeding years.

December 1, 1986

MEMORANDUM

To: Margaret Drury
From: Bill Noble
Subject: Outreach Program to Small Cambridge Landlords
in Special Circumstances

Councillor Graham and others have called attention to certain small landlords who have special difficulties dealing with the administration of rent control. Typically, these landlords own less than 6 units, live in Cambridge and have low incomes; often they own one small rental property and live next door. Some examples of their difficulties are:

- poor command of English,
- a physical handicap or advanced age which makes it hard to get to the rent control office,
- total inability to handle rent control forms and procedures, and
- insufficient resources to hire an agent or lawyer.

When such difficulties are coupled with low rents or processing errors by the Rent Control Board (RCB), the failure to obtain a fair net operating income may make it difficult for landlords in these special circumstances to continue owning and operating their rent-controlled property.

The solution seems relatively straightforward: a small, short-term, outreach program. Such a program might include the following elements.

1. Assign two staff members to the program as a team. Staff participation could rotate at some suitable interval both to give more staff members experience with these special situations and to distribute the work fairly.
2. The team would use computer-generated lists of "low rent" buildings owned by Cambridge residents who are small landlords as defined above, starting with the lowest rents and smallest buildings and working up to some reasonable cut-off point (say \$150/month) to select properties and owners which have the required characteristics.
3. Review all RCB files on properties selected from the initial screening. Rents and owner characteristics of selected properties should suggest unambiguously to the team that there may be a problem.

4. Mail out an initial letter. Follow up with a telephone call and schedule a visit with the landlord to explain the program and determine the landlord's circumstances.
5. Evaluate the landlord's circumstances after the visit. There will be cases which require no action, cases which require action that the landlord can accomplish without special staff assistance, and cases which require special staff assistance.
6. In cases where special assistance is recommended notify and confer with the tenants to determine what hardships they may face if special assistance is given to the landlord and, if there are hardships, what mitigating measures ought to be taken. Also, notify the Cambridge Tenants Union.
7. The staff team would then help the landlord through whatever procedure seems advisable and does not affect tenants adversely, trying to keep that procedure as short and simple as possible.

No new or special regulations seem required or desirable. After a week or two weeks to set up and screen for initial cases, the staff team could probably contact one or two landlords each day. From my review of the ownership of Class D properties, I know that the number of small landlords who need and deserve this special assistance is not large. And since not all of those contacted will require special assistance, the additional work should be minimal. The program would thus be self-extinguishing in a relatively short period of time.

It is important to stress that an outreach and special assistance program of this kind should not lead to the eviction or displacement of tenants.



City of Cambridge

11.

IN CITY COUNCIL

December 11, 1989

MAYOR VELLUCCI

- WHEREAS: On June 12, 1989, the City Council authorized the Mayor to form a Select Committee for the purpose of proposing minimum rents which would be responsive to the needs of small landlords; and
- WHEREAS: The Chairman of the Mayor's Green Ribbon Committee to Research and Propose Minimum Rents has completed a report on the Committee's work including his recommendations, and that report has been transmitted to the City Council; now therefore be it
- ORDERED: That the City Council refer the report to the Rent Control Board for public hearing, consideration and implementation of the Chairman's recommendations; and be it further
- ORDERED: That Council expresses its appreciation for the hard work of all of the members and staff of the Green Ribbon Committee to Research and Propose Minimum Rents.

CHARTER RIGHT EXERCISED BY COUNCILLOR DAVID SULLIVAN



City of Cambridge

11.

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December 11, 1989

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Order # 11 S-847

Mayor Vellucci re: appreciation to the
Green Ribbon Committee to Research and
Propose Minimum Rents.

In City Council,

Dec. 11, 1989

*Charter Right
exercised by
Councillor David*

*Sullivan
12/18/89 Referred to
Rent Control Board*

*12/20/89 Copy sent to
Rent Control Board
& report. (cc)*