



APPLICATION FOR APPEAL

RECEIVED Saint Paul City Council – Legislative Hearings

JUN 21 2022

CITY CLERK

310 City Hall, 15 W. Kellogg Blvd.

Saint Paul, Minnesota 55102

Telephone: (651) 266-8585

We need the following to process your appeal:

- \$25 filing fee (non-refundable) (payable to the City of Saint Paul) (if cash: receipt number 536259)
- Copy of the City-issued orders/letter being appealed
- Attachments you may wish to include
- This appeal form completed
- Walk-In OR Mail-In
- for abatement orders only: Email OR Fax

HEARING DATE & TIME
 (provided by Legislative Hearing Office)
 Tuesday, July 5, 2022

Time: you will be called between
3pm & _____

Location of Hearing:
~~Teleconference due to Covid-19 Pandemic~~
in person

Address Being Appealed:

Number & Street: 720 E. 7th St., #330 City: St. Paul State: MN Zip: 55106

Jack Carr, Housing Justice Center

Appellant/Applicant: Katherine Banbury Email katherinebanbury@gmail.com

Phone Numbers: Business _____ Residence _____ Cell 651-313-1980

Signature: K.A. Banbury Date: 6/19/2022

Name of Owner (if other than Appellant): St. Paul Leased Housing Associates VI LLLP

Mailing Address if Not Appellant's: 2905 Northwest Blvd Suite 150, Plymouth, MN 55441

Phone Numbers: Business 763-354-5500 Residence _____ Cell _____

What Is Being Appealed and Why? *Attachments Are Acceptable*

- Vacate Order/Condemnation/
- Revocation of Fire C of O _____
- Summary/Vehicle Abatement _____
- Fire C of O Deficiency List/Correction _____
- Code Enforcement Correction Notice _____
- Vacant Building Registration _____
- Other (Fence Variance, Code Compliance, etc.) Rent Stabilization Ordinance Violation; see attached



June 21, 2022

St. Paul City Council
Legislative Hearings
310 City Hall
15 W. Kellogg Blvd.
St. Paul MN 55102

Appeal by Katherine Banbury of rent increase in violation of City Rent Stabilization Ordinance at 720 E. 7th St., St. Paul

The Appellant in the above matter is represented by the Housing Justice Center. For questions please contact me at 651 645 7378 or jcann@hjcmn.org. Attached please find the following appeal materials:

Application for Appeal
Check for \$25 filing fee

Copy of the Notice of receipt of exception for 8% rent increase and or rent increase in excess of 3% (City does not issue notice, it's left to landlords)

Memorandum in Support of Katherine Banbury's Rent Increase Appeal, with:

Exhibit 1, Current Rent before increase, Page 1 of lease for period 7/1/21 to 6/30/22

Exhibit 2, Table A, showing relevant CPI percentage increases 2019-2022

Exhibit 3, First page of 2019 lease showing 2019 rent

Yours truly,

A handwritten signature in black ink, appearing to read "Jack Cann", written over a white background.

Jack Cann

Jack Cann, Attorney

1774 Portland Avenue • St. Paul, MN 55104 • 651-645-7378

Dedicated to expanding and preserving the supply of affordable housing in Minnesota and nationwide

06/01/2022

Katherine Banbury
720 East 7th Street #330
St. Paul, MN 55106

Dear Katherine Banbury:

Thank you for being a valued resident in our community. Our goal at Cambric is to offer one of the finest apartment communities in the area; a place you can truly be proud to call your home!

Our community participates in an affordable housing program known as Section 42, or the Low-Income Housing Tax Credit (LIHTC) program. The LIHTC program provides rent control as the maximum allowable rent charged for each affordable apartment home is determined each year by the Department of Housing and Urban Development (HUD).

I would like to invite you to renew your lease with us.

12 Month Lease: \$1,440.00

HUD recently released the 2022 Area Median Income for our area which results in an 11.89% increase over 2021 rents. The City of St. Paul recently passed a rent stabilization ordinance requiring increases between 3% and 15% be approved for exception. We applied for and received exception for an 8% rent increase.

Increasing your rent allows us to maintain and make improvements to our community and continue to offer the level service that all of our Dominion residents deserve. While this new rent may seem high, it is substantially less than the rent increase amounts in neighboring market rate communities and less than the growth in income limits and maximum allowable rent amounts determined by HUD. We hope you will choose to renew your lease with us!

If your plans require you to move, we will be sorry to lose you from our community. Remember we require 1 months written notice prior to your moving date. Again, we would like to extend our appreciation for making Cambric your home.

Sincerely,

Leah Goldade
Community Manager

This rental rate does not include ancillary charges such as pet, parking, storage, etc. Rent increases are implemented only once in a 12-month period. If you believe you have been assessed an increase prior to the 12-month anniversary of your most recent rent increase, please contact the Community Manager immediately so that we may review your account history.

Renewal Acceptance

Apartment # _____

Resident Name(s): _____

Please send me a new 12-month lease, which I will promptly sign and return to the office.

Signature of Resident(s)



June 21, 2022

MEMORANDUM IN SUPPORT OF KATHERINE BANBURY'S RENT INCREASE
APPEAL

We represent Katherine Banbury in this appeal of a rent increase which substantially , exceeds the 3% annual limit set out in the St. Paul Rent Stabilization Ordinance, § 193A.03. Ms. Banbury lives at 720 E. 7th St., St. Paul Apartment 330, owned by St. Paul Leased Housing Associates VI LLC and managed by Dominion Management Services (hereafter "Dominium"). Attached hereto and labeled "Notice of City Action Being Appealed" is the Notice dated June 1, 2022 which Ms. Banbury received on that date from her apartment manager, indicating that Dominion had "applied for and received" exception from § 193A.03 permitting a rent increase of 8%. The letter invited Ms. Banbury to apply for a new 12 month lease at \$1,440 and implied that her only alternative was to move.¹ The rent in her new lease, \$1,440 is a \$96 or 7.1% increase over the \$1,344 rent in effect through 6/30/22. (See Exhibit 1, first page of Ms. Banbury's May 27, 2021 lease). Ms. Banbury has applied for the new lease as directed by the letter. This application was under protest and has no effect on this appeal, as the City Ordinance prohibits any waiver of its provisions. §193A.07(c)

Ms. Banbury challenges the City action effectively approving the 8% exception rent increase on two grounds:

First, an 8% increase could not be justified under the terms of the City Rent Stabilization Ordinance and the regulations and policies under which rent stabilization is being administered.

The Ordinance provides that landlords may request exceptions to the 3% annual limitation on increases "based on the right to a reasonable return on investment." § 193A.05. The Final Rules for Rent Stabilization adopted by the City provide that the owner's Net Operation Income (hereafter "NOI") in the base year, 2019, is presumed to have provided such a reasonable return. The Rule further provides owners with a right to obtain a NOI equal to the 2019 NOI increased by 100% of the percentage increase in the CPI since the 2019 base year. The CPI to be employed in this calculation is that for the twelve-month period ending in March of the current year for All Urban Consumers for the Minneapolis-St. Paul-Bloomington area.

The 12-month CPI for March 2020 increased 1.2% over that in the 2019 base year. In March of 2021 the 12 month increase was 3% over that in 2020 and in March of 2022 it was 8.2% over that in 2021. Exhibit 2, Table A; https://www.bls.gov/regions/midwest/news-release/consumerpriceindex_minneapolis.htm. Thus the March 2022 CPI has increased by 12.8% over that in March 2019 ($1.012 \times 1.03 \times 1.082 = 1.128$). Therefore, a rent increase resulting in a NOI increase of no more than 12.8% over that in 2019 would be justified under the City Rules.

Attached as Exhibit 3 is the rent portion of Ms. Banbury's 2019 lease setting rent at \$1,166. The rent under the new lease effective July 1, 2022 is \$1,440, an increase of 23.5% over that in the 2019 base year.

NOI is defined by the City Rules as gross rental income (made up largely of Rent, and including additional sources of revenue such as parking payments) minus operating expenses.

Gross rental income is then equal to operating expenses plus NOI. Therefore, the only way that a 12.8% increase in NOI to assure a reasonable return under the rules could justify a 23.5% increase in rents is if operating expenses since the 2019 base year had increased by even more than 23.5%. Given that overall inflation was only 12.8% over this period, this is extremely doubtful and therefore something which Dominion is obligated to demonstrate in response to this appeal. Note that the City approved an increase of 8%. That would have resulted in a new rent of \$1,452, an increase of 24.5% over the 2019 base resulting in an even more outrageous gap between what was required by a 12.8% increase in NOI and the new Dominion rent. Yet it is this increase which was approved by the City without examination.


Second, the owner has not demonstrated any need for an 8% rent increase in order to receive a fair return on investment.

The Ordinance clearly provides that exceptions to the 3% limitation in increases are to “be made only when the landlord **demonstrates** that such adjustments are necessary to provide the landlord with a fair return on investment.” (emphasis added); § 193A.05(b). Dominion has certainly not demonstrated the need for this increase to the residents. The June 1 letter justifies the increase solely on the basis that the federal tax credit program could have permitted a greater increase. But what the tax credit program doesn’t guarantee any particular level of rents, it merely sets an upper limit. That upper limit has nothing whatsoever to do with the limits imposed by the Rent Stabilization ordinance.

Nor has Dominion demonstrated the need for the increase to the City, because the procedure adopted by the City provides that the demonstration need not be submitted to the City. The procedure, apparently adopted by City staff but not in the Rules adopted by the City Council, violate the Ordinance requirement of a demonstration of need for an exception, and any approval of a rent increase in excess of 3% by City staff using this procedure is ultra vires and the resulting rent increase a violation of the City ordinance.

Dated: June 21, 2022

HOUSING JUSTICE CENTER

By 

John Cann Bar No. 0174841
1774 Portland Ave
St. Paul, @hjcmn.org

‘The notice is very misleading in this regard. As is plain from paragraph 3 in her existing lease (see Exhibit 1), the actual effect of a tenant declining the offer of a new lease at higher rent is simply an automatic renewal of the existing lease on a month to month basis with no rent immediate rent increase but subject to an increase with proper notice. Thus not only has Dominion flagrantly ignored the requirements of the Rent Stabilization ordinance, it has done so in a way designed to panic its tenants into accepting an illegal rent increase.

Exhibit 1

APARTMENT LEASE CONTRACT



Date of Lease Contract: May 27, 2021 (when the Lease Contract is filled out)

This is a binding document. Read carefully before signing.

Moving In - General Information

1. PARTIES. This Lease Contract (sometimes referred to as the "Lease") is between you, the resident(s) (list all people signing the Lease Contract):

Catherine Banbury, David Blessing
and as the owner, St. Paul Leased Housing Associates VI, LLLP

(Name of apartment community or title holder). You've agreed to rent Apartment No. at 330, 720 East 7th Street 330

(street address) in Saint Paul (city), Minnesota, 55106 (zip code) (the "apartment" or the "premises") for use as a private residence only.

The person authorized to manage the apartment is: Dominion Management Services

Name: 2905 Northwest Blvd. Suite 150
Street Address: Plymouth, MN 55441
City, State, Zip Code:

The owner or agent authorized to accept service of process and receive and give receipts for notices is:

Dominion Management Services
Name: 2905 Northwest Blvd. Suite 150
Street Address: Plymouth, MN 55441
City, State, Zip Code:

2. OCCUPANTS. The apartment will be occupied only by you and (list all other occupants not signing the Lease Contract):

(Empty lines for listing other occupants)

No one else may occupy the apartment. Persons not listed above must not stay in the apartment for more than 14 consecutive days without our prior written consent, and no more than twice that many days in any one month.

3. LEASE TERM. The initial term of the Lease Contract begins on the 1st day of July 2021, and ends at 11:59 pm the 30th day of June 2022

This Lease Contract will automatically renew month-to-month unless either party gives at least 60 days written notice of termination or intent to move-out as required by paragraph 51 (Move-Out Notice).

4. RENT AND CHARGES. Unless modified by addenda, you will pay \$ 1344.00 per month for rent, payable in advance and without demand:

- at the on-site manager's office, or
at our online payment site, or
at Walk in Payment System (WIPS)

Prorated rent of \$ due for the remainder of (check one): 1st month or 2nd month, on

Otherwise, you must pay your rent on or before the 1st day of each month (the date) with no grace period. Cash is unacceptable without our prior written permission. You must not withhold or offset rent unless authorized by statute.

5. SECURITY DEPOSIT. Unless modified by addenda, the total security deposit at the time of execution of this Lease Contract for all residents in the apartment is \$ 300.00, due on or before the date this Lease Contract is signed.

In compliance with Minnesota law, your security deposit will bear simple interest. Interest will be included as part of the security deposit. Within 21 days after termination of your residency and receipt of your mailing address or written delivery instructions, we will return the deposit to you, with interest, or furnish to you a written statement specifying the reasons for the withholding of the deposit or any portion thereof.

6. KEYS. You will be provided apartment key(s), 1 mailbox key(s), 2 FOB(s), and/or other access device(s) for access to the building and amenities at no additional cost at move-in.

7. UTILITIES. We'll pay for the following items, if checked:
water, gas, electricity, master antenna, wastewater, trash, cable TV, other

You'll pay for all other utilities, related deposits, and any charges, fees, or services on such utilities. You must not allow utilities to be

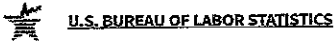


Exhibit 2 See Table A

Bureau of Labor Statistics > Geographic Information > Midwest > News Release

Midwest Information Office

Search Midwest Region

- Midwest Home
- Midwest Geography
- Midwest Subjects
- Midwest Archives
- Contact Midwest

News Release Information

22-1156-CHI
Friday, June 10, 2022

Contacts

Technical information:
(312) 353-1880
BLSInfoChicago@bls.gov
www.bls.gov/regions/midwest

Media contact:
(312) 353-1138

Related Links

- [Minneapolis Area Economic Summary](#)
- [Historical Table Minneapolis CPI-U](#)
- [Historical Table Minneapolis CPI-W](#)
- [CPI chart package](#)

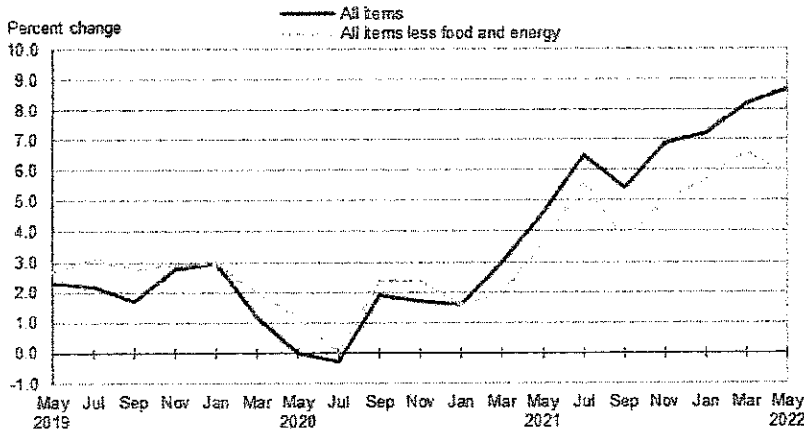
Consumer Price Index, Minneapolis-St. Paul-Bloomington area – May 2022

Area prices were up 1.9 percent over the past two months, up 8.7 percent from a year ago

Prices in the Minneapolis-St. Paul-Bloomington area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 1.9 percent for the two months ending in May 2022, the U.S. Bureau of Labor Statistics reported today. (See [table A](#).) Regional Commissioner Jason Palmer noted that the food index increased 4.1 percent, and the energy index advanced 11.1 percent from March to May. The all items less food and energy index rose 0.8 percent over the past two months. Within the all items less food and energy category, prices were higher over the two-month period for public transportation and lower for apparel and recreation. (Data in this report are not seasonally adjusted. Accordingly, bi-monthly changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U rose 8.7 percent. (See [chart 1](#) and [table A](#).) The index for all items less food and energy increased 5.8 percent over the year. Energy prices advanced 43.1 percent, largely the result of an increase in gasoline prices. Food prices were up 11.8 percent. (See [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Minneapolis-St. Paul-Bloomington, MN-WI, May 2019–May 2022



Source: U.S. Bureau of Labor Statistics.

[View Chart Data](#)

Food

Food prices increased 4.1 percent for the two months ending in May. Prices for food at home (groceries) advanced 6.1 percent as all six of the major grocery store food group indexes increased over the two-month period. Categories increasing included fruits and vegetables (10.5 percent) and meats, poultry, fish, and eggs (5.7 percent). Prices for food away from home (restaurant, cafeteria, and vending purchases) rose 1.0 percent for the same period.

Over the year, food prices increased 11.8 percent. Prices for food at home were up 14.0 percent since a year ago. Among the grocery food categories, the index for fruits and vegetables was up 17.3 percent over the year and costs for meats, poultry, fish, and eggs rose 13.5 percent. Prices for food away from home rose 8.5 percent compared to May 2021.

Energy

The energy index increased 11.1 percent for the two months ending in May. The increase was mainly due to higher utility (piped) gas service prices (38.1 percent). Gasoline prices rose 5.2 percent, and electricity prices increased 2.9 percent for the same period.

Energy prices increased 43.1 percent over the year, largely due to higher gasoline prices (46.2 percent). Prices paid for utility (piped) gas service were up 84.9 percent, and electricity prices rose 11.2 percent during the past year.

All items less food and energy

The index for all items less food and energy rose 0.8 percent in the latest two-month period. Higher prices for public transportation were partially offset by lower prices for apparel (-4.4 percent) and recreation (-2.1 percent).

Over the year, the index for all items less food and energy advanced 5.8 percent. Components contributing to the increase included shelter (5.3 percent) and new and used motor vehicles (12.6 percent).

Table A. Minneapolis-St. Paul-Bloomington, MN-WI, CPI-U 2-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2018		2019		2020		2021		2022	
	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month
January	0.3		0.4	1.4	0.6	3.0	0.4	1.6	0.7	7.2
March	0.5		1.4	2.3	-0.3	1.2	1.1	3.0	2.1	8.2
May	1.0		1.0	2.3	-0.1	0.0	1.4	4.6	1.9	8.7
July	0.3		0.3	2.2	-0.1	-0.3	1.7	6.6		
September	0.3		-0.2	1.7	2.1	1.9	1.1	5.4		
November	-1.2	1.3	-0.2	2.8	-0.4	1.7	1.0	6.9		

The July 2022 Consumer Price Index for the Minneapolis-St. Paul-Bloomington area is scheduled to be released on August 10, 2022.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total U.S. population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers approximately 29 percent of the total U.S. population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 75 urban areas across the country from about 6,000 housing units and approximately 22,000 retail establishments—department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date; for most of the CPI-U the reference base is 1982-84 equals 100. An increase of 7 percent from the reference base, for example, is shown as 107.000. Alternatively, that relationship can also be expressed as the price of a base period market basket of goods and services rising from \$100 to \$107. For further details see the CPI home page on the Internet at www.bls.gov/cpi and the CPI section of the BLS Handbook of Methods available on the internet at www.bls.gov/oppub/hom/cpi/.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Minneapolis-St. Paul-Bloomington, MN-WI, Core Based Statistical Area** covered in this release is comprised of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, LeSueur, Mille Lacs, Ramsey, Scott, Sherburne, Sibley, Washington, and Wright Counties in Minnesota; and Pierce and St. Croix Counties in Wisconsin.

Information in this release will be made available to individuals with sensory impairments upon request. Voice phone: (202) 691-5200; Telecommunications Relay Service: 7-1-1.

**Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods
Minneapolis-St. Paul-Bloomington, MN-WI (1982-84=100 unless otherwise noted)**

Item and Group	Indexes			Percent change from-	
	Mar. 2022	Apr. 2022	May 2022	May 2021	Mar. 2022
Expenditure category					
All items	280.388	-	285.784	8.7	1.9
All items (1967=100)	881.126	-	898.083	-	-
Food and beverages	321.134	-	333.120	11.3	3.7

Exhibit 3

DOMINIUM MANAGEMENT SERVICES, LLC

2905 Northwest Blvd, Suite 150, Plymouth, MN 55441-2644
Phone (763) 354-5500 Fax (763) 354-5519

OWNER'S AUTHORIZED AGENT

**Cambric
LEASE AGREEMENT**

Resident(s)*: (List all persons, and their dates of birth, who will live in the apartment.)
Katherine Banbury- [REDACTED] David Blessing- [REDACTED]

Owner: St. Paul Leased Housing Associates VI, LLLP

Reserved Parking # N/A

Rental Dwelling Street Address: 720 East 7th Street, Apartment # 330
City: St. Paul State MN Zip Code 55106

Move-In Date: 06/08/2018 Lease Term: From: 07/01/2019 to: 06/30/2020 @ 12:00 Noon
Prorated Rent \$ N/A

Monthly Rent**: Apt. \$ 1,166 Garage \$ Pet \$ Other \$ 25 Total Charges \$ 1,191

**The Monthly Rent and Total Charges noted above are subject to any increases in the Rent as provided in Paragraph 1. below. LATE CHARGE is 8% of the overdue Monthly Rent. Rent is late if received after the 3rd day of each month. For residents who receive a subsidy, the 8% late fee is based on the resident's portion of the rent per the HAP contract or interim change.

Any returned/dishonored/unpaid check (NSF) Fee \$ 30.00 Notice Period: Two Full Calendar Months

Security Deposit \$ 300 Pet Deposit \$ 0 Other Deposit \$ 0 Total Deposit \$ 300 Bond \$

Resident acknowledges receipt of the keys and access materials listed below and agrees to indemnify and reimburse Management for the replacement cost listed below for any loss or misplaced keys. Further, Resident agrees to indemnify and pay Management for additional damages or charges (i.e. lock charges) relating to lost or misplaced keys and access materials including a delay or failure to report such loss.

Key, Opener, Fob	# Issued	Amount	Key, Opener, Fob	# Issued	Amount
Apt. Door Key		\$130	Storage Locker Key		\$25
Bldg. Entrance Key		\$100	Clubhouse Key		\$50
Garage Key		\$25	Pool Key		\$50
Garage Door Opener		\$55	Other Recreational Keys		\$
Mailbox Key	1	\$25	Other: Guest parking passes	2	\$ 25 ea
FOB	2	\$105	Other:		\$

These charges are due and payable at the time of the loss and prior to replacement of such keys.

Utilities Included in Rent:

Gas Electricity Cooking Gas Cooking Electric Trash Cable Telephone Water and Sewer

Utilities Paid by Resident:

Gas Electricity Cooking Gas Cooking Electric Trash Cable Telephone Water and Sewer

Additional Agreements:

Agent and Address for Maintenance Management and Rent Collection:

Cambric - 720 East 7th Street, St. Paul, MN 55106

Authorized Management Agent for Service of Process and to receive and give receipts for notices and demands: Dominion Management Services, LLC.

Attention Senior Vice President of Property Management

Address for service of process: 2905 Northwest Blvd., Suite #150, Minneapolis, MN 55441-2644

*Where appropriate, singular terms used in this Lease include the plural, and pronouns of one gender include both genders.

MN-MR/S42-04-09-19

