

**From:** [Carol Hanson](#)  
**To:** [\\*CI-StPaul Contact-Council](#)  
**Subject:** Change in ordinance of Chapter 409.01 of the Legislative Code for caterer's permits  
**Date:** Tuesday, August 16, 2022 9:04:33 AM

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I am the President of AAUW St. Paul, located at 990 Summit Avenue, St. Paul and I am writing to you to ask you to support the change to Chapter 409.01 of the Legislative Code that will align with the requirement for caterer's permits with MN State 340A.404 Subd. 14. As the president of AAUW St. Paul, I am in favor of the change to the ordinance.

This ordinance change is of the utmost importance to the continuance of our catering business and all venues like ours. Many venues in St. Paul operate the same way the AAUW business does and need this change. The business has been operating successfully since 1950 as an event venue without a problem.

We must pass this ordinance for the survival of many of the St. Paul businesses!

Thank you,

Carol Hanson

President of AAUW St. Paul

**From:** [Chris Culp](#)  
**To:** [\\*CI-StPaul](#), [Contact-Council](#), [CouncilHearing \(CI-StPaul\)](#)  
**Subject:** St. Paul Rent Control/Stabilization Ordinance  
**Date:** Monday, August 15, 2022 10:10:20 PM

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Dear St. Paul Councilmembers & City Leaders,

The Excelsior Group is a rental housing development firm focused on the Twin Cities Metropolitan Area and located in St Louis Park.

Approximately 1 year ago, we entered into a contract to acquire a redevelopment site in St. Paul. We began planning a rental housing property that would bring approximately 120 apartment units to a blighted site. We suspended our planning and design in November 2021. We reengaged our pursuit in March 2022 with hopes of amendments that would make the voter-passed law tolerable. After little progress on meaningful amendments to the law, we have cancelled our contract to purchase the site. Notably, we spent \$50,000 and countless hours that will go unrecovered.

We are reliant on outside investors to fund the required equity for any project. Our investors have concluded that the risk of developing housing in St. Paul is too high for the already limited financial reward the St. Paul offers relative to investments in other cities in and out of Minnesota. The risks in St. Paul, at this point, are largely political risks and the rewards, absent those significant risks, are no better than the suburban rewards (returns). Thus, our investors have directed us to look for development opportunities in first and second-ring suburbs of the Twin Cities. We have suspended all development pursuits in St. Paul.

St. Paul, like many communities across our state and even our nation, is experiencing 2, separate but related, housing crises – a housing shortage crisis and a housing affordability crisis. Maximizing affordability strategies and minimizing barriers to development is the only viable path to correcting both the housing shortage crisis and the housing affordability crisis. Rent Control is a temporary salve for affordability, but will have devastating effects on development of new rental housing.

For these reasons, we oppose the Rent Control/Stabilization law as it is today due to the painkiller approach rather than a wholistic treatment of the complicated crisis. If a Rent Control/Stabilization policy must exist in St. Paul and you are willing to consider amendments to the policy, we recommend the following features based on the specificities and risk profile of the Saint Paul market

- Vacancy de-control
- A maximum rent increase on renewed leases of CPI + 5.0%
- A new construction exemption for 30 years, including a look-back for all properties developed over the last 30 years

With these modifications, we may be able to find investors to consider rental housing development projects in St. Paul.

It seems fair to offer specifics around our assertion that St. Paul is experiencing both a housing shortage crisis and a housing affordability crisis.

St. Paul's housing shortage is significant- the City of Saint Paul Mayor's office estimates the need to be 11,000 units. Over the last 10 years in Saint Paul 6,806 total multifamily housing units of all affordability levels have been produced, which is only a small fraction of the 50,000 units delivered over the last 7 years. This shortage is due to various barriers to the development of new housing, including various impact fees charged by the city and other governmental and quasi-governmental entities. Rent Control/Stabilization is the newest barrier and, for The Excelsior Group's investors, the insurmountable barrier to delivering more units. Our investors are compelled by a free market and will seek investment opportunities where a free market exists.

We have shared with our investors that there may be mechanisms/accommodations made to protect

investor profits. Our investors have cited that the time and cost to seek exceptions are burdensome and the reputation risk of pursuing exemptions are significant regardless of the validity of the exception request. For example, informing a resident that their rent must increase by more than the stated ordinance amount to protect investor profits will have a negative impact on the relationship with the tenant despite the validity of the increase.

As we mentioned, St. Paul also has an affordability crisis. The affordability crisis is related to the shortage crisis based on simple supply and demand concepts. Shortage of anything increases the cost of that thing – food, gas, cars, housing, etc. Whether that shortage is based on limited availability of components (computer chips for cars, lumber for housing, oil for gasoline, etc.) or an unexpected increase in demand (toilet paper in a pandemic, population migration during a pandemic – Colorado, Florida, Arizona, airline tickets following a pandemic, etc.) or a sudden decrease in supply (oil and natural gas from Russia, wheat from Ukraine, labor from immigration policies, etc.), prices go up. However, St. Paul's housing affordability crisis is also a result of the tremendously high costs of building, maintaining, and operating rental properties.

Property taxes, for example, are paid with the rent collected from residents. The property taxes for rental properties are higher than owner-occupied housing. Thus, property taxes are higher for renters than for homeowners. Investors want a return on their investment and they don't care if they get that in St. Paul, Madison, Omaha, St. Louis, or San Francisco. The investor generally wants about the same return on their investment. If property taxes were lower, rents could be lower to offer the same return. Housing property taxes ought to be the same for everyone. The Minnesota property tax system is structured with a regressive tax on renters.

Adding a limit to revenue (rent) increases to the high cost of constructing, maintaining, and operating rental housing properties, disallows property owners a path to long-term sustainability, which leads to rental housing sustainability.

**The Excelsior Group**

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