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CommonBond
COMMUNITIES

April 12, 2022

SENT VIA EMAIL TO CONTACT.COUNCIL@CI.STPAUL.MN.US

Saint Paul City Council
15 W Kellogg Blvd
310 City Hall
Saint Paul, MN 55102

RE: **File # 19209**
Special Assessments – Commerce Apartments Limited Partnership
Special Assessments – Commerce Apartments Phase II Limited Partnership
Special Assessments – Commerce Retail LLC

Dear Honorable Members of the Saint Paul City Council:

This letter is respectfully submitted as an objection to the assessments proposed against the parcels listed below in Table 1. This written objection is formally presented to bring this matter to the attention of the Council and to preserve owners' appeal rights.

We understand that the proposed assessments for the Wabasha Street Reconstruction project are in lieu of a tax to offset the cost of this pavement and lighting improvement project. CommonBond Communities does support the need for the project. The City's statutory authority, authorized by the Minnesota Legislature and mainly provided for in Minnesota Statutes, chapter 429, specifies that an assessment on property owners must:

1. provide a special benefit to the land from the improvement.
2. not exceed the special benefit measured by increase in market value due to the improvement.
3. be uniformly applied to the same class of property, in the assessed area.

A cursory review of the information provided by the City appears to show the six proposed Commerce Building assessments 1) exceed the special benefit to the land measured by an increase in market value, and 2) are not uniformly applied to the same class of property in the assessed area.

Table 1. Summary of the Commerce Building's Proposed Assessments

| Parcel ID | Property Class | Property Address | Assessment | Assessment Calculation | Estimated Assessment |
|------------------|----------------|------------------------|------------|------------------------|----------------------|
| 06-28-22-13-0228 | 4d | 8 4 th St E | Grade/Pave | 16 ft X 605.46 / ft | \$9,687.36 |
| | | | Lighting | 16 ft X 132.91 / ft | \$2,126.56 |
| 06-28-22-13-0232 | 4d | 8 4 th St E | Grade/Pave | 16 ft X 605.46 / ft | \$9,687.36 |
| | | | Lighting | 16 ft X 132.91 / ft | \$2,126.56 |
| 06-28-22-13-0230 | 3a | 8 4 th St E | Grade/Pave | 12 ft X 605.46 / ft | \$7,265.52 |

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| | | | | | |
|--------------------------------|----|-------------------------|-----------------|---------------------|--------------------|
| | | | Lighting | 12 ft X 132.91 / ft | \$1,594.92 |
| | | | Subtotal | | \$32,488.28 |
| 06-28-22-13-0229 | 4d | 14 4 th St E | Grade/Pave | 2 ft X 605.46 / ft | \$1,210.92 |
| | | | Lighting | 2 ft X 132.91 / ft | \$265.82 |
| | | | Subtotal | | \$1,476.74 |
| 06-28-22-13-0231 | 4d | 4 4 th St E | Grade/Pave | 3 ft X 605.46 / ft | \$1,816.38 |
| | | | Lighting | 3 ft X 132.91 / ft | \$398.73 |
| | | | Subtotal | | \$2,215.11 |
| 06-28-22-13-0233 | 4d | 10 4 th St E | Grade/Pave | 16 ft X 605.46 / ft | \$9,687.36 |
| | | | Lighting | 16 ft X 132.91 / ft | \$2,126.56 |
| | | | Subtotal | | \$11,813.92 |
| COMMERCE BUILDING TOTAL | | | | | \$47,994.05 |

It's unclear as to how this improvement project will provide a \$48,000 benefit that aligns with an equal increase in market value. To determine the special benefit derived from \$48,000 worth of improvements, we assume the City's appraiser prepared an analysis to determine impact on value of the properties in the assessed area, including valuation of properties before and after the project.

Data Request

CommonBond respectfully requests a copy of this analysis for our review. Specifically, pursuant to the Minnesota Government Data Practices Act provided for in Minnesota Statutes, chapter 13, please provide copies of the pertinent data related to the "special benefit evaluation" including schedules, formulas, before and after parcel valuations, and other information the City plans to introduce at the public hearing.

In addition, please provide information related to the methodology used by the City to include assessments on one 3a class parcel and five 4d class parcels related to the Commerce Building, with varying feet frontage, to help fund the Wabasha Street Reconstruction project.

Impact of Local Policy

The Commerce Building, a rehabilitated Certified Historic Structure, was converted from a Class C office building to affordable housing in 2011. While the building is legally owned by limited partnerships (Commerce Apartments Limited Partnership and Commerce Apartments Phase II Limited Partnership) created to utilize Low Income Housing Tax Credits (LIHTC), CommonBond is essentially the owner of the properties, serving as General Partner. The LIHTC program places restrictions on rental rates and requires tenants to qualify for occupancy based on income levels. As such, these units of property are classified as 4d low-income rental housing.

We write to underscore for members of the Saint Paul City Council the significant, negative impact this levy will have on this critical affordable housing resource.

For 2022, the Commerce Building property tax bill is \$226,466.00 which includes current (existing) assessments and additional charges imposed by the City of \$7,741.19 (3.4% of property taxes due) and the proposed assessments for the Wabasha reconstruction project in the amount of \$47,994.05 (21.2% of property taxes due). The total proposed and existing assessments and additional charges levied against the Commerce Building are approximately 24.6% of the property taxes due (see Table 2, page 4).

Given the restrictive covenants limiting rents and escalating costs we cannot control, the Commerce Building simply does not have the resources to pay this additional assessment / tax.


In order to keep up with rising costs, CommonBond raises rents (remaining within LIHTC limits) on units as they turn over. The new rent control policy is an additional challenge and will severely limit our ability to generate enough revenue to pay this and future assessments. This policy also impacts our ability to provide safe and secure housing for our residents and protect the integrity of the Commerce Building as an important and historic downtown asset.

We understand the Council's desire to ensure an attractive downtown, and we would welcome the opportunity to work with the City to evaluate strategic approaches we can pursue together to assist not only CommonBond, but other owners of well-managed housing with affordable rents.

CommonBond Communities thanks you for your service and your attention to this matter.

If you need anything further, please contact me by phone at (651) 265-4725 or by email at trina.zieman@commonbond.org.

Sincerely,



Trina Zieman
Asset Manager
CommonBond Communities
trina.zieman@commonbond.org

On behalf of the Commerce Building's owners – Commerce Apartments Limited Partnership, Commerce Apartments Phase II Limited Partnership, and Commerce Retail, LLC.

cc: The Honorable Mayor Carter, City of Saint Paul
Nicolle Goodman, Planning & Economic Development Director, City of Saint Paul
Deidre Schmidt, CEO, CommonBond Communities
Thomas Adams, Executive Vice President – Housing & Services, CommonBond Communities
Angela Riley, CFO, CommonBond Communities
Cecile Bedor, Executive Vice President – Real Estate, CommonBond Communities

Table 2. Summary of the Commerce Building's Current and Proposed Assessments and Charges

| Parcel ID | Property Class | Property Address | Assessment | Assessment Calculation | Estimated Assessment |
|---|----------------|-------------------------|-----------------|------------------------|----------------------|
| 8 4 th St E Proposed Assessment (see Table 1) | | | | | \$32,488.28 |
| 06-28-22-13-0228 | 4d | 8 4 th St E | Sweeping | N/A | \$197.50 |
| | | | Storm Sewer | N/A | \$73.58 |
| 06-28-22-13-0230 | 3a | 8 4 th St E | Special Service | N/A | \$2,843.66 |
| | | | Sweeping | N/A | \$151.36 |
| 06-28-22-13-0232 | 4d | 8 4 th St E | Storm Sewer | N/A | \$75.30 |
| | | | Recycling | N/A | \$1,717.20 |
| | | | Sweeping | N/A | \$197.50 |
| | | | Special Service | N/A | \$47.73 |
| 8 4 th St E Additional 2022 Assessments and Charges | | | | | \$5,303.83 |
| 8 4 th St E Proposed and Additional 2022 Assessments SUBTOTAL | | | | | \$37,792.11 |
| 14 4 th St E Proposed Assessment (see Table 1) | | | | | \$1,476.74 |
| 06-28-22-13-0229 | 4d | 14 4 th St E | Sweeping | N/A | \$16.62 |
| | | | Storm Sewer | N/A | \$5.86 |
| 14 4 th St E Additional 2022 Assessments and Charges | | | | | \$22.48 |
| 14 4 th St E Proposed and Additional 2022 Assessments SUBTOTAL | | | | | \$1,499.22 |
| 4 4 th St E Proposed Assessment (see Table 1) | | | | | \$2,215.11 |
| 06-28-22-13-0231 | 4d | 4 4 th St E | Sweeping | N/A | \$33.22 |
| | | | Storm Sewer | N/A | \$11.78 |
| 4 4 th St E Additional 2022 Assessments and Charges | | | | | \$45.00 |
| 4 4 th St E Proposed and Additional 2022 Assessments SUBTOTAL | | | | | \$2,260.11 |
| 10 4 th St E Proposed Assessment (see Table 1) | | | | | \$11,813.92 |
| 06-28-22-13-0233 | 4d | 10 4 th St E | Recycling | N/A | \$2,098.80 |
| | | | Sweeping | N/A | \$197.50 |
| | | | Storm Sewer | N/A | \$73.58 |
| 10 4 th St E Additional 2022 Assessments and Charges | | | | | \$2,369.88 |
| 10 4 th St E Proposed and Additional 2022 Assessments SUBTOTAL | | | | | \$14,183.80 |
| COMMERCE BUILDING'S PROPOSED ASSESSMENTS | | | | | \$47,994.05 |
| COMMERCE BUILDING'S ADDITIONAL 2022 ASSESSMENTS AND CHARGES | | | | | \$7,741.19 |
| COMMERCE BUILDING'S 2022 PROPERTY TAXES | | | | | \$226,466.00 |