

Property taxes

Gale Rohde <galerohde@hotmail.com>

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To: #CI-StPaul_Ward1 <Ward1@ci.stpaul.mn.us>

Cc: #CI-StPaul_Ward2 <Ward2@ci.stpaul.mn.us>;#CI-StPaul_Ward3 <Ward3@ci.stpaul.mn.us>;#CI-StPaul_Ward4 <Ward4@ci.stpaul.mn.us>;#CI-StPaul_Ward5 <Ward5@ci.stpaul.mn.us>;#CI-StPaul_Ward6 <Ward6@ci.stpaul.mn.us>

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December 6, 2022

Council Member Russel Balenger
Ward1@stpaul.gov

Dear Council Member Balenger:

When I bought my house in 2004, I didn't pay much attention to property taxes, because the mortgage company paid them. Then my mortgage payment went up by 25% in a 14-month period, and I decided to investigate further and to attend the November 2021 Ramsey County truth in taxation hearing.

This year I decided to attend the City of St. Paul hearing, but I have also listened to the Ramsey County 2022 recording. In both the 2021 and 2022 hearings there were several people who said they couldn't afford to stay in their houses with the kind of rates being proposed. This year seemed to be up a notch from last year: Rate increases were higher, people were more defeated and desperate, and many seniors said they couldn't retire or they never guessed that skyrocketing taxes would ruin the retirement they had already started. If you haven't listened to that hearing, I encourage you to do that before making a final decision on our taxes.

For me, the taxes have been disturbingly high, rising by more than 12% three times since 2018, if you count the new proposed taxes. I have missed the deadline for one of the refunds, through ignorance, misinformation, and mistakes. The highest was a 47% increase, and this year's proposed increase is 33%. I am newly retired this year, and I think I will make it for the near future; but I am concerned about the future implications. The tax break for increases or 12% is somewhat helpful, but the tax doesn't go down after each one-time tax refund. I rent out space in my house; and with the raise in taxes, the planned 3% rent raise, won't cover much of the increased expenses, maybe a third of the taxes and nothing else.

I believe we are in a crisis situation with our property taxes. Inflation is up, including the cost of utilities. Assessments that were once shared with non-taxable buildings are now a part of our rising taxes; many people who are renting out property are now limited to 3% rent increases. I wonder where the people who can't afford their homes will move to. I wonder whether the owners of smaller rental properties will have to unload them. In the past two or more years I and others I know have been besieged with phone calls and mail offering to purchase our houses for cash. I wonder if more and more of our St. Paul homes will be owned by investors instead of the people who live there. I wonder why with all the new construction going up all over the place, presumably providing more tax support, our taxes are rising even more rapidly.

Here's what I request of you. Perhaps you are already doing some of these things and I don't know it:

- Give this issue serious attention, both short term and long term – both the issue of property tax and affordable housing.
- See if there are any programs that are being funded with property tax that we should be asking the state legislature to fund instead.
- Work cooperatively with the county and the schools to strategize about how to make the property tax system work and with the legislature to fill some of the needs that are more appropriately

filled by other tax sources.

- See what other places are doing that we can learn from. I heard that San Francisco has a Transient Occupancy Tax.
- Keep finding better ways to make the system more transparent and user friendly and to publicize and improve the programs we do have. I'm wondering if you could lobby to remove or extend the deadline for the tax refund, since it is still not well understood.

Thank you for your work on our behalf. You have a difficult job, and I count on you to do it well.

Sincerely,

(Barbara) Gale Rohde
954 Aurora Avenue
St. Paul, MN 55106
763-228-3784

cc Rebecca Noecker, Chris Tolbert, Mitra Jalali, Amy Brendmoen, Nelsie Yang, Jane Prince