# Appeal of DSI's 26.48% Rent Increase Approval at Haven, RLH-RSA 24-4

## **Overview**

St. Paul City Council Hearing, August 14, 2024

1

## Marquette's Investment Strategy:

"Drive [Up] Rents" and "Improve the Renter Profile" Through Building-Wide Renovations that Violates Asbestos Safety Law

## haven battle creek

MARQUETTE RECENT ACQUISITION

**INVESTMENT STRATEGY** The Haven of Battle Creek (formerly known as Phoenix Apartments) was developed in 1976. In May 2021, Marquette acquired the property in a joint venture with DRA Advisors and has underwritten a five-year hold period. The opportunity to realize value type returns exists on the following levels:

Interior Value-Add – The majority of the unit interiors are in original condition or were updated many years ago. Marquette will update all of the units with stainless-steel appliances, quartz countertops, vinyl plank flooring, and other upgrades to the kitchens, baths, and common areas. In addition to the operational improvements, these interior upgrades will allow Marquette to drive rents and improve the renter profile.

https://marquette-companies.s3.us-east-2.amazonaws.com/Marquette++2022+Investment+Strategies.pdf

# Directly Contrary to the Purpose of City's Rent Stabilization Law

"The purpose of [the RSO] is to protect Tenants from substantial <u>Rent</u> increases which are not affordable, and which may force such Tenants to vacate their homes . . . ."

MNOI Rule A(8)(a)

# Mass Displacement Is Happening

#### Over <u>70%</u> Displacement of Section 8 Tenants Since Marquette Took Over Haven From 104 Units to 30 Units

FIUII.	rom: Al Hester <al.hester@stpha.org></al.hester@stpha.org>	
Sent:	Thursday, February 1, 2024 6:02 PM	
To:	Britane Hubbard	
Cc:	Corina Serrano; Abbie Hanson; Lisa Feidler	
Subject:	RE: Data Practices Request: Haven of Battle Creek	
Hi Ms. Hubbard,		
Our Section 8 staff was	able to pull this information together more quickly than I expected!	
Here are the numbers of	of vouchers in use at the Haven of Battle Creek in the months you listed:	
Here are the numbers of June 2021 = 10		
	4	
June 2021 = 10	4	
June 2021 = 10 Dec 2021 = 92	4	
<mark>June 2021 = 10</mark> Dec 2021 = 92 June 2022 = 77	4	
June 2021 = 10 Dec 2021 = 92 June 2022 = 77 Dec 2022 = 66	4	
June 2021 = 10 Dec 2021 = 92 June 2022 = 77 Dec 2022 = 66 June 2023 = 47	4	

Housing Choice Vouchers at Haven

#### DSI Admits Risk of "Displacement of a Large Number of Residents"

#### 05/2021: New York investors acquire The Haven of Battle Creek, a 200+ unit building housing a high percentage of East African immigrants.

What makes this situation particularly difficult is:

- The failure of property management to enlist Somali interpreters or staff to assist with the changes to this complex, which have spanned about two years.
- The potential for displacement of a large number of residents in this community.

# Yet DSI Failed to Enforce the Mandatory Habitability Precondition

### **RSO's Mandatory Habitability Precondition**

### Sec. 193A.06

(c) The <u>city will not</u> grant an exception to the limitation on rent increases for any unit where the landlord has failed to bring the rental unit into compliance with the implied warranty of habitability in accordance with Minn. Stats. § 504B.161. Standing Issue Is <u>Irrelevant</u> Because RSO Requires that "<u>The City Will Not Grant an</u> <u>Exception</u>" When Landlord Has Violated Mandatory Habitability Precondition The RSO Empowers, and in Fact <u>Requires</u>, the City Council to Deny the 26.48% Rent Increase Exception Given the Vast Uncontested Evidence of Building-Wide Habitability Violations at Haven

# Uncontested Record Evidence of Systemic Habitability Violations (Following Examples Are Tip of the Iceberg)

# Building-Wide Asbestos Law Violations

## <u>Four</u> Expert Reports Detailing Marquette's Building-Wide Asbestos Law Violations (first one submitted to DSI Feb. 2023)

#### Expert Report of Greg Myers

#### Marquette Management's Noncompliance with Lead and Asbestos Safety Law at The Haven of Battle Creek, St. Paul, MN

My name is Greg Myers. I have been asked by Housing Justice Center to analyze and render an optimica as to whether Maraquette Management is complying with lead and asbestos safety laws in conducting renovation activities at The Haven of Battle Creek apartment complex in St. Paul, Manesota ("Haven"). This is the report of my analysis and optimion.

#### A. Background and Experience

I have over thirty years of experience in environmental safety, specializing in lead and asbestos management and training. I am a Minnesota Department of Health Licensed Lead Risk Assessor (R. 284), a Lead Project Designer (LD 284), a Minnesota Department of Health Certified Asbestos Inspector (AI 2289), and Asbestos Management Planner (AM 2289), am Asbestos Designer (AD 2289), and a Certified Microbial Consultant. Attached as Esthibit A is my C.V.

A primary focus of my current work is conducting lead paint training services. I have developed lead training services for contractors and removators to meet current accreditation for Federal Environmental Protection Agency (EPA) and Minnesota Department of Health (MDH) incensor requirements. I serve as an EPA accredited training provider for the Renovation, Repair, & Painting program, as well as a training provider for all of the MDH lead-based paun disciplines. Thave conducted training for all the absetos-abatement projects. In addition to the trainings I conduct, I also design lead abatement and remediation plans, and design and manage absetos-abatement projects and lead-based inspection lead-risk assessments, all of which are developed to be consistent with current standards and legal requirement. I also investigate indoor air quality concerns and develop remedial design services for indoor air quality.

B. Conclusion that Marquette Management Is Not Complying with Lead and Asbestos Safety Laws and Therefore Threatens the Health and Safety of Haven Residents

Based on my expertise, experience, and review of the evidence, I have reached the following conclusion:

Marquette Management is engaged in extensive renovation activities at Haven that fail to couply with multiple state and feedera laws disaged to protect building residents and workers. from exposure to lead and asbestos. The long-term dangers of exosoure to lead paint and absetos are veli-established. Even low levels of lead paint exposure can have generous effects on the health of children and adults, and exposure to airborne asbestos fibers substantially increases the risks of lung diseases that can take years to mainfest themselves. Thus, Marquette Management's noncompliant renovation activity throughout the common areas and apartment units at Haven poses a real and continued risk to the health and safety of the tenants at Haven, l Supplemental Expert Report of Greg Myers Addressing Newly Submitted Technical Documents Submitted by Marquette Appeal No. RLH RSA 23-13

My mame is Greg Myers, and my qualifications as a lead and absetso expert are set forth in my Expert Report dated February 28, 2023 ("Initial Report"), which has been submitted in connection with link Appeal. I have been asked by Housing Justice Center to review third-party technical documents recently submitted by Marquette Management ("Marquette") during his appeal and state how it affects my options as to whether Marquette mas been violating feed and absetso safety laws in conducting renovation activities at The Haven of Battle Creek apartment complex in Str. Paul, Minnesott ("Haven").

I have reviewed the following documents submitted late last week in this Appeal by Marquetier (1) the Phase I Environmental Assessment Report for Grand Pre by the Park Apartments [now called Haven] by Nova Consulting Group dated December 12, 2017 (with earlier Nova Consulting Phase I Environmental Assessment Reports attached) ("2017 Nova Report") and (2) a letter showing the results of very limited asbestos testing at Haven from Techtron dated October 6, 2021 ("Techtron Report").<sup>1</sup>

These third-party documents reinforce my opinion that Marquette has violated and continues to violate lead and asbestos safety laws. Most importantly, the 2017 Nova Report expressly warns that prior testing has confirmed the presence of (1) asbestos in textured ceiling plaster and (2) lead coatings in bathrubs at Haven, specifically highlighting them as "issues of environmental concern":

#### The following issues of environmental concern were identified in connection with the Property:

Provious sampling identified asbestos in textured colling plaster within the Site building and lead in the coating of original wintage bathtuks. Operations and Maintenance Programs are reportedly in place to manage the identified building materials. The observed building materials and painted surfaces were generally in good condition at the Own

Marquette has failed to act on the information in the 2017 Nova Report and has engaged in renovation activity that puts the health and safety of Haven tenants at risk.

<sup>1</sup>Neither of these technical documents are the type of testing documents that would satisfy the lead and subsitus safety inspection law outlined in my limital Report. The 2017 Nova Report was apparently requested by a prior over of Haven as part of a general devisionmental assessment often conducted in connection with attempts by the property owner to satisfy CERCLA law, not lead and absence inv. The testing in the 2021 Technica Letter is limited to a very small sample set that appears to lawe been requested for an isolated project by a company working for Marquette called Renovation Systems.

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Second Supplemental Expert Report of Greg Myers Addressing Additional Technical Document Submitted by Marquett Appeal No. RLH RSA 23-13

My name is Greg Myers, and my qualifications as a lead and achestor expert are set forth in my Expert Report dated February 28, 2023 ("Initial Report"), which has been submitted in connection with this Appeal. I have been asked by Housing Justice Center to review another technical document recently submitted in the Rent Stabilization Appeal by Marquette Management ("Awayutei") — Techtron Report dated October 25, 2023. The testing in the Techtron report does not change my opinion that Marquette has comprehensively violated absetsto laws.

This report shows that asbestos testing was conducted on only ume samples in a single shaftone of a single apartment at Haren, and that no sobestos was found in these limited samples. This testing comes nowhere near the comprehensive property-wide pre-renovation asbestos testing required tunder federal and state OSEA taws (39 C: P. & § 1926) 1010(b)(5). Minn, R. 5207 OOS5, 40 C: FR, art (1 h) for a large multificatily contained as the state of the single contained as the state of the single contained as the single contained as

Indeed, the fact that Marquette has commissioned only this single limited asbestos test of a single room in a single unit of Haven in 2022 and 2023 underscores how comprehensive its violation of asbesto law has been at Haven, where many dozens of units and common areas have undergone renovation activities disturbing presumed and identified asbestos-containing materials in violation of state and federal asbestos law. Marquette has produced no evidence that it conducted the required asbestos testing necessary to conduct removation in these toations.

Under Minn. Stat. § 358.116, I declare under penalty of perjury that everything I have stated in this supplemental report is true and correct to the best of my knowledge.

Kanabec County, Minnesota November 29, 2023

s/Greg Myers Greg Myers UNITED STATES DISTRICT COURT DISTRICT OF MINNESOTA Smeya Mohamed, Rukia Bile, Abdinisaq Sheiki, Ubah Shire, Paul Stoderl, and Court No.: 23-cv-1740 (JRT/JFD)

Sumeya Mohamed, Rukia Bile, Abdunsi Sheikh, Ubah Shire, Paul Stoderl, and Sharon Martin, on behalf of themselves and others similarly situated,

Plaintiffs

Marquette Management, Inc., G&I X Phoenix Apartments LLC, and Kelly Delicite

Defendants.

#### DECLARATION OF GREG MYERS

1. My name is Greg Myers. I am a Minnesota Department of Health Certified

Asbestos Inspector (AI 2289), an Asbestos Management Planner (AM 2289), an Asbestos Site Supervisor (AS 2289), and a Certified Microbial Consultant. Attached as Exhibit 1 is my C.V.

2. I began working with tenants' legal counsel in June 2022 to determine based on available evidence whether renovation activities at The Haven of Battle Creek apartment complex in St. Paul, Minnesota ("Haven") were being conducted safely and in compliance with state and federal hazardous materials laws and regulations, including those related to asbestos, a substance known to cause life-threatening cancers and lung diseases if mishandled.

HJC Exhibits and Court Doc 62-CV-23-2694, at Exhibit 3; Myers Rpt re Haven lead & asbestos docs.8-28-23; Myers Rpt on 10-25-23 Techtron Rpt.11-29-23; Ex B.Declaration of Greg Myers 23-CV-1740.4-2-24

#### Marquette's Own May 2021 Asbestos Manual Warns of Building-Wide Asbestos Hazards and Instructs Not to Disturb Prior to Testing

#### **3.0 MATERIALS MAINTAINED IN THIS PROGRAM**

No inspection or sampling was performed during the preparation of this ACM 0&M Program. However, suspect materials previously identified include the following: textured ceiling material; ceiling tile; wall system components; drywall and joint compound; plaster; vinyl floor tile and associated mastics; linoleum and associated mastics; carpet mastic; window/door caulk; window glazing; spray on fireproofing; thermal system insulation; and roof materials. Materials were reported to be in generally good condition throughout the Property. Based on the reported condition of the ACM and PACM, it can effectively be managed in place under the provisions of an 0&M Program.

The OSHA regulation 29 CFR 1926.1101, requires certain construction materials to be presumed to contain asbestos, for purposes of this regulation. All TSI, surfacing material, and asphalt/vinyl flooring that are present in a building constructed no later than 1980 and have not been appropriately tested are PACM.

Note: There may be supplemental information (reports, addendum, etc.) that may alter the listed materials above. If so, these supplemental documents must be maintained with this 0&M Program.

No known or suspect ACM or PACM shall be disturbed or involved in any work, in any way, prior to laboratory analysis for asbestos content.

Ex C-Nova Rpt re Asb Mtrls Oper & Mnt Prog.5-13-21

#### Voluminous Uncontested Evidence of Illegal Disturbance of Suspect or Known Asbestos Containing Materials





Photo 15 12" Yellow Floor Tile and Mastic in Damaged Condition in the 2<sup>nd</sup> Floor East Employee Room.



Ex B.Declaration of Greg Myers 23-CV-1740.4-2-24; Haven -- Objection to LHO Recomendation 8.9.24

#### Marquette Exposes <u>Entire</u> Tenant Population to Risk of Inhaling Deadly Airborne Asbestos Fibers



HJC 3rd Suppl Appeal Ltr.4-16-24

26.48% Rent Increase Would Require Haven Tenants to Pay for Illegal Renovations that Endangered Their Lives

# Building-Wide Shared Utility Law Violations

#### ORDER

1. This Court adopts the analysis and ruling of the Hennepin County District Court.

- 2. Formula 8 of the Lease at issue in this case does not contain "an equitable method of apportionment" as required by Minn. Stat. § 504B.215, Subd. 2a(a)(2).
- 3. The attached memorandum is incorporated herein, by reference.

It is so ordered.

**BY THE COURT** 

Jara Luwing

Dated: February 23, 2024

Grewing, Sara (Judge) Feb 23 2024 2:20 PM

The Honorable Sara R. Grewing District Court Judge

Ex D-Motion for Summary Judgment. 62-HG-CV-23-3931.2-23-24

### Standard Marquette Lease

UTILITY	AND SERVICES ADDENDUM	<b>A</b> Socialities
This Utility Addendum is incorporated into the Lease C April 15, 2022 between <u>G&amp;I X Phoe</u>	Contract (referred to in this Addendum as "Lease Contract" or "Lease")	dated
("We" and/or "we" and/or "us") and <u>Rukia Bile</u>	METERING/ALLOCATION METHOD KEY "1" - Sub-metering of all of your water/gas/electric u "2" - Calculation of your total water use based on su "3" - Calculation of your total water use based on su "4" - Flat rate per month	p-metering of hot water
("You" and/or "you") of Apt. No. <u>313-200</u> Saint Paul, MN 55119 This Addendum constitutes an Addendum to the above de into and made a part of such Lease Contract. Where the te found in the Lease Contract, this Addendum shall control 1. Responsibility for payment of utilities, and the metho a) Water service to your apartment will be paid by y	<ul> <li>"5" - Allocation based on the number of persons resi</li> <li>"6" - Allocation based on the number of persons resi</li> <li>"7" - Allocation based on square footage of your apa</li> <li>"8" - Allocation based on a combination of square fo</li> <li>"9" - Allocation based on the number of bedrooms in</li> <li>"10" - Allocation based on a lawful formula not listed</li> </ul>	ding in your apartment using a ratio occupancy formula rtment <mark>otage of your apartment and the number of persons residing in your apartment</mark> your apartment
directly to the utility service provider; or		
<ul> <li>b) Sewer service to your apartment will be paid by you</li> <li>directly to the utility service provider; or</li> </ul>	either: o us and then allocated to you based on the following formula: <u>8</u>	
<ul> <li>c) Gas service to your apartment will be paid by you eit</li> <li>directly to the utility service provider; or</li> <li>gas bills will be billed by the service provider to u</li> <li>If flat rate is selected, the current flat rate is \$</li> <li>3 rd party billing company if applicable <u>Cons</u></li> </ul>	is and then allocated to you based on the following formula: <u>8</u> per month.	
<ul> <li>d) Trash service to your apartment will be paid by you</li> <li>directly to the utility service provider; or</li> <li>trash bills will be billed by the service provider to</li> <li>☑ If flat rate is selected, the current flat rate is \$</li> <li>☑ 3rd party billing company if applicable <u>Cons</u></li> </ul>	o us and then allocated to you based on the following formula: <u>4</u> 10.00per month.	

Here, even if the Cour	t were to disagree with the Hennepin County District Court and find	
that the language of Formula	8 qualified as a "method," nothing in Formula 8 identifies how the	
"method" is fair or equitable.	Formula 8 only provides for an "[a]llocation based on a combination	
of square footage of [Plaintiff	's] apartment and the number of persons residing in your apartment."	
(Am. Pet., p. 14.) Defendant	argues this is clearly intended to be a "fair" apportionment, where	
"tenants with larger apartme	METERING/ALLOCATION METHOD KEY	
a larger amount of the monti	<ul> <li>"1" - Sub-metering of all of your water/gas/electric use</li> <li>"2" - Calculation of your total water use based on sub-metering of hot water</li> </ul>	
8; Am. Pet., p. 14.) Notably	"3" - Calculation of your total water use based on sub-metering of cold water "4" - Flat rate per month	
inversion of Defendant's "	<ul> <li>"5" - Allocation based on the number of persons residing in your apartment</li> <li>"6" - Allocation based on the number of persons residing in your apartment using a ratio occupancy formula</li> </ul>	
footage and the number of	<ul> <li>"7" - Allocation based on a combination of square footage of your apartment and the number of persons residing in your apartment</li> <li>"8" - Allocation based on a combination of square footage of your apartment and the number of persons residing in your apartment</li> </ul>	
This language is not	<ul> <li>"9" - Allocation based on the number of bedrooms in your apartment</li> <li>"10" - Allocation based on a lawful formula not listed here</li> </ul>	
meaning of the words use	(Note: if method "10" is selected, a separate sheet will be attached describing the formula used)	
Hennepin County District Court, and finds that the language of the lease at issue in this case does		
not contain "an equitable met	hod of apportionment."	

# "A failure by the landlord to comply with [section 504B.215, subd. 2a] is a violation of section[] 504B.161."

Minn. Stat. Sec. 504B.215, subd. 2a(c).

Here, the Court finds that Plaintiff's rent escrow action is proper where Plaintiff's pleaded

violation of Minn. Stat. § 504B.215, Subd. 2a is a violation of the general covenant of habitability,

Ex D-Motion for Summary Judgment. 62-HG-CV-23-3931.2-23-24

# Building-Wide Pest Infestation

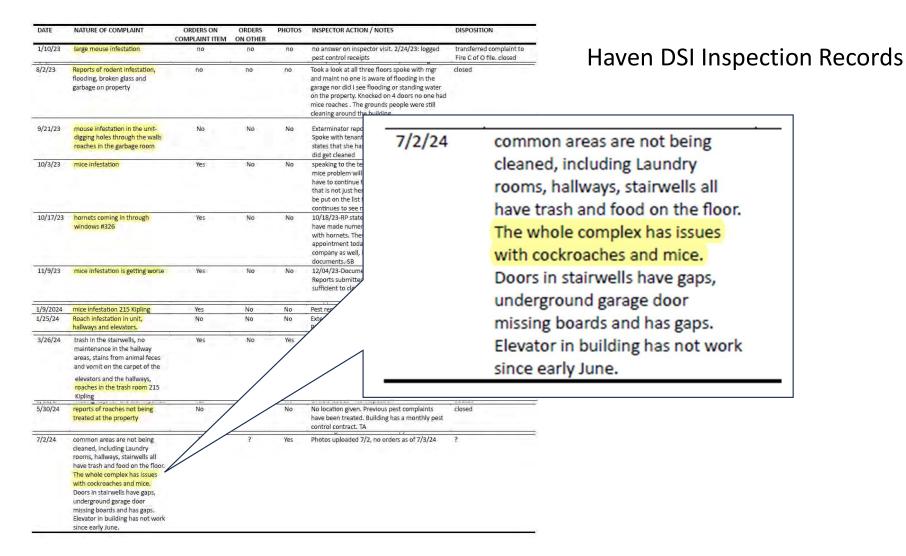
### St. Paul Code Sec. 34.10(6)

### "Insect and rodent harborage. Every owner of a structure shall be responsible for the control and/or elimination of insects, rodents or other pests wherever infestation exists."

### December 5, 2023



HJC 2nd Suppl Appeal Ltr.12-14-23



2023 & 2024 Complaint Log.7-3-24

#### Marquette's Internal Documents

#### Pest Control Log From: Kelly Delisle <kdelisle@marqnet.com> Reporting Name Sent: Friday, August 4, 2023 1:07 PM Date Apt 12/2 207 To: Angie BrothersMFG <angie@brothersmfg.com> KOal es - early Subject: Re: Appointment 12/3 103 Roald 12/5 371 Mice + Roaches Please see attached list. 1215 265 mile 12/12 231 mice I think we need to do them all together as the roaches and mice are getting out of control again. 219 21 Rogher 12/1 Thanks, 437 mice 12/15 103 Roucher KELLY B DELISLE 1217-12 Mire Property Manager | Agent for Owner mice / Praches 14 448 THE HAVEN OF BATTLE lice "Caught 15 CREEK 202 MICE 651-447-5345 mile / Roaches "On Patio" 17 108 MARQUETTE havenofbattlecreek@margnet.com MANAGEMENT lice Roaches 466 120 www.thehavenofbattlecreek.com 173 327 mice 200 Winthrop St. S | St. Paul, MN 55119 1/27 323 11170 Vacant 208 218 mice / reaches 436 reeler Roaches-bathoondkitele 3/17 207 20212 mili 9 Nice

# Internal DSI Emails Admit the Importance of Reported Asbestos Safety Violations

 From: Angie Wiese <angie.wiese@ci.stpaul.mn.us>

 Sent: Thursday, March 2, 2023 9:41:30 AM

 To: Stephen Ubl <<tephen.ubl@ci.stpaul.mn.us>

 Cc: David Hoban <</td>
 David.Hoban@ci.stpaul.mn.us>; Nathan Bruhn <ahnheticstpaul.mn.us>; Lynne Ferkinhoff</a>

 Cc: David Hoban 
 David.Hoban@ci.stpaul.mn.us>; Demetrius Sass <a href="Demetrius.Sass@ci.stpaul.mn.us">Demetrius.Sass@ci.stpaul.mn.us>; Lynne Ferkinhoff</a>

 Subject: 200 Winthrop - Greg Myers Expert Report.pdf

 Steve,

 This came to the Rent Stabilization team via an attorney who is trying to provide an argument for a habitability violation of the ordinance.

 Imbedded in that correspondence was this report.

 As the contractor tested for lead or asbestos? Are they taking precautions as is required if there is lead and asbestos present?

 The building inspector assigned to this property should be aware but also, I would like to know for our file with Rent Stabilization.

 Thank you,

From: Demetrius Sass <Demetrius.Sass@ci.stpaul.mn.us> Sent: Friday, April 7, 2023 2:32 PM To: Lynne Ferkinhoff <Lynne.Ferkinhoff@ci.stpaul.mn.us> Subject: Angie Meeting

Good'ay,

Asha is wondering about the status of DSI's investigation into the expert report on Haven. Since there are habitability concerns, and habitability is key to an approval, we need to get this sorted out to avoid being sued. Angie moved our meeting to the morning so I figure we can ask her then.

Thanks

## DSI's Bias Derails Process

#### "Initial Thoughts for Mayor Meeting," created January 31, 2023

While Haven Battle Creek's business practices have left many taken aback, Haven Battle Creek's RROI application is very polished, well put together, and without question, represents a business deserving of an allowable rent increase per ordinance 193A. I will briefly try to summarize the information that has been presented to DSI, both its faults as well as the current findings.

#### RS Administrator's MNOI Review Notes, created January 2023

Haven Battle Creek's RROI application is very polished, well put together, and without question, represents a business deserving of an allowable rent increase per ordinance 193A. I will briefly try to summarize the information that has been presented to DSI, both its faults as well as the current findings.

#### "The Haven of Battle Creek Briefing," created May 23, 2023

The Haven of Battle Creek submits a completed MNOI worksheet and additional financial documentation for a rent increase exception through the staff determination process. The application is polished and well put together. Based on a preliminary staff review, the financial information supports an allowable rent increase per Ordinance 193A. Several metrics contribute to the potential increase and represent a significant uptick in the allowable rent increase results, as shown in the table below.