



Minutes - Final

Rent Stabilization Appeal Hearings

Marcia Moermond, Legislative Hearing Officer  
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651-266-8568

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Monday, September 30, 2024

10:00 AM

Room 330 City Hall & Court House/Remote

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10:00 a.m. Hearings

Rent Stabilization Appeals

- 1 [RLH RSA 24-7](#) Appeal of Daniel Oberhauser, tenant, to a Rent Stabilization Determination at 296 BATES AVENUE, UNIT 8.

**Sponsors:** Johnson

10-21-24 Updated: Recommendation is to grant appeal.

Lynne Ferkinhoff, DSI-Rent Stabilization, appeared.  
Ben Herding, Chief Operations Officer, Housing Hub, appeared.  
Ryan Harrison, Finance Manager, Housing Hub, appeared.  
Mathias Branton, Financial Associate, Housing Hub, appeared.  
Daniel Oberhauser, the Tenant in Apartment 8, appeared.

[Marcia Moermond gives background of appeals process]

Lynne Ferkinhoff: On August 14th, 2023, the Department of Safety & Inspections received a self-certification application for an exception to the 3% rent increase cap per Ordinance 193A. The application is for multiple residential rental units located in 296 Bates Avenue. The intake form is part of the record and Andrea Enga is listed as the applicant. Ms. Enga worked for Housing Hub and submitted the application. Bates Conway, LLC - Dadders is listed on the intake form as the owner of the building. The application for 296 Bates Avenue was one of 26 applications that Housing Hub submitted between August 11th, 2023 and September 11th, 2023. At the time of application, Housing Hub received auto-generated emails from the City advising of next steps and requesting a rent roll for each property. When later completing a review of open applications, staff noticed that rent rolls had not been submitted for any of the properties and that some of the financial information provided seemed incorrect. Receipt of the rent roll comprises a completed application and starts the process for tenant notification and application review. Since the applications were not complete, staff took several steps to move the process forward by obtaining the rent rolls and updated financial information, including:

- Reaching out to Ms. Enga (there was no response).
- Sending an email to the Housing Hub general email address. Staff received a response and learned that Ms. Enga no longer worked for Housing Hub.
- Arranging a meeting with Housing Hub leadership to review the Rent Stabilization Ordinance and rules, and the 4D Program. As a follow-up to the meeting which took

place on March 12th, 2024, staff sent Housing Hub a spreadsheet listing the open applications and requesting rent rolls and updated financial information on March 13th, 2024. To expedite the process, staff offered to amend the applications with the updated financial information, rather than to have Housing Hub submit new applications.

If approved, the self-certification applications allow rent increases between 3% and 8%. For 296 Bates Avenue, the applicant indicated on the intake form that the increases will not be the same for all units included in the application and the increases will be applied at renewal. The reason for the increases listed in the application is:

- "An increase in real property taxes"
- "An unavoidable increase in operating expenses"
- "A capital improvement project"

For self-certification, applicants are required to provide three pieces of financial information from the completed Maintenance of Net Operating Income worksheet or "MNOI" to calculate allowable rent increase percentage. The financial information originally submitted for 296 Bates Avenue was updated by Ryan Harrison, the Finance Manager at Housing Hub, as shown in the table below:

Financial Information Provided From MNOI	Original	Updated
Current Year Gross Scheduled Rental Income	\$198,275.44	\$162,924.00
Fair Net Operating Income	\$113,550.04	\$96,553.26
Missed Fair Revenue	(\$11,119.30)	\$19,042.51
Allowable Rent Increase Percentage	(\$308.87)	11.69%

The application for 296 Bates Avenue was updated to show an Allowable Rent Increase of 11.69% based on the updated financials. Please note that the actual Allowable Rent Increase in the self-certification process may not exceed 8% and may be less than 8%, depending on the submitted financial information. Per the self-certification process, the rent increase exception was approved. On July 25th, 2024, an approval letter was emailed to Mr. Harrison. A notice was mailed to all impacted residents of 296 Bates Avenue, including the tenants who live in Unit 8 and Unit 9. The last Fire Certificate of Occupancy inspection for 296 Bates Avenue occurred on December 7th, 2022. The property was given a Class B rating. There are no known code violations for this property.

Marcia Moermond: I want to clarify that the rent increase application proposed a range between 3% and 8%. The analysis assumes the highest level (8%), but the increase could fall anywhere within that range or even lower (0-8%) if chosen. When you did the math, the allowable increase was calculated to be 11.69%, but this is not the percentage approved or allowed. Also, if there is no appeal, the effective date of a prospective rent increase would be the date the rent increase was approved, plus the required notice period under state law. However, the notice period given to the tenant is likely the more extended of the two time frames when both are considered together. Do we have a sense of the capital improvement costs in the MNOI worksheet? Or how did that happen?

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*Lynne Ferkinhoff:* Yes.

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*Daniel Oberhauser:* Thank you, Ordinance 193 A. Given the poor state of their building and apartment, I am questioning the justification for a rent increase. They are sometimes allowed for capital improvements, but I argue that the building does not warrant one. The building has poor maintenance services, including infrequent cleaning, broken trash and recycling receptacles, and inadequate repairs. The building is managed by Housing Hub, which is owned by Thomas Gallagher, who also owns their building under Bates Conway LLC. This building has been designated as "low maintenance" by the owner, resulting in poor service. I've experienced these issues over five years, including multiple heating outages, a leaky tub, outdated electrical outlets, a lack of internet outlets, and a consistently broken back door. Despite these issues, I've always paid my rent on time and never had complaints against me. There's graffiti on the walls, it took over a week to be painted over, trash is frequently left around, wooden boards sat for over a year before being cleaned, and a storm window remained on the ground for a year. The Housing Hub, the building's management company, was sued by the Minnesota Attorney General in March 2023 for overcharging tenants after move-out and faced another lawsuit for a 49% rent increase. I recall an incident where Housing Hub attempted to charge them for a maintenance request, but they successfully appealed the charge.

*Marcia Moermond: I want to clarify that we cannot consider matters that have been separately litigated. We will focus on the individual's personal experience related to your unit.*

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*Marcia Moermond Ok. But they cannot consider that. Do you have other questions?*

*Daniel Oberhauser: Not now, but I may have questions as it goes on.*

*Marcia Moermond: You may have questions as the meeting progresses because I will hear from the property owner and representatives. We have three people here, so let's rotate the chairs to allow each person a chance to speak. After the others have spoken, you will be invited back up. Please complete the sign-in sheet after speaking.*

*Lynne Ferkinhoff: I just heard back from Demetrius about whether or not we got the MNOI. His response was no, which is consistent with the self-certification process.*

*Marcia Moermond: OK. You've heard the staff report and listened to the comments. A previous staff member at Housing Hub had filed for this and other rent increases. I will ask for your names, left to right. [Mathias Branton, Ryan Harrison, and Ben Herding present]*

*Ben Herding: I'm the CEO and Chief Operations Officer of Housing Hub. I work alongside Ryan, the Finance Manager, and Mathias, the Financial Associate. I have been managing rent control paperwork and compliance, and this process is a learning experience that involves various changes and iterations for everyone. Despite some requests and submissions, I want to clarify that no rent increase exceeding 3% occurred at any point during a tenant's stay, including during the requested exception period for renewal.*

*Marcia Moermond: OK. What are the lease cycle's specific start and end dates, including the months and years involved?*

*Ben Herding: August was always the renewal time frame.*

*Marcia Moermond: OK. August 1st to July 30th.*

*Ben Herding: August 1st, that's correct. Daniel has been a long-term tenant with Housing Hub since August 2019. There was no rent increase until August 2021; that increase was just a \$9 admin charge due to software upgrades. The rent remained the same until August 2023, and although a rent credit was added at that time, there was effectively no change in the rent. We submitted the rent roll in August 2023 with a 3% increase and another 3% rent increase in August of this year.*

*Marcia Moermond: OK, there was a 3% increase in August 2023 and a 3% increase in August 2024. If the lease cycle is August 1st through July 30th, the first potential rent increase that could be experienced if up to 8% is approved would be August 1st, 2025. To reiterate here, Daniel moved in in 2019. I'm assuming that in 2020 there was no rent increase, which I think is what you said, and that in 2021, a \$9 administrative charge was added to the rent. There were then 3% increases in the two subsequent leases.*

*Ben Herding: That's correct. While working through the ordinance, we acted cautiously. When no confirmation was received after submissions, we did not take further action. After collaborating with Demetrius and others to ensure proper paperwork, we implemented only a 3% rent increase a few months ago.*

*Marcia Moermond: I'm sure you would have retained a copy of the MNOI for your records. That would be the background information for filing the rent increase. Can I get that from you?*

*Ben Herding: I don't have the records here, but we can find them and email them to you.*

*Marcia Moermond: OK. That's great. We will share it with the appellants so they have the same information. Is there anything else you want me to know?*

*Ben Herding: Working with Lynne and Demetrius has been great, and our team has made significant progress since the start of this process. Despite initial backlogs, the team has developed a strong rhythm and works well together. With continued meetings and collaboration, we have steadily improved as a unit, which has been beneficial.*

*Marcia Moermond: Thank you. Mr. Oberhauser, do those increases and that information sound consistent with your background?*

*Daniel Oberhauser: Yes.*

*Marcia Moermond: Have you looked at Chapter 193?*

*Daniel Oberhauser: No.*

*Marcia Moermond: On the city's web page, in the section of the Rent Stabilization Ordinance that provides for when exceptions can be made to the 3% rent control, does this sound familiar?*

*Daniel Oberhauser: Yeah, I have read that part.*

*Marcia Moermond: OK, so you're familiar. Based on your comments, I understand that you believe the property should not be eligible for a rent increase due to its condition.*

*Daniel Oberhauser: Yes, that is part of it. I love the building. One of the things I truly appreciate about my apartment is its affordability. It has been very budget-friendly, and I'm grateful for that. I don't need anything fancy—just a safe, secure, and pleasant place, which this apartment provides. However, I deal with frequent maintenance issues and often have to call for repairs. While I appreciate that my rent wasn't raised for a couple of years, I don't believe I should be penalized simply because the property isn't generating enough income. Based on the information I received, my apartment is the most expensive in the building, and I think that's worth considering. I understand you'll also consider other arguments, but that's the core of mine. I've signed leases in good faith every year, and I believe requesting a rent increase beyond the rent control limit goes against that principle. The citizens voted for rent control to keep housing affordable—this was something we all wanted and supported. Despite voting for this ordinance, it feels unfair that the city continues to chip away at its protections. That doesn't seem just.*

*Marcia Moermond: I can understand what you said. Were you initially tracking the*

*politics and voting on the ballot measure? The city was given time to put together the implementation rules. Were you engaged in that process?*

*Daniel Oberhauser: No.*

*Marcia Moermond: In 2018 and 2019, the rent market was stable, with inflation having little impact on rent levels. The University of Minnesota's Center for Urban and Regional Affairs worked with community partners to determine that a 3% rent increase was a reasonable threshold. This percentage was then built into the rent control ordinance. If landlords want to increase rent beyond this limit, they must apply for an exception. However, the COVID-19 pandemic caused unforeseen inflation, leading to higher costs for supplies, labor, and operations. This misalignment with the original ordinance resulted in more landlords seeking exceptions than initially expected. This is background information, not an excuse, but it explains the current situation.*

*Daniel Oberhauser: I understand the circumstances, but I didn't cause COVID, which doesn't change the fact that citizens voted for a 3% rent cap. My point is that I shouldn't be penalized for something beyond my control. Additionally, Mayor Carter's discussion of changes to the rent change due to slow development feels unjust. I earn a good salary and consider myself part of the middle class, yet I still can't afford to buy a house. For those of us in this position, renting needs to be affordable as well. I have a friend living in a Vivo village in Minneapolis because homeownership is out of reach for him, and that just doesn't feel right. It shouldn't sit right with anyone.*

*Marcia Moermond: Thank you for highlighting the human aspect of the renter's experience, which is a significant issue not only in the Twin Cities but also nationally. I want to review the Maintenance and Net Operating Income (MNOI) statement to understand better the property's actual increases, property tax changes, and various expenses, including any capital improvements. This will help clarify the figures that staff provided, as the entire form wasn't thoroughly examined. Currently, the application is for a maximum increase of 8%, but the analysis suggests it could be closer to 11.5% if a different application were submitted. I want to delve deeper into this information, and I believe you share the same interest. Additionally, I'd like to share these findings with your fellow appellant in unit 9 for their input.*

*Daniel Oberhauser: Would that be 8% on top of 3%?*

*Marcia Moermond: No, it would be a maximum of 8%. Anything greater than 3% requires an application. Do you have any other questions or comments?*

*Daniel Oberhauser: This whole process feels incredibly anti-tenant.*

*Marcia Moermond: I don't mean it to feel that way. I think the rescheduling made it feel that way, and I'm sorry about that.*

*Daniel Oberhauser: It's not just the rescheduling; it's the fact that I came here without understanding the documents sent to me. And that's just what it is. I think that this is an anti-tenant process. I accept that. You make your recommendation. If I disagree, I'll take it to the City Council. I want a recording and minutes of this. I would appreciate that.*

*Marcia Moermond: No, it's not anti-tenant. Once the record is finalized, we can send you a link to the full recording. I just want to clarify that I'm ensuring you receive all the information. However, it doesn't come with a specific explanation, as interpretation can*

*be subjective. While I could provide an interpretation or have staff do so, different people, including appellants, may understand it differently based on their perspectives.*

*Daniel Oberhauser: Well, I'm telling you it feels anti-tenant. That's my opinion, and I want to make sure I say that.*

*Marcia Moermond: You've mentioned that several times now, and I know it will be part of the record. I see someone with their hand raised, so I'd like to invite Mr. Herding to the microphone.*

*Ben Herding: Dan has been an ideal tenant, and I fully support his statement. I work for a property management company overseeing over 4,000 tenants, and the fact that I haven't had any issues with him speaks volumes. Typically, I deal with tenants who aren't as easy to manage, but both the building owner and I recognize Dan's value. The rent control ordinance meant to help tenants doesn't benefit ideal tenants like Dan. Before this ordinance, our annual rent increases averaged around 2.6% across our portfolio. With a cap in place, property owners are forced to spread the financial burden across even their best tenants because they can't raise rents in other areas. For years, tenants like Dan didn't face rent increases despite rising property taxes, insurance, wages, and building costs. Increased by 20%, 30%, or more were absorbed because owners valued good tenants who cared for the building and the community. It's unfortunate to hear ideal tenants say they might have to move out over a 3% increase when property costs have risen by 15-25% or more. A 3% increase is just a drop compared to what's needed to cover skyrocketing expenses, especially with insurance rates doubling or tripling in recent years and rising taxes and wages. From a property management perspective, it's tough to see tenants like Dan, who pay their rent on time and contribute positively to the building, feel like the system is working against them. While some may see the ordinance as anti-tenant, I understand how it can also feel anti-owner or anti-manager. The city has made progress since the ordinance was introduced, and we've worked hard to partner with them, but the reality is that this ordinance forces property owners to apply the same 3% increase to everyone. That's now the minimum any tenant in St. Paul will see. Ultimately, while the ordinance was created with good intentions, sometimes those it aims to help are negatively affected. I stand by tenants like Dan and share their sentiment that the system, though necessary in some ways, can inadvertently harm those it protects.*

*Marcia Moermond: I appreciate you adding a landlord's perspective to round out the conversation. Does that impact Mr. Oberhauser's situation in particular?*

*Ben Herding: I don't have the authority to make those decisions, as we work for the property owner and management group. However, I can say that many owners share the same sentiment. Owners want great, long-term tenants in their buildings, and it's a tough business decision to implement even minimum rent increases, knowing it could impact those good tenants. As you mentioned, when a tenant moves out, it's not always possible to raise the rent by 20-25% to meet market rates. Even if it is, the process is often lengthy and requires significant capital investment to justify such increases. This is more of a personal observation from speaking with the 312 owners we manage properties for—it's unfortunate when good tenants feel targeted. I want to emphasize that property managers and landlords aren't the "bad guys" in these situations. Owners are also navigating the challenges of the ordinance while trying to keep their properties, maintain payments, and continue providing quality housing.*

*Marcia Moermond: Thank you. Mr. Oberhauser, you get the last word.*

*Daniel Oberhauser: This reminds me of the Citizens United decision, where the Supreme Court allowed corporations to raise unlimited funds for politicians, which I believe has damaged our political system. I see corporate influence everywhere now—even a newly opened park in Minneapolis is named after a corporation. So, while I understand the gentleman's point that Housing Hub cares about its tenants, I'm cynical. It's unfortunate, but that's how I feel.*

*Marcia Moermond: All right, let me set some dates. I expect Housing Hub to provide the MNOI within a day or two. Once I receive it, I'll review it and make a decision. We'll send the decision letter to [djoberhauser@gmail.com](mailto:djoberhauser@gmail.com). We can also send you the audio via express mail, though it may look different in your inbox. Please note that you'll need to download the file within two weeks, as the link will expire. This will be handled within the next few days. The minutes, however, usually take about a week, depending on the workload. As mentioned earlier, we haven't received anything in writing from Mr. Sosa yet, but he is welcome to submit information up until the public hearing.*

*Daniel Oberhauser: Yes. When is the public hearing?*

*Marcia Moermond: After reviewing my calendar, I believe the earliest possible date would be the 9th, but that might be rushing things, especially with Mr. Sosa working remotely. A more realistic time frame would be the 16th or 23rd; I'm leaning toward the 23rd. Do you have any scheduling conflicts with either of those dates?*

*Daniel Oberhauser: What time during the day? I can work out either day.*

*Marcia Moermond: The public hearings are scheduled for 3:30 PM, and I will settle on the 23rd to give Mr. Sosa as much notice as possible. If something comes up, you can still register to testify by phone up until noon the day before the hearing. The hearing will be on Wednesday at 3:30 PM, but keep in mind that the exact start time can vary. While the Council convenes at 3:30 PM, the hearing could begin as early as 3:40 PM or as late as 4:30 PM or 5:00 PM. Unfortunately, that's just how public hearings tend to go. With that said, you now have the same information as I do, and I'll follow up with something in writing.*

*Daniel Oberhauser: That's understood. And do you think the decision will be in a few days?*

*Marcia Moermond: No, my recommendations will be on the letter that will go out on Friday at the latest. The City Council will make the actual decision. If you don't object, it will go through with whatever my recommendation is. If you do, then they will consider the matter and hear your information and maybe come up with something else.*

*Daniel Oberhauser: Ok. Will you explain your decision in detail so that it's easier for me to appeal it to the City Council if I disagree with it?*

*Marcia Moermond: I will do my best. You've been sitting here hearing the same thing.*

*Daniel Oberhauser: You will make your recommendation based on the ordinance.*

*Marcia Moermond: I will do it in the best format. We have a pretty complete record.*

*Daniel Oberhauser: I want a fair chance to argue my point. If I disagree with your recommendation, I want to make sure that it's fair.*

*Marcia Moermond: OK. Have a good rest of your day, everybody.*

*Recommendation forthcoming*

**Referred to the City Council due back on 10/23/2024**

**2**      [RLH RSA 24-8](#)      Appeal of Jorge Sosa, tenant, to a Rent Stabilization Determination at 296 BATES AVENUE, UNIT 9.

**Sponsors:**      Johnson

*10-21-24 Updated: Recommendation is to grant appeal.*

*Lynne Ferkinhoff, DSI-Rent Stabilization, appeared.*

*Ben Herding, Chief Operations Officer, Housing Hub, appeared.*

*Ryan Harrison, Finance Manager, Housing Hub, appeared.*

*Mathias Branton, Financial Associate, Housing Hub, appeared.*

*Daniel Oberhauser, the Tenant in Apartment 8, appeared.*

*Jorge Sosa, the Tenant in Apartment 9 did not appear.*

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*Marcia Moermond: You may have questions as the meeting progresses because I will hear from the property owner and representatives. We have three people here, so let's rotate the chairs to allow each person a chance to speak. After the others have spoken, you will be invited back up. Please complete the sign-in sheet after speaking.*

*Lynne Ferkinhoff: I just heard back from Demetrius about whether or not we got the MNOI. His response was no, which is consistent with the self-certification process.*

*Marcia Moermond: OK. You've heard the staff report and listened to the comments. A previous staff member at Housing Hub had filed for this and other rent increases. I will ask for your names, left to right. [Mathias Branton, Ryan Harrison, and Ben Herding present]*

*Ben Herding: I'm the CEO and Chief Operations Officer of Housing Hub. I work alongside Ryan, the Finance Manager, and Mathias, the Financial Associate. I have been managing rent control paperwork and compliance, and this process is a learning experience that involves various changes and iterations for everyone. Despite some requests and submissions, I want to clarify that no rent increase exceeding 3% occurred at any point during a tenant's stay, including during the requested exception period for renewal.*

*Marcia Moermond: OK. What are the lease cycle's specific start and end dates, including the months and years involved?*

*Ben Herding: August was always the renewal time frame.*

*Marcia Moermond: OK. August 1st to July 30th.*

*Ben Herding: August 1st, that's correct. Daniel has been a long-term tenant with Housing Hub since August 2019. There was no rent increase until August 2021; that increase was just a \$9 admin charge due to software upgrades. The rent remained the same until August 2023, and although a rent credit was added at that time, there was effectively no change in the rent. We submitted the rent roll in August 2023 with a 3% increase and another 3% rent increase in August of this year.*

*Marcia Moermond: OK, there was a 3% increase in August 2023 and a 3% increase in August 2024. If the lease cycle is August 1st through July 30th, the first potential rent increase that could be experienced if up to 8% is approved would be August 1st, 2025. To reiterate here, Daniel moved in in 2019. I'm assuming that in 2020 there was no rent increase, which I think is what you said, and that in 2021, a \$9 administrative charge was added to the rent. There were then 3% increases in the two subsequent leases.*

*Ben Herding: That's correct. While working through the ordinance, we acted cautiously. When no confirmation was received after submissions, we did not take further action. After collaborating with Demetrius and others to ensure proper paperwork, we implemented only a 3% rent increase a few months ago.*

*Marcia Moermond: I'm sure you would have retained a copy of the MNOI for your records. That would be the background information for filing the rent increase. Can I get that from you?*

*Ben Herding: I don't have the records here, but we can find them and email them to*

you.

*Marcia Moermond: OK. That's great. We will share it with the appellants so they have the same information. Is there anything else you want me to know?*

*Ben Herding: Working with Lynne and Demetrius has been great, and our team has made significant progress since the start of this process. Despite initial backlogs, the team has developed a strong rhythm and works well together. With continued meetings and collaboration, we have steadily improved as a unit, which has been beneficial.*

*Marcia Moermond: Thank you. Mr. Oberhauser, do those increases and that information sound consistent with your background?*

*Daniel Oberhauser: Yes.*

*Marcia Moermond: Have you looked at Chapter 193?*

*Daniel Oberhauser: No.*

*Marcia Moermond: On the city's web page, in the section of the Rent Stabilization Ordinance that provides for when exceptions can be made to the 3% rent control, does this sound familiar?*

*Daniel Oberhauser: Yeah, I have read that part.*

*Marcia Moermond: OK, so you're familiar. Based on your comments, I understand that you believe the property should not be eligible for a rent increase due to its condition.*

*Daniel Oberhauser: Yes, that is part of it. I love the building. One of the things I truly appreciate about my apartment is its affordability. It has been very budget-friendly, and I'm grateful for that. I don't need anything fancy—just a safe, secure, and pleasant place, which this apartment provides. However, I deal with frequent maintenance issues and often have to call for repairs. While I appreciate that my rent wasn't raised for a couple of years, I don't believe I should be penalized simply because the property isn't generating enough income. Based on the information I received, my apartment is the most expensive in the building, and I think that's worth considering. I understand you'll also consider other arguments, but that's the core of mine. I've signed leases in good faith every year, and I believe requesting a rent increase beyond the rent control limit goes against that principle. The citizens voted for rent control to keep housing affordable—this was something we all wanted and supported. Despite voting for this ordinance, it feels unfair that the city continues to chip away at its protections. That doesn't seem just.*

*Marcia Moermond: I can understand what you said. Were you initially tracking the politics and voting on the ballot measure? The city was given time to put together the implementation rules. Were you engaged in that process?*

*Daniel Oberhauser: No.*

*Marcia Moermond: In 2018 and 2019, the rent market was stable, with inflation having little impact on rent levels. The University of Minnesota's Center for Urban and Regional Affairs worked with community partners to determine that a 3% rent increase was a reasonable threshold. This percentage was then built into the rent control ordinance. If landlords want to increase rent beyond this limit, they must apply for an*

exception. However, the COVID-19 pandemic caused unforeseen inflation, leading to higher costs for supplies, labor, and operations. This misalignment with the original ordinance resulted in more landlords seeking exceptions than initially expected. This is background information, not an excuse, but it explains the current situation.

*Daniel Oberhauser: I understand the circumstances, but I didn't cause COVID, which doesn't change the fact that citizens voted for a 3% rent cap. My point is that I shouldn't be penalized for something beyond my control. Additionally, Mayor Carter's discussion of changes to the rent change due to slow development feels unjust. I earn a good salary and consider myself part of the middle class, yet I still can't afford to buy a house. For those of us in this position, renting needs to be affordable as well. I have a friend living in a Vivo village in Minneapolis because homeownership is out of reach for him, and that just doesn't feel right. It shouldn't sit right with anyone.*

*Marcia Moermond: Thank you for highlighting the human aspect of the renter's experience, which is a significant issue not only in the Twin Cities but also nationally. I want to review the Maintenance and Net Operating Income (MNOI) statement to understand better the property's actual increases, property tax changes, and various expenses, including any capital improvements. This will help clarify the figures that staff provided, as the entire form wasn't thoroughly examined. Currently, the application is for a maximum increase of 8%, but the analysis suggests it could be closer to 11.5% if a different application were submitted. I want to delve deeper into this information, and I believe you share the same interest. Additionally, I'd like to share these findings with your fellow appellant in unit 9 for their input.*

*Daniel Oberhauser: Would that be 8% on top of 3%?*

*Marcia Moermond: No, it would be a maximum of 8%. Anything greater than 3% requires an application. Do you have any other questions or comments?*

*Daniel Oberhauser: This whole process feels incredibly anti-tenant.*

*Marcia Moermond: I don't mean it to feel that way. I think the rescheduling made it feel that way, and I'm sorry about that.*

*Daniel Oberhauser: It's not just the rescheduling; it's the fact that I came here without understanding the documents sent to me. And that's just what it is. I think that this is an anti-tenant process. I accept that. You make your recommendation. If I disagree, I'll take it to the City Council. I want a recording and minutes of this. I would appreciate that.*

*Marcia Moermond: No, it's not anti-tenant. Once the record is finalized, we can send you a link to the full recording. I just want to clarify that I'm ensuring you receive all the information. However, it doesn't come with a specific explanation, as interpretation can be subjective. While I could provide an interpretation or have staff do so, different people, including appellants, may understand it differently based on their perspectives.*

*Daniel Oberhauser: Well, I'm telling you it feels anti-tenant. That's my opinion, and I want to make sure I say that.*

*Marcia Moermond: You've mentioned that several times now, and I know it will be part of the record. I see someone with their hand raised, so I'd like to invite Mr. Herding to the microphone.*

*Ben Herding: Dan has been an ideal tenant, and I fully support his statement. I work for a property management company overseeing over 4,000 tenants, and the fact that I haven't had any issues with him speaks volumes. Typically, I deal with tenants who aren't as easy to manage, but both the building owner and I recognize Dan's value. The rent control ordinance meant to help tenants doesn't benefit ideal tenants like Dan. Before this ordinance, our annual rent increases averaged around 2.6% across our portfolio. With a cap in place, property owners are forced to spread the financial burden across even their best tenants because they can't raise rents in other areas. For years, tenants like Dan didn't face rent increases despite rising property taxes, insurance, wages, and building costs. Increased by 20%, 30%, or more were absorbed because owners valued good tenants who cared for the building and the community. It's unfortunate to hear ideal tenants say they might have to move out over a 3% increase when property costs have risen by 15-25% or more. A 3% increase is just a drop compared to what's needed to cover skyrocketing expenses, especially with insurance rates doubling or tripling in recent years and rising taxes and wages. From a property management perspective, it's tough to see tenants like Dan, who pay their rent on time and contribute positively to the building, feel like the system is working against them. While some may see the ordinance as anti-tenant, I understand how it can also feel anti-owner or anti-manager. The city has made progress since the ordinance was introduced, and we've worked hard to partner with them, but the reality is that this ordinance forces property owners to apply the same 3% increase to everyone. That's now the minimum any tenant in St. Paul will see. Ultimately, while the ordinance was created with good intentions, sometimes those it aims to help are negatively affected. I stand by tenants like Dan and share their sentiment that the system, though necessary in some ways, can inadvertently harm those it protects.*

*Marcia Moermond: I appreciate you adding a landlord's perspective to round out the conversation. Does that impact Mr. Oberhauser's situation in particular?*

*Ben Herding: I don't have the authority to make those decisions, as we work for the property owner and management group. However, I can say that many owners share the same sentiment. Owners want great, long-term tenants in their buildings, and it's a tough business decision to implement even minimum rent increases, knowing it could impact those good tenants. As you mentioned, when a tenant moves out, it's not always possible to raise the rent by 20-25% to meet market rates. Even if it is, the process is often lengthy and requires significant capital investment to justify such increases. This is more of a personal observation from speaking with the 312 owners we manage properties for—it's unfortunate when good tenants feel targeted. I want to emphasize that property managers and landlords aren't the "bad guys" in these situations. Owners are also navigating the challenges of the ordinance while trying to keep their properties, maintain payments, and continue providing quality housing.*

*Marcia Moermond: Thank you. Mr. Oberhauser, you get the last word.*

*Daniel Oberhauser: This reminds me of the Citizens United decision, where the Supreme Court allowed corporations to raise unlimited funds for politicians, which I believe has damaged our political system. I see corporate influence everywhere now—even a newly opened park in Minneapolis is named after a corporation. So, while I understand the gentleman's point that Housing Hub cares about its tenants, I'm cynical. It's unfortunate, but that's how I feel.*

*Marcia Moermond: All right, let me set some dates. I expect Housing Hub to provide the MNOI within a day or two. Once I receive it, I'll review it and make a decision. We'll send the decision letter to [djoberhauser@gmail.com](mailto:djoberhauser@gmail.com). We can also send you the audio*

*via express mail, though it may look different in your inbox. Please note that you'll need to download the file within two weeks, as the link will expire. This will be handled within the next few days. The minutes, however, usually take about a week, depending on the workload. As mentioned earlier, we haven't received anything in writing from Mr. Sosa yet, but he is welcome to submit information up until the public hearing.*

*Daniel Oberhauser: Yes. When is the public hearing?*

*Marcia Moermond: After reviewing my calendar, I believe the earliest possible date would be the 9th, but that might be rushing things, especially with Mr. Sosa working remotely. A more realistic time frame would be the 16th or 23rd; I'm leaning toward the 23rd. Do you have any scheduling conflicts with either of those dates?*

*Daniel Oberhauser: What time during the day? I can work out either day.*

*Marcia Moermond: The public hearings are scheduled for 3:30 PM, and I will settle on the 23rd to give Mr. Sosa as much notice as possible. If something comes up, you can still register to testify by phone up until noon the day before the hearing. The hearing will be on Wednesday at 3:30 PM, but keep in mind that the exact start time can vary. While the Council convenes at 3:30 PM, the hearing could begin as early as 3:40 PM or as late as 4:30 PM or 5:00 PM. Unfortunately, that's just how public hearings tend to go. With that said, you now have the same information as I do, and I'll follow up with something in writing.*

*Daniel Oberhauser: That's understood. And do you think the decision will be in a few days?*

*Marcia Moermond: No, my recommendations will be on the letter that will go out on Friday at the latest. The City Council will make the actual decision. If you don't object, it will go through with whatever my recommendation is. If you do, then they will consider the matter and hear your information and maybe come up with something else.*

*Daniel Oberhauser: Ok. Will you explain your decision in detail so that it's easier for me to appeal it to the City Council if I disagree with it?*

*Marcia Moermond: I will do my best. You've been sitting here hearing the same thing.*

*Daniel Oberhauser: You will make your recommendation based on the ordinance.*

*Marcia Moermond: I will do it in the best format. We have a pretty complete record.*

*Daniel Oberhauser: I want a fair chance to argue my point. If I disagree with your recommendation, I want to make sure that it's fair.*

*Marcia Moermond: OK. Have a good rest of your day, everybody.*

**Referred to the City Council due back on 10/23/2024**