



Meeting Minutes - Action Only

Rent Stabilization Appeal Hearings

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1:00 PM

Room 330 City Hall & Court House/Remote

Rent Stabilization Appeals

- 1 **RLH RSA 25-8** Appeal of Jim Poradek & Abbie Hanson, Attorneys for Housing Justice Center, representing Tenant, Jill Ackerman, to a Rent Stabilization Determination at 934 ASHLAND AVENUE, UNIT 1.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they

seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state

and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40 violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability.

As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my

experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily 1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps. Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page, there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling

of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector

or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: The basement, Unit 12.

Trostle: Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.

Curran: That's one of the appellants here.

Trostle: There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.

Curran: Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want to check them out at page 16 in the expert report.

Trostle: Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.

Curran: In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?

Trostle: Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and

on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20, photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if

overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations, especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit 1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems,

too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep. It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can

hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in

flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point

is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's

really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly, it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young

stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council due back on 9/10/2025

2 RLH RSA 25-10

Appeal of Jim Poradek & Abbie Hanson, Attorneys for Housing Justice Center, representing Tenant, Vincent Cornell, to a Rent Stabilization Determination at 934 ASHLAND AVENUE, UNIT 5.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we

submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations

of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40 violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability. As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations

must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and

worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily 1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps. Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page, there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the

underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: The basement, Unit 12.

Trostle: Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.

Curran: That's one of the appellants here.

Trostle: There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.

Curran: Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want to check them out at page 16 in the expert report.

Trostle: Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.

Curran: In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?

Trostle: Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20,

photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations, especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit 1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems, too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep. It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd

like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by

testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly,

it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council due back on 9/10/2025

- 3 RLH RSA 25-12** Appeal of Jim Poradek & Abbie Hanson, Attorneys for Housing Justice Center, representing Tenant, Ehren Stemme, to a Rent Stabilization Determination at 938 ASHLAND AVENUE, UNIT 6.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization

program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due

for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both

the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40

violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability. As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase

...tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily 1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps.

Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page, there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: The basement, Unit 12.

Trostle: Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.

Curran: That's one of the appellants here.

Trostle: There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.

Curran: Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want to check them out at page 16 in the expert report.

Trostle: Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.

Curran: In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?

Trostle: Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20, photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or

unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations, especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit

1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems, too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep.

It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent

payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of

two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as

the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly, it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three

years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council due back on 9/10/2025

- 4 RLH RSA 25-13** Appeal of Jim Poradek & Abbie Hanson, Attorneys for Housing Justice Center, representing Tenant, Kayla Simonson, to a Rent Stabilization Determination at 942 ASHLAND AVENUE, UNIT 8.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating

expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why

they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40 violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being

kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability. As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you

can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily 1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps. Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page, there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint

investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: The basement, Unit 12.

Trostle: Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.

Curran: That's one of the appellants here.

Trostle: There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.

Curran: Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want

to check them out at page 16 in the expert report.

Trostle: Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.

Curran: In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?

Trostle: Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice

can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20, photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations, especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit 1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with

mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems, too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep. It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got

married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in

his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful

relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly, it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council due back on 9/10/2025

representing Tenant, Jessica Skaare, to a Rent Stabilization Determination at 942 ASHLAND AVENUE, UNIT 9.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord

was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the

laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40 violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability. As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement

has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on

whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily 1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps. Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page, there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and

affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the

laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: The basement, Unit 12.

Trostle: Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.

Curran: That's one of the appellants here.

Trostle: There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.

Curran: Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want to check them out at page 16 in the expert report.

Trostle: Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the

result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.

Curran: In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?

Trostle: Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20, photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations, especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just

checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit 1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems, too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep. It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need

somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for

example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one

told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this

year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly, it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and

a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council due back on 9/10/2025

- 6 RLH RSA 25-16** Appeal of Jim Poradek & Abbie Hanson, Attorneys for Housing Justice Center, representing Tenant, Autumn Buel, to a Rent Stabilization Determination at 942 ASHLAND AVENUE, UNIT 10.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active

complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I

noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40 violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability. As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the

implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and

overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily

1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps. Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page, there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: *The basement, Unit 12.*

Trostle: *Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.*

Curran: *That's one of the appellants here.*

Trostle: *There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.*

Curran: *Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want to check them out at page 16 in the expert report.*

Trostle: *Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.*

Curran: *In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?*

Trostle: *Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns*

still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20, photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations, especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit 1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems, too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep. It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant

increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and

I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly, it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council Ward 1 due back on 9/10/2025

- 7 RLH RSA 25-15** Appeal of Jim Poradek & Abbie Hanson, Attorneys for Housing Justice Center, representing Tenants, Samuel Perkins & Chloe Cable, to a Rent Stabilization Determination at 942 ASHLAND AVENUE, UNIT 11.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of

June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as

one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of

habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40 violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability. As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or

the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily 1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps. Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page,

there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire

code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: The basement, Unit 12.

Trostle: Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.

Curran: That's one of the appellants here.

Trostle: There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.

Curran: Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want to check them out at page 16 in the expert report.

Trostle: Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.

Curran: In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?

Trostle: Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20, photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your

findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations, especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit 1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after

being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems, too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep. It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us

about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would

you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near

gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly, it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council due back on 9/10/2025

- 8 **RLH RSA 25-17** Appeal of Jim Poradek & Abbie Hanson, Attorneys for Housing Justice Center, representing Tenants, Lillian Johnson & Eleanor Rowen, to a Rent Stabilization Determination at 942 ASHLAND AVENUE, UNIT 12.

Sponsors: Bowie

Recommendation forthcoming.

Lynne Ferkinhoff & Demetrius Sass, Department of Safety & Inspections (DSI)-Rent Stabilization, appeared.

Abby Hanson Emily Curran, Housing Justice Center, appeared.

John Trostle, Housing inspector, appeared.

Tenants appearing: Jill Ackerman (Unit 1), Samuel Perkins (Unit 11), Chloe Cable Unit 11, Lillian Johnson (Unit 12),

Scott Day, Power of Attorney for owner Judith Day, appeared.

Michelle Palenschat, Landlord's Building Assistant, appeared.

(Marcia Moermond gives a background of the appeals process)

Lynne Ferkinhoff: On April 9, 2025, Scott Day stopped by the DSI customer service counter. He wanted to meet with someone who works on the Rent Stabilization program, but staff was in a meeting. The customer service staff captured Mr. Day's contact information and sent it to the Rent Stabilization team for follow-up. A member of the Rent Stabilization team sent Mr. Day an email on April 9, 2025 and he called later that day to ask about the process to request an exception to the 3% cap on rent increases per ordinance 193A. An in-person meeting was arranged. Staff met in person with Mr. Day on April 11, 2025. He was accompanied by Michelle Palenschat who helps with the rental business. During the meeting, staff guided Mr. Day in completing the online intake form and reviewed financial information provided by Mr. Day to support his staff determination application for a rent increase exception greater than 8%. The intake form is part of the record and Judith Day (Mr. Day's mother) is listed as the applicant and owner of the buildings. The application includes three properties - 934, 938 and 942 Ashland Avenue. Staff understands that Ms. Day is struggling with dementia and that Mr. Day has Power of Attorney, granting him the authority to make decisions for Ms. Day. The online intake form notes that consistent increases will apply to the entire building. An increase of 30% is proposed with an effective date of June 30, 2025. The reasons cited in the online intake form for the increase includes: 1) an increase in real property taxes; 2) an unavoidable increase in operating expenses; 3) a capital improvement project; and 4) an increase in tenants occupying the rental unit.

As a follow-up to the meeting, Mr. Day clarified for staff that tenants pay for electricity and gas (stove). The property owner pays for gas (heat) and water. A second online intake form was submitted on April 21, 2025. Staff acknowledges that the Maintenance of Net operating income (MNOI) worksheet attached to the record during the application process included the CPI value for 2022 instead of 2024. Staff noticed the CPI value during the application process and used a spreadsheet to accurately re-calculate the data. Staff also updated the MNOI worksheet on the Rent Stabilization website.

At the City's request, Mr. Day provided a rent roll to the DSI. The rent roll was used to mail notification letters to tenants, including: 1) 04/23/25 - notice of application informing tenants that their landlord requested an exception to the rent increase cap; 2) 04/28/25 - staff determination letter informing tenants that their landlord was granted an

exception to the rent increase cap and advising them of their appeal rights; 3) 05/07/25 - staff determination letter informing tenants at 940 Ashland Avenue that their landlord was granted an exception to the rent increase cap and advising tenants of their appeal rights, noting the 4/8/25 letter was not received by some tenants.

City staff issued a determination letter to Mr. Day on April 28, 2025, granting approval of an exception to the rent increase cap. In the determination letter, staff included an attachment to show the allowed rent increase that could be attributed to 1) amortized investments in capital improvements (+23.64%); and 2) changes in net operating income (+28.52%). The increase for amortized investments in capital improvements applied to two units. The increase for changes in net operating income applied to all units. Therefore, the total allowable rent increase for two units was 52.16%. The allowed increase for all other units was 28.52%. Staff spoke with several tenants living at the properties who have appealed.

Fire Certificates of Occupancy are in place for the property. 934 Ashland Avenue was last inspected on June 15, 2023, and rated as a Class B property and is due for renewal in 2027. 938-940 Ashland Avenue was last inspected on November 23, 2021, and rated as a Class C property. The renewal is due and there were no active complaints at the time the rent increase exception was approved. 942 Ashland Avenue was last inspected on October 22, 2021, and rated as a Class A property and is due for renewal in 2027. No identifiable Rent Stabilization complaints were submitted for any of the buildings included in this appeal.

Moermond: We have Ms. Abby Hansen of the Housing Justice Center. Who else is with you today?

Abbie Hanson: Our other attorney representing the appellants. Emily Curran.

Moermond: Thank you. Before we go further, I have some questions for staff about the application. I believe this was addressed this on page one of the online intake, specifically regarding the real estate taxes. Even though there are three buildings, they're all on one parcel, correct? That's my understanding, unless I'm remembering that incorrectly.

Demetrius Sass: There are three parcels, but the property finances are managed as one lump, so the property taxes were combined for the purpose of the application.

Moermond: Thank you. The other point I wanted to confirm is that, when I reviewed the MNOI worksheet, I noticed capital expenses that appear to be amortized, but they seem to relate only to the duplex.

Sass: Correct, those expenses are only for the duplexes, a rewiring project that was done a couple of years ago.

Moermond: Alright. I'm sure I'll have more questions as we go and I'm sure you will, too. I just wanted to clarify those couple of points to get us started. Let's turn it over to you, Ms. Hanson. How would you like to proceed? Will you be speaking, inviting others up, or combining both?

Hanson: I'll give you a general outline in a moment, but we have printed copies of the submitted materials before I begin. Would you like a copy, or are you all set?

Moermond: I have one copy for each appeal, plus this one that I've marked up a bit, so

I'm all set.

Hanson: I'll briefly outline what we plan to cover today to get us started. First, we want to walk through the reasons for our appeal. These are detailed in the documents we submitted, but I'll highlight a few key points that we believe are especially important. Second, we have John Trostle with us today. He's been a HUD-certified housing inspector for decades. He visited the Ashland properties in early June and conducted a walkthrough. His findings are included in Exhibit One, which we submitted last week. He'll discuss his observations and how those conditions relate to health and safety concerns. Third, we have a few of our appellants here. Jill Ackerman, Lillian Johnson, Samuel Perkins, and Chloe Cable. They'll share their experiences living at the property, including issues in their units and common areas, and speak to the proposed rent increase's impact on them. I also want to acknowledge that Ehren Stemme and Eleanor Rowen are also present and are also appellants in this case. Throughout these three segments, we're happy to answer any questions. And finally, if there are any additional materials you'd like to see after the hearing, we'd be more than happy to submit those post-hearing. OK, so to get started, I will go right into our reasons for appeal. These are detailed in the documents we submitted, but for this presentation, I will break those reasons into two general areas to make things easier to follow.

First, we're raising serious concerns around habitability. As you'll hear today from both the appellants and Mr. Trostle, there are ongoing and pervasive habitability issues across all three buildings. These problems not only impact the livability and comfort of the tenants, but they also create significant health and safety risks. We're bringing these issues forward because, under the ordinance, habitability must be taken into account, and it must be investigated. And in this case, where the issues are widespread and severe, the plain language of the ordinance requires the City to deny the rent increase requested by the landlord. I'll talk more about those habitability concerns shortly. But we're also challenging a portion of the rent increase that's tied to capital improvements. Specifically, this applies to Units 6 and 7. While all tenants are facing a 28% increase, those two units are being hit with an additional 23%, bringing the total to over 50%, which is substantial. The landlord claimed this increase was justified by a rewiring project. However, based on the information available to us, that work was done in violation of federal and state lead and asbestos safety laws. Not only did that expose tenants to serious health risks, but because the work was not done in compliance with applicable regulations, it also violated the implied warranty of habitability, and under the ordinance, that portion of the rent increase should not be allowed either. So, with that, I want to return to the habitability issues and explain why they matter so much here. Habitability is a key consideration under the ordinance. City staff are required to consider whether a landlord has substantially complied with state and local housing, health, and safety laws. They're also required to consider whether the building has deteriorated beyond normal wear and tear. These are both directly tied to whether a rent cap exception should be granted. And in this case, there's clear evidence of significant deferred maintenance over time that has led to the problems we see today. Even beyond those general factors, the ordinance explicitly states that the city may not grant an exception to the rent increase cap for any unit that is not in compliance with the implied warranty of habitability, as defined under Minnesota Statutes §504B.161. That warranty requires landlords to maintain their properties in reasonable repair, ensure units are fit for their intended use, and follow all health and safety codes. At the Ashland properties, those standards are not being met. We go into great detail in our written materials and you'll hear more today, but just to name a few examples: there are crumbling foundations, decks that wobble, mold and water infiltration, broken windows, missing and damaged floors, locks that don't work, refrigerators that fail to regulate temperature, and ongoing plumbing issues. These are

not minor inconveniences; they are conditions that directly compromise safety and habitability. Tenants shouldn't have to worry about mold exposure when entering the laundry room. They shouldn't need duct tape to cover holes in their floors or have to hold windows shut with makeshift materials. These conditions are also clear violations of the City's own Property Maintenance Code, Chapter 34. That code requires, for example, that exterior surfaces be free from holes or rot that could allow moisture in. Yet, Mr. Trostle will testify about holes in foundations and rotting window casings. Water has entered the buildings, causing flooding and mold. We submitted video evidence of this taken just last month. The code also requires intact window panes and properly maintained floors. But we've documented broken glass and floor sections being taped down by residents. So, while the staff report may indicate there are no open code violations, the actual conditions at the properties tell a very different story. A visit to these buildings makes it clear that there are multiple active and serious violations that directly relate to habitability. That's why we're asking the city not to approve the rent increase.

Moermond: I'm not sure I interpreted staff's comments the same way you're restating them, so just for the record – I believe what was said is that there are no open complaints or violations, which is a bit different from saying there are no issues at all. I noticed in the public record that, although you submitted a lot of information, I didn't see much reflecting complaints to the city specifically about Chapters 34 and 40 violations. Given that, is it your intent, based on how you've documented or described these issues, that the city should investigate these complaints further since they haven't been formally reported yet?

Hanson: I think it's both.

Moermond: Given that I have this information in the context of an appeal, should I forward it to Director Wiese so that it can be assigned to staff for investigation?

Hanson: Yes, I agree. These issues impact tenants' livability, health, and safety, so if they require further investigation, I think it's important that they be pursued.

Moermond: I want to make sure the city is on the same page, since these issues haven't yet been investigated or formally referred to the department.

Hanson: Yes, thank you for the clarification. We do believe that, on their face, these are clear violations. The issues I mentioned relate directly to the property not being kept in reasonable repair and not being fit for the intended use. Because these standards are not met, they constitute violations of the implied warranty of habitability. As I mentioned earlier, compliance with this warranty is required for the city to grant a landlord's rent increase. Since compliance is lacking here, the landlord's rent increase should not be approved. That sums up our habitability argument. Our second area, the capital improvement bucket, relates specifically to the additional 23% rent increase applied to Units 6 and 7. As I outlined earlier, Mr. Sass mentioned, this increase is based on a prior rewiring project. The renovations in question involved a rewiring project. Based on our evidence, those renovations were not done in compliance with federal and state health and safety laws related to lead and asbestos. These laws exist not only to protect workers during renovations but also to protect residents living in these properties. Because these protocols were not followed, the tenants, especially children living in those units, were exposed to lead dust and asbestos particles. This concern begins with the age of the buildings. According to public records, these properties were built in 1904. Because they are so old, there is a legal presumption that the surfaces contain lead-based paint and that certain materials contain

asbestos. While building owners can rebut this presumption, they must do so through testing, remediation, or abatement. We know no testing, remediation, or abatement has been done here. Therefore, under this legal presumption, these buildings contain lead and asbestos. Since these buildings contain lead and asbestos, all renovations must strictly follow federal and state lead and asbestos safety regulations. Renovations disturb surfaces coated with lead paint and asbestos-containing materials, such as drywall, and this disturbance requires the full implementation of safety protocols. As noted in Mr. Stemme's declaration, there was little to no compliance with these safety protocols during the renovation. For example, Mr. Stemme did not receive any pre-renovation notice regarding the potential disturbance of lead or asbestos, which is required by law for properties of this age. Furthermore, there was insufficient containment of renovation areas, plastic sheeting was either absent or not properly secured, allowing dust to spread throughout the apartment, including into Mr. Stemme's children's bedrooms. Breathing in this renovation dust is dangerous due to lead and asbestos exposure risk. Thus, these renovations not only endangered the tenants currently living there but were also carried out in violation of federal and state health and safety laws. This, in turn, constitutes a violation of the implied warranty of habitability. As with our habitability concerns, violations of federal and state health and safety laws mean that the landlord is not in compliance with the implied warranty of habitability. Under the ordinance, such noncompliance disqualifies the landlord from being granted a rent increase. Therefore, the requested rent increase tied to this capital improvement should be denied. To reiterate, these habitability concerns must first be considered by the department when evaluating any deviation from the rent increase cap. More importantly, the ordinance explicitly conditions the granting of a rent increase on compliance with habitability laws. Because compliance is lacking here, the rent increases requested must be denied by the City. Finally, I want to clarify that the residents are appealing on behalf of the entire building, all 12 units. The ordinance language allows tenants to appeal determinations regarding rent increases, and the appeal applies to all units in the building. This is especially important here because the habitability issues affect every unit. You'll hear more about this from Mr. Trostle and the residents. These widespread problems support the tenants' ability to appeal on behalf of all residents under the ordinance's plain language.

Moermond: To be clear, from my perspective, I'm only hearing appeals for the specific units where appeals have been filed. I don't have any information indicating that you or the tenants you represent have been engaged to represent all units in the building. If you want to make the appeal applicable to the entire building, that's something you can pursue separately, but it's not something I can act on here. I appreciate your position, but that's the scope of what I can address today.

Hanson: We're going to have Mr. Trostle come up first.

Curran: Mr. Trostle and I will be referencing pictures in the expert report, so if it would be helpful, you may want to have that report in front of you.

Moermond: Can I confirm that you are an attorney at the Housing Justice Center?

Curran: Yes, my name is Emily Curran. While Mr. Trostle finishes signing in and we have that information, I'd like to introduce him. This is Mr. John Trostle, our expert home inspector for the appellant tenants at the Ashland apartments. As you know, we submitted his report regarding the habitability conditions there. Today, he will explain his findings, and as we go, we'll reference some of the pictures to help illustrate those points. Mr. Trostle, could you please tell us about your experience as a home

inspector? What roles have you held in that capacity, and how long have you been working in this field?

Trostle: I should start by saying how I entered this business. I grew up in Denver and worked in construction, roofing, framing, and general building from 1971 until 1980. Then I moved to Minneapolis, where I worked for several small general contractors. After that, I joined Northside Neighborhood Housing Services of Minnesota, a nonprofit that helps people in the neighborhood repair their homes and redevelop properties. We focused on renovating older homes, like turning a 1922 house into something that meets today's code standards. We also taught home buyer workshops and renovated properties through state and Minneapolis programs. Because of those workshops, I started getting requests from people asking me to inspect homes they bought. After several years with Northside, I began working independently as a home inspector for buyers. For almost 25 years, I also worked as an FHA 203(k) rehab consultant. In that role, I inspected properties for people using the FHA 203(k) purchase or refinance program and issued reports detailing what must be done to bring the properties up to FHA and HUD standards.

Curran: OK, specifically regarding mold, you've had experience identifying it and overseeing or advising on abatement, correct?

Trostle: Yes. Since we renovated a lot of older properties, we frequently encountered mold issues, as well as materials containing asbestos and lead-based paint. I went through various trainings related to those hazards, and I was typically the person responsible for writing up the specifications for remediation. That included identifying the problems and bringing in the appropriate licensed professionals to carry out the work.

Moermond: Do you currently hold any credentials or licenses, such as a Certified Building Official, Property Maintenance Inspector, Fire Inspector, or a Truth-in-Sale of Housing Inspector, or any similar certifications relevant to property inspection?

Trostle: No, I do not perform Truth-in-Sale of Housing inspections, and there are no formal licensing requirements for home buyer or home inspection work in Minnesota. The closest credential I've held is my certification as a 203(k) HUD Consultant, which involved property inspections and rehabilitation planning under federal guidelines.

Moermond: Are you certified in mold or asbestos abatement issues?

Trostle: No, I don't hold formal certifications in mold or asbestos abatement; my experience is primarily hands-on and developed over time through fieldwork. For example, with lead paint, because it was commonly used in U.S. residential properties until 1978, it became routine to assume its presence in older homes. I often worked under the presumption that lead paint was present, much like other professionals in the field. For context, countries like France and Germany banned lead-based paint as early as 1850, but the U.S. didn't follow suit for another 128 years. With mold, it's fairly straightforward to identify common types through visual inspection. The most frequently encountered in homes is what we often refer to as 'black mold,' which typically appears as small, black, sunburst-like spots on walls or other surfaces

Curran: Just to clarify, Mr. Trostle, you're not presenting findings as formal code violations today, correct? Rather, you're offering your observations and assessment in relation to the overall habitability of the apartments.

Trostle: Yes, I'm simply assessing the condition of various components in the units, regardless of whether they rise to the level of specific code violations. My focus is on whether the conditions support safe, livable, and habitable housing.

Curran: Thank you. As noted in your report, you visited all three buildings at the Ashland Apartments on June 4th, just last month. During that visit, you inspected nine units, the common areas, including the laundry room, and the building exteriors. Is that correct? Also, how long did your inspection take?

Trostle: I believe we were there for about three hours, possibly a little longer.

Curran: First, tell us what you found at the Ashland apartments?

Trostle: The first thing I typically do during an inspection is to examine the exterior of the buildings since it's the easiest to access. Upon arriving, I immediately noticed several issues. For example, there is wood trim and casing around the exterior windows with many areas showing partial or severe rot, as well as gaps where sealing is missing, allowing water to penetrate. The concrete stairways between the buildings also have large cracks and gaps that let in moisture. Given that these are primarily 1904 buildings, their foundations are mostly stone, with a few blocked sections at the rear additions. The mortar around many stones is significantly worn or has large gaps. Because the stones tend to contain lime, the mortar erodes over time. Generally, this wear and deterioration can lead to moisture problems and structural issues. When I evaluate these conditions, I consider their age and original construction methods. For example, the buildings were designed to accommodate wheelchair access in specific ways, but these features have degraded over time.

Curran: First, provide a general overview of what you found while inspecting the Ashland apartments. Then, could you share which issues you found to be the most concerning or significant?

Trostle: The most concerning issues relate to moisture penetration into the property, particularly at the foundation level and around various openings.

Curran: In your report, starting on page 6, there are photos showing the foundation with visible water infiltration, including into the storage area of Unit 5. On the following page, there are also images showing cracks in the concrete steps. Is that correct?

Trostle: Yes. Along with the damage and hazards caused by water infiltration, the foundation issues appear serious enough that we might be seeing significant settling of the buildings. Once I accessed the common areas and some individual units, it became clear that there were numerous signs of severe settling. These included extensive wall cracking, bulging walls and ceilings, previous repairs, shifting floors, and damaged floors, some of which had been temporarily patched with tape. All of this indicates that the buildings are experiencing substantial structural settling problems.

Curran: Why is the foundation settling and the associated cracking a cause for concern?

Trostle: If these issues are not adequately addressed and continue to worsen, the consequences can be severe. In rare cases, sections of the foundation might suddenly shift or move, and given the current poor condition of the foundations, that's a possibility in the future. Immediately, the cracks and openings allow vermin and additional water to enter the building, leading to further damage and increased mold

problems. For residents living in a building with these conditions, noticing ongoing or worsening cracks, even if the movement isn't sudden, can be very unsettling and affect their sense of safety and well-being.

Curran: Are these foundation issues typically noticeable to a qualified inspector or even to an average observer visiting the property?

Trostle: Yes, from my experience, these kinds of issues are quite apparent, even to someone without professional training. It's easy to underestimate how obvious they are, but you don't need to be a specialist to see the damage. It's like noticing a dent on your car, you don't need a body shop to tell you it's there. Similarly, these problems at the property are obvious: water can enter through rotted window and door framing, through the foundation, and via damaged steps. The resulting hazards are fairly straightforward to recognize.

Moermond: Are you testifying that there is obvious water intrusion and visible issues such as crumbling mortar, but that observing these conditions is different from having a structural engineer evaluate and determine whether the foundation is structurally unsound and unable to support the building?

Trostle: Yes.

Moermond: So, based on your observations, you've identified issues like water intrusion and damage, but you haven't made a formal determination about what repairs are necessary or whether the foundation presents an immediate risk that requires specific remediation. Is that correct?

Trostle: As a matter of fact, that's exactly my recommendation, that a structural engineer or a specialized foundation company be brought in to assess the situation and make any necessary repairs. While I'm confident that their findings would confirm the seriousness of the issues, I can't say for certain whether they would deem it an immediate hazard requiring evacuation. However, it's clear to the naked eye that there has been shifting and water penetration, and these factors are actively deteriorating the construction of these buildings.

Moermond: I'm pursuing this a bit further because I handle appeals related to the fire code and property maintenance code. When issues like these are identified, whether through periodic inspections like the fire safety inspections or from complaint investigations, there's usually a statement from the fire inspector, who may have different credentials. Then the building team, whether it's the senior building inspector or the certified building official, evaluates whether a structural engineering analysis is necessary before issuing a building permit for repairs. You're saying you agree with that process, but at this point, that structural evaluation hasn't yet been done, so the "other shoe" hasn't dropped yet. I just wanted to confirm we're on the same page, and I believe we are. Is that correct?

Trostle: Yes. That is correct.

Moermond: Thank you.

Curran: Let's discuss one of the effects of the water infiltration you described, which is mold. On page 11 of your report, there are photos of mold in the laundry room. Could you describe the severity of that mold and share your conclusions regarding the potential risks it poses?

Trostle: You can see a significant buildup of mold and visible mold spotting in the laundry room. In my experience with homebuyer inspections and rehab projects, mold on solid surfaces can sometimes be cleaned and sealed if it's relatively mild and the underlying material isn't damaged. However, if the material, like drywall, is soft or damaged that indicates moisture intrusion and the material needs to be replaced. It's important to understand that mold cannot be eradicated without removing and replacing affected materials because mold spores can exist in the tiniest pores of surfaces. The primary concern with mold is the airborne spores it releases, which occupants can inhale. While many people recognize mold visually, they may not realize the health risks of breathing these spores. The acceptable level of mold exposure is essentially zero; any presence of mold poses a health risk, primarily due to those airborne spores.

Curran: You observed mold in other areas of the building as well. Could you specify where some of those areas were located?

Trostle: Yes, I observed mold in other building areas. For example, mold is present in some units adjacent to the laundry room.

Curran: The basement, Unit 12.

Trostle: Yes, specifically in the basement unit, Unit 12, there is visible mold spotting.

Curran: That's one of the appellants here.

Trostle: There were several areas, especially around bathtubs and plumbing cavities, where poor sealing and past leaks were evident and easy to identify. Additionally, water intrusion was occurring through the exterior of the building. Notably, at the rear of one unit near the back deck and stairs, the metal fascia (the vertical piece beneath the roof edge) had pulled away, allowing water to enter the attic level. This creates conditions for mold to spread throughout the building. Given the visible signs and potential for hidden mold due to moisture penetration, I recommend mold testing throughout the building. This doesn't necessarily mean opening walls, but includes testing the air for mold spores. There is visible mold, and more may be in less obvious areas.

Curran: Can you describe more about the issues with the windows and why you were also concerned about that? Before you go on, I'll find those pages in case folks want to check them out at page 16 in the expert report.

Trostle: Yes, on page 16 you can see one cracked window with a hole in it and another with a crack. One photo shows a crack running from the upper left to the window's lower right corner, while another shows significant cracking and even holes. Most of the windows in the units had been replaced with vinyl double-hung models, which typically allow both sashes to operate and tilt inward for cleaning. However, several issues were noted: some windows had broken tilt pins and were non-operational, while others had malfunctioning sash mechanisms. In some cases, the top sash wouldn't stay up; in others, it only opened slightly. Despite being relatively modern replacements, these problems suggest widespread functionality issues with the windows. Some of the windows were extremely difficult to operate. In several cases, the bottom sash couldn't be raised far enough to access or support the top sash, slamming down unless propped open with sticks, similar to makeshift fixes used in older homes. These issues pose safety and usability concerns and create potential points for water intrusion if the windows aren't properly sealed. This reflects a broader problem of

deferred maintenance across the buildings. Simple preventative measures like caulking could have prevented this kind of water damage. Without such upkeep, the result is wood rot, increased moisture intrusion, and ultimately much more expensive repairs.

Curran: In addition to the major concerns we discussed, the report identified several other problems throughout the buildings. Can you describe some of the other issues noted in your report?

Trostle: Besides the major concerns, the report also identified plumbing and electrical issues. In the basement laundry room, a clogged floor drain removed its clean-out plug, (MM-potentially) allowing hazardous sewer gases like hydrogen sulfide and methane to enter the space. There were also minor plumbing concerns, such as reversed hot and cold faucets, a sink missing a trap, and other small but important issues that can pose risks, especially to children or visitors. On the electrical side, there were damaged or improperly installed ceiling fans, loose light fixtures, open electrical boxes, missing smoke and carbon monoxide detectors, and outdated or incorrectly updated outlets, such as three-prong receptacles in systems not properly grounded. While many of these problems are inexpensive, safety and code concerns still reflect ongoing deferred maintenance.

Moermond: Did you determine that they were not grounded?

Trostle: Yes, I used an electrical tester during the inspection; there's likely a photo of it included in the report. The concern is that some outlets appeared to be ungrounded, which poses a risk for sensitive electronics like computers or TVs that rely on grounding for protection. While this may not seem like a major issue on its own, it can become hazardous, especially when combined with the significant moisture found in the walls and ceilings. Improper or unsealed electrical connections in damp areas increase the risk of electrical fires, which are particularly dangerous because they can spread rapidly throughout a building.

Curran: You mentioned finding rodent droppings in a floor drain. Can you explain why you believe there's potential for a rodent infestation, how that might happen, and whether it's something that can be prevented?

Trostle: Yes, the floor drain in the laundry room was an issue, and while no rodents were seen during the inspection, there were mouse droppings inside the drain. Mice can enter through tiny openings, about half an inch, due to their flexible bodies. The building had multiple gaps and openings, both inside, such as in settled flooring, and on the exterior, that could allow pests to enter. These act like access points or superhighways for vermin. Preventing infestations requires sealing the building as tightly as possible. While newer homes tend to be well-sealed, older buildings need careful inspection and maintenance to close off potential entry points.

Curran: Your report stated that you believe similar problems likely exist in units that you could not inspect. Why do you believe this?

Trostle: Water can penetrate the building through many openings, including some located very high up. Moisture naturally moves through any available gaps without preference. Although I didn't inspect those specific units, they likely have similar issues and should be checked for water intrusion just like the ones I did examine.

Moermond: For clarity, I will focus on the fact that you did not observe water intrusion

in those units.

Trostle: I understand, but I'm pointing out that it would be hard for water to avoid affecting those other areas. There are photos showing various issues. On page 20, photo 42 shows testing of a three-prong outlet with an open ground, and a damaged fan light with exposed wiring in a closet fixture from the original construction that normally would be updated. The heating system also appears poorly maintained; the boiler doesn't seem to have had recent upkeep. On page 21, photo 45 shows a loose radiator being rocked, while another radiator is supported by a brick on one end and unsupported on the other. Overall, maintenance concerns exist across heating, electrical, and plumbing systems.

Curran: To confirm, did you find habitability concerns in all the units and common areas you inspected?

Trostle: Yes, because all the units and common areas I inspected showed instances of the same issues I have been highlighting.

Moermond: I have a follow-up question based on that. How do you define habitability?

Trostle: Habitability means not having flooding, hazardous materials in the air, or unsafe plumbing and electrical conditions. While professionals might find it hard to believe, these issues are often obvious enough that tenants would be very concerned about their safety, especially those with children, given risks like lead paint. It would take being largely unaware not to realize that a place with constant wall movement, cracks, and damage is problematic. Although some settling and cracking is normal in the first few years, well-built buildings shouldn't show continuous new damage.

Moermond: Is it your professional assessment that these buildings are uninhabitable?

Trostle: If habitability issues aren't addressed, I would be very concerned about my safety if I lived in those units. While I'm not a licensed structural engineer, the conditions would definitely prompt me to seek remedies to ensure my safety and that of my children, not necessarily to move out immediately but to have peace of mind.

Curran: Thank you, Mr. Trostle. Is there anything else you'd like to point out about your findings?

Trostle: I want to mention something important I may have missed. The balcony, deck, and stairway need better structural support to prevent a potential catastrophic failure if overloaded. I believe it's possible to develop a plan to reinforce the foundations and address water infiltration; these are the two main areas to improve habitability. That said, I find it difficult to say the tenants must immediately move out.

Moermond: Thank you. Was that your last question? Also, Ms. Curran, Mr. Trostle, did you inspect the buildings together, or was it just you, Mr. Trostle? How did that take place?

Trostle: We were together, almost all of the time.

Moermond: One thing that stood out to me during your remarks was your comment about the missing smoke and carbon monoxide detectors. Were you taking any immediate action at that time? In my view, based on the fire code, property maintenance code, and related standards, that's one of the most serious violations,

especially considering how easy and inexpensive it is to address. Did you alert anyone right away? I know the city even provides detectors to ensure tenant safety, so I'm just checking to see if anything was done in response at that point.

Curran: Mr. Trostle notified the resident living in the unit with the missing detectors that they needed to be in place. I'm not sure whether new ones have been installed since then, but if it's an option available to that tenant, it's good for them to know they can request detectors from the city. It sounds like that resource is there if needed.

Moermond: Or the landlord. I'm unsure if they were notified or if any action was taken. I just wanted to check on that because I am concerned when I hear about missing smoke or carbon monoxide detectors.

Hanson: The first resident we'll hear from is Jill Ackerman. Jill, please join us, and be sure to sign in. Just so everyone knows, these statements will be a mix. Some residents will simply share their experiences, while others will have a Q&A component, so you'll see a bit of variety in the format.

Moermond: Ms. Ackerman resides at 934 Ashland, Unit 1.

Jill Ackerman: My name is Jill Ackerman, and I've lived at 934 Ashland Avenue in Unit 1 since July 2023. I signed one-year leases in both 2023 and 2024 at \$1,200 per month, and I am currently on a month-to-month lease that began on July 1 of this year, at the same rate. Since moving in, I've encountered a number of issues that raise security and health concerns. Several of my double-hung windows constantly fall from the top, including two in the front of my unit facing the street, which creates a visible and potentially unsafe gap. One window in my kitchen is particularly bad, it hangs open about a foot unless propped up by a dowel I purchased and cut myself. If the dowel falls, the window reopens quickly. One of my front windows has a broken locking mechanism, making it unlockable, and its frame is deteriorating with soft, flaky wood. These are major safety concerns for me, especially since I live alone. My unit's doorknob has never worked, and the deadbolt is so loose that it can be jiggled around, potentially pushed or pulled out. There are also small holes around the baseboards, including a larger one, about two by three inches, in the bathroom, which has allowed mice and insects to enter. I've often found mouse droppings on the countertops where I prepare food, and while I usually clean and move on, one instance was so bad after being away for a week that I avoided the area for another week, despite cleaning it multiple times. The faulty kitchen window also allows in insects; I've woken up with mosquito bites, and flies have gotten into the trash, leading to infestations like maggots. These issues raise serious sanitary concerns. There are plumbing problems, too. The cold water tap in the bathroom has such low pressure I don't use it, and the hot water in the kitchen takes over five minutes to warm up. These daily inconveniences impact my quality of life. When I first used the building's laundry room, the musty smell and unclean floor were so off-putting, and the washer left my clothes covered in lint, that I never used it again. I now rely on laundromats or my mother's house, which is inconvenient. If my rent increases by the granted amount, I would have to find a new place to live. My mother has been dealing with health issues and surgeries, and I've been staying with her to help during her recovery. Moving, especially farther away, would disrupt that care and add stress. Those were the notes I wanted to share. Thank you.

Hanson: Do you have any questions for Ms. Ackerman?

Moermond: No but thank you.

Hanson: OK, next up we have Lillian Johnson.

Curran: Lily, would you mind introducing yourself?

Lillian Johnson: Yes. My name is Lillian Johnson. I live in apartment 12, which is in the basement.

Curran: When did you first notice problems in your apartment?

Johnson: Right after moving in, we noticed cold mold in the apartment. My roommate spotted it, too. I could feel it when I stepped inside; something felt off. It's not quite like a basement, but it felt worse than that. Living there has made my throat sore, and with everything going on in the apartment, it all adds up to how I'm feeling now.

Curran: In your declaration, you said the mold in the unit prompted you to contact DSI and make a complaint. Can you describe where you noticed the mold and whether it's still like that now?

Johnson: Yes, the mold started in the bathroom, likely originating in the laundry room, where it's clearly visible on the wall. From there, it spread to my closet, where I sleep. It's tough to deal with; even though I have an air filter, it doesn't fully remove black mold. Noticing the mold in the bathroom led us to reach out to the fire department.

Curran: OK, and can you tell us more about your kitchen? You mentioned some things about your kitchen and your declaration. So, what is its condition, what are you concerned about?

Johnson: The kitchen was just another unresolved issue on a long list. For example, the caulking on the back splash by the sink was supposed to be fixed after the fire department's involvement, but it hasn't been addressed and remains in the same condition. Reaching out for help felt useless at that point, not because of a lack of effort, but due to what I see as widespread incompetence. The bathroom and sink problems are just two examples of these ongoing, unresolved issues.

Curran: One of your unit's doors exits to a basement storage area. Can you tell us about the condition of that storage area?

Johnson: The laundry room is in terrible shape, there's about an inch of buildup and it's just disgusting. I'm trying to find a new roommate, but they keep asking if they can hang their clothes back there, which is tough because the laundry room is so poorly maintained. There's really no point in reaching out for help because no one seems willing to fix it, not the landlord, even after the fire department ordered repairs. For example, the sink issue still hasn't been addressed. These are problems I shouldn't have to keep repeating, but I feel like I do.

Curran: The laundry room or the storage area leads to the laundry room, right? Do you use the laundry room in that area?

Johnson: Yes.

Curran: And how are the machines? Do they work?

Johnson: The machines do work but I imagine that's what's causing the mold. It's

really disgusting. That's where I live, that's the laundry room and the washing machine I have to use. I don't think it's a place anyone should have to live in, but I need somewhere to live.

Curran: Can you describe more about the mold in the laundry room?

Johnson: Yeah, it's basically to the right by the three washing machines, and honestly, if you Google black mold, that's exactly what it looks like. It definitely doesn't make me comfortable using those machines but I'm still having to do it because I don't really have another choice. The laundry room situation isn't something I want to keep dealing with, but I have no other option right now.

Curran: The last question I'll ask is, overall, do you think this is what your experience as a tenant should be?

Johnson: I signed the lease to live here, and with that lease comes certain rights that are not being upheld.

Curran: OK, is there anything else you want to say?

Johnson: No.

Hanson: Do you have any questions for Ms. Johnson?

Moermond: Yeah, how long have you lived there?

Johnson: I have been there for about 11 months.

Moermond: OK, thank you.

Johnson: Thank you.

Hanson: We have one more group of 2 tenants.

Moermond: We're fine.

Samuel Perkins: My name is Samuel Perkins, and my spouse Chloe and I recently moved into apartment 11 at 944 Ashland Avenue last October, the same month we got married. I want to share our experience with the communal areas shared among tenants. Approaching the laundry room, you're met with a broken door covered in flaking paint and what looks like bullet holes, setting a bleak tone. Inside, the steps are crumbling, walls are deteriorating with holes in the ceiling, pipes are poorly wrapped with old duct tape, and a washer's coin receptacle is ripped off, making the machine unusable. The strongest issue is the pungent moldy smell coming from large mold patches on the walls. This isn't just uncomfortable but very concerning to me because, as a child, I was a severe asthmatic and remain sensitive to air quality, including mold and smoke from fires. When doing laundry, I hold my breath, quickly get the laundry done, and leave to avoid the smell, which shouldn't be necessary in a facility we pay for. Additionally, Mr. John's inspection found signs of crumbling infrastructure, suggesting that mold in the basement might be spreading into the apartments. These problems have existed since before we moved in. If a rent increase is approved without improvements, I will need to find more affordable housing to maintain financial stability for my family. Thank you, any questions?

Moermond: Not yet.

Chloe Cable: Hi Ms. Moermond, my name is Chloe Cable, and my partner Sam Perkins and I moved into apartment 11 at 944 Ashland Avenue in October 2024. I'd like to share more about our experience living here, especially regarding our unit. Throughout the apartment, there are numerous cracked walls, broken plaster, flaking paint, and damaged floors. While these issues are unsightly and annoying, since we constantly clean up debris, they also raise concerns about possible underlying structural problems. More alarming are the potential fire hazards we discovered only recently. For example, a kitchen light hangs from a permanent wire, and we were told that tugging on it could disconnect the electrical fixture entirely. Also, our refrigerator is plugged in using an extension cord because its cord cannot reach any outlet. Additionally, most outlets appear to be grounded with three prongs, but six out of eight are actually ungrounded, which we only learned about in the past month. We now use surge protectors to be cautious. On top of that, one of our bedroom smoke detectors has expired. Due to these issues, along with those Sam mentioned, we believe that a 28.5% rent increase is unjustified and would be a financial burden. We are currently planning to start a family, and I've been saving to buy property; such a rent hike would destabilize both our daily lives and future plans. If we had known about this significant increase when moving in just ten months ago, we would not have chosen the Ashland apartments. To conclude, we expect safe and comfortable housing for our rent payments, but the condition of our apartment and the concerns shared by other tenants show that our landlord has not provided this. Therefore, we find the proposed rent increase unfair. Thank you for your time and consideration.

Moermond: Thank you. Appreciate it. OK, let's take a 10-minute break and reconvene at 2:45 to give everyone a chance to step out and stretch their legs. Before we break, does anyone have anything else to add? When we come back, I'll ask Mr. Day if he would like to make any comments for the record, and then I'll ask staff to respond as needed.

Hearing Recess at 2:30 pm

Hearing Resume at 2:45 pm

Moermond: Thanks, everyone. I'll now hand it over to Mr. Scott Day. Hi, Mr. Day, would you like to speak? There's no pressure, but you're welcome to do so.

Scott Day: Thank you. This is Michelle, who also works with my mom on the building. I have a copy of the Power of Attorney here.

Moermond: I have a copy as well, thank you. Just to clarify for the room, you are the son of the owner who is currently in care, as described by staff. You hold the Power of Attorney, which authorizes you to represent her and manage matters related to the building and public affairs. So that is all in order. Could you please tell us more about the application and any other comments you would like to share

Day: First, a bit of background on my mom, who bought these buildings in 1998 and has been a responsible landlord in Saint Paul ever since, following all rules, inspections, and paying property taxes. Before buying, she actually lived in the building as a tenant for three years and was married to the maintenance man, so she's very tenant-friendly and treats the building like family. For many years, it was a quiet building mainly housing William Mitchell law students, but now it's mostly young professionals. Since this rent stabilization process began, I've received an

overwhelming number of complaints, which feels like an orchestrated effort, especially after tenants obtained counsel. Some complaints were valid and addressed quickly, for example, fixing broken tiles with the tenant's convenience in mind, but others were unfounded, like claims about low water pressure or rust, which were disproved by testing. My mom has always maintained open communication and a caring relationship with tenants, respecting their privacy and only addressing issues when notified. What concerns me most is hearing new complaints that were never previously reported to us. Additionally, some tenants complaining had already given notice to move out, which complicates matters, especially when a lease involves multiple tenants and only some remain. I've reached out to the city attorney for guidance on handling these situations. Lastly, regarding expenses, we have provided the stabilization board with full transparency about increased costs such as utilities, taxes, and insurance, and are willing to review any details in depth if needed. Overall, we want to address all legitimate concerns and ensure everything is managed properly.

Moermond: What's your question about?

Day: When the lease was originally signed, it was with two tenants. Now that one has left, isn't that essentially a new lease? Currently, I only have one tenant in the unit, and I would need to run a credit check to ensure that this tenant alone has the income to afford the apartment financially, as it was initially based on the combined income of two people.

Moermond: Got it. So, for our purposes, since one tenant in that unit is leaving, they're no longer part of the appeal. But the other tenant is still there and is an appellant, so the appeal applies to them and would impact their situation.

Day: I'm fine with this process and want to acknowledge that it's been fair, I'm glad we live in a place where tenants have rights and the ability to appeal. That's not the issue here. The real issue is what happened with Tenant #5. When he moved in, he asked my mom if he could store a few things in the basement. She's very easygoing and agreed. But what started as a few boxes has turned into him creating a full gym setup and essentially taking over the utility room. He has several chairs down there and even an ashtray. We've received complaints from other tenants about excessive noise and smoking in that space. This is a serious safety concern. That area contains all the gas meters, piping, the boiler room, and electrical systems. Smoking there, especially near gas lines, is extremely dangerous. I will be requiring that this tenant remove all his belongings from that area, which is not part of his unit. There was no major flooding in his unit, just minor basement water, which can happen during heavy rains. My mom's own house gets a bit of water during storms, and so do the neighbors' homes. My point is, my mom extended a privilege, and unfortunately, it was taken advantage of. We also had a serious gas leak incident recently with Tenant #8. She has cats, and the building began to fill with the smell of gas. Thankfully, Samuel from Unit #11 called me late at night. I rushed over, called Xcel Energy, and we traced the leak to her unit. We entered due to the emergency, she was asleep at the time, and this could've been a disaster. We can't control everything that happens inside each unit, but we are doing everything we can to address tenant concerns. For example, a complaint came in on May 12, and a plumber was there to fix the issue by May 13. We are not negligent landlords. The suggestion that we are unresponsive or inattentive is simply not accurate.

Michelle Palenschat: He mentioned that Judy relied on tenants to keep management updated, but we have also had regular inspections by fire inspectors and city officials in all three buildings. Before showing the inspector around, I test every carbon

monoxide detector. If any detector is beeping or not working, tenants need to inform me so I can replace the batteries. I'm not sure what happened in this case, but no one told Scott about any issues with the detectors.

Day: Communication is key; my phone is open to tenants 24/7. However, if tenants don't reach out to report problems, I can't address them. My mom has been a landlord since 1998 and takes great pride in her work. She even sends gifts to tenants moving out to their own homes. It's hurtful that counsel has portrayed her as a slumlord. My mom is a wonderful, honest, and active 87-year-old woman deeply involved in her community and church. I want to assure you that if there are problems, we are open to addressing them. For example, I recently had a locksmith fix a lock issue at unit 5 and would have addressed other concerns if I had known. We don't want tenants to feel unsafe. We want to work together, but that requires communication. I'm worried about whether communication will be possible moving forward. Tenants from unit 12 made complaints, which is their right, but they went directly to the city instead of contacting us first. We are friendly and open, and we just want to be told about the problems so we can fix them.

Moermond: The city didn't have these complaints on the record.

Day: Sorry for the confusion, there was a wiring issue last year in unit 12. As soon as the city notified us, we brought in a company and fixed it right away. But I guess my question is: why didn't number 12 just reach out to us directly? That would have been a simple and effective way to address the issue. And we absolutely would have dealt with it. As Michelle mentioned, we get inspected regularly, we don't want these issues to pile up. But that requires communication from tenants. We're open-minded, friendly people, and if there's a problem with your unit, please just contact us. We will address it. You know, our expenses have increased substantially since 2019, and it was a difficult decision for us to go through this process. My mom had never done anything like this before. But ultimately, it came down to the numbers, it was a matter of necessity. I believe, and I know, that one of the rights landlords do have is the right to a fair return on investment. We haven't been receiving that, and that's why we had to come to the city to help remedy the situation.

Moermond: OK.

Day: If there's anything my tenants need, I truly hope they feel comfortable reaching out. We've tried to create a welcoming environment and maintain a respectful relationship. We want to solve problems, not ignore them. That's why my mom has been doing this work since 1998, and she used to live in the building herself. That's really what I wanted to say.

Palenschat: All right, I'm not sure if we should get into specifics, but regarding the capital improvement bucket, the city required Judy to upgrade the knob-and-tube wiring to bring it up to current code. She hired McQuillan to do the work, and I'm sure most people have heard of McQuillan Plumbing & Electrical. That was her responsibility, and she addressed it. I just wanted to clarify that.

Day: That responsibility to pull permits and get inspections fell on the licensed contractors hired to complete the work. So, to suggest that the electrical upgrades weren't done properly, or that there were federal or state violations, that would be an issue with the professionals who were contracted, not with Judy directly. They are licensed and responsible for ensuring compliance. I don't understand where that accusation is coming from. Also, I'd like to mention another major capital improvement

that hasn't yet been included in the figures: we're installing a brand-new boiler in the middle duplex later this summer into the fall. That's a \$23,000 investment just this year. Combined with the service calls and complaints, each one requiring a plumber or contractor to be sent out, these costs really add up. Plumbers are not cheap. Frankly, it started to feel like there was an effort to overwhelm us with expenses. Just yesterday, I ran into a tenant who has lived in the building since before my mom purchased it in 1998; she and her sister have been there since the early 1990s. I said, "I'm sorry you're having to go through this process." She responded, "Scott, they put a note under my door asking me to join this effort, but I love your mother. Whenever I had an issue, she took care of it immediately. I couldn't be part of this. That meant a lot to hear. There are tenants whose voices aren't represented here today, people who feel my mom has been a fair and responsive landlord and who chose not to be involved in this appeal. My mom is 87 years old, has dementia, and is losing her vision. I'm just her son, here trying to help her manage her affairs. I don't even live in the U.S. most of the time; I've been traveling full-time for 21 years. But I came back because of this family emergency. I'm doing the best I can. So yes, I am defensive. It's upsetting when I hear my mother's reputation questioned and when she can't be here to speak for herself. She is a kind, honest, and responsible woman. I know that from how she lived, how she raised us, and how she managed her properties.

Palenschat: I'd like to respond to the accusation about the boilers. For the past three years, I've personally been in charge of maintaining the boilers and managing the heat during the heating season. These are steam boilers, and anyone who works with them knows they require regular maintenance. They are professionally serviced twice a year, once before the heating season begins and again afterward. In the off-season, steam boilers need to be emptied and cleaned to prevent rust. During the heating season, they must be maintained weekly. I personally perform the weekly blowdowns, and I keep documentation of this routine maintenance. I can provide proof of that. Jim from Cities One, who is considered the steam boiler expert in Saint Paul, can also confirm that this level of maintenance is necessary and standard. So, I take serious issue with the claims made by John Trostle about the boilers. What he presented simply wasn't accurate. Additionally, the drain in the laundry room was just professionally cleaned out. The plumber addressed it after a backup, and there's a bill to prove it. So again, I don't understand where these claims are coming from. We have evidence showing these issues were handled properly and in a timely manner.

Moermond: OK.

Palenschat: I'd also like to add something personal. Judy has owned these buildings for a long time, and I've been working with her for 29 years. I started as a young stay-at-home mom, cleaning her home just to earn a little travel money. Over time, that role evolved into becoming her trusted assistant and eventually, the successor to her power of attorney. My relationship with Judy is built on decades of trust and firsthand experience in how she manages her properties. Over the past year, I've been the one showing units to potential tenants, and I've been completely transparent. I always tell them: these are old buildings. With that comes some imperfections, older windows, older infrastructure. Judy doesn't have a quarter of a million dollars to replace every window, but when repairs have been critical, she's made them. In fact, about five years ago, she replaced several windows that were in dire need. I make it a point to stress that this is not new construction. It's an old building with character and age-appropriate quirks. I live in an old building myself, so I understand what that means. And every tenant who signed or renewed their lease knew this going in, they chose to live here understanding the nature of the property. Some have even renewed their leases multiple times. We respond when issues arise, and we do our best to maintain the

property within reasonable expectations. But it's also important to be realistic; we can't rebuild these structures from the ground up. We maintain them with care, honesty, and a clear understanding with our tenants.

Day: I did receive a message from the tenant in Unit 12 one evening around 9:40 PM, along with a video of a mouse she had caught in a jar. She asked me to come over and deal with it. I suggested she could simply release it outside, and she responded that if she let it go, it would likely just come back in. I understand that pests are frustrating and take tenant concerns seriously. We are doing our best to manage these situations, and we do address issues as they arise. That said, this is an older property, and like many older homes, including my mother's house in Mac-Groveland, it's not unusual for a mouse to find its way in from time to time, especially during certain seasons. Of course, we want our tenants to feel comfortable and heard, and we try to be responsive and empathetic. But it's also important to acknowledge that, at times, there are complaints that may not reflect larger systemic issues but rather the realities of maintaining older housing stock in an urban area. We remain committed to addressing problems reasonably and working in good faith to ensure safe and habitable living conditions.

Moermond: OK.

Day: I'll submit a list of the complaints.

Moermond: You're welcome to submit whatever you want.

Scott Day: OK.

Moermond: Do you have a formal check-in and check-out inspection process for tenants when they move in and out of the units?

Day: Yes.

Palenschat: Yes, we do have a check-in and check-out process in place. We use printed guideline sheets for these inspections to document the condition of the unit when tenants move in and again w

Referred to the City Council due back on 9/10/2025