



# City of Saint Paul

15 West Kellogg Blvd.  
Saint Paul, MN 55102

## Minutes - Final

### Rent Stabilization Appeal Hearings

**Marcia Moermond, Legislative Hearing Officer**  
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**651-266-8568**

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Thursday, January 8, 2026

10:00 AM

Room 330 City Hall & Court House/Remote

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#### Rent Stabilization Appeals

#### 10:00 a.m. Hearings

- 1 [RLH RSA 25-25](#) Appeal of Henry Edelstein to a Rent Stabilization Determination at 1848 FORD PARKWAY.

**Sponsors:** Jost

*Layover to RSLH April 16, 2025 at 1 pm for further discussion after completed 2025 information for analysis by DSI staff (to be submitted by March 31st).*

*Henry Edelstein, owner, appeared via phone*

*[Moermond gives background of appeals process]*

*Staff report by Lynne Ferkinhoff: On August 20, 2025, the Department of Safety & Inspections received a staff determination application for an exception to the 3% rent increase cap per ordinance 193A. The application is for 1848 Ford Parkway, which is a duplex. The intake form is part of the record and Henry Edelstein is listed as the applicant. It's noted that he represents JEE Real Estate Holdings, the owner of the building.*

*The applicant indicated on the intake form that increases will apply to one side of the duplex starting on October 2025 or November 2025. The reasons for the increase listed in the application include:*

- "An increase in real property taxes"*
- "A capital improvement project"*
- "An unavoidable increase in operating expenses"*
- "A pattern of recent rent increases"*

*The applicant notes that the rent was below market value when he purchased the building in 2023 and remains below market value today. The applicant also notes that since purchasing the building, rent has increased by 3% while the applicant's costs have increased significantly. For example:*

- Property taxes have increased by more than \$1,000.*
- Ongoing maintenance expenses continue.*
- Tenants have requested various improvements.*
- The driveway needs major work.*

*The applicant notes that it's not sustainable to keep the rent far below market value; comparable properties in the area are renting between \$1,600 and \$2,200 / month. While the applicant believes that a 30% increase would be more in line with current market conditions and necessary expenses, he is proposing a 20% increase at this time.*

*Consistent with the rent increase exception process, the applicant submitted a Maintenance of Net Operating Income ("MNOI") worksheet on September 3, 2025. Staff reviewed the worksheet and noticed that the following information wasn't included.*

- Base Year income figures*
- Base Year expense figures*
- Rent Roll unit numbers*

*This building was acquired less than two years prior to the submission of the application and the applicant has limited access to historical financial records for the building. Therefore, staff completed a backwards projection of the application using the change in local Consumer Price Index (CPI) values to estimate historical expense values for all expenses aside from property taxes. Limited historic property tax information is available on the Ramsey County website - 2021 was the oldest information readily available. Since Base Year financials were not included in the MNOI worksheet, the projection assumes that:*

- Property tax is the only historical, evidence-based number available.*
- Expenses (other than property tax) followed the rate of inflation between Base Year and Current Year.*

*Since 2021, property taxes grew at a rate less than inflation. So if all expense and revenue data grew equal to inflation between Base Year and Current Year, except for property tax data, the application results in a negative increase. Staff advised:*

- That if the applicant doesn't make any changes to the application, staff would issue an application denial that could be appealed to the City's Legislative Hearing Officer.*

- Of additional options the applicant could consider, including:*

- Resubmitting the application and including capital improvement expense information.*
- Resubmitting the application with historical expense and / or revenue data.*

*On September 10, 2025, the applicant submitted a completed Rent Roll.*

*On September 12, 2025, the applicant supplied Base Year income and expense figures for 2019 to complete the staff determination application process. On preliminary review, staff noted that the application would not be approved because the Base Year information resulted in negative net income. The Base Year is meant to be a financial year that represents a reasonable return on investment. Not necessarily an exceptional year for profits but also not a poorly performing year. The net income from the Base Year is what will be considered a fair return on investment when compared to the Current Year financials. Since 2019 had a negative net income, it signaled that a negative net income is an acceptable return on investment. There isn't a standard level of return that staff can apply to the application as each property is different. Staff met with the applicant by Microsoft Teams on November 6, 2025 to let him know*

*that his application would be denied and explain to him his appeal rights under the Rent Stabilization Ordinance. Based on discussion at the meeting, staff emailed a denial letter to the applicant, which noted that:*

*"Pursuant to SPLC 193A.07(c)(1), As part of an RROI application, the landlord must complete a rent increase exception form and a maintenance of net operating income worksheet."*

*Based on discussion at the meeting, staff also:*

- Emailed the Appeal Application for Rent Stabilization Determinations to the applicant.*
- Printed and mailed application and denial notices to the tenants residing in both sides of the duplex.*
- Updated the application file on the Rent Stabilization SharePoint site.*

*Staff acknowledges that the 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.*

*Staff is not currently able to access Fire Certificate of Occupancy information, due to a computer system hack. Staff typically uses this information to locate the class rating of a property and the review code violations that are documented for a property.*

*Moermond: I'm curious, you referred to notes. Are those notes that can be emailed to Mr. Edelstein?*

*Ferkinhoff: I can do that now.*

*Moermond: that would be great so he has it handy for reference. Tell me what you're looking for today?*

*Edelstein: closing was in 2024, the offer was in 2023. I'd like to not keep losing money, and to improve the property and make it look nice and proper for the City. I have no back data, I have as much as I could from 2019. I bought from a different company, contacted the property manager, they gave me what they could. It did result in a loss in 2019 but I didn't own it 2019, I owned since January 2024. The property needs improvement but I can't keep taking a loss with tax increases, and with receiving below market rent I feel like I need to increase the rent to maintain the A level rating I currently have and a quality project.*

*Moermond: when you bought the property it sounds like it wasn't making profit?*

*Edelstein: not all of the expenses were available. I was planning to improve the property and raise the rent when buying it. The taxes are also going up dramatically, much faster than anticipated.*

*Moermond: staff, do you have the tax % increase?*

*Edelstein: mine says 7% in 2023 and %5 in 2024. That is what my data shows.*

*Sass: 2024 total payable is \$7,818, 2025 is \$8,630.*

*Moermond: and data you pulled for 2021 it would have been \$6,962. 2020 tax statement is \$7,206. Staff is saying we don't have a complete set of numbers to look at for comparative purposes so it is too early to make the application and have it properly reviewed.*

*Sass: the information we have from previous ownership is somewhat limited. It covers the bases of what still exists, but with a negative return we'd typically look at alternate years to see an average performance of the property is, but that isn't available.*

*Moermond: increasing expenses, particularly taxes, and you want to do some capital improvements. This is just for one unit, right?*

*Edelstein: insurance is going up as well because of all the claims from hail and everything it is affecting insurance now.*

*Moermond: I'm really struggling because I don't feel like there's a strong case to be made for an increase beyond the 3% looking at what I have. I think a strong case could be made in the future with a complete set of consistent information but to go forward with a 20% increase, I don't think the data I have now supports this. Mr. Sass, when you look at it with the data you do have do you see support in your analysis for any increase?*

*Sass: we're tracking reported expenses between 2019 and 2024 went up 12.35% and inflation was 20%, which the 3% typically covers.*

*Moermond: it seems like you will have a complete set of information in the not too distant future. When do you lock in your 2025 numbers?*

*Edelstein: maybe March or April. It won't be 5 years of data, just 2 years.*

*Moermond: but it would be two complete years so it gives us more apples-to-apples comparison to work from. What is the lease cycle your tenant has on this unit?*

*Edelstein: month to month currently.*

*Moermond: Ramsey County has title change January 2, 2024 for a closing date. You have 2024 expenses all incurred by you, as well as 2025.*

*Edelstein: that's right.*

*Moermond: I won't recommend more than the standard 3% increase, but hold open you can submit a revised/new application in the not too distant future. That will give you much better data to support what you want to do. I think that's the best approach. I could continue this case in hearing and go through those numbers here, or you can have me deny this appeal and do a complete reapplication. Those are the 2 paths, I'm happy to do what makes the most sense for you. A no now, or a maybe/probably a few months from now. If you go through the Legislative Hearing process it will simply expedite the analysis from Department of Safety & Inspections.*

*Edelstein: so we want to just continue this until I get all the information from 2025?*

*Moermond: I think that is logical, but I don't want to delay something if it doesn't fit with your business purposes.*

*Edelstein: landlords that are small businesses are punished because we can't*

*maintain on 3% increase. Even NYC doesn't have that. One of my other duplexes went up 69% in taxes. It is frustrating when you want to follow the rules and do things the right way and are punished.*

*Moermond: I think that's exactly the feedback considered in policy change discussions. It is all about incremental change.*

*Edelstein: but when I talk to my Councilperson's person---Tom—I could tell he didn't take my comments seriously. It is frustrating when their staff person doesn't seem to be taking a serious interest in this. Then I hear the Council doesn't have an appetite to talk about rent control. Why would I want to invest more in St. Paul? That's not a good feeling, just so you know, as a resident who owns property. That leaves a bad taste in my mouth as a landlord. This isn't a charity. I shouldn't be losing money every year, right?*

*Moermond: one benefit of the hearing process is my recommendation goes to the entire Council, not just one ward who can choose how to respond. All Councilmembers get it, so that evens it out some, not just one person interpreting an entire Council's thoughts. 7 people never agree on any issue. With respect to the expenses, I do have to note you bought a building where it wasn't making a profit. I know you were planning on doing improvements and raising rents, it seems like you may have paid more than what was viable. I don't know all the details of decision-making but it seems like it may have been worth less than its ability to generate income. Mostly I'm concerned that you feel like the game is over before it has begun with the Council. The better record we can create here the more persuasive to the whole. You said March or April, do you want to talk April 9 or 16?*

*Edelstein: I should have it by end of March.*

*Moermond: get that to us by then so staff has 2 weeks to review, and then we can talk April 16th. We will send you their initial review and we can talk about it then.*

*Edelstein: the best time is afternoon.*

*Moermond: let's do 1 pm. I appreciate your comments; they are in my record here. I would encourage you to also do a written record as well if you'd like.*

*Edelstein: you just want a cost a 2024 2025 cost analysis? What is a sufficient form?*

*Sass: ideally just a spreadsheet with specific expenses incurred in those years, they will be converted into the MNOI and it needs to be done easily, not looking through a detailed ledger.*

*Moermond: I don't see capital expenses in the current application, how is that currently handled?*

*Sass: they aren't considered for a capital increase until they're completed. I can't approve an increase until that is done.*

*Moermond: so if a roof is replaced in 2026 that cost could be applied to greater than 3% rent increases in 2027 moving forward?*

*Sass: yes, once the roof is on it can be considered, we just need an invoice.*

*Moermond: so they can be added on in another layer.*

Laid Over to the Rent Stabilization Appeal Hearings due back on 4/16/2026