

Amending Chapter 193A.08 of the Legislative Code pertaining to rent stabilization.

SECTION 1

WHEREAS, the population in Saint Paul since the year 2000 is outpacing the increase in new housing; and

~~WHEREAS, rent stabilization ordinances in other jurisdictions exempt new construction from a date certain to address challenges like those faced by the City of Saint Paul, specifically housing shortages and accessibility to affordable housing; and~~

~~WHEREAS, new construction exemptions are contained within rent stabilization ordinances across the country to prevent a loss of capital investment, relocation of builders to more predictable locations and asset types, negative impacts on housing supply, and long term increases to housing costs; and~~

~~WHEREAS, the development of new affordable housing in the City depends, in part, on Tax Increment Financing (TIF) produced by the development of new market rate housing in general; and~~

~~WHEREAS, a decrease in development of new housing will decrease the availability of TIF and thus decrease the development of new affordable housing; and~~

~~WHEREAS, the need for affordable housing in the City of Saint Paul continues to outpace the construction of new housing and the City Council desires to ensure that the RSO does not dissuade the construction of new housing; and~~

WHEREAS, Saint Paul's Rent Stabilization Ordinance aims to address a shortage of affordable residential rental housing within the city and ensure all residents have access to affordable housing; and

WHEREAS, this ordinance was initially approved by voters in November 2021; and

WHEREAS, a Saint Paul Rent Stabilization Stakeholders Group (RSSG) was convened on February 22, 2022 through June 7, 2022 and included a diverse set of representation from tenant advocates, real estate developers, landlords, property owners, union leaders, and other stakeholders and a report was produced in June 2022 summarizing its work, and

WHEREAS, this ordinance was amended by the Saint Paul City Council in September 2022 to include a twenty (20) year exemption for residential rental property that is newly constructed or had a change in occupancy classification, and those changes to the law took effect on January 1, 2023; and

WHEREAS, the City Council is committed to re-evaluating policies to ensure safe and dignified housing for all and boosting housing development all across the city; and

WHEREAS, the City Council aims to adopt an amendment informed by an extensive community process that extends the number of years of our current exemption for residential rental property that is newly constructed or had a change in occupancy

classification and was considered by the RSSG; and WHEREAS, the City Council may amend ordinances pursuant to the Saint Paul charter; now, therefore, be it

RESOLVED, that the Council of the City of Saint Paul does hereby ordain:

SECTION 2

Chapter 193A.08 of the Saint Paul Legislative Code is hereby amended as follows:

Sec. 193A.08. - Exceptions.

(a) The limitation on rent increases shall not apply to:

(1) The amount that a housing service provider can be reimbursed by a government entity under the Housing Support Act, Minn. Stats. chapter 256I.

(2) Housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined by state or federal law, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in state and federal law.

(3) Residential rental property that is newly constructed or had a change in occupancy classification.

a. The limitation on rent increases shall not apply to newly constructed residential rental properties that were issued their first building certificate of occupancy less than ~~twenty (20)~~ thirty (30) years from the date of notice of a rent increase after December 31, 2004.

b. The limitation on rent increases shall not apply to formerly non-residential properties or portions of nonresidential properties that were issued a new or renewed building certificate of occupancy because of a change in occupancy classification to residential rental property. Such properties or portions of properties that have changed occupancy classification from non-residential to residential rental property ~~that were issued their first building certificate of occupancy after December 31, 2004~~ are exempted from the limitation on rent increases for ~~twenty (20)~~ thirty (30) years from the date of the first building certificate of occupancy issued after the change.

SECTION 3.

This ordinance shall take effect and be in force thirty (30) days following its passage, approval and publication.