

400 Selby Avenue ("The Blair")

On January 30, 2023, the department received a self-certified application for an exception to the 3% rent increase cap per ordinance 193A. The application comprises the entire building of 91 units, including:

- Apartment 303 (Levi Indvik)
- Apartment 312 (Jamele Watkins)
- Apartment 327 (Christine Hackney)
- Apartment 332 (Erica Mumm)

The intake form is part of the record and Michelle Evenson (landlord representing Selby Avenue Realty, LLC) and Victoria Koegel (agent representing Reacor, LTD) are listed as the applicants.

Ms. Koegel and Ms. Evenson submitted the application on behalf of the owner, Selby Avenue Realty LLC and the responsible party, Ryan Companies. The applicants noted in the application that increases will vary based on where the current rent stands in comparison to the market, but not to exceed 8%. The increase was proposed to take effect on April 1, 2023. The reasons for the increase listed in the application include:

- An increase in real property taxes.
- An unavoidable increase in operating expenses.

There are no known code violations for this property.

For self-certification, applicants are required to provide several pieces of information from the completed worksheet used to calculate Maintenance of Net Operating Income or "MNOI":

- Gross Scheduled Rental Income (GSRI): \$1,868,620.46
- Fair Net Annual Operating Income (NOI): \$1,308,142.44
- Fair NOI minus Current Year NOI: \$213,420.52
- Allowable Rent Increase Percentage: Not Provided Due to Incorrect Form Being Used

While the Allowable Rent Increase Percentage was not provided in the application due to the incorrect form being used, it can be calculated from the information given:

$$\frac{\text{Missed Fair Income}}{\text{Current Year GSRI}} = \frac{\$213,420.52}{\$1,868,620.46} = 11.42\% \text{ Allowable Rent Increase}$$

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The applicants used an outdated version of the Maintenance of Net Operating Income form, so staff is not sure if the data provided for the current year is from 2021 or 2022. Additionally, the outdated form is pre-populated with the Percent Annual Increase in Consumer Price Index (CPI) Base Year to Current Year for 2019 - 2021 (6.05%). Since 2022 is the correct current year for this comparison, the Percent Annual Increase in CPI Base Year to Current Year for 2019 - 2022 is 13.95%, which would yield a larger increase than what was approved (16.64% vs 11.42%) assuming the current year data is 2022. Please note, however, that self-certified increases are capped at 8%.

To calculate Percent Annual Increase in CPI Base Year to Current Year:

$$\frac{\text{Current Year Annual Average CPI} - \text{Base Year Annual Average CPI}}{\text{Base Year Annual Average CPI}}$$

Per the self-certification process, the application was approved on February 7, 2023 for a maximum of an 8% increase. An approval letter was sent to the Property Representative for this request. The letter advised the Property Representative that rent cannot be increased in the next 45 days, pending a final determination.

As required, the applicants provided a Rent Roll that included mailing information for 91 units in the building. The Rent Roll was used to mail postcards to tenants as noted below.

February 1, 2023: The postcard advised tenants that:

- Their landlord applied for an exception to the 3% cap on rent increases.
- The application was being reviewed by City staff.
- They should wait until a determination is issued before submitting documentation opposing the increase.
- They will have the right to appeal the determination to the City's Legislative Hearing Officer.

February 7, 2023: The postcard advised tenants that:

- Their landlord applied for an exception to the 3% cap on rent increases.
- Approval was granted for the exception through the self-certification process.
- The determination is not final and rent cannot be increased in the next 45 days.