

From: [Robb Bader](#)
To: [*CI-StPaul>Contact-Council](#)
Cc: [CouncilHearing \(CI-StPaul\)](#)
Subject: Rent Control Hearing - Public Comment Submission
Date: Thursday, August 4, 2022 4:19:55 PM

Councilmembers,

My name is Robb Bader and I'm the President of Bader Development. We are a local multi-generational family business that has been serving the Twin Cities housing marketplace (including St. Paul) for over 60 years. We are a full service housing provider that has been actively producing, managing, and investing in both market rate and regulated affordable multifamily communities since our inception.

We believe that Rent Control is a counter-productive solution to this market-driven problem. It's unintended consequences include but are not limited to:

1. Rent control is proven to hurt low-income renters, reduce renter choice, mobility and accessibility, especially low-income renters
2. Rent control will continue to exacerbate the Saint Paul housing shortage
3. Rent control discourages investment in existing buildings causing assets to fall into disrepair, which further negatively impacts low-income renters who don't have the ability to move.
4. It reduces city funds in multiple ways:
 - Commercial property values will continue to plummet, so long as rents are capped at or below CPI
 - To regulate this rent control policy the city will likely be wasting millions of dollars a year of city budget on a rent control regulation department. These funds would be much better spent to directly benefit those in-need.

We appreciate the move to exempt new construction and income restricted housing: these are acknowledgements of the reality that rent control discourages investment in new supply and creates significant operating and investment issues in our cities income restricted affordable housing market. That being said, the majority of St. Paul's affordable units come from market rate properties that become more affordable over time. The 15 or 20 year exemption period will not entice housing providers to bring back investment to the City of St Paul. Given the duration of a new development project it reduces that timeline to closer to 10-15 years with lease-up period, concessions, and getting to stabilization.

We would advocate that to fully mitigate the market distortions caused by Saint Paul's rent control, the city council should fully repeal the existing ordinance. Short of full repeal we would advocate for at a minimum:

1. 30 year new construction exemption
2. CPI + Adjustment – similar to the anti-gouging policy in Oregon
3. Full vacancy decontrol
4. Exemptions for landlords making capital improvements, including climate resiliency capital

improvements within their projects.

Vacancy decontrol, annual rent adjustment, and new construction exemption all have a large and equal impact to the housing ecosystem allowing new housing to be produced in the City of St Paul. Only addressing a new construction exemption, without full vacancy decontrol and a reasonable rent adjustment linked to CPI would continue to provide little incentive to build, and even if we were to build any new units.....we would be highly incentivized to immediately sell to a bigger institution that is likely to be out-of-state and does not share our long-term community investment strategy. As a local owner and operator, we believe in holding our projects long-term to be able to create community within the building and more importantly within the City/Neighborhood we become a part of. As a company, we have put our pencils down and stopped pursuit of adding any investment into the production of new housing in St. Paul. This policy has also forced us to stop plans on significant capital improvements to many of our older NOAH existing housing communities in St Paul.

HUD data shows that since the passage of Rent Control new building permits are down 80% in St Paul which is not a surprise to any of us that provide housing to the City. If St Paul doesn't continue adding new supply and investing in NOAH properties, not only will existing Saint Paul renters have fewer options for places to live, but prospective residents who would like to move to Saint Paul won't have any place to go.

Robb Bader
President
3020 France Avenue S.
Minneapolis, MN 55416
952-540-8643 ph
952-540-8601 fax
rbader@baderdevelopment.com
www.baderdevelopment.com

BD | **Bader**Development