

From: zbeans@everyactioncustom.com on behalf of [Arline Datu](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Responding Rent Stabilization Ordinance Amendments
Date: Tuesday, August 23, 2022 8:27:53 AM

Dear STP Council Hearing,

I'm a leader with ISAIAH and live in your Ward.

I believe that whether we are white, black or brown, our city should be a place for everyone, no matter the color of your skin, how much money you make, or whether you rent or own your home. I'm contacting you about amendments being advanced to change the rent stabilization policy.

Amendments to Support (In order of greatest importance)

- * Re-include certain types of affordable subsidized housing (LIHTC, S8 voucher, etc.) in the rent stabilization policy so renters in affordable housing can benefit from the policy
- * Rolling 15 year new construction exemption beginning Jan 1 2023 with no look back (exemption would only apply to buildings built starting in 2023 and would last for 15 years)
- * The revised just cause language that gets rid of the subjective "disorderly conduct" category and adds relocation assistance to tenants displaced by certain landlord-driven actions
- * If a landlord requests for an exemption to the 3% rent increase limit, a tenant needs to be notified when the request is received by the city (not when the exemption request is approved) to give tenants more time to appeal a final determination

I ask that you vote in favor of these amendments. I look forward to hearing from you about this.

Thank you!

Sincerely,
Ms. Arline Datu
93 Lexington Pkwy S Apt 203 Saint Paul, MN 55105-2769
zbeans@aol.com

From: [Bruce Corrie](#)
To: [*CI-StPaul Contact-Council](#)
Cc: [Brendmoen, Amy \(CI-StPaul\)](#)
Subject: Testimony Tolbert amendment to Rent Stabilization amendment
Date: Monday, August 22, 2022 7:01:43 PM
Attachments: [Rent Stabilization Amendment to Amendment Aug 19 2022.docx](#)

Greetings - Please add this testimony to the public record - I have an amendment to the Tolbert amendment pertaining to exemption for new construction (see attached). I want to tie it to increasing the amount of years to 30 years the building remains affordable, including a deep affordability component and then a small contribution of the building cost 0.005 % to help with downpayment assistance or rental vouchers. It is a great opportunity to encourage the right kind of developers to Saint Paul. Please see the attached language. Thanks. bruce

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Bruce P. Corrie, PhD
Economist and Cultural Entrepreneur
www.empoweringstrategies.org
www.culturaldestinations.org
Tel: 612 321 8263
brucecorrie@gmail.com

Recommendation – Chapter 193A Rent Stabilization Amendment

Bruce Corrie

193A.08 Exceptions © Residential Property that is newly constructed or had a change in occupancy classification

c(1) add

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 20 years from the date of notice of Rent increase, *provided in the case of affordable housing units receiving public subsidy the period of affordability is more than 30 years and at least 10 percent of the units affordable at the 30 AMI. In addition developers should contribute .005 percent of the project cost into the housing trust fund of the city to be used for affordable home ownership/rental programs.*

C(2) add

The limitation of Rent increases shall not apply to formerly Non-residential Properties or portions of Non-residential 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 are exempted from the limitation on Rent increases for 20 years from the date of the first Building Certificate of Occupancy issued after the change. *In the case of affordable housing units receiving public subsidy the period of affordability is more than 30 years and at least 10 percent of the units affordable at the 30 AMI. In addition developers should contribute .05 percent of the project cost into the housing trust fund of the city to be used for affordable home ownership/rental programs.*

Explanation

Developers receive public subsidies such as TIF to construct affordable housing. They have to agree to the number of years the units will be kept affordable. This amendment specifies that the minimum should be over 30 years of affordability.

The contribution to the housing trust fund will help efforts at affordable home ownership/rental programs.

...

From: claudiagordo5@everyactioncustom.com on behalf of [Claudia Gordon](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Thoughts on Draft STP Rent Stabilization Ordinance
Date: Tuesday, August 23, 2022 8:27:34 AM

Dear STP Council Hearing,

Whether we are white, black or brown, all in Saint Paul deserve predictable housing costs no matter one's race, ward and class. This is why ISAIHA fought to pass one of the strongest rent stabilization policies in the country last fall with a coalition of orgs and won!

I appreciate the following aspects of the draft ordinance to make changes to the rent stabilization policy:

- * The commitment to keeping the rent increase limit to 3%.
- * Attempts to provide additional protections for some renters that didn't exist in the original rent stabilization policy such as just cause.

I have concerns about the following proposed changes to the rent stabilization policy:

- * Having a 20 year new construction exemption instead of 15 years as proposed by the Mayor and the rent stabilization task force means thousands of more renters are left out of the policy. If we are to have a new construction exemption, it should be 15 years or less.
- * Having a LIHTC and affordable housing exemption is way too broad and would leave out thousands of renters, especially the ones most in need of predictable rent increases.
- * Landlords having unlimited banked/deferred rent increases through partial vacancy decontrol needs additional review and tweaking to ensure as much rental stability as possible.
- * The timeline of when tenants would be notified of a landlord seeking an exemption to the 3% rent increase limit should be moved up earlier so tenants have more time to address the request made.
- * No protections for renters who live in buildings exempted from rent stabilization, as proposed by the draft ordinance, which could leave those renters vulnerable to predatory and discriminatory practices by landlords.
- * Additional clarity is needed about the proposed protections just cause would provide
- * The impact of having older buildings, that are converted to apartments, exempted from the policy for 20 years and the effect this could have on maintaining NOAH properties (naturally occurring affordable housing). Exempting new construction creates an incentive for landlords to remove units from coverage to exemption. This will create a massive incentive to tear down naturally occurring affordable housing (NOAH), which we know is a critical piece of our housing supply for lower income households and BIPOC renters.

What is your reaction to the draft ordinance and the concerns I laid out above? How are you thinking about potential amendments to the rent stabilization policy?

I look forward to hearing from you. Thank you!

Sincerely,
Claudia Gordon
1897 Saint Clair Ave Apt 2 Saint Paul, MN 55105-1646
claudiagordo5@hotmail.com

From: oak7@everyactioncustom.com on behalf of [Diane J. Peterson](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Good measures for rent stabilization
Date: Tuesday, August 23, 2022 8:27:45 AM

Dear STP Council Hearing,

Once again, I'm participating with ISAIAH to express support for good amendments for our city's rent stabilization policy. I join with ISAIAH to let you know that housing justice for historically disadvantaged people is important to me. I consider rent stabilization to be a matter of public safety and a basis for economic prosperity for St. Paul residents.

Amendments to Support (In order of greatest importance)

- * Re-include certain types of affordable subsidized housing (LIHTC, S8 voucher, etc.) in the rent stabilization policy so renters in affordable housing can benefit from the policy
- * Rolling 15 year new construction exemption beginning Jan 1 2023 with no look back (exemption would only apply to buildings built starting in 2023 and would last for 15 years)
- * The revised just cause language that gets rid of the subjective "disorderly conduct" category and adds relocation assistance to tenants displaced by certain landlord-driven actions
- * If a landlord requests for an exemption to the 3% rent increase limit, a tenant needs to be notified when the request is received by the city (not when the exemption request is approved) to give tenants more time to appeal a final determination

I ask that you vote in favor of these amendments. I look forward to hearing from you about this.

Thank you!

Sincerely,
Ms. Diane J. Peterson
1520 Lexington Pkwy N Saint Paul, MN 55117-3315
oak7@centurylink.net

From: edward.l.stuart@everyactioncustom.com on behalf of [Ed Stuart](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Draft Ordinance to Change Rent Stabilization Policy is Unacceptable
Date: Tuesday, August 23, 2022 8:27:27 AM

Dear STP Council Hearing,

All Saint Paulites deserve predictable housing costs no matter one's race, ward and class. This is why ISAIAH fought to pass one of the strongest rent stabilization policies in the country last fall with a coalition of orgs and won!

I am writing to voice both my appreciation and concerns with the ordinance being drafted by the city council to change the policy as passed by the citizens of Saint Paul.

I appreciate the following proposed changes to the rent stabilization policy:

- * The commitment to keeping the rent increase limit to 3%.
- * The addition of protections for some renters that didn't exist in the original rent stabilization policy such as just cause.

I have concerns about the following proposed changes to the rent stabilization policy:

- * A 20-year new construction exemption instead of 15 years as proposed by the Mayor and the rent stabilization task force. This exemption means thousands of more renters are left out of the policy. I have seen no justification for this increase.
- * An LIHTC and affordable housing exemption. This exemption is way too broad and would leave out thousands of renters, especially the ones most in need of predictable rent increases.
- * Landlords having unlimited banked/deferred rent increases through partial vacancy decontrol needs additional review and tweaking to ensure as much rental stability as possible.
- * The timeline of when tenants would be notified of a landlord seeking an exemption to the 3% rent increase limit should be moved up earlier so tenants have more time to address the request made.
- * No protections for renters who live in buildings exempted from rent stabilization, as proposed by the draft ordinance, which could leave those renters vulnerable to predatory and discriminatory practices by landlords.
- * Additional clarity is needed about the proposed protections just cause would provide.
- * The impact of having older buildings, that are converted to apartments, exempted from the policy for 20 years and the effect this could have on maintaining NOAH properties (naturally occurring affordable housing). Exempting new construction creates an incentive for landlords to remove units from coverage to exemption. This will create a massive incentive to tear down naturally occurring affordable housing (NOAH), which we know is a critical piece of our housing supply for lower income households and BIPOC renters.

What is your reaction to the draft ordinance and the concerns I laid out above? How are you thinking about potential amendments to the rent stabilization policy?

I look forward to hearing from you. Thank you!

Sincerely,
Ed Stuart
1900 Goodrich Ave Saint Paul, MN 55105-1542
edward.l.stuart@gmail.com



August 22, 2022

The Honorable St. Paul City Council
City Hall & Court House
15 West Kellogg
St. Paul, MN 55101

RE: Amendments to Rent Control Ordinance:

Dear Council Members:

Wall Companies is a small family business developing and managing property mostly in the Twin Cities for the last 50 years. We currently own approximately 1,400 units and have another 350 units under construction. Most of our residential housing work is with affordable housing, including 216 affordable units in the Dayton's Bluff neighborhood.

You know well enough that affordable housing is a crisis. I am sure you have heard all the debate. I hope you have seen the light. With all due respect, rent control was a stupid idea. It has never worked anywhere. It is failing badly in St. Paul. Attempts to compromise, with a bunch of caveats, just makes it more complicated and expensive and discourages development.

St. Paul needs thousands more units today. For the sake of our city and our residents. Please repeal rent control, in total, and focus on building more units. Those new units will increase supply, stabilize rents, and increase growth and economic prosperity for the city and its people.

We have a great deal at stake in St. Paul. We would love to come back and develop, as would the rest of the development community. Please get rid of rent control. It is the right thing to do.

Respectfully,

/s/ John Wall

President

From: julieludden@everyactioncustom.com on behalf of [julianne ludden](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Responding Rent Stabilization Ordinance Amendments
Date: Tuesday, August 23, 2022 8:27:31 AM

Dear STP Council Hearing,

Hi Councilmember Jane L. Prince,

My name is Julianne Ludden and I'm a member with ISAIAH and live in Ward 7. I'm contacting you to share my thoughts about amendments being advanced to change the rent stabilization policy.

I support rent stabilization because I live on the Eastside of St Paul. Within walking distance of my home are at least four tent homes set up in the area. I firmly believe that we can find a better option than a tent for a home. That's why I ask you to support the following amendments:

Amendments to Support (In order of greatest importance)

Re-include certain types of affordable subsidized housing (LIHTC, S8 voucher, etc.) in the rent stabilization policy so renters in affordable housing can benefit from the policy

Rolling 15 year new construction exemption beginning Jan 1 2023 with no look back (exemption would only apply to buildings built starting in 2023 and would last for 15 years)

The revised just cause language that gets rid of the subjective "disorderly conduct" category and adds relocation assistance to tenants displaced by certain landlord-driven actions

If a landlord requests for an exemption to the 3% rent increase limit, a tenant needs to be notified when the request is received by the city (not when the exemption request is approved) to give tenants more time to appeal a final determination

I ask that you vote in favor of these amendments. I look forward to hearing from you about this.

Thank you! Julianne Ludden

Sincerely,
julianne ludden
1607 Burns Ave Saint Paul, MN 55106-6605
julieludden@live.com

From: lindsay.blahnik@everyactioncustom.com on behalf of [Lindsay Blahnik](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Rent Stabilization Ordinance Amendments
Date: Tuesday, August 23, 2022 8:27:18 AM

Dear STP Council Hearing,

I'm a leader with ISALAH and live in your Ward. As more upscale apartments continue to be built in the Highland Park neighborhood, I'm more and more afraid that I will be displaced from my affordable apartment that I have lived in for 4 years now. This is why I voted in support of rent control and want the policy to remain strong for both me and my neighbors.

I believe that whether we are white, black or brown, our city should be a place for everyone, no matter the color of your skin, how much money you make, or whether you rent or own your home. I'm contacting you about amendments being advanced to change the rent stabilization policy.

These are the amendments I support (and hope you will also):

- * Re-include certain types of affordable subsidized housing (LIHTC, S8 voucher, etc.) in the rent stabilization policy so renters in affordable housing can benefit from the policy
- * Rolling 15 year new construction exemption beginning Jan 1 2023 with no look back (exemption would only apply to buildings built starting in 2023 and would last for 15 years)
- * The revised just cause language that gets rid of the subjective "disorderly conduct" category and adds relocation assistance to tenants displaced by certain landlord-driven actions
- * If a landlord requests for an exemption to the 3% rent increase limit, a tenant needs to be notified when the request is received by the city (not when the exemption request is approved) to give tenants more time to appeal a final determination

I ask that you vote in favor of these amendments. I look forward to hearing from you about this.

Thank you!

Sincerely,
Lindsay Blahnik
2276 Highland Pkwy Apt B1 Saint Paul, MN 55116-1075
lindsay.blahnik@gmail.com

From: [Manu Junemann](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Rent Control
Date: Monday, August 22, 2022 10:24:13 PM

Dear Saint Paul City Council,

My name is Manu Junemann and I am a renter in Ward 4. I am a single mom of a college student at the University of MN.

When we moved to Minnesota in 2019, we moved into a Section 42 apartment in order for us to be able to afford housing on one income. With everything already more expensive, I don't know how any family on a tight, fixed budget will afford rent jumps of \$100+ per month every year. How many more people will live on the street if the City Council allows an exclusion of affordable units from the 3% rent cap? I urge you to remind these developers of affordable housing that we are all in this together and that their push for 'reasonable' returns will make more people homeless.

Manu Junemann

From: marnie.johnson@everyactioncustom.com on behalf of [Marnie Johnson](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Responding Rent Stabilization Ordinance Amendments
Date: Tuesday, August 23, 2022 8:27:40 AM

Dear STP Council Hearing,

I'm a leader with ISAIAH and live in your Ward.

I'm contacting you about amendments being advanced to change the rent stabilization policy.

Amendments to Support (In order of greatest importance)

- * Re-include certain types of affordable subsidized housing (LIHTC, S8 voucher, etc.) in the rent stabilization policy so renters in affordable housing can benefit from the policy
- * Rolling 15 year new construction exemption beginning Jan 1 2023 with no look back (exemption would only apply to buildings built starting in 2023 and would last for 15 years)
- * The revised just cause language that gets rid of the subjective "disorderly conduct" category and adds relocation assistance to tenants displaced by certain landlord-driven actions
- * If a landlord requests for an exemption to the 3% rent increase limit, a tenant needs to be notified when the request is received by the city (not when the exemption request is approved) to give tenants more time to appeal a final determination

I ask that you vote in favor of these amendments. I look forward to hearing from you about this.

Thank you!

Sincerely,
Marnie Johnson
1880 Munster Ave Saint Paul, MN 55116-2624
marnie.johnson@gmail.com



MoZaic East
1330 Lagoon Avenue South
Minneapolis, MN 55408
612.824.2100
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August 22, 2022

Saint Paul City Council
15 Kellogg Blvd. West, 310 City Hall
Saint Paul, MN 55102

Re: Public Comment, Rent Stabilization Ordinance Proposed Rules

To Whom it May Concern:

Thank you for the opportunity to provide public comment regarding the recently published rent stabilization amendment proposed by Councilmember Tolbert.

By way of background, The Ackerberg Group is a Minneapolis based commercial real estate investment and development organization with our roots dating back to 1964. Our founder (and my father), Norman Ackerberg's roots were the construction and development of multi-family buildings.

We have proudly chosen St. Paul as a viable and worthwhile area for our investments. In fact, in the last **six (6) years** we have made **five (5) investments** in St. Paul (**The Finn** – ground up apartments and retail in Highland Park; **Rankin Business Center** – industrial building in Highland Park; **Commission House** – historic renovation into apartments and retail, in Lowertown; **The St. Paul Building** – office building in Downtown; and **The Alvera** – ground up construction of apartments completed in December 2021/January 2022 on West 7th Street). Each of these assets are/were owned and operated in a first-class manner.

So many others have highlighted how the rent stabilization policies are detrimental to supporting a community's growing housing needs, familial housing, impact on the unhoused, impact on business attraction, and general economic development in St. Paul. As has been seen just this year, rent control stifles new investment and development of multi-family units. The Mayor's recent proposed 15% real estate tax increase only further highlights the punitive nature of rent control to landlords with a maximum of 3% increase – where is the gap in just this one expense (not considering all other expense items and their escalations, which are far outpacing the 3% annual increase) to come from?

We absolutely support affordable and attainable housing. It's critical to ensure all can have shelter in our community. In fact, The Alvera (a \$40,000,000 development), which was financed privately, is "attainable" housing at some of the lowest monthly rates in that area for new construction. We are willing to do what is right so long as we can receive a fair return on our investment. Our issue is the current program is punitive to investors and developers, and so long as it's in place, Ackerberg cannot make any further investments in St. Paul. To ensure a fair return on investment, a thirty (30) year moratorium on new construction and the ability for landlords to increase rents to market upon resident vacation of units, with a CPI type of inflation factor applied annual to rents for continuing occupancy of units should be adopted.

Should you have questions, please contact me at 612-308-3888 or stuart@ackerberg.com.

Peace,


Stuart Ackerberg
Chief Executive Officer



August 23, 2022

Saint Paul City Council
15 Kellogg Blvd. West, 310 City Hall
Saint Paul, MN 55102

Re: Public Comment, Rent Stabilization Ordinance Proposed Rules

To Whom it May Concern:

Ryan Companies submitted a public comment letter on August 5th regarding the recently published rent stabilization amendment proposed by Councilmember Tolbert. This letter is an addendum to that letter and additional comment. Since that time, we have collected additional feedback from third party developers and lenders regarding the proposed amendments in order to assist the council with data from the housing production industry. We would also like to clarify our position on support of a 30-year new construction exemption, as well as address additional councilmember amendments that have been proposed since the time of our previous public comment.

Regarding the third-party data, two polls were undertaken- one with 16 local developers and one with 18 local lenders- to seek feedback on the rent stabilization policy and various proposed amendments.

Attached you will find the outcomes of that data collection. The development poll indicates a 30-year new construction exemption, with CPI adjustments and vacancy decontrol would be needed to encourage the development industry to resume pursuit of new housing projects in Saint Paul. The lender poll echoes similar sentiment as the development poll with 30-year new construction exemption and CPI adjustments needed to reengage lending in Saint Paul for new developments.

Ryan Companies US, Inc.
533 South Third Street, Suite 100
Minneapolis, MN 55415

p: 612-492-4000
ryancompanies.com

Equal Opportunity Employer



We would also like to clarify that our advocacy of a new construction exemption for a period of no less than 30 years from initial certificate of occupancy (CO) assumes the Mayor's original proposed language regarding a rolling exemption based on CO date rather than starting on a date certain as proposed by Councilmember Jalali in her drafted Amendment #1. The remainder of our comments regarding the necessity of a 30-year new construction exemption as submitted on August 5th remain the same.

We support Councilmember Noecker's amendments 1 and 2 regarding the Consumer Price Index and exception tenant notification, as well as notification of tenants in the event of an RROI application. Notification and clarity for both residents and landlords is important for all parties to understand and navigate this complex ordinance. Finally, we are supportive of Councilmember Prince's amendments regarding full vacancy decontrol.

If there are questions regarding this public comment, I may be reached at maureen.michalski@ryancompanies.com.

Kind Regards,

A handwritten signature in blue ink, which appears to read "Maureen Michalski".

Maureen Michalski

Vice President, Real Estate Development

Saint Paul Rent Control Ordinance –Development Poll

Polling Group – 16 local developers who are actively developing and building new apartment units within the Twin Cities; including from: Ryan Companies, The Excelsior Group, Reuter Walton, Afton Park, Solhem, Exeter, Ackerberg Group, McGough, Bader Development, Doran Properties Group, Wall Companies, Wellington Management, Hines, Lupe Development Partners, Paster Properties, & Schafer Richardson.

Did you develop, invest, or pursue a new project in Saint Paul Prior to November 2021?

■ Yes - 14
■ No - 2



Would you develop, invest, or pursue new projects in St Paul moving forward without an amendment to the current policy?

■ Yes - 0
■ No - 16



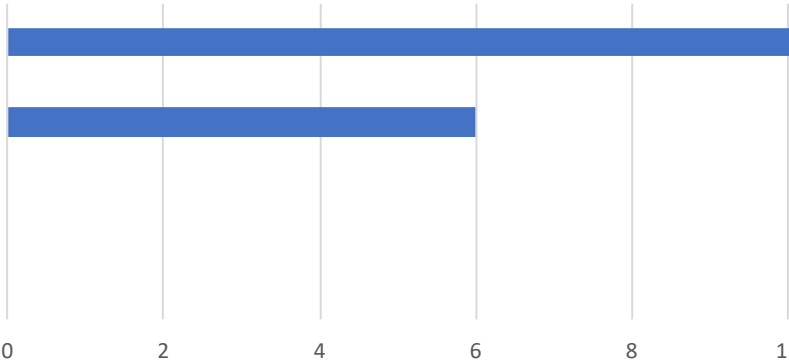
Would you renew actively pursuing or developing new projects in Saint Paul if the proposed amendment changes are passed(Rolling 20-year new construction exemption, with no CPI adjustment, & no vacancy de-control)?

■ Yes - 4
■ No - 12



Short of a full repeal of the rent control ordinance, what amendments would be needed to encourage you to resume pursuit of new housing projects in Saint Paul?

Rolling 30 Yr New Const. Ex. + Floating CPI Adj. + Vacancy Decontrol - 10
Rolling 20 Yr New Const. Ex. + Floating CPI Adj. + Vacancy Decontrol - 6
Rolling 30 Year New Const. Ex. (No CPI or Vacancy Decontrol) - 0
Rolling 15 Year New Const. Ex. (No CPI or Vacancy Decontrol) - 0



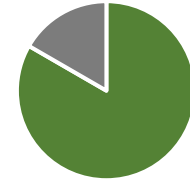
Saint Paul Rent Control Ordinance—Lender Poll

Polling Group – 20 lenders who are actively financing new apartment units within the Twin Cities. We received responses from 18 of 20 lending companies.

Were you a lender on a new project in Saint Paul Prior to November 2021?

■ Yes - 15

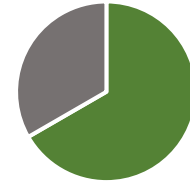
■ No - 3



Were you a lender on an existing multifamily building loan in Saint Paul Prior to November 2021?

■ Yes - 12

■ No - 6



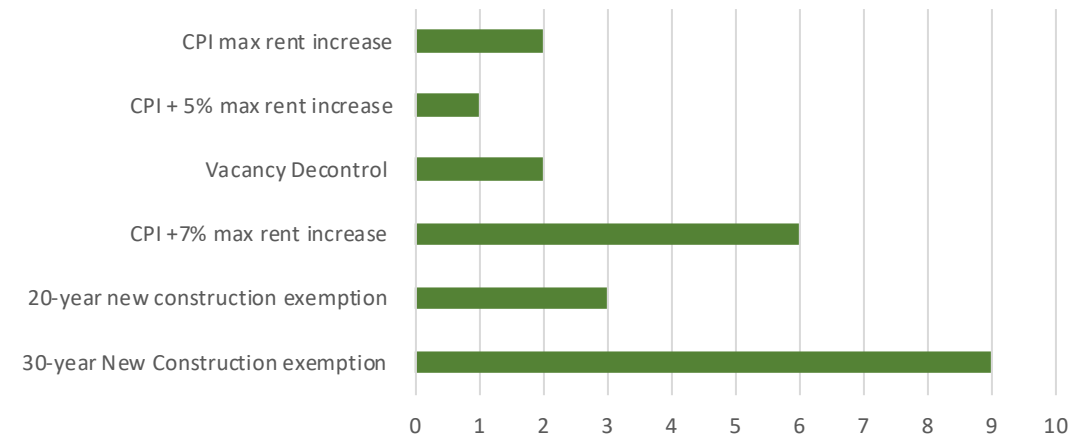
Would you lend on a new multifamily building in Saint Paul utilizing the same terms used in other Twin Cities communities without an amendment to the current policy? **4 lender respondents did not answer.*

■ Yes - 2

■ No - 12



Short of a full repeal of the rent control ordinance, what would be the most meaningful amendment to the policy that would re-engage lending on new housing projects in Saint Paul? **results include 4 respondents that chose multiple answers and 3 who did not answer.*





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St. Paul, MN 55105
www.macgrove.org

651-695-4000
mgcc@macgrove.org

August 23, 2022

Saint Paul City Council
310 City Hall
15 Kellogg Blvd., West
Saint Paul, MN 55102

Re: Ordinance 22-37: Amending Chapter 193A of the Legislative Code pertaining to rent stabilization

Dear Saint Paul City Councilmembers:

On August 8th, the Housing and Land Use Committee (“HLU”) of the Macalester Groveland Community Council (“MGCC”) held a public eMeeting via Zoom, at which it considered recommendations from its Rent Stabilization Working Group. The MGCC Rent Stabilization Working Group is made up of HLU committee members and was formed to create draft recommendations for HLU to consider on the rent stabilization ordinance amendments. The working group met 6 times between May and August 2022 in order to form these recommendations.

After reviewing recommendations from MGCC Rent Stabilization Working Group members, considering neighborhood feedback, and assessing the proposed amendments in Ord 22-37, the Housing and Land Use Committee passed two separate resolutions,

By a final vote of 10-7 with 2 abstentions:

Whereas the current version of Chapter 193A of the Legislative Code was approved by the 53% of voters of St. Paul in November of 2021; and

Whereas the current implementation has been beset by issues and complaints by tenants and landlords; and

Whereas the current implementation has slowed the growth of new housing development in St. Paul,

Whereas, in June 2022, the Mayor’s rent stabilization task force recommended the following changes to the ordinance with 60% agreement:

- A rent cap of 3%
- A provision for reasonable rate of return
- A provision for the banking of preferential rents in some form
- A new construction exemption of 15 years
- Just cause eviction protections for renters

Be it resolved that the Macalester-Groveland Housing and Land Use committee supports the city council’s proposed amendments to Chapter 193A in the following areas:

1. Section 193A.03 provides a significant number of helpful definitions

2. Section 193A.04 supports the rent increase cap of 3% and that rent increases greater than 3% do not take effect until the city's final determination is issued
3. Section 193A.06(a)(2) provides clarifications for a reasonable rate of return on investment (RROI). It also codifies utility obligations and the subsequent rent impacts to tenants.
4. Section 193A.06(a)(9) provides a method for landlords that demonstrate "deferred rent increase" over time to bank those deferrals and it allows them to apply a rent increase to new tenants (i.e. partial vacancy decontrol)
5. Section 193A.08 (c) provides a new construction exemption and it provides an exemption for non-residential buildings adapted to rental housing.
6. Section Sec 193A.06(a)(9) defines Just Cause Vacancies and it provides Just Cause eviction protections for renters.

And unanimously by a final vote of 19-0:

Whereas the rent stabilization ordinance will continuously evolve to best serve the residents of Saint Paul, the Macalester-Groveland Housing and Land Use committee recommends the following future amendments to the ordinance:

1. The city needs to further incentivize local-owned, small-business property owners to maintain and expand rental units.
2. The city should provide all necessary technical and process support for non-native English-speaking tenants and landlords to navigate the administrative processes.
3. In section 193A.06(a)(9) The ordinance should protect against the demolition of existing rental housing that is naturally occurring affordable housing (NOAH).
4. The city should incentivize privately funded, new construction in underserved neighborhoods and units with 100% energy independence by increasing the exemption.
5. The city should endeavor to prevent developers from receiving both Tax Increment Financing and an exemption from the ordinance for the same new housing and should evaluate the equitable considerations in affording both options before doing so.

If you have questions or concerns, please do not hesitate to contact me.



Alexa Golemo
Executive Director
Macalester-Groveland Community Council

cc (via email): Ward 3, City of Saint Paul
Ward 4, City of Saint Paul

From: [Elaine Eyre](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: Against Ordinance 22-37
Date: Tuesday, August 23, 2022 9:51:25 AM
Attachments: [MINNPOST Article by Tim Walsh 4-2022 Facts, not fear, when it comes to rent St. Paul rent stablization.docx](#)

Good morning,

My name is Elaine Eyre. I live in Ward 3. I'm against Ordinance 22-37. If passed, it will have a devastating impact on low-wealth residents of St. Paul.

I'm very disappointed in Mayor Carter caving in to the demands of MMHP, big developers, and landlords who spent millions trying to defeat the November, 2021 Ordinance for Rent Stabilization in St. Paul. When the ordinance passed they pressured Mayor Carter to change major parts of the ordinance to favor their demands.

The Rent Stabilization Task Force set up by Mayor Carter was a sham from the get go. He made sure there were more members on the Task Force who were against the Ordinance passed by St. Paul voters. The majority of community members that served on the Task Force were treated disrespectfully and were told they were lying when they voiced their concerns or shared their life experience on trying to make ends meet.

Please read the article by Tim Walsh, "Facts, not fear, when it comes to St. Paul rent stabilization." Mr. Walsh is a commercial real estate finance lawyer from St. Paul.

Please vote no on Ordinance 22-37 and honor what the citizens of St. Paul voted on.

Thank you,

Elaine Eyre

--

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Facts, not fear, when it comes to St. Paul rent stabilization

The reality is that St. Paul's rent stabilization policy brings stability to everyone, something just as important to the economy as housing supply.

By Tim Walsh



A housing development under construction at the corner of Snelling Ave. and Shields Ave. in St. Paul, across from Allianz Field.

MinnPost photo by Corey Anderson

April 5, 2022

This past November, St. Paul voters came together across ethnicity, class and zip code to vote in favor of keeping our neighbors in their homes and adopted a new rent stabilization policy. This policy — crafted by tenant advocates, policy experts and community members, then voted into effect by a clear majority of St. Paul voters — will hold annual rent increases to 3 percent, which is the historical average increase over the past few decades.

Few policies outperform rent stabilization when it comes to increasing neighborhood stability. But the idea irritates your amateur economist friend, and now a few developers have threatened to pack up their toys and leave the sandbox. Only, their math doesn't check out.

I love St. Paul. I want what's best for my city. I grew up in Highland Park eating corned beef on rye at Cecil's, enjoying the paths along the Mississippi and playing at the Little League fields on South Cleveland. I went to law school in St. Paul, and I've spent the past 30-plus years as a commercial real estate finance lawyer, representing a variety of clients including those building multi-family projects. I've managed the real estate function for large company portfolios, which included construction, development, leasing, financing, purchases and sales, so I've seen a thing or two when it comes to these matters.

It's important for us all to deal in facts, not fear, as the City of St. Paul works to implement the rent stabilization policy that voters approved. Certain developers are now fanning the flames of fear and blaming St. Paul voters in an attempt to hold our city hostage. As the story goes, either

we allow them to generate unfettered profit at the expense of community or they'll disinvest from St. Paul entirely. No one has provided concrete proof to link project pauses or developer flight with rent stabilization. Development takes time, and projects often pause — with now the most likely cause being due to material and labor shortages during a global pandemic.

ARTICLE CONTINUES AFTER ADVERTISEMENT

The reality is that St. Paul's rent stabilization policy brings stability to everyone, something just as important to the economy as housing supply. Despite the cries from developers, St. Paul's rent policy balances the interests of the community and the developers that invest in it. It will allow developers to finance projects in line with traditional financing parameters and enable residents to stay in their homes without fear that they will have to pay ever-increasing rents. We should think critically about the outsized role we allow developers to play in this discourse and which ones are the right developers for our communities.

Those well-versed in housing finance know that when a developer explores financing options, a pro-forma is created that projects costs and income over a 10 or 20 year period. In my experience it is rare that these pro-formas include rent increases greater than 3 percent. A developer who projects rapidly spiking rents every year is signaling less certainty and therefore a riskier investment to its potential investors and lenders, while a developer who

stays within historic market margins — such as 3 percent — signals more certainty and will attract more capital.



Tim Walsh

This translates into how projects are valued and financed. There are many methods, but typically it is based on applying a capitalization (return on capital) rate to net operating income (NOI), calculated by subtracting expenses from rent income. The capitalization rate is based on the perceived risk or certainty of that cash flow level being maintained. A higher return offered or required signals perception of higher financial risk and therefore the market designates a lower value of the project. At the outset of every project, developers must determine what kinds of returns they need in order to get investors and/or lenders on board.

I may be a lawyer, but we're not here to re-litigate the decision that St. Paul voters made together. The City of St. Paul must transparently implement the policy that voters approved, without presupposing any specific outcomes

based on monied interests. I am proud to be from a city that has set a new standard for housing justice nationwide. Now, let us be guided forward by informed dialogue, real data, and an unwavering commitment to honor democracy and the will of St. Paul voters.

Tim Walsh is a commercial real estate finance lawyer from St. Paul.

From: Marty Roers <mroers@csjstpaul.org>

Sent: Monday, August 22, 2022 1:10 PM

To: #CI-StPaul_Ward5 <Ward5@ci.stpaul.mn.us>

Subject: Concerned Constituent about proposed changes to the Rent Stabilization Ordinance

Think Before You Click: This email originated **outside** our organization.

Dear City Council President Amy Brendmoen,

As you constituent, I am a concerned citizen about proposed changes to the St. Paul Residential Rent Stabilization Ordinance. I support the Residential Rent Stabilization Ordinance approved by the majority of St. Paul voters in a ballot initiative last Fall. The ordinance stated that “No landlord shall demand, charge, or accept from a tenant a rent increase within a 12 month period that is in excess of 3%.”

I am concerned constituent in Ward 5 that the proposed changes by you and Council Member Chris Tolbert would allow a landlord to evict a tenant for any reason, just cause or not. This does not belong in this ordinance and should be removed.

I ask you as your constituent to reconsider your proposed changes to the ordinance and support the will of the voters.

Thank you, Marty Roers, 1034 Milton Street North, St. Paul, MN 55105

From: Leslie Hanson <laz2b@hotmail.com>
Sent: Saturday, August 20, 2022 10:08 AM
To: #CI-StPaul_Ward5 <Ward5@ci.stpaul.mn.us>
Subject: Rent Stabilization

Think Before You Click: This email originated **outside** our organization.

I live in Ward 5 and supported the Rent Stabilization ordinance. WE need to make rents more affordable in our city.

We need to decide how much is enough; our homes are not a commodity on the stock market. Developers need a reasonable rate of return on their investment; my question is why isn't 3 % enough? I don't see a 3% increase in our income annually. If the developers need to raise the rate for newly built investment properties; can we at least cap that to a 6 % increase.

These are our homes and communities we are trying to stay in and invest in. Please don't let high priced developers price us all out.

Thank you for listening.

Leslie Hanson, homeowner
Como Park

Sent from [Mail](#) for Windows



August 3, 2022

Council President Brendmoen
Council Member Tolbert
15 W. Kellogg Blvd.
#310
St. Paul, MN 55102

Re: St. Paul Rent Stabilization Ordinance
Proposed Changes to the Ordinance – First Hearing August 3, 2022

Dear Council President Brendmoen & Council Member Tolbert

We have received a copy of the proposed changes to the St. Paul Rent Stabilization Ordinance.

As a long-term developer, owner and operator of rental housing in the City of St. Paul, we are completely frustrated and disappointed at these additional changes. These changes create additional obstacles to our business and do nothing to improve our business operations and the services that we provide our tenants.

The changes proposed by you are targeted to give new projects an exemption – a benefit that will not help or enhance any of our existing properties. And, the changes that you are proposing will add undue burden to our existing properties.

Stuart Co has been in St. Paul providing housing since 1970. We have invested millions of dollars in properties and we have paid millions of dollars in real estate taxes each year. We have created over 3,000 units of housing from senior to affordable to market rate projects – the majority of which have been created in both of your wards. We also have had many conversations with you on the damage this rent control ordinance has on our business and the impact that it has on our ability to provide improvements to our communities that would benefit our residents.

The changes you are proposing will only add more layers of government oversight to our right to improve and maintain our investments.

- The banking rent idea provides absolutely no benefit to us in light of the just cause eviction provision.
- In addition, eliminating the ability for a Landlord to bill back utilities violates MN State Statute 504B.215.
- As is clear from the first few months of operation, the process for applying for exemption is laboriously cumbersome and requires a private business owner to disclose confidential financial information to the city and public.
- Maintaining the 3% cap on rent increases when the market place is exceeding this everywhere except in the City of St. Paul strikes us as unreasonably punitive on those landlords who have supported you and the residents of your Wards.

As council members, you have the responsibility to do the right thing and to act in the best interests of both landlords and tenants. If you think that the City needs more affordable housing or that low and middle income tenants need rent subsidies then that is a community problem. If it is a community problem, then you should be passing laws that place the burden of fixing that problem on the entire community and not just landlords.

We are requesting that you as leaders of St. Paul pull these proposed changes and work towards a full repeal of this unconstitutional and unworkable ordinance.

Affordable Housing is needed in this city and the State. The City would be better served by a Council that focused on programs to encourage new affordable developments vs. punishing existing operators that currently providing housing.

As council members, you have the responsibility to encourage rights of business owners and operators. None of our rights to do business is being protected.

We are requesting that you as leaders of St. Paul pull these proposed changes and work towards a full repeal of this unworkable and disastrous ordinance.

Sincerely

Stuart Nolan
Founder
Stuart Co

Lisa Moe
CEO
Stuart Co

From: Gabriela Santiago <gfsantiago89@gmail.com>
Sent: Sunday, August 21, 2022 06:04 PM
To: #CI-StPaul_Ward1 <Ward1@ci.stpaul.mn.us>
Subject: proposed changes to rent stabilization policy

Think Before You Click: This email originated **outside** our organization.

No matter one's race, ward, or class, all in Saint Paul deserve predictable housing costs; that's why I voted for one of the strongest rent stabilization policies in the country last fall. I appreciate that the draft ordinance to make changes to the rent stabilization policy is committed to keep the rent increase limit at 3%, and attempts to provide additional protections for some renters that didn't exist in the original rent stabilization policy such as just cause.

However, I am concerned that having a LIHTC and affordable housing exemption is way too broad and would leave out thousands of renters, especially the ones most in need of predictable rent increases, and that there are no protections for renters who live in buildings exempted from rent stabilization, as proposed by the draft ordinance, which could leave those renters vulnerable to predatory and discriminatory practices by landlords. Additionally, the timeline of when tenants would be notified of a landlord seeking an exemption to the 3% rent increase limit should be moved up earlier so tenants have more time to address the request made. Additional clarity is needed about the proposed protections just cause would provide

I am also concerned that exempting new construction creates an incentive for landlords to remove units from coverage to exemption. This will create a massive incentive to tear down naturally occurring affordable housing (NOAH), which we know is a critical piece of our housing supply for lower income households and BIPOC renters.

Thank you for your time,

Gabby Santiago

From: James A Stolpestad II <jastolpestadii@gmail.com>

Sent: Sunday, August 21, 2022 09:32 PM

To: #CI-StPaul_Ward1 <Ward1@ci.stpaul.mn.us>

Subject: Rent control vote

Think Before You Click: This email originated **outside** our organization.

CM Balenger,

I am writing to advocate a course of action in this week's city council meeting, related to the rent control public hearing and vote.

It seems you may be in a difficult position on this topic. And I suspect you appreciate the significance of this note.

To foster the potential for the best outcome for the City of St Paul, and for the perception of good governance and fairness, I would strongly encourage you, at the end of public comments, to submit a motion for the vote to be deferred for 2 (or even 4) weeks to allow additional public comment and consideration across the council. I suspect CM Noecker and Brendmoen would both support that motion.

Thank you. Happy to discuss and offer my perspective as a real estate finance professor and local housing builder.

Jamie

JAMES A. STOLPESTAD II

JASolpestadii@gmail.com

203-585-7248

Rent Stabilization Proposal

Options and Alternatives

Highlighting is added in order to facilitate skimming the document, rather than attaching importance.

Section A. No New Construction Exemptions.

The intent of the ordinance is to protect the interests of the renters of Saint Paul, not to protect the interests of corporate developers. Protection of the interests of corporate developers is counter to protecting the interests of the renters of Saint Paul, and is, therefore, a clear violation of the spirit of the ordinance that was put in place by the voters of Saint Paul.

Newly constructed housing units shall NOT have any exemption.

There is no illusion that this will prevail. This is simply making a feel-good statement.

Summary: “Housing Shortage” — real or mirage? Sure, there are chronic homeless that resist proper placement, but there are no hoards of homeless in the streets or sleeping in their cars. That, indeed, would justify the city council’s high-density build-all-you-can-build policy. But that’s just not the case.

Rather, there are plenty of available apartment units, just not affordable units.

Rather, there are plenty of houses, just not houses for sale.

Neither of those two conditions will be solved by the city council’s current high-density policy. If developers have convinced the city council that building more and more is the one-and-only solution, then the city council is being duped.

Section B. Preapproval, Partial Vacancy Decontrol and Banking.

Clause 1. Self-Preapproval.

(a) The City. Because no city can afford the staffing burden to make adjustments over the 3% cap, all landlords are allowed to fully self-preapprove. The self-preapproval process must take place within an

adequate system of checks and balances (audits). Every landlord must file a self-preapproval form on a yearly basis, whether the property-unit is occupied or vacant. A filing may be made more frequently than a yearly basis as conditions may change. As the filing process is automated, there is **no filing fee**. As city budgeting allows, random audits are encouraged.

Rationale: The term “Self-Certification” is **confusing**, because “certification” implies one must pay a “certification fee.” The term “Self-Preapproval” does not have this connotation.

To allow self-preapproval of 3% to 8% without an adequate system of **checks and balances** means that an 8% cap will become the norm. This cannot be allowed. But with checks and balances it seems reasonable. And with checks and balances, **full self-preapproval also becomes acceptable**. (This is **the way the IRS handles tax returns**, as the IRS cannot possibly preapprove every return request above a set amount. Any problems are handled by an audit process.)

Full self-preapproval must become acceptable because the city does not have enough staffing to make timely and **informed judgments**. Without adequate information, the city may grant a prime increase for shoddy work and shoddy materials, or, conversely, grant a minimum increase for quality work and quality materials. Therefore, the city inspectors must be supplemented by independent contractors. These independent contractors will make their decisions at the back end of the process (i.e., an audit), rather than at the front end (i.e., an exception request).

As full self-preapproval forms do not come before the city staff, they can be filed on-line, IRS-style. If filings are kept on-line, then there should be no difficulty in filing on a yearly basis, or more frequently. This **provides all parties a way to track changes**, as conditions may change at any time.

(b) The Tenant. Upon filing a self-preapproval form with the city, the landlord must provide the tenant with a copy of the form (preferably in the **native language of the tenant**), at least 30 days before any increase goes into effect. **At any time**, if the tenant believes that the form has been inflated, or the stated work has not been done, the tenant may call upon the city for an audit to be performed by a city inspector or an independent contractor. The tenant is then relieved from filing lengthy documents which **may or may not be beyond the tenant's ability**.

Rationale: It should be a simple thing to change the language of the form with one-click, without disturbing the information that is provided by the landlord.

(c) The Landlord. It is then the **landlord's burden to provide proof** that the form is accurate, and that the property is in habitable condition (see definition under rehabilitation).

(d) Independent Contractor. The city will hire **independent contractors** to perform audits either on a contractual or on-call basis.

Rationale: An independent contractor has the ability to tell when (i.e., in roughly what year) a section of work has been done and how well it has been done. **They can inform upon the material costs and the labor costs.** They may be the only people who can access fault over a condition. For example: Who caused the toilet to overflow and flood the unit? Was it the tenant, or was the plumbing in faulty condition?

(e) Payment of Independent Contractor. The **tenant will be billed** if the tenant fails to prevail. The tenant billing may be waived if the tenant is financially distressed, in which case the city will assume the bill. The **landlord will be billed** if the landlord fails to prevail. The city will pay for any random audits.

Rationale: At approximately \$300 per 2 hour audit (inspection and paperwork), the **city does not have enough money** in its budget to handle every audit it is called upon to do. But \$300 is not excessive for either a tenant or a landlord. Yet it will reduce the number of frivolous calls for audits by tenants, and keep landlords in compliance as no landlord wants to be caught with out-of-code violations.

(f) **Mandatory audits.** All corporate and out-of-state landlords will be subjected to mandatory audits whenever rent is raised above the 3% cap. These audits may be either paper audits or inspection audits.

Rationale: As corporate and out-of-state landlords are the **main drivers of rising rents**, nationwide, they must be held to **more rigorous scrutiny**.

Clause 2. New Tenancy between Years. As there may be tenant changes between years, there may be adjustments made as the landlord makes repairs and does any refurbishing. (See definitions for repairs and refurbishing.) Again, there must be a filing, and the new tenant must receive a copy. Landlords may apply a 3% increase at this time if they are in compliance with Section C (just-cause eviction relating to the previous tenant), and have not refused to renew a lease without cause. This 3% increase is in addition to any percentages that have been previously

banked. This increase indicates the **beginning of a new filing year** (i.e., the **start of any 12-month period**).

Rationale: This 3% increase is a very **modest version of partial vacancy decontrol**, and can only apply if the landlord has acted in good faith toward the previous tenant.

Clause 3. Rent Collection and Banking. As there may be reasons that a landlord would not wish to collect the yearly 3% that they are entitled to, the landlord may forgo collection. The landlord must still make a yearly filing for the 3% adjustment, regardless. Upon this form, the landlord will indicate that they choose not to collect the increase. The 3% will then rollover onto the following year, and the landlord will be entitled to collect 6%. And so on for each additional year that the landlord chooses to forgo collection. As with every filing, the landlord must still provide the tenant with a copy.

Rationale: This calls for a **yearly filing** and has a place for the **landlord to check that they are forgoing collection**.

Clause 4. Prolonged Vacancy. The landlord must also file for their yearly 3% increase, along with any other adjustments that they are entitled to. These adjustments will rollover for however many years until the property is again rented out.

Rationale: A **yearly filing** must be made so that **changes can be tracked over longer periods of time**. Otherwise, changes will be forgotten or overlooked and landlords will not receive the full number of adjustments that they are entitled to when the property is again rented out.

Adjustments in Occupancy. Once the landlord has filled out the form, the penultimate figure arrived at will be the maximum rent the landlord may collect based upon a single tenant and no pets. The ultimate figure arrived at will be the adjusted maximum based upon any **increase in the number of tenants and any pets**. A new filing must also occur if there is any decrease in the number of tenants or pets.

Summary: Preapproval by City Staff. There is no crystal ball. It is impossible to predict the true costs of a project. Not in terms of materials, not in terms of labor, not in terms of quality. Sources of materials go bankrupt and must be resourced. Labor walks off the job. Open up a plumbing system and a simple repair becomes a money pit.

If the city insists on preapproving everything, it will reward shoddy materials and shoddy labor, or work that is never done. Conversely, it will punish quality materials and quality labor. The true value of a project can never be assessed until it has been completed. That's why the evaluation must always come at the back end of a project, that is, by inspection or audit.

Not all tenants are college graduates. Some are uneducated, illiterate, or illiterate in English. Therefore, a tenant's challenge must be as simple as possible. One phone call. "I would like an audit, please." That's it.

Section C. Tenant and Landlord Protections.

Clause 1. Just Cause Eviction. Landlords may not evict a tenant with an unexpired lease without just cause. Eviction requires a thirty (30) day notice for paragraphs (a) and (b), and no notice for paragraph (c). Furthermore, tenants may be forcibly removed by the police or sheriff for actions under paragraph (c), if the removal is not already a removal-by-arrest as a matter of course. If any victim of domestic violence fails to file a restraining order, the landlord may file a restraining order (i.e., eviction-by-restraining-order).

- (a) Non-payment of rent due; or
- (b) actions disrupting the lives of other tenants; or
- (c) criminal activity in the leased unit that includes, but is not limited to, "Criminal Damage to Property," "Domestic Assault," "Assault" upon a neighboring tenant, "Terroristic Threats," "Robbery" or "Burglary" of a neighboring tenant, "Theft" from a neighboring tenant, "Receiving Stolen Property," "Human Trafficking," "Possession or Firing of an Illegal Firearm," and the "Creation or Distribution of Controlled Substances." Sometimes these conditions are spelled out in the lease, and sometimes they are not.

Clause 2. Eviction-by-Restraining-Order. As there may be special cases wherein it's necessary to make a distinction between the offender and the rest of their family, or any innocent roommates, a landlord may file a restraining order against a single individual on the lease, while sparing the rest of the lease-holders. This would leave the lease largely intact.

Clause 3. Exception. Whenever the offender is a juvenile, and cannot be permanently separated from the family, the landlord may file for a temporary restraining order for the juvenile and, then, proceed with the full formal eviction process for the family.

Rationale: Eviction-by-Restraining-Order. An eviction proceeding involves the entire family, or the entire group of tenants, from a legal standpoint, which can get very complicated. A restraining order involves a single person from a legal

standpoint. It's just easier to do it that way. The justification is that domestic violence, for example, is a crime in itself and that the landlord is filing a restraining order to prevent criminal activity on their property as per paragraph (c).

As a landlord can already file for a restraining order if the tenant is a threat to their own safety or the safety of friends and family, this would **expand upon an already existing concept**.

Summary: Eviction-by-Restraining-Order. No landlord should have to tolerate criminal activity on their property. Yet the eviction process is too slow and too complex. A landlord may already file a restraining order whenever a landlord's safety is threatened. Therefore, eviction-by-restraining-order for any criminal activity would be an extension of an already existing concept. Also, it would spare any innocent co-habitants by leaving their lease largely intact.

Section D. **Non-local Corporate Landlords.**

Any adjustment increases for non-local corporate landlords renting out houses are disallowed, **unless the landlords have an option-to-buy as part of their business model**. These adjustments include, but are not limited to, property taxes, insurance and utilities.

Summary: Out-of-State Corporate Landlords have become "house-snatchers" by buying up houses and renting them out. They are reducing the inventory of houses-for-sale, driving up sale prices, and adding to inflation. Saint Paul must put up legal barriers to this practice, as other cities have done.

Section E. **Definitions.**

Local Developer or Landlord: To qualify as a local developer or landlord, the president or CEO of any enterprise must be within 1 hour of driving time (under normal traffic conditions) between either home or office and the rental property. For the purposes of this definition, any solitary landlord is also considered a CEO. This is to ensure that no out-of-state corporate developer or landlord claims local status by virtue of having a local branch office or local agent. Any bank that has acquired a property through forfeiture also falls under the definition of local or non-local landlord.

Corporate Developer or Landlord: Any conglomerate (typically out-of-state) large enough to retain its own legal counsel division.

Proposed definitions for construction work. Although most work will apply to houses meant for resale rather than for rent, any house may also become a rental, so the full range of construction work should be defined.

Development: New construction from the ground up that exceeds the footprint of any previous construction. This would apply mostly to apartment buildings built on plots of previous houses.

Re-Development: Larger houses built upon teardowns.

Modern Rebuild: New construction from the ground up that is within the dimensions of any previous construction. This might apply to building houses on plots of previous condemned houses.

Vintage: Any feature that reflects the time period in which the house was originally built.

Vintage Rebuild: New construction from the ground up that is within the dimensions of any previous construction, if the previous construction is unsavable. The attempt is made to recreate the previous structure both inside and out. Preservation of features such as fireplaces, stained glass, etc., is preferred.

Rehabilitation: Bringing an existing dwelling from “uninhabitable” back to “habitable.” This might include bringing a dwelling back up to code (new plumbing or electrical), foundation repair or new roofing. A new furnace or boiler or water heater would fall in this category. Mold removal and pest removal would also fall in this category.

Renovation: New or expansion work on a property. This would include building an “auxiliary dwelling unit,” or a new garage, or adding an additional floor, adding a new wing, or a new deck or patio.

Remodeling: Changing something on the property. This would include anything with new carpentry work, such as knocking down walls to new cabinetry work. It would also include new fixtures, such as a modern bathtub, as opposed to a “clawfoot.” A clawfoot would fall in the restoration category.

Conversion: A type of remodeling work. Converting attic or basement space into living space.

Preservation: Any work needed to keep a property within the period in which it was built in.

Restoration: Any work done to return a property to the period in which it was built in. The means may be authentic, replicated, or artistic. Take the example of windows. An authentic window may be found in an antique shop. A replicated window may be found in a modern store selling vintage-type windows. An artistic window may be created by applying stained glass upon a modern window.

Refurbishing: Any simple refreshing work, such as new carpeting or repainting.

Repairs: Any simple work, such as fixing a broken window.

Landscaping: Anything from planting trees to installing a new walkway.

Appliances: While stoves, refrigerators, dishwashers, washers and dryers obviously fall into this category, for the purposes of this ordinance, furnaces/boilers, water heaters, air conditioning systems are also appliances. And toilets. Appliances are all modern amenities and can be installed in a full-vintage house.

Fixtures: Bathtubs and sinks. While toilets are normally thought of as fixtures, for the purposes of this ordinance, they should be treated like appliances. This is because while bathtubs and sinks may be vintage, toilets must be modern to comply with building codes. All fixtures in a full-vintage house must be vintage. If modern fixtures are installed, the house must be considered partial-vintage.

Rationale: It's important to define the work, as different types of work incur different labor hours. For instance, there will be different labor hours for stripping paint than for repainting. Also, different types of work may occur at the same worksite. For example, a worksite may preserve a fireplace, and remodel the rest. Thus, any computations must be done in percentages, such as 5% preservation, 95% remodeling.

The city may then wish to “reward” certain types of preferred work. For example, the city may allow more rent to be charged for a preserved or restored “vintage” house over a remodeled house. It may prefer a rebuilt or developed house for a previously condemned house over a non-condemned house, so as to discourage unnecessary teardowns.

August 23, 2022

RE: Ordinance 22-37 – Public Comment on Changes to Rent Stabilization Ordinance

Dear Members of the City Council,

This is our third Public Comment on Rent Stabilization. The prior two are attached for reference.

Since passage of the ordinance last November, our capital sources have all withdrawn from further housing investment in Saint Paul. This includes cancellation of a purchase agreement for a newly built project in Ward 1 the week after the vote by an institutional investor with other holdings in the city.

I served on the Mayor's Rent Stabilization Task Force and its divisiveness and lack of tangible outcomes emphasize why other than by petitioned ordinance rent control is illegal in Minnesota. It is a complicated mess that for decades in numerous municipalities around the world has never demonstrated fulfillment of political goals for housing supply, stability and subsidy.

Full rescission is the clear and obvious best option. If the Council is lacking the political will for full rescission, then any changes need to contain, at a minimum, and in whole, not in part:

- 30 year rolling New Construction Exemption with lookback to incentivize investment in current and future new housing stock.
- Full Vacancy Decontrol combined with Just Cause Tenant Protections.
- Rent cap above CPI that is Self-Certifiable.
- Exemptions for owner occupied four (4) units or less, properties subject to LURA or Federal contract, and Senior, Student or other properties providing care of services.

We are supportive of the Full Vacancy Decontrol amendment proposed by CM Prince and the CPI and Tenant Notification amendments proposed by CM Noecker.

We urge the Council to go further and advance a 30-year rolling New Construction Exemption with look back and highlight that such a policy passed by 6-4 vote in my sub-group of the Mayor's Task Force.

The data is clear as Saint Paul is now dealing with a nationally recognized housing embarrassment. The worst path forward is doing too little to right the ship and we encourage you to pass changes based on the above.

Very truly yours,

EXETER MANAGEMENT LLC

Thomas M. Nelson

Robert W. Stolpestad

Herbert W. Tousley, IV

Attached: 3.22.2022 Exeter Public Comment
7.13.2022 Exeter Public Comment

July 13, 2022

RE: Item 66, PH-22 – Hearing on Rent Stabilization Stakeholder Group Final Report

Dear Members of the City Council,

I had the opportunity to serve on the Mayor's Stakeholder Group and we, at Exeter, have experienced direct, negative impact from the rent control ordinance with the complete withdrawal of capital sources from any further multi-family investment in Saint Paul. The data is clear that significant changes are necessary to reignite production of the housing supply, stability and subsidy desired by advocates for renters and developers.

The CURA report presented today is only a starting point, and as you can see, the Stakeholder Group process was far from perfect. We urge you to show a real commitment to getting Saint Paul back on track by rising above and implementing the following in whole, not in part:

30-year New Construction Exemption

Demonstrate to the producers and funders of housing that Saint Paul is committed to growing its housing supply. The hastily proposed 15-year new construction exemption is a cut and paste of Oregon's policy. It lacks any thoughtful foundation and is not nearly long enough to incentivize investment. The logic behind 30 years is that new multi-family construction is financed on a 30-year amortization schedule, it is depreciated by the Internal Revenue Service over 27.5 years and will go through several investment cycles from construction, stabilization and two or three investment sales before it becomes Naturally Occurring Affordable Housing ("NOAH"). Add it all up and 30 years is the number necessary to attract the capital required to get back to chipping away at the Mayor's Office estimated 11,000-unit housing shortfall in Saint Paul.

A 30-year new construction exemption is also necessary to demonstrate to the citizens of Saint Paul that its elected leaders are committed to maintaining a sound tax base. Since passage of the rent control ordinance, new construction permits are down 80% and 3,000 to 5,000 new affordable and market rate units have been paused or cancelled at a time when housing construction is otherwise booming in the rest of the Twin Cities and across the country. While others are adding to their tax bases, a March 2022 study by USC estimates an aggregate Saint Paul property value *loss of \$1.6 billion*. How will the City pay for basic services like public safety if its property tax base continues to suffer from the combination of decline in value and lack of new investment? A 30-year new construction exemption is needed to show the investment/development community and the people of Saint Paul that it is serious about a healthy supply of housing and a financially healthy city.

Variable Rate Cap, adjusted for inflation, and Self-Certifying Reasonable Rate of Return

The folly of picking a number like 3% is obvious when we are suddenly in an 8 plus percent inflation environment. The cap needs to be variable and landlords, especially small landlords, should be able to self-certify reasonable rate of return increases without burdensome and random municipal processes.

Full Vacancy Decontrol coupled with Renter Stability Protections

It is important that these concepts, along with the others mentioned, are enacted together. A landlord should be able to charge a market rate and a renter should know that it will not lose its home if complying with its lease and making timely payments of market rent. We understand that the prior Saint Paul renter protection ordinance, which included both eviction protections and restrictions on tenant screening, was deemed illegal in Federal District Court because of the combination of items included, notably the tenant screening restrictions. Just cause eviction protections are prevalent in other parts of the country and could be implemented on their own in conjunction with full vacancy decontrol.

Other Necessary Exemptions

- Owner occupied, four units or less.
- Properties subject to Land Use Regulatory Agreements (“LURA”) or a Federal contract.
- Senior, Student or other properties providing care or services.

Since last November, the City Council and all stakeholders have had to learn from this nationally recognized embarrassment. We all reserve the right to get smarter and now is the chance for you as leaders to do as you were elected to do and craft effective policy inclusive of the above.

Very truly yours,
EXETER MANAGEMENT LLC

Thomas M. Nelson
Robert W. Stolpestad
Herbert W. Tousley, IV

March 22, 2022

RE: Testimony in opposition to Ordinances 2215 and 2216, amending Chapter 193A

Dear Council President Brendmoen and members of the City Council,

We oppose passage of the referenced amendments unless they call for broad exemptions from rent control or rescission of the Saint Paul Rent Control Ordinance. Trying to define ambiguous terms and approving funding for new staff only serves to justify the ill-advised, petitioned rent control ordinance that, as predicted, is proving to be a political and economic mess for the City of Saint Paul. These amendments also pre-empt potentially duplicate work being carried out by the Rent Stabilization Task Force.

The proposed amendments contain the same false messaging from rent control support groups in certain preambles claiming that “a majority” voted in favor of the ordinance last November. The fact is that only 18%, or 30,965, of the City’s 171,876 registered voters voted in favor, far from a true majority.

On last November’s ballot, the petitioners boiled down one of the most complex issues in any free society, rental housing affordability, to four simple sentences that to anyone either struggling or empathetic to those with housing needs sounded like a dream come true. It was akin to running for student council on a platform of free soda pop and candy in the vending machines. You might achieve a short term, populist victory but when the sugar high fades what are your plans for dealing without funding to refill empty vending machines or care for the bellyaches of the sickened student body?

Unless passed through a petitioned ordinance, rent control is otherwise illegal in Minnesota primarily for one thoroughly debated, attempted and universally agreed upon reason: *it does not work*.

Since November, new housing permits in Saint Paul are down 80% (they are up 17% nationally), over 3,000 new market rate and affordable housing projects for Saint Paul have been pulled off the drawing board, the City has been blacklisted by the investment capital markets and there are countless stories in the local and national press describing draconian rent increases and widespread confusion among tenants, landlords, developers and lenders.

The majority of you on this Council saw this coming and clearly articulated your opposition to the rent control ordinance before the vote. We feel strongly that you should re-assert your opposition, as you are rightly elected to do, by not supporting these amendments and focusing instead on broad rent control exclusions or rescission of the rent control ordinance. Until this happens, Saint Paul will remain isolated and excluded from the capital flows necessary to provide a variety of much needed rental housing for all income levels.

Yours truly,
EXETER MANGEMENT LLC

Robert Stolpestad
Thomas Nelson
Herbert Tousley, IV

From: Michael Sonn <sonn.michael@gmail.com>

Sent: Tuesday, August 23, 2022 11:28 AM

To: #CI-StPaul_Ward3 <Ward3@ci.stpaul.mn.us>

Cc: #CI-StPaul_Ward4 <Ward4@ci.stpaul.mn.us>; #CI-StPaul_Ward5 <Ward5@ci.stpaul.mn.us>; #CI-StPaul_Ward6 <Ward6@ci.stpaul.mn.us>; #CI-StPaul_Ward2 <Ward2@ci.stpaul.mn.us>

Subject: Rent Stablization

Think Before You Click: This email originated **outside** our organization.

CM Tolbert,

I wanted to quickly write that I support the voter approved rent stabilization as it was voted on. Since it appears that amendments will be made regardless, I support CM Jalali's amendments.

Thank you,
Mike Sonn
14XX Wellesley Ave

Saint Paul City Council
15 Kellogg Blvd. West
310 City Hall
Saint Paul, MN 55102



August 22, 2022

Re: Comments on Proposed Changes to the St. Paul Rent Control Statutes

Dear St. Paul City Council Members,

The Metropolitan Consortium of Community Developers (MCCD) is an association of 50 nonprofit organizations committed to expanding the wealth and resources of communities through housing opportunities and economic development initiatives. MCCD's mission to build strong and stable communities can only be achieved by addressing the inequities that have shaped housing and economic development policies at every level of government, and that have prevented Black, Indigenous, and People of Color (BIPOC) and other communities from achieving housing stability, accessing capital, and wealth building opportunities. MCCD is committed to continually striving for and advocating for policies and practices that strengthen and expand racial equity and community wealth building in support of our members and the people they serve.

We are submitting this comment in response to the proposed "compromise amendment" authored by Councilmember Tolbert. As drafted, MCCD opposes the amendment. We believe it is antithetical to our values and the values stated and attested to by this Council. As it currently stands, this amendment fails to be a "consensus amendment." It currently provides an enormous advantage for landlords and housing developers to self-certify rent increases. It places an undue burden and complicated process for renters to object to and remedy potentially exorbitant and detrimental rent increases beyond the agreed-upon 3%. Failure to make changes to the amendment before it is approved and adopted will only deepen and worsen the lack of renter choice, stability, and access to reasonable and measured recourse.

MCCD is requesting the following changes to be included in the final compromise:

1. **Waive the appeal fee for renters** – The appeal process is time-consuming, complicated, and costly for many renters. This is also a racial justice issue, in St. Paul, we know that 55.25% of BIPOC renter households are cost-burdened compared to 42.2% of white households. \$25 can be difficult to come up with-as an example, there are around 14,000 households of four making less than \$59,000 a year of 50% of Area Median Income (AMI).
2. **Eliminate the look back period for new construction** – The current language and look back period of 20 years would eliminate thousands of units from being counted, weakening the statute so much that it would likely become completely ineffective. This would allow large for-profit developers to continue to operate as bad actors, prioritizing profits over people and community stability.
3. **Exemptions** – If the City Council is going to consider exemptions, we encourage the City to only do so if there is a community benefit like perpetual affordability or the renter households are not caused undue harm. MCCD proposes/supports the below measures for exemption consideration.
 - a. **Perpetual affordability** – MCCD encourages the City to recognize a narrower definition of affordable housing. We request that for any exemptions, properties have agreements/restrictions that state the property will be affordable at 60% AMI for at least 30 years. MCCD's nonprofit affordable housing members aim to limit the least harm to residents and often will only increase rents if necessary, generally less than 3%.
 - i. **Vacancy turnover** – If a property meets the definition of affordable housing, meaning 30+ years of affordability at 60% AMI and below, they are eligible for vacancy decontrol within their

financing terms. Nonprofit affordable housing providers will use a vacant unit as an opportunity to reset rents to help cover costs (not-profits) of operating a building. For example, rent for a vacant unit may increase 5% when it is re-rented to cover increased utility costs, maintenance staff, and repairs but will remain under 60% AMI.

- b. **Councilmember Jalali Amendment 4** - M CCD is supportive of Councilmember Jalali Amendment 4. We are recommending careful consideration be taken regarding potential rent increases, and that increases be on the rental subsidy portion of the rent rather than renter portion.

- 4. **Budget Considerations** – As you work to put together the City of St. Paul's budget for the upcoming year, M CCD and our members support increasing staffing levels for the Planning and Economic Development Department (PED). Nonprofit community developers play an integral role in creating and preserving affordable housing, but their effectiveness (along with the development of all types in the City) hinges in part upon the City's ability to provide skilled staff to work in partnership. As such, M CCD supports the proposed increase to PED's General Fund to expand staff capacity. Additionally, to achieve significant gains that address the affordable housing shortage within St. Paul, M CCD and our members ask for more robust and predictable long-term investments in the Affordable Housing Trust Fund.

As a community membership-based organization, M CCD is hopeful that these proposals and recommendations will be taken into consideration. We encourage the City Council to take the necessary time to get this right in order to truly come up with a compromise amendment. M CCD believes that this is the best way for all interested developers and investors to have clear guidelines and expectations, while also allowing for nonprofit community developers to continue to operate as needed and provide this vital and essential service to their residents. Overall, the City Council should keep the focus on providing protections and provisions for residents of St. Paul that stand the most to lose if their ability to remain stable and affordably housed.

The St. Paul City Council has a great opportunity to help stabilize thousands of renter households, most of whom identify as BIPOC, and we ask that you take great care as you consider the final language and provisions to be adopted. Thank you for your consideration; M CCD and our members are happy to make ourselves available should you have any questions or concerns.

Respectfully,

Elena Gaarder

Elena Gaarder
Chief Executive Officer
Metropolitan Consortium of Community Developers
3137 Chicago Avenue South
Minneapolis, MN 55407

Enclosed: St. Paul: Rental Housing Snapshot

CC: Melvin Carter, Mayor, City of Saint Paul
Jaime Tincher, Deputy Mayor, City of Saint Paul
Nicolle Goodman, Director Saint Paul Planning & Economic Development

Saint Paul: Rental Housing Snapshot

Affordable housing, defined as paying no more than 30% of pre-tax household income on housing costs, is still out of reach for many St. Paul renters. In 2021, 48% of renters in St. Paul lived in housing that was not affordable to them, indicating the increasing need for accessible and affordable housing in the city.

Average AMI for a family of 4 in St. Paul

30% AMI

\$35,200

50% AMI

\$58,650



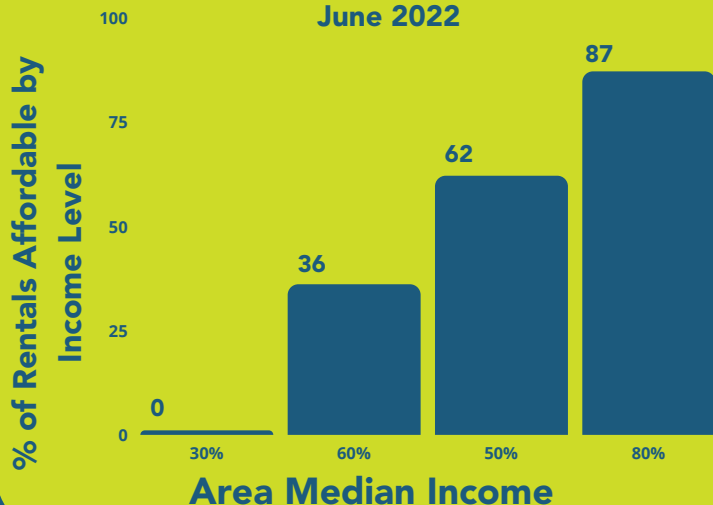
14,000 households in St. Paul are living at or below 50% AMI.



The amount of housing being built at or below 50% AMI does not match the forecasted need in St. Paul.

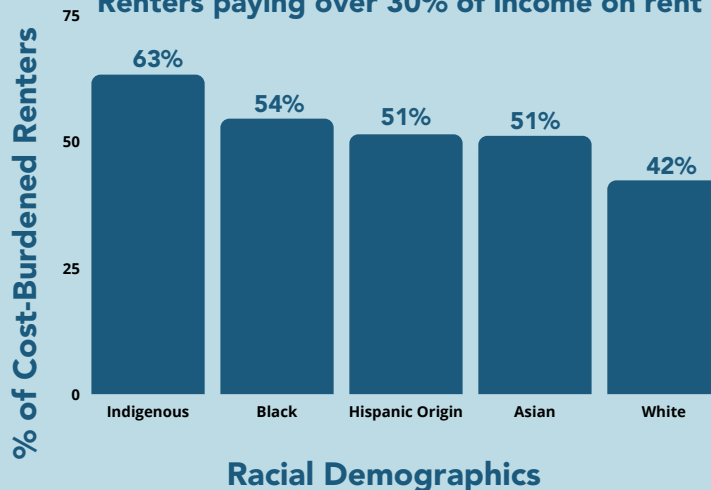
Rental Availability in Saint Paul

June 2022



Rent Burdens in Saint Paul

Renters paying over 30% of income on rent



Metropolitan Consortium
of Community Developers

MCCDMN.org



August 23, 2022

VIA EMAIL

Saint Paul City Council
15 W. Kellogg Blvd.
Saint Paul, MN 55102

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

Dear Saint Paul City Council,

Housing Justice Center is a nonprofit legal and policy advocacy organization dedicated to the preservation and production of affordable housing and the protection of the rights of people who need affordable places to call home. Thank you for this opportunity to provide comments regarding Ordinance 22-37.

Policy Concerns

Affordable Housing Exemption

The affordable housing exemption as written is overly broad, does not address any specific problem, and has vast unintended consequences for Saint Paul renters.

Ordinance 22-37 as currently written exempts any property that:

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.

A conservative estimate, based on the properties in Saint Paul that receive 4d tax treatment, indicates that well over 7000 apartments — home to over 20,000 Saint Paul renters — would be excluded from the protections of the rent stabilization policy. Even this, however, is an undercount, as it is unclear by the language of Ordinance 22-37 what constitutes “affordable housing for persons and families of very low, low, or moderate income, as defined by State or federal law”. Presumably, with no other definition at our disposal, this would include properties that have a “recorded document as affordable housing” under the HUD definition of “moderate income”, which includes up to 80% AMI. For reference, 80% of AMI under the HUD guidelines is \$89,400, a number that well exceeds the median household income for the city of Saint Paul.

275 E. 4th Street #590 • Saint Paul, MN • tel: 651-234-0050

Dedicated to expanding and preserving the supply of affordable housing in Minnesota and nationwide

The land use restrictions and affordability requirements that come with various forms of subsidy are largely divorced from the economic realities of low-income Saint Paul families. First, we need to make a distinction between income-based housing, where the renter pays a portion of their income toward their housing costs, and AMI-based housing, where the rent is set based on theoretical renters in the Twin Cities.

In the first instance, the rent stabilization ordinance already includes a specific exemption for the amount that a renter must pay if the rent is fixed to their individual income. In other words, if someone's income increases, 30% of their income will remain their obligation toward housing costs even if the difference in their old and new rent exceeds 3%.

However, LIHTC and other forms of AMI-based housing do not operate in this manner and should not be granted a broad exemption. Firstly, the Land Use Regulatory Agreement (LURA) does not prevent rent spikes in buildings where the rent is based on AMI. For example, every LIHTC building across the region that is showing up in the news with 12.5% rent increases has a LURA. Many of these buildings were constructed in the past decade, and all of them represent millions of dollars in public resources. They are home to people with disabilities, seniors on fixed incomes, and BIPOC families. Because they are required by regulation to accept vouchers, these properties also represent an opportunity for very low-income households to access broader housing choices. Exempting subsidized housing from rent stabilization would undermine the purpose of this massive public investment.

The argument for an exemption of LIHTC properties is also born of assumptions about the financial model that underlies LIHTC developments and equates LIHTC investors with equity investors in market-rate developments. What this omits from the discussion is that the equity investment in the LIHTC building takes the form of the tax credits – investors buy the credits from syndicators and that is the upfront money that goes into the development. If the building continues to operate as “affordable” rental housing — so as to not compromise the ability of the investor to claim the credit on their taxes — the value of the investment remains the same. With the largest cost of the ongoing expenses (debt service) fixed over the term of the loan – such as a 40-year low interest fixed rate HUD MAP loan – LIHTC remains a sound investment regardless of rent stabilization. Additionally, the reasonable return on investment standard applies to all properties in Saint Paul including LIHTC properties and, if there was a justification for an increase above 3%, the landlord already has the right to apply for an exception to the 3% limitation on rent increases.

An additional reason to not exempt LIHTC and other AMI-based properties from rent stabilization is that doing so would limit the ability of the lowest-income households to achieve housing mobility using vouchers. LIHTC properties must accept housing choice vouchers as a function of IRS regulations. However, there is nothing in the regulations that currently prevents them from setting the rents above the voucher payment standard if the rents are consistent with the AMI limits. When this happens, and the rent exceeds what the voucher can pay, a renter is allowed to pay out of pocket for the remaining balance. This means that people with vouchers intended to limit their housing costs to 30% of their incomes can end up paying a significantly larger portion of their incomes toward rent in apartments that are supposed to be “affordable”. The opportunities for people who received but have not yet placed their vouchers are even further limited because they cannot legally use their voucher in a place where they would have to pay more than 40% of their housing costs out of pocket. This means that for the lowest-income households, rent even slightly above the voucher payment standard prevents access to many housing opportunities that are supposedly accessible, equitable and affordable.

Because very low-income renter households are disproportionately BIPOC households, families with children, and people with disabilities, creating an exemption for “affordable housing” would have a disproportionately negative impact on housing access and opportunity for people from protected classes. According to the most recent HUD CHAS data, BIPOC households are 3.5 times as likely as white, non-Hispanic households to be renters with incomes below or equal to 50% of AMI. They are also more likely to experience severe housing cost burden, with almost all BIPOC households paying more than half of their household income for housing.

New Construction Exemption

As of June, there were 28 multi-family developments actively under construction or permitted in Saint Paul with an additional 24 proposed. Much has been made of changes in permitting for multi-family development, making a blunt comparison between the last several months and the same time last year. However, this analysis occludes the bigger picture of development trends in the city by only looking at two small snapshots in time without providing any context for why development may or may not occur. A global pandemic, rising interest rates, labor shortages, supply chain issues, shifting living patterns, and fears of a recession all play a part in when and how development happens. For example, comparing year to year there were more permitted multifamily units in May of 2022 than in May of 2021. In the first five months of 2022, the period for which there is data available, Saint Paul had more permitted units than during the same period in 2018. In fact, according to HUD permitting data — the data that has so frequently been cited as a rationale for changes to the rent stabilization ordinance passed by St Paul voters — development activity in Saint Paul is ahead of every year from 2002-2018.¹

But leaving aside the selective use of statistics about development trends in an era of deep uncertainty, the ordinance as proposed creates an exemption for new construction that is both longer in duration than that agreed upon by the cross-sector Rent Stabilization Stakeholder Group and as currently drafted, appears to be retroactive. It is important to note that, if the new construction exemption is confirmed to be retroactive, almost 15,000 households would lose rent stabilization protections.²

A retroactive exemption would also have serious fair housing implications due to its negative disparate impact on people with disabilities. Most of the properties designed to be accessible to people with disabilities were constructed after the ADA was passed 32 years ago. Even post-ADA there has been a continued evolution about what accessibility looks like in both building codes and best practices.

The retroactive exclusion of “new” construction serves no useful purpose and cannot be justified by any of the Ordinance 22-37’s “Whereas” clauses. A simple fix would be to define “New Construction” as developments that receive a certificate of occupancy after the effective date of the ordinance.

Any exemption for new construction should be narrowly tailored to ensure that it does not lead to displacement of current Saint Paul residents. This can be achieved in several ways including relocation compensation for people who are displaced to make way for new development and requirements that, in exchange for having units exempt from rent stabilization for a finite number of years after

¹ From the latest data available on the HUD SCOCs report

² From HUD SCOCs data on residential building permits from the last 20 years

construction, developers agree to maintain a certain number of units as affordable or contribute to the development of affordable housing opportunities in the city of Saint Paul.

Technical comments

There are several items that are in concept good ideas but require more precision to clarify the intent or to ease administration of the ordinance.

Preferential Banking and Just Cause

Vacancy control is an essential mechanism to ensure that people are not displaced from their housing to allow landlords to increase rents between tenancies. Ordinance 22-37 attempts to avoid displacement in two ways – by creating a “preferential banking” system and by creating limited Just Cause protections. For the preferential banking system to work as intended, there should be a limit on the total amount of deferred rent increases that a landlord can charge to a future tenant. Additional clarity is needed around what happens when a property changes hands – while a current landlord might have an interest in retaining long term tenants that results in less-than-maximum rent increases, a subsequent purchaser rarely has the same objectives and would have incentive to push out current renters to increase rents. While the Just Cause provisions would somewhat assist in that regard, we already regularly see practices intended to encourage renters to voluntarily vacate properties including construction noise, lack of maintenance, and refusal to accept vouchers. Creating a limit on the amount of rent increases that can be banked along with providing anti-displacement protections would not entirely address this issue, but would mitigate some of the most harmful practices.

Utilities

The provision on utilities does clarify and set the expectations for landlords and renters alike. However, the definition of landlord requiring control of the property could undermine the utilities provision. Since the utilities provision applies to utilities that are charged by the landlord, the provision could be read as not applying to properties where the landlord utilizes a 3rd party biller to administer and collect utility payments. The correct distinction is between people who are billed directly by utility companies and those who are billed either directly or through a 3rd party by their landlord or property management company.

CPI Definition

The definition of CPI should be more precise to ensure that there is universal understanding of what it means – is it localized to this metro or is it intended to be national CPI? All consumers? Annual or monthly adjusted?

Reduced Rent

In the administration of the exception process, 193A.07e(2) indicates that the base rent can be adjusted upward to account for “reduced rent”. This should be clarified to indicate that it refers to instances where a landlord charged a tenant less than they otherwise would have or could have (à la move-in bonus), and not that the rent was less than market-rate units if the property participates in a program that requires limitations on the rents.

Due Process

As currently written, Ordinance 22-37 could create significant barriers for renters who wish to file an appeal of rent increases above the 3% limit. In order to clarify access to information necessary for renters to have due process in the event of an appeal, Ordinance 22-37 should omit any reference to Section 94 and instead provide that information will be available consistent with the due process guarantees of the state and federal constitutions. It is not reasonable for landlords to both request an exception to the 3% limit on rent increases and claim that their submissions are trade secrets — therefore all material submitted by owners will be available to tenants.

Enforcement and implementation

The proposed ordinance incorporates some, but not all, elements of the City's rulemaking implementation process. While we are not opposed to this in concept, there are several clarifications or amendments that are necessary to ensure that renters can still access their rights under the ordinance.

Unlike the current rules, there is no simple definition of reasonable return on investment that identifies a base year 2019 as reasonable and entitled to annual CPI increase. However, various provisions refer to an MNOI worksheet as if it has a meaning under Ordinance 22-37 without a definition and reference to the MNOI standard. The simplest way to address this is to include the MNOI standard as part of the definitions section and incorporate the base rent year into the provision related to applications for exceptions to the 3% rent increase limitation.

An additional issue related to enforcement is that when DSI has a finding that a landlord is not entitled to a rent increase above the 3% limit due to a successful appeal by a renter, the limitation on rent increases should be investigated to see if it applies to other renters in the subject property. Under the current structure it is difficult for renters to challenge rent increases through the appeals process, but the MNOI standard and the factors that justify (or don't justify) an increase in rents above the 3% limit are true across the property. This will ensure that renters' rights are respected without having to hear individual appeals for each individual rental unit in a building.

Conclusion

We appreciate the difficult task in front of the City Council – respecting the will of Saint Paul voters and protecting the civil right of Saint Paul renters to have safe, stable, affordable, and dignified places to call home free from discriminatory barriers. The rent stabilization ordinance as adopted by Saint Paul voters has been instrumental in the housing stability of thousands of Saint Paul families. It is a tool that allows people to plan for their future, confident that even if their rents increases, they will not be priced out of their homes. As a city that cares about civil rights and equity, it is important that we remember that Saint Paul voters turned out for a reason – the promise that people can continue to call Saint Paul home.

Truly,

A handwritten signature in black ink, appearing to be a stylized name, possibly "D. K.", written in a cursive or semi-cursive style.

Margaret Kaplan
President, Housing Justice Center

SOCDS Building Permits Database

Query Results

Selected
Jurisdictions

Housing Unit Building Permits for: ST. PAUL, MN Ramsey County (Preliminary Data)													
	Jan. 2002	Feb. 2002	Mar. 2002	Apr. 2002	May 2002	June 2002	July 2002	Aug. 2002	Sep. 2002	Oct. 2002	Nov. 2002	Dec. 2002	Total 2002
Units in All Multi-Family Structures	0	0	0	0	0	42	8	50	6	375	9	11	501
	Jan. 2003	Feb. 2003	Mar. 2003	Apr. 2003	May 2003	June 2003	July 2003	Aug. 2003	Sep. 2003	Oct. 2003	Nov. 2003	Dec. 2003	Total 2003
Units in All Multi-Family Structures	2	114	4	118	0	2	11	211	58	7	0	94	621
	Jan. 2004	Feb. 2004	Mar. 2004	Apr. 2004	May 2004	June 2004	July 2004	Aug. 2004	Sep. 2004	Oct. 2004	Nov. 2004	Dec. 2004	Total 2004
Units in All Multi-Family Structures	0	47	0	74	54	2	160	347	439	252	57	33	1,465
	Jan. 2005	Feb. 2005	Mar. 2005	Apr. 2005	May 2005	June 2005	July 2005	Aug. 2005	Sep. 2005	Oct. 2005	Nov. 2005	Dec. 2005	Total 2005
Units in All Multi-Family Structures	0	73	0	46	0	0	0	4	88	30	44	4	289
	Jan. 2006	Feb. 2006	Mar. 2006	Apr. 2006	May 2006	June 2006	July 2006	Aug. 2006	Sep. 2006	Oct. 2006	Nov. 2006	Dec. 2006	Total 2006
Units in All Multi-Family Structures	38	2	40	0	44	10	2	31	106	0	0	130	403
	Jan. 2007	Feb. 2007	Mar. 2007	Apr. 2007	May 2007	June 2007	July 2007	Aug. 2007	Sep. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Total 2007

Units in All Multi-Family Structures	0	0	195	0	0	0	2	0	2	0	0	56	255
	Jan. 2008	Feb. 2008	Mar. 2008	Apr. 2008	May 2008	June 2008	July 2008	Aug. 2008	Sep. 2008	Oct. 2008	Nov. 2008	Dec. 2008	Total 2008
Units in All Multi-Family Structures	0	0	0	0	0	0	0	4	0	12	0	0	16
	Jan. 2009	Feb. 2009	Mar. 2009	Apr. 2009	May 2009	June 2009	July 2009	Aug. 2009	Sep. 2009	Oct. 2009	Nov. 2009	Dec. 2009	Total 2009
Units in All Multi-Family Structures	7	171	6	0	0	0	0	0	0	0	0	0	184
	Jan. 2010	Feb. 2010	Mar. 2010	Apr. 2010	May 2010	June 2010	July 2010	Aug. 2010	Sep. 2010	Oct. 2010	Nov. 2010	Dec. 2010	Total 2010
Units in All Multi-Family Structures	0	0	0	0	0	0	2	0	0	2	0	0	4
	Jan. 2011	Feb. 2011	Mar. 2011	Apr. 2011	May 2011	June 2011	July 2011	Aug. 2011	Sep. 2011	Oct. 2011	Nov. 2011	Dec. 2011	Total 2011
Units in All Multi-Family Structures	0	0	0	0	0	0	0	0	0	0	0	44	44
	Jan. 2012	Feb. 2012	Mar. 2012	Apr. 2012	May 2012	June 2012	July 2012	Aug. 2012	Sep. 2012	Oct. 2012	Nov. 2012	Dec. 2012	Total 2012
Units in All Multi-Family Structures	0	3	0	0	0	44	0	0	0	0	44	644	735
	Jan. 2013	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013	July 2013	Aug. 2013	Sep. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Total 2013
Units in All Multi-Family Structures	0	0	0	0	0	0	0	0	0	27	3	0	30
	Jan. 2014	Feb. 2014	Mar. 2014	Apr. 2014	May 2014	June 2014	July 2014	Aug. 2014	Sep. 2014	Oct. 2014	Nov. 2014	Dec. 2014	Total 2014
Units in All Multi-Family Structures	0	10	0	0	0	0	4	296	2	0	0	112	424
	Jan. 2015	Feb. 2015	Mar. 2015	Apr. 2015	May 2015	June 2015	July 2015	Aug. 2015	Sep. 2015	Oct. 2015	Nov. 2015	Dec. 2015	Total 2015

Units in All Multi-Family Structures	0	0	0	0	113	246	14	53	384	53	0	0	863
	Jan. 2016	Feb. 2016	Mar. 2016	Apr. 2016	May 2016	June 2016	July 2016	Aug. 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec. 2016	Total 2016
Units in All Multi-Family Structures	0	0	25	0	119	57	23	265	80	0	269	4	842
	Jan. 2017	Feb. 2017	Mar. 2017	Apr. 2017	May 2017	June 2017	July 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Total 2017
Units in All Multi-Family Structures	0	0	0	0	0	0	0	217	0	0	53	0	270
	Jan. 2018	Feb. 2018	Mar. 2018	Apr. 2018	May 2018	June 2018	July 2018	Aug. 2018	Sep. 2018	Oct. 2018	Nov. 2018	Dec. 2018	Total 2018
Units in All Multi-Family Structures	106	0	0	51	0	362	16	10	12	0	6	8	571
	Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	May 2019	June 2019	July 2019	Aug. 2019	Sep. 2019	Oct. 2019	Nov. 2019	Dec. 2019	Total 2019
Units in All Multi-Family Structures	0	0	163	159	0	0	271	0	2	264	642	0	1,501
	Jan. 2020	Feb. 2020	Mar. 2020	Apr. 2020	May 2020	June 2020	July 2020	Aug. 2020	Sep. 2020	Oct. 2020	Nov. 2020	Dec. 2020	Total 2020
Units in All Multi-Family Structures	124	12	0	137	200	380	295	2	143	0	523	220	2,036
	Jan. 2021	Feb. 2021	Mar. 2021	Apr. 2021	May 2021	June 2021	July 2021	Aug. 2021	Sep. 2021	Oct. 2021	Nov. 2021	Dec. 2021	Total 2021
Units in All Multi-Family Structures	495	655	158	89	4	186	59	97	64	97	9	130	2,043
	Jan. 2022	Feb. 2022	Mar. 2022	Apr. 2022	May 2022	June 2022	July 2022	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Total 2022
Units in All Multi-Family Structures	85	0	24	93	86								288
Note: i = Imputed Value													

August 23, 2022

RE: St. Paul Legislative Code Amendments – 193A

Dear Chair Brendmoen and Councilmembers:

Thank you for the opportunity to voice our concerns regarding amendments to 193A of the St. Paul Legislative Code. While we appreciate the work of Councilmember Tolbert and others to craft changes to the current rent control ordinance, we are writing to put our opposition to these amendments on the record.

Weidner Apartment Homes is a national real estate investment company that acquires, develops, owns and manages multi-family communities throughout the US and Canada. We currently operate over 4,000 units of market rate housing in Minnesota. We are also developing 350 new housing units in Minneapolis and have been an active partner in the potential creation of over 2,200 market rate and affordable housing units at the Highland Bridge site. In addition to creating new market rate housing, the Highland Bridge project also provides a critical opportunity to create new – and much needed – affordable housing of which half will be at the deeply affordable level of 30% AMI. But this development has been put on hold, and the investment is in jeopardy as we evaluate the overall economic impact of the rent control ordinance to the project that resulted from the City's decision to amend its Legislative Code to enact a rent control ordinance.

St. Paul is facing a housing crisis. However, St. Paul's Mayor recently proposed a \$26.9 million or 15% property tax increase for the city—while rent increases are capped at 3%. When you add that to the list of other factors that follow the implementation of such a policy, the economics just do not make sense.

According to the National Multifamily Housing Council – “when a community artificially restrains rents by adopting rent control, it tells builders not to make new investments and current providers to reduce their investments in existing housing. Under such circumstances, rent control has the perverse consequence of reducing, rather than expanding, the supply of housing in time of shortage”. It is a fact both internationally and domestically that when rent control policies are implemented, the net effect is that it creates the housing crisis that the policy is intended to avoid. Smaller scale housing providers flee the market due to the complexity, costs, and diminished return that follows, and it gives rise to a whole different

response that may be just as challenging to the overall rental market such as the emergence of short term rental platforms like Air BnB.

Merely attempting to amend the current rent control ordinance is woefully insufficient. It will not alleviate the heightened risk of owning or operating existing apartment communities, or pursuing new multifamily housing development opportunities within the city of St. Paul – frankly, the full slate of amendments that have been publically disclosed to date do the exact opposite. They increase complexity, reduce any incentive to invest in the city, and will cause both developers as well as owners/providers of rental housing to leave the market. Only a full repeal of the flawed rent control policy will encourage market rate developers such as Weidner to view the city of St. Paul as a financially viable community to invest in the development and management of quality rental properties.

Specifically to the amendments:

- 1) Exempting new construction from the rent control ordinance may slow the flight of new investments from the city. But the new construction exemption is an artificial way of incentivizing new projects as it creates winners and losers within the market, pits new projects against smaller scale housing providers of naturally occurring affordable housing, and distorts a healthy multifamily housing environment. While a new construction amendment would begin to bring St. Paul in line with other communities that have established a rent control policy (instead of having the “strictest rent control in the nation”), it would not solve the problem. It’s not even clear that extending it to 30 years would be a viable tool that would mitigate the risk of investing into the market. Attempts to reduce the current proposal of 20 years, as well as removing the look back provision that was included as an acknowledgement of the inherent unfairness of picking an arbitrary date for implementation will further signal to the investment community of the unfriendly posture that the city has assumed in the recent past towards providers and developers of rental housing.
- 2) The “banking” of rent increases to be used in a vacancy decontrol structure will add to an already confusing process of ROI self-determination, audits, tenant complaints and an overly complex appeals process. It would be hard to imagine a scenario where a housing provider wouldn’t just ask for the maximum increase at each opportunity as the costs of operating these communities (taxes, insurance, electricity, gas and water for common areas, materials for repairs and upgrades, and wages for admin and maintenance) continue to rise at an unprecedented rate, and are untethered to the 3% rent increase allowed under this rent control ordinance.
- 3) The reintroduction of “just cause” provisions into the market as well as relocation assistance requirements are amendments that make the entire ordinance a worse piece of legislation, and will cause developers and providers of rental housing significant pause when deciding on where to invest their capital.

These are just some of our concerns related to the ordinance and its impact on the housing marketplace in St. Paul. We believe even if the proposed changes are adopted, rent control will continue to violate property owners' constitutional rights and significantly reduce the quality and quantity of housing units in St. Paul. Only rescinding the ordinance and then engaging in a more thorough and data-driven process can St. Paul make a meaningful impact in addressing the challenge of making housing more affordable for more people.

Thank you for your consideration

GK Cerbana

Gregory K. Cerbana
Vice President – Weidner Apartment Homes

From: [Terry E. Troy](#)
To: [*CI-StPaul Contact-Council](#)
Subject: Rent Control
Date: Tuesday, August 23, 2022 11:58:19 AM
Importance: High

PLEASE:

Our City should Not become the model for Extreme Rent Control

The cost to us all is only now becoming clear:

Reduced amounts of affordable housing AND huge administrative burdens.

The proposal before the Council should not be amended.

To impose our City rules onto existing Governmental Affordable regulations is both arrogant and dangerous.

More time is necessary to evaluate the impact of the plan before any other changes are imposed.

Terry Troy

70 year resident of our wonderful St. Paul

From: [John Slade](#)
To: [CouncilHearing \(CI-StPaul\)](#)
Subject: MICAH comment on Ordinance 22-37
Date: Tuesday, August 23, 2022 1:53:12 PM
Attachments: [FINAL MICAH comments on rent stabilization 8-23-22.docx](#)

Enclosed is the comment from the Metropolitan Interfaith Council on Affordable Housing regarding Ordinance 22-37

The Metropolitan Interfaith Coalition on Affordable Housing (MICAH) St. Paul Chapter provides these initial comments on the proposed changes to St. Paul Ordinance 193A by Council Members Chris Tolbert and Amy Brendmoen. Because the list of changes proposed by these councilmembers is extensive, MICAH may provide further comments after reviewing the proposals carefully.

Last year, after thousands of St. Paul residents signed petitions required for a ballot initiative, the majority of voters approved this ballot initiative:

Whether to adopt a Residential Rent Stabilization Ordinance
Should the City adopt the proposed Ordinance limiting rent increases? The Ordinance limits residential rent increases to no more than 3% in a 12-month period, regardless of whether there is a change of occupancy. The Ordinance also directs the City to create a process for landlords to request an exception to the 3% limit based on the right to a reasonable return on investment.

This democratic effort itself was astounding, given the need to gather so many signatures prior to the ballot initiative even existing, along with the millions of opposition dollars from a few landlord organizations and misleading information sent to households.

Implementation of this initiative has been positive and negative to date. Ordinance 193A appeared to show promise, such as the language in Section 193A.01, Findings, stating:

In order to retain or find adequate rental housing, many residents of the City of Saint Paul pay a substantial amount of their monthly income for Rent; that the present shortage of residential Rental Units and the prevailing Rent levels have a detrimental effect on the health, safety, and welfare of a substantial number of Saint Paul residents, particularly persons in low and moderate income households, and persons on fixed incomes who reside in the City; that residential Tenants constitute over 50% of the residents in Saint Paul; that residential Tenants suffer great and serious hardship when forced to move from their homes; that the community is impacted by housing instability when rent increases outpace incomes; and that the welfare of all persons who live, work, or own Property in the City of Saint Paul depends in part ensuring that Saint Paul residents have access to affordable housing.

Also promising is 193A.03, stating in part “No landlord shall demand, charge, or accept from a tenant a rent increase within a 12 month period that is in excess of 3% of the existing monthly rent for any residential rental property”

Similarly, the changes proposed by Council Members Chris Tolbert and Amy Brendmoen at the August 3, 2022 City Council meeting have certain positive aspects, including clarity regarding responsibility for utility costs and language prohibiting retaliation, but are deeply concerning in other ways, including conflicts with the ballot initiative for which St. Paul citizens voted.

1. Opposition to “self-certification”

According to information presented at the August 3, 2022 City Council meeting, landlords may fill out a worksheet and “self-certify” rent increases up to 8%, with no review of the data. Such self-certification of rent increases up to 8% are “automatically approved” and go into effect in 21 days unless tenants are somehow able to object in that time period (discussed below).

This process is inconsistent with the democratic process in which St. Paul citizens voted for “residential rent increases to no more than 3% in a 12-month period” - not automatically approved annual rent increases up to 8%.

The difference between automatically approved 3% and 8% annual increases is significant. On a base rent of \$1,000 per month, the difference between a 3% and 8% increase in the first year is \$50 per month - the amount a tenant would pay for another bill. After two such increases, the difference is more than \$100 per month, growing to over \$300 per month after five increases. Meanwhile, the main cost of a landlord's principal and interest for the building should be fairly steady - largely the same amount for a fixed-rate mortgage. Even if the landlord has a variable-rate interest loan on the mortgage, only the interest portion of the payment should be allowed to increase according to the amount on the variable-interest loan; certainly the principle payment for the cost of the building or capital improvement should not increase since that amount - the largest cost - does not increase for the term of the mortgage.

Recommendation:

In examining proposed increases above 3%, if a landlord has a variable-rate interest loan to pay for the capital cost of the building, only the interest payment should be allowed to increase above 3%; the principal amount should not be increased. To pay for the costs of more staff as needed to review annual rent increases above 3%, the fair option is to bill landlords who file for approval of such exceptions to the 3% annual rent increases.

2. Tenant Notification

The idea of giving notice to tenants is reasonable, and MICAH fully supports this idea. However, the process as proposed is unlikely to give tenants sufficient notice. Tenants would have only 21 days from the date of determination to receive the determination from the City, read it, digest it, learn about options that may be available, and pursue those options. This process is even more difficult for tenants who do not speak English or Spanish. Such tenants would also need to understand somehow that they could get the determination notice

translated into their language, contact the City to get such a translation, wait for the translation, and only then start to figure out options they and other residents may choose. The notice and appeal period for tenants needs to be much longer to give tenants a realistic opportunity to take next steps.

Recommendation:

Tenants should receive notice at the time that landlords file for exceptions to the 3% annual rent increase, no matter the size of the increase. Further, the City should have the language of notices available for tenants in the languages of people who live in St. Paul, including Hmong, Somali, Karen.

3. Exemption of new construction

The proposed exemptions to rent stabilization are also troubling. Exempting new construction for 20 years is inconsistent with the vote by St. Paul residents. While it would be reasonable to exempt construction projects that can demonstrate that they were in the process of building new facilities prior to passage of the rent stabilization measure, exemptions beyond that level are not reasonable.

Owners of new construction are fully capable of setting their initial rents at a responsible level that will recover their costs and provide a reasonable return over the term of the mortgage for the building. Moreover, they would have the process to justify rent increases greater than 3% annually.

Recommendation:

Exempt only construction projects that can demonstrate that they were in the process of building new affordable rent facilities prior to passage of the rent stabilization measure.

4. Exemption of low-income housing

In addition, exempting low-income housing is not reasonable, as these tenants are most in need of protections. Unless such tenants already have protections under existing regulations of a limit of 3% rent increases annually, they should have access to the rent stabilization measure for which St. Paul residents voted.

Recommendations:

Do not exempt low-income housing from the rent stabilization ordinance unless tenants of such facilities already have protections under existing regulations of a limit of 3% rent increases annually. MICAH fully supports the statements by Councilmember Mitra Jalali at the August 3, 2022 City Council meeting.

5. Further define “reasonable rate of return”

What is a reasonable rate of return? HUD insured coop housing allows a 2% return on investment every year. We hold that the voters decided that 3% was a reasonable rate of return. Without some objective standard, industry demands for higher return could move from 6% to 12% to 18% in some housing markets.

Recommendation:

The rent stabilization ordinance as passed includes an appeal for property owners who feel they have a case to increase rents beyond 3% a year. Tie the rate of “reasonable return” to some measure of renter purchasing power (the minimum wage, the federal poverty level) and use that to tether that return.

6. Revise language for clarity and balance

MICAH recommends changes to language that is either unclear or unnecessarily benefits landlords at the expense of tenants.

The proposed language to Section 193A.06 includes these sentences in (9):

Nothing in this subsection shall be interpreted or enforced to prevent a Landlord from refusing tenancy to a Tenant for a reason other than for just cause. The just cause provisions of this subsection apply only to Landlords seeking to reset Rent following Deferred Rent Increases and a Just Cause Vacancy.

The first sentence is convoluted and appears to allow a landlord to evict a tenant for any reason, just cause or not.

Recommendation:

A clearer statement would be:

Nothing in this subsection shall be interpreted or enforced to ~~prevent~~ allow a Landlord to refuse ~~from refusing~~ tenancy to a Tenant for any reason, except ~~other than~~ for just cause.

In addition, the language proposed in Section 193A.07, Application and Complaint Processes states the following:

General. All Landlords shall be entitled to a reasonable return on investment based on the factors in section 193A.06 of this Chapter. No provision of this ordinance shall be construed as preventing a Department Determination, Legislative Hearing Officer recommendation, or City Council determination, or any Final Determination, that would grant a Landlord a reasonable return on investment.

Because Section 193A.06 is dedicated entirely to ensuring that landlords receive a reasonable rate of return on investment, and because Section 193A.07 pertains only to application and complaint processes, the first sentences proposed for Section 193A.07 show partiality for landlords.

Recommendation:

The above language should be removed from Section 193A.07. Section 193A.06 speaks for

itself.

MICAH appreciates this opportunity to provide comments and will provide further comments as needed.

Sincerely,

Metropolitan Interfaith Council on Affordable Housing (MICAH)
St. Paul Chapter

From: b b <baraberg@hotmail.com>
Sent: Tuesday, August 23, 2022 2:21 PM
To: #CI-StPaul_Ward6 <Ward6@ci.stpaul.mn.us>
Subject: Modifications to the Rent Stabilization Law

Think Before You Click: This email originated **outside** our organization.

Hi Nelsie,

We met at an earlier City Council meeting and I know that you are a supporter of renters' rights. Here are my comments on the proposed new rules for the Stabilization law.

1. There must be no exemption for new buildings. The only justification for such an exemption is to pander to the real estate and investment lobby. If they insist on destroying tenant protection in order to satisfy unencumbered landlord greed -- delaying or even cancelling some scheduled building projects to threaten us into giving in -- we need to call their bluff and invite them to go to Texas where unregulated greed seems the norm.

What happens with a new building exemption?

Mr. Big Builder buys older moderately and lower priced homes to demolish. He builds a new Beautiful Apartment building and sets (high) rents to cover his costs. John in North Oaks wants to downsize, sells his home and moves into a Beautiful Apartment with no rent protection. On the next lease Mr. Big Builder raises his rent 50% or more. John didn't budget for that rent level, can't move back to North Oaks on short notice, so he looks in Mac-Groveland, outbidding Betty, a moderate income would-be buyer who in turn goes to Frogtown or the East Side where she will outbid Henry, a low income would-be purchaser who finds no other alternatives.

Results? Mr. Big Builder makes out like a bandit thanks to freedom from rent regulation. The city has lost the older, more affordable housing that was demolished (or renovated). John, faced with a bait and switch rent increase, was forced into another move. Betty faced increased competition for moderately priced housing. Henry is forced to stay in rental housing, losing the opportunity to build up family wealth through home ownership, continuing a long history of financial exploitation which has especially affected families of color.

If Mr. Big Builder is not competent to set initial rents at a level to recoup his investment, he is in the wrong business and we don't want him in St. Paul tearing down sound older buildings. If he has had

unexpected expenses and is legitimately losing money, the rent stabilization law offers him protection -- the right to apply for a rent increase to guarantee his reasonable return. That's a pretty darn good deal; how many other businesses have government guaranteeing them a fair return on investment?

The City Council must throw out any exemption for new buildings. Rewarding bad behavior only leads to more bad behavior.

2. The City Council needs to address the urgency of getting a Rent Stabilization Board in place that can promptly respond to landlords' legitimate requests for necessary rent increases above 3% and carefully evaluate reasons for increases above 3%. No landlord should face bankruptcy because of inefficiency or delays in the city's response.

Tenants also need a functioning Rent Stabilization Board to handle tenant complaints and deal with any landlord violations or disputes. **No increase above 3% should be allowed without justification. Why shouldn't honest landlords and responsible tenants both receive fair and lawful treatment?**

3. Self-certification for rent increases above 3%? The only fair application of self-certification is to also allow tenants to self-certify rent decreases of, for example 8%, especially if the landlord is falling behind in repairs, maintenance, required services, etc. If we don't want to trust or empower tenants to unilaterally decrease their rents, then we can't gift that power to landlords to let them bypass the Stabilization Board.

If the city doesn't want to adequately fund the Stabilization Board to do the work required by the law, then share the "streamlining" benefits equally with both sides.

4. The proposed process of tenant notification of excess rent increases is totally inadequate. A tenant **must be informed immediately, by the city, as soon as a landlord makes such a request** so that the tenant may participate in the evaluation process from the outset. Involving city staff in an evaluation before hearing tenant responses is a waste of time, requiring duplication of effort once input is received from the tenant. And the process is highly prejudicial, allowing opinions to be formed after hearing from only one side. Reaching an unbiased conclusion later is unlikely after a determination was made and only challenged after the fact. The Rent Stabilization Board must be fair to both sides.

Allowing only 21 days to respond or appeal is absurd. Landlords have office managers and, necessarily, emergency contact numbers. Tenants do not have 24/7 managers to respond to notices. If I leave town for a month, I have my mail held at the post office and go through it on my return. If a letter is delivered by mistake, my kind neighbor holds it for me, unopened. Landlords are given 60 days to keep a request alive. It is even more important for tenants to have 60 days to appeal.

Perhaps there can be a process for extending the appeal time limit in case of travel, illness,

etc. But 21 days is ridiculously inadequate, unless all tenants are expected to have lawyers on retainer to manage communication about their housing arrangements.

5. Finally, please get rid of the term "Vacancy Decontrol." "Banked Increases" is the term that should be used. Vacancy Decontrol means that the rent restriction is totally or partially lifted whenever a tenant moves out. In New York City, vacancy decontrol meant a landlord could raise the rent immediately with a new tenant. This led to horrendous, vicious abuse of tenants with the goal of driving them out. Banked Increases can serve to protect existing tenants; Vacancy Decontrol puts existing tenants in jeopardy.

The Rent Stabilization Law was passed with overwhelming popular support. Do not ram through give-aways to the powerful real estate and investment lobby before the law is given a fair chance to be tested in practice.

Thank you for your work, your attention and, I trust, your action to protect the renters and local landlords in St. Paul.

Bara Berg
956 Laurel Ave., St. Paul 55104
651-292-1492
baraberg@hotmail.com

From: [Debra Muse](#)
To: [#CI-StPaul_Ward4](#)
Cc: [*CI-StPaul_Contact-Council](#); vihekoronye@isaiahmn.org
Subject: Rent Stabilization
Date: Tuesday, August 23, 2022 2:46:10 PM

Hello Councilmember Jalali.

My name is Deb Muse and I am a renter in Ward 4. I am contacting you to let you know that I and all of my fellow renters voted for and support rent stabilization. I appreciate that you have supported us by speaking out to maintain the spirit of the ordinance.

Please keep affordable subsidized housing included in the rent stabilization policy. To retroactively exclude the very people whose tax dollars provided the opportunity for big developers to lower their costs, makes no sense. Insist that Big Developers hold up their end of the bargain and actually provide “affordable” housing.

Please maintain the 15 year ‘new construction exemption’ as it was intended. If May 1st of 2022 was when the rental control ordinance went into effect; it only makes sense that “new construction” would be defined as ‘going forward’ to January of 2023, not backward to 2019.

Renters chose subsidized housing in 2019 because it was affordable. Telling us after the fact that we are no longer assured affordable rents is a bait and switch.

It’s no different than the bankers deciding they don’t like your 15 year fixed mortgage loan rates of 3% because it doesn’t suit their profit margins anymore so, going forward your original agreement is null and void and you are at the mercy of the markets.

I was not aware that when Big Business doesn’t agree with the will of the people that they get a “do-over”.

I am especially disheartened that Mayor Carter and many on the St Paul city council seem to be taking the side of Big Business over their constituents.

If affordable housing is exempted from rent stabilization and new construction is exempted retroactively then you disenfranchise the very people who voted you into office.

My husband and I have been front line workers for most of the pandemic. We, along with our fellow working class neighbors have continued to provide goods and services to the area median income earners through out the pandemic.

I can assure you that we (as a group) don’t earn even close the AMI of \$80,000 per year that affordable rent is based on nor are any of us financially able to take the constant rising cost of living hits.

It's not just about higher rent. It's about higher food costs, higher gas prices, higher tuition, higher insurance premiums, higher medical costs. All of this and now the threat of rent stabilization being taken away is too much strain on our hearts, minds and already tenuous budgets

Since moderate and low income workers staff most of the goods and services industries that the area median income earners enjoy, it seems to me you might want to keep us around.

Who will mop the floors in the hospitals and clinics?

Who will give you your massages?

Who will staff the health clubs so you can get your work-outs in?

Who will stock and bag your groceries?

Who will serve you food and drinks?

Who will make sure Home Depot and Menard's stay open so you can garden in the summer and clear snow in the winter?

When we sold our home in Minneapolis, we chose to live in St Paul because the rent was more affordable and we had the impression St Paul leaders put the will of the voters ahead of the pressure and profits of Big Business.

I hope we weren't wrong.

Thank you council-person Jalali. I appreciate all that you and your staff are doing for us. I know that you stand on the side of the voters.

I hope you can influence your co-council members to look out for their working class constituents as well.

Kind regards,

Deb Muse
Renter
Dominium Properties Inc.
952-715-9527

From: [b.b](#)
To: [*CI-StPaul Contact-Council](#)
Subject: Comments on Proposed Changes to Rent Stabilization Law
Date: Tuesday, August 23, 2022 3:27:31 PM

Greetings to the St Paul City Council members.

I plan to testify at the Rent Stabilization hearing tomorrow, but want to get a fuller version of my comments to you before the meeting. I believe tomorrow will be a serious test of whether or not our city government respects the voice of our citizens and commits to the protection of our city's renters and homeowners. I know voters will reward those who can resist the fear-mongering and heavily financed lobbying of the real estate and investment corporations.

All housing is "affordable" to someone, but we have a pressing need to preserve our existing, broadly affordable because moderately valued, housing stock.

Thank you for your attention.

REGARDING PROPOSED MODIFICATIONS TO THE RENT STABILIZATION LAW

1. There must be no exemption for new buildings. The only justification for such an exemption is to pander to the real estate and investment lobby. If they insist on destroying tenant protection in order to satisfy unencumbered landlord greed -- delaying or even cancelling some scheduled building projects to threaten us into giving in -- we need to call their bluff and invite them to go to Texas where unregulated greed seems the norm.

What happens with a new building exemption?

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If Mr. Big Builder is not competent to set initial rents at a level to recoup his investment, he is in the wrong business and we don't want him in St. Paul tearing down sound older buildings. If he has had unexpected expenses and is legitimately losing money, the rent stabilization law

offers him protection -- the right to apply for a rent increase to guarantee his reasonable return. That's a pretty darn good deal; how many other businesses have government guaranteeing them a fair return on investment?

The City Council must throw out any exemption for new buildings. Rewarding bad behavior only leads to more bad behavior.

2. The City Council needs to address the urgency of getting a Rent Stabilization Board in place that can promptly respond to landlords' legitimate requests for necessary rent increases above 3% and carefully evaluate reasons for increases above 3%. No landlord should face bankruptcy because of inefficiency or delays in the city's response.

Tenants also need a functioning Rent Stabilization Board to handle tenant complaints and deal with any landlord violations or disputes. No increase above 3% should be allowed without justification. Why shouldn't honest landlords and responsible tenants both receive fair and lawful treatment?

3. Self-certification for rent increases above 3%? The only fair application of self-certification is to also allow tenants to self-certify rent decreases of, for example 8%, especially if the landlord is falling behind in repairs, maintenance, required services, etc. If we don't want to trust or empower tenants to unilaterally decrease their rents, then we can't gift that power to landlords to let them bypass the Stabilization Board.

If the city doesn't want to adequately fund the Stabilization Board to do the work required by the law, then share the "streamlining" benefits equally with both sides.

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Perhaps there can be a process for extending the appeal time limit in case of travel, illness, etc. But 21 days is ridiculously inadequate, unless all tenants are expected to have lawyers on retainer to manage communication about their housing arrangements.

5. Finally, please get rid of the term "Vacancy Decontrol." "Banked Increases" is the term that should be used. Vacancy Decontrol means that the rent restriction is totally or partially lifted whenever a tenant moves out. In New York City, vacancy decontrol meant a landlord could raise the rent immediately with a new tenant. This led to horrendous, vicious abuse of tenants with the goal of driving them out. Banked Increases can serve to protect existing tenants; Vacancy Decontrol puts existing tenants in jeopardy.

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Bara Berg
956 Laurel Ave., St. Paul 55104
651-292-1492
baraberg@hotmail.com