RE: Rent Stabilization - 1640 Edgerton St.

Jun 4 at 12:22 PM
Demetrius Sass <demetrius.sass@ci.stpaul.mn.us>
To: Robert Fox <robfox14@yahoo.com>
Hello,

I'll do my best to answer your question in order.

Rent Increase During Appeal
Generally, rent increases are stayed during the appeals process. Rent increases are meant to be implemented once the application reaches Final Determination. Final Determination is either, 45 days after a department determination is granted in absence of appeal or at the time of the City Council decision after an appeal is filed. During the appeal process, the hearing officer will develop a recommendation which will be entered on the City Councils agenda. The council will adopt the recommendation at the next available council meeting unless there is additional public testimony that disagrees with the hearing officer's recommendation.

Rules Relating to Line 2
While the administrative rules are not explicit about how to handle Line 2 – Portion Attributable to Vacancy in the MNOI worksheet review process, there are two items I will point to. Firstly, within the income calculation portion of the MNOI worksheet, it specifically excludes the Line 2 from Line 18 - Total Income, stating, "add only lines 1 and 3-17." Secondly, the definition of Gross Rental Income found in the administrative rules is described as, "Gross Rents calculated as gross scheduled Rental income at one hundred percent occupancy and all other income or consideration received or receivable in connection with the use or occupancy of the Rental Unit."

In the application for 1640 Edgerton, it was noted that rent was purposefully decreased and the income lost from this decrease was placed in Line 2. I took this to be a concession offered by the ownership to incentivize tenancy with a new tenant. Since the rent was reduced, the "rental income at one hundred percent occupancy" was less than the Jan. 1 rent level multiplied by 12. The language was clear that the reduction in rent was not reflective of the market rate of the unit, thus, the potentially collectible rent was to remain at $31,200. This implied that the discount is temporary. If the Gross Scheduled Rental Income (representing the total collectible rent) was to remain at $31,200, the only way to consider the reduction in rent is to add a line to either the income or to the operating expense portion of the worksheet which reduces NOI by $1,200. Either option would contribute equally to reducing the Current Year NOI and growing the allowed rent increase.

Another option would be to remove the $1,200 from Line 1, lowering the Gross Scheduled Rent to $30,000. However, this would be solidifying the collectible rent at less than $2,600/month. This would move the allowed increase to over 15%, however, it would be an acknowledgement that the base rent level has been decreased from $2,600 to $2,400/month. This seemed counter to the materials provided in the application.

The administrative rules contain a variety of provisions for adjustment to operating expenses in order to create a reasonable comparison between Base and Current Year but the same cannot be said about adjustments to income values. There is not specific language within the rules defining how Line 2 is handled, rather, the absence of such language restricts staff from making adjustments to the process as written in the worksheet.

Appeal Timeline
Up to this point, the appeals office has scheduled appeals after the end of the 45-day appeal window. From there appeals generally consist of a single hearing and then dialogue between the appellants and hearing officer over email or phone. It is difficult to say how long it would take for the hearing officer to come to a recommendation to council as this is dependent on the complexity of the situation. With that said, at a minimum, I would expect 60 days. Again, our staff have no control over the appeals process so any expediting would need to be determined with the appeals staff.

I will continue to hold off on finalizing and mailing any tenant notices until you have confirmed so.

Best regards.

Demetrius Sasst
Rent Stabilization Administrator
651-266-9067

[Please note that the appellant's email to which Mr. Sass was replying has been herein removed simply to reduce the amount of text the committee is being asked to absorb. The main intent of providing these emails is to show the appellant's impetus for requesting the appeal hearing (see the highlighted text above and below).]

On Wednesday, June 3, 2026 at 01:17:02 PM PDT, Demetrius Sass <demetrius.sass@ci.stpaul.mn.us> wrote:

Hello Mr. Fox,

After reviewing the administrative rules and discussing the matter with leadership, staff will be maintaining the department's historical method of assessing this application. This is not to suggest that your interpretation of the form is unreasonable; however, any modification to our established interpretation of the process would be more appropriately addressed through the appeals process.

The appeals process is administered by a separate City department and is independent of our team and leadership. It is not an adversarial proceeding. Staff would attend the hearing to explain the process and analysis that led to the determination, and you would have the opportunity to present your perspective to a Legislative Hearing Officer (LHO). These hearing can be done remotely.

Unlike administrative staff, the LHO has additional discretion in evaluating the circumstances presented. While that does not necessarily mean a different method of analysis would be applied, it does allow for consideration beyond the constraints under which staff operate. I am happy to answer any questions you may have about the appeals process to the best of my ability.

As it stands, the department's determination will remain 14.79% unless additional evidence is submitted. I will hold the tenant notices until Friday (6/5) unless I hear from you sooner. Please note that the 45-day appeal period will begin on the date the tenant notices are mailed.

Thank you,

Demetrius Sass
Rent Stabilization Administrator
651-266-9067

SAINT PAUL
MINNESOTA

Demetrius Sass
Rent Stabilization Administrator
Pronouns: he/him/his
Department of Safety and Inspections
375 Jackson Street, Suite 220
Saint Paul, MN 551101-1806
P: 651-266-9067
Demetrius.sass@ci.stpaul.mn.us
Rent Stabilization | Saint Paul Minnesota (stpaul.gov)