

# Saint Paul Rent Stabilization Stakeholders Group

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## Executive Summary

On February 18, 2022 Mayor Melvin Carter appointed a 41-member stakeholder group to explore ways of “improving and enhancing” the program of rent stabilization in Saint Paul that voters had enacted by ballot initiative the previous November. The group’s charge was to consider the medium to long-term perspective about how rent stabilization should operate in Saint Paul and to balance critical goals of equity and growth. On March 13, 2022 the City Council adopted a resolution asking the stakeholder group to provide information on a range of specific issues related to rent stabilization policy.

The rent stabilization stakeholder group (RSSG) was a diverse set of members that included tenant advocates, real estate developers, landlords, property owners and other stakeholders. The group began meeting on February 22, 2022 and ended its work on June 7, 2022, a 16-week period in which it met 15 times.

The RSSG proceeded in three stages. First, there were several weeks of ‘learnings’ in which the wide range of rent stabilization program details found in other cities were presented to the group. During these weeks group members developed a common understanding of the policy options available. Second, the group received and processed oral and written input from members of the public. The final phase of the group’s work involved discussions and negotiations to develop a set of recommendations to the Mayor’s Office and the City Council.

The RSSG heard from local and national experts about issues related to rent stabilization policies and impacts, housing inequality and discrimination, the housing stability and affordability challenges for lower-income renters, and the basics of housing finance and investment. The group also received input from 133 members of the public. Finally, the group heard an analysis of recent rent data for Saint Paul, providing them with background on rent and rental affordability trends over the past 20 years.

The RSSG organized its learnings and deliberation around five policy option areas. Rent stabilization programs across the country vary on these five dimensions and thus they provided focus areas for decision-making by the group. The policy areas are:

1. determination of the cap on rent increases,
2. whether or not a vacancy allows for a resetting of rents to the market level (a process referred to as ‘vacancy decontrol’), and if so to what degree,
3. whether there are additional circumstances under which exceptions to the rent cap are made,
4. whether certain categories of housing stock are exempted from the program, and
5. how the program is administered and implemented.

Members of the RSSG created and agreed upon a set of 12 policy objectives for rent stabilization. In week 6 of its deliberations the group agreed that a successful rent stabilization program in Saint Paul would:

1. provide stability of residence and affordable housing for Saint Paul renters
2. provide renters with predictability in their housing costs from year to year
3. prevent rent gouging
4. provide property owners with the ability to recoup expenses for operational costs and property maintenance, and a reasonable rate of return on their investment
5. result in continued maintenance of property, providing renters with decent, safe, and clean living environments and property owners with properties that remain in good shape
6. allow and encourage the upgrading of the rental housing stock through capital improvements
7. result in the expansion of the rental housing stock and housing options in Saint Paul through new construction by continuing to attract investment and financing
8. operate through a clear, transparent, and simple set of regulations and processes so that all parties have a good understanding of the system
9. be efficient and process petitions and claims quickly
10. have regulations and procedures that are fair to all parties
11. produce good communication between renters and owners/management
12. produce stable communities in the city.

The RSSG broke into four small groups to develop a package of policy proposals that would achieve the greatest possible level of two potentially conflicting goals: breadth of support among the small group members, and comprehensiveness of the policy package.

On June 7 the group met as a whole to discuss what the small groups had produced and to decide on a set of recommendations to make to the Mayor and the City Council. The group made two recommendations:

**Recommendation 1,** The RSSG recommends the following package of policy proposals:

- 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

This package of proposals was approved by exactly 60% of those who voted on it.

**Recommendation 2.** The group recommends some form of partial vacancy decontrol. RSSG members discussed a broad spectrum of possibilities for what “partial vacancy decontrol” could be in practice, but the group made no specific recommendation on the form of partial decontrol. The recommendation for some form of partial vacancy decontrol received support from 83% of the group members who voted.

## Introduction

In November of 2021 the voters of Saint Paul were presented with a ballot initiative to create a program of rent stabilization in the city. The ballot initiative was both specific in terms of outlining several provisions that would be included in a program of rent stabilization and intentionally unspecific in other areas where City staff would be directed to fill in details for implementation of the program. The ballot initiative passed by a margin of 53% in favor and 47% opposed.

The initiative stipulated that the program of rent stabilization would begin the following spring, on May 1, 2022. The program passed by the voters set allowable rent increases at 3 percent. The program included two small exemptions; one is that the rent limit would not apply to the tenant rent obligation where that obligation is set as a share of the tenant's income (a subset of publicly-subsidized housing units), and the second is that the rent limit will not apply "to the amount that a housing service provider can be reimbursed by a government entity under the Housing Support Act, Minn. Stat. § 2561."<sup>1</sup>

The ballot initiative also explicitly noted that the limitation on annual rent increases would apply regardless of whether the unit was vacated by the previous tenant. The program approved by the voters contained a provision under which landlords can request exceptions to the rent limits based on their 'right to a reasonable return on investment.' The initiative spelled out the factors that must be taken into account when such an appeal is made, but left details of implementation up to the City.

Between the November elections in 2021 and the May 1 commencement of the program, the City of Saint Paul had to create the administrative structure and the detailed processes for implementing the program the voters enacted. In early March 2022 the Saint Paul City Council considered enacted technical amendments to the ordinance to lay out the details of implementation. The plan, developed by the administration of Mayor Melvin Carter places the main responsibility for implementation of the ordinance with the City's Department of Safety and Inspections (DSI). These actions were taken to ensure the City had the infrastructure in place to implement the program of rent stabilization enacted by the voters that took effect May 1, 2022.

A separate set of discussions about possible changes to the ordinance took place on a different track. During the campaign Mayor Carter had noted that while a supporter of the ballot initiative establishing rent stabilization in Saint Paul, he had reservations about some of the details of the proposed program. Shortly after the election Mayor Carter signaled his desire to see an amendment that would exempt new housing construction from the rent increase limits

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<sup>1</sup> Sec 193A.06

prescribed in the ordinance. In February the Mayor announced his proposal for a 15-year “rolling” exemption for newly constructed residential properties.<sup>2</sup>

At the same time, the Mayor’s office convened the 41-person stakeholder group to consider a range of possible amendments to the ordinance. Any such changes, including the Mayor’s own proposal for a 15-year new construction exemption, would not take effect before November of 2022, 12 months after passage of the ballot initiative, as required by the city charter. The rent stabilization stakeholder group (RSSG) began meeting in February. The group’s charge was to consider the medium to long-term perspective about how rent stabilization should operate in Saint Paul, and “to collectively explore how to balance our critical goals of equity and growth and to develop a report with considerations toward improving and enhancing the ordinance.” In March the City Council adopted a resolution formally requesting input from the RSSG on a range of issues related to the medium and long-term form of rent stabilization in the city.

This report documents the deliberations of the RSSG and summarizes its findings. The report is organized into four parts. In Part I we describe *the process* that the stakeholder group underwent to deliberate and then offer considerations to the Mayor and City Council. Part II presents data on the *state of the rental housing market* in Saint Paul. This was information presented to the stakeholder group in week 1 and week 12. Part III of this report contains a summary of the *substantive issues* that arose and structured the deliberations of the group. Part IV contains the *recommendations* of the RSSG.

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<sup>2</sup> A rolling exemption excludes housing units from regulation based on the building’s age, as compared to a new construction exemption that is tied to a specific date. Under a rolling exemption, buildings age out of exempted status and become rent regulated after the exemption period is completed.

## I. The Rent Stabilization Stakeholder Group Process

In this part of the report, we discuss the makeup of the group and the process it undertook over a 16-week period from February 22 to June 7, 2022.

### *The stakeholder group*

The Mayor announced the creation of the RSSG on February 18, 2022. The 41 members of the group are:

- Phillip Cryan, Service Employees International Union-Healthcare Minnesota and Iowa; Co-chair
- Tony Sanneh, Sanneh Foundation; Co-chair
- Katherine Banbury, resident
- Tony Barranco, Ryan Companies
- Cecile Bedor, CommonBond Communities
- Jay Benanev, resident and former City Council member
- Clinton Blaiser, Halverson & Blaiser Real Estate Development Group Ltd.
- Monica Bravo, West Side Community Organization
- Carolyn Brown, Community Stabilization Project
- Scott Cordes, Project for Pride in Living
- Arline Datu, resident
- Malik Davis, Rondo Realty Group
- Khayree Duckett, Dominion Apartments
- Kelly Elkin, Old National Bank
- Tou Fang, property owner
- Jessica Fowler, YWCA
- Thomas Godfrey, resident
- Robbie Grossman, Saint Paul Area Association of Realtors
- Tram Hoang, Housing Justice Center
- Myisha Holley, resident
- Rich Holst, property owner
- Mya Honeywell, realtor
- Abdiaziz Ibrahim, resident
- Rawnsion Ivanoff, resident
- Nathaniel Khaliq, BNV Properties\*
- Chue Kue, property owner
- Bill Lindeke, resident
- Nene Matey-Keke RNR Realty International
- Carin Mrotz, Jewish Community Action
- Thomas Nelson, Exeter Management

- Dalton Outlaw, Outlaw Development\*\*
- Kevin Pranis, Laborers' International Union of North America - Minnesota and North Dakota
- B. Rosas, Minnesota Youth Collective
- Katheryn Schneider, property owner
- Julie Schwartz, Lake Street Realty
- Emmanuel Speare, New City Properties
- D'Angelos Svenkeson, NEOO Partners Inc.
- Chris Tolbert, Saint Paul City Council
- Marcus Troy, resident
- Kou Vang, JB Vang
- Clara Ware, resident

\* Did not participate in the stakeholder group

\*\* Resigned from the stakeholder group for reasons unrelated to the work of the group.

Phillip Cryan of SEIU-Healthcare Minnesota and Iowa and Tony Sanneh of the Sanneh Foundation served as Co-chairs of the RSSG. The Mayor's office contracted with the Center for Urban and Regional Affairs (CURA) at the University of Minnesota to facilitate the group in its deliberations. Jon Grebner of the Mayor's office provided support to the group and helped coordinate its activities. The following City of Saint Paul staff members attended some or all of the meetings of the group:

- Tara Barenok, Office of Financial Services
- Kirstin Burch, Office of Financial Empowerment
- David Gorski, City Attorney's Office
- Mary Guerra, Office of Financial Services
- Brynn Hausz, City Council Staff
- Tony Johnson, Planning and Economic Development
- Noel Nix, Mayor's Office
- Luis Pereira, Planning and Economic Development
- Ian Welsh, City Attorney's Office
- Doua Yang, City Council Staff
- Adam Yust, City Council Staff

The group meetings were virtual and took place on ZOOM. All of the meetings were also live-streamed to allow members of the public to observe. One complication of this system was that the breakout rooms in Zoom could not be live-streamed. Thus, when the stakeholders group broke into small groups for discussions, those moments were unavailable to the public.

All of the meetings were recorded and made available on a web-site established by the City to contain the details and on-going record of the group's activities (<https://www.stpaul.gov/departments/mayors-office/rent-stabilization-stakeholder-group>). This



web-site contains a recording of each meeting, the minutes, and any slide presentations or other materials presented.

The RSSG proceeded in a three-step fashion. First, there were several weeks of ‘learnings’ in which the wide range of rent stabilization program details found in other cities were presented to the group. Group members came from a varied set of backgrounds and degrees of prior knowledge related to how rent stabilization works and the different dimensions of such programs. The first several weeks were used to provide a common understanding and background to all members before the group began its discussions. Second, the group held a hearing on the evening of April 12 to hear from the public on the issue. These comments were processed and organized by CURA after the meeting for the group’s consideration. The final phase of the group’s work involved discussions and negotiations related to the development of recommendations to the Mayor’s Office and the City Council.

Some of the members of the RSSG were centrally involved in the pro-rent stabilization movement that put the initiative on the ballot and then campaigned on its behalf. These members came to the group with a sense that the question of what rent stabilization should look like in Saint Paul had already been decided by the voters. For many of these members, protecting the existing ordinance was their priority. At the same time, many of the members appointed to the stakeholder group work in the housing industry in one capacity or another as developers, landlords, real estate agents, or in finance. Some of these members brought very strong opinions against rent stabilization to this process and had as their base position the idea that rent stabilization in any form was wrong. These constituted the two polar positions among stakeholder group members, with many other members situated somewhere between the two. Members preferring either of these polar positions were asked, in this process, to move off of their starting points and contribute to a third outcome: one in which rent stabilization would exist in Saint Paul but would look different than the ordinance passed by voters in November 2021.

### ***Meeting Summaries***

Meetings of the stakeholder group began on February 22 and ended on June 7, 2022, a 16-week period in which the group met 15 times. Meetings took place on Tuesday afternoons from 1:00 to 3:00 p.m., except for the open forum for public input which took place on Tuesday, April 12 from 6:00 to 8:00 p.m. The facilitators established a process in which a post-meeting survey would be sent to members to solicit their reactions to and ideas about the content of the previous meeting and to allow members opportunities to ask questions that might be addressed at the next meeting. The full set of these surveys and responses are included in the appendix.

***Week 1: Tuesday, February 22.*** At this introductory meeting, Mayor Carter welcomed the members. The Mayor asked the members to “engage with each other in a spirit of constructive dialogue” to determine what rent stabilization would look like in the city of Saint Paul. After the Mayor spoke, group members introduced themselves to each other. Each member gave their name and identified their affiliation or the group or interests they were representing.

After introductions the CURA team went over the suggested schedule for the stakeholder group. The group would meet each Tuesday afternoon at 1:00 for two hours. The initial five or six sessions would be informational, providing members with background on how rent stabilization programs operate, how they look in other cities across the U.S., and where possible, what the research has shown about the impacts of different rent stabilization approaches. These learning sessions would be organized around five major features of rent stabilization programs: 1) determination of the cap on rent increases, 2) whether or not a vacancy would result in a resetting of rents at the market level (a process referred to as ‘vacancy decontrol’), 3) whether there are additional circumstances under which exceptions to the rent cap will be made, 4) whether certain categories of housing stock are to be exempted from the program, and 5) how the program is administered and implemented. The proposed schedule also included a date for a public hearing and then group discussions leading to a set of recommendations for the Mayor and City Council. It was initially envisioned that the group would switch to an every-other-Tuesday schedule after the public meeting on April 12. This did not occur as the group needed every possible meeting time to process the information they had received, to bring in additional presenters and topics at group members’ requests, and to deliberate on policy recommendations.

Also in this first meeting, guidelines for participation were offered by the CURA team and discussed by RSSG members. The members added some additional ground rules to those proposed by CURA. The full set of ground rules is provided below:

- 1) Be real and true to your experience when sharing observations of perceived experience.  
Honor that communities have knowledge about how they experience systems and structures.
- 2) Give space for people to be vulnerable when speaking of their experiences.  
If someone has shared a difficult story, be aware of the follow up.
- 3) Acknowledge and respect differing opinions and perspectives.  
Recognize that these conversations may be contentious, and that each person will be coming from a unique position.
- 4) Step up, step back.  
Participate as much as you listen; it is a two-way street of learning.  
Set aside implicit power roles so all voices have equal weight.
- 5) Be open and curious.  
Lead with curiosity, honesty, transparency, courage, and humility.
- 6) Be quick to listen, slow to react/speak.  
Be slow to judgment when engaging.  
Commit to a principle of constructive engagement.
- 7) Try to stay away from jargon and specialized terms.
- 8) Keep an eye towards moving the discussion forward.
- 9) Leave time and space for others.
- 10) Respect pronouns.

**Week 2: March 1, 2022.** This meeting began with a vote to finalize and approve the ground rules for participation discussed in the previous meeting. The set of 10 ground rules was approved unanimously. The CURA team then presented group members with a summary of the post-meeting survey.

The first week's post-meeting survey included a series of questions aimed at eliciting from members their particular concerns and hopes for this process and for the issue of rent stabilization in Saint Paul. Members were asked to identify which stakeholders need protection as the RSSG meets and deliberates. The answers to this divided into two clusters, the largest one focused on renters and another on real estate industry actors (property owners, developers, small businesses, etc.).

A second question asked what members' priorities were, as they engaged in this process. The largest single group of responses was related to the potential housing market outcomes of rent stabilization. These responses included concerns that rates of housing production and the quality of the housing stock be maintained, and that the market provide affordable rents and housing stability for renters.

The post-meeting survey also asked RSSG members to reveal their "greatest hopes" for this process. Responses were roughly evenly distributed across a group of answers that identified hope for agreement on specific policy elements such as vacancy control or an exemption, a group of answers that focused on a process that protected the well-being of a specific stakeholder group, and a group of answers related to housing market outcomes.

Finally, stakeholder group members were asked what their "greatest concerns" were going into this process. These answers tended to be the inverse of answers to the previous question and reflected concerns for the well-being of specific stakeholder groups or concerns about negative housing outcomes.

After the summary of the post-meeting survey, the CURA team began the 'learnings' sessions that were to dominate the next several meetings. The presentation at this meeting began with a brief history of rent control and rent stabilization in the U.S., the conditions under which rent stabilization has been used, the general character of rent stabilization in the U.S., and how widespread these policies are across the country.

The stakeholder group broke into small groups to discuss and react to this material, and then reconvened for a brief discussion. When this was concluded, the CURA team began a presentation on the first of the five program design areas; the rent cap.

**Week 3: March 8, 2022.** The meeting began with a housekeeping item; members were informed of an on-line folder in which meeting documents would be available to them. Copies of slides used in the meetings, background studies for some of the learnings, and other documents offered by the stakeholder group members themselves were to be stored in the folder for

members to use and see as they wished between meetings. Over the next few weeks this space was also used to hold materials that some of the group members wanted to share with each other.

After a summary of the post-meeting survey responses, the CURA team resumed the learnings presentation. The presentation completed the material on rent caps and how they are calculated and used in other cities. The group went into breakout rooms for conversations on the issue of rent caps, and then reconvened to report back some the details of their small group discussions. The CURA team then moved on to the second policy design element, the issue of vacancy control/decontrol. The meeting ended after the RSSG had gone back to small groups for a discussion of vacancy control/decontrol.

**Week 4: March 15, 2022.** In the week leading up to this meeting some stakeholder group members expressed the concern that the details of the existing Saint Paul ordinance, the program enacted by voters in the November 2021 elections, were not well known by group members. It was suggested that a recap of the program would be useful as a reference point while members were learning about all of the other potential approaches that exist and that have been tried elsewhere. Thus, in this meeting of the stakeholder group a summary of the existing Saint Paul ordinance was provided to the members.

Following the recap of the Saint Paul ordinance, the learnings presentation focused on the third policy design element – exceptions to the rent cap. Possible exceptions to rent caps that were covered included provisions for “reasonable return on investment”, the pass through of maintenance, capital improvement investments, utilities, and property tax increases. How other cities have approached these issues was described. The issue of “banked” preferential rents is also a basis for rent cap exceptions in some cities, and this issue was covered as well. Group members went into small groups to discuss this element of policy design and then reconvened for a full group discussion.

Then the group turned to the fourth policy design element, hearing about how other cities have incorporated exemptions of certain portions of the housing stock in their rent stabilization programs. Potential housing stock exemptions covered were small-building (buildings with fewer than five units) exemptions, owner-occupation exemptions, and exemptions for subsidized housing.

**Week 5: March 22, 2022.** Group members made suggestions about the April 12 public input session; suggesting a time limit for speakers, allowing the opportunity for written input from members of the public, that the session be held in the evening to make participation easier for many, and a need for an engagement strategy that would get the word out. It was agreed that the April 12 session would take place at 6:00 p.m. and last for two hours. All of the rest of the group’s suggestions were also implemented.

Learning material on the final policy design element was then presented to the group related to how cities implement rent stabilization programs and the range of efforts made to establish

public information on the requirements of rent stabilization in order to enhance compliance. This presentation, like the ones before it, included examples of what other cities have done so that RSSG members could see the potential options to consider.

At this point, the group went into breakout rooms to discuss what should be the overall objectives of a rent stabilization program. Group members were given the prompt: “What objectives would a successful rent stabilization program in Saint Paul achieve?” Participants were given some time to generate and write down their own ideas and then the small groups brainstormed together. The ideas were captured on a google document for later analysis.

**Week 6: March 29, 2022.** This meeting began with a presentation of the City Council Resolution (Resolution 22-408) passed on March 23, 2022. The City Council declared its intention “to consider amendments and improvements” to the existing rent stabilization ordinance and asked the RSSG for input on 10 specific items:

1. How to ensure stable rental rates in Saint Paul;
2. How to ensure quality affordable housing for both incumbent renters and for prospective renters;
3. How to implement an exemption for new residential construction; specifically what length of time the exemption should be for;
4. Data on the impacts of the rent stabilization ordinance that justify the recommendation above;
5. Provide recommendations for ensuring affordability and protections for renters in exempted new construction and policies to mitigate displacement;
6. How to establish a rent increase cap, whether any possible exceptions should exist from such a cap, and what those exceptions might be;
7. Whether and how to implement vacancy decontrol, meaning the ability of a landlord to increase rent above the rental cap in cases where a tenant vacates a unit;
8. How to ensure compliance with a rent stabilization ordinance;
9. How to ensure that rental units and properties in Saint Paul are properly maintained, updated, and invested in while complying with the rent stabilization ordinance; and
10. Recommendations and best practices learned from implementing rent stabilization policies around the country for future consideration, including community education strategies that empower renters to understand their rights and landlords to understand and meet their responsibilities, staffing, budgetary considerations, and other recommendations as determined by the workgroup.

The group then went on to discuss the results of their exercise of the previous week in which they were asked to articulate what a successful rent stabilization program would achieve for the city of Saint Paul. More than 200 individual comments were recorded by the group members and facilitators from the small group discussions of the previous week. These comments were analyzed by the CURA team and categorized into 12 potential program objectives. The 12 statements of program objectives were presented back to the group at this meeting for their

review and comment. There was widespread agreement and acceptance of the 12 statements (which are presented in detail in Part III of this report).

In the second hour of the meeting, Dr. Kenneth Baar, an expert on rent stabilization programs and on the determination of 'reasonable rate of return' spoke to the group. His talk covered a range of topics including new construction investment, measuring reasonable return, the use of the consumer price index in rent caps, vacancy control and decontrol, and banking.

**Week 7: April 5, 2022.** At this meeting the group members were polled on their positions on various aspects of rent stabilization policy. At this point in the RSSG process the group members had heard in depth about the various components of rent stabilization policy that exist and were aware of the policy options in front of them. This poll was meant to gauge how stakeholder group members felt about these various policy options, prior to entering into deliberation together over recommendations. Participants were told that this was not a binding vote of any sort, but rather a test to see the extent of consensus or dissensus in the group as the group transitioned to discussion and negotiation. It was also made clear that this polling exercise artificially separated out each individual policy choice as a discrete question, even though many RSSG members had pointed out that for the purposes of making recommendations policy choices would need to be thought through together in packages. Members were polled on specific policy options across the five rent stabilization policy elements (rent cap, vacancy control/decontrol, exceptions to the cap, housing stock exemptions, and implementation/public education strategies). The results of this poll are presented in Part III of this report.

In the second half of the meeting, the stakeholder group members heard a presentation from a guest speaker, Rebecca Walker of the Mapping Prejudice Project, on the history of housing discrimination in the U.S. and in the Twin Cities. Specifically, she described the pervasive discrimination against people of color and especially African-Americans that forced them into the lowest quality housing and the lowest-valued neighborhoods of the cities. This type of segregation robbed these groups of the wealth-building that Whites were able to benefit from through higher rates of homeownership and property value appreciation.

**Week 8: April 12, 2022.** The stakeholder group convened in the evening of April 12 for the purpose of hearing input from members of the public. Members of the public were given one minute to speak. A total of 37 people spoke at the open meeting. Some, because there was time available, spoke a second time.

In addition, 96 people provided the RSSG with written comments. The portal for providing written comments was open from Tuesday April 5 through the end of Friday April 15. All the written and oral comments were analyzed and categorized according to theme. A summary of the comments was given to the stakeholder group at the next meeting of the group.

**Week 9: April 19, 2022.** No meeting was held.

**Week 10: April 26, 2022.** This meeting of the stakeholder group was devoted to recapping the input the group had received from the public as well as a summary of their own responses to the polling questions from the April 5 meeting. Both the public input and the results of the group member polling are described in detail in Part III of this report.

**Week 11: May 3, 2022.** At this meeting of the stakeholder group, the group heard from two speakers, Rasheedah Phillips of the nonprofit advocacy and research group PolicyLink, and Sarah Harris from the nonprofit housing developer Aeon.

Phillips presented statistics on renter insecurity in Minnesota and the affordability problem for renters in the Twin Cities metropolitan area. Phillips described how the housing insecurity is a racial equity issue, with disproportionate impact on BIPOC families. She finished her talk by estimating the economic and community benefits of rent stabilization.

Harris also began her talk with statistics about the housing crisis for lower-income renters. She then focused her talk on the housing supply shortage noting both the loss of existing affordable housing and the lagging production of new housing, leading to low vacancy rates and high prices. She ended her talk with a primer on financing housing and the need to attract investors to the local market.

**Week 12: May 10, 2022.** The meeting began with a discussion of the threshold for agreement that would be considered sufficient to further a recommendation to the Mayor and City Council. The Co-chairs had announced in a previous meeting that, following the approach taken by the City's public safety taskforce that was convened in 2021, a 60% threshold of agreement would be used to establish what would constitute a recommendation from the group, while agreement from over 90% of group members would constitute a "strong recommendation" by the RSSG. Several members of the stakeholder group representing tenant interests expressed strong reservations about the 60% threshold, feeling it was too low. They were concerned that the overall makeup of the RSSG was such that 60% agreement might be achieved without any agreement from tenants.

After this discussion the group heard a presentation on rental market trends in Saint Paul. The CURA team analyzed data from the real estate analytics firm CoStar tracking a sample of rental buildings from 2000 to 2022. A full summary of this information is provided in Part II of this report.

The full group was then broken out into four small groups for deliberations. Up to this point in the group's process, small groups changed from one meeting to the next to give members the chance to interact with a large number of their colleagues over time. From this meeting forward, however, these four breakout groups were kept intact in order to facilitate the development of a deeper discussion among the members and the development of policy recommendations. These four groups had been purposefully formed by the co-chairs and facilitators to represent a balance of the interests that were represented in the full RSSG. The groups were charged with trying to shape a package of policy proposals that would achieve the greatest possible level of

two potentially conflicting goals: breadth of support among the small group members, and comprehensiveness of the policy package. Each of the groups was facilitated by one or two CURA team members.

Throughout the stakeholder group process, several participants and speakers had pointed out that the many elements of a rent stabilization policy provided opportunities for tradeoffs, so that one's position on a specific element such as the rent cap, might be dependent on the decision made about another policy element such as, for example, banking or vacancy decontrol. The small groups were encouraged to think holistically about a rent stabilization program for Saint Paul. To anchor their thinking from the beginning they were asked to use the existing ordinance as the starting point – with one major exception. They were asked to add to their starting point some form of an exemption for new construction. This was added to the group's reference point because the existence of such an exemption had been largely agreed upon by the Mayor and the Council, and because the Council's Resolution to the stakeholder group asked for input on the form of such an exemption. The groups were given two prompts to begin their discussions: "What does the current ordinance (with a new construction exemption) do well?" and "What does the current ordinance (with a new construction exemption) not do well?"

The group members moved into the small breakout rooms just 10 minutes before the end of the meeting, leaving only enough time for introductions. The small group discussions would begin in earnest the following week.

**Week 13: May 17, 2022.** This meeting began with the Co-chairs reiterating the process that the RSSG would follow in its final weeks. The Co-chairs explained that each of the small groups would be deliberating on a potential "package" of proposals. The four packages that emerged from the small group process would then constitute the starting point for the large group discussion. The Co-Chairs explained that the small group process is not bound by the 60% threshold and that, in fact, the crossover appeal of a package proposal (i.e., having supporters who came from both the "No" and the "Yes" camps from the prior fall's election question) would be a strong indicator of its viability.

As previously noted, this meeting of the RSSG was, in effect, the first opportunity for the small groups to discuss possible policy packages. The rest of the meeting was thus devoted to the small group discussions.

**Week 14: May 24, 2022.** This entire meeting was devoted to small group discussions, continuing to propose, debate, negotiate over, and try to craft compelling policy packages to bring back to the full RSSG.

**Week 15: May 31, 2022.** This entire meeting was devoted to small group discussions. Near the end of the second hour the RSSG reconvened as a full group to hear the status of discussions in the small groups. Group 1 had voted on a specific package but two of its members were not in attendance at the time of the vote. The Co-chairs directed that the two missing members have an opportunity to vote on the competing packages that Group 1 had considered and that the



results would be sent to the Co-chairs by Friday June 4. Group 2 was nearing the end of its discussions and had developed four compromise proposals to vote on, with members of the group invited to vote for any of the compromise packages they supported (not just for the one they most would like to see move forward). Group 3 had not identified much common ground and had two quite disparate packages to choose between. Group 4 had not yet taken a vote, but was close to doing so, having had many constructive “crossover” conversations among different stakeholders, leading them toward a vote on a single compromise package.

The Co-chairs gave the groups until Friday June 4 to conclude their respective processes and forward a proposed package for the consideration of the full RSSG.

**Week 16: June 7, 2022.** All of the small groups concluded their processes by Friday June 4, and the Co-chairs and facilitators reviewed their proposed packages. Several policy elements were common across the package proposals that received the most support in at least three of the small groups, including a recommendation for a 3% cap, some form of banking of preferential rents, a 15-year exemption for new construction, a continued process for reasonable rate of return, and support for just cause eviction protection for tenants.

The Co-chairs put forward this partial package of policy elements to the group for a vote. Twenty-one of the 35 members who voted, exactly 60%, voted in favor. Several RSSG members indicated in the discussion prior to that vote that their support for a 3% rent cap was contingent on having vacancy decontrol, which was not included in the partial package because there were such clear divisions on it in the recommendations made by the four small groups. In response to this concern about the rent cap level being contingent on vacancy decontrol for some RSSG members, the Co-chairs offered up the same partial package of policy elements without the 3% cap and put that package (15-year new construction exemption; preferential banking; reasonable rate of return; and just cause protections for renters) up for a vote. This package received only 12 votes in favor (34%).

After the first vote took place, one RSSG member spoke up to indicate that he had just joined the meeting and had not voted on the first partial package offered by the Co-chairs. He further indicated that his vote would have been “No” had he been in attendance when the vote occurred. This would have meant that support for the package would have been below the 60% threshold. Four other members of the RSSG, one of whom had also entered the meeting late, did not vote on the first question. Other members who voted on the two initial packages did not vote on other questions put to a vote later in the meeting, some of them still participating in the Zoom meeting but choosing not to vote and others having left the meeting before it concluded.

The Co-chairs then moved the group’s discussion to the issue of vacancy control/decontrol. All four of the small group packages addressed vacancy decontrol directly, and it was clear from the reports of the small groups that this was a high-priority issue for RSSG members from a wide array of stakeholder perspectives. The packages from groups 1 and 3 called for full vacancy decontrol and the packages from groups 2 and 4 called for a specific, limited form of partial decontrol: making the maximum rent hike at the time of a change of tenants the total “banked”

amount of any allowed increases during the outgoing tenant's tenure that the landlord or property manager chose not to apply. The Co-chairs held a series of votes to see if the full group wanted to make a specific recommendation on vacancy decontrol. The first vote related to the preference of group members for full or partial vacancy decontrol. Twenty of the voting members (57%) voted a preference for partial decontrol and 15 voted for full decontrol. The Co-chairs then called for "yes/no" votes on each option. Twenty-nine of 35 voting members (83%) voted in favor of partial vacancy decontrol, while 15 of 34 voting members (44%) voted in favor of full vacancy decontrol.

At this point the Co-chairs suggested reconvening for one additional meeting the following week, to take up other policy elements on which there was not a significant level of agreement across the four small groups, to see whether it might be possible for the RSSG to reach 60% or higher agreement in order to make further policy recommendations to the City Council and Mayor. However, multiple RSSG members suggested that it would be better to conclude the RSSG's work and report the votes already taken, and the decision of whether to convene for an additional meeting was put to a vote. The majority (17 of 31 RSSG members voting, or 53%) voted against meeting again the following week to take up other policy questions.

## **II: Rental Housing in Saint Paul**

### ***The rental housing stock***

The CURA team provided the stakeholder group with information on the rental housing stock prior to the first meeting of the group. This information was a short summary of U.S. Census Bureau information about the housing stock in the city. The American Community Survey (ACS) data for 2015-2021 (the most recent available at the time) showed there were 56,225 renter households in Saint Paul, 50% of which were Black, Indigenous, People of Color (BIPOC) and 50% were non-Hispanic White. Seventy percent of BIPOC households in the city are renters, compared to only 39% of White households. Renting is most prevalent among Black households; 82% of Black households in Saint Paul rent.

The median income for renter households in Saint Paul was \$36,236, compared to \$85,634 for households who owned their homes.

Affordability problems are most acute for lower-income renter households. Close to 60% of renter households making less than 30% of the area median income (AMI) are “cost-burdened” (i.e., they pay more than 30% of their income on housing).

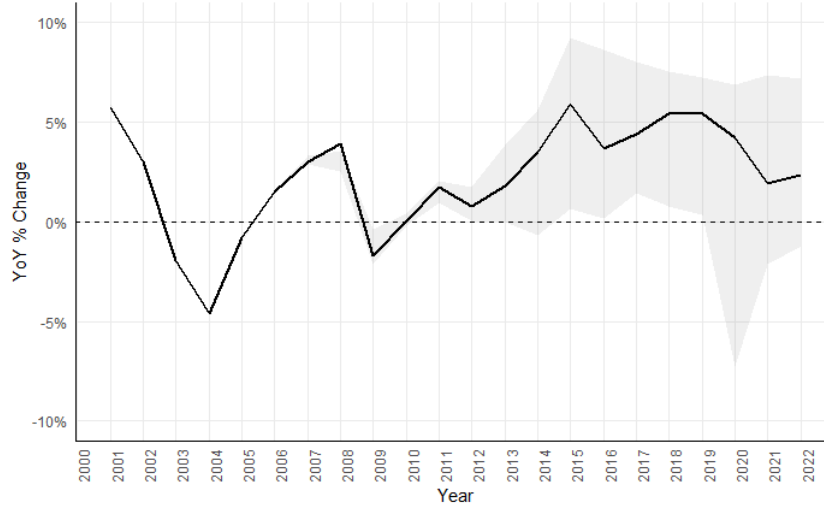
According to the ACS data, 70% of rental units in Saint Paul are in buildings with five or more units, while 17% are in single family homes. Forty-one percent of non-homesteaded housing units in Saint Paul were built prior to 1950; 89% were built prior to 2005.

### ***Rent trends and affordability***

In week 12 the CURA team presented a more detailed analysis of rental trends in Saint Paul. The analysis was based on data from CoStar, a real estate analytics firm. The CoStar data provides fine-grained information on rent changes over this period of time. A constraint of this database is that it covers only rents in buildings with five or more units and thus does not provide information about rents and rent trends in smaller buildings. In Saint Paul, however, 70% of the rental market is in larger buildings, as noted above. The sample analyzed by CURA consisted of 549 buildings and over 24,000 units. The sample was limited to buildings that rent units at market rates (i.e., subsidized housing was excluded).

The year-over-year change in nominal rents in Saint Paul have generally been below 5%. Over time we see more variation within the market, a greater range between the highest and the lowest rent increases, in the post-housing crisis period. Rents grew, on average, by 2.2% per year from 2000 to 2022. But there is variation in that pattern. In the years from 2000 to 2012, average rent increases were less than one percent, while in the post-crash period from 2013 to 2019, the average increased to 4.3. Figure 1 shows average rent increases in Saint Paul from 2000 to 2022.

Figure 1: Year over year change in nominal rents, Saint Paul 2000-2022



Black line represents mean change, grey area represents range of rent changes (10<sup>th</sup> to 90<sup>th</sup> percentile).

Trends in rent increase differed somewhat based on the age of the building. Prior to and during the housing crash, rents in newer buildings (built since 2000) tended to increase at a slightly higher rate than in older buildings. Since the end of the crash, the opposite has been the case. Table 1 provides the figures.

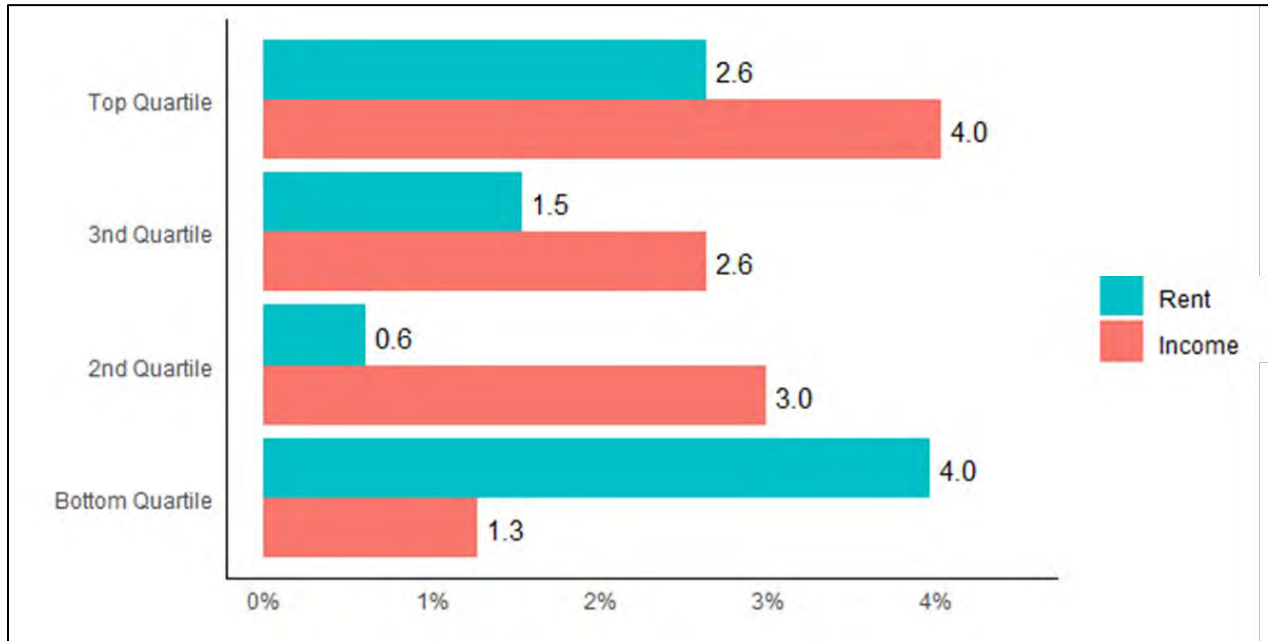
Table 1: Rent change by building age

Time Period	Built Pre-2000	Built Post-2000
2000-2007 Pre-Crash	0.9	1.4
2008-2012 Crash	0.8	1.1
2013-2019 Post-Crash	3.3	2.7
2020-Present COVID	2.0	0.1
<b>Total</b>	<b>1.8</b>	<b>1.5</b>

Table 2 shows what has happened to rents and incomes for Saint Paul renters. Renters with incomes in the top quartile (for all renters) saw average annual income increases of 4% and average annual increases in rents of just 2.6%. This pattern is the same for renters with incomes in the second and third quartiles, too; income growth outpaced rent increases. However, for the lowest income renters in Saint Paul, the story is quite different. Renters with incomes in the bottom quartile saw their income increasing only 1.3% annually while their rents were increasing 4% each year on average (see Figure 2).

According to the ACS data, 56% of the renter households in the bottom quartile are cost-burdened, compared to only 1.8% of those in the top quartile.

Figure 2: Average annual income and rent change by income quartile, 2006-2019



Source: Author calculations, ACS, inflation adjusted

### ***Potential rent caps in Saint Paul***

The CURA team modeled four potential rent caps to compare the allowable rent increases under each cap with the actual average rent increases in Saint Paul from 2000 to 2022. The results are shown in Figure 3. The thicker, black line represents actual average annual rent increases in the city during this time period. The other lines represent the maximum allowable rent increases under different rent cap scenarios. The horizontal red line is the 3% rent cap of the current ordinance. Actual rent increases were below that level for almost the entire time period between 2002 to 2013. The post-crash period (2013-2019) saw rent increases above 3%, and then rent changes dipped below 3% during the pandemic.

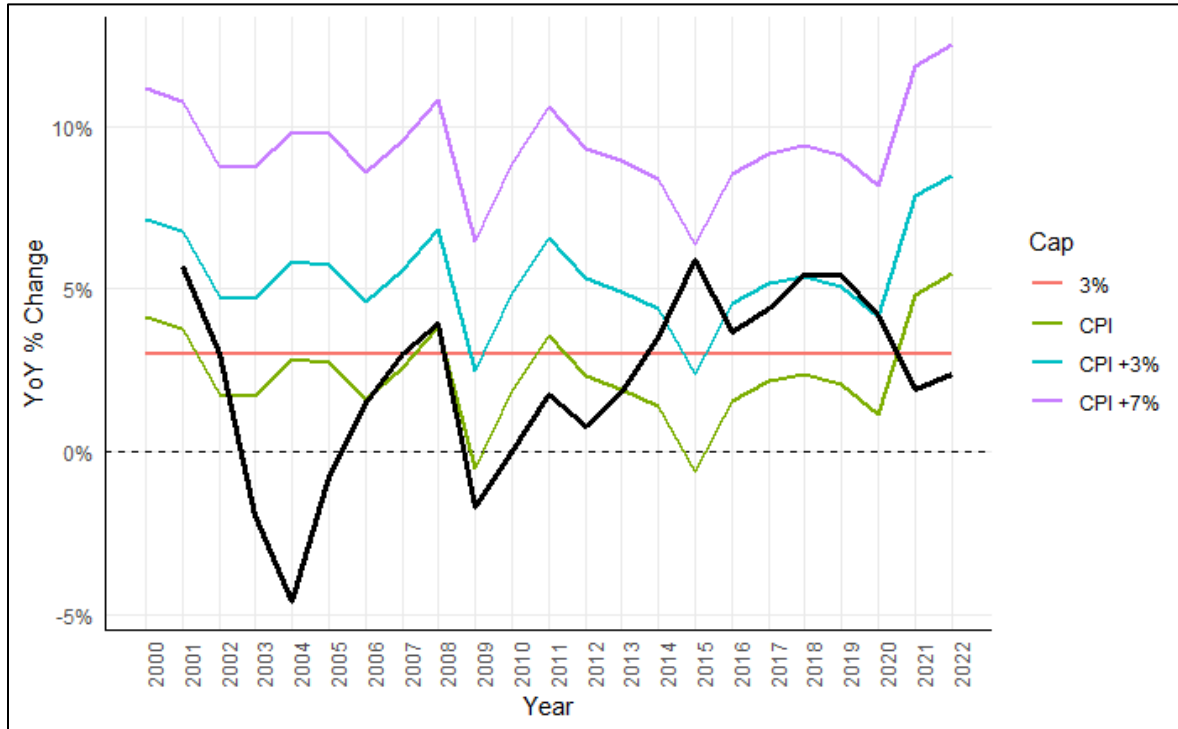
Rent caps set above the CPI would, for the most part, not have had any impact on average rents in Saint Paul during this period. The two exceptions are 2015 and 2019 where average rent increases exceeded the CPI+3% level.

A cap set at the CPI would have had mixed effects over this time period. For many years between 2002 and 2013 average rent increases were below the CPI, but again during the post-crash period they were significantly higher than the rate of inflation.

Figure 3 looks at average rent increases and thus says nothing about the percentage of units that would have been affected under each of the caps. The CURA team calculated these percentages and the patterns are shown in Figure 4. The graph shows that a cap set at CPI+7 (purple) would have affected very few rents for most of the study period until 2014 and 2015 when rents

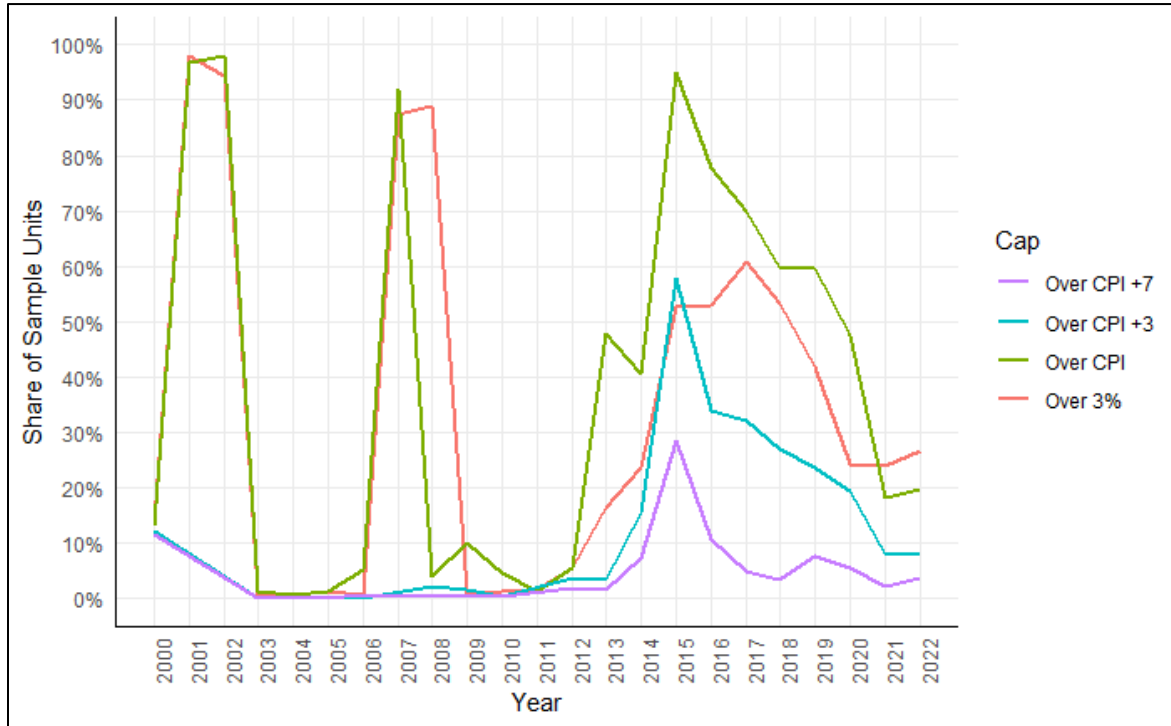
increased significantly in the city. The same is true of a cap set at CPI+3 (blue). It would have had little to no impact until 2014. Then the percentage of units impacted by the cap would have increased to close to 20% and then to almost 60% of units in 2015, before dropping to just over 30% of units in 2016 and gradually declining since then.

Figure 3: Rent caps compared to average rent increases in Saint Paul, 2000-2022



The last two caps analyzed, a cap set at the CPI and a cap set at a fixed 3%, would have had a different pattern of impact over the study period. These two caps (the green and red lines) would have impacted close to 100% of rent increases in 2001 and 2002, then would have had no impact for four years until 2007 when these caps would have affected around 90% of rent increases in the city. What we are seeing in these dramatic increases and declines are “threshold effects.” It is likely that many rents in Saint Paul during these years were very close to the CPI and to 3% so that slight fluctuations in inflation result in large number of units moving from below the cap to above it, or from above to below. The CPI and flat 3% caps show a spike in 2015 just as the other caps did, with the CPI cap affecting significantly more units than the 3% cap in that year and in most subsequent years.

Figure 4: Share of units with rent increases over hypothetical caps, 2000-2022



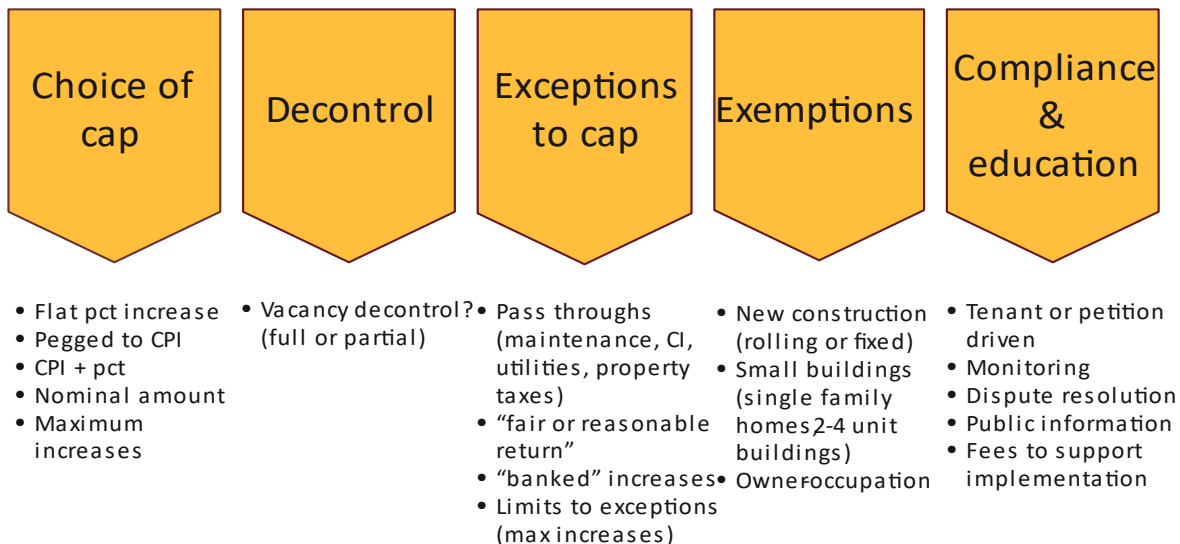
The full set of slides for this presentation can be found in the appendix to this report.

### III: Policy Considerations

#### *The rent stabilization policy framework*

The RSSG organized its learnings and deliberation around five policy option areas. Rent stabilization programs across the country vary on these five dimensions and thus they provided focus areas for decision-making by the group. Group members were provided with information on how other cities have approached these five elements and were provided with whatever lessons were available from research about the impacts associated with these five elements. The five are: 1) determination of the cap on rent increases, 2) whether or not a vacancy allows for a resetting of rents to the market level (a process referred to as ‘vacancy decontrol’), and if so to what degree, 3) whether there are additional circumstances under which exceptions to the rent cap are made, 4) whether certain categories of housing stock are exempted from the program, and 5) how the program is administered and implemented.

## Program design options



Facilitators and the Co-chairs worked toward the goal of getting the stakeholder group to consider and make recommendations on as many of these program elements as possible. The first step was to inform group members about these program elements and the choices available to them. This was done through presentations by the CURA team and guest speakers. At the end of the group process, proposed policy packages were also organized using this framework.



## ***Objectives of a good and effective rent stabilization program***

One of the early substantive achievements of the group was to agree upon a set of policy objectives for the Saint Paul rent stabilization program. In week 5, members brainstormed ideas in response to the question: “What outcomes would a successful program of rent stabilization produce in Saint Paul?” First, members were given an opportunity to think on their own and jot down their thoughts. Then they discussed the question in small groups and continued to brainstorm. This process produced over 200 separate statements recorded in Google Docs. Between meetings of the stakeholder group, the CURA team analyzed the ideas produced by the group and organized them into 12 separate statements. In week 6, the 12 statements were presented to the group for their reaction. Members expressed support for these objectives, demonstrating that at the level of policy objectives, there was significant consensus within the group. The statements are provided below.

These 12 statements, receiving endorsement from the full stakeholder group, identify policy objectives in four broad areas. The first three relate to benefits that a good program would produce for tenants, including stability, predictability, and protection from rent gouging.

### **A good & effective rent stabilization program for Saint Paul would...**

1. provide stability of residence and affordable housing for Saint Paul renters
2. provide renters with predictability in their housing costs from year to year
3. prevent rent gouging
4. provide property owners with the ability to recoup expenses for operational costs and property maintenance, and a reasonable rate of return on their investment
5. result in continued maintenance of property, providing renters with decent, safe, and clean living environments and property owners with properties that remain in good shape
6. allow and encourage the upgrading of the rental housing stock through capital improvements
7. result in the expansion of the rental housing stock and housing options in Saint Paul through new construction by continuing to attract investment and financing
8. operate through a clear, transparent, and simple set of regulations and processes so that all parties have a good understanding of the system
9. be efficient and process petitions and claims quickly
10. have regulations and procedures that are fair to all parties
11. produce good communication between renters and owners/management
12. produce stable communities in the city.

A second cluster of statements (numbers 4 through 7) identify objectives related to the continued functioning of the housing market. Here stakeholders agreed that a good program of

rent stabilization should provide property owners with the ability to make a return on investment, result in continued maintenance and upgrading of rental properties, and result in the continued construction of new rental housing in the city.

Third, there were objectives (statements 8 through 10) related to the nature of the policy itself – that it be clear, transparent, and simple, and have processes that are efficient and fair.

Finally, group members identified two broader community benefits that a good rent stabilization program would foster, greater communication between renters and property owners and stable communities within the city.

***Polling results: Group members’ initial preferences on program features***

In week 7 of the process, RSSG group members were polled for their position on a series of policy options, if they were to state their preference on that particular policy question in isolation from all the other connected policy questions before them regarding how St. Paul should implement rent stabilization. The results showed some areas of agreement and other areas where more work was needed to bring group members together. The first set of questions related to rent caps. Two-thirds of the group members who responded to the poll indicated a preference for a variable cap over a fixed percentage cap. In addition, there was not much agreement on what a fixed cap should be in any case. One-third of the members would prefer a rate of more than 5% if it were fixed, while 46% were in favor of 3% or less. There was also little agreement about the details of a variable rent cap with 52% preferring a cap at or less than the CPI and 49% preferring a cap above the CPI. The results are listed in table 2.

Table 2: Week 7 polling preferences of group members on rent cap options

Should the cap be fixed or variable?	Variable	24 (67%)
	Fixed	12 (33%)
Cap rate (if the cap is fixed)	Less than 3%	2 (5%)
	3%	15 (41%)
	3% to 5%	5 (14%)
	5%	3 (8%)
	More than 5%	12 (32%)
Cap rate (if the cap is variable)	Less than CPI	15 (41%)
	Equal to CPI	4 (11%)
	CPI plus up to 2%	8 (22%)
	CPI plus more than 2%	10 (27%)
Combination of fixed and variable cap?	Acceptable	21 (55%)
	Not acceptable	17 (45%)

The second set of questions related to vacancy control/decontrol. A slight majority of the group members who voted (54%) expressed support for vacancy decontrol of some type. Group members favored partial decontrol over full decontrol by a margin of 58% to 42%. The same margin was in favor of making vacancy decontrol contingent on other factors such as evidence of adequate maintenance or evidence that the tenant was not forced out. The results are in table 3.

Table 3: Week 7 polling preferences of group members on vacancy control/decontrol

Favor vacancy decontrol in some form?	Yes	20 (54%)
	No	17 (46%)
If there is some form of vacancy decontrol, do you favor partial or full decontrol?	Partial	22 (58%)
	Full	16 (42%)
Should vacancy decontrol be contingent on certain conditions (e.g., adequate maintenance)?	Yes	22 (58%)
	No	16 (42%)

RSSG members were also polled about their preferences related to other exceptions to the rent cap. Eighty-one percent (81%) of those voting favored a provision for allowing property owners a “reasonable rate of return.” Group members were asked to assume that the rent stabilization program allowed cost pass-throughs of some sort, either through a reasonable return provision or separately for certain costs such as capital improvements or emergency expenses. Then they were asked how such pass-throughs should operate. A majority of group members were in favor of limiting the pass throughs in different ways. Fifty-five percent felt that landlords should only be allowed to pass through a portion of the actual expenses, essentially ‘sharing’ a portion of the cost with the tenants. In addition, 58% were in favor of putting a top limit on the amount that rent would increase in a given year as a result of pass-throughs. Group members were not in favor of differentiating among properties in terms of pass-through policy, preferring to treat all properties with the same policy. Also, 58% of the members who responded were opposed to conditioning pass throughs on other factors such as upkeep. Group members were asked two questions about the banking of preferential rents. Sixty-one percent were in favor of allowing banking, but two-thirds (66%) favored limiting the amount that landlords could bank. These results are shown in table 4.

Table 4: Week 7 polling preferences of group members on rent cap exceptions

Do you favor a provision for “reasonable rate of return”?	Yes	29 (81%)
	No	7 (19%)
Assuming pass-through of costs is allowed, should the owner be able to pass through the full costs or only a portion?	Full pass through	17 (45%)
	Partial pass through	21 (55%)
Assuming pass-throughs, should there be an upper cap to the rent increase that results?	Yes	18 (58%)
	No	13 (42%)
Assuming pass-throughs, should the policy be the same for all buildings or vary by the size of the building (# of units)?	Uniform policy	19 (61%)
	Variable policy	12 (39%)
Should pass-throughs be conditioned on other factors?	Yes	13 (42%)
	No	18 (58%)
Should owners be allowed to “bank” preferential rents?	Yes	23 (61%)
	No	15 (39%)
If there is banking, should the amount banked be limited in any way?	Yes	25 (66%)
	No	13 (34%)

The fourth set of policy design options that group members were asked about related to potential exemptions for various categories of the housing stock. Most members were against an exemption for small properties (57% against exemptions for units in buildings with fewer than five units), and two-thirds were opposed to an exemption of such units if one of the units

were owner-occupied. There was a similar level of opposition to an exemption of single-family rentals, with 63% opposing such an exemption. When asked about their preferred means of providing an exemption for newly constructed housing, 70% favored a rolling construction as opposed to an exemption tied to a specific date. Moreover, 63% of those responding to the poll favored an exemption of 10 years or fewer. More than 90% of the group members favored an exemption for assisted housing in which rents paid by tenants are determined as a percentage of their income. Table 5 contains the data.

Table 5: Week 7 polling preferences of group members on housing stock exemptions

Should units in buildings with <5 units be exempt?	Yes	16 (43%)
	No	21 (57%)
Should units in buildings with <5 units be exempt if owner-occupied?	Yes	13 (34%)
	No	25 (66%)
Should rental units in single family homes be exempt?	Yes	14 (37%)
	No	24 (63%)
Are you in favor of a rolling exemption for new construction or tied to a fixed date?	Rolling	70 (70%)
	Fixed date	11 (30%)
If there is a rolling exemption for new construction, what is your preferred term for that exemption?	Less than 10 years	14 (52%)
	10 years	3 (11%)
	15 years	6 (22%)
	20 years	4 (15%)
Should units where rent is based on a percentage of tenants' income be exempt?	Yes	35 (92%)
	No	3 (8%)

Finally, RSSG members were asked two questions about program implementation. The responses are summarized in table 6.

Table 6: Week 7 positions of group members on program implementation

Should some form of a rent board be created to implement the ordinance?	Yes	16 (43%)
	No	21 (57%)
If there is a rent board, should it be appointed or elected?	Appointed	24 (67%)
	Elected	12 (33%)

A majority of group members (57%) were opposed to the creation of a rent board, but if one were to exist, two-thirds of the members favored an appointed board.

## **Public Input**

On April 12 the RSSG had an open forum at which they took input from members of the public. At the same time there was a link for members of the public to use if they wished to submit a comment in writing. A total of 39 people made comments at the April 12 hearing and another 96 people provided written comments. People were asked to provide the RSSG with their preferences for what the Saint Paul rent stabilization ordinance should look like and advised that the most useful statements were specific in terms of the policy choices that the stakeholder group was considering. The most common topic for public comments was the rent cap itself; 84 comments related to the rent cap and 75 of them (89%) indicated support for the 3% fixed cap.

A total of 75 comments were received that related to vacancy control/decontrol and 63 of them (84%) indicated support for vacancy control and the remaining 12 comments (16%) were in favor of decontrol.

An overwhelming percentage of the comments related to a process for reasonable return indicated support for such a provision (63 out of 65, 97%).

Only 15 people made specific comments about banking preferential rents. One was in favor and 14 were opposed.

Most of the comments related to a new construction exemption that the stakeholder group received were in opposition (64 of 74, or 86%). Very few comments were received that provided any useful information related to how a new construction exemption should be structured, if one were adopted.

Well over 90% of the comments related to other housing stock exemptions were in opposition; 97% (62 of 64) opposed an exemption for units in small buildings, 97% (60 of 62) opposed an exemption for single-family home rentals, and 100% of the comments related to an exemption for owner-occupation were in opposition (60 of 60).

Of the comments that did not directly pertain to one of the design elements of rent stabilization, two stood out for their frequency. First, 23 people made the point that the issues of incentivizing new housing construction and the issue of ensuring the proper maintenance of the rental housing stock in Saint Paul should be dealt with separately and not be an objective of the rent stabilization policy. Second, 18 people indicated that there should be no exceptions in the rent stabilization policy for properties that do not meet building or health codes.

The public input received in the open meeting/hearing for public input held by the RSSG is notable for the lopsided support seen there for the existing rent stabilization ordinance in Saint Paul. Some members of the stakeholder group subsequently discounted the public input as being merely the result of an organizing effort by pro-rent stabilization organizations. While it is quite likely that the pro-rent stabilization organizations did work to get people to provide input at the public hearing, it is nevertheless also the case that very few comments were received in the RSSG's public hearing expressing any concerns or opposition to rent stabilization.. This cannot be attributed to a "crowding out" effect in which opponents were not left with any time to speak or any opportunity to make comments by the organized input of the tenant advocates. The oral comments from members of the public ended 40 minutes earlier than planned for, because everyone who wanted to had already spoken. Similarly, with written comments there was an opportunity for anyone to weigh in, from any stakeholder perspective, yet most of the written comments came from members of the public supportive of the ordinance passed by voters in 2021.

## ***Policy deliberations***

***Rent Caps.*** The existing Saint Paul ordinance has a 3% cap for rent increases. The norm across the country is to tie the rent cap to a measure of inflation, typically the Consumer Price Index (CPI). Pegging the cap to inflation does not necessarily mean making the cap equal to the inflation rate. Many cities have rent caps that are set at the CPI plus an additional percentage. Other cities put their cap at a percentage of the CPI, so that allowable rent increases move with the rate of inflation but are not as great as inflationary changes. Finally, some cities have set their cap equal to the CPI changes.

Rent caps set at a fixed percentage are relatively less common though not rare. Some cities actually combine the two, setting rent caps as equal to the CPI but with an upper and sometimes lower limit.

Tenant advocates strongly defended the 3% cap throughout the stakeholder group process. But, as seen in the week 5 polling, most group members favored a variable cap tied to the rate of inflation. Ken Baar, who spoke to the group in week 6, argued for a cap tied to inflation as a means of allowing fair return and minimizing the number of “reasonable return” petitions that the City would have to otherwise process. Several group members argued in favor of an inflation-based cap using the current inflationary period as an example of the cost crunch that could burden property owners under a fixed rent cap.

The rental market analysis presented to the RSSG (summarized in Part II of this report) showed that for most of the years between 2000 and 2022, average rent increases were well below 3%. This was generally true until the post-crash period from 2013 to 2019 when rents increased at greater rates. It is only during that period that a 3% cap would have meant rent increases below the average of what actually occurred in Saint Paul.

A rent cap set at the CPI would have meant allowable rent increases below 3% for most of the period from 2000 to 2022. In the last year and a half, when inflation has risen significantly above 3%, a CPI-anchored rent cap would have allowed rent increases above 3%.

In the end, however, the majority of the members of all four of the small groups recommended a flat 3% cap, and that is part of the partial package the RSSG has recommended to the Mayor and City Council.

***Vacancy Control/Decontrol.*** The existing Saint Paul ordinance explicitly calls for vacancy control, i.e., the continued application of the rent cap regardless of whether a tenant has vacated the unit. The alternative, vacancy decontrol, allows owners to raise rents as far above the cap as they choose when a vacancy occurs. The original rent cap is then reapplied in subsequent years until the next vacancy. Various arguments were made in favor of and against vacancy decontrol by stakeholder group members. Some argued that vacancy decontrol produces an incentive for landlords to evict tenants in order to raise rents above the cap. It is this very concern that has led some cities to pair vacancy decontrol with various tenant

protection initiatives. Many RSSG members from diverse stakeholder perspectives argued in their small group deliberations that there is an important connection between having some form of decontrol and making sure that there are just cause eviction protections in place for renters.

On the other hand, other RSSG members argued that vacancy decontrol is an important way in which property owners can cover the costs of unit improvements and updates that are made between tenancies. These group members worried about the ability to update units without a vacancy decontrol provision.

Vacancy decontrol can take several forms. At one end of the continuum is “full vacancy decontrol” in which there are no regulatory limits put on the amount of rent increase a landlord may charge upon a vacancy. At the other end of the continuum is vacancy control – such as what is currently in place in St. Paul, as a result of the vote last November -- in which rent caps apply even when there is a vacancy. In between these approaches is an option referred to as “partial vacancy decontrol.” The most typical way to enact partial decontrol is to set an upper limit on how large the rent increase can be in between tenants. This essentially substitutes a new and higher cap at the time of a vacancy for any rent stabilized unit.

Another option to achieve partial vacancy decontrol is to tie it to the banking of preferential rents. In this scenario, when a vacancy occurs a landlord may cash in the preferential rents that they have banked. It should be noted that this approach is both a more constrained form of partial decontrol and a more constrained form of banking. This approach is a constrained form of partial decontrol because it only allows vacancy decontrol on units where the landlord has given preferential rents. This approach constitutes a constrained form of banking because, as we shall see below, the cashing in of banked increases would only be allowed when a vacancy occurs. Most forms of banking allow owners to cash in regardless of vacancy status.

The final policy design option related to vacancy decontrol is whether it is by right or made contingent on other factors related to property maintenance and upgrading.

The week 7 polling indicated that RSSG members a) preferred some form of vacancy decontrol by a 54% to 46% margin, b) preferred partial vacancy decontrol over full decontrol by a 58% to 52% margin, and c) felt that decontrol should be made contingent on other factors by an identical 58% to 42% margin.

Two of the policy packages produced by the majorities of the RSSG small groups included a provision for full vacancy decontrol, though when this proposal was voted upon by the full group, only 44% supported it. The other two small groups created policy packages that called for a specific form of partial vacancy decontrol. For both of these groups, partial vacancy decontrol was associated with banking. That is, upon a vacancy an owner would be able to increase rents above the cap only through cashing in banked preferential rents.

One idea that was mentioned by a group member in small group and in the RSSG’s final meeting, but not voted on by the full group, was to allow landlords to increase rents at a rate up to the

CPI plus 7% upon a vacancy. The “CPI+7” idea was taken from the State of Oregon’s rent stabilization ordinance, which sets the statewide cap at CPI plus 7%.

Finally, none of the groups included any provision to make decontrol contingent on any other factors in the packages they put forward to the full RSSG.

***Other rent cap exceptions.*** Rent stabilization programs across the country allow for various exceptions to the rent cap. The existing Saint Paul ordinance includes a provision allowing for a reasonable rate of return for property owners. U.S. courts have ruled that such a provision is a necessary legal hurdle for any rent stabilization program. While there was never any question within the stakeholder group about whether a reasonable rate of return provision was a good idea (there was agreement that it was), there was considerable discussion and concern about how reasonable return is defined and who gets to define it. There was also concern about how it is being implemented in the existing ordinance and whether the process is efficient and unburdensome. As a result of these concerns with the details of implementing reasonable return, all of the small groups had conversations about the topic. In the end, two of the small group packages said nothing substantive about reasonable return, while a third package suggested conditions under which ‘self-certification’ would be sufficient to trigger an above-the-cap rent increase based on the reasonable rate of return provision, and when a formal review would be necessary. The fourth small group package called for a reasonable return provision as it exists in the current ordinance.

A second category of rent cap exceptions are related to specific cost pass-throughs that are allowed in some rent stabilization programs. Some cities outline specific costs that may be passed through to tenants, in effect raising rents by an amount greater than the cap would otherwise permit. Such pass-throughs are most commonly associated with capital improvements, property tax increases, and utilities increases. It should be noted that such costs increases can be and are accommodated in other programs through the reasonable rate of return provision.

Pass-through provisions, when they are used for specific costs typically operate in the way that reasonable return provisions operate. That is, property owners petition to make the case that these costs are necessary and non-routine, and would cause an undue financial burden without the ability to recover through rents. While pass-through provisions were covered during the learnings sessions, there was very little discussion of specific pass-throughs by members of the RSSG. Presumably this is the case because the provision for reasonable rate of return covered the topic.

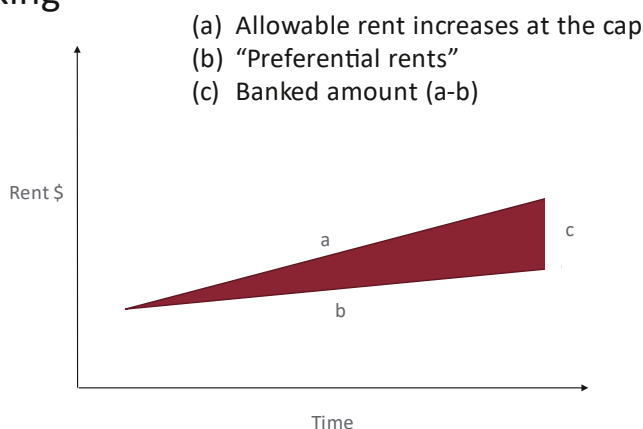
Only one of the four small groups included provisions for cost pass-throughs outside of the reasonable rate of return mechanism. Group 3 called for the pass through of utility increases and property tax increases. The Group 3 proposal was unusual in that these pass-throughs would be direct and automatic, not requiring a justification.



The final type of rent cap exception discussed by RSSG members was “banking.” Property owners often offer lower rents and lower rent increases to longer term tenants or tenants they wish to keep. Such a practice is called preferential rents. In the context of a rent stabilization program a preferential rent is any increase that is below the maximum allowed by the cap. Figure 5 below illustrates the process.

Figure 5: Banking

### “Banking”



Line *a* is the rate of rent increase allowed by the rent cap. Line *b* represents the rents charged as a result of the landlord offering preferential rents. Banking allows the landlord to make up that difference (line *c*) at some point in the future. Making up those preferential rents necessarily involves rent increases above the cap and thus constitute an exception to the cap.

Arguments in favor of banking claim that without it, property owners are incentivized to raise rents to the maximum allowed by the cap and would harm tenants who would otherwise receive preferential rents.

Concerns about banking include the fact that when the banked amount is recouped by the landlord, the rent increase can be a significant burden for the tenant. Two policy options exist to temper the burden to the tenant of reclaiming banked rents. The first is to limit the amount of banked rents that can be recouped. This has been done by some cities by putting an upper limit on banking increases and/or by limiting the number of years preferential rents can be banked. A second option for mitigating the burden of banking increases for existing tenants is to allow the recovery of banked rents only at the time of a vacancy. As noted earlier, this approach to banking is essentially the equivalent of a limited form of partial vacancy decontrol.

The week 7 polling of group members revealed that 61% were in favor of banking and that 66% in favor of limiting banking in some way if some form of banking were adopted. Three of the small groups included some form of banking in their package. One group proposed banking for up to five years and required notification to the tenant of their preferential rents and the

potential for a banking increase in the future. Two of the groups called for banking at the time of a vacancy.

**Housing stock exemptions.** The current Saint Paul rent stabilization ordinance contains two minor exemptions. The first is that the limit on rent increases will not apply to the tenant rent obligation where that obligation is set as a share of the tenant's income. This condition applies to a subset of public-subsidized housing units. The second exemption is that the rent limit will not apply "to the amount that a housing service provider can be reimbursed by a government entity under the Housing Support Act." This exemption also applies to a very small number of housing units.

Notably, the Saint Paul ordinance does not exempt newly constructed units. To our knowledge this is the only ordinance in the country that does not include a new construction exemption. The Mayor and the City Council have signaled their intent to create such an exemption, thus the stakeholder group was asked for their input into how to structure a new construction exemption.

The argument in favor of a new construction exemption is that without it a rent stabilization program would constitute a significant disincentive for new construction of rental housing. This concern was voiced consistently by several members of the stakeholder group over the entire 16-week process and echoed in the presentation made by Sarah Harris of Aeon to the group in week 11.

Rent stabilization programs provide exemptions for new construction in one of two ways. The first is to exempt all housing constructed after a specific date. That date is usually set at or near the initiation of the rent stabilization program. A concern with exemptions of this type is that they result in an ever-shrinking stock of rent regulated units, both in relative and absolute terms, as new units are constructed that are exempt, and older units are demolished or otherwise removed from the stock. The second approach is to exempt new construction in a rolling fashion where the exemption lasts for a period of years and then units are brought into the regulated stock. The terms of rolling exemptions vary greatly from five years at the short end to 30 years at the longest.

The week 7 polling indicated that RSSG members favored a rolling exemption over a fixed exemption by a 70% to 30% margin. When asked about the terms of a rolling exemption, 63% favored 10 years or fewer. When the small groups forwarded their package proposals, three of the four called for an exemption of 15 years and the fourth group recommended 30 years.

Other ideas for the new construction exemption were considered by the group but not voted on. At least two of the four small groups discussed the need to build into any new construction exemption protections against the demolition of "naturally occurring affordable housing" (NOAH). This could be done by not extending the new construction exemption to cases in which NOAH was torn down and then replaced by new construction. This recommendation made it into one of the packages but was not discussed by the full group.

One group also argued for including adaptive reuse in the new construction exemption. This was not considered or voted upon by the full group.

A final policy question related to a rolling new construction exemption is whether it will be provided retroactively. Only one group made a recommendation in this regard, and it was general in nature: Group 4 called for “limited retroactivity” in the application of a rolling exemption for new construction. This idea was not discussed or voted on by the full group.

Rent stabilization programs across the country frequently exempt other parts of the housing stock. The most typical exemptions cover small buildings (buildings with fewer than 5 units), single family rentals, small buildings in which one of the units is owner-occupied, and publicly subsidized housing. All of these examples were described to group members during the learnings portion of the group process. The week 7 polling indicated limited support for most of these. Only 43% of RSSG members indicated support for exempting units in small buildings, 37% supported an exemption for single-family home rentals, and 34% supported exemptions based on owner-occupation. Only one of the groups called for an exemption of this type: Group 3 included an exemption for owner-occupied duplexes. This idea was not discussed or voted on by the full group.

There was more support for the idea of exempting publicly subsidized housing in some form. The week 7 poll indicated that 92% of members supported the idea of exempting units in which the tenant share of the rent is determined as a percentage of income. It should be noted that this does not apply to all publicly subsidized units.

The nuances of this type of exemption were treated differently by the four small groups and the larger group did not resolve those differences in the end. Two of the groups called for exempting subsidized units where rents are controlled by a land use regulatory agreement (LURA). The other two groups explicitly argued against exemptions for Low Income Housing Tax Credit (LIHTC) projects and other subsidized units, except that one of those two groups did approve an exemption for units in which tenant rent is based on income. As is apparent, the question of whether subsidized units should be exempt or not generated significant interest and debate, but there was no consensus at the end about how to define or delimit such an exemption.

Finally, one of the groups called for an exemption for units in which care or services are provided on site. This idea was not discussed by the large group nor was it voted on.

***Implementation and public information.*** There is a wide range of approaches taken by cities to implement programs of rent stabilization. The Saint Paul ordinance is silent on these details and the ballot initiative left it to City staff to work out details of implementation and lines of program responsibility and authority. Stakeholder group members were shown a few examples of the implementation infrastructure created by other cities. These examples included extensive websites that provide resources for tenants and landlords including handbooks outlining responsibilities and obligations. Some cities provided trainings and workshops for tenants and

separate ones for landlords on certain aspects of the law. Other resources included minutes and decisions of rent boards where they exist, and annual reports on the operation of the program.

The major discrete policy choice faced in shaping an implementation infrastructure is whether a separate “rent board” will be created for the purpose of monitoring compliance, adjudicating disputes and appeals, and rendering decisions on petitions related to reasonable return. In the week 7 polling, RSSG members opposed the establishment of a rent board by a 57% to 43% margin.

There was no widespread convergence on matters of implementation across the four small groups. Two of the groups called for educational programming, one specified the need for a rental registry for the purpose of implementing the program, and one expressed a preference for a staff-run program (as opposed to reliance on a rent board) located in the City’s Department of Safety and Inspections (DSI). There was no large group discussion of these matters and no votes on any of the specific recommendations.

Short of making specific recommendations about how to implement rent stabilization, the stakeholder group did offer more general guidelines. In week 5 the group agreed to a set of policy objectives that should guide the operation of rent stabilization in Saint Paul. In that agreement group members stated that a good and effective rent stabilization program would be clear, transparent, and simple, and have processes that are efficient and fair.

***Other, complementary policies.*** During the learnings phase of the stakeholder group process, members learned that other cities have often pursued policies that are complementary to rent stabilization in order to increase the effectiveness of the program or to address potential unintended consequences. The two most common examples of these complementary policies are 1) tenant protections made available to address the potential incentives to evict that accompany any form of vacancy decontrol, and 2) controls on demolition or conversion of existing rental housing to address the incentive to remove buildings from the stock of regulated units.

Tenant protections from eviction appeared in all four of the small group packages. In three of the packages, the small groups called for the City to enact some form of “just cause eviction” protections. The remaining group offered a more limited version of tenant protections, calling for a specific provision that would apply only to rent stabilized units.

One of the groups also incorporated a provision for relocation assistance for tenants who are evicted as a means of discouraging evictions. How and under what specific conditions such relocation assistance would be made was not spelled out by the group.

***Summary.*** In sum, the RSSG members engaged in extensive discussions about the policy elements of rent stabilization and considered a wide range of alternatives. Table 7 below summarizes the outcomes of the four small group discussions, listing the policy package that

received the largest number of votes within each group. As the table demonstrates, there were significant areas of agreement across the four groups (highlighted in yellow in the table).

Table 7: Policy packages produced by the small groups

	Group 1 Votes in favor (5 of 9, 55%) 3 proposals voted on	Group 2 Votes in favor (6 of 9, 67%) 4 proposals voted on	Group 3 Votes in favor (6 of 10, 60%) 3 proposals voted on	Group 4 Votes in favor (6 of 9, 67%) 1 proposal voted on
Rent Cap	3%	3%	3%	3%
Cap exceptions	Full vacancy decontrol	Vacancy decontrol through banking	Full vacancy decontrol	Partial decontrol through banking
		Banking (see above)	Banking (up to 5 yrs, tenant notification required)	Banking (see above)
			Utility pass through	
			Prop tax pass through	
Reasonable rate of return	X	X	X Self-certification for increases 4 to 10%	As is
NC exemption	15 years	15 years	30 years	15 years for NC & adaptive reuse, limited retroactivity
				NOAH demolition protection
Other housing stock exemptions	Units with income-based rent	Subsidized units with land use regulatory agreements (LURA)	Subsidized units with LURA	No exemption for LIHTC and subsidized stock
			Exempt owner-occupied duplexes	
			Exempt units with care or services	
Implementation			Staff run program	
		Rental registry		
	Free workshops for landlords on compliance		Educational programming	
Other	Just cause eviction ordinance	Just cause ordinance	Renter stability provision (applies to rent stabilized units)	Just cause
		Relocation assistance		

Areas of agreement across three or more groups are highlighted in yellow.

## **IV. Recommendations**

As described in the previous section of this report, the stakeholder group held many discussions and considered a large number of policy options. In the end the group made two recommendations: one on a package of five items and a second on a single item. Many of the ideas discussed by the group are not reflected in these two recommendations because there was not enough agreement on them during the time the RSSG met, deliberated and voted. These ideas were laid out in Part III of this report and may provide a guide for the Mayor and the City Council in their own deliberations on what rent stabilization should look like in Saint Paul.

### ***Recommendation 1***

The following package of policy proposals was recommended by the RSSG:

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

This package of proposals was approved by exactly 60% of those who voted on it.

### ***Recommendation 2***

The group recommends some form of partial vacancy decontrol. In the discussion that preceded this vote, it was clear that RSSG members understood that there is a broad spectrum of possibilities for what “partial vacancy decontrol” could be in practice, between the rejected polar opposites of full vacancy decontrol and full vacancy control. The recommendation for some form of partial vacancy decontrol received support from 83% of the group members who voted.

**Saint Paul  
Rent Stabilization Stakeholders Group  
Appendix**

## The Saint Paul Rent Stabilization Ordinance

- **Chapter 193A. - Residential Rent Stabilization**
- **Sec. 193A.01. - Findings.**

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 fifty (50) percent 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.

(Ord of 11-2-2021)

- **Sec. 193A.02. - Authority.**

Pursuant to Minn. Stat. § 471.9996 sub. 2, the City of Saint Paul shall establish a policy limiting rent increases on residential rental properties as approved in a general election.

(Ord of 11-2-2021)

- **Sec. 193A.03. - Limitation on rent increases.**

No landlord shall demand, charge, or accept from a tenant a rent increase within a 12-month period that is in excess of three (3) percent of the existing monthly rent for any residential rental property except as otherwise allowed under [section 193A.05](#) or [193A.06](#).

(Ord of 11-2-2021)

- **Sec. 193A.04. - Vacancy.**

Limitation on the amount of annual rent increase shall apply regardless of change of occupancy in a residential rental unit except as otherwise allowed under [section 193A.05](#) or [193A.06](#).

(Ord of 11-2-2021)

- **Sec. 193A.05. - Reasonable return on investment.**



(a) The city shall establish a process by which landlords can request exceptions to the limitation on rent increases based on the right to a reasonable return on investment. Rationale for deviations from the limitation on rent increases must take into account the following factors:

(1) Increases or decreases in property taxes.

(2) Unavoidable increases or any decreases in maintenance and operating expenses.

(3) The cost of planned or completed capital improvements to the rental unit (as distinguished from ordinary repair, replacement and maintenance) where such capital improvements are necessary to bring the property into compliance or maintain compliance with applicable local code requirements affecting health and safety, and where such capital improvement costs are properly amortized over the life of the improvement.

(4) Increases or decreases in the number of tenants occupying the rental unit, living space, furniture, furnishings; equipment, or other housing services provided, or occupancy rules.

(5) Substantial deterioration of the rental unit other than as a result of normal wear and tear.

(6) Failure on the part of the landlord to provide adequate housing services, or to comply substantially with applicable state rental housing laws, local housing, health and safety codes, or the rental agreement.

(7) The pattern of recent rent increases or decreases.

(b) It is the intent of this chapter that exception to limitation on rent increases be made only when the landlord demonstrates that such adjustments are necessary to provide the landlord with a fair return on investment.

(c) The city will not grant an exception to the limitation on rent increases for any unit where the landlord has failed to bring the rental unit into compliance with the implied warranty of habitability.

(Ord of 11-2-2021)

- **Sec. 193A.06. - Exceptions.**

(a) The limitation on rent increases shall not apply to the amount that a housing service provider can be reimbursed by a government entity under the Housing Support Act, Minn. Stat. § 256I.

(b) The limitation on rent increases shall not apply to changes in the tenant obligation for income based payments where the renter obligation is established as a share of income.

(Ord of 11-2-2021)

- **Sec. 193A.07. - Enforcement, penalties, and prohibitions.**

(a) *Penalties for violation.* In addition to any other remedy available at equity or law, failure to comply with the provisions of this chapter may result in criminal prosecution and/or administrative fines as provided by section 1.05 of the Legislative Code.

(b) *Private right of action.* Any tenant aggrieved by a landlord's noncompliance with this chapter may seek equitable relief in any court of competent jurisdiction to the extent permitted by law.

(c) *Prohibition of waiver.* Any lease provision which waives or purports to waive any right, benefit or entitlement created in this chapter shall be deemed void and of no lawful force or effect.

(Ord of 11-2-2021)

- **Sec. 193A.08. - Severability.**

If any of the parts or provisions of this section or the application thereof to any person or circumstance is held invalid or unconstitutional by a decision of a court of competent jurisdiction, the remainder of this section, including the application of such part or provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this section are severable.

(Ord of 11-2-2021)

- **Sec. 193A.09. - Effective date.**

This section shall become effective May 1, 2022.

(Ord of 11-2-2021)

## **Resolution from Council to Rent Stabilization Stakeholder Group**

WHEREAS, an initiative was placed on the ballot for the City General Election held November 2, 2021, creating a rent stabilization ordinance to be codified at Chapter 193A of the Legislative Code (“the ordinance”); and

WHEREAS, after the City General Election, the Council of the City of Saint Paul determined that a majority of those voting on the ballot question voted in its favor; and

WHEREAS, given the City General Election results, and pursuant to Section 8.04 of the City Charter, the rent stabilization ordinance became law; and

WHEREAS, a stated public purpose of the ordinance is to protect the welfare of all persons who live, work, or own property in the City of Saint Paul by ensuring that Saint Paul residents have access to affordable housing; and

WHEREAS, on February 18th, 2022, Mayor Melvin Carter announced the convening of a forty-one member Rent Stabilization Stakeholder Group (“RSSG”) by the University of Minnesota Center for Regional and Urban Affairs (“CURA”) to identify considerations on improving and enhancing rent stabilization in Saint Paul; and

WHEREAS, the Mayor and Saint Paul City Council seek feedback and policy recommendations from the RSSG to help inform and improve the ordinance; and

WHEREAS, CURA’s work with the RSSG will be done pursuant to City contract to provide facilitation services to the RSSG and produce a report to be delivered to the Mayor and City Council by July 1, 2022; and

WHEREAS, the Saint Paul City Council wishes to declare its intent to consider amendments and improvements to the ordinance as contained in the report delivered to the City Council; now, therefore, be it

RESOLVED, that the Saint Paul City Council desires specifically that CURA include analysis and recommendations on the following topics from discussions with the RSSG in its report to the Council:

1. How to ensure stable rental rates in Saint Paul;
2. How to ensure quality affordable housing for both incumbent renters and for prospective renters;
3. How to implement an exemption for new residential construction; specifically what length of time the exemption should be for;
4. Data on the impacts of the rent stabilization ordinance that justify the recommendation above;
5. Provide recommendations for ensuring affordability and protections for renters in exempted new construction and policies to mitigate displacement;

6. How to establish a rent increase cap, whether any possible exceptions should exist from such a cap, and what those exceptions might be;
7. Whether and how to implement vacancy decontrol, meaning the ability of a landlord to increase rent above the rental cap in cases where a tenant vacates a unit;
8. How to ensure compliance with a rent stabilization ordinance;
9. How to ensure that rental units and properties in Saint Paul are properly maintained, updated, and invested in while complying with the rent stabilization ordinance; and
10. Recommendations and best practices learned from implementing rent stabilization policies around the country for future consideration, including community education strategies that empower renters to understand their rights and landlords to understand and meet their responsibilities, staffing, budgetary considerations, and other recommendations as determined by the workgroup.

Resolution 22-408.

# St. Paul Rental Market Snapshot

## Renter Demographics in St. Paul

**Table 1 Housing Tenure**

	Total HH	Renter HH	% Renter
White (Non-Hispanic)	72,986	28,146	38.6
BIPOC	40,168	28,080	69.9
Total	113,154	56,226	49.7

Source: CURA calculations 2015-2019 American Community Survey

**Table 2 Housing Tenure by Specified Racial/Ethnic Group**

	Total HH	Renter HH	% Renter
Black	16,771	13,766	82.1
Asian	12,562	7,296	58.1
Native American	873	555	63.6
Hispanic (Any Race)	7,243	4,503	62.2

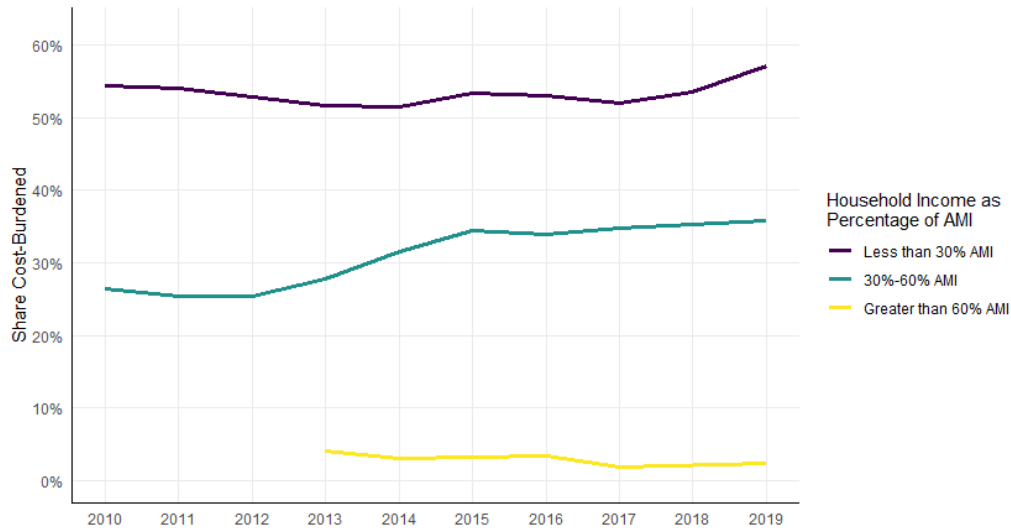
Source: CURA calculations 2015-2019 American Community Survey

**Table 3 Median Household Income by Tenure**

Tenure	Median HH Income
Owner Households	\$85,634
Renter Households	\$36,236
All Households	\$57,876

Source: CURA calculations 2015-2019 American Community Survey

**Figure 1 Cost-Burdened Renter Households by Income**



Note: Housing cost-burden is defined as a household that pays more than 30% of its income on housing.  
 Source: CURA calculations, ipums.org

## St. Paul Housing Stock Characteristics

**Table 4 Housing Units by Building Size by Homestead Status**

Building Size	Total Units	Non-Homesteaded	
		N	%
1 Unit (SF)	65,122	10,336	15.9
2-4 Units	14,041	8,364	59.6
5+ Units	42,978	42,840	99.7
Total	122,141	61,540	50.4

Note: Mixed-tenure buildings counted as homesteaded  
 Source: CURA calculations, Ramsey County Assessor

**Table 5 Buildings by Building Size by Homestead Status**

Building Size	Total Buildings	Non-Homesteaded	
		N	%
1 Unit (SF)	59,662	50,851	85.2
2-4 Units	6,373	2,703	42.4
5+ Units	1,395	20	1.4
Total	67,430	53,574	79.5

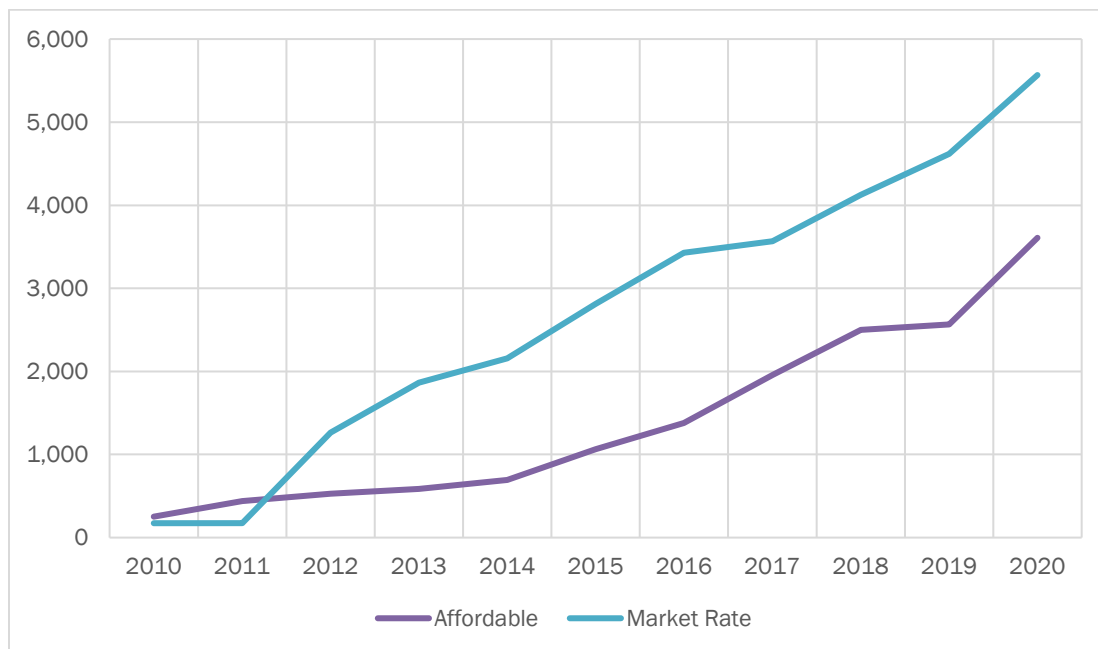
Note: Mixed-tenure buildings counted as homesteaded  
 Source: CURA calculations, Ramsey County Assessor

**Table 6 Non-Homesteaded Housing Units by Age**

Age	Units	%
1950 or Older	25,449	41.4
1950-1965	9,040	14.7
1965-1980	13,520	22.0
1980-1995	4,433	7.2
1995-2005	2,453	4.0
2005-2022	6,645	10.8
Total	61,540	100

Source: CURA calculations, Ramsey County Assessor

**Figure 2 St. Paul Cumulative Rental Housing Production 2010-2020**



Source: CURA calculations, Met Council

- Average 478 market rate units per year and 328 affordable units per year

**Table 7 Homestead Status by District Council**

District Council	Total	Non-Homesteaded	
		N	%
Battle Creek-Highwood	8,511	4,275	50.2
Como	5,631	2,217	39.4
Dayton's Bluff	6,104	2,978	48.8
Downtown	6,831	5,471	80.1
Greater East Side	9,733	3,655	37.6
Hamline-Midway	4,869	2,019	41.5
Highland	11,907	5,966	50.1
Macalester-Groveland	8,317	2,633	31.7
Merriam Park, Lexington-Hamline	8,040	4,749	59.1
North End	9,134	4,549	49.8
Payne-Phalen	10,154	4,656	45.9
St. Anthony Park	5,098	3,555	69.7
Summit-University	7,429	4,288	57.7
Summit Hill	3,522	1,870	53.1
Thomas-Dale	4,569	2,352	51.5
West Seventh	6,468	3,649	56.4
West Side	5,824	2,658	45.6
Total	122,141	61,540	50.4

Source: CURA calculations, Ramsey County Assessor



**Table 8 Non-Homesteaded Units by Building Size by District Council**

District Council	<u>1 unit (SF)</u>		<u>2-4 units</u>		<u>5+ units</u>		<u>Total</u>
	Units	Pct.	Units	Pct.	Units	Pct.	Units
Battle Creek-Highwood	550	12.9	242	5.7	3,483	81.5	4,275
Como	284	12.8	93	4.2	1,840	83.0	2,217
Dayton's Bluff	771	25.9	845	28.4	1,362	45.7	2,978
Downtown	530	9.7	4	0.1	4,937	90.2	5,471
Greater East Side	1,005	27.5	324	8.9	2,326	63.6	3,655
Hamline-Midway	436	21.6	509	25.2	1,074	53.2	2,019
Highland	541	9.1	189	3.2	5,236	87.8	5,966
Macalester-Groveland	572	21.7	410	15.6	1,651	62.7	2,633
Merriam Park, Lexington-Hamline	540	11.4	828	17.4	3,381	71.2	4,749
North End	993	21.8	626	13.8	2,930	64.4	4,549
Payne-Phalen	1,165	25.0	1,295	27.8	2,196	47.2	4,656
St. Anthony Park	230	6.5	173	4.9	3,152	88.7	3,555
Summit-University	713	16.6	785	18.3	2,790	65.1	4,288
Summit Hill	263	14.1	279	14.9	1,328	71.0	1,870
Thomas-Dale	631	26.8	797	33.9	924	39.3	2,352
West Seventh	554	15.2	400	11.0	2,695	73.9	3,649
West Side	558	21.0	565	21.3	1,535	57.8	2,658
<b>Total</b>	<b>10,336</b>	<b>16.8</b>	<b>8,364</b>	<b>13.6</b>	<b>42,840</b>	<b>69.6</b>	<b>61,540</b>

Source: CURA calculations, Ramsey County Assessor

**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**February 22, 2022**

**Members present:** Katherine Banbury, Tony Barranco, Jay Benanav, Clinton Blaiser, Monica Bravo, Carolyn Brown, Scott Cordes, Phillip Cryan, Arline Datu, Khayree Duckett, Kelly Elkin, Tou Fang, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsion Ivanoff, Nathaniel Khaliq, Chue Kue, Bill Lindeke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Katheryn Schneider, Julie Schwartz, Emmanuel Speare, D’Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Clara Ware.

**Members not present:** Cecile Bedor, Malik Davis, Jessica Fowler, Nene Matey-Keke

**City of St. Paul staff present:** Tara Barenok, Kirstin Burch, Jon Grebner, David Gorski, Ian Walsh, Doua Yang.

**CURA staff present:** C. Terrence Anderson, Tony Damiano, Edward Goetz, Malik Holt-Shabazz, Trupti Storlie.

1. Call to order

- The meeting was called to order at 1:00. The meeting was virtual.

2. Agenda

- Housekeeping
- Welcome from Mayor Carter
- Introductions
- Schedule
- Expectations
- Ground Rules

3. Housekeeping

- Reviewed basic functions of Zoom for active participation.
- Meetings are public: observers are able to watch, but not interact.
- Meetings are recorded.
  
- **Decision:** Recordings will be posted on the City’s webpage.

4. Welcome from Mayor Carter

- Thanks to co-chairs, commission members, facilitators,
- Anticipates this to be a challenging conversation, but also believes that we can come together to create a policy that enables people in the community to live with sustainability and dignity.
- Currently, the city is navigating a three-part process
  - Staff working to prepare for implementation of the ordinance that the voters passed this fall. May 1 is the implementation date.

- Work with the city council to establish an ordinance to clarify an exemption for new housing construction.
- Stakeholder-informed process of determining the medium- and long-term form of rent stabilization.
- Calls for a spirit of constructive dialogue.
- The question of “if St. Paul should have rent stabilization” has already been decided, the question of “how” is before us.
- Wants taskforce to think about a permanent iteration of this group
  - to access and leverage a wider set of expertise and backgrounds as the City implements rent stabilization in the future.

#### 5. Review of the Commission’s charge

- “How”, not “if”
  - How should rent stabilization operate in St. Paul?
  - What characteristics should it have?
- Medium to long-term perspective
  - Separate conversations are occurring about implementation of the voter-approved initiative.
- A process of learning and deliberation leading to a set of considerations for the City to move forward.

#### 6. Expected timeline

- Two phases of the task force’s work.
  - Part one: Learning together, weekly meetings
    - February 22 to April 5
  - Part two: Deliberations
    - April 12 to June 15
- Final report due to the Mayor's Office June 24.

#### 7. Introductions

- All in attendance introduced themselves.
- The Commission’s co-chairs are:
  - Phillip Cryan: West Side resident, elected leader of Service Employees International Union (SEIU), represents about 4500 people,
  - Tony Sanneh: St. Paul resident, property owner in St. Paul, including an apartment building. Runs a nonprofit for underserved and people of color.

#### 8. Open Discussion

- Members discussed the schedule for the task force and how it related to the implementation of the ballot initiative.

#### 9. Adjournment

- The meeting was adjourned at 3:01 p.m.

# RENT STABILIZATION TASK FORCE

WEEK 1: WELCOME, INTRODUCTIONS, & PRELIMINARIES

FEBRUARY 22, 2022



Center for Urban and Regional Affairs | **cura**  
UNIVERSITY OF MINNESOTA

## Agenda

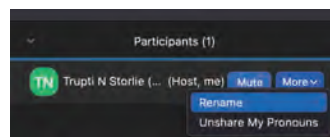
- Housekeeping
- Welcome from Mayor Carter
- Introductions
- Schedule
- Expectations
- Ground Rules

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## Housekeeping

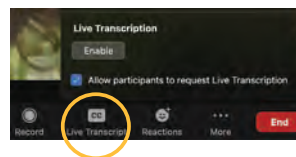
Observers are present: open meeting

Meeting is recorded



Change your name or add pronouns

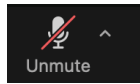
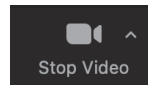
Turn on transcription



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# Housekeeping

Screens on for maximum participation (as able)



Mute your sound unless you're talking

Use the raise hand speak



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## The Commission's Charge

- “How”, not “whether”
  - How should rent stabilization operate in St. Paul?
  - What characteristics should it have?
- Medium to long-term perspective
  - Separate conversations occurring about implementation of the voter-approved initiative
- A process of learning & deliberation leading to set of considerations for the City to move forward

# Introductions

---

- Facilitators
  - Ed Goetz
  - C. Terrence Anderson
- Co-chairs
  - Tony Sanneh
  - Phillip Cryan

# Introductions

---

- Name
- Pronouns (he/him, she/her, they/them)
- Affiliation

# Part I Learning Together

---

## **Feb 22: Welcome, Introductions, Preliminaries**

March 1: History & legislative context, cap levels

March 8: Decontrol and Exceptions

March 15: Exemptions

March 22: Administration

March 29: Guest - cross jurisdictional lessons

April 5: Additional Topics as determined by Task Force

## Part II Deliberation

---

April 12: Public Hearing

April 26: Small Group Discussions

May 3: Small Group Discussions

May 17: Deliberate considerations for Council/Mayor

May 24: Deliberate considerations for Council/Mayor

June 7: Finalize decisions regarding considerations

June 24: Prepare and deliver final report to Mayor



## Expectations

---

- Privileging experiential knowledge vs. theory
  - Data from implemented policies
  - Direct experiences
- Offering information to the group
  - Share with CURA facilitators and co-chairs prior to meetings
  - Submit discussion and deliberation topics to CURA facilitators and co-chairs to add to agenda



## Expectations

---

- Regular attendance
- Post-meeting input
  - What worked and what could be improved
  - Additional questions and comments

## Ground Rules

---

- Be real and true to your experience or when sharing observations of perceived experience
  - Honor that communities have knowledge about how they experience systems/structures
- Differing opinions and perspectives are acknowledged and respected
  - Recognize that these conversations may be contentious and that each person will be coming from a unique position

## Ground Rules

---

- Step up, step back
  - Participate as much as you listen because it is a two-way street of learning
  - Set aside implicit power roles so all voices have equal weight
- Be open and curious
  - Lead with curiosity, honesty, transparency, courage, and humility

## Ground Rules

---

- Be quick to listen slow to react/speak
  - Be slow to judgment when engaging
  - Commit to a principle of constructive engagement
- Other additions?



# THANK YOU!

POST – SESSION SURVEY:

- TASK FORCE: CHECK YOUR EMAIL

[HTTPS://WWW.STPAUL.GOV/DEPARTMENTS/FINANCIAL-EMPOWERMENT/RENT-STABILIZATION](https://www.stpaul.gov/departments/financial-empowerment/rent-stabilization)



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**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**March 01, 2022**

**Members present:** Katherine Banbury, Cecile Bedor, Jay Benanav, Clinton Blaiser, Monica Bravo, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsion Ivanoff, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Katheryn Schneider, Julie Schwartz, Emmanuel Speare, Chris Tolbert, Marcus Troy

**Members not present:** Tony Barranco, Carolyn Brown, Nathaniel Khaliq, Tom Nelson, D'Angelos Svenkeson, J. Kou Vang, Clara Ware

**City of St. Paul staff present:** Tara Barenok, Jon Grebner, David Gorski, Luis Pereira, Ian Walsh, Doua Yang, Tony Johnson, Brynn Hausz

**CURA staff present:** C. Terrence Anderson, Tony Damiano, Edward Goetz, Trupti Storlie

1. Call to order

- The meeting was called to order at 1:00 by Phillip Cryan. The meeting was virtual.

2. Agenda

- Approval of Previous Minutes, Ground Rules
- Summary of Week 1 Feedback Survey
- Learning Session: Rent Control History, Legislation, Caps

3. Approval of Previous Minutes, Ground Rules

- Meeting minutes were amended to include Kirstin Burch as a City of St. Paul staff member
- Meeting minutes were amended to correct the spelling of Katheryn Schneider's name.
- **Vote:** Minutes approved with amendments
- Ground rules: First item was updated
  - Original: Be real and true to your experience when sharing observations of perceived experience.
  - Amended: Be real and true to your experience when sharing observations of perceived experience with concrete information.
- **Vote:** Ground rules were approved
- Both documents will be published on the city webpage and available in a stakeholder shared folder.

4. Summary of Week 1 Feedback Survey

- Ed Goetz presented themes from the four survey questions from the previous week
- C. Terrence Anderson noted that the primary purpose of the survey was for stakeholders to get to know the differences in perspectives; the results are for the stakeholder team.
- De-identified, full responses were requested and will be sent out.

5. Learning Session: Rent Control History, Legislation, Caps

- Evolution of rent control approach: From rigid prices freezes to complex and flexible set of regulations
- Political ebb and flow: Popularity changes over time
- Four approaches to setting cap
- Research findings related to rent levels and tenant stability under rent caps
- Continue with Caps next time

#### 9. Adjournment

- The meeting was adjourned at 3:01 p.m by Phillip Cryan.

# ST. PAUL RENT STABILIZATION TASK FORCE

WEEK 2: MARCH 1, 2022



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## ST. PAUL RENT STABILIZATION TASK FORCE

Week 2: March 1, 2022

cura Center for Urban & Regional Affairs

### Agenda

1. Approval of Week 1 minutes
2. Finalize ground rules
3. Summary of post-meeting survey
4. Learnings
  1. History of rent control
  2. Rent caps

#### St. Paul Rent Stabilization Task Force Ground Rules (revised)

- 1) Be real and true to your experience when sharing observations of perceived experience.  
Honor that communities have knowledge about how they experience systems and structures.
- 2) Give space for people to be vulnerable when speaking of their experiences.  
If someone has shared a difficult story, be aware of the follow up.
- 3) Acknowledge and respect differing opinions and perspectives.  
Recognize that these conversations may be contentious, and that each person will be coming from a unique position.
- 4) Step up, step back.  
Participate as much as you listen; it is a two-way street of learning.  
Set aside implicit power roles so all voices have equal weight.
- 5) Be open and curious.  
Lead with curiosity, honesty, transparency, courage, and humility.
- 6) Be quick to listen slow to react/speak.  
Be slow to judgment when engaging.  
Commit to a principle of constructive engagement.
- 7) Try to stay away from jargon and specialized terms.
- 8) Keep an eye towards moving the discussion forward.
- 9) Leave time and space for others.
- 10) Respect pronouns.

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For approval March 1, 2022

**Table 1: “Which stakeholders need protection as we deliberate?”**

<b>Cluster 1: Renters</b>	<b>44</b>	<b>51%</b>
Renters	20	23%
Renters - all	15	17%
Renters - low-inc	4	5%
Housing insecure	3	3%
Renters - low/mid inc	1	1%
Renters - working class	1	1%
<b>Cluster 2: Industry actors</b>	<b>26</b>	<b>30%</b>
Property owners	14	16%
Small property owners	8	9%
Non-profit prop owners	2	2%
Developers	2	2%
<b>Balance stakeholders</b>	<b>11</b>	<b>13%</b>
<b>Future residents/taxpayers</b>	<b>3</b>	<b>3%</b>
<b>Other</b>	<b>3</b>	<b>3%</b>
<b>Total</b>	<b>87</b>	

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**Table 2: Priorities**

<b>Cluster 1: Market &amp; social outcomes</b>	<b>23</b>	<b>49%</b>
Housing supply, investment	8	17%
Maintain a variety of housing	2	4%
Housing prices, property values	2	4%
Property maintenance	1	2%
Unintended consequences	1	2%
Affordable housing/rent	5	11%
NOAH	1	2%
Predatory owners/increases	1	2%
Equity / stratification	2	4%
<b>Cluster 2: Program elements</b>	<b>12</b>	<b>26%</b>
Cap 3%	2	4%
Cap and "banking"	1	2%
Cap and inflation	1	2%
Vacancy decontrol	2	4%
Integrity of November vote	3	6%
Enforcement	3	6%
<b>Cluster 3: Stakeholders</b>	<b>8</b>	<b>17%</b>
Property owners (incl small)	4	9%
Housing insecure	2	4%
Balance stakeholders	2	4%
<b>Process</b>	<b>2</b>	<b>4%</b>
<b>Other</b>	<b>2</b>	<b>4%</b>
<b>Total</b>	<b>47</b>	

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**Table 3: Greatest Hopes**

<b>Cluster 1: Program elements</b>	<b>11</b>	<b>32%</b>
Implement ballot initiative	3	9%
Investors, supply, new housing	3	9%
Renovation & maintenance	2	6%
New construction exemption	1	3%
Vacancy decontrol	1	3%
Clarity	1	3%
<b>Cluster 2: Stakeholders</b>	<b>10</b>	<b>29%</b>
Balance stakeholder needs	4	12%
Property owners	2	6%
Renters	2	6%
Housing insecure/vulnerable	2	6%
<b>Cluster 3: Market &amp; social outcomes</b>	<b>7</b>	<b>21%</b>
Affordable rent/housing/city	3	9%
NOAH	1	3%
Community	1	3%
Rent gouging	2	6%
<b>Cluster 4: Implementation</b>	<b>4</b>	<b>12%</b>
Implementation	2	6%
Long term/sustainable	2	6%
<b>Other</b>	<b>2</b>	<b>6%</b>

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**Total: 34**

**Table 4:  
Greatest  
Concerns**


<b>Cluster 1: Market &amp; social outcomes</b>	<b>17</b>	<b>35%</b>
Disinvestment, investors, supply	9	19%
Unintended consequences	4	8%
Affordable rent/housing	1	2%
Renovation & maintenance	1	2%
Rent gouging	1	2%
Predatory owners	1	2%
<b>Cluster 2: Stakeholders</b>	<b>12</b>	<b>25%</b>
Property owners	4	8%
Property owners: Small business	3	6%
Property owners: Out of state	1	2%
Renters	2	4%
Balance stakeholder needs	2	4%
<b>Cluster 3: Program elements</b>	<b>11</b>	<b>23%</b>
Loopholes & gutting the program	4	8%
Cap, inflation	2	4%
Clarity/uncertainty	2	4%
New construction exemption	1	2%
Vacancy decontrol	1	2%
Program flexibility	1	2%
<b>Cluster 4: Implementation</b>	<b>3</b>	<b>6%</b>
Implementation	1	2%
Litigation	1	2%
Ordinance won't work	1	2%
<b>Power of developers/owners</b>	<b>5</b>	<b>10%</b>
<b>Total</b>	<b>48</b>	


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# ST. PAUL RENT STABILIZATION TASK FORCE

WEEK 2: LEARNINGS – HISTORY & CAPS

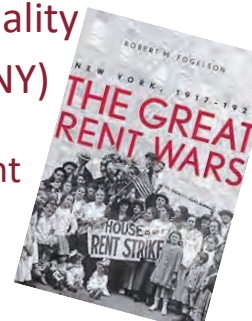
MARCH 1, 2022




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## First generation rent control

- First enacted in 1920
- Reaction to wartime “rent profiteering”
- *Emergency* action
- Courts established constitutionality
- Terminated in 1924 (except in NY)
  - New York enacts RC in 1920
  - 100,000+ dispossessions imminent



# First generation rent control

- Enacted again during WWII
- 1942 Emergency Price Control Act
- Congress enacts rent control for Washington, DC
- Federal rent controls covered area with 93 million people



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# First generation rent control

- Absolute ceiling on rents
- Applied to all rentals
  - 1949 Congress exempted new construction
- Extended into 1950s
  - Postwar housing shortage
  - Korean War
- Disappeared in most places mid-50s
  - (except NY)



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## 2<sup>ND</sup> GENERATION RENT CONTROLS

- Renewed federal, state, and local action
- NYC, Boston, Miami enact laws in 1969
  - Boston, Miami add laws struck down by Courts
- Massachusetts enacts enabling legislation in 1970

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August 1971  
to  
January 1973



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## 2<sup>nd</sup> generation rent controls

- MA enabling legislation
- NJ tenant organizing
- CA ballot initiatives



- NY state & local legislation



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## 2<sup>nd</sup> generation rent controls

- “Moderate rent control” or “rent stabilization”
- Caps on rent increases
- Exemptions of housing stock
- Passthroughs & exceptions
- Decontrol
- Specification & composition of rent board
- Conversion & eviction regulations

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# Pendulum swings back

- By early 1980s 10% of privately-owned residential rental units subject to control
- 1980s/1990s political turn
- MA eliminates rent control, 1994
  - Statewide voter referendum 51% to 49%
- Several states preempt local rent control laws
- CA restricts rent control, 1995

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## Restrictions on rent control in the U.S.

Has rent control	Pre-empts rent control				Dillon Rule	Other
CA	AL	IL	MN*	OR*	AR	DE
MD	AZ	IN	MS	SC	NV	HI
MN*	AR	IA	MO	SD	PA	ME
NJ	CO	KS	NH	TN	RI	MT
NY	CT	KY	NM	TX	WV	NE
OR*	FL	LA	NC	UT	VA	OH
DC	GA	MA	ND	WA	VT	WY
	ID	MI	OK	WI		
7	32				7	7

\* Oregon preempts local rent control but enacted statewide rent control;  
 Minnesota preempts local rent control unless approved by voters in general election

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## 3<sup>rd</sup> wave of rent control

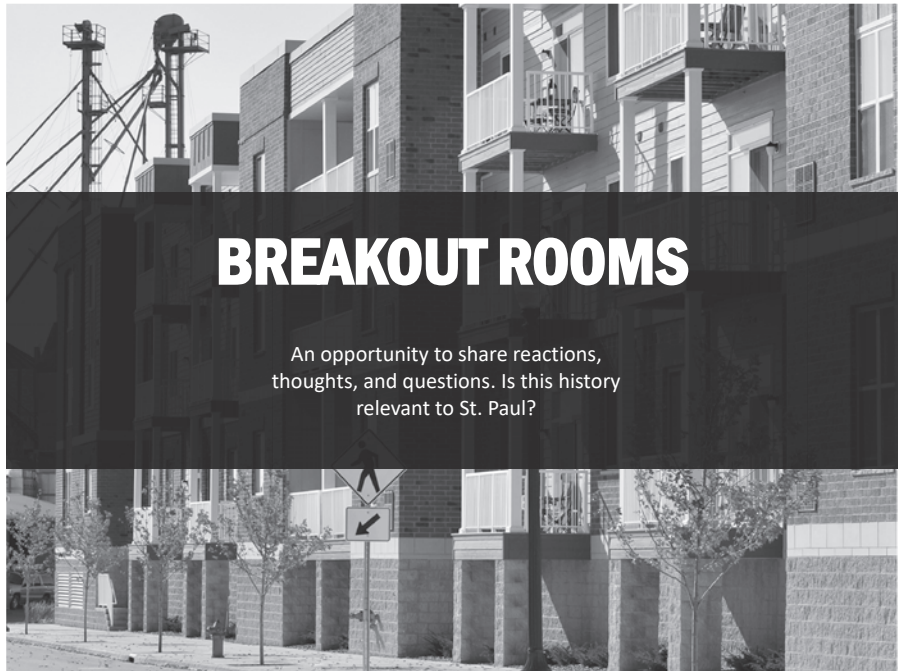
- Post-housing crisis period of rent increases
- Spreads to other jurisdictions
- Laws strengthened
- St. Paul becomes only city outside of a coastal state to enact RC
- Mpls likely to be the second



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# THEMES

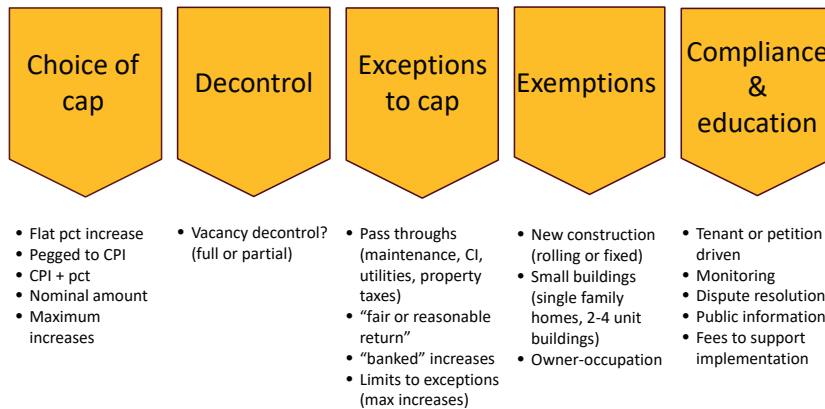
- Evolution of rent control approaches
  - From rigid price freezes to complex and flexible set of regulations
- Political ebb and flow
  - Popularity changes over time
- Not static
  - Approaches change within cities



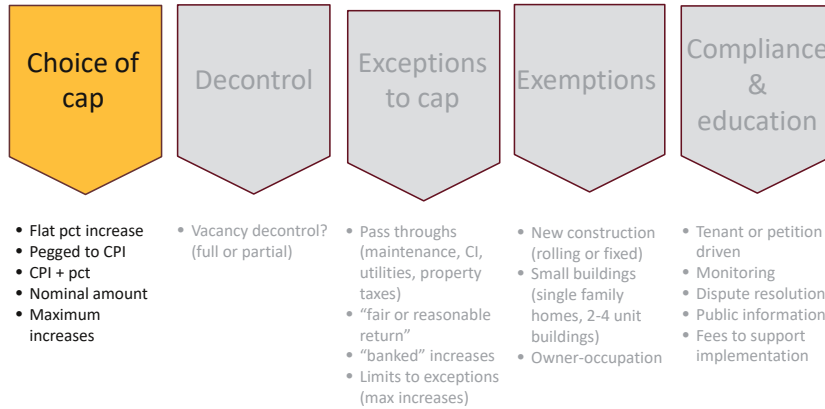
## BREAKOUT ROOMS

An opportunity to share reactions, thoughts, and questions. Is this history relevant to St. Paul?

## Program design options



# Program design options



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## Rent cap impacts

- Over time rent control programs reduce rents paid in controlled units
- “Tenure discounts” significant over time

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### RENT DISCOUNTS FOR LONG-TERM TENANTS, WITH AND WITHOUT RENT CONTROL

	Without rent control	With rent control
Tenants staying 5 to 10 years	16.3%	29.6%
10 + years	27.9%	39.3%

from Clark and Heskin, 1982

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# Rent cap impacts

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- Over time rent control programs reduce rents paid in controlled units
- “Tenure discounts” significant over time
- Rent caps eliminate “rent gouging”

# Rent cap impacts

---

- Rent caps increase residential stability
  - Tenants stay in units longer
- e. g., San Francisco:
  - Rent control increases stability 20%
    - Large share of those still in their units would have otherwise moved out of SF
    - Stability effects stronger for older households & for longer-term residents
    - Stability effects stronger among BIPOC tenants
- Consistent research finding

# Setting caps

---

- A balance
  - Simplicity and complexity
  - Uniformity and variability
  - Predictability and responsiveness
- Four approaches
  - Annual determination by rent board
  - Flat percentage increase
  - Variable increase tied to measure of inflation
  - Variable rate with upper and/or lower limits

# Setting caps

---

- Massachusetts & Maine
  - “fair net operating income”
  - Created formula that varied by building
  - Incorporated data on taxes, operating expenses, capital improvements, building conditions
- Berkeley relied on annual cost study
  - switched to CPI-based cap in 2005
- NYC Rent Guidelines Board sets cap annually

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# Setting caps

---

- Massachusetts & Maine
  - “fair net operating income”
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[HTTPS://WWW.STPAUL.GOV/DEPARTMENTS/FINANCIAL-EMPOWERMENT/RENT-STABILIZATION](https://www.stpaul.gov/departments/financial-empowerment/rent-stabilization)



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**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**March 08, 2022**

**Members present:** Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Clinton Blaiser, Scott Cordes, Phillip Cryan, Arline Datu, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawson Ivanoff, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Katheryn Schneider, Julie Schwartz, Emmanuel Speare, D'Angelos Svenkeson, Chris Tolbert, Marcus Troy, Clara Ware

**Members not present:** Monica Bravo, Carolyn Brown, Malik Davis, Myisha Holley, Nathaniel Khaliq, Tram Hoang, J. Kou Vang,

**City of St. Paul staff present:** Kirstin Burch, Jon Grebner, David Gorski, Mary Guerra, Brynn Hausz, Tony Johnson, Luis Pereira, Ian Welsh, Doua Yang, Adam Yust

**CURA staff present:** C. Terrence Anderson, Tony Damiano, Edward Goetz, Malik Holt-Shabazz,

1. Call to order

- The meeting was called to order at 1:00 by Tony Sanneh. The meeting was virtual.

2. Agenda

- Approval of Previous Minutes
- Announcement
- Summary of Week 2 Feedback Survey
- Learning Session: Rent Caps, Decontrol

3. Approval of Previous Minutes

- Meeting minutes were amended to indicate that Brynn Hausz, City of St. Paul, was in attendance
- **Vote:** Minutes approved with amendment.

4. Announcement

- A shared Google Drive folder has been created that will contain minutes, post-meeting survey results, PowerPoints, and other resources for taskforce members. The link is: <https://drive.google.com/drive/folders/1n1Ao9JPEUL5q8D3weyl6CyZeKlPdDauH>.

5. Summary of Week 2 Post-meeting Survey

- Ed Goetz presented themes from the post-meeting survey questions from the previous week
- 18 of the 41 members submitted answers.

6. Learning Session: Rent Caps and Decontrol

- Wide range of caps used by cities. Four approaches typically used:
  - Fixed percentage increase
  - Variable increases, tied to inflation rate
  - Variable increases combined with fixed percentage (as an upper and/or lower limit)

- Rate set by rent board.
- Breakout and full-group discussion of rent cap approaches. Arguments for and against fixed and variable rates were made.
- Vacancy decontrol is the most common form of decontrol in rent stabilization programs. Three variations of vacancy decontrol:
  - Full decontrol – no limit to rent increases when vacancy occurs
  - Partial decontrol – increase allowed above the cap, but not unlimited
  - Vacancy control – no change to the allowable rent increase when vacancy occurs.
- Full group discussion of decontrol.
  - It was felt that a better understanding of the provisions of the current St. Paul program would facilitate a more productive discussion.

#### 7. Adjournment

- The meeting was adjourned at 3:00 p.m. by Tony Sanneh.

# ST. PAUL RENT STABILIZATION TASK FORCE

Week 3: March 8, 2022

**cura** Center for Urban & Regional Affairs

## Agenda

1. Approval of Week 2 minutes
2. Announcement
  - a. Shared folder for Task Force materials
3. Post-meeting survey summary
4. Learnings

**Table 1: Work / Live in St. Paul?**

	<u>Yes</u>	<u>No</u>
Live in St. Paul	11	6
Work in St. Paul	17	0

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**Table 2: “What was your most important takeaway?”**

There is a history to learn from	6	32%
Importance of emergency/inflation conditions	5	26%
What the impacts have been	2	11%
Task Force processes	2	11%
Other	4	22%
Total	19	

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**Table 3: A ‘new or surprising’ thing learned.**

---

The ‘waves’ or ‘generations’ of rent control	7	47%
The cyclical nature of support	3	20%
The extent of preemptions	2	13%
Conditions of enactment	2	13%
Facilitator bias	1	7%
<b>Total</b>	<b>15</b>	

**Table 4: “What did you hear/learn that made you rethink?”**

---

Nothing	7	47%
Varieties of rent control types	2	13%
That we have examples to learn from	2	13%
Other	4	26%
<b>Total</b>	<b>15</b>	

**Table 5: “Questions to follow up on?”**

---

Property taxes / values	3
Inflation and its role in rent control	2
Research sources and methods used	2
Other	4
<b>Total</b>	<b>11</b>

# Follow up questions

- Historical average rent increases in St. Paul?
- Verify that Cambridge, MA saw 20% increase in new development and increase in property values when rent control ended.
- “rents are almost always reduced when rent control is implemented...”
- Reason for the end of rent controls in MA

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The image shows the cover of a report titled "ST. PAUL RENT STABILIZATION TASK FORCE". The title is in large, bold, yellow letters on a black background. Below the title, in smaller yellow text, is "RENT CAPS, DECONTROL, EXCEPTIONS". To the right of the text is a collage of six images: a portrait of an older woman, a street scene with a building, a portrait of a woman with glasses, a portrait of an older man with glasses, a portrait of a man with a beard, and a portrait of a woman. At the bottom right of the collage is the logo for the Center for Urban and Regional Affairs (cura) at the University of Minnesota.

## RENT CAPS (CONT.)

- Four approaches
  - Determined by rent board
  - Flat percentage increase
  - Variable increase
  - Variable with upper/ lower limits

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Jurisdiction	Rent Increase Cap (current)
Los Angeles, CA	100% of CPI (minimum limit is 3%, maximum limit is 8%)
Oakland, CA	100% of CPI
Richmond, CA	100% of CPI
Sacramento, CA	CPI + 5%
San Francisco, CA	60% of CPI, maximum 7%
San Jose, CA	5% flat increase
Santa Ana, CA	The lesser of 3% or 80% of CPI
Washington, DC	CPI + 2% (max 10%); Elderly/disabled 100% CPI, max 5%
Camden, NJ	100% of CPI, maximum 6%
Hoboken, NJ	100% of CPI
Jersey City, NJ	The lesser of a) 4% or b) pct. difference between CPI 3 months prior to the end and 3 months prior to the beginning of the lease term.
New Brunswick, NJ	Housing component of CPI (2.8% in 2002)
Newark, NJ	100% of CPI, maximum increase of 4%
Trenton, NJ	Housing component of CPI, updated every 6 months
New York City (RS)	Administered annually through Rent Board. Usually under 2%
State of California	CPI + 5%
State of Oregon	CPI + 7%



Jurisdiction	Rent Increase Cap (current)
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New York City (RS)	Administered annually through Rent Board. Usually under 2%
State of California	CPI + 5%
State of Oregon	CPI + 7%



## Rollbacks

- Setting of base rent retroactive to date before beginning of rent control program
  - Typically 6 months to one year
- Addresses time lag between announcement of rent controls and their application
- To head off anticipatory rent increases by property owners

# RENT CAPS & OTHER PROGRAM ELEMENTS

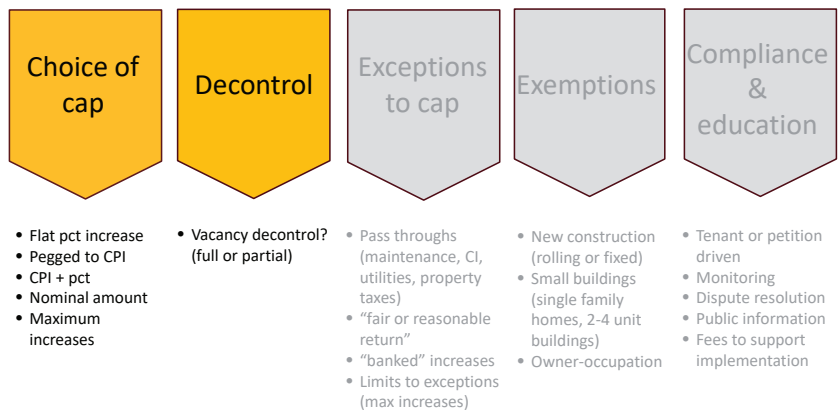
- Not a decision made in isolation
- Implications for pass-throughs allowed
- Impact of vacancy decontrol
- Possibility of tailoring to specific sectors of rental market



## BREAKOUT ROOMS

- What are the best reasons for going with a flat percentage increase?
- What are the best reasons for going with a variable cap?

## Program design options



# Decontrol

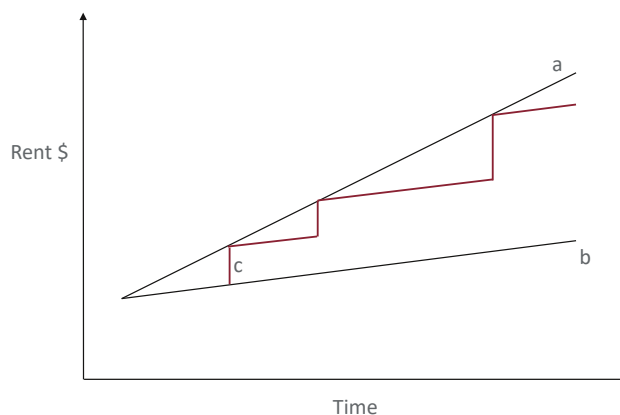
- Permanent decontrol
- Full vacancy decontrol
  - Upon vacancy, owner can raise rents without limit
- Partial vacancy decontrol
  - Upon vacancy, owner can raise rents above the cap, but not unlimited
- NYC “luxury decontrol”
  - Permanent decontrol, ended in 2019

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## Impact of decontrol

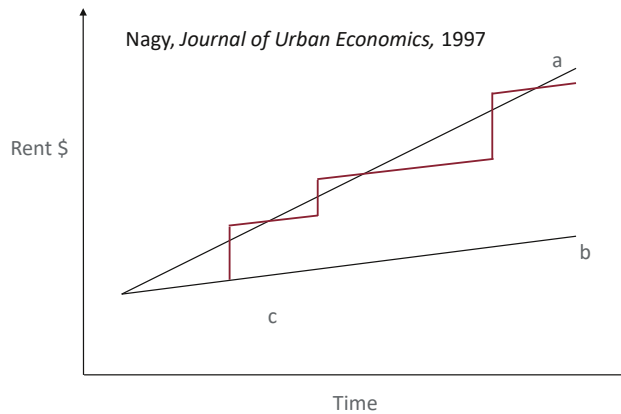
- Little research done
- Three NJ studies show no different in rents between cities with and without rent control
  - Authors suggest it is vacancy decontrol...
- Berkeley study in 2013:
  - tenants moved in pre-1999: avg rent = \$780
  - Vacancy decontrolled HHs avg. rent = \$1,436

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- (a) Unregulated rents
- (b) Regulated rents
- (c) Regulated rents with vacancy decontrol

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- (a) Unregulated rents
- (b) Regulated rents
- (c) Regulated rents with vacancy decontrol

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## Consequences & incentives

- An incentive to evict?
- An incentive for tenant to remain in unit?
- Disincentive for maintenance?
- Incentive to take units out of rental market?

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### Examples of vacancy decontrol

- Approximately ½ of rent control programs in 1980s had some form of vacancy decontrol
- 2017 Newark: vacancy decontrol up to 20% depending on how much spent to upgrade unit
- 2019 NYC:
  - Eliminates luxury decontrol
  - Eliminates partial vacancy decontrol

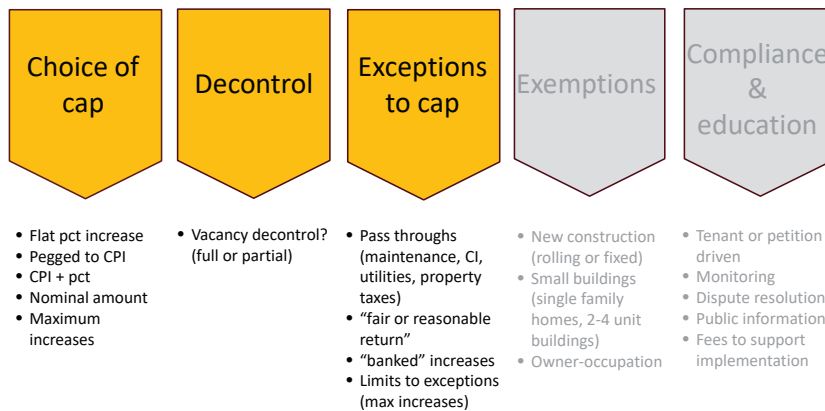
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# BREAKOUT ROOMS

- Talk about the tradeoffs of vacancy control/decontrol
- Which renters would benefit the most from vacancy control?
- Which rental property owners would benefit the most from vacancy decontrol?

## Program design options



## Pass-throughs

- Most typically for capital improvements, property taxes, utilities
- Policy questions:
  - What pct of cost can be passed on?
  - How is it amortized?
  - Is there an upper limit?
  - Who makes the determination if it is allowable?

# Examples

- NYC
  - MCI: major capital improvements
    - Must be approved by rent board
    - Amortized over 12.5 years, subject to 2% cap on annual rent increase
  - IAI: individual apartment improvements
    - Need not be approved
- San Francisco:
  - owners in buildings with 5 or fewer units can pass through 100% of CI, subject to 5% annual cap
  - Owners of bigger buildings can only pass 50%, subject to 10% annual cap
- DC permits increases up to 20% for building wide improvements, 15% for other

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## “FAIR AND REASONABLE RETURN”

See Section 193A.05 of  
the St. Paul ordinance

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- Required by Courts
- Often in place of specific pass-throughs
- “Fair return” defined in many different ways
  - Hoboken, NJ: 6% above maximum interest rate on local savings account
- Can be made contingent
  - On health and safety compliance
  - Building code compliance
  - Reasonable purchase price

# Pass-throughs

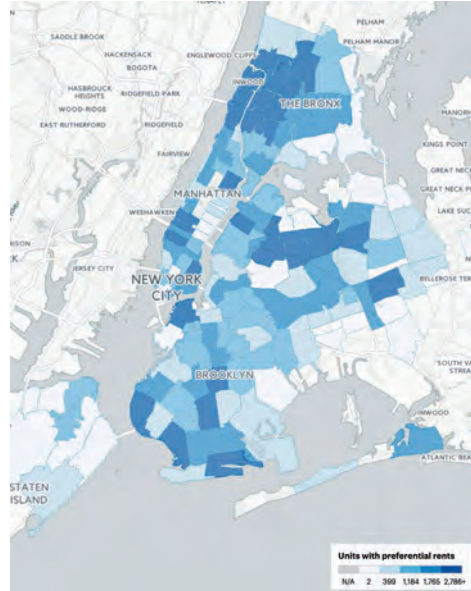
- Allow flexibility to accommodate special circumstances
- and to allow ‘fair and reasonable return’
- Require a system of petition and adjudication

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# Preferential rents and banking

Prevalence of preferential rents in NYC, 2017



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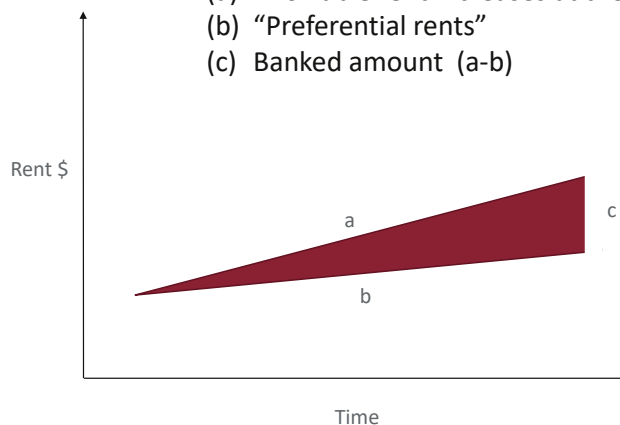
## Preferential rents and banking

- Preferential rents:
  - Lower than maximum-allowed rent increase
  - Can owners “bank” and recover them later?

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### “Banking”

- (a) Allowable rent increases at the cap
- (b) “Preferential rents”
- (c) Banked amount (a-b)



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# Preferential rents and banking

- Preferential rents:
  - Lower than maximum-allowed rent increase
- Can owners “bank” and recover them later?
  - Do preferential rents become basis for calculating future increases?
  - Limit to the amount ‘cashed in’ by owners?

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[HTTPS://WWW.STPAUL.GOV/DEPARTMENTS/FINANCIAL-EMPOWERMENT/RENT-STABILIZATION](https://www.stpaul.gov/departments/financial-empowerment/rent-stabilization)



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**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**March 15, 2022**

**Members present:** Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Monica Bravo, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Rawnsion Ivanoff, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Kevin Pranis, B. Rosas, Tony Sanneh, Julie Schwartz, Emmanuel Speare, D’Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Clara Ware

**Members not present:** Clinton Blaiser, Carolyn Brown, Abdiaziz Ibrahim, Nathaniel Khaliq, Dalton Outlaw, Katheryn Schneider

**City of St. Paul staff present:** Kirstin Burch, Jon Grebner, David Gorski, Mary Guerra, Brynn Hausz, Tony Johnson, Luis Pereira, Ian Welsh, Doua Yang, Adam Yust

**CURA staff present:** C. Terrence Anderson, Tony Damiano, Edward Goetz, Malik Holt-Shabazz, Trupti Storlie

1. Call to order

- The meeting was called to order at 1:00 by Phillip Cryan. The meeting was virtual.

2. Agenda

- Approval of Previous Minutes
- Time of March 29 Meeting
- Announcements
- Summary of Week 3 Feedback Survey
- Summary of Ballot Question approved by voters
- Learning Session: Rent Cap Exceptions

3. Approval of Previous Minutes

- **Vote:** Minutes approved. 83% Yes, 3% No, 13% Abstain

4. Announcement

- The speaker for the March 29<sup>th</sup> session requested that we change the start time to 2PM CST because they are in different international time zone. Meeting would start on March 29<sup>th</sup> would start at 2 PM and finish at 4 PM.
  - Vote: 80% Yes, 20% No: We are checking with the speaker re: the length of their presentation; another option would be to start our meeting at the normal time 1 PM and have the speaker join us at 2 PM.
- Request to keep the post-meeting survey open longer was polled. The following was agreed to:

- o Stakeholders will receive post-meeting survey link on Tuesday night. Stakeholders have until Sunday evening to fill out the survey.
- o Friday: meeting minutes will be emailed for review, changes, and approval.
- o Monday: survey results will be emailed for review.

#### 5. Summary of Week 2 Post-meeting Survey

- 12 stakeholders submitted responses; too few for substantive discussion.
- Meeting logistics were changed to address concerns; meeting content (summary of the existing ordinance) was added to address questions raised.

#### 6. Summary of Ballot Question approved by voters

- Rent cap set at 3%
- Vacancy control: rent cap applies regardless of change of occupancy
- Reasonable return on investment: “The city shall establish a process by which landlords can request exceptions to the limitation on rent increases based on the right to a reasonable return on investment.” The rationale for deviating from the cap that are listed in the ordinance were summarized.
- Exemptions: Shall not apply to changes in tenant payments where those are based on share of income
- Penalties and legal rights

#### 7. Learning Session

- Rent cap exceptions, including pass-throughs, “reasonable rate of return”, and “banking” were described and summarized.
- Research on the impact of rent stabilization on property maintenance was summarized.
- Housing stock exemptions, including small-building exemptions, owner-occupant exemptions, new construction exemptions, and subsidized/assisted housing exemptions were described and summarized.

#### 8. Adjournment

- The meeting was adjourned at 3:00 p.m. by Phillip Cryan.

## Agenda

1. Approval of Week 3 minutes
2. Time of March 29 meeting
3. Announcements
4. Post-meeting survey summary
5. Summary of Ballot question approved by voters
6. Learnings

## Questions to follow up on

---

- What is our end goal?
- More information re: disinvestment in rental housing
- More information about maintenance

## St. Paul's Existing Program

---

- Rent cap set at 3%
- Vacancy control
  - Rent cap applies regardless of change of occupancy
- Reasonable return on investment
  - "The city shall establish a process by which landlords can request exceptions to the limitation on rent increases based on the right to a reasonable return on investment."

## Reasonable return on investment

- Rationale for deviating from cap must account for:
  - Changes in property taxes
  - Unavoidable changes in maintenance/operating expenses
  - Capital improvements necessary for code compliance
  - Deterioration of unit other than by normal wear and tear
  - Changes in occupancy or services provided
  - The provision of adequate housing services or compliance with housing laws, health and safety codes or rental agreement
  - Pattern of recent rent increases or decreases

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## Existing Program (cont.)

---

- Exemptions:
  - Shall not apply to changes in tenant payments where those are based on share of income
- Penalties and private right of action

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## St. Paul's Existing Program

---

1. 3% Rent Cap
2. Vacancy control
3. Reasonable return on investment
4. Exemption for tenants in housing where tenants pay is based on their income
5. Penalties and legal rights

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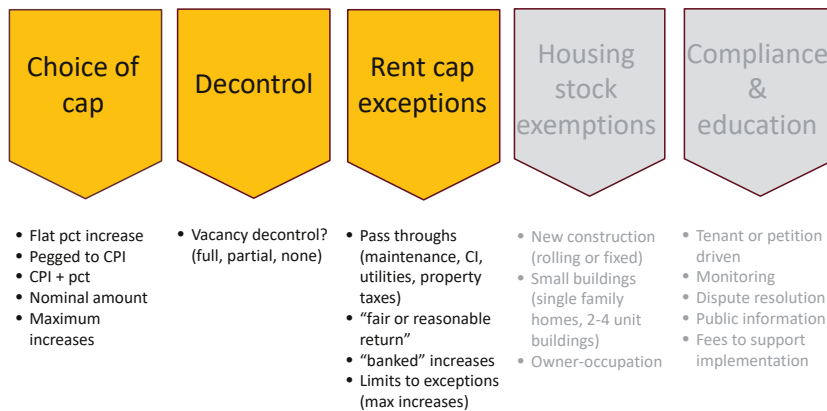
# ST. PAUL RENT STABILIZATION TASK FORCE

CAP EXCEPTIONS,  
HOUSING STOCK EXEMPTIONS



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## Program design options



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## Pass-throughs

- May property owners ‘pass-through’ some extraordinary costs to the tenant, allowing rent increases above the cap amount?
  - Allow flexibility to accommodate special circumstances
  - and to allow ‘fair and reasonable return’
  - Require a system of petition and adjudication

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# Pass-throughs

---

- Most typically for capital improvements, property taxes, utilities
- Policy questions:
  - What pct of cost can be passed on?
  - How is it amortized?
  - Is there an upper limit?
  - Who makes the determination of whether the pass-through is allowable?

## Capital Improvement

---

- Most common form of pass-through
  - Can provide strong incentive for building improvements
  - Requires working definition of capital improvement (v. normal maintenance)
  - Some cities condition CI pass-through on judgment of good faith maintenance

## Examples

- NYC:
  - MCI: major capital improvements
    - Must be approved by rent board
    - Amortized over 12.5 years, subject to 2% cap overall
  - IAI: individual apartment improvements
    - Need not be approved
- San Francisco:
  - owners in buildings with 5 or fewer units can pass through 100% of CI, subject to 5% annual cap
  - Owners of bigger buildings can only pass 50%, subject to 10% annual cap
- DC: up to 20% for building wide improvements, 15% for other



## “FAIR AND REASONABLE RETURN”

See Section 193A.05 of the St. Paul ordinance

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- Required by Courts
- Often in place of specific pass-throughs
- “Fair return” defined in many different ways
  - Hoboken, NJ: 6% above maximum interest rate on local savings account
- Can be made contingent
  - On health and safety compliance
  - On building code compliance
  - On reasonable purchase price

## Maintenance

---

- Two separate studies of NYC show decline in quality of regulated units
- Boston study shows modest decline in small aesthetic items
- DC study finds no evidence of quality decline
- 1970s studies of Fort Lee, NJ and Boston show no impact on maintenance expenditures

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## Maintenance

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- Suggests program design might be able to mitigate maintenance disincentive
- Pass-through incentives, or
- Authorizing rent reductions, or
- Making rent increases conditional on adequate maintenance

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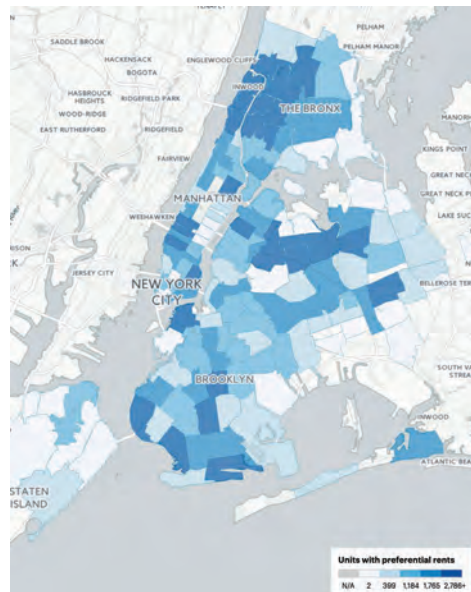
# Preferential rents and banking

- Preferential rents:
  - Lower than maximum-allowed rent increase

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## Preferential rents and banking

Prevalence of preferential rents in NYC, 2017



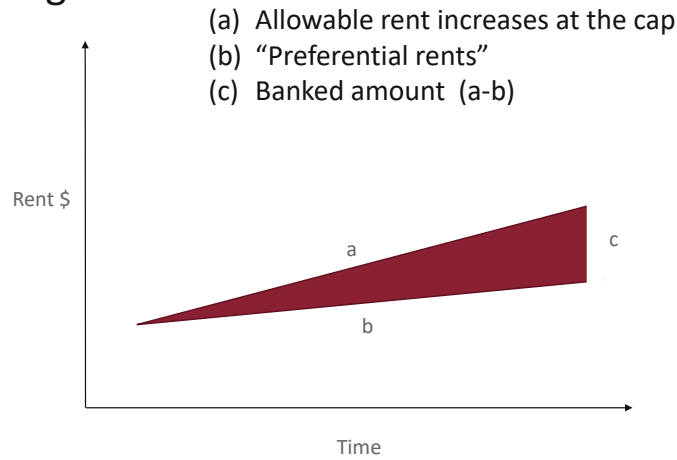
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# Preferential rents and banking

- Preferential rents:
  - Lower than maximum-allowed rent increase
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## “Banking”



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## Preferential rents and banking

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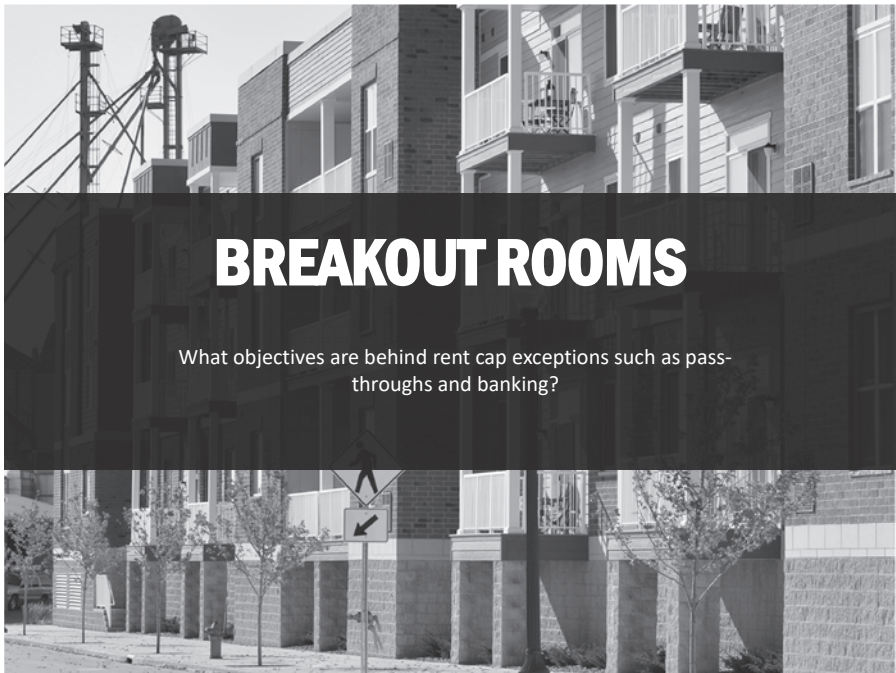
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### RENT CAP EXCEPTIONS

### SUMMARY

- For specific costs, or
- A general provision (reasonable return)
- Requires process for decision-making
- Typically limited or conditioned

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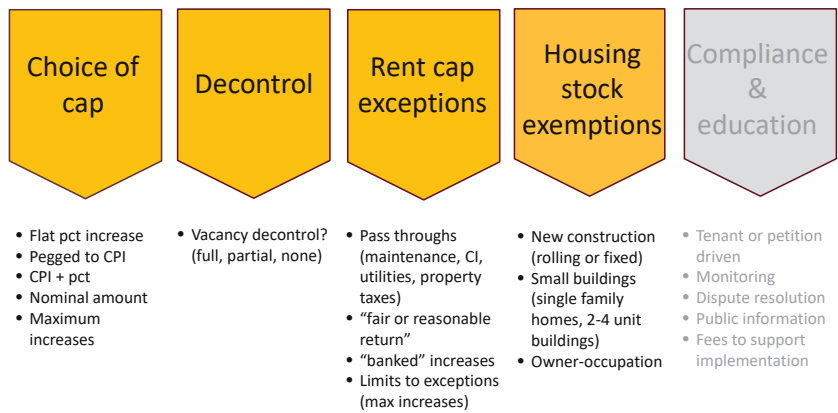


# BREAKOUT ROOMS

What objectives are behind rent cap exceptions such as pass-throughs and banking?



## Program design options



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## HOUSING STOCK EXEMPTIONS

- By building size
- By owner-occupation
- By date of construction
- By affordability restrictions

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## By building size


---

- Small buildings
  - e.g., NYC excludes 5 or fewer
  - Jersey City exempts 3 or fewer
- Often framed as “mom and pop” or small-time operators
  - DC exempts 4 or fewer AND owned by an individual
- Single family home exemption
  - Growing investor ownership of SFH rentals complicates the picture

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## By owner occupation


---

- 
- Owner occupation in 2 to 4-unit buildings
  - Owner or family member occupation
  - Controversial and contested

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## By date of construction

---

- 
- New construction exemption, justified by
    - fear of dampening rate of housing construction
    - expectation that new buildings rarely provide housing for low-mod renters
  - Exemption tied to a fixed date or to a fixed number of years

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# New construction exemptions

- Tied to a specific date
  - Oakland, 1983
  - NYC, 1974
  - LA, 1978
  - Washington, DC, 1975
- or rolling
  - Newark, NJ, length of initial mortgage or 30 years, whichever is less
  - New Brunswick, NJ, same as Newark
  - Takoma Park, MD – 5 years (& only upon petition)
  - State of Oregon – 15 years

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## Other

- Buildings with affordability requirements
  - LA: units with “government imposed regulatory agreement...” guaranteeing affordability
  - Rents are already regulated
- Luxury exemptions
  - MA exempted up to 25% of units at the high end of the market
  - NJ cities have / had luxury exemptions defined by rent amount
  - NYC eliminated its luxury exemption in 2019

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## LOSS OF RENTAL HOUSING STOCK

- Movement of units into exempted categories
  - Demolition and replacement with new construction
  - Owner-occupation
- Removal of units from rental market
  - Condominium conversion

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# Loss of Housing Stock

- Research shows that units are withdrawn by various means
  - Diamond et al., 2019; Asquith, 2019; Sims, 2007
  - Significant numbers of units removed
- Many cities respond with condo conversion or demolition controls
  - Prohibit, limit, or condition conversion/demo
  - Barriers to conversion increased evictions in SF Asquith (2019)

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## Housing stock exemptions

- Small building
- New construction
- Owner occupation
- Subsidized/assisted housing
- Loss of rental housing stock
- “complementary” regulations to limit loss of rental housing

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[HTTPS://WWW.STPAUL.GOV/DEPARTMENTS/FINANCIAL-EMPOWERMENT/RENT-STABILIZATION](https://www.stpaul.gov/departments/financial-empowerment/rent-stabilization)



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**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**March 22, 2022**

**Members present (bold): Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Clinton Blaiser, Monica Bravo, Carolyn Brown, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsion Ivanoff, Nathaniel Khaliq, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Julie Schwartz, Katheryn Schneider, Emmanuel Speare, D'Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Clara Ware**

**City of St. Paul staff present (not italicized):**Kirstin Burch, Jon Grebner, David Gorski, Mary Guerra, Brynn Hausz, Tony Johnson, Luis Pereira, Ian Welsh, *Doua Yang, Adam Yust*

**CURA staff present (not italicized):**C. Terrence Anderson, Tony Damiano, Edward Goetz, Malik Holt-Shabazz, Trupti Storlie

1. Call to order

- The meeting was called to order at 1:00 by Phillip Cryan. The meeting was virtual.

2. Agenda

- Approval of March 22 Minutes
- Announcements
- Post-Meeting Survey Summary
- Rent Stabilization Objective (continued)
- Cross-jurisdictional learnings: Ken Baar

3. Approval of Previous Minutes

- **Vote:** Minutes approved. 79% Yes, 0% No, 21% Abstain

4. Announcement

- Created a resolution to identify direction requested from this Task Force
  - Presented by St. Paul Council Member Chris Tolbert
  - Resolution includes ten different topics that would be helpful (e.g. how to ensure rental rate stabilization, rent increase cap, ensure compliance, ensure that maintenance occurs, etc.)
  - Resolution passed unanimously
  - The desire is that recommendations balances the interests and needs of all stakeholders.

5. Summary of Post-meeting Survey

- Not enough feedback for a full analysis, but two substantive points
- Procedural
  - Members like small group breakouts
  - Members like the Google document to record their own thoughts as the discussion progressed
  - We will continue to employ these techniques
- “Comparisons” to other jurisdictions should be treated as examples
  - Information from other cities’ rent stabilization to share different policy options and how they have been implemented
  - Constrained by the cities that actually have rent stabilization; don’t have a midwestern, large city to directly compare
  - Not intended as a comparison, simply information for you as you go into deliberations.

#### 7. Group Activity: Rent Stabilization Objectives (continued)

- Recapped the steps in the process
  - 3/22 - small group discussions and brainstorming
  - More than 200 individual comments
  - Themed into 12 program outcomes
- Today: Fine tune 12 program outcomes
  - Small group discussion: identify changes to the themes (wording changes, add missing detail)
  - 12 Program outcomes will be updated as working statements moving forward; can be adjusted as deliberation continue, but these will be the target as we evaluate different rent stabilization features.

#### 8. Cross Jurisdictional Learnings: Guest Speaker - Ken Barr

- 

#### 9. Adjournment

- The meeting was adjourned at 3:00 p.m. by Tony Sanneh.

## Agenda

1. Approval of Week 4 minutes
2. Announcements
3. Post-meeting survey summary
4. Learnings
5. Rent stabilization objectives

**Table 1: “What was your most important  
takeaway?”**

---

<b>There is a history to learn from</b>	<b>32%</b>
<b>Importance of emergency/inflation conditions</b>	<b>26%</b>
<b>What the impacts have been</b>	<b>11%</b>
<b>Task Force processes</b>	<b>11%</b>
<b>Other</b>	<b>22%</b>
<b>Total</b>	

**Table 2: A ‘new or surprising’ thing learned.**

---

<b>The ‘waves’ or ‘generations’ of rent control</b>	<b>47%</b>
<b>The cyclical nature of support</b>	<b>20%</b>
<b>The extent of preemptions</b>	<b>13%</b>
<b>Conditions of enactment</b>	<b>13%</b>
<b>Facilitator bias</b>	<b>7%</b>
<b>Total</b>	

**Table 3: “What did you hear/learn that made you rethink?”**

Nothing	47%
Varieties of rent control types	13%
That we have examples to learn from	13%
Other	26%
Total	



**Table 4: “Questions to follow up on?”**

- Property taxes / values
- Inflation and its role in rent control
- Research sources and methods used
- Other
- Total

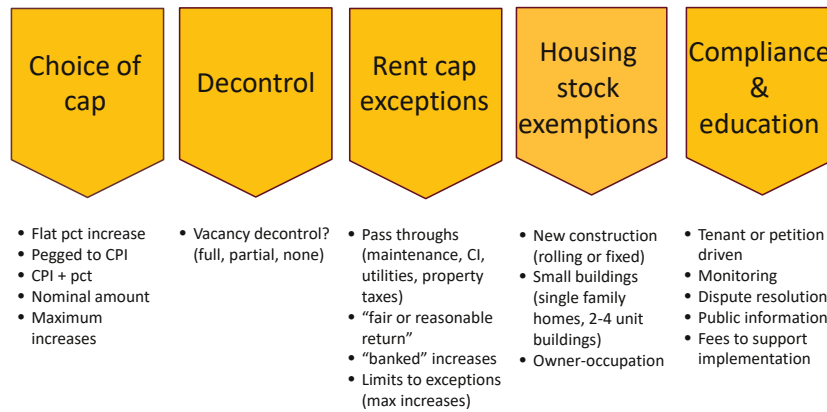


**ST. PAUL RENT STABILIZATION TASK FORCE**

PROGRAM ADMINISTRATION

The graphic features a black background with yellow text. On the right side, there is a grid of six small images: a portrait of an older woman, a street scene with a building, a portrait of a woman with glasses, a portrait of an older man with glasses, a portrait of a man with a beard, and a portrait of a woman with long hair. Below the grid is the logo for the Center for Urban and Regional Affairs (cura) at the University of Minnesota.

# Program design options



## Rent Boards

- Hear & decided petitions
- Hear & resolve disputes
- Set/enforce rent caps
- Oversee registration of regulated units
- Report annually to Council/Mayor
- Develop/manage public information materials

## Example rent boards

City	Members	Tenants	Landlords	Homeowners	Other
Los Angeles	7	0	0		7
Oakland	9	2	2	5	
San Francisco	5	2	2		1
Newark	5	2	2	1	
Camden	7	2	2	2	1
New Brunswick	5	1	1	1	
New York	9	2	2		5

## NOTICE & ENFORCEMENT

- Registration of units
- Specific, effective, reasonable penalties
- Encourage / increase compliance

**cura** Center for Urban & Regional Affairs

Most laws require initial registration

- Record of unit attributes
- Base rent
- Services provided

## NOTICE & ENFORCEMENT

- Registration of units
- Specific, effective, reasonable penalties
- Encourage / increase compliance

**cura** Center for Urban & Regional Affairs

- Penalties for unlawful increases
- Right of action for injunctive relief and damages
- Powers given to City Attorney and/or rent board.
  - In SF, tenant rights organizations, too

## NOTICE & ENFORCEMENT

- Registration of units
- Specific, effective, reasonable penalties
- Encourage / increase compliance

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## NOTICE & ENFORCEMENT

- Registration of units
- Specific, effective, reasonable penalties
- Encourage / increase compliance

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& Regional Affairs

### Oakland workshops, 2021

- Tenant rights workshop
- Small property owner workshop
- Security deposits (property owner focused)
- Tenant rights workshop in Spanish

(workshops scheduled monthly)

## NOTICE & ENFORCEMENT

- Registration of units
- Specific, effective, reasonable penalties
- Encourage / increase compliance

**cura** Center for Urban  
& Regional Affairs

### Berkeley webinars, 2020 - 2021

- Security Deposits: Rights and Responsibilities
- Evictions in Berkeley
- Landlord 101
- Lease-Breaking Webinar
- Registering your Berkeley Rental Property”
- Berkeley rent control 101

[https://www.cityofberkeley.info/Rent\\_Stabilization\\_Board/Home/Landlord\\_and\\_Tenant\\_Workshops\\_Seminars.aspx](https://www.cityofberkeley.info/Rent_Stabilization_Board/Home/Landlord_and_Tenant_Workshops_Seminars.aspx)

## Costs

- 1984 study estimated cost of administering laws ranged \$2 to \$72 per unit per year
  - \$5 to \$195 in 2002 dollars
- Costs highest in first few years
- Sources:
  - General funds
  - Annual registration fees
  - Petition, hearing fees

## NOTICE & ENFORCEMENT

- Registration of units
- Specific, effective, reasonable penalties
- Encourage / increase compliance

**cura** Center for Urban  
& Regional Affairs

### ■ Oakland

<https://www.oaklandca.gov/topics/rent-adjustment-program#resources>

### ■ New Brunswick, NJ

[https://www.cityofnewbrunswick.org/residents/departments/planning\\_development/rent\\_control/index.php](https://www.cityofnewbrunswick.org/residents/departments/planning_development/rent_control/index.php)

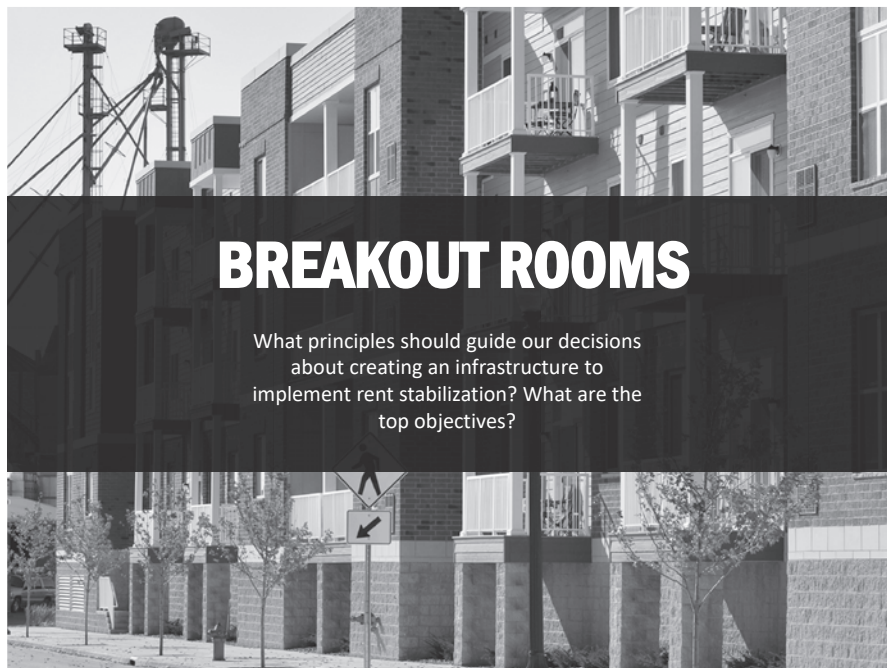
### ■ Santa Monica, CA

<https://www.santamonica.gov/departments/rent-control#RelatedResourceBagPart>

## Complementary policies

- e.g., conversion limits
- Eviction and tenant protections:
  - Just cause
  - Harassment prevention
  - Relocation assistance
  - Limiting fees

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& Regional Affairs





[HTTPS://WWW.STPAUL.GOV/DEPARTMENTS/FINANCIAL-EMPOWERMENT/RENT-STABILIZATION](https://www.stpaul.gov/departments/financial-empowerment/rent-stabilization)



@CURAUMN



**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**March 29, 2022**

**Members present (bold): Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Clinton Blaiser, Monica Bravo, Carolyn Brown, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsion Ivanoff, Nathaniel Khaliq, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Julie Schwartz, Katheryn Schneider, Emmanuel Speare, D'Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Clara Ware**

**City of St. Paul staff present:**Kirstin Burch, Jon Grebner, David Gorski, Mary Guerra, Brynn Hausz, Tony Johnson, Luis Pereira, Ian Welsh

**CURA staff present:**C. Terrence Anderson, Tony Damiano, Edward Goetz, Malik Holt-Shabazz, Trupti Storlie

1. Call to order

- The meeting was called to order at 1:00 by Phillip Cryan. The meeting was virtual.

2. Agenda

- Approval of March 22 Minutes
- Announcements
- Post-Meeting Survey Summary
- Rent Stabilization Objective (continued)
- Cross-jurisdictional learnings: Ken Baar

3. Approval of Previous Minutes

- **Vote:** Minutes approved. 79% Yes, 0% No, 21% Abstain

4. Announcement

- City Council passed a resolution to identify direction requested from this Task Force
  - Presented by St. Paul Council Member and Task Force member Chris Tolbert
  - Resolution includes ten different topics the City Council would like the Task Force to address.
  - Resolution passed unanimously

5. Summary of Post-meeting Survey

- Many Task Force members liked the use of Google document to record their own thoughts for small group breakouts
  - We will continue to employ these techniques whenever possible
- Concerns about cities used as “comparisons.”
  - References to other cities are not made for comparison sake, but rather to describe different approaches to rent stabilization, to provide the Task Force with information on as many policy options as possible.

#### 6. Group Activity: Rent Stabilization Objectives (continued)

- Recapped the steps in the process
  - 3/22 - small group discussions and brainstorming
  - More than 200 individual comments
  - Themed into 12 program outcomes
- Today: React to and possibly fine tune the 12 program outcome statements

#### 7. Cross Jurisdictional Learnings: Guest Speaker - Ken Baar

- Dr. Baar made a presentation and then fielded questions on several topics for consideration by the Task Force.
  - Dr. Baar's talk touched on new construction exemptions, return on investment examples, the use of the consumer price index (CPI) in rent caps, vacancy control and decontrol, banking, and fair return. He also talked about the inter-relatedness of these policy design approaches.

#### 8. Adjournment

- The meeting was adjourned at 3:00 p.m. by Phillip Cryan.

# ST. PAUL RENT STABILIZATION TASK FORCE

Week 6: March 29, 2022

**cura** Center for Urban & Regional Affairs

## Agenda

1. Approval of Week 5 minutes
2. Announcements
3. Post-meeting survey summary
4. Rent stabilization objectives (continued)
5. Cross-jurisdictional learnings: Ken Baar

## Rent stabilization program outcomes

- 3/22 - small group discussions & brainstorming
  - What outcomes would a good rent stabilization program produce for St. Paul?
- More than 200 individual comments
  - Themed into 12 program outcomes
- Today: small group discussions
  - Begin with your individual reactions – on google doc
  - Are these the correct outcomes?
  - What would you change?
  - What is missing?

**cura** Center for Urban & Regional Affairs

### **A good & effective rent stabilization program for St. Paul would...**

1. provide stability of residence and affordable housing for St. Paul renters
2. provide renters with predictability in their housing costs from year to year
3. prevent rent gouging
4. provide property owners with the ability to recoup expenses for operational costs and property maintenance, and a reasonable rate of return on their investment
5. result in continued maintenance of property, providing renters with decent, safe, and clean living environments and property owners with properties that remain in good shape
6. allow and encourage the upgrading of the rental housing stock through capital improvements
7. result in the expansion of the rental housing stock and housing options in St. Paul through new construction by continuing to attract investment and financing
8. operate through a clear, transparent, and simple set of regulations and processes so that all parties have a good understanding of the system
9. be efficient and process petitions and claims quickly
10. have regulations and procedures that are fair to all parties
11. produce good communication between renters and owners/management
12. produce stable communities in the city.

**St. Paul Rent Stabilization Task Force Ground Rules (revised)**

- 1) Be real and true to your experience when sharing observations of perceived experience.  
Honor that communities have knowledge about how they experience systems and structures.
- 2) Give space for people to be vulnerable when speaking of their experiences.  
If someone has shared a difficult story, be aware of the follow up.
- 3) Acknowledge and respect differing opinions and perspectives.  
Recognize that these conversations may be contentious, and that each person will be coming from a unique position.
- 4) Step up, step back.  
Participate as much as you listen; it is a two-way street of learning.  
Set aside implicit power roles so all voices have equal weight.
- 5) Be open and curious.  
Lead with curiosity, honesty, transparency, courage, and humility.
- 6) Be quick to listen slow to react/speak.  
Be slow to judgment when engaging.  
Commit to a principle of constructive engagement.
- 7) Try to stay away from jargon and specialized terms.
- 8) Keep an eye towards moving the discussion forward.
- 9) Leave time and space for others.
- 10) Respect pronouns.

**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**April 5, 2022**

**Members present (bold): Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Clinton Blaiser, Monica Bravo, Carolyn Brown, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsen Ivanoff, Nathaniel Khaliq, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Julie Schwartz, Kathryn Schneider, Emmanuel Speare, D'Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Richard Holst, Clara Ware**

**City of St. Paul staff present:** Jon Grebner, David Gorski, Mary Guerra, Brynn Hausz, Tony Johnson, Luis Pereira, Ian Welsh

**CURA staff present:** C. Terrence Anderson, Tony Damiano, Edward Goetz, Malik Holt-Shabazz, Trupti Storlie

1. Call to order

- The meeting was called to order at 1:00 by **Tony Sanneh**. The meeting was virtual.

2. Agenda

- Approval of March 29 Minutes
- Announcements
- Post-Meeting Survey Summary
- Rent Stabilization Objective (continued)
- Mapping Prejudice: Rebecca Walker

3. Approval of Previous Minutes

- **Vote:** Minutes approved.

4. Announcement

- No CURA Team announcements
- Chair Tony Sanneh announced City of St Paul will be having a public comment period of the rent stabilization rules April 7 – April 12 and two links were put In the chatroom. The St Paul Rent Stabilization Group has its own comment link.
- Councilmember Tolbert announced administration will be publishing the draft rules last Friday, April 1<sup>st</sup>. Comments can be submitted to the Department of Safety and Inspections between April 7 – April 22, 2022 regarding the draft rules as the Rent Stabilization ordinance currently stands. Councilmember Tolbert also stated the Current ordinance as it stands will come before City Council on April 6<sup>th</sup>
- CURA Ed Goetz stated the vote on May 1<sup>st</sup> will not necessarily impact the work this committee is working on.
- CURA Ed Goetz also answered the following questions from a committee member regarding the April 12 Public meeting:

1. List of meeting attendees will appear on the Zoom call, but CURA will have roster of public input session attendees at a later date. Members of the Stakeholder Group will serve as observers at the public input session.
2. The public input will serve as information to assist committee members during their deliberations and inform the decisions of this group.
3. After the Public hearing, the group will pivot to deliberations role and look into policy recommendations. CURA will document input received from the public input session and send to committee members.
4. A flyer was sent out regarding the April 12 public input session and please disseminate to your networks.
5. A separate opportunity to sign up to speak and/or to submit written comments will open up after today's meeting and will end on April 15<sup>th</sup>.
6. Our regular Tuesday meeting on April 12<sup>th</sup> will not occur and the April 12<sup>th</sup> public input session will serve as that week's official meeting.

#### 5. Policy Preferences Poll

- CURA went through a number of polling questions with committee members seeing where people are at this point in time regarding rent stabilization and to see where there are areas of agreement, disagreement.

#### 6. Mapping Prejudice: Historic Housing Discrimination in St Paul by Rebecca Walker, Humphrey School of Public Affairs, University of Minnesota – Twin Cities

- Rebecca Walker made a presentation and then fielded questions on several topics for consideration by the Task Force.
  - Rebecca Walker's talk touched on historical analysis on housing discrimination in St Paul including the expansion of land use segregation from 1884 to present day, access to housing, use of racial covenants, racial housing discrimination covenant Minneapolis maps and start of St Paul racial covenant maps, city governments history of enacting policies to promote segregation, and discussing how bias towards people of color occurring to this day regarding housing appraisals, discrimination, predatory lending, and foreclosures
  - Rebecca Walker took questions

#### 7. Adjournment

- The meeting was adjourned at 3:00 p.m. by Tony Sanneh

# Mapping Prejudice

Historic housing discrimination in St. Paul

Rebecca Walker | Humphrey School of Public Affairs | University of Minnesota

April 5, 2022



**Turn of the century, St. Paul**





### **William T. Francis**

- Moved to St. Paul in 1887, age 18
- Clerk at Northern Pacific Railway

- 1901 Attended law school
  - 1904 became Nor. Pac. Railway's chief legal official (and the highest ranking Black employee in any MN business at this time)
- 

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## **Attended Pilgrim Baptist Church**

(est. 1866 as MN 1st Black church)





Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EP... Powered by Esri

## 1884



Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EP... Powered by Esri

### 1884 St. Paul is...

- Small
- Walkable
- Mixed-use



Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EP... Powered by Esri



Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EP... Powered by Esri

**1908**



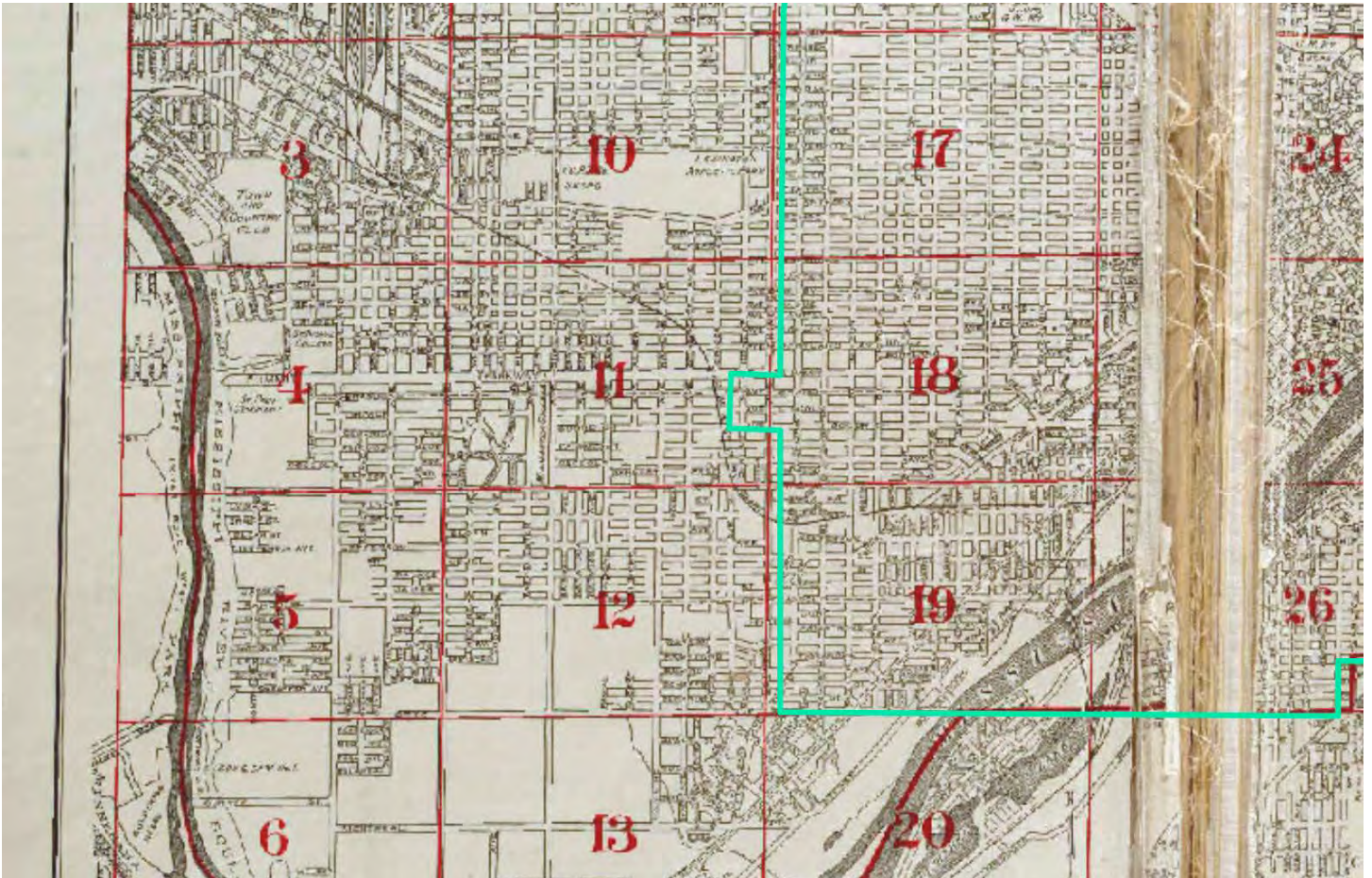
Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EP... Powered by Esri

## 1908 St. Paul is...

- Growing!
    - European immigrants and Great Migration
    - Streetcars
    - New, residential only neighborhoods
-



Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EP... Powered by Esri



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## 1924



William and Nellie Francis

- In private law practice since 1912
- Argued many early MN civil rights cases
- Political activist
  - Led local ban on *The Birth of a Nation*
- Nellie Francis led charge to pass MN anti-lynching law

Metropolitan Council, MetroGIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EP... Powered by Esri

## Purchased a home at 2092 Sargeant Ave in Mac-Groveland



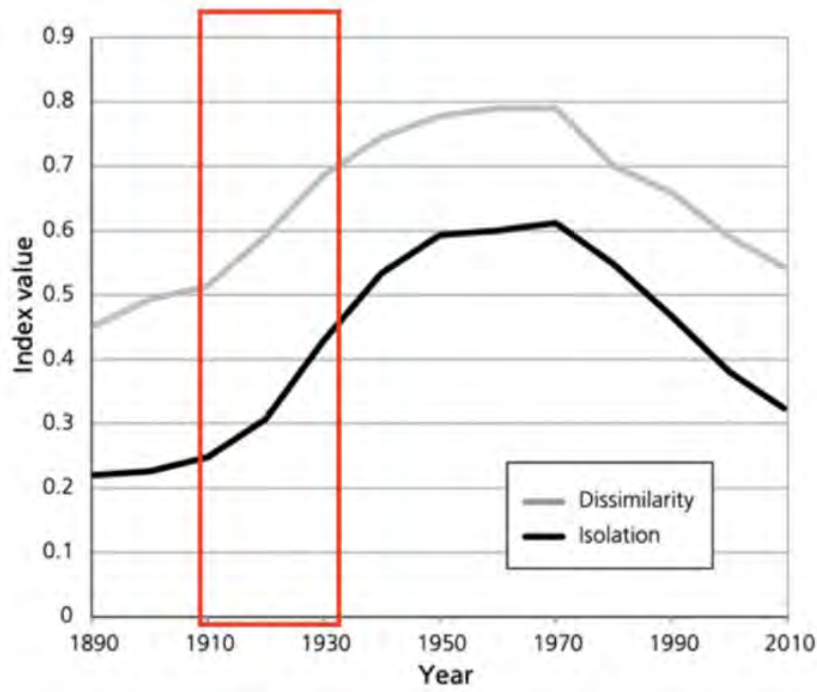
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## **Immediately met with intimidation and white violence**

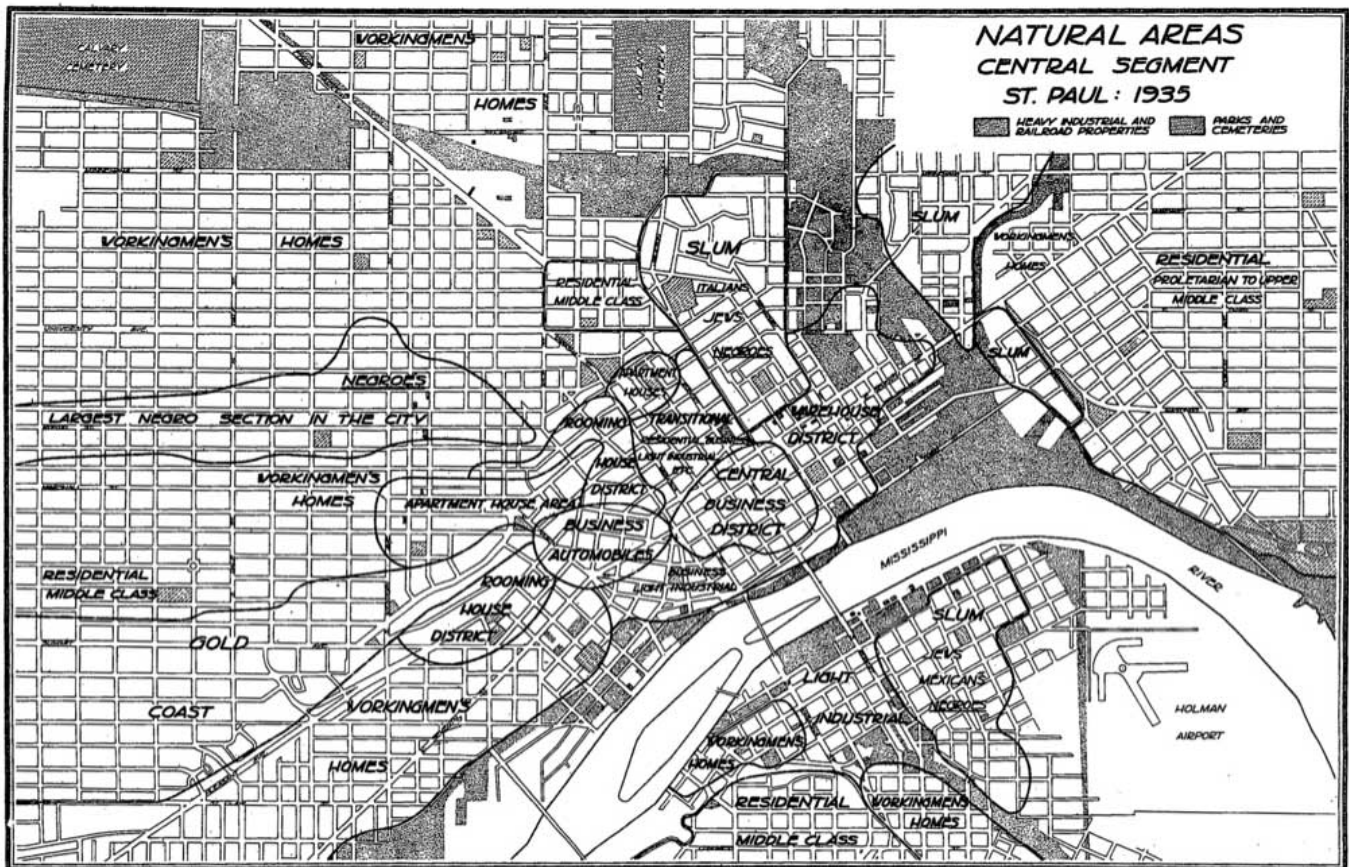
- Local improvement association offered to buy the house
- Marched on the house with burning torches
- Sent threatening letters and phone calls
- Culminated in at least two instances of KKK burning crosses in their yard
- Persevered, and stayed for 3 years



**Start of the 20th C led to the emergence of racial segregation and of White efforts to police the color line**

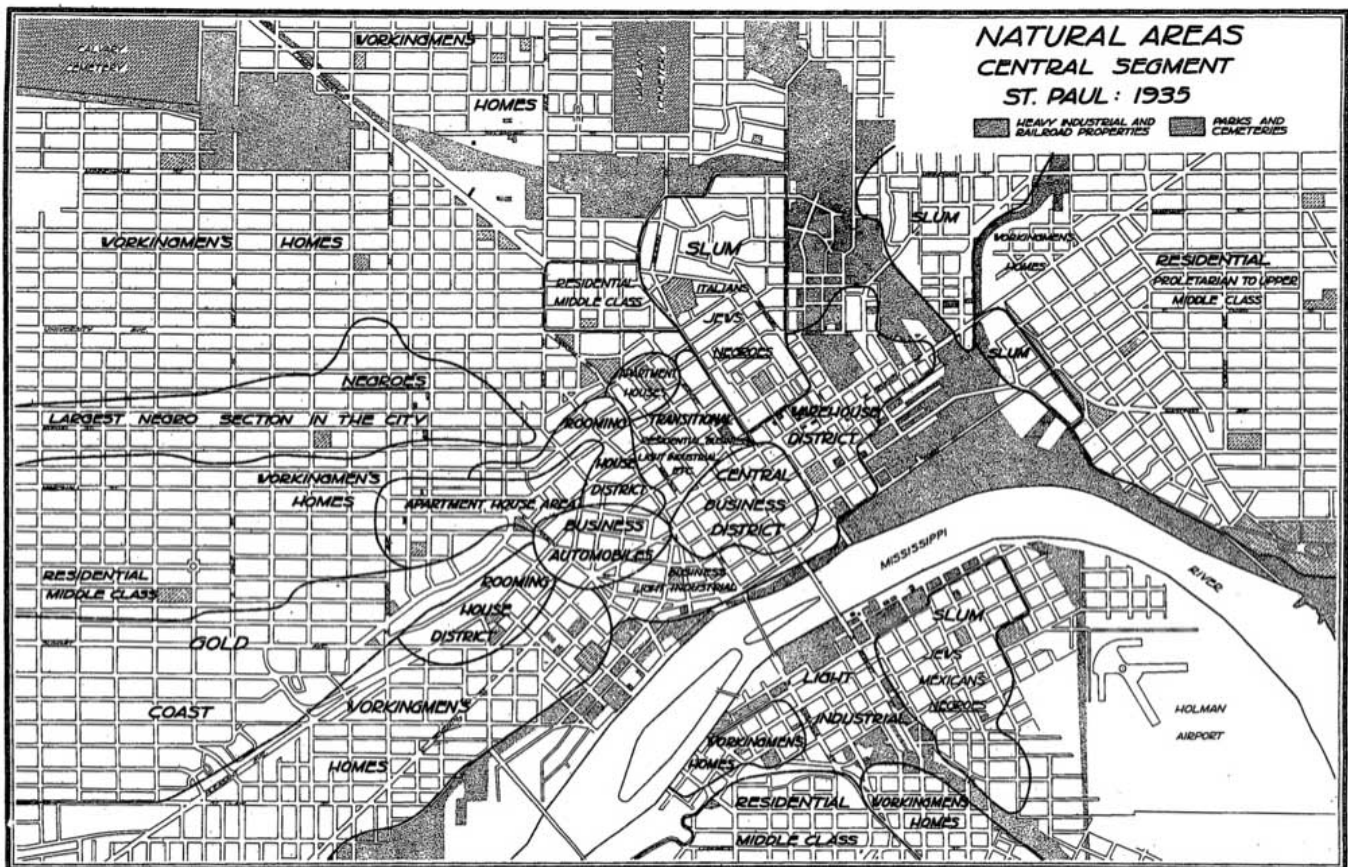


Emergence of racial segregation in U.S. cities



## How did St. Paul go from relatively integrated to very segregated during the first half of the twentieth century?

- Growing Black middle class
- 1920s Rondo emerged as the center of Black life in St. Paul
- by 1940, upwards of 90% of St. Paul's Black residents lived in the Rondo/Frogtown area





## Mapping Prejudice has worked to answer this question.

How did white real estate developers, landlords, property owners, and politicians inscribe racism into the built environment?

"And this condition and covenant shall run with the land and bind the heirs, executors, administrators and assigns of the party of the second part." (The grantee therein.)

"This deed is further given on the express condition that, and the party of the second part agrees, that the said premises shall not at any time be sold, conveyed, leased, or sublet, or occupied by any person or persons who are not full bloods of the so-called Caucasian or White race.

"And this condition and covenant shall run with the land and bind the heirs, executors, administrators and assigns of the party of the second part." (The grantee therein.)

**Racial covenants were used by real estate developers to sell the perceived value of whiteness**

cheaper than any lot in that block.

### LAKE OF THE ISLES BARGAIN



A fellow cannot interest the dollar without using dollar instincts, and this lot is purposely slashed in price to attract the dollar. The map shows you where it is and what it looks at. The lot has curb and gutter, stone sidewalk, city water, gas and electricity. It is a beautiful lot, high and commanding, with a frontage of 75 feet and a depth of 140 feet. Mr. Stiff lives next door, at 2815 Benton boulevard.

Old price \$4,000. Today's discount \$1,250. New price **\$2,750**. Terms, \$750 down, balance on or before 3 years; 6% interest.

I appeal to the instincts of those about to marry. Isn't this the most remarkable offering you ever heard of. Restrictions—

The party of the second part hereby agrees that the premises hereby conveyed shall not at any time be conveyed, mortgaged or leased to any person or persons of Chinese, Japanese, Moorish, Turkish, Negro, Mongolian, Semetic or African blood or descent. Said restrictions and covenants shall run with the land and any breach of any or either thereof shall work a forfeiture of title, which may be enforced by re-entry.

Lake Street Frontage



**BIG SALE ALL DAY SATURDAY AUG. 9TH AND MONDAY AUG. 11 FROM 8 A. M. TO 8 P. M. OF CHOICE RESIDENCE LOTS IN**

# FRANKSON'S COMO PARK ADDITION

**YOU CANNOT AFFORD TO MISS THIS OPPORTUNITY, CAN YOU?**  
 For this is unquestionably one of the most desirable and the most beautiful tracts ever platted and offered for sale in the Twin Cities. These lots are very rapidly selling, so if you want selected locations come early Saturday and make your selection.

Did you ever stop to consider that  
**"A RENTED HOME IS NOT A HOME"**

Why not come out Saturday and buy a lot in this fine addition, that for soil, price and location has no fair comparison or rival in the two cities?

**WHY PAY RENT ANY LONGER? OWN YOUR OWN HOME.**

If you haven't the money to build a home yourself, buy a lot and I will build it for you. Did you ever stop to consider that NEVER BEFORE IN ST. PAUL OR MINNEAPOLIS was so large a tract as 120 acres offered for sale with such rigid restrictions? This will protect every interest and assure to every purchaser a selected and choice residence district.

With this opportunity staring you in the face. CAN YOU AFFORD TO BUY A LOT WITH VIEW OF BUILDING A HOME WHEN YOU ARE SURROUNDED BY "CHEAP JOHN" HOUSES, STORES AND FACTORIES?

Don't forget my restrictions—read them again:  
 First, that no gravel shall be removed from said lots except such as is used in the erection, construction or alteration of buildings on the premises.  
 Second, that no building shall be erected upon said premises deeper than 20 feet from the front line, and the top of the stone foundation shall be at least three and a half feet above the sidewalk grade, and that no building shall be erected for occupancy as a dwelling house, or occupied as such which shall cost less than \$2,500 to \$2,000; provided, however, that temporary structures for occupation may be erected and constructed upon the rear ends of said lots in case the same are sided, drop-sided, painted and shingled, but on lot paper buildings or what is commonly designated as shacks shall be erected on said premises of any part thereof.  
 Third, that no factory, that no store buildings shall be erected on said premises, nor shall any buildings be used or occupied as a store or store building on said premises.  
 Fourth, that greater cisterns and/or larger wells and cisterns or a cistern network.

With this assurance can you not afford to pay \$400 for a lot in such a desirable and beautiful location? You have my assurance that the above restrictions will be enforced to the fullest extent of the law.

<p><b>Also Please Remember</b></p> <ol style="list-style-type: none"> <li>1. There is only one Midway.</li> <li>2. Only one Park to collect city.</li> <li>3. One boulevard to enjoy city.</li> <li>4. That these lots selling Como Park in the east—out of the most beautiful parks in the state.</li> </ol>	<p><b>Prices and Terms</b>  <b>\$400 PER LOT AND UP</b>      Small payment cash, balance \$15.00 per month and 6% interest.      25% DISCOUNT FOR ALL CASH.</p>	<p><b>How to Get There</b></p> <p>From St. Paul—Take Como-Harriet car to Snelling avenue and walk two blocks north.</p> <p>From Minneapolis—Take Como-Harriet car to Snelling avenue and walk two blocks north.</p>
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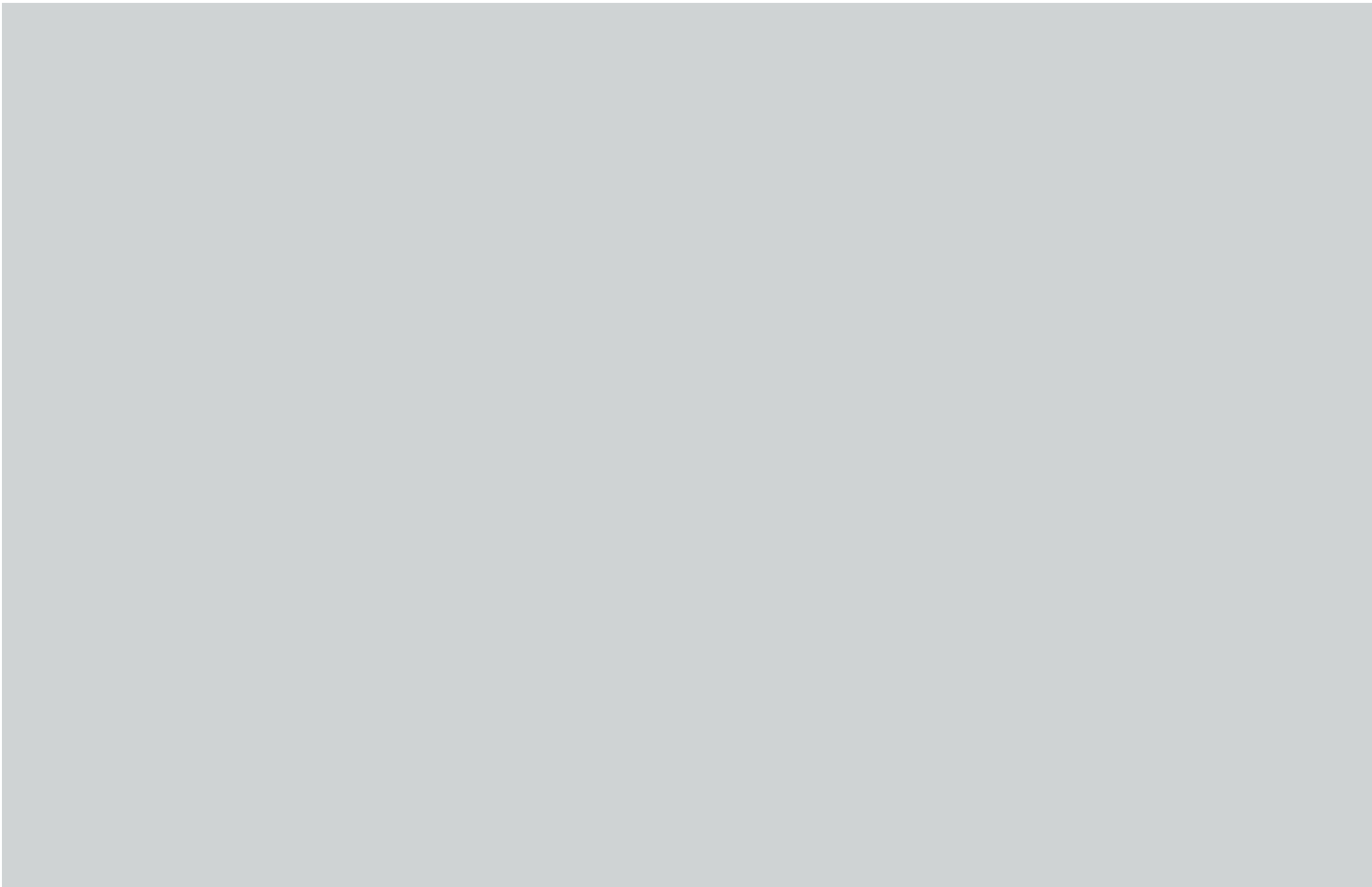
**I will have my salesman, THOMAS GARRETT, on the Ground Every Day This Week Except Sunday from 8 A. M. to 8 P. M.**

**OFFICE ON GROUNDS** Corner of Midway Parkway and Snelling avenue. East side of STATE FAIR GROUNDS. OUR AUTOS WILL TAKE YOU TO THE GROUND BY APPOINTMENT.

**For Sale by THOMAS FRANKSON, Owner**  
 400 LINCOLN BUILDING, 302 NICOLLET AVENUE  
 MINNEAPOLIS, MINN.

ST. PAUL AGENTS:  
 E. J. HAZFIELD CO.  
 118 East Park Street, St. Paul, Minn.  
 E. W. H. T. HARRIS  
 312 Exchange Building, St. Paul, Minn.

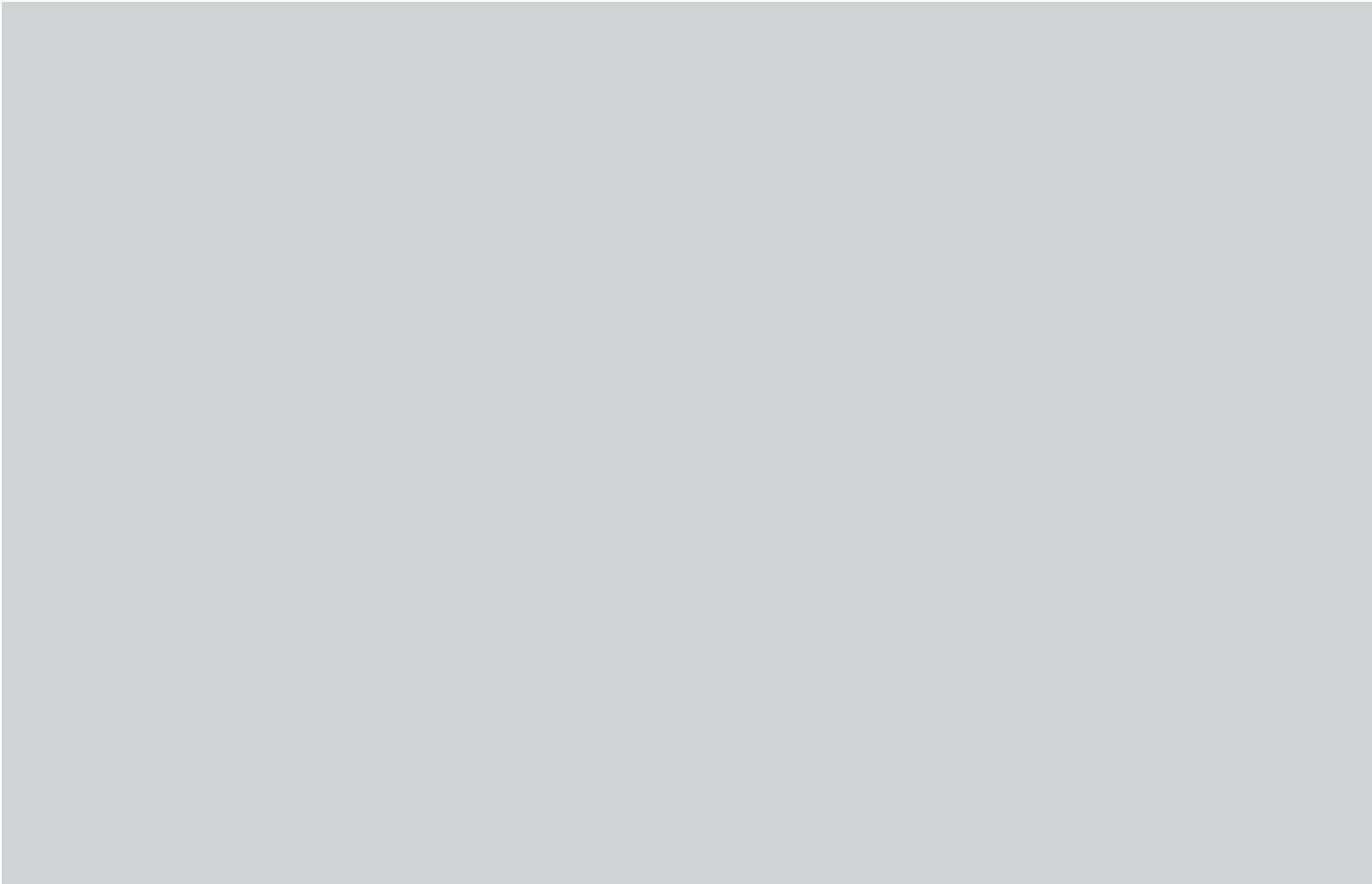
- Ensured new development was reserved for white people
- Prevented people of color from purchasing homes
- Determines who can accumulate intergenerational wealth through homeownership (and who can't)



Powered by Esri

**Very very preliminary** data on racial covenants for Ramsey County (< 25% of deeds analyzed)

Powered by Esri



Powered by Esri

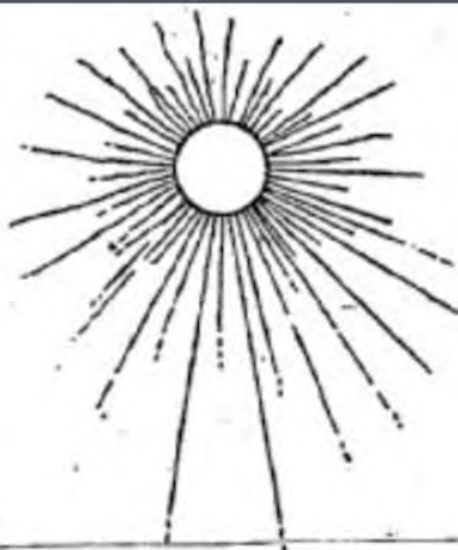
**Neighborhood improvement associations were key to enforcing racial covenants.**



- Brought suits against covenant-violators
- Racial covenants ruled unenforceable by U.S. Supreme Court in 1948
- Neighborhood associations continued to police the color line
  - Intimidation
  - Collective agreements not to sell

## **Real estate developers and agents also key to producing and protecting segregation**

- Racial covenants
- Other exclusionary deed restrictions
- Racial steering
- Explicit in the National Assoc. of Real Estate Boards' code of ethics



# COLUMBIA HEIGHTS

*Up Where the  
Sun Shines*

**W**ILL you not accept this invitation to come and look us over? Central avenue is paved to 37th Ave. N. E. You can motor up in great comfort and our wonderful progress will prove a source of **WONDER** to you.

**W**E are still offering acre lots of rich, rich soil that will grow anything that can be grown in Minnesota, from \$350 up, and good building lots (restricted) from \$100 up on monthly payments.

**W**E have city water, gas, electric light, stone walks, both phones, **A TEN MINUTE STREET CAR SERVICE**, large school, two churches and a club house. Pay me a visit today. Our office, corner of 37th Ave. N. E. and Central, is surrounded by a private park and is very pretty.

*Wishing you jolly good luck*

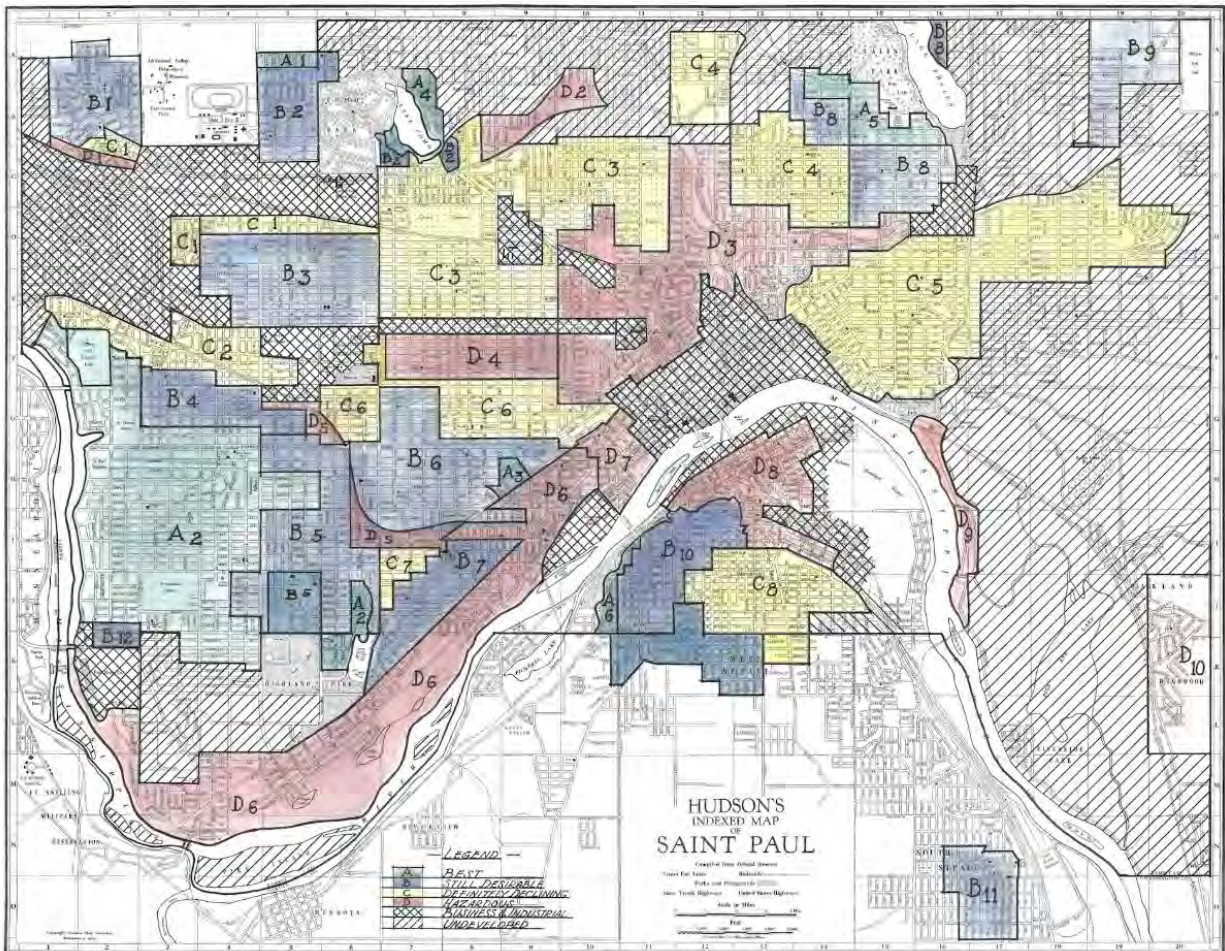
*Edmund Walton*

Powered by Esri

## City governments enacted policies to promote segregation,

Particularly through zoning ordinances.

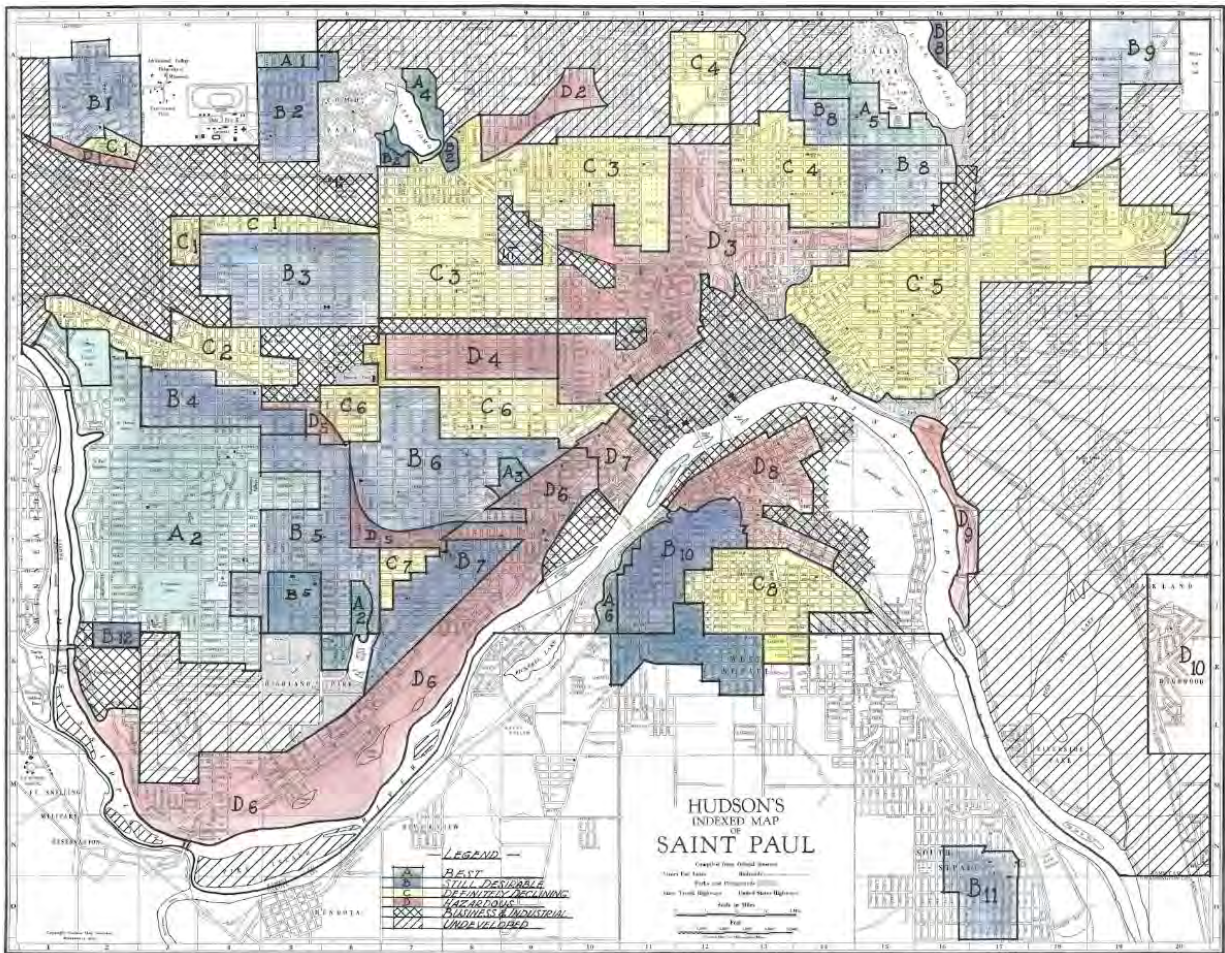
- **Single Family**
- **Multi-Family**
- **Commercial**
- **Industrial**



## 1930s - Redlining

- Redlining maps produced by agents employed by the federal Home Owners Loan Corporation
- Rated neighborhoods **A ("Best")**, **B ("Still Desirable")**, **C ("Definitely Declining")**, and **D ("Hazardous")** in terms of their "riskiness" for mortgage lending
- Based explicitly on the racial demographics of the neighborhood





## Redlining maps used presence of racial covenants as a criteria

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Powered by Esri

**If you're Black in Ramsey County in the first half of the 20th century, buying a home is nearly impossible:**

- Much of the city has racial covenants or other exclusionary restrictions
- Can't get a mortgage to purchase in other areas

Powered by Esri

**In 1956, route for I-94 freeway was run directly through the heart of Rondo**



Demolition of homes for construction of I-94 through Rondo

## Despite fierce community protests, freeway plans went through

- Destroyed hundreds of their homes, businesses and institutions.
- 75% of those displaced were Black (~600 families)



Demolition of homes for construction of I-94 through Rondo



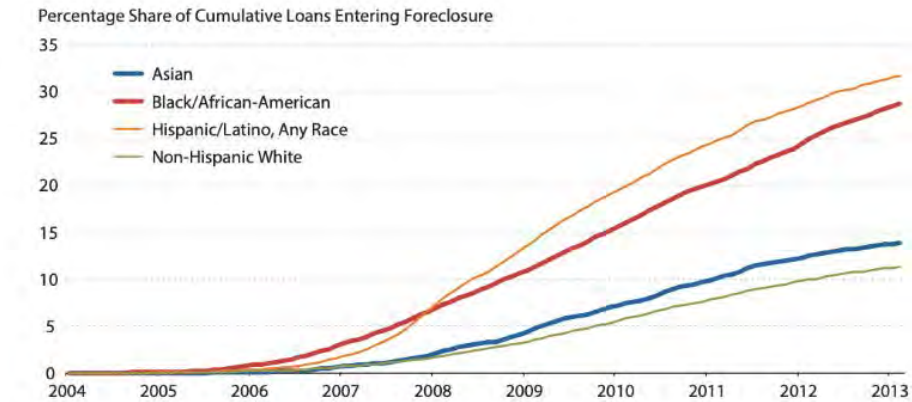
Demolition of homes for construction of I-94 through Rondo

**Today:**

# Bias in appraisals, discrimination in mortgage approval, predatory lending, and a foreclosure crisis continue to disproportionately impact people of color.

Powered by Esri

## Foreclosure Stock, by Race and Ethnicity



SOURCE: McDash data from Black Knight Financial Services, HMDA data from Board of Governors of the Federal Reserve System.

National foreclosure rates by race. Data source: Federal Reserve

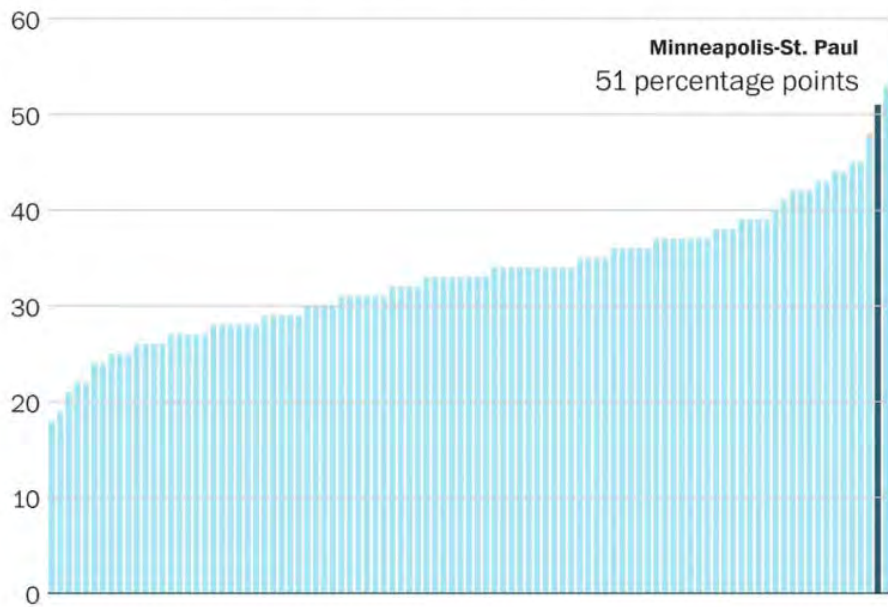
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**The racial gap in access to homeownership is rooted in the past and is perpetuated by policies today.**



## The black-white homeownership gap

Percentage point gap between black and white homeownership rates, 100 largest metro areas



Source: American Community Survey

THE WASHINGTON POST

# **Racist policies of the past continue to shape who rents and who has access to homeownership**

**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**April 26, 2022**

**Members present (bold): Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Clinton Blaiser, Monica Bravo, Carolyn Brown, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsion Ivanoff, Nathaniel Khaliq, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Julie Schwartz, Katheryn Schneider, Emmanuel Speare, D'Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Richard Holst, Clara Ware**

**City of St. Paul staff present: Jon Grebner, Brynn Hausz, Tony Johnson, Ian Welsh**

**CURA staff present: C. Terrence Anderson, Tony Damiano, Edward Goetz, Trupti Storlie**

1. Call to order

- The meeting was called to order at 1:00 by **Tony Sanneh**. The meeting was virtual.

2. Agenda

- Approval of April 5 Minutes
- Schedule Adjustments
- Summary of Public Comments
- Break out room re: Public Comments
- Summary of Week 7 polling questions
- Break out room re: Week 7 polling questions

3. Approval of Previous Minutes

- **Vote:** Minutes approved.

4. Schedule Adjustments

- A meeting of the Task Force is being added for May 10 at the regular time (1:00 p.m.).
- Co-chairs announced that the Task Force will be hearing from speakers in the coming weeks on two issues. The first is the perspective of housing development and investment, explaining the decisionmaking process and considerations involved in budgeting a development project. The second is a speaker on issues of household level financial concerns and the difficulties of finding and maintaining affordable places to live in the current market and the household-level tradeoffs many are forced into to afford housing.
- There was discussion about hearing additional perspectives and the relative merits of having Task Force members speak or outside speakers.

5. Summary of Public Comments

- CURA provided a summary of the public comments, both verbal and written. There were comments from a total of 133 people. The comments were placed in the context of the six

policy design areas that the Task Force had covered in previous weeks. The presentation summarized the information that had been sent to Task Force members earlier.

#### 6. Breakout room & Report Back

- Taskforce members broke into six groups to discuss the feedback.
- Key points included the most appropriate way to use the data (numerical vs. qualitative) and notice of the imbalance in comments in favor of the ordinance and the potential reasons for that.

#### 7. Week 7 Polling Questions

- CURA gave a summary of the responses from the Task Force members to the polling done on April 5.
- 39 out of 41 taskforce members provided responses to at least some of the items. Some members skipped some questions, so individual question responses ranged.
- Responses provided areas of agreement and disagreement. This provided some information regarding where the taskforce might make considerations that could have broad consensus.
- A document containing the polling results will be sent to Task Force members after the meeting and uploaded to both the City's website and the Task Force's shared drive.

#### 8. Breakout room & Report Back

- Taskforce members broke into six groups to discuss the feedback.
- Each of the six groups reported their discussions back to the full group.

#### 9. Adjournment

- The meeting was adjourned at 3:00 p.m. by Philip Cryan

**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**May 3, 2022**

**Members present (bold): Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Clinton Blaiser, Monica Bravo, Carolyn Brown, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsion Ivanoff, Nathaniel Khaliq, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Julie Schwartz, Katheryn Schneider, Emmanuel Speare, D'Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Clara Ware**

**City of St. Paul staff present:** Jon Grebner, David Gorski, Mary Guerra, Brynn Hausz, Tony Johnson, Luis Pereira, Ian Welsh, Doua Yang

**CURA staff present:** C. Terrence Anderson, Tony Damiano, Edward Goetz, Malik Holt-Shabazz, Trupti Storlie

1. Call to order

- The meeting was called to order at 1:00 by Phillip Cryan. The meeting was virtual.

2. Agenda

- Approval of April 26 Minutes
- Schedule Adjustments
- Speaker 1: Rasheedah Phillips, PolicyLink
- Speaker 2: Sarah Harris, Aeon

3. Approval of Previous Minutes

- **Vote:** Minutes approved.

4. Schedule Adjustments

- **Added** a meeting on May 10.

5. Speaker 1: Rasheedah Phillips, PolicyLink

- See attached slides

6. Speaker 2: Sarah Harris, Aeon

- See attached slides

7. Adjournment

- The meeting was adjourned at 3:05 p.m. by Phillip Cryan.

# Apartment Economics Primer

*Policy Action To Address The Twin Cities Housing Crisis*

Spring 2022

## Take aways

Types of housing  
Metrics in our region  
Economics of housing  
Why it matters  
What we can do to make it better

Before we start – some definitions

- **AMI** – Area Median Income = for MSP \$118,200 (based on 2019 data...)
- **NOAH** – Naturally Occurring Affordable Housing ≤60% AMI
- **Restricted** affordable housing – Section 8, LIHTC – this is *not* NOAH
- **‘Workforce’** Housing – 80% (\$94,560) – 120% AMI (\$141,840)
- **Affordable Housing** – ≤ 60% AMI
- **Cost burdened** – 30%+ of income spent on housing (*i.e.*, >1/2 *NOAH* residents)
- **Upscale Investors** – buy, renovate, and increase rents on NOAH
- **Self-Eviction/Displacement** – cost burdened, can’t afford rent, vacate

## Why are we having this conversation?

Many neighbors are cost burdened and struggling to find affordable places to live.



To have a vibrant, growing, and equitable region, all residents must be able to afford quality housing.



## Housing = Stability

- Emergency room visits reduce by 60%
- Health care costs reduce by 50%
- Highly-nomadic households increase demand on public services and costs
- Homeless people with criminal records were rearrested at double the rate of their counterparts who secured housing
- Since 2008, home prices have increased 3.1x faster than incomes
- For occupations that will add the most jobs in the next ten years (including personal care aides), 70% provide a median wage lower than that which is required to afford housing
- 58% of larger companies that lack nearby affordable housing options report that employees cite long commute times as a reason why they left the company
- Children with housing instability are more likely to repeat a grade

*The costs to our region for health care, employee recruitment, public safety, achievement gaps, and equity are increasing exponentially.*

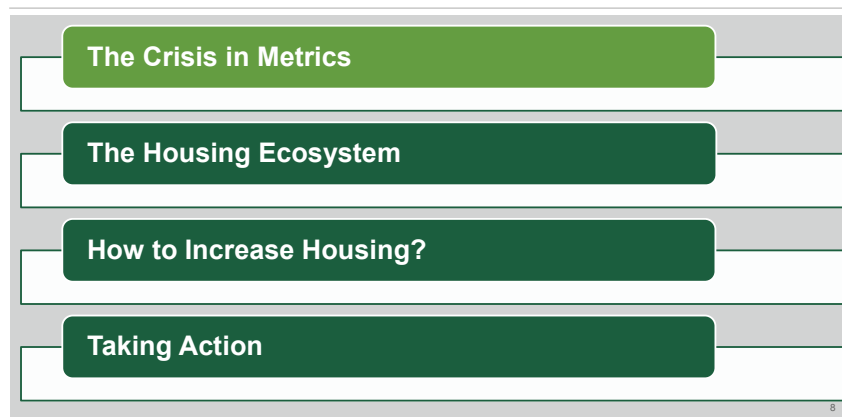
*Housing is the upstream stabilizer – its efficient, effective, and more just.*

# Housing = Equity

- Pay inequities for women (0.80:1) and BIPOC (0.53:1) result in greater % of income used for housing
- 72% of students facing homelessness are BIPOC
- A disproportionate number of NOAH units were sold in moderate income, racially diverse neighborhoods
- *Minnesota ranks 47th out of 51 (worst) when it comes to leveling the playing field between white and black residents. Between 2004 and 2014, Minnesota had the seventh fastest growth of people of color in the US and by 2040 people of color will be the majority in four counties including Hennepin and Ramsey*



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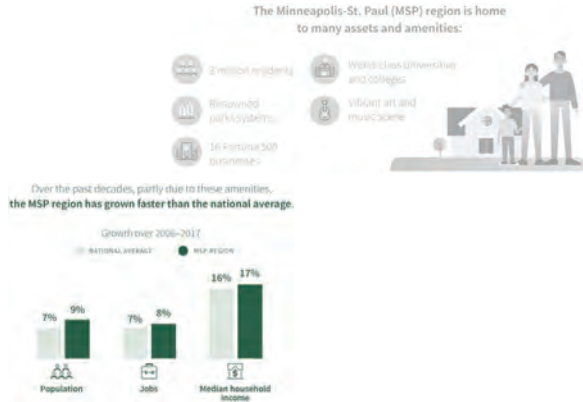
## The Crisis in Metrics - Overall



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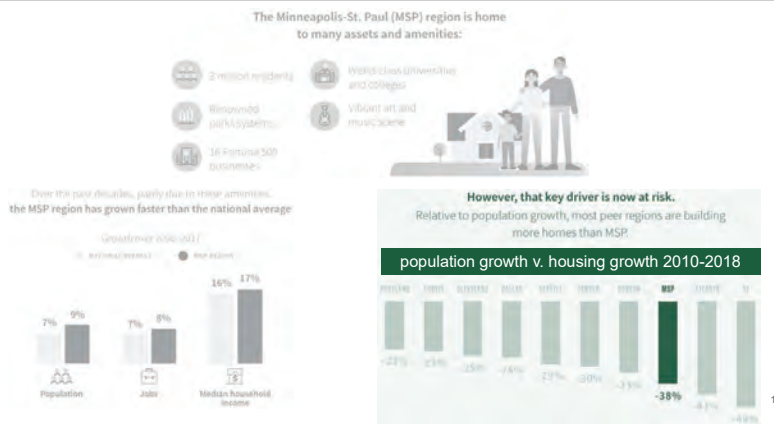


## The Crisis in Metrics - Overall



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## The Crisis in Metrics - Overall

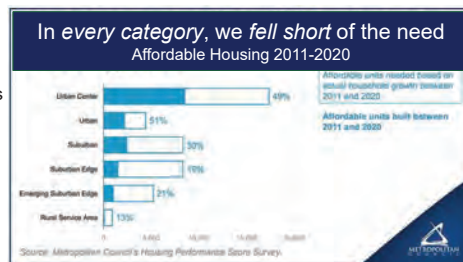


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## The Crisis in Metrics – We are severely under supplied

### Great Recession

- Money for new development dried up
- Investors stopped investing in housing projects, making it difficult for developers to build new housing
- In 4 years the metro only delivered ~1,500 units/year vs. 5,000 units/year demand
- Supply shortage exacerbated affordable housing crisis – feeling effects still



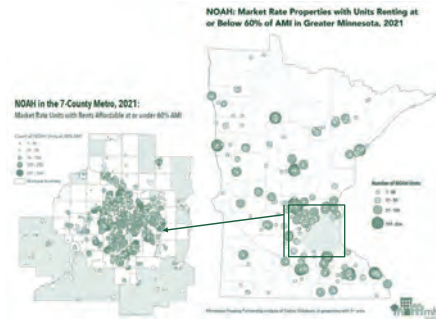
\*Information comes from Dougherty Mortgage Twin Cities 2017-2018 Multifamily market viewpoint & CBRE 2018 Q1 Market Snapshot.

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## The Crisis in Metrics – Affordable Housing

Approximately 150,000 families' homes at risk across Minnesota. 108,700 in the Metro.

2013 – 2020	
NOAH Lost	52,000
New Affordable Built	7,762
Net Loss	44,000
<b>Annual Net Loss (avg)</b>	<b>6,300</b>



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## The Crisis in Metrics – Vacancy Rates

*Increased demand and constrained supply have led to:*

- **Historically Low Vacancy Rates**
  - Lowest rental vacancy rate of major metro markets in the US
  - 0% vacancy for 30% AMI
  - Less than 2% Class C\* apartment vacancy rate (effectively full)
  - *Demand + barriers to new supply make NOAH more susceptible to upscale conversions*
- With healthy housing supply, rents should grow in-line with inflation
- For a healthy rental growth rate, market vacancy needs to be in the range of 5% or more

\* Class C denotes older vintage apartment buildings which would generally be naturally occurring affordable housing.

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## The Crisis in Metrics - MN Housing partnership – 2021 report

30% AMI Rental Units	
Needed	169,585
Supply	64,238
<b>Gap</b>	<b>105,347</b>

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The Crisis in Metrics - MN Housing partnership – 2021 report

30% AMI Rental Units	
Needed	169,585
Supply	64,238
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Increase 2000 – 2019	
Renter Income	1%
Gross Rent	14%

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The Crisis in Metrics - MN Housing partnership – 2021 report

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Cost Burdened Renters	
White	44%
Black	58%

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The Crisis in Metrics - MN Housing partnership – 2021 report

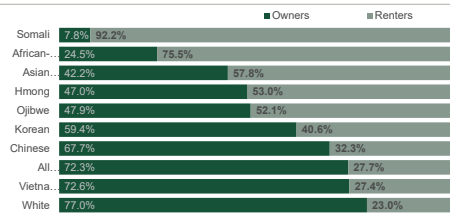
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## The Crisis in Metrics - MN Housing partnership – 2021 report

### 30% AMI Rental Units

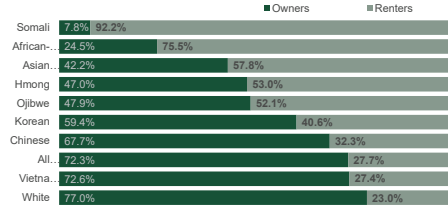
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### Increase 2000 – 2019

Renter Income	1%
Gross Rent	14%

### Cost Burdened Renters

White	44%
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### Regional Growth – 10 years

For occupations that will add the most jobs in the next ten years (including personal care aides), 70% provide a median wage lower than that which is required to afford housing

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## The Crisis in Metrics – December 2021 Ramsey County Affordable Housing

	New Market	New Affordable	NOAH
Cost/unit	~\$300,000+	~\$300,000+	~\$150,000+
Time	24 - 48 mos	36 - 60 mos	1 - 3 mos

In Ramsey County, more than 37,000 families live at or below 30% AMI, said County Board Chair Toni Carter. **The County Estimates that it needs 15,000 new affordable units.**

- 15,000 X \$300,000 = **\$4.5 BILLION**
- County recently announced **\$74M** funding
- And need to keep up with new demand!

Below is the St. Paul population by year:

Year	Population	Change %
2010	285,465	
2011	288,812	1.17
2012	291,244	0.84
2013	295,045	1.31
2014	297,674	0.89
2015	300,010	0.78
2016	303,155	1.05
2017	305,255	0.69
2018	307,695	0.80
2019	308,096	0.13
2020	311,527	1.11
2021 *	315,047	1.13
2022 *	317,664	0.84

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Source: Annual Estimates of the Resident Population, April 1, 2010 to July 1, 2022 & 2019 Census update

## How to Increase Housing – This is a money problem!

Estimated TCMA **shortage of 45,000 affordable homes** today!

- 45,000 x \$300k = **\$13.5 BILLION NOW!!**

MSA needs to **add 5,000 homes ever year** for population growth.

- 5,000 x \$300k/unit = **\$1.5 BILLION / YEAR!!**

There is not political will to publicly fund our way out of this housing shortage.  
**We need private capital.**

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	New	NOAH	New Restricted
Cost/unit	~\$300,000+ build	~\$150,000+ buy and rehab	~\$300,000+ build
Capital Pressure	Regulatory impact/yield	Higher costs/lower rents Limited gap funding	1:10 applications (constrained sources)
Timing	24-36 mos	60-90 days Public process disconnected	36 – 60 mos Construction price volatility
Resident	80%+	<ul style="list-style-type: none"> <li>• Typical at 40-60% AMI</li> <li>• &gt;1/2 cost burdened</li> </ul>	<ul style="list-style-type: none"> <li>• &lt;30-60% AMI</li> <li>• Special needs</li> </ul>
Bottom line	Need private capital <b>Investors have options</b>	½ cost, more volume <b>urgent</b>	<b>Highly competitive funds</b> ; long-lead

## The impact of NOAH loss

### Crossroads at Penn

- 2015
- Richfield
- 698 Families
- Economic evictions - 30 - 45 days
- Schools and workforce displaced



## The impact of NOAH loss

### Crossroads at Penn

- ~~2015~~
  - ~~Richfield~~
  - ~~698 Families~~
  - Economic evictions - 30 - 45 days
  - Schools and workforce displaced
- lost*



# The impact of NOAH loss

## Crossroads at Penn

- 2013
- ~~Richfield~~ *lost*
- 698 families
- Economic evictions - 30 - 45 days
- Schools and workforce displaced

## Call to Action

- Seasons 422 (\$8M gap)
- Minneapolis 220 (\$3M gap)
- Blooming Meadows 306+ (\$6M gap)
- Huntington Place 834 (\$50M+ gap)
- Cobblestone 74 (\$500K gap)

**1,856 families** (~5,000 residents) remained in homes



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# The impact of NOAH loss

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1,856 families (~5,000 residents) remained in homes

**~\$100M Gap!!!** ....partially sourced....



<b>The Crisis in Metrics</b>
<b>The Housing Ecosystem</b>
<b>How to Increase Housing?</b>
<b>Taking Action</b>

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### Lifecycle of Housing

	<b>New</b>	<b>Workforce</b>	<b>NOAH</b> 75% of TCMA Affordable	<b>Restricted</b> 25% of TCMA Affordable
Age	New	10-25 years old	25+ years old	New – 15 yrs old
Resident Income	>80% AMI	60 -120% AMI	30 - 60% AMI	30 - 60% AMI
Funding	Private	Private	Private ++	Publicly Funded
Rents	Market	Market	Market ++	Income restricted
	90%+ of housing market			

- Today's new is tomorrow's NOAH - shortage of one type drives need for another
- Managing market affordability is *the critical factor* in reducing the # of cost-burdened households
- Eroding market rate affordability drives the need for more subsidized/income restricted units.

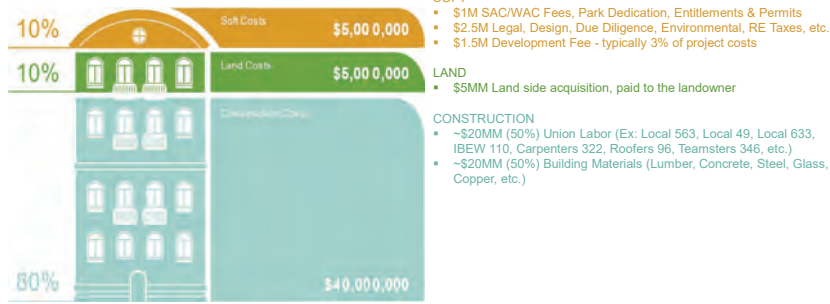
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<b>The Crisis in Metrics</b>
<b>The Housing Ecosystem</b>
<b>How to Increase Housing?</b>
<b>Taking Action</b>

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## How to Increase Housing – Cost of Housing

### Funding Uses - What are the Project Costs?



Construction Costs are increasing faster than inflation.  
 Levers to reduce project costs: soft costs, land, and regulatory barriers.

100 Unit NOAH		Upscale (\$M)		Preserve (\$M)	
Sources	Debt (FNMA/FMAC)	12.1M	82%	7.5M	47%
	Equity	2.8M	20%	2.4M	15%
	Soft	0	0%	2.5M	16%
	Gap	0	0%	3.6M	23%
	<b>Total Sources</b>	<b>\$15.2M</b>			<b>\$16.0M</b>
Uses	Acquisition	12.0M	79%	12.0M	75%
	Construction/Rehab	2.5M	16%	3.0M	19%
	Transaction / Prof Fees	0.7M	5%	1.0M	6%
	<b>Total Uses</b>	<b>15.2M</b>			<b>\$16.0M</b>
	Avg Mo Rent (1BR)	\$2,623 (100%)		\$1,164 (60%)	
	Resident Supports	No		Yes	

## How to Increase Housing – “Capital Stack” example

### Funding Sources - How a New Market Rate Project is Funded



Harper Apartments, Saint Paul – 65% Associated Bank; 33.25% State Retirement System; 1.75% Developer (Ryan)



## How to Increase Housing – Investors

### Investor Profile, Priorities, & Risk Tolerance:



#### Local Bank –

- **Profile:** Very risk adverse. Regulated by Federal Reserve & OCC. Banks require borrower to demonstrate ability to maintain positive cash-flow under multiple scenarios to ensure payback.
- **Project Risk:** Will not close without proof of equity and project fully approved. Will take 60-70% of value of project with rates 2-3% over an index.



#### Fund Investors:

- **Profile:** Takes calculated risks to get a good risk adjusted return that will grow the pension on behalf of the pension holders. Open to wide range of investments and geographies.
- **Project Risk:** Closes after entitlements are complete and full Budget is set.



#### Local Developer:

- **Profile:** Wants to build more projects locally. Tries to identify local projects that will attract investment from Banks & Investors. Cannot build without funding from outside sources.
- **Project Risk:** Funds all pursuit costs. Takes entitlement & GMP risk pre-closing. Construction risk, loan guarantee risk, and project cash-flow risk post-closing.

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## How investors assess opportunities

- **Appraisal** - Income Approach Valuation (Capitalized Value)
- **Debt Service Coverage Ratio** (DSCR)
- **Yield**

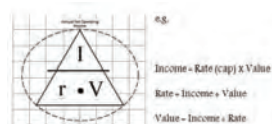
All based on **Net Operating Income** (NOI) - Income less expenses = NOI  
More cash flow (higher NOI) is always best

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## How investors assess opportunities

### Income Approach Valuation

- Investment properties are typically bought, sold and valued based on the Income Approach which utilizes Capitalization
- Capitalization is the conversion of a single income stream or a series of income streams into a lump-sum value
- A capitalization rate converts NOI into an estimate of value
- The Capitalization Rate is determined by NOI divided by the purchase price, and inversely, a value can be estimated by the NOI divided by the Capitalization Rate
- The greater the risk, the higher the capitalization rate
- The lower the capitalization rate, the higher the value, meaning an investor is willing to accept less income return because of perceived less risk



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## How investors assess opportunities

### Cash Flow and Debt Service Coverage Ratio

For each dollar of rent (revenue) received, ~35-45% goes to pay expenses:

Insurance, property taxes, utilities, license fees, maintenance (which increases as building ages), reserves for replacement of short- and long-lived items (e.g., appliances, carpeting, roofing).

*These expenses typically increase on pace with inflation, and in certain times can exceed it, but rarely are less.*

The 35-45% expense ratio DOES NOT INCLUDE THE LOAN EXPENSE WHICH REDUCES THE REALIZED INCOME TO AN INVESTOR.

Lenders/Banks typically require a minimum debt service coverage ratio (DSCR) of 1.20x. The DSCR reveals how much money is available to cover current debt, as well as whether there is enough income to cover any additional debt. A DSCR of less than 1 can indicate the need to increase net operating (NOI) or decrease expenses to take on additional debt.

$$\text{Standard debt service coverage ratio} = \frac{\text{net operating income}}{\text{total debt service}}$$

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## How investors assess opportunities

What is Yield?

Investors analyze the 'Yield' to assess the potential return on their investment

- High Yield = Good Investment & High Investor Interest ↑
- Low Yield = Bad Investment & Low Investor Interest ↓

$$\text{Yield} = \frac{\text{Net Operating Income}}{\text{Total Project Cost}}$$

**Apartment projects require a yield of 6-7% in order to be financed**

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## How the Twin Cities compare to top 30 US Cities – YOY Rent Growth

MSP ranks

**LAST in rent growth**

(source: Dec 2021 Yardi Matrix report)

**Investors will go where they can find the best yield based on risk.**



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## Certainty of rent – affordable housing

Residents with low or no income present rental risk

Bring it Home - \$1B initiative for rental subsidies

- Project based rental vouchers – certainty underwrites new development
- Resident held rental vouchers – moves with the resident - helps affordability in NOAH and new
- Goal: fund 100% of eligible renters (currently funding only 25%)

### Status:

This year!?! (Again, in discussion for some time – we hope....)

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## Affordable Housing property taxes

### Currently, affordable housing -

- pays property taxes
- Is valued at market rate – even when rents are restricted by agreement
- Has seen a greater % increase in valuation than other property types

'4D' Property Tax Treatment sought (credit for units that are restricted ≤60% AMI)

### Status

- 4D Coalition – legislative fix reducing tax class to 25%
- 2022 session (4 years in discussion and still we hope...)
- Goff Public

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## How the Twin Cities compare to other US Cities – Taxes and Expenses

Apartment Expenses:

MSP ranks 128<sup>th</sup> out of 150

Taxes/Insurance:

MSP Ranks 141<sup>st</sup> out of 150

Ranked by Expenses Per Unit		
Rank	Market Name	Expenses Per Unit
125	Washington-Arlington-Alexandria, DC-VA-MD-WV	\$ 8,611.67
126	Chicago-Naperville-Elgin, IL-IN-WI	\$ 8,790.21
127	Madison, WI	\$ 8,795.70
128	Minnneapolis-St. Paul-Bloomington, MN-WI	\$ 8,952.28
129	New Haven-Milford, CT	\$ 8,967.04
130	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL	\$ 9,027.14
131	Providence-Warwick, RI-MA	\$ 9,110.64
132	Salinas, CA	\$ 9,128.08
138	San Jose-Sunnyvale-Santa Clara, CA	\$ 3,003.45
139	Lakeland-Winter Haven, FL	\$ 3,005.34
140	Oakland-Hayward-Berkeley, CA	\$ 3,089.50
141	Minnneapolis-St. Paul-Bloomington, MN-WI	\$ 3,122.78
142	San Diego-Carlsbad, CA	\$ 3,145.33
143	San Francisco-Redwood City-South San Francisco, CA	\$ 3,280.88

(source: Real Page)

*Lower rent growth. Higher expenses. Worse yield.  
Investors have many different options – and MSP is at the bottom!  
MSP needs private capital....*

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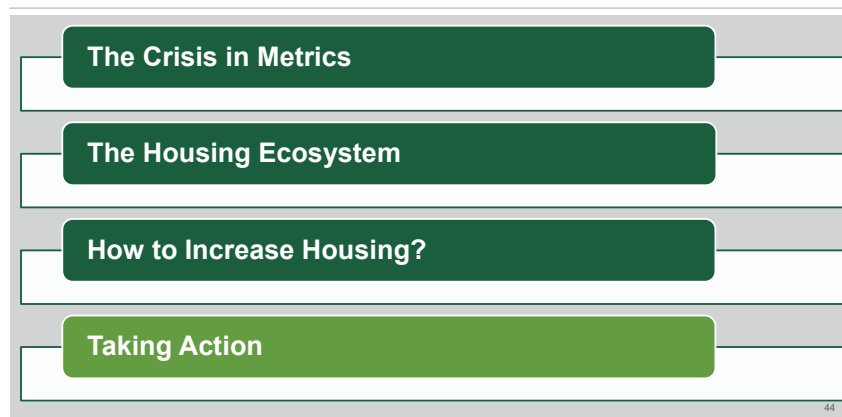
## How to Increase Housing – Investor Decisions

### Owners/Investors/Capital Groups

Investors have many investment options. They will go where they can find the best risk adjusted returns.



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## What can we do?

### Issues in summary

- Housing critical to regional success
- Need is massive and growing  
\$13.5B/now + \$3.4B/yr
- Public resources insufficient
- Political will insufficient
- Regulatory environment lowers yield
  - Rent Control
  - Inclusionary Zoning
  - Fees (SAC/WAC/Park dedication)
- *Yield matters – must compete for investors*

### Solutions

- Build!!! New is tomorrow's NOAH
- Subsidize all housing construction
- Fund NOAH gaps
- Fix '4D' classification policy
- Fund vouchers 100%
- Ample private capital available – incent it!
- Consider yield impact of all policy

# Rent Stabilization as Effective Housing Policy

Presented by  
Rasheedah Phillips  
Director of Housing, PolicyLink



PolicyLink

Lifting Up What Works®

## Winning On Equity

### Mission

**PolicyLink** is a national research and action institute advancing racial and economic equity by Lifting Up What Works.®

### Population

**100 million residents** economically insecure living at or below 200 percent of the national poverty level.

### One Unifying Result

*All people in America—particularly those who face the burdens of structural racism—participate in a just society, live in a healthy community of opportunity, and prosper in an equitable economy. We focus on advancing liberating policies for the 100 million people living in or near poverty, the majority of whom are people of color.*

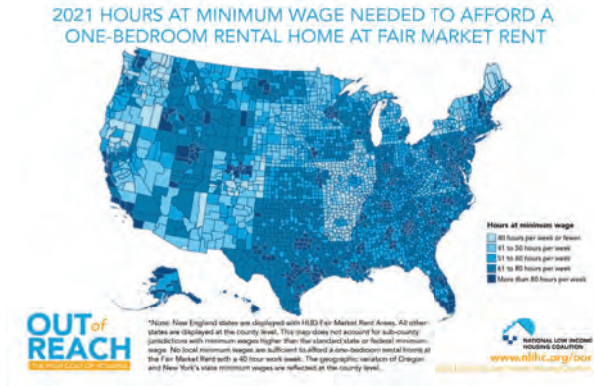
## Challenges of the Rental Market



PolicyLink

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# Stable Housing is Out of Reach for Many in the State



Stable housing is out of reach for thousands of renters in Minnesota due to rising rents and stagnant wages. This means:

**86** hours/week  
**2.2** full time jobs

For a minimum wage worker to afford a typical two-bedroom\*

\*note: renting at the fair market rate Source: Out of Reach: the High Cost of Housing (2018), National Low Income Housing Coalition; PolicyLink

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## Renter Insecurity in Minnesota

Most renters with arrears have not yet applied for assistance or are waiting for a response.

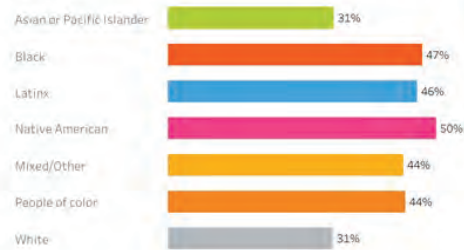
Status of Government Rental Assistance, Minnesota



\*Source: author's analysis of Census Household Data Survey Public Use File (2019-5-Year data from the American Community Survey). We use regression modeling to produce estimates, incorporating PUMS data collected since mid-August 2019. We exclude renters of Hispanic origin of any race and all other groups (excluding people of Hispanic) spending more than 30 percent of income on housing costs. Economic insecurity is defined as having a family income less than 80 percent of the area median income. See full sources and methodology at [www.policylink.org/reports/renter-insecurity](https://www.policylink.org/reports/renter-insecurity)

Black, Latinx, Native American, and other renters of color were disproportionately housing insecure before the pandemic.

Renter Households that were Rent Burdened and Economically Insecure in 2019, Minnesota



author's analysis of Census Household Data Survey Public Use File (2019-5-Year data from the American Community Survey) integrated with Public Use Microdata Series, Emergency Rental Assistance data from the US Treasury February 2021, with the most recent week weighted most heavily. Estimates of children in behind households only available for 2019. Data for some racial/ethnic groups is unavailable due to inadequate sample size. Rent burdened is defined as more than 30 percent of the federal poverty line, or about \$53,000 for a family of four or \$26,000 for a single individual. [www.policylink.org/reports/renter-insecurity](https://www.policylink.org/reports/renter-insecurity)

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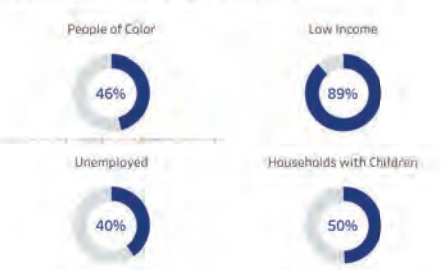
## Renter Insecurity in Minnesota



Rent debt remains at crisis levels, placing millions of renters at risk of eviction.



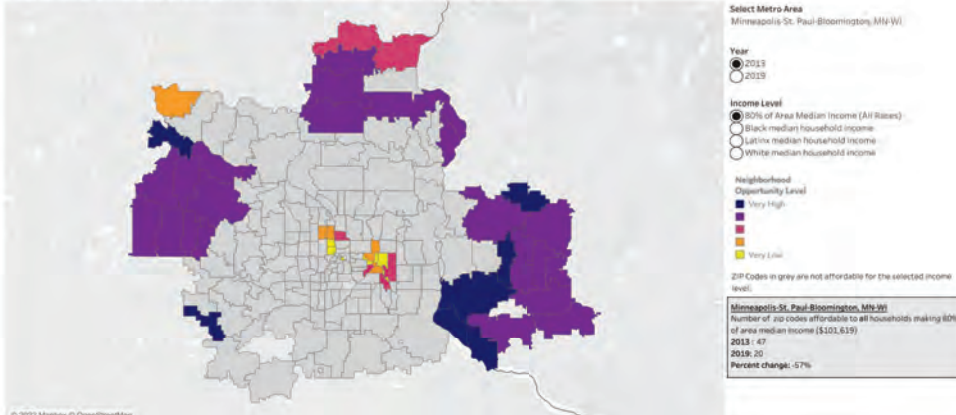
Those behind on rent are overwhelmingly low-income households who experienced job and income losses during the pandemic.



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# Metro Area Renters and Shrinking Affordability - 2013

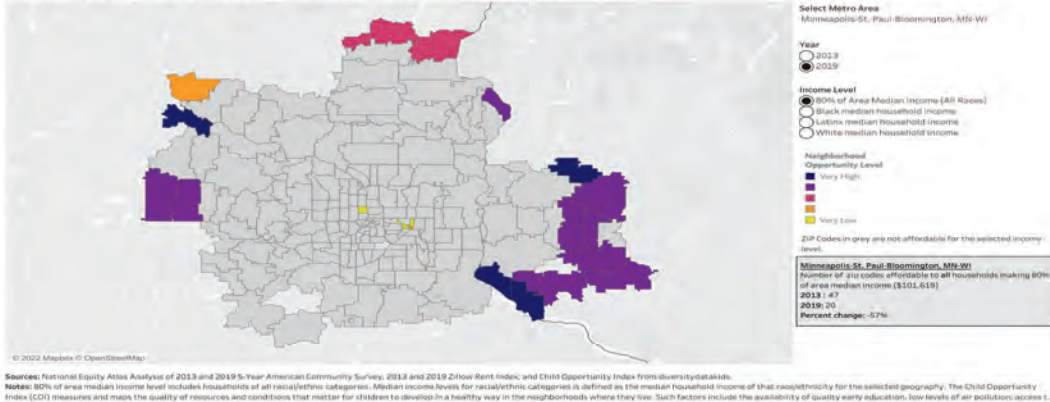
**Renters in Metro America Face Shrinking Access to Affordable Neighborhoods**  
 Neighborhood affordability by opportunity level for low-income households and select racial groups



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# Metro Area Renters and Shrinking Affordability - 2019

**Renters in Metro America Face Shrinking Access to Affordable Neighborhoods**  
 Neighborhood affordability by opportunity level for low-income households and select racial groups



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# Black Metro Area Renters and Shrinking Affordability

2013

**Renters in Metro America Face Shrinking Access to Affordable Neighborhoods**  
 Neighborhood affordability by opportunity level for low-income households and select racial groups



2019

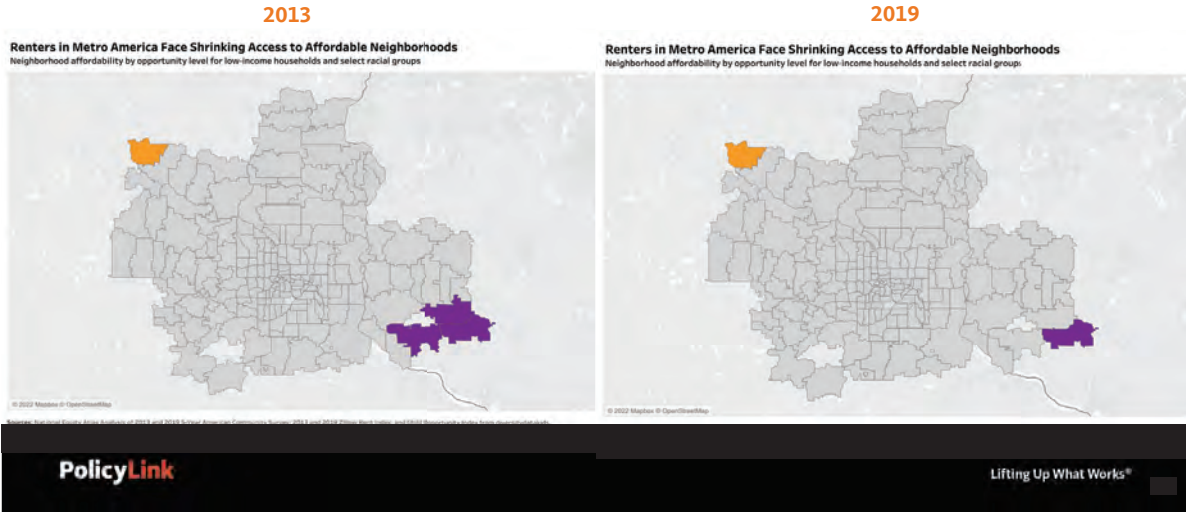
**Renters in Metro America Face Shrinking Access to Affordable Neighborhoods**  
 Neighborhood affordability by opportunity level for low-income households and select racial groups



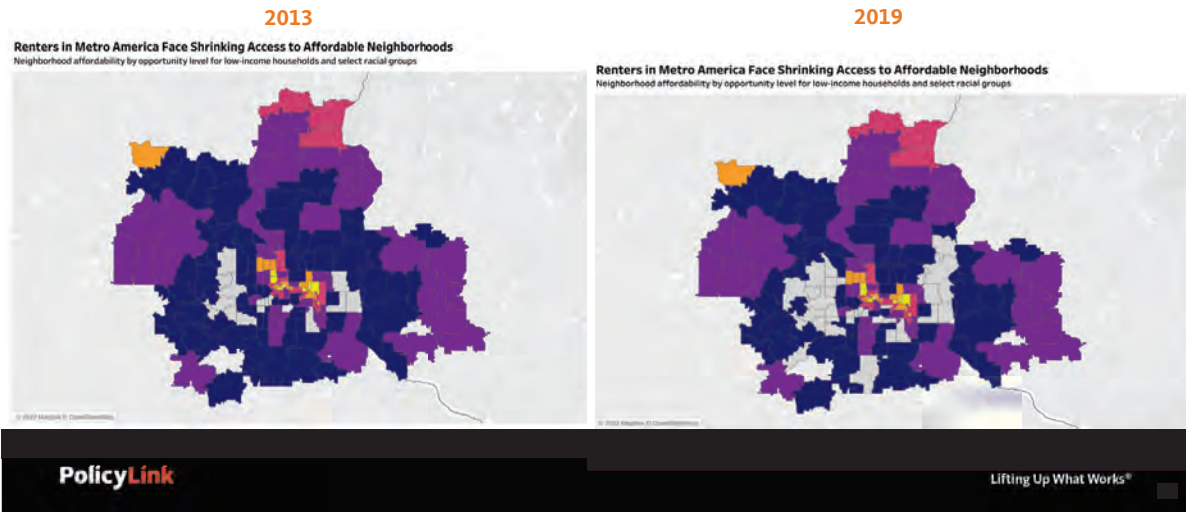
© 2022 MapInfo © OpenStreetMap  
 Sources: National Equity Atlas Analysis of 2013 and 2019 Year American Community Survey, 2013 and 2019 Zillow Rent Index, and Child Opportunity Index from diversitydatakids.  
 Notes: 80% of area median income level includes households of all racial/ethnic categories. Median income levels for racial/ethnic categories is defined as the median household income of that specific geographic area. The Child Opportunity Index (COI) measures and maps the quality of resources and conditions that matter for children to develop in a healthy way in the neighborhoods where they live. Such factors include the availability of quality early education, low levels of air pollution, access to...

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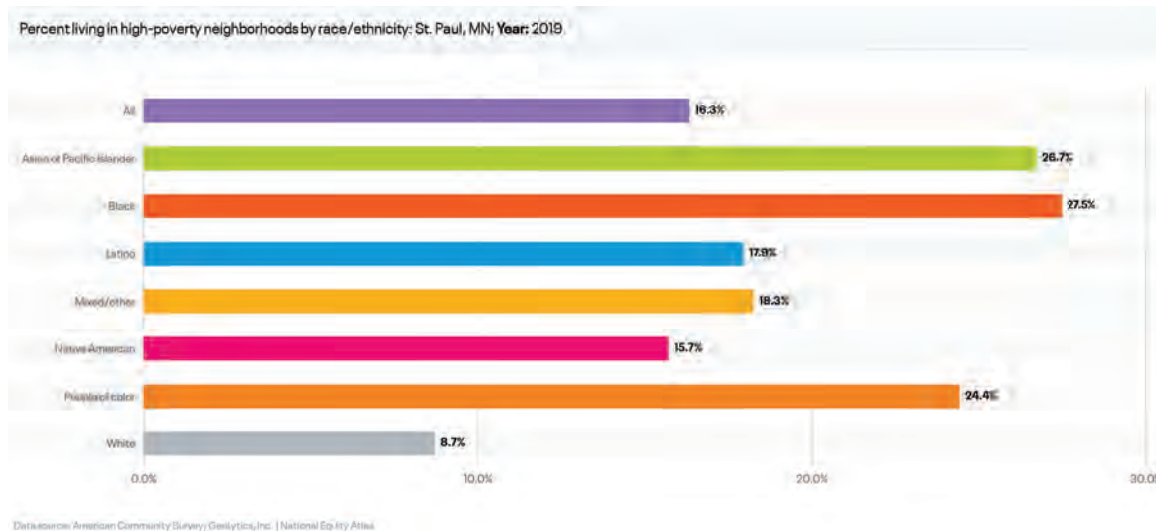
## Latino Metro Area Renters and Shrinking Affordability



## White Metro Area Renters and Shrinking Affordability

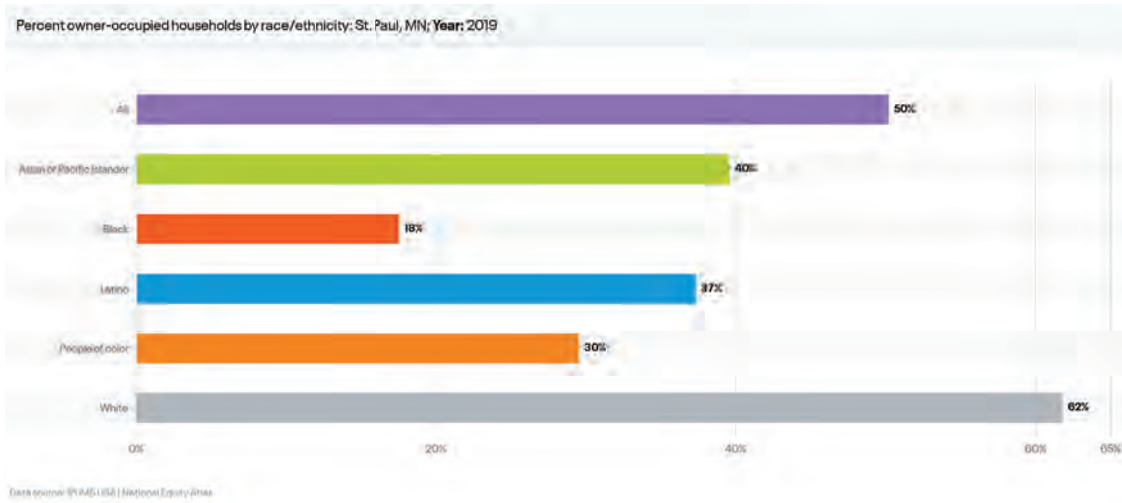


## St. Paul Neighborhood Poverty

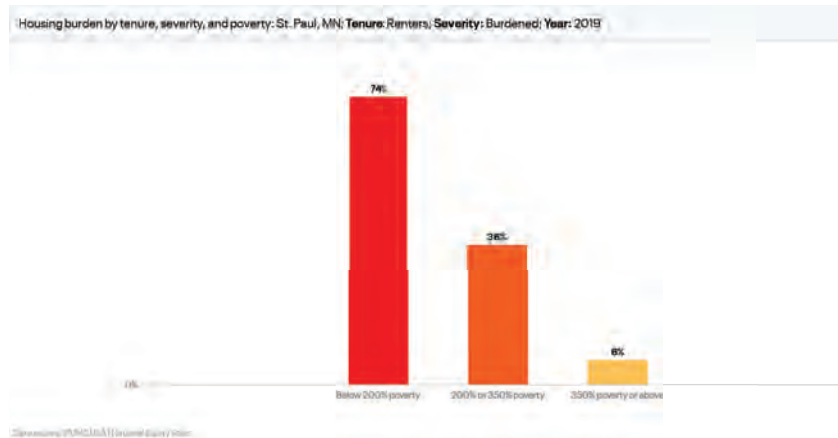




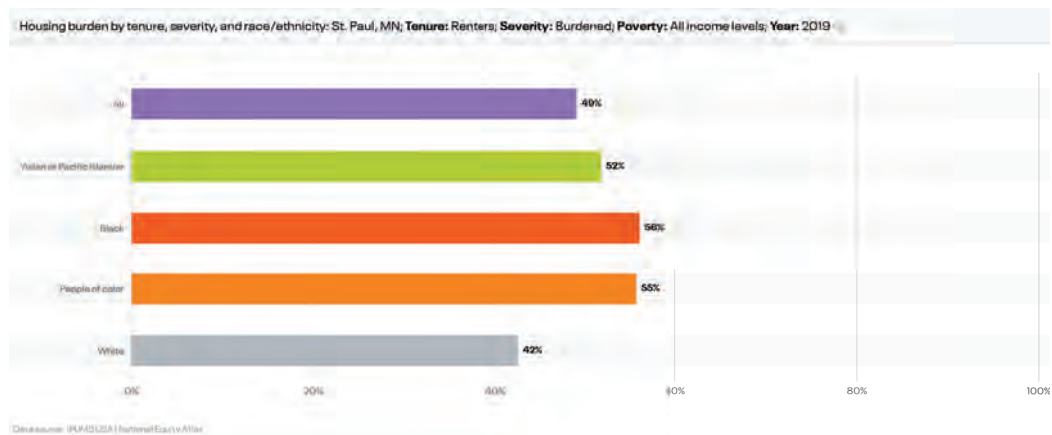
## St. Paul Tenure by race



## Housing Cost Burden in St. Paul



## Housing Cost Burden in St. Paul by race



# Benefits of a Well-Tailored Rent Stabilization Policy



18

## What is Rent Stabilization?

- Sets maximum allowable rent increases to restrict price gouging, **stabilizing housing costs and granting greater ability to afford housing costs**
- Provides consistent and predictable rent increases, **protecting against destabilization and reducing sudden evictions and tenant turnover costs**
- Establishes rent boards that serve as mediators between landlords and tenants, **leveling the playing field in the landlord-tenant relationship**
- Creates rental registries to track compliance and enforce penalties, **maintaining housing habitability and greater transparency in the landlord-tenant relationship**



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## Why Rent Stabilization?

- Immediately addresses the crisis at scale
- Works to increase housing stability and affordability for current tenants and prevents displacement
- Cost-effective
- Protects low-income households and advances racial and gender equity
- Cascading benefits: economic, health, educational, climate-friendly development, civic participation, long-term housing affordability and stability

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## Principles for Effective Rent Stabilization

- Ensure maximum coverage of rental homes
- Pair rent control with robust tenant protections and systems to maintain safe, quality homes
- Maximize neighborhood stability

## Benefits of Rent Stabilization



## Economic Benefits of Housing Stability

If all renters paid only what they could afford on housing...

...they would have an extra \$124 billion to spend in the community each year, or

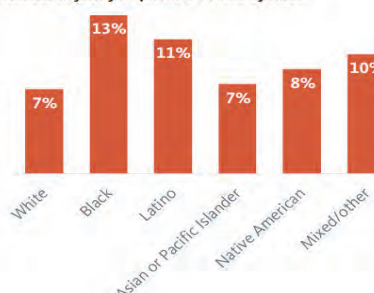
Everyone would be better off, and racial inequities would shrink.

**\$6,200**  
per household \*\*\*

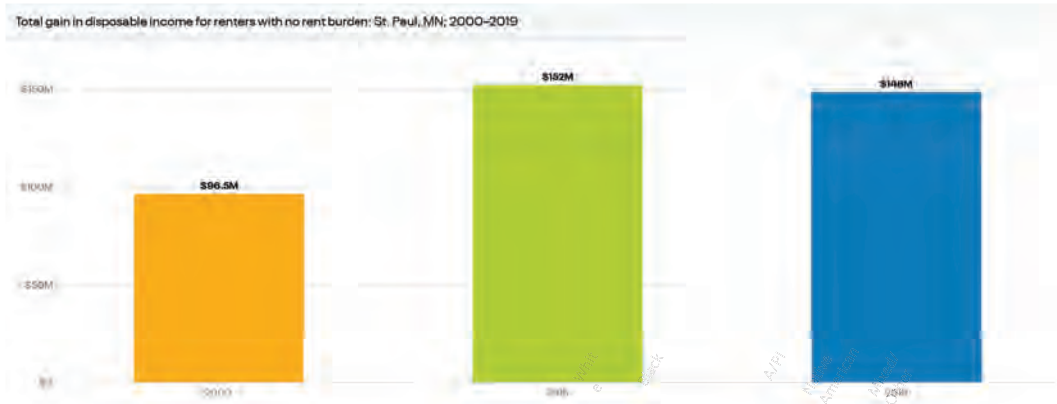
This would cover the basics for a three-person household, like:

- 90% of an entire food budget,
- 63% of the cost of child care,
- nearly all transportation costs, or
- 66% of the cost of tuition at a public four-year university.

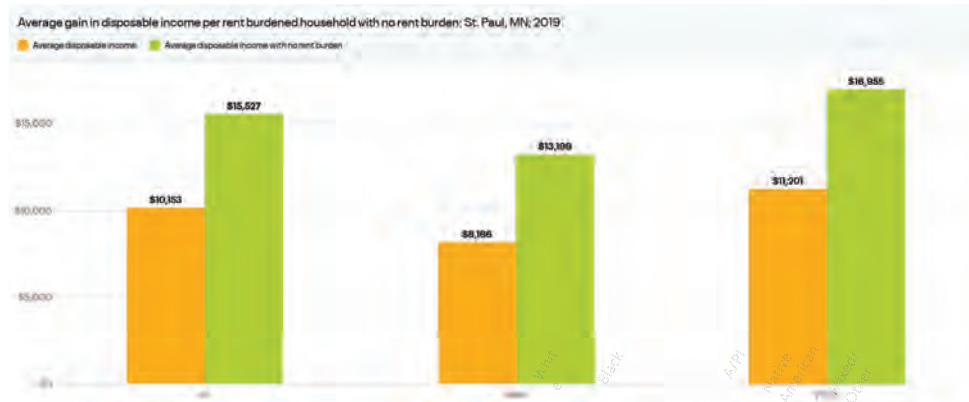
Increase in yearly disposable income by race:



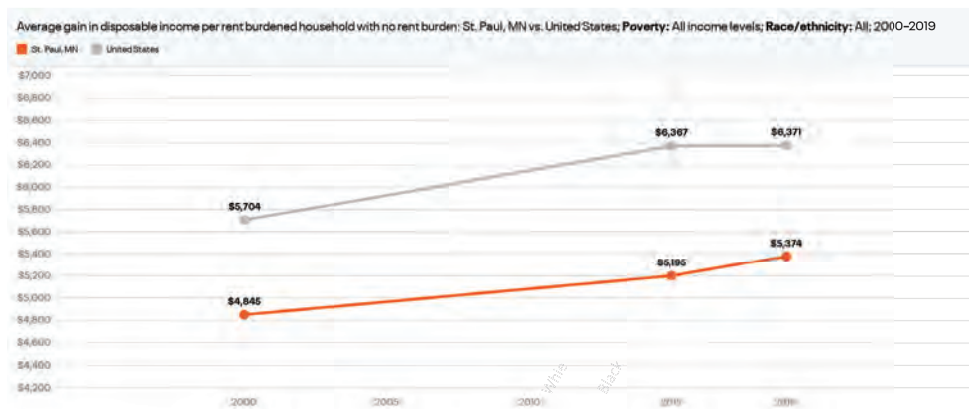
## Economic Benefits of Reasonable Rents



## Economic Benefits of Eliminating Cost-Burden



## Economic Benefits of Reasonable Rents

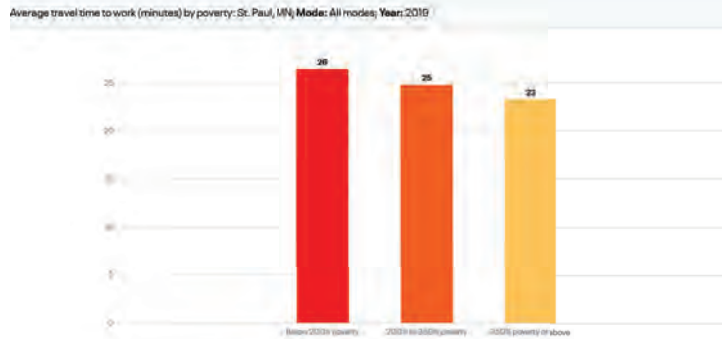


## Environmental Benefits of Housing Stability

Rent control **reduces housing costs**, granting households the ability to **live in transit rich urban centers**, reducing the need to drive

**Personal vehicle usage** is the largest contributing factor of climate change.

St. Paul, MN: In 2019, workers living at below 200% poverty had the longest average commute time by all modes among all income groups.



Source: TransForm, National Geographic.

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## Health Benefits of Housing Stability

Rent control and stabilization requires **proactive code inspections**, resulting in:

- **Safe Housing Conditions:** Stably housed residents are **20% less likely to experience housing problems** and be exposed to hazardous conditions
- **75%** of displaced households in San Mateo ended up in worse housing situations because they had **no other choice** and may be forced to live in **cramped conditions, homes with asbestos, lead, mold, and bug infestation, leading to illness**
- **Regular Access to Health Services**  
Stably housed residents are **23% more likely to access health services.**
- Displaced households are more likely to\*:
  - Visit the ER by **10%**
  - Be hospitalized by **30%**
  - Make a mental health related visit by **80%**

Source: Matthew Desmond "Eviction's Fallout: Housing, Hardship, and Health"; Fuller-Thomson, E., J. D. Hulchanski, and S. Hwang, 2000. "The Housing/Health Relationship: What Do We Know?" Reviews on Environmental Health 15 (1-2):109-33; Justine Marcus and Miriam Zuk "Displacement in San Mateo County: California Consequences for Housing, Neighborhoods, Quality of Life, and Health"

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## Community Benefits of Housing Stability

Long term housing stability benefits all by **facilitating social capital** crucial for:

- Forming of social clubs and neighborhood institutions
- Sustaining voter blocs to pass initiatives, leverage resources, and elect representatives

Long term housing stability fosters a sense of **identity and culture** that is important to:

- The success local businesses, such as ones that offer culturally specific goods or niche services
- Newly settled immigrants or those with limited English proficiency
- Establish a home outside of the house: a community, shared memories, familiarity



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# Thank you!

Please contact Rasheedah Phillips, Director of Housing at [Rasheedah@policylink.org](mailto:Rasheedah@policylink.org) with any questions or requests for additional materials.



**Minutes**  
**St. Paul Rent Stabilization Task Force**  
**May 10, 2022**

**Members present (bold): Katherine Banbury, Tony Barranco, Cecile Bedor, Jay Benanav, Clinton Blaiser, Monica Bravo, Carolyn Brown, Scott Cordes, Phillip Cryan, Arline Datu, Malik Davis, Khayree Duckett, Kelly Elkin, Tou Fang, Jessica Fowler, Thomas Godfrey, Robbie Grossman, Tram Hoang, Myisha Holley, Rich Holst, Mya Honeywell, Abdiaziz Ibrahim, Rawnsen Ivanoff, Nathaniel Khaliq, Chue Kue, Bill Lindeke, Nene Matey-Keke, Carin Mrotz, Tom Nelson, Dalton Outlaw, Kevin Pranis, B. Rosas, Tony Sanneh, Julie Schwartz, Katheryn Schneider, Emmanuel Speare, D’Angelos Svenkeson, Chris Tolbert, Marcus Troy, J. Kou Vang, Richard Holst, Clara Ware**

**City of St. Paul staff present:** Jon Grebner, David Gorski, Mary Guerra, Brynn Hausz, Tony Johnson, Luis Pereira, Ian Welsh, Doua Yang

**CURA staff present:** C. Terrence Anderson, Tony Damiano, Edward Goetz, Trupti Storlie

1. Call to order

- The meeting was called to order at 1:00 by **Tony Sanneh**. The meeting was virtual.

2. Agenda

- Approval of May 3 Minutes
- St. Paul Rental Market Information: Dr. Tony Damiano
- Review of Ordinance: Ed Goetz

3. Approval of Previous Minutes

- **Vote:** Minutes approved.

4. St. Paul Rental Market Information

Dr. Tony Damiano presented information regarding the rental housing market trends for St. Paul.

- Average rent growth during the last 22 years was 2.2% and peaked in 2019 at around 5% per year.
- The smaller building rental market (1 to 4 units) is harder to measure and not covered by the data source used.
- Even as average increases have declined slightly, the market appears more volatile in recent years especially in newer buildings.
- Though highly variable, rents in “C” class buildings (most likely to be NOAH) showed slightly larger increases in rents compared to A and B class buildings.
- Low-income renters experienced higher rent increases on average while also seeing much less income growth over the study period.
- Very low-income households are also experiencing a high-rate of housing cost-burden.
- In the low-inflation environment of the past 20 years a CPI cap would have been the most strict, 3% in the middle, and a “CPI + a percentage” would have been the loosest.
- In the more recent high inflation environment, the 3% cap would have been the strictest.

#### 5. Discussion of 60% Threshold

- Several taskforce members raised concerns about the 60% threshold for what constitutes a recommendation from the taskforce. Their concern is that such a threshold could be reached without any agreement from renter advocates on the taskforce. Conversation ensued about different thresholds, the rationale for the 60/90 thresholds, the overall makeup of the taskforce, and about the continued participation of some of the renters in the process.

#### 6. Review of Current Ordinance

- Ed Goetz reviewed the current ordinance.

#### 7. Small group breakouts

- Taskforce members broke into small groups to begin deliberations on potential policy-package proposals.

#### 7. Adjournment

- The meeting was adjourned at 3:00 p.m. by Phillip Cryan.



# ST PAUL RENTAL MARKET ANALYSIS

ST PAUL RENT STABILIZATION STAKEHOLDERS GROUP

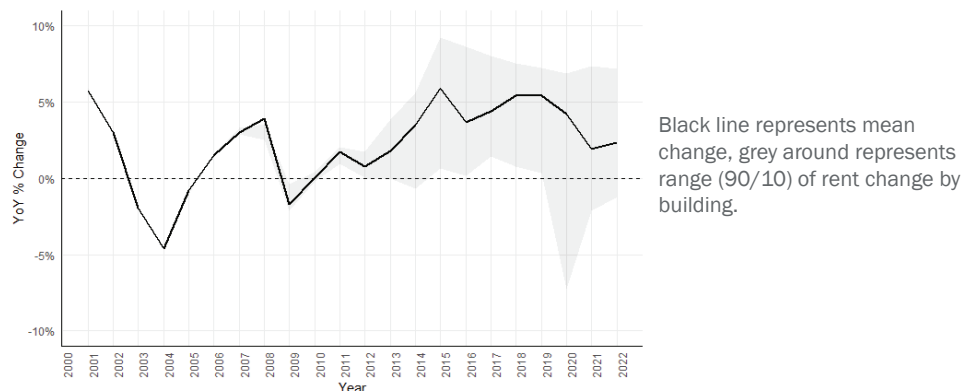


## Data Summary

- CoStar – Real estate analytics company tracks rents in a sample of buildings in large cities. Sample runs from Q1 2000 – Q1 2022
- Sample is representative of rental market for larger buildings 5+ units (~74% of St. Paul rental market)
- The sample itself consists of 549 buildings and about 25,000 units. Sample limited to market rate buildings.
- Rental distribution of CoStar sample largely matches that of St. Paul
- Data on income and rents in later section comes from the US Census Bureau's American Community Survey (ACS). Sample runs from 2006-2019

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## YoY Change in Nominal Rents in St. Paul 2000-2022



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Source: Author calculations, Costar

# YoY Change in Rent in St. Paul

	Average	Min	Max	Range
2000-2007 Pre-Crash	0.8	-4.6	5.9	10.5
2008-2012 Crash	1.0	-2.1	3.5	5.6
2013-2019 Post-Crash	4.3	-0.6	9.3	9.9
2020-Present COVID	2.8	-7.3	7.4	14.6
<b>Overall</b>	<b>2.2</b>	<b>-7.3</b>	<b>9.3</b>	<b>16.5</b>

Source: Author calculations, Costar



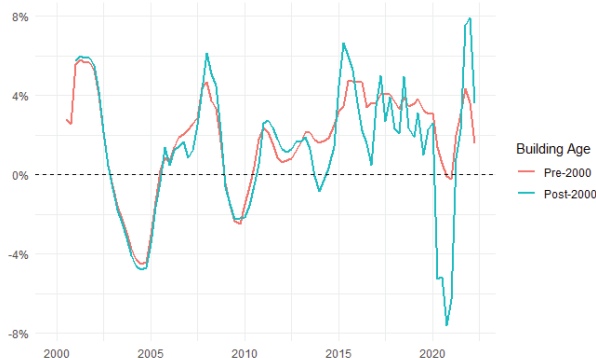
# YoY Change in Rent in St. Paul – Relative to Inflation

	Average	Min	Max	Range
2000-2007 Pre-Crash	-1.4	-7.2	2.1	9.3
2008-2012 Crash	-1.0	-2.5	0.2	2.7
2013-2019 Post-Crash	3.2	-2.0	9.9	11.9
2020-Present COVID	0.0	-8.3	5.7	14.0
<b>Overall</b>	<b>0.3</b>	<b>-8.3</b>	<b>9.9</b>	<b>18.3</b>

Source: Author calculations, Costar



# Rent Change by Building Age

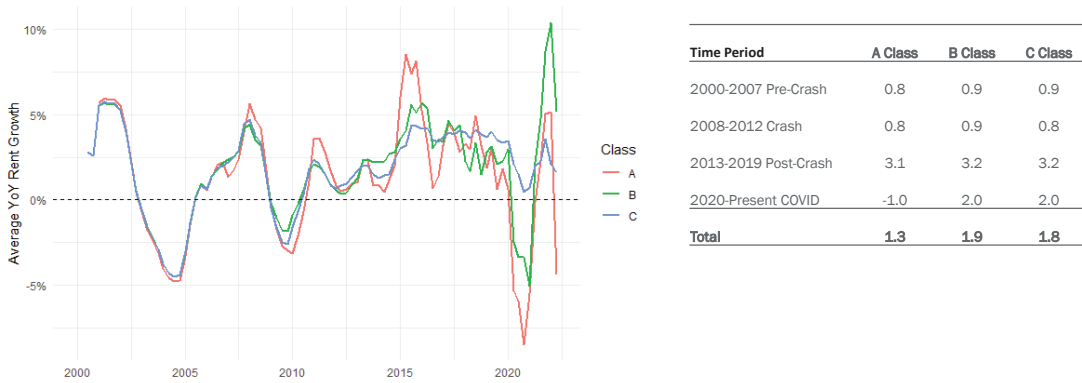


Time Period	Pre-2000	Post-2000
2000-2007 Pre-Crash	0.9	1.4
2008-2012 Crash	0.8	1.1
2013-2019 Post-Crash	3.3	2.7
2020-Present COVID	2.0	0.1
<b>Total</b>	<b>1.8</b>	<b>1.5</b>

Source: Author calculations, Costar



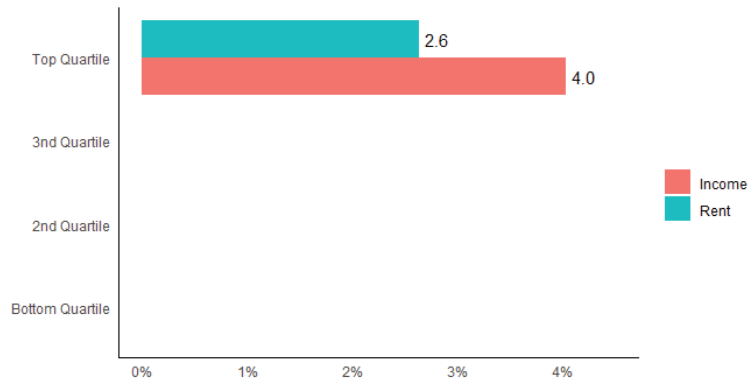
# Rent Change by Real Estate Class



Source: Author calculations, Costar



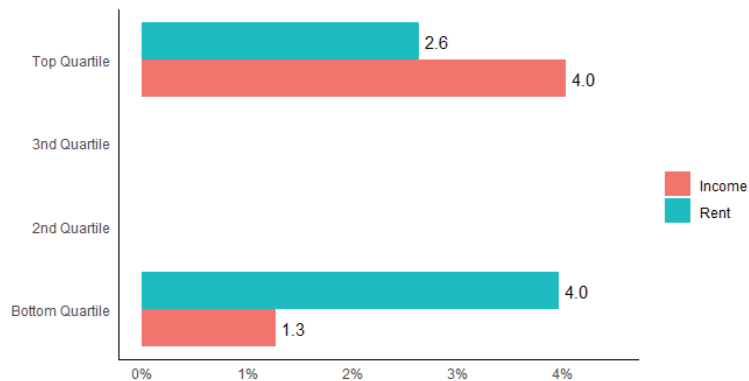
## Average Annual Income and Rent Change by Income Quartile 2006-2019



Source: Author calculations, ACS, Inflation adjusted



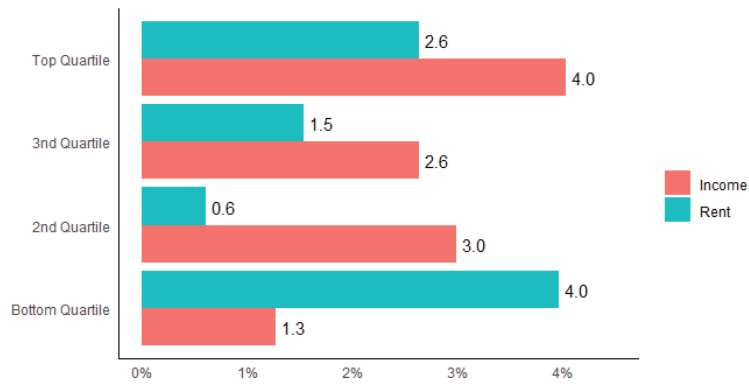
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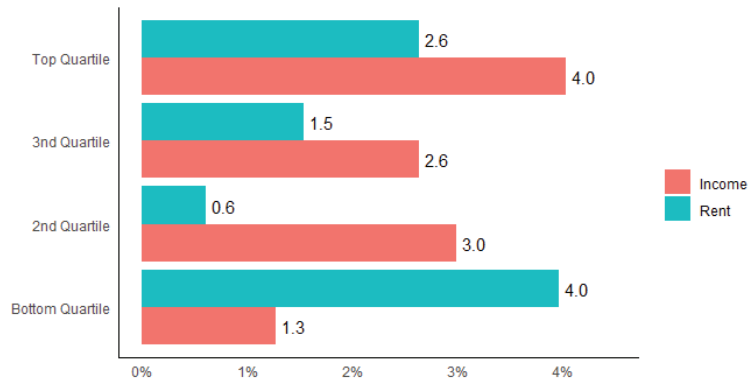


Source: Author calculations, ACS, Inflation adjusted

**CURA** Center for Urban & Regional Affairs

## Average Annual Income and Rent Change by Income Quartile 2006-2019

1.8% Cost-Burden Rate in 2019

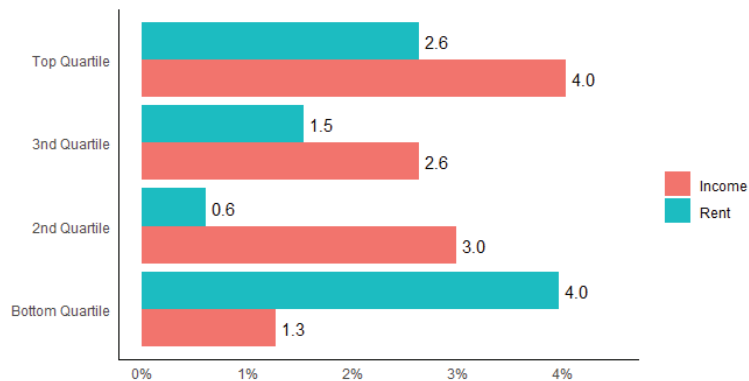


Source: Author calculations, ACS, Inflation adjusted

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## Average Annual Income and Rent Change by Income Quartile 2006-2019

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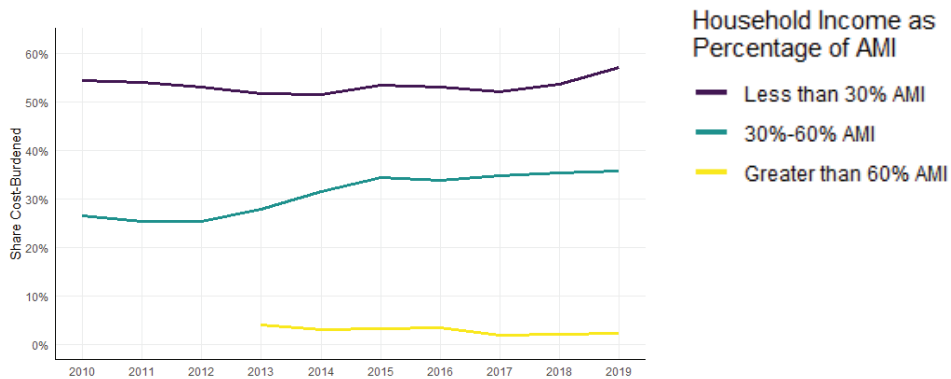


Source: Author calculations, ACS, Inflation adjusted

56.2% Cost-Burden Rate in 2019

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# Housing Cost Burden by Income

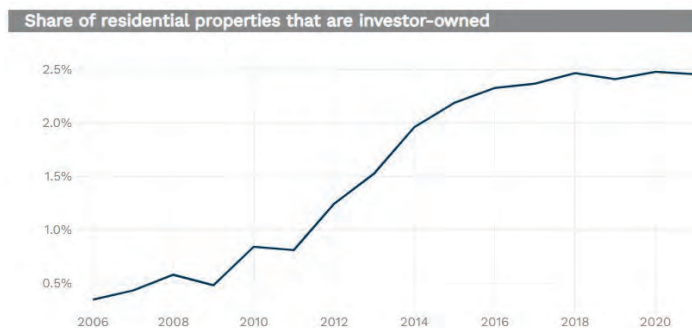


Source: Author calculations, ACS

# Small Building Rental Market



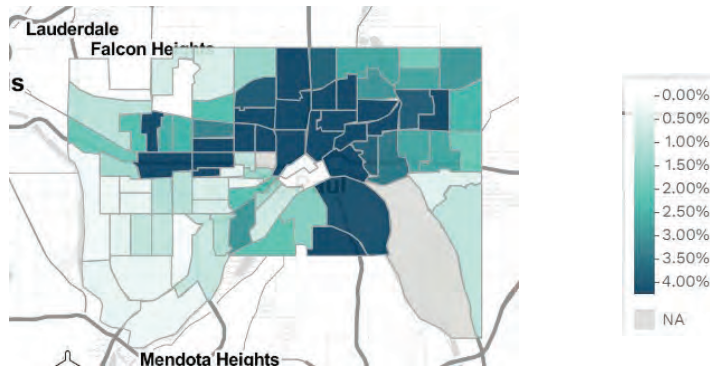
# Changing Rental Market Structure in St. Paul – Investor-Owned Homes



Source: Federal Reserve Bank of Minneapolis

<https://www.minneapolisfed.org/article/2021/new-property-data-tool-reveals-patterns-of-investor-ownership-in-the-twin-cities-area>

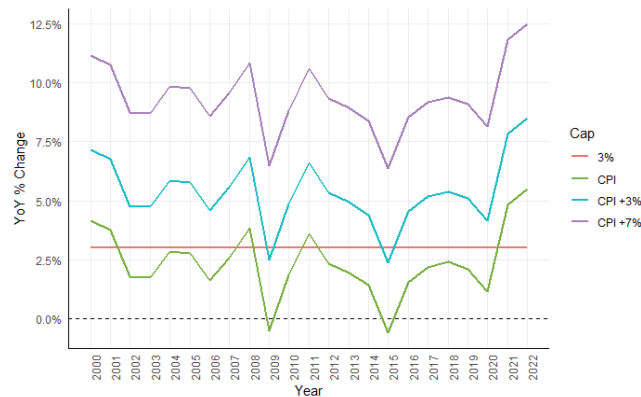
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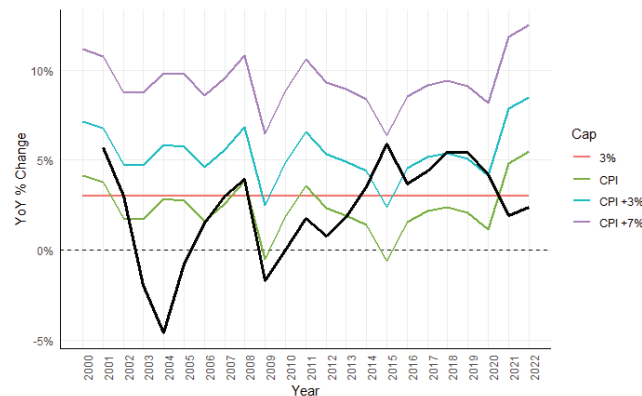
## Visualizing Various Rent Caps 2000-2022\*



Source: Author calculations, BLS

\*NOTE: 2022 Inflation taken from FNMA forecast April 2022

## Visualizing Various Rent Caps 2000-2022\*



Source: Author calculations, BLS, CoStar

\*NOTE: 2022 Inflation taken from FNMA forecast April 2022

# Modeling Different Rent Caps 2000-2022\*

Threshold	Average	Min	Max	Range
Flat 3%	3.0	3.0	3.0	0.0
CPI	2.4	-0.6	5.5	6.1
CPI +3%	5.4	2.4	8.5	6.1
CPI +7%	9.4	6.4	12.5	6.1

Source: Author calculations, BLS

\*NOTE: 2022 Inflation taken from FNMA forecast April 2022



## Takeaways

- Average rent growth during the last 22 years was 2.2%, It peaked in 2019 at around 5% per year.
- Smaller building market harder to measure, growth in investor-owned homes.
- However, even as average increases have declined slightly, the market appears more volatile in recent years especially in newer buildings.
- Though highly variable, rents in “C” class buildings (most likely to be NOAH) showed slightly larger increases in rents compared to A and B class buildings.
- Turning to the ACS data we see low-income renters experienced higher rent increases on average while also seeing much less income growth over the study period.
- This is reflected in high-rate of housing cost-burden for very low-income households.
- In the low-inflation environment of past 20 years. CPI cap most strict, 3% in the middle. CPI + a percentage loosest.
- However, in our more recent high inflation environment inflation rates above 3% make the 3% cap the strictest.

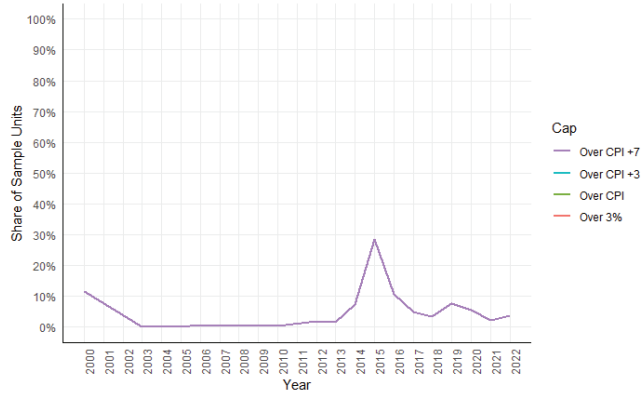


# THANK YOU



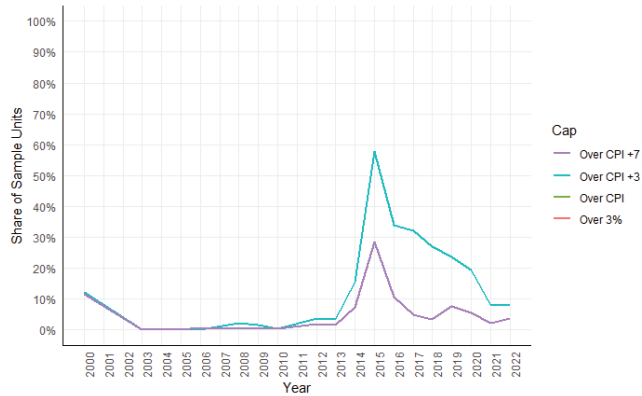
cura@umn.edu

# Share of Units Over Hypothetical Cap



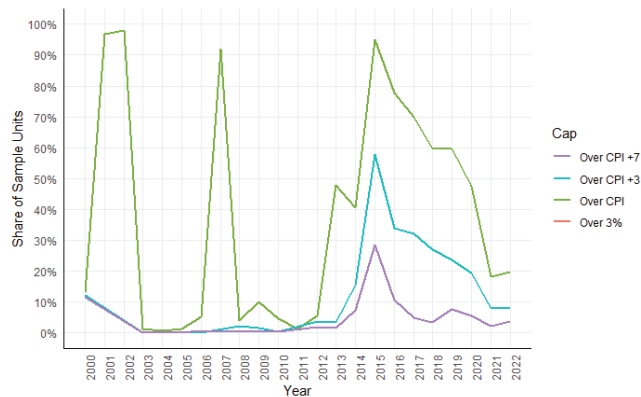
Source: Author calculations, Costar

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Source: Author calculations, Costar

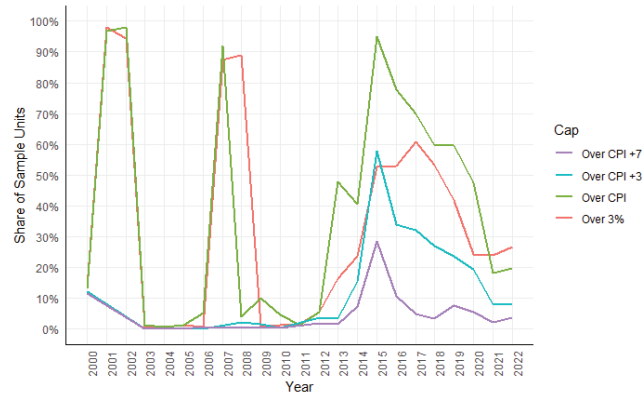
# Share of Units Over Hypothetical Cap



Source: Author calculations, Costar



# Share of Units Over Hypothetical Cap



Source: Author calculations, Costar

# Post-meeting survey results

## Feb 22 Survey Full Results

### Q1 Which stakeholders need protection as we deliberate about rent stabilization in St. Paul?

- Tenants and property owners both need protections. Developers need to know that rent stabilization will not destroy their projects.
- Small mom and pop landlords and low income renters such as section 8 tenants
- Tenants in working class and lower middle class housing and neighborhoods
- The future residents of St. Paul that can't find housing. The future tax payers in an underbuilt Saint Paul.
- owners and renters
- Renters, because they are vulnerable to rent hikes and economic evictions as we deliberate. They represent the largest group of people who will be impacted by this ordinance, and yet they have the least representation in our task force. This speaks to how renter voices have always been silenced and overlooked.
- Renters. Just renters and unhoused people. Renters are way under-represented in the stakeholder group already. Our lives and our ability to live and thrive in St. Paul are at stake. The City needs to focus on its residents, not wealthy real estate who continue to make St. Paul more and more inaccessible.
- Low-income tenants, the number of physical spaces that exist to house tenants, non-corporate landlords, taxpayers
- renters of all incomes, and smaller mom/pop housing providers
- low income families and individuals
- renters, those who are attacked in our society via racism, classism, sexism
- Small Local Property Owners
- The Smaller Property Management and Renters
- renters, property owners, first-time homebuyers, taxpayers
- small landlords, and renters
- Renters.
- Landlords and lower income renters. NOT middle class and upper income renters.
- Renters
- Landlords, tenants, housing programs ect.
- All residents in Saint Paul deserve to live with dignity in a safe environment. Renters and Property Owners alike. Residents of Saint Paul with unethical landlords increasing rent drastically and on a monthly basis need to be protected. Housing providers need the assurance that they can continue to maintain and care for properties in a market where bills are skyrocketing-building supplies, labor, property taxes are all unpredictable and a 3% cap in this uncertain time is causing many of great landlords to sell and leave our city. It is heart wrenching.
- All of them
- All stakeholders have legitimate concerns and perspectives that need to be taken into account. But the reason voters passed this measure is to protect renters from excessive rent increases that would undermine their ability to remain in their homes and communities, so

the primary group of stakeholders whose concerns and perspective need to be heard in this process is St. Paul renters.

- "It is imperative that we operate with a conscientious approach in our deliberations regarding rent stabilization. Furthermore, as we discuss renters and property owners, we must operate with the highest degree of mindfulness while recognizing that there are real people that will be affected greatly by the final outcomes of this deliberation. In terms of renters, there are many in our city, especially in the BIPOC community, that are having tremendous survival struggles that not only continue to get worse, but should be considered unsustainable as they are today. Moreover, many individuals and families in Saint Paul that live under the nightmare of housing insecurity, and worse yet homelessness, should have the utmost advocacy and consideration in our deliberations because housing is truly a topic of survival, liberty, opportunity and quality of life. -- On the other hand, it will also be incumbent on us to be conscious of the fact that property owners not only have private property ownership rights, but have also voiced valid concerns about their operating sustainability. In fact, we must keep in mind that property owners are indeed the facilitators of rental housing in our community and we need them to have sustainable business models in order to operate as well as have the ability to create more housing opportunities. Any inability for rental property owners to manage their properties in a fiscally sensible way will have negative consequences not only for them, but also renters. Therefore, if their needs and rights in this deliberation are not adequately considered, then our community could face even more proliferation of low rental housing supply in tandem with diminished quality and upkeep of the infrastructure that is already in place. --Thus, both renters and private property owners need protection from unintended outcomes that could be detrimental to our overall goal of creating sustainable, affordable housing. "
- Renters
- We need a good balance between protecting renters who are experiencing real hardship in the current environment, where rents are increasing rapidly and housing options are scarce, while still enabling new and diverse housing development, which is essential to work toward restoring balance in our housing market.
- "For me, "protection" sends the message that someone or some entity needs more/less protection than another; rather, I will acknowledge that all stakeholders are impacted in some way.
 

<ul style="list-style-type: none"> <li>Renters</li> <li>Property Owners &amp; Developers</li> <li>-Private-, nonprofit-, individual- owned</li> <li>--Employees/Staff</li> <li>---Day-to-day management/administration of property (existing properties)</li> </ul>	<ul style="list-style-type: none"> <li>--Construction workers (new properties)</li> <li>Community</li> <li>-Neighborhoods</li> <li>--Residential</li> <li>--Business/Commerce</li> <li>Government</li> <li>-St. Paul</li> <li>-Ramsey County</li> <li>-State of Minnesota"</li> </ul>
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- The stakeholders who most need protection are the low-income individuals and families, particularly individuals and families of color. They are the ones with the fewest resources, the greatest financial burden and those least likely to have a voice or a seat at the table in this kind of venue. I understand the Committee is looking for balance in how we think about

this ordinance, but a lot of the money and the power are on the side of the landlords and the developers. I want to see them get a fair break, but not at the expense of some of the poorest among us trying to take care of themselves and their families and trying to make ends meet working multiple minimum-wage jobs.

**Q2 What priorities should St. Paul's rent stabilization program address?**

- St. Paul's priorities should be a logical and forward-thinking policy that does not exclude the concerns of all stakeholders, and results in stable property values as well as rent.
- "Vacancy decontrol: keeps rents stabilized while tenant is living in home and also keeps landlords in business when they have to do turn overs which cost a lot of money due to vacancy and turn over cost. Rent cap that is tied to inflation. "
- Ways to interpret and narrow justifications for exceeding the yearly rent raise cap, a way of compiling rent prices between renters year to year to prevent property owners from unlawfully raising rent without the city noticing, a municipal tenant's board for owner - tenant disputes to keep them from all pouring over into the district court & keep administration costs down (Wisconsin has municipal courts like this)
- To avoid the unintended consequence that housing supply does not keep up with demand.
- the hard 3% cap
- The program should maintain the protections that St. Paul voters on for the maximum number of people. We should avoid creating dual housing markets where some people are protected and others are not, because this will further exacerbate inequities in our housing system.
- The lack of affordable housing in St. Paul. The percent of income St. Paul renters are spending on housing.
- Increasing the supply of affordable homes
- Allowing future investment and keeping a rolling 50 year inventory of housing stock affordable to the city most vulnerable renters.
- making sure that in the future we have a wide variety of rental stock for all types of people who wish to reside in St Paul
- Keeping rents affordable while not punishing landlords
- maintaining the full integrity of the ordinance as it was written and voted for, for the first year
- How will tenants and property owners know about the details of this regulation? How will it be enforced?
- "Why there is hardly any Affordable Housing being Built Yearly, Open Access for Renters, Funding Streams, and Land Use Access to Built Houses for Low-income Families"
- Avoiding disinvestment, ensuring protections against discrimination, preventing real estate prices from rising
- Decontrol, and weather providers get to use their unused difference in cap increases.
- Cap increase at no more than 3%
- St. Paul needs to attract investment in new housing as well as the renovation of existing rental housing. Both Minneapolis and suburban areas compete for this investment. Rent control will lead to disinvestment. St. Paul also needs lots more new construction of affordable housing. The ordinance that passed fails to address these issues.
- How implementation will impact smaller landlords, how to do education to tenants and landlords that cuts through or propaganda and misinformation. I think the rationale for exempting new construction makes 100% sense and it also creates some really important

question marks for parameters on how long construction is considered "new" and what a later on-ramp looks like.

- Right now housing programs and community landlords are considered the same when it comes to laws and requirements. However, the tenants served in housing programs have very different needs and require different services. It is becoming more and more difficult for the tenants in our housing programs to find housing in the community once they have completed the program. This is due to many factors; however, high rent is at the top of the list and families are not able to locate housing in the community with their section 8 voucher; the rent is just too high. Having rent go up every year takes a already struggling family living paycheck to paycheck to barely staying afloat or not being able to maintain their housing. We need growth; however, we also need equity and affordability.
- Predatory landlords that increase rent on unsuspecting tenants, especially in the affordable housing arena.
- Program should prioritize development of more housing of all types and assistance for those most in need.
- "-Affordability of rent
  - -St. Paul residents being able to remain in their homes and communities (protection against displacement and gentrification)
  - -Resilience/sustainability of these protections over time
  - -Effective communication, outreach and enforcement measures for both renters and property managers/owners"
- "Saint Paul's rent stabilization program should work to address the dire, unprecedented shortage of affordable housing in our City that is not only detrimental to current renters, but will also affect generations of renters to come. Furthermore, the product of this program should be one that creates an environment conducive to achieving actual affordable housing options in tandem with an increased overall supply to meet the demands of our community.
  - In order to achieve these goals, we would be well suited to establish what rental price brackets constitute affordable housing in the first place as the answer to that question can vary. The same question could be asked in terms of what constitutes a reasonable right of return for rental property owners as well as what events and costs would trigger exemptions for the rental property owners?
  - In other words, some communities, especially those living in poverty, need more deeply affordable rental housing options than those in the community that have higher monetary resources. Likewise, rental property owners have varying degrees of resources to manage and upkeep their properties as well as different motivations for being rental property owners in the first place. Therefore, identifying formulas, or standards that could be used to arrive at workable solutions will be crucial for both renters and property owners.
  - There are many intersecting reasons for why our City finds itself in such a dire affordable housing crisis, especially when considering members of our BIPOC community who have faced historical inequities that contributed to long term, generational poverty at higher rates. Furthermore, private property owners who lease their properties are not the only cause for the affordable housing issues we face. Considering these sociological and historical contexts of our housing crisis, I feel that the incurred costs of these changes should be spread out among the City of Saint Paul as a whole, and not just placed on renters and private property owners. Therefore, I feel that it is incumbent upon this rent stabilization program to address

ways in which the City can help to empower renters to have more resources as well as empower property owners to be able to sustain and, or grow their housing stock while also offering more affordable housing options. This could be done in many ways such as looking at adjusting City fee and compliance costs, property tax credits, or other offset strategies. I feel this ordinance can be truly successful all the way around, if we find ways to balance these things. "

- Protection and preservation of saint paul's most vulnerable tenants. While also understanding developers, investors and landlords increasing operations or holding cost including the increase in xcel and taxes.
- Balance. Reasonable stability for renters while still enabling an environment for reasonable return on rental housing operations and development. Reasonable return will allow for continued investment in our existing housing stock, as well as needed growth to help ensure there is enough housing for all that is both affordable and high quality.
- "Deliver voters' 3% annual cap, while assuring property owners/developers they can meet their Returns on Investment in St. Paul. --Acknowledge the top need/s of the stakeholders and how the needs are being addressed."
- Special attention should be paid to the least among us, that they have affordable places to live. Because even with new construction, there's no guarantee that the new construction will provide affordable places for low-income families and individuals.

### **Q3 What is your greatest hope regarding rent stabilization in St. Paul?**

- My greatest hope is that St. Paul will have the best rent stabilization framework and policies compared to elsewhere, and that through community involvement of all stakeholders, with logic and reasoning driving our decisions, we will assure a vital community where there are ample affordable housing choices, but also enough incentive for property owners to continue to invest, and maintain property values to prevent neighborhood gentrification.
- I would like to balance it out. We need to make sure that tenants do not experience huge rent increases but we also need to make sure that we are not squeezing landlords out of business.
- That St. Paul remains a place where working people live and raise families, not a city of luxury condos with vacant units overlooking homeless encampments
- It takes into account the issues of funders of new housing.
- remove the unintended consequences of this ordinance
- My greatest hope is that St. Paul is brave enough to stand up to the forces that have historically held us back from advancing housing justice (landlord and real estate lobbies) - and that we choose to do what no other city has done - in implementing the ordinance that was voted on, and will benefit the majority of our neighbors who rent their homes.
- That the Mayor's Office will uphold the ordinance that passed in November without adding exemptions for huge companies (especially those that take public money). There is no reason to jack the price of affordable housing, it's meant to be affordable.
- An amended ordinance that is limited to protecting renters from price gouging
- Clarity regarding rent increases, and which costs are not considered rent for the purposes of the rent calculation. In particular property taxes, and water/trash.
- that we are able to keep affordable rents from increasing more than inflation or wages. I feel like we need to ensure that renters have the same type of stability in housing as a mortgage holder. When you buy a house you know what your mortgage payment will be for the next

30 years. The only thing that increases is taxes and maintenance costs. This should be true for renters as well.

- That all landlords are not treated the same
- That the ordinance is fully implemented
- I hope it will protect the renters without denigrating new affordable home constructions. At the same time, allow small local property owners to continue to provide affordable housing.
- To Implement Policies and Funding that will Address Homelessness and Affordable Housing
- a solution that works long-term
- That it less strict on Providers with less then ten units or providers looking to improve units for tenants.
- That rent will not be increased to more than 3% annually.
- That we can continue to produce new housing while constructively addressing the needs of lower income renters through an expansion of the LIHTC program and more state bonding for affordable housing.
- That the city will have robust, visionary implementation that becomes a model for other urban centers.
- I would like to see tenant protected from large increases that displace them from their homes and/or prevent them from finding housing in the first place. I understand that new buildings are needed due to housing shortage; however, what is the point of new housing if you are not able to afford it. I would like to see more invested in the buildings and properties in the community now that need repairs and improvements.
- That the city will listen to all parties and understand there is a better way to protect our most vulnerable without scaring investors away. Specifically addressing the new construction and the vacancy control.
- That it encourages development of more housing of all types, offers assistance for those most in need and does not restrict the supply of capital necessary for a healthy housing market.
- That we make this a city that working-class renters from diverse racial and ethnic backgrounds can continue to call home for decades to come.
- My greatest hope about rent stabilization in Saint Paul is that we achieve a blueprint that truly achieves affordable housing, but not to the detriment of renters, or private property owners who are leasing their properties. The success of both renters and property owners are not mutually exclusive. In fact, we need both renters and rental property owners to be successful for this program to work.
- My greatest hope is we find a solution(s) that provides opportunities to keep development thriving while protecting homes and properties from SOLELY profit driven sharks who only care about their pockets and not the Saint Paul neighborhoods.
- An amendment to the current ordinance that both protects renters while still encouraging housing development, which is essential to decreasing housing scarcity and bringing balance to the housing market.
- "Deliver voters' 3% annual cap, while assuring property owners/developers they can meet their Returns on Investment in St. Paul.
  - Make it worthwhile for both small and large developers to want to invest/build in St. Paul, as all developers/property owners are needed to fill the affordable housing rental gap.

- Acknowledge that it is very costly for developers (private, individual, nonprofit) to do so anywhere, considering supply/demand, labor/product shortages, rising interest rate environment
- Developers will know what they need for size/# of units = Return on Investment
- Increase first-time homeownership in St. Paul.
- Improve the messaging: Messaging about “affordable housing” – does mainstream understand that AMI is \$73,500 for individuals and \$104,900 for a family for four in the Twin Cities? "
- My hope is that all St. Paul renters can find and live in decent, affordable accommodations in areas that best suit their needs with regard to education, transportation, shopping, medical needs, social needs, etc.

**Q4 What is your greatest concern regarding rent stabilization in St. Paul?**

- Property owners may not have ample incentive to update their properties and that may lead to neighborhood gentrification that decays our city's equity in real estate.
- Its not tied to inflation. Inflation is already at 7.5 percent and property tax went up 18%. Small mom and pop landlords who are providing affordable housing will be squeezed out of the market.
- That the proposal may become gutted & full of large loopholes and as a result protection would become the exception rather than the norm for tenants.
- It will limit the investment into new housing in St. Paul and the affordability crisis will only deepen. We are trying to regulate a privately owned, finite resource in a City that is growing and many people crafting these policies do not have factual awareness of how new housing gets funded and built.
- no more rental home production, small owners lose their properties, hurts renters
- My greatest concern is that the thoughts/ideas/positions of people who have a vested financial interest in changing the ordinance carry more weight than actual empirical evidence, research and lived experience. That we make decisions based on fear and uncertainty as opposed to leaning on what is known.
- That because real estate interests are over-represented in the stakeholders and have financial power over the City, they'll get whatever they want while the majority of people in St. Paul will have their voices ignored.
- That the city will slowly adopt too few changes and the supply of affordable homes will decrease as a result.
- Disinvestment in black and brown communities, a race towards the bottom regarding housing stock, and preemptive housing provider non-renewals to reset rents.
- Right now because property is less expensive than many other areas of the country out of state real estate investors are buying up property in our city. This is a bad thing for a number of reasons and this is something we should try to stop.
- It will remove the incentive for current and future investors to invest in rental housing. Which by default will raise rent rates due to lack of affordable housing.
- That the people's ordinance will be torn apart by exemptions, particularly retro active exemptions that make no sense other than eating away the ordinance.
- That it will not protect the vast majority of the renters, except for a few taking advantage of the system. That it will backfire, and rents will artificially rise regardless of market feedback.



- My Greatest Concern is that Low-income Residents are Left Out of Conversations with Elected Officials and Wealth Building is for the Rich! There needs to be Transparency and Accounting for Affordable Housing with Elected Officials!
- A cycle of disinvestment and greater shortage of housing
- Not addressing mom and pop landlords issues
- That developers, landlords and their lobby groups will force the mayor and the council to back down.
- A lawsuit that freezes the city's ability to amend the ordinance and leaves the issue in limbo for an extended period of time.
- That landlords and realtors will use their power and resources to derail or weaken or just drag this out.
- Tenants are having a hard time affording rent now; even the 3% increase every year is causing hardship to so many individuals and families. Landlords have a hard time getting the rent that is due now because tenants are not able to afford it. We will have more housing; however, tenants will not be able to afford the rent and current tenants will be displaced. Harder to find housing in the community.
- "That common sense will be thrown out, and that the good landlords and citizens of Saint Paul will flee to easier areas to maintain a business and standard of living. – There is SO little upside right now, taxes are high, crime is skyrocketing and people are leaving the city."
- Greatest concern is that the ordinance is not amended because as written it has shut down the Saint Paul housing development market and created a high level of uncertainty for all stakeholders. It needs to be amended to exclude new construction, provide a reasonable % rent increase above CPI, offer vacancy decontrol, efficient self-certification and housing assurances for those most in need.
- That sky-is-falling rhetoric and political opposition from some groups and individuals who opposed the ballot measure will lead to the city gutting some of the core provisions necessary to making this policy truly effective in achieving the goals that led St. Paul voters to approve it.
- My greatest concern about rent stabilization is the potential negative outcomes that could arise for both renters and property owners if a true balance is not achieved in terms of how both can still be successful in a rent stabilization environment. I think many agree that something meaningful needs to be done about the immense lack of affordable rental housing in Saint Paul. Likewise, many understand the reasons why property owners need to be able to operate a positive income rental property to stay afloat. Therefore, if we do not implement rent stabilization in a balanced way that considers these factors, then the result of decreased rental housing could be more damaging than what we are faced with right now, which is already a very dismal situation for many renters.
- My biggest fear is that we lose valuable investment dollars from larger groups and people only rely on local development before local development has the resources and infrastructure in place to fill in the gap.
- The ordinance will be too rigid and deter needed housing growth and reinvestment.
- The messaging becomes or remains renters vs property owners; one is bad and one is protected.
- "The above are my priorities [answer to previous question]. I understand that rental property owners and developers may have different priorities, and I understand we have to strike a balance in addressing the needs of all sides. But I hope we remember that a majority

of St. Paul residents voted for this ordinance, and so I hope we can honor and respect what the voters want by adhering closely to the spirit of the ordinance. -- I don't want the process to be sabotaged and my hope is everyone is acting in good faith, and that we come out of this ready to present a strong ordinance ready for implementation to Mayor Carter in June"

#### **Q5 Meeting logistics: what worked well?**

- It was well organized and led, as well as efficient in its use of time
- The Zoom format works well.
- Tuesdays are fine, too hard to accommodate everyone
- Facilitation was concise and meaningful. Good flow. Didn't try to put too much in one agenda.
- I thought the open dialogue and introductions went well.
- Digital is great.
- I thought it was a very well run meeting.
- 2 hours seems right. We'll see as we move into the challenges.
- Not too sure yet, because its just the first meeting.
- "I didn't have any Problems
- The time of the event worked well.
- Everyone was able to introduce themselves.
- Good discussion from a wide variety of community members.
- All good. I appreciated being given a break at the midpoint!
- I was not able to come to the first meeting. Our offices closed for the weather and was not able to get home in time for the meeting.
- I was pleased with logistics, it is a massive group of people and it went well.
- The moderators attention to the questions in the chat bar and their willingness to keep things moving along.
- Mostly seemed very smooth
- The format is very organized and it feels like a place where people should be comfortable speaking their minds and collaborating on this very important issue.
- "The introduction, meeting structure and the organization was great for the first meeting and made things easy to understand and clear on how they will move forward. "
- For an opening organizational meeting (and for general learning sessions) I thought the current format worked fine.
- It's just a little annoying that some members don't turn on their videos. I would like to see who I am working with, who is on the team.

#### **Meeting logistics: what could be better?**

- I cannot think of anything at this time.
- Nothing, it was very well ran
- The format with 41 participants, plus public observers, is not conducive to real dialog. Please consider expediting the formation of smaller groups that can dig deeper in a format where people speak freely.

- Could we please create a process for people to speak? I've seen people do different things (raise their virtual hand, simply unmute, "stack" in the chat). I'm happy with anything but want to make sure I'm not speaking out of turn.
- Some difficulty getting into the right meeting, a little hard to keep up with the conversation especially typing. I think the group rules make sense, but if someone suggests they don't want other people to use the word landlord, that's not a rule you should implement. It was piggybacked off of respecting pronouns and I think that it's disrespectful to equate those two groups. Being a landlord is not a protected identity, it's a choice. If the word landlord has negative connotations, it's because they've been allowed to exploit housing insecurity for huge profit without being checked.
- Group was far too big, meeting agenda wasn't concise and led to haphazard questions/discussions at the end.
- Information ahead of time, with clear point of emphasis where feedback is required. We need to understand is this a Mayoral task force or city council, and we also need clarity regarding body of work this group is responsible for discussing.
- I want to see folks who are not normally heard from given just as much time and space as those who normally take up space.
- Not too sure yet, because its just the first meeting.
- Checking Zoom Links 10 Minutes to make sure there is good connections!
- Please make sure that we abide by Mayor Carter's vision for the group and not get bogged down in short-term political fights
- none at this time.
- Divide the group into 4: Then have a co-chair(facilitator heading discussions in each group)
- It is difficult for a committee of 41 people to reach consensus.
- I'd like to see the chairs assert their roles and do more of the facilitation.
- It is hard to say at this point, as we get into the emotional aspects I fear there will be a lot of need for strong mediation.
- Good to see a variety of faces in the first meeting but needs to break in to smaller groups to offer the chance for more voices to be heard. There is also uncertainty about how the Task Force's work coincides, or not, with the City Council's. The leaders should encourage and expect all attendees to read the CURA report. It has clear and thorough discussions of much of what we will be re-reviewing in the weeks ahead. It is ok, and for many a compliment, to expect people to take this work seriously and to be prepared.
- There was some understandable confusion about the list of who should be a panelist and who in the "audience."
- Possibly consider seeing if the group could meet late morning rather than the middle of the afternoon for those of us who have kids to pick up from school.
- not currently
- It will be difficult for 40 people to engage in discussion effectively once we get to that point -- so hoping for breakout groups and other ways to connect with each other.
- I'm not sure if it's my laptop or the Zoom meeting, but a number of times I've raised my hand with the Reaction button, but then the hand is out there for only a few seconds, then it disappears. I have to keep hitting the button, and because of that I'm not recognized so I have to take myself off mute.

## March 1 Survey Full Results

- **18 Respondents**
- **Do you work in St. Paul? 17 Yes, 0 No, 1 missing**
- **Do you live in St. Paul? 11 Yes, 6 No, 1 missing**

### **Q1: What was your most important takeaway today? (16 responses of 18)**

- That this has been done before so there should be lots to learn
- Long history of Rent control in US
- The claim that rent control worked while it also showed same program was terminated. Seems hard to believe that something that worked would have been terminated.
- The way everyone collaborated
- There is a long history of rent control in the USA.
- For over 100 years there has been a need for rent stabilization, usually during times of extreme economic hardship.
- RC has been a response to emergency situations and its parameters are not static and are generally conditions-based
- That interest groups are stalling to prevent meaningful discussion
- That rent control/rent stabilization has been with us for quite some time, and it's been instituted in response to various economic needs and crises to assist the people, families and communities who are most in need of help.
- "Rent Control was passed because inflation was way too high"
- Vacancy decontrol.
- From the data, historically, rent caps really do work overall!
- Historically, rent control has come about in direct response to failures in the housing market.
- That certain subsets of data do not show a complete picture of the success or failure of a policy.
- Some task force members don't understand the scope of our work and should be asking their questions of the mayor or city council if they have issues/questions, rather than putting that burden on other task force members. I'm sure others have questions as well, but we should be asking them of people who can answer them, not taking up our valuable time in these weekly meetings. We have a lot to do and I'd like to focus on our task at hand.
- My most important takeaway is that I am pleased that there is a considerable amount of historical data which could guide us to a better understanding of which aspects of rent stabilization regulation had achieved balanced solutions for renters and rental property owners. Moreover, my hope is that this historical data will be substantial enough to help us all form a genuine understanding of the positive, and or negative affects these policies have had on both renters and rental property owners alike.

### **Q2: What was one new or surprising thing you learned today? (15 responses of 18)**

- That rent control was initially enacted as a protection from inflation decades ago.
- That rent control has been implemented with an actual monetary cap not just a percentage
- That rent control was established after wars and depression
- That many states have policies against rent control.

- Rent stabilization has come and gone in certain areas, and not maintained, or re-adapted to accommodate changes through time.
- Political support for RC has been cyclical
- That there's been two rent stabilizations in America previously
- It was interesting to note how many different cities and communities enacted rent control throughout our country during the 20th century, and now that we're in the 21st century, we're entering into a third wave of rent control. Yes, it's cyclical but it comes about because of economic downturns, whether due to war or whatever, where the financial consequences weigh heaviest on low-income individuals and families and communities of color.
- How many exemptions the first few generations of rent control had.
- I learned that even though the government enforced rent control during world War 1 and, many states abolished rent control after the war.
- How important it is to be clear that rent stabilization is not rent control for many different reasons; one being that RS gives renters, like mortgage owners, a sense of what their housing expense will be but it doesn't limit a landlord from setting the rent up front at what they need. Because inflation doesn't effect a mortgage but does effect renters it levels the playing field in this regard.
- Saint Paul is the first non coastal city to enact rent control
- I was surprised to hear the facilitators demonstrate a bias in support of the adoption of rent control by saying that it had "proved that it worked to provide better outcomes". There are contradicting studies that show that rent control leads to expansion of gentrification, lower overall housing supply, and inability for people to find entry level housing. Rent control has been shown to produce winners and losers, benefitting few at the expense of others.
- Rent stabilization is not a new tool, and St. Paul is certainly not the first to use it.
- Something that had been insightful during our session was identifying the ebb and flow of rent stabilization polices as they related to pressures exerted from national economic stability, housing supply status, as well as peace and wartime periods. In other words, I found this to be useful because it gives credence to the notion that affordability issues are not necessarily instigated simply by arbitrary rental costs, but at times by exterior forces beyond the control of renters and rental property owners. Establishing and acknowledging this causation context is crucial and gives merit to the notion that an earnest approach towards rent stabilization guidelines should work to strike balance, rather than create undue burdensome policy that works against renters, or rental property owners.

**Q3 What, if anything, did you learn or hear today (including in the breakout sessions) that made you rethink your position or assumptions or perspective about rent stabilization in St. Paul? How did they change? (15 responses out of 18)**

- My position has not changed
- Nothing
- It was good to hear how other think about rent Stabilization
- During times of economic growth measures for rent control often lessen or go away.
- That rent control units have considerably lower rents over a ten year period, causing benefits of neighborhood stabilization, and superior quality of life of individuals, but also causes inefficient use of units, perhaps longer commutes, less velocity of units, etc. A successful program will require significant balancing, but fortunately, we have a lot of examples from other cities, as well as studies, to guide us.
- The ideologically broad-based support for RC measures historically.
- That is has already been done before. It made me even more pro-rent stabilization

- I understand there has to be a balance between the needs of renters and property owners and developers, but overall, not much has really changed for me coming from the perspective of a renter.
- Often we hear that rent control is not successful, but it's lack of success is never broken down. Seeing that the first few generations of rent control had SO many exemptions tells me that there should be little to no exemptions when tackling rent stabilization in Saint Paul, especially with new construction.
- "I still have the same position. We need to vacancy decontrol and or exempt small mom and pop landlords from rent control"
- I'm stronger in my assumption that renters will have to fight very hard to not have this ordinance wittled down.
- Not sure anything changed. I felt most of the information reinforced my existing perspectives.
- That the Twin Cities have the lowest rent growth of the top 50 markets in the United States.
- I was surprised to hear that rent stabilization was used to protect people from housing instability during times of high inflation. This made me think that it's a better tool for our current moment, given that we're experiencing record-high inflation. I didn't realize that forms of rent control/stabilization have been deployed by the federal government that many times in our history. It's a piece of information that is not broadly discussed or known. It made me think that St. Paul is not taking such a big risk by implementing rent stabilization because it's been done by so many other places so many times in our history. Lastly, the research was very clear in naming that rent stabilization works at stabilizing rents, which is its ultimate goal. We shouldn't let ourselves get distracted by theories about why it doesn't work because we are seeing it accomplish its goal in cities and states across the country.
- As I mentioned, having expansive historical data helps us to think more critically about our own positions, and gain better understanding of where others are coming from. I feel these affects are paramount to achieving consensus. Therefore, while my personal position on rent stabilization has not changed, I continue to think critically about this topic in tandem with working to sincerely understand the basis of both similar and opposing viewpoints held by others.

**Q4 Do you have any questions about today's learnings that you would like the facilitators or the task force to follow up on? (14 responses of 18)**

- What has been the historical average increase of rents in St. Paul?
- I would like to see the studies used to make assumptions about rent control and sample group used
- Where property taxes affected by areas with rent stabilization? What demographics has rent control affected the most?
- If there are studies that show that rent control units have lower rents over a ten year period, are there studies that indicate what happens to overall real estate values of rent control buildings versus non-rent control buildings?
- No, the presentation seemed fair and balanced. We need a little more time in the breakout groups so everyone has a chance to say something. And maybe we could acknowledge that everyone needs a chance to speak and elicit their opinions, so we all know what we are all thinking.

- not enough information about negative effects of rent control too much positive
- Do we know how these exemptions affected the first few generations of rent control?
- "Can you verify this: ""In the early 1990s, rent control in some cities, such as Boston and Cambridge, Massachusetts, was ended by state referenda. When rent control ended in Cambridge, the city realized a 20% increase in new development and an increase in property values, according to a study by the MIT Center for Real Estate""
- I was also wondering if the government also increased property taxes 18% while they enforced rent control during world War 1. Plus was there sky rocketing inflation during that time? "
- I think it would be useful to speak specifically about inflation and how it impacts housing costs.
- Professor Goetz made a comment that rents are almost always reduced when rent control is implemented. I assume this is rents relative to inflation (real vs nominal). Just want clarification that my assumption is accurate.
- Please provide the data sources used to create the materials. Also, please include data and studies that show where rent control has had adverse effects in housing markets.
- I would like to learn more about the relationship between housing costs and inflation. How do they truly relate?
- "In find it important that, through content moving forward, the group is able to gain a deeper understanding of why certain municipalities have embraced rent stabilization techniques, and why others have either pulled back, or banned them altogether. It seems through federal policy, all areas of the United States have been affected by rent stabilization at one time, or another. Furthermore, the response by a large number of states had been to ban it outright seemed quite staggering. In addition, some communities embraced it and, or enacted their own versions. Thus, I had felt there was a seemingly subjective answer given to the group during our session when a member asked about the causation of the rolling back and, or banning of rent stabilization, and if those reactions were due to arbitrary political swing, or some deeper policy flaws that had adverse affects on communities. Furthermore, the answer that had been given implied that political swings had a higher degree of dictating these reactions than anything else. While there may already be a plan to speak about these things, it would be helpful to have clarification about if there is empirical data that supported the statement that political swings played a larger affect on how each state experienced and reacted to rent stabilization policies, or if there had been substantial negative, or positive outcomes that caused these different reactions. Furthermore, I find this very important because as we decide policy implementation recommendations, it is imperative that we have a good compass of what successes and problems had arisen in communities when rent stabilization was implemented to the point where they either embraced, amended or banned the policy outright.

### **Q7 Meeting Logistics: What can we do to improve your experience? (8 responses of 18)**

Have a small designated time for general conversation about grammatical errors and meeting notes.  
We spent way too much time not talking about rent control

- Keep the meetings on track.
- I like that we take a break between the hours.
- Show studies from other sources that also shows the negative consequences of rent control.

- More advanced notice about breakout sessions' content and a reminder to folks that ground rules apply to the breakout sessions.
- Show a more broad range of perspectives including data that supports and does not support rent control policies.
- Maybe we can add time limits to our agendas (especially the first half) so that we don't get derailed and can get to the meat of the agenda.
- "To improve time management, continuity and focus, I feel it would be useful to consider not engaging group questions until prompted by the moderators at break points, or the end of presentations, or at the very least, finding some sort of balance. Questions could be documented in the chat, or people could raise their hands and wait to get called during a set Q&A time decided by the Co-Chairs and Moderators. Some of this content is very involved and I feel it would run more smoothly and have better focus if this was considered. Likewise, in relation to time management and questions, I want to mention and remind that at the onset of this commission, we spoke much about inclusion and respect. Therefore, I was a bit dismayed when a member was asking clarifying questions about the new construction pieces of the ordinance, that there were members of the group writing accusations in the chat that the person's was actively trying to ""derail"" or impede the session. I found this to be highly inappropriate and could damage this process if the group allows that kind of side talk about a member that is simply working to better understand something. Furthermore, that practice might discourage others from asking questions, and trying to get clarification on something they do not understand. I do not think this should be allowed to happen again. If someone is indeed taking up too much time with questions, then the Co-Chairs should act to try and table it for a more opportune time in the session."



## MARCH 8 SURVEY COMMENTS

### What was your most important takeaway today? (from the learning topic for today)

Most other RC policies include elements that are more lenient than Saint Paul's current ordinance

That there is a range of options with rent caps and rent decontrol.

Is our assignment to figure out how to best implement a 3% rate cap? If so, why are we spending time discussing whether a rate cap or variable should be used?

There are legitimate and clear pros and cons to both the fixed-rate cap and the varies-with-inflation rate cap approaches. No obvious right answer about which of those two approaches is best.

That there are many ways to approach Rent Stabilization. And if structured properly, it can help support all stake holders to build our community.

That vacancy decontrol isn't helpful because it would undermine the whole point of rent stabilization. If we allow it then the City is completely voiding what the public wants.

The need for a lot of thoughtful consideration around vacancy decontrol and building changes of ownership.

Three weeks in, the task force is poorly planned, disorganized and has no clear mission, definitions or rules for proceeding. It mirrors the unfortunate ordinance we have been asked to modify.

Members of the group are not on the same page when it comes to our goal

wasted time listening to emotional pleas vs zero time understanding other side

We do not have common definitions as a commission in order to respond to our interact with the policy at hand.

We need to follow agenda, and give people time to get thoughts across But the discussion certainly drew out the tensions between property owners and renters. I was glad that the renters spoke up because the early part of the discussion and the focus seemed to be dominated by property owners, or at least, that was my overall impression.

That rent control advocates are firmly stuck in a position and are not willing to even try to be educated from other lived experiences in order to tackle the very serious topic in front of us. I think we all need to acknowledge that we are here with the goal of making the City better. This has to be the baseline!!! We wouldn't be investing this amount of time if we didn't want to see a positive outcome for the City.

### What was one new or surprising thing you learned today? (from the learning topic for today)

the statewide Massachusetts referendum on rent control vote

Vacancy control, supposedly, is intended to protect tenants from harassment and informal evictions.

It seems like stakeholders don't understand each other's pain points. For example, homeowners/property owners actually have additional and inflationary costs tied to their "set" mortgage payments. A lot of property owners keep their increases less than 3%, but may be forced to raise rents prior to May 1 in order to protect themselves from future controlled pricing.

The value of predictability for property owners, not just for renters.

Not a lot of committee members fully understand the ordinance
Not sure if everyone understands basic economics. I don't mean it in a derogatory way, but if we are to have a productive and inclusive discussion, we need to have a basic understanding of economics as a foundation, so we can be on the same starting page. We need renters, landlords, and investors to support our community. One is not more important than the other.
I didn't know that rent control advocates do not understand that housing is equally a business as it is a human right.
How many landlords are willing to admit that they would withhold maintenance on rent stabilized units.
That a gentleman in the small group I was in just received a 16 percent rent increase for his 2 bedroom apartment and that should be criminal.
Nothing.
starting to see disrespect of others time being allowed
I appreciate the facilitator suggesting sub-committees, but I agree with the renter who said that the comments from both sides should just come out in general discussion as they have been. I believe this was the first time that the renters' side came out very clearly. There's certainly been lots of views from the property-owners' side, but no one suggested sub-committees until the renters began to speak. And if we indeed have until November to work this out, let's take the time we need to get both sides views out on the table.
No. We are getting fed very basic information without the benefit of local data. We are also not getting real data related to the outcomes of cities with rent control ordinances in place.

**What, if anything, did you learn or hear today (including in the breakout sessions and discussions) that made you rethink your position or assumptions or perspective about rent stabilization in St. Paul? How did they change?**

Absent a right to renew or just cause eviction, vacancy decontrol could lead to massive displacement/instability for some of the most vulnerable renters.
I still want to see rent stabilization become a reality; give it time to take effect and see what comes of that. But appreciate that we're talking about options for change for the future should the circumstances around the economy, inflation, etc. bring to bear some unforeseen effects.
Are they property owners in this group who have raised rents more than 3% annually? Without judgment - please share the reasoning for doing that. I've only heard property owners say they don't raise more than 3% annually.
I prefer no rent stabilization and let the market decide. However, I see there is room for sensible measures to rent stabilization.
None.
I think I realized how many realtors, landlords, and Chris Tolbert are unwilling to have a discussions on the issues to a point where they'd understand or empathize with any renter. I wanted to find common ground, but it seems a lot more hopeless than before.
Nothing.
Not sure
more about the 3 or 4 states that have rent control again, nothing about the 37 other states that have outlawed and why

Nothing. There is no data being presented here in a complete enough form where anyone can be successful in changing an opinion. We need more complete information.

Same as previous.

**Do you have any questions about today's learnings that you would like the facilitators or the task force to follow up on?**

I am curious about what research can tell us about disinvestment in rental housing and how different rent control programs have approached that issue, whether it's become a problem, etc.

I'd like to learn more about what is intended about "disincentive for maintenance." Ordinance advocates, correctly I believe, point out a landlord's duty to maintain the property. Assuming that's true, what types of maintenance/repairs could be lawfully abandoned or deferred if a cap is too low? Ordinance advocates say the exception process to the cap provides a fair avenue for what I believe is too low a cap. Could the facilitators provide empirical evidence of the tradeoffs of administration in seeking exceptions? The opportunity costs of time, the compliance costs of training and knowledge, the potential for connection/corruption to influence exception outcomes, how the additional bureaucracy is a subsidy to corporate landlords and disadvantages smaller operators.

I believe the presenter has done that to some degree in presenting some of the positive effects and/or consequences of rent caps and decontrol. I believe presenter is trying to provide a balanced presentation.

Can we take a look at an actual example of the economics facing both the tenants and the owner of a small rental property (perhaps a duplex), a medium sized property (perhaps an 8 unit building), and a large sized property (perhaps 100+ units), so that we can talk about actual human circumstances and numbers? Everyone just throwing out numbers and anecdotal stories are unhelpful to the purpose of this task force.

Again, specifically define our task. What is our end goal?

Quality of rent stabilization units to non rent stabilization? Has there been increase or decrease or neutral of investment in a community after rent stabilization has been enacted?

Please use the data regarding historic St. Paul Rental levels, and then consider demographic data trends at the macro level. Focusing on historic St. Paul doesn't paint the picture of where St. Paul is going in comparison to the national, and metro-wide trends. IT IS underselling the rapidness of growth in our metro and the need for housing supply to grow exponentially.

What is in our scope for what we can do? It seems like we're being asked to make recommendations just so the city can say they got community input, and not because they're going to follow them. Why should I trust the taskforce?

This is not a question, but I want to identify that over the course of the first two meetings, landlords spent considerable time processing their responses to being called landlords and as a point of process required us to generate alternatives for a word that is actually a defined legal term, and I do not recall that conversation being curtailed or foreshortened the way a renter and tenant advocate was quieted this week. I would offer that both are emotional responses but that one, perhaps because it conformed to a specific process-oriented conversation style, was accepted as generative and the other labeled emotional and outside of the scope of our time together. I am representative of neither of these people or roles, but if we're going to work as a group of diverse voices, we need to flex to accommodate all kinds of emotional responses and not just the ones that feel comfortable within Robert's Rules of Order.

Why are there no representatives of institutional capital on the task force? Were they asked to participate?

Are we focused on next year or May 1st?

**Meeting Logistics: What can we do to improve your experience?**

Folks need to raise their hands and be recognized before speaking.  
Each speaking contribution should have a limit, ideally 30-60 seconds.  
Tony should model Phillip's approach to chairing/facilitating discussion.  
Folks should refrain from using the chat as an additional discussion room, it's distracting from the presentation/verbal discussion and not approached with the same comity as group discussions.  
Agenda and scheduled should be laid out for the group at the beginning of each meeting.

Lastly, I think the next survey should include a question about whether participants are sincerely open/willing to consider recommending changes to the ordinance. I joined with the assumptions that we were working to craft amendments that could reach consensus in the group, but it would appear that some folks are completely unwilling to concede/believe that the ordinance can be improved upon.

Glad we're starting and ending on time. Seem to be a majority of folks who still don't turn their videos on. However, it would be nice if those who are speaking in the forum would turn their cameras on when they speak.

The moderator / co-chairs need to have the ability to keep the meetings on track. We are all here because we want what is best for the residents of Saint Paul and we need to be more efficient with our time together.

I know we are in the data collection and learning phase, but maybe give more time for discussion after a break out session. At least give each breakout session group 2-5 minutes to share what they found. Lastly, I do understand the time constrain, so if need, sub-committee groups is fine. But one of the facilitator should be present for the discussion as to facilitate and record the discussion.

Please use the current ordinance as a baseline before presenting on topics regarding other cities.

Make sure the co-chairs are not biased in how they respond/facilitate

Stand firm on that break. And I like the small groups.

Send slides in advance keep things moving. Establish some basic rules for length of comments. Allowing people go on rants is not productive.

Make sure no one person dominates the discussion; maybe have someone moderate the chat a bit so that it's remains accessible to / used by everyone

## March 15 Survey Results

Do you have any ideas regarding how the public hearing should be run to encourage engagement and participation?

What is the format? Does there need to be 3 readings? I would NOT recommend a hearing on this prior to understanding the May 1st implementation of the rules, which SHOULD have a public hearing of their own prior to a hearing from this group.

Allow the folks who are connected to renters to be the one to recruit for this. We need renters to be in the public hearing, asking and answering questions, and giving them the platform to speak.

CURA should consider proactive outreach to interest group representatives soliciting their participation.

Ask all participants which of the elements (cap, decontrol, compliance, etc.) they plan to speak on and limit input to 30-60 seconds for each element.

Allow all participants to submit written testimony that taskforce can consider after reviewing in the Google Drive.

-Main hearing or hearings need to be in evening or on weekend to enable people to participate  
-Might be useful to have an online form for people to submit comments/stories/concerns, in addition to hearing(s), for those who can't make the hearing(s)

Ensure that both sides have equal time to be heard.

Require sign up. If time left after those who signed up, let others speak. limit comments to 2 minutes

Keep it short as possible please

I think we should just have one break out and one discussion at the end. No mid break out session. Go through the materials quicker, 1hr to 1 hr 20 min. Allow at least 15 min for break out and 20+ min for full group discussion.

Ample notice, advertising throughout the city so all stakeholders are aware, educate public on our process, share areas of common ground as there surely will be some, time limit comments, have right to cut off redundant dialect if hearing too long.

Sign up in advance to speak and limit remarks two 2 minutes, or submit comments in writing.

Without engagement there most ikely will not be participation. Perhaps take a survey of this group and find out what they would like/are able to committ to.

I think there should be multiple public hearings (one during the 9am-5pm timeframe and one in the evening) so that people can participate regardless of work schedules. There should be an in-person option and a remote option. There should be an email address that people can submit their public comments to, as well as a phone number (even a google voice #) so that people can call and leave a message sharing their comment.

More time and/or meet in person. Make sure we hear from each stakeholder group.

I think allowing the Renters of Color to tell their storties Why the Rent Stabilization Policy needs to be Implemented Today because People will become Homeless in the Future!

This is such an emotional conversation with great division. I propose case studies for current housing providers and renters/tenants

I think that it would be helpful to reiterate that the rent stabilization task force in particular is not here to re-litigate whether rent stabilization should be implemented, or not. Rather, it should be made clear that our particular mission is to form policy application recommendations based on group consensus stemming from an informed, historical understanding of rent stabilization in tandem with finding balance between the factors that are important to the different stakeholders. Framing this way may better entice content from the public to be more useful to help us better understand what is important to them as renters and rental property owners.

**What was your most important takeaway today? (from the Learnings)**

That Saint Paul does NOT HAVE ENOUGH HOUSING SUPPLY!!! That is the biggest problem we are facing and NOTHING that we are doing will add to the supply of housing - and we may very well lose units! Our housing affordability crisis will only get worse.

This policy treats single units and their accounting metrics on an individual basis and don't take into account the portfolio of owner

The rationale for deviating from cap and what it must account for.

Showing how maintenance has decreased because of rent control passing, it is an argument used by landlords to not pass strong policies, even though maintenance is an issue for most without rent control.

The bureaucracy of determining, considering, and enforcing exceptions and exemptions is going to be quite extensive. The ability for tenants to certify exceptions based on prior maintenance record was also interesting.

-All these pieces/levers interact. Answering the question "what exceptions, if any, should be allowed for?" in isolation, without knowing what is being done on cap level and control/decontrol, is pretty meaningless. Have to answer them in connection with each other/as a whole.

I appreciated that the facilitator went over the points of the existing rent stabilization program. I think it's important that we as a group be able to distinguish what constitutes "maintenance" for the property owner versus what constitutes "capital improvements." From a renter's viewpoint, replacing a faulty refrigerator or stove is considered maintenance. I don't see why maintenance should decline because of rent stabilization.

how complex most the policies almost always become with many many key details having to be negotiated

There can be a lot of exemptions. Maybe even too many, where it might be better to just let the market handle it.

Pros and cons of different city's experiences throughout history.

There is a near zero correlation among the semantics of the various city and state rent control programs that have been attempted in the United States and notable because none of them have worked. It reinforces the liberal, Nobel laureate economist Paul Krugman's conclusion that, "The analysis of rent control is among the best-understood issues in all of economics, and – among economists anyway – one of the least controversial. In 1992, a poll of the American Economic Association found 93 percent of its members agreeing that a ceiling on rents reduces the quality and quantity of housing."

That the recommendation to maintain the ordinance as is, is not an option many in this group even consider to be a valid option. I would surmise that nearly 100% of renters, and perhaps a percentage of others in the group would want this very option. I'm wondering if this option could be stated out loud so one's vision and awareness of the group and what we are tasked to do might open/shift. Sometimes when tasked with making recommendations one might think that requires changing or altering it.

Creating exempt categories incentivizes property owners to move units to exempt categories. Universal coverage treats all property owners the same.

Don't seem to be getting a broad base of engagement. All sizes of developers and property owners need to share if/why the 3% cap is problematic. What do they need? Property owners and developers of different sizes have different needs. Where are their voices?

The Research was Great but it still does not Lead to Conversations about why we need to Implement the Rent Stabilization Policy Now, and Affordable Housing in the Future!

Reasonable return on investment provision will require a lot of thoughtful conversation. There are lots of details to sift through to help further clarify the ordinance.

Marcus was the most influential participant in the conversation-understanding the pressure he is experiencing is excruciating. He was also in a breakout-not mine- and reported back an understanding that housing providers also have burdens and obligations.

Once again, the data this week had helped me gain better perspective of how other municipalities have approached rent stabilization. In fact, I feel the diverse applications speak to an absence of any true, one size fits all rent stabilization structure. Therefore, I think the group will be well suited to look closely at what makes the City of Saint Paul unique in it's challenges for both renters and rental property owners alike. Based on the various particular metrics and standards put into practice around the country, I had been given more optimism that we have a room in our deliberation to be innovative as we find reasonable balance for the Saint Paul stakeholders involved.

**What was one new or surprising thing you learned today? (from the Learnings)**

Why do we keep comparing St. Paul to NYC, San Fran, and Washington DC? We are no where near as populated and we are so much more affordable when compared to those cities. If success is measured by being like those Cities, that doesn't feel like success and therefore what are we even doing here?

The costs to the tenants from "pass-throughs"

Preferential rents was shocking.

How common communities make distinctions between small and large operators.

That concern about the spread of rental-properties-as-short-term-investment-vehicles-only business models has reached the point where the Minneapolis Fed is investigating and reporting on it.

I liked the idea that in the program the task force is designing, we can mitigate maintenance disincentives through a number of means.

I did not know about the lawsuit / court case that requires "reasonable return" to be in a rent control policy. I would like to learn more about that? What legal precedents are there around these issues in the US?

I didn't know the concept of pass through and banking preferential rents. So those were interesting.

All the well meaning but unintended consequences.

Lots of people have questions, but it disrupts flow of learning and makes me wonder if we lose some content due to time constraints.

The ordinance provides for a process for landlords to apply for exemptions to the 3% if they need it.

I learned that building maintenance, specifically around major building structures, doesn't suffer because of rent stabilization. Habitability has been an issue that has existed before this ordinance, and it will continue afterwards unless we address it with other policies.

We've learned what's happening in other places, but what's the impact of the 3% cap in St. Paul? Provide current information to the group about the recent reduction of housing development in St. Paul. What's the impact to renters, property owners and developers if the trend continues?

When we Listen to each other support then the Real Change will Come!

It was helpful for me to be able to gain more insight into various exemption categories that have been enacted elsewhere. Aside from showing alternative approaches, having this information can also elicit innovation to what has already been done to make it fit what the stakeholders need in the City of Saint Paul. While this may be redundant, I find it worth repeating that the data makes me optimistic a balance for renters and landlords can be achieved and crafted uniquely to the meet the needs of the City of Saint Paul. Furthermore, week by week it becomes ever apparent to me that a permanent rent stabilization board should be convened to address the ever changing forces that affect rental housing dynamics in our City with a goal to be proactive rather than reactive, because ultimately, the consequences of this policy have very real effects on real people in our community that are both renters and also rental property owners.

**What, if anything, did you learn or hear anything today in the presentation, breakout sessions or group discussions that made you rethink your position or assumptions or perspective about rent stabilization in St. Paul? How did they change?**

It was refreshing that some rent control advocates listened to the concerns of property owners and realized that we are all working toward solutions.

My perspective has not changed; however, I have a better understanding for the challenges we are facing.

We need to have collective conversations around how we will track to make sure property owners are following the rent control policy

I've generally become more sympathetic to the ordinance as passed through our discussions, but today moved me in the opposite direction. It would seem some of the elements mean we're going to end up with a complicated system, most notably vacancy control.

There are a number of avenues to get to a final product that will work for all interested parties.

Nothing. I still feel that we are still getting a history lesson and don't have a real sense of the potential impact of ordinance

I am more inclined for a simple vacancy decontrol solution instead of a highly complex ongoing regulation regime



At the risk of sounding insensitive, I think renters need to get educated on the basic economics of housing. They need to understand that most of the time, its not the greedy landlords that increase rents. Yes, there are always bad players. But there are multitude of factors that contribute to rent increases.

It is also up to us, our community, to do a better job at providing said education to the renters as well.

The more I hear, the more I see potential unintended consequences. The first was this ordinance. Condos, knock down and rebuilds, deferred maintenance. Maybe we need to step back and really consider what behaviors or actions we want to change. Is a rent cap the best way to achieve our goals?

If we don't implement a universal exception for renters we will create a dual housing market where not all renters will be protected. For rent stabilization to succeed in its goal of making housing affordable and keeping folks in their homes, from what we learned in the past 2 classes we know that rent stabilization does stabilize rent!

It was helpful to see the St. Paul policy in detail. I didn't realize there was an exemptions process and that it took into account so many of the things owners have already named (property taxes, capital improvements, etc.). I feel more comfortable with the policy knowing this exemptions process will be put in place.

I had always heard that rent stabilization made maintenance worse, but the research shows that's not true, especially regarding major building structures.

Because so many cities have exemptions and carveouts, I incorrectly assumed that was necessary. Now I've learned that exempting new construction may actually harm our housing market because it incentivizes the demolition of old buildings.

The research showed that exemptions create an incentive for property owners to shift units to exempt categories. This made me think about the harm that exemptions create, and how universal coverage could be a more equitable way to approach rent stabilization. It treats all property owners equally.

There may be a # of costs property owners could pass-through to renters. Without knowing that detail why would a developer invest in a new property or project or St. Paul, or why would a lender provide financing?

To Much Support Against the Policy!

I was so moved by the experience that Marcus had- the monthly rent increases infuriates me.

In my 20 year experience as a housing provider, I increase rent on existing tenants extremely rarely-like twice in the last 5 years- less than 5 percent and only when forced by increasing expenses-fuel bills, property taxes, home improvements. My turnover is very low-most of my tenants become my friends and only move on because of life situations or home ownership opportunities.

I coach my tenants to become housing providers. To build generational wealth.

It is hard for me to coach young investors to invest in my beloved city-Saint Paul.

The housing situation in STP is TRAGIC.

I propose an easier path to housing provider through the FHA products, help us empower our neighbors.

New considerations are always weighed by me based on the weekly presentations and insights shared by fellow task force members. As I have mentioned for this week, I have continued faith that our group can create balanced recommendations if we remain objective with our focus and strive to give all stakeholders a voice that ultimately contributes to our final recommendations.

**Do you have any questions about today's learnings that you would like the facilitators or the task force to follow up on?**

Can we talk more about what having SO many exemptions do to a rent control policy? It is not as simple as most make it out to be.

I don't quite understand why new development is discouraged from coming into an area that has rent stabilization. If they set the rents at a high enough price when the units go on the market, won't they get the return they anticipate on their investment? Haven't they already calculated for that? What am I missing here?

Do we see the same problem with converting controlled units to uncontrolled units with the "rolling exemption" style policies (e.g. the 15-year window)? My understanding is that those kinds of policies eventually add controlled housing to cities.

Yes, with some housing loss due to rent stabilization regulations; what had the government/local officials done to increase housing stocks? Did they make it easier or harder for investors to build more affordable housing units, such as tax credits or ease of permits?

We should dig more into impact on real estate values, if any. There is likely a good body of data available.

In our meetings, I'd like to continue to be grounded in the reality of the ordinance and what it actually includes so we aren't spending so much time in the speculation of what might occur.

**Why Rent Stabilization Policy is Important in Communities of Color?**

I think Mayor Carter made it very clear in our first meeting that the purpose of our work together is to make recommendations for the implementation of rent stabilization. He said this is a HOW conversation, not an IF conversation. At this point it's just obvious that some folks engaged in this process are invested in undermining or stalling it. It's disappointing and makes it seem challenging to know how to move forward effectively.

I appreciate the presentation on impact to rental housing stock due to exemptions. I'd like to hear more about magnitude of impact on both rental and overall housing stock due to various exemptions, and also how exemptions potentially benefit growth in overall housing stock (especially new construction exemptions).

I think it would be helpful to gain a better understanding of the rental housing stock in Saint Paul as it compares to the other communities that we had studied. Moreover, a better understanding of aspects such as the average structure ages, types of structures (e.g. Single family home, duplex, tri and 4 plex up to large developments). In addition, any unique cost basis factors for rental units in Saint Paul when compared to other cities that might come from aging stock, or higher operating costs would be prudent to take into consideration.

Likewise, it would help to know if we have a higher incidence and infrastructure of small building rental properties as compared to some of the other cities we had studied that might be more heavily geared toward a higher incidence of large building structures. Furthermore, what do the numbers in Saint Paul show for the quantity of "mom and pop" rental property owners compared to larger outfits? Gaining a better feel for what the current rental landscape in Saint Paul is within these contexts would be important to consider as we collaborate on what recommendations make sense. In fact, I have wondered at times during our sessions if the variance of how different communities have implemented rent stabilization in their community has been influenced to an extent by these things.

#### Meeting Logistics: What can we do to improve your experience?

The meeting today had much better organization and it was good to hear respectful dialog on all sides. Thanks to the co-chairs for the changes from last meeting as it was more efficient.

Thank you to CURA and the co-chairs for facilitating a much better meeting today. And kudos to Phillip for an implementing distinct Q&A sections, I hope we continue this moving forward.

Can you send out the meeting link before the next meeting? I had trouble getting into the meeting this last time around.

Not Logistics but a question. For sake of transparency, can CURA explain who is paying for their services?

Thanks for your excellent work.

Doing okay for now.

Keep the planned meeting schedule. When I committed I was told specific times. I made sure I met those times in agreement with my employer.

Maybe limit questions or comments until after we learn the module's content. Need better use of time for breakout rooms to make sure everyone can share. Maybe add a minute or two with expectation each person answers question or shares. Are we put in break out rooms randomly each time?

Write your State Legislators and tell them to support the S.F. 3414 bill that passed out of committee this week and which would retroactively prohibit Saint Paul and Minneapolis from enacting rent control via petitioned ordinance and completely prohibit rent control in the State of Minnesota.

A continued reminder that the folks of Saint Paul voted yes for this ordinance to stabilize rents. Possible recommendations might be made to help in other areas but not if it would corrupt the ordinance's integrity. Whatever can be done each week to insure everyone is crystal clear with what the entire ordinance actually provides.

Facilitators in small breakout groups would help ease tensions.

I found it very helpful when it was decided we would not stop during the lecture for questions and save them for more opportune break moments. Please continue that format so we can better focus on the material.

## March 22 Survey Responses

**Feedback on Small Group Exercise: please share your thoughts on the small group work from today so that we can help design better collaboration exercises.**

Thought it went well. Perhaps make sure that everyone is clear on the instructions before we go into our breakout groups.

I thought the small group exercise was a good use of time.

It was great. More time and less structure would have made it even better. Just the prompts and some time to discuss them, with a space to take notes, would have worked as well as or better than what we tried today.

Our group was not clear on what we were supposed to do. We spent more time writing our answers at less time sharing our thoughts.

More time in small groups is needed.

I enjoyed it and my group. It is always interesting to hear other's perspectives. We had a bit more time than needed, as most people can formulate their thoughts and comments in under two minutes.

Most productive format so far. 'Mid-Level' comments and "growth/positive mindset" framework were effective ground rules. Written and verbal comment options were a more comfortable way to communicate. Technical issues will work themselves out with practice.

I think that more folks from CURA should try to be in some of these smaller groups. I heard from someone that after telling her story of being a renter that she was cut off and was told to think more "critically". This type of behavior keeps happening to renters in this space and it needs to be addressed. We agreed on community agreements and they keep getting broken.

I liked the google doc format because we were all able to express ourselves. When it is all talking, some people take up more space and others don't ever get to speak up.

It was helpful to ask participants to make arguments from both renter and owner perspective, that might be a good practice going forward

The small group exercise went well in my opinion. I would consider giving us a little more time, like extra minute, or two, to jot down our thoughts before we go into the group.

The small group exercises seem to be much more productive and a good way to understand different opinions and position.

I don't think the value of home ownership was raised as a way to combat rent increases.

Only had 2 in our first breakout room. Would have been better with more

**What was your most important takeaway today? (from the Learnings)**

I like the idea of a Rent Board as an accountability mechanism for both the property owner and the tenant, and the importance of transparency.

That the way the text is written in the proposal will be critical

We are missing the stakeholder voices including Investors (those entities that complete capital financing stacks often associated with larger housing projects) and direct lenders.

I will make the assumption that there is a significant gap of rental units in St. Paul, so in order to increase the needed supply, all sizes of developers/property owners are needed.

What was your most important takeaway today? (from the Learnings)

Rent board balance is difficult and will tend to lean one way or the other. Boards that have 9 members is more likely to be far.

St. Paul needs to decide whether to have an elected or appointed body oversee rent stabilization going forward, or whether to go with an administrative-staff-only approach.

To structure my thoughts around; "What if the program did work."

Awareness that there is common middle ground, and non-common middle ground that must be somehow made. There are two forces or factions, and for a successful program, there needs to be a fair and equal balance. Any future rent control board should have (in my opinion) many who do not have a "horse in the race".

Implementation of an oversight program by May 1st seems complicated especially with no initially allocated funding (I realize some is close to being approved) and multiple amendments to clarify and modify the rent control ordinance already in front of the City Council. Of the programs discussed there was no consistent standard. Also difficult to determine effectiveness of the wide range of programs. Some form of self-certification for compliance seems necessary with mediator backup if disputed. Quick, cost effective resolutions will be important for both Ts and LLs.

Learning about the many ways enforcement of rent control happens in other states was very informative and presented great ideas that could be done with this policy in Saint Paul.

Complementary policies can be passed to avoid unintended consequences such as condo conversions or evictions.

There are a lot of moving pieces on enforcement, and concern from both sides about how the requirements will be fairly applied

I felt it was useful and important for group members to view rent stabilization from alternative points of view. Likewise, in terms of content, getting a glimpse of website layouts and content that other municipalities employ was interesting and helpful. Furthermore, that section made it apparent that there is value to making sure the public has access to as many resources as possible when it comes to maneuvering and operating within a rent stabilization environment. I especially liked the intent of attention to accessibility to information as a way to potentially minimize instances of non-compliance. In addition, the "rent board" portion of the presentation solidified my position that one is needed and it should work to be balanced in it's application of the actual ordinance and not guided by personal opinion about the merits, or lack there of, of rent stabilization.

That this exercise continues to look at cities like Oakland, Portland, and New Jersey. There has been NO STATISTICAL EVIDENCE to support that the implemented rent control policies support our neighbors (especially our BIPOC neighbors) in improved outcomes. This group deserves to see the statistical reasons why rent control is successful prior to setting an alphabet soup of rules that will impact many in the community.

I am having a hard time with the financials from the 1980s being taken as fact today. There have to be more relevant case studies, looking an extrapolating 35 year old data is unacceptable. If this is a proven process, let's see current proof and case studies please.

That not everyone realizes that there is nothing fixed for expenses for anyone, including homeowners and landlords.

What was your most important takeaway today? (from the Learnings)

A system like Berkley has in place with a comprehensive website for every conceivable problem and answer and provides actual paper work to download makes it easier and more efficient to deal with problems. Workshops to learn more about the process and insuring housing packets get into the hands of all renters and landlords will continue to make the process more clear and user friendly and not up to the renter to try and find help when there is a problem with their housing.

We had a landlord that after 14 years allowed our roof to cave in that brought many related challenges during its demise over the years. We were displaced. We now live in an "affordable" apartment building managed by a corporation that for the first 2 years raised our rent 2-3x each year within the year's lease. They were eventually taken to court and are not permitted to do this gauging any longer. They still regularly raise rents over 10%. Many residents are elders on fixed incomes who are required to be means-tested.

Transparency and regulations must exist in Saint Paul.

Most understand need for rent stabilization but still uncertain of impact.

What was one new or surprising thing you learned today? (from the Learnings)

Hearing about the websites provided by other cities that have rent stabilization, and the wealth of information provided for both renters and property owners.

The way other city's comprise boards

Registration fees maybe a fee be passed to to tenants or covered by other means.

There will be a lot of new cost associated with new program oversight. I just hope landlords won't have to foot the bill alone

That other people seemed to agree that keeping outside investors out of st paul was a positive thing.

The makeup of rent control boards vary, and although there should be a fair and balanced mix, neutrality is important for ongoing program success.

Something new- registering rental units and its importance with transparency.

The cost of implementation is really low for how much benefit the ordinance brings. With rent stabilization, the city can keep more than half of the city's residents (renters) in stable housing for a couple hundred dollars per year per unit. Meanwhile, building a unit housing costs over \$250,000.

Wide range of potential administrative costs

Where non-compliance is concerned, I was surprised to see the level that some municipalities have instituted for penalty. For instance, I found jail time, or misdemeanor level charges to be excessive at best. I think there is a more reasonable way to enforce and penalize.

That nearly everyone involved in the conversation has little to no understanding of how newer apartment projects are designed and constructed. In new buildings all utilities are already separated to each unit, so ideas like the including utilities in rent payments is not even actually possible in many new buildings.

How little strong data exists.

See answer above.

I'm learning more about the answer to our housing crisis many property owners/developers think is a supply problem. The more I read and learn and review the data on this belief the more I am convinced this is similar to the "trickle down" answer which data has shown has broadly failed.

What, if anything, did you learn or hear anything today in the presentation, breakout sessions or group discussions that made you rethink your position or assumptions or perspective about rent stabilization in St. Paul? How did they change?

I had the sense that there could be reasonable discussions between property owners and renters. Really liked that we were all asked to consider both points of view--renters and property owners and what the important aspects of rent stabilization would be for both sides.

The way boards are composed, it only further made me realize we should use a hearing officer who is a professional and non-vested

We've heard during each meeting how some renters are being taken advantage of: large increases in rent and improperly maintained properties. The conclusion: reasonable increases in rent + properly maintained properties will result in minimal turnover, stronger communities and renters wouldn't be forced to move.

Oakland city site has nice website for resources both for tenants and renters.

Different kinds of property owners/landlords sometime have sharply divergent interests and policy goals with regard to rent-stabilization policy.

Having a plan is better than not having any protection in place at all.

No real difference.

Learned that our diverse breakout session group of stakeholders have very similar perspectives whether wearing the T or the LL hat. We all wanted safe, stable, diverse, affordable and well maintained housing. No change to position or assumptions (I disagree that rent control is the way to get there), but good to learn there is a commonality of values.

I used to think that policy implementation was too expensive, but when you compare the cost of implementing to the cost of building a unit of housing, it's very clear that this policy is cost-effective. There has also been a lot of fear and confusion around implementation. Now that I've heard about how other cities have implemented this policy, it makes me feel better about how St. Paul can do it. Once we have the systems in place, everything will become clearer for landlords.

There seems to be a lot of openness on renter side to allowing owners to recovery for costs of improvements if they're fairly applied

It is helpful to gain better understanding where people are coming from and I think that the breakout session allows for that. While my perspective hasn't changed, it does make it better informed which I think is important.

The cost of implementation of this program is real and the benefit of any program is purely experimental. I feel very concerned for all renters and landlords in Saint Paul.

I understand there is a current need to protect renters from the actions of some property managers. I am disappointed by the lack of current data on relevant experiences of cities in similar size and economic situation as Saint Paul.

Nothing

Saint Paul desperately needs universal regulations to protect renters. There's so much bias about affordability. What does that even mean? There seems to be an assumption that renters are simply inconvenienced if they complain about rents raising above 3% or that they can "just move". Renters who are wage earners simply can not afford to pay market value. Wages have been flat for 40 years.

**Do you have any questions about today's learnings that you would like the facilitators or the task force to follow up on?**

Information provided to the committee shows St. Paul currently has 61,540 rental units. Considering the national housing crisis of which St. Paul is not immune, it would be helpful to understand the actual # of rental units St. Paul needs today (what is the shortfall, or gap?). Equally as important, how many rental units are currently IN the multifamily to-be-built pipeline, considering large developments take 24-36 months to construct. Are multifamily housing permits increasing at the level to fill St. Paul's housing gap: why or why not?

Total housing gap for the last 5 years, has it increase or decreased?

Of the various State/Local implementation programs discussed, have any been modified over time to eliminate methods not working and establish new, more effective processes?

Any estimates of cost to owners of compliance (data only covered cost to government?)

Not at this time.

Please provide STATISTICAL EVIDENCE to support that the implemented rent control policies support our neighbors (especially our BIPOC neighbors) in improved outcomes.

I would like more financially focused data discussions with cost to maintain properties in this current world-increasing taxes, fuel, supply chain issues, labor shortage.

Can we discuss the legal definition of "affordable" housing?

**Meeting Logistics: What can we do to improve your experience?**

Continue to provide the link to the meeting the same day/earlier in the day as the Task Force meeting.

Continue using the the Google Doc written and verbal comments in the Breakout Sessions. It was great.

The flow of the meeting was very good today.

Please continue to hold questions until presentation is complete

More time to connect with small group and reminder of the boundaries set to discuss questions....



## March 29 Survey Responses

### Please note any additional questions for Ken Barr:

Please help me understand more about vacancy decontrol-in my properties, my renters stay for years, I have to invest real money to compete for renters when I have a vacancy-why can't I choose to look at Craigslist, Hot Pads, Zillow, etc. and price similar to other properties?

If I supply a product with similar demand, should I not be allowed to charge what others are demanding?

No one has to sign a lease with me. If I price to high, there will not be a demand.

Please provide the name of a City where rent controls have led to a better standard of living, better health outcomes, and better overall affordability for BIPOC neighbors.

What has been the impact to multi-family real estate values in rent-stabilized areas versus similar non-rent-stabilized areas?

1) Are there any current rent control programs in the world that do not exempt new construction? If the answer is zero, or close to zero, why is that? 2) Using your "legislation by copy machine" analogy and based on your experience, what elements should a program include to offer the best balance of supply, stability and subsidy? 3) What are the legal and historical precedent for Federal lawsuits opposing rent control as a violation of the 5th and 14th Amendments to the Constitution? 4) What type of subsidy programs either for new or renovated affordable construction or rental assistance or both have been the most effective in your view? 5) Have you done any research on effective use of State/Municipal transfer fees? 6) How about research on preferential tax treatment, similar to 1031EXCH, for sale of NOAH property to affordable housing groups as a way to keep them affordable?

### What was your most important takeaway today? (from the Learnings)

That some schemes have calculated "reasonable rate of return" according to NOI. That was an interesting concept that I don't remember hearing until today.

The speaker had a lot of opinions, but was not engaging, he rambled and spoke in great generalizations. He also failed to answer the question-why will investors choose Saint Paul when they can choose a suburb.

Felt like I understood fair return on investment a bit more.

That the choice of the speaker today further demonstrates the bias of the CURA moderators in favor of a stringent rent control ordinance. This blatant bias is affecting the ability for our task force to have critical information needed to do that work required to help the residents of Saint Paul.

The small group discussion was very good. I think it would have been more valuable to spend the last hour in the small group discussion rather than listening to this very boring uninformative old white guy that had no new info for us.

He was trying to explain some complex concepts in a short time. He should not have given any history since we just spent 2 weeks learning history. With only an hour he should have stuck to 1 concept rather than giving a high level view of the economics of rental properties.

As a property owner his info was not new. For non business people I would guess the info was not understood. So I am guessing that for most of the audience this was a waste of time.

**What was your most important takeaway today? (from the Learnings)**

I hope that any other speakers brought in are better vetted because I feel that the best use of our time is spent in small group discussion.

It is important to tie the rent cap to a metric, and that the CPI or a percentage thereof, could logically be considered as a fair to all stakeholders.

Categorical answer from Ken about inflation-based versus fixed rate

Ken Baar highlighted that the current Saint Paul ordinance does not contain the four (4) elements he deems essential to a successful program: i) Exemption for new construction; ii) Rent increases based, at a minimum, on CPI; iii) Vacancy Decontrol and iv) Simplicity of Implementation and Oversight.

**What was one new or surprising thing you learned today? (from the Learnings)**

I was surprised to hear Mr. Barr claim a flat, non-CPI cap is "terrible."

It is really becoming clear to me that we need to include some type of CPI to the ratios.

That California has more development in areas that have rent control

Rate of Return incentives for sustainability improvements is a new concept that had not been shared by CURA and is an idea that fits other goals within the city.

Very surprised that CPI is continually being brought up as a "fair return" when it doesn't take into account the impact of a number of local costs that have a greater impact on the generation of Net Operating Income and therefore the actual return than CPI does.

The importance of a rent cap metric other than just a simple percentage.

Surprised by the level of agreement, across different stakeholder groups and policy perspectives, about the list of desired outcomes

The City Council gave clear guidance in Resolution 22-408 on the specifics it would like to see from our group. We should start focusing on these.

**What, if anything, did you learn or hear anything today in the presentation, breakout sessions or group discussions that made you rethink your position or assumptions or perspective about rent stabilization in St. Paul? How did they change?**

It was interesting to discuss rent gouging with renters. Some of the increases are jaw dropping and reinforce the need for some resolution. I really like the idea of a rental board consisting of community members so that we can identify and correct some of these situations.

I'm really starting to believe that all of us together, both renters and property owners, can make this ordinance work from now and well into the future.

Thoughts haven't changed. CURA IS BIASED AND NOT A FAIR GROUP TO BE LEADING THIS PROCESS.

**What, if anything, did you learn or hear anything today in the presentation, breakout sessions or group discussions that made you rethink your position or assumptions or perspective about rent stabilization in St. Paul? How did they change?**

Now we are getting close to figuring out the mechanics of a body of regulations that need to be fair to all stakeholders, and have sound reasoning and basis. The details need to be clearly specified, easy to communicate and understand, flexible for future changes (a living document), and a rent board and appeal process that is observed as fair is critical.

Useful reminder from Ken's presentation of how much of the long-term value/profitability of real estate investments comes from the appreciation of the property

Exemptions need to be added not only for new construction but to owner occupied properties.

**Do you have any questions about today's learnings that you would like the facilitators or the task force to follow up on?**

I was disappointed looking at the speaker's slides about model properties. Why can't we use our real life examples? He also mentioned that a flat percentage increase was a bad option-and it seemed to go unnoticed. Could we get a bit more opinion from him on that, as it is what we are facing.

Appreciated Ken Baar's presentation. Wish we had had more time.

Before advancing further, the task force needs to be educated at a basic level about how housing projects are financed and what the true decisions are for lenders and equity providers. Without the basis of knowing how housing projects are produced, this task force is doomed to fail and the quality of life in Saint Paul will be damaged for decades.

We have not heard much information about the impact to real estate values based on data in areas with rent stabilization. I would image that successful programs do not have a negative impact and may have a positive impact, while unsuccessful programs have perhaps a negative impact. Rent stabilization should hopefully also lead to neighborhood stabilization which includes real estate values. Our program needs to be cognizant of neighborhood stabilization as an equally important priority for St.Paul residents.

Are there any current rent control programs in the world that do not exempt new construction? Has CURA done research on what type of subsidy programs either for new affordable housing construction or rental assistance or both have been the most effective?

**Meeting Logistics: What can we do to improve your experience?**

Good meeting

The new format is really much more helpful, to discuss and use the google drive. It feels like we have more time to listen to the position of others and allow time for real conversation rather than the bickering that has been slowly fading on the chat.

Just keep sending the meeting link the day of the meeting. Thanks.

For CURA's benefit, suggest having Task Force members answer the City Council RES 22-408 questions independently in writing and sharing answers with the group. Members could have option of submitting confidentially or not.

## May 3 Meeting responses

### What was your most important takeaway today? (from the Learnings)

It was very helpful to see data on how rising rents and unaffordability are impacting St. Paul renters, and more importantly, the disproportionate impact on BIPOC renters.

Seeing the amount of affordable zip codes decreasing drastically over the last few years. It is clear that renters are starting to run out of options with their housing and where to settle down.

Rent control advocates don't understand the key fundamentals of housing creation and operation and they don't care to know. In practice, they are preaching of a moral high ground while it appears that they prefer to remain intellectually ignorant on the most important elements of the creation, operation, and maintenance of housing in STP.

We have a significant shortage of affordable housing units, and need to create more, but rent control is deemed too risky to attract development, and we have lost some good projects. Financing can be impacted, and certainly valuations will decline. There is an article in the Minneapolis Star and Tribune showing this, but it is not even brought up! Why?

I was blown away by Rasheedah's presentation. Rarely does one hear this kind of clarity in such detail in one setting. I only hope it shed some light on what renters are up against to some of the stakeholders who seemingly have rationalized these facts out of their consciousness. Nevertheless, it is always powerful to hear about and understand how renters are impacted and how much of a crisis it truly is to all of us.

Sarah Harris from Aeon presented real-time, relevant info on the gaps in housing in St. Paul/Twin Cities and the economic impact associated with it. However, following her discussion, a few individuals again monopolized the remaining few minutes to share the same information they've shared every week. We consistently lack feedback from the collective group and a # have stopped participating- why is that?

It often feels like we are trying to determine the outcome of a baseball game while spending 95% of the attention and conversation on just two positions: the pitcher (perceived terrible "rent gouger") and catcher (renters who've experienced excessive rent hikes). How can this task force make informed decisions if we don't truly understand the roles of ALL positions in the baseball game?

The question to Aeon about receiving government funds demonstrated the lack of understanding of the role of a nonprofit developer and diverse capital stacks needed to complete affordable housing projects. The comment about double digit inflation and the property owner eating all of that expense w/out a pass-through to the tenant demonstrated the lack of understanding of cash flow, DSCR, ROI, and government imposed lender covenants. The comment about "construction hasn't stopped in St. Paul because I see projects going up" demonstrated the lack of understanding of a project's typical timeline.

There are a # of task force members who know of projects that have stopped, been pulled off the table or stalled at Credit Committee due to the uncertainty of St. Paul's Rent Cap. They know this information because this is what they do everyday (med/large developers, lenders, appraisers) and the reason they were asked to be on this task force. St. Paul needs all property owners, small, mid-size and large, to develop/expand thousands of housing/units. This is not (just) a "rent gouger" problem; but, a national housing/unit shortage issue which St. Paul is not immune to. Dissuading and in some cases restricting development in St. Paul will only exacerbate the problem.

My most important takeaway is that rent stability is a huge equity issue and needed to be addressed a long time ago.

**What was one new or surprising thing you learned today? (from the Learnings)**

I learned that the most impactful thing we can do to making building easier are zoning changes.

Housing tenure is the highest with white people and the lowest with Black people. This shows just how much displacement is intentional and hurting people of color the most.

That many members of our group are not willing to listen to the economic realities of what rent control will do including less new construction, higher investor risk, less likely or less advantageous financing, and lower property values. It is surprising to see the same people say the same thing each time about the difficulties of renting. We know this, that is why there is rent control, let's come up with policies that will not ruin our city, drive investment dollars away, and cause gentrification and lower property values. Lower property values are seen in all research online, but has not been discussed. WHY?

All the stats on the debilitating effects of the housing crisis for renters especially our BIPOC neighbors. The zip code stat was horrifying. And the fact that this will effect our society, our city at large, not "just renters".

How much money renters will save with rent stabilization and all of the better ways we could be spending that money.

**What, if anything, did you learn or hear anything today in the presentation, breakout sessions or group discussions that made you rethink your position or assumptions or perspective about rent stabilization in St. Paul? How did they change?**

I was surprised to hear the affordable housing developer say that we need to increase rent growth in order to attract capital. It doesn't make sense to me that in order to keep housing affordable, we should raise rents more to prove to private capital that they can extract more wealth from our communities.

The presentations only made my think and reasoning more valid. Renters are never the top priority when it comes to thinking about where to start a development project. Seeing that there is almost no more space for affordability in this state is heartbreaking and there needs to be solutions to it NOW.

The material shared has continued to reinforce the opinion that we are wasting a significant amount of human energy on an effort that is not going to solve the problem of stable / affordable housing in Saint Paul. We are running out of time to create new housing to support our growing City.

No, other than it is going to be hard to develop a policy that will not ruin our city, when members are too closed-minded to listen to valid presentations and will speak mis-truths about the reality of the severity of the issue. One lady mentioned that there still is development, there is not! We lost developers the day rent control was put on the ballot. Why do we not hear this? Why is this process so bias? Why can't we get the same amount of presentation time about the economic realities of rent control versus the rehashed need for it due to renters not being able to find affordable housing. This process does not seem fair at all.

I am even more convinced how our current rent stabilization policy has to be kept in tact as a comprehensive tool to protect folks now while the investors, developers and bankers get their act together on the supply side which has been a problem for at least since the housing bubble/burst in 2008. Rent stabilization had nothing to do with this debilitating long term chaotic problem

Continues to confirm why I know rent stabilization is important.

**Do you have any questions about today's learnings that you would like the facilitators or the task force to follow up on?**

I would like to see Peter Brown's financial modeling analysis in addition to the St. Paul rent history research.

I would really appreciate if we stopped comparing renters stories to those of a landlord or developers. I think a lot of people in the task force don't realize that the renter/landlord relationship has a very clear power dynamic- very often it is not built on the grounds of friendship and community, which is clear given how renters in the space are talked to. Both experiences are different and one of them holds power while the other doesn't.

It would be helpful to have more information related to funding sources for new construction projects. It was interesting to find out that union pension funds are a significant source of money for new projects and we should learn more about that.

If you have stated something before, do not state it again. There is one individual who dominates the discussions reiterating the difficulties being a renter. Presenters with valid points are dismissed by the group who seem unwilling to hear the economic realities. Let this process be fair! If not, it will destroy our city! CURA, you can do much better! Be fair and balanced! I assume that was your charge, not to try to push rent control and disadvantageous policies. Let's hear about downward valuations, there is enough evidence out there!

I'd like that the entire group get a chance to see Peter Brown's financial analysis showing how rent caps would impact investor returns. This is a very important piece that has been missing from our discussion.

#### Meeting Logistics: What can we do to improve your experience?

I appreciate having questions be held until the end of presentations, it helps us stay on track time-wise.

logistics are good, thank you for making improvements as the meetings go on.

Too few voices are getting heard. The conversation is dominated by a couple of people that have very specific opinions that are incredibly repetitive. The Co-chairs should help to limit the time for individuals that have already shared a perspective.

Thank you

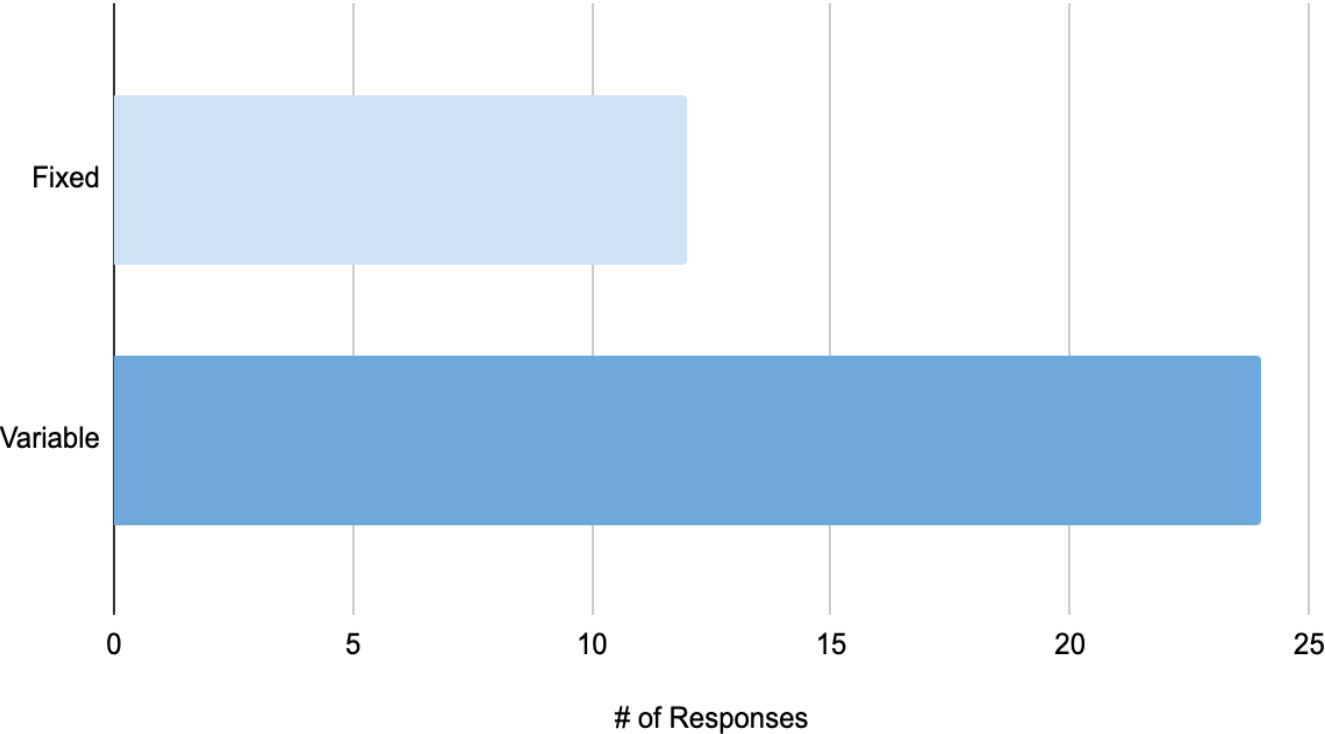
Mute everyone who's ignorant :D

# **ST. PAUL RENT STABILIZATION TASK FORCE**

Results of the April 5 poll  
of Task Force members

# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

## 1. Should the rent cap be fixed or variable?

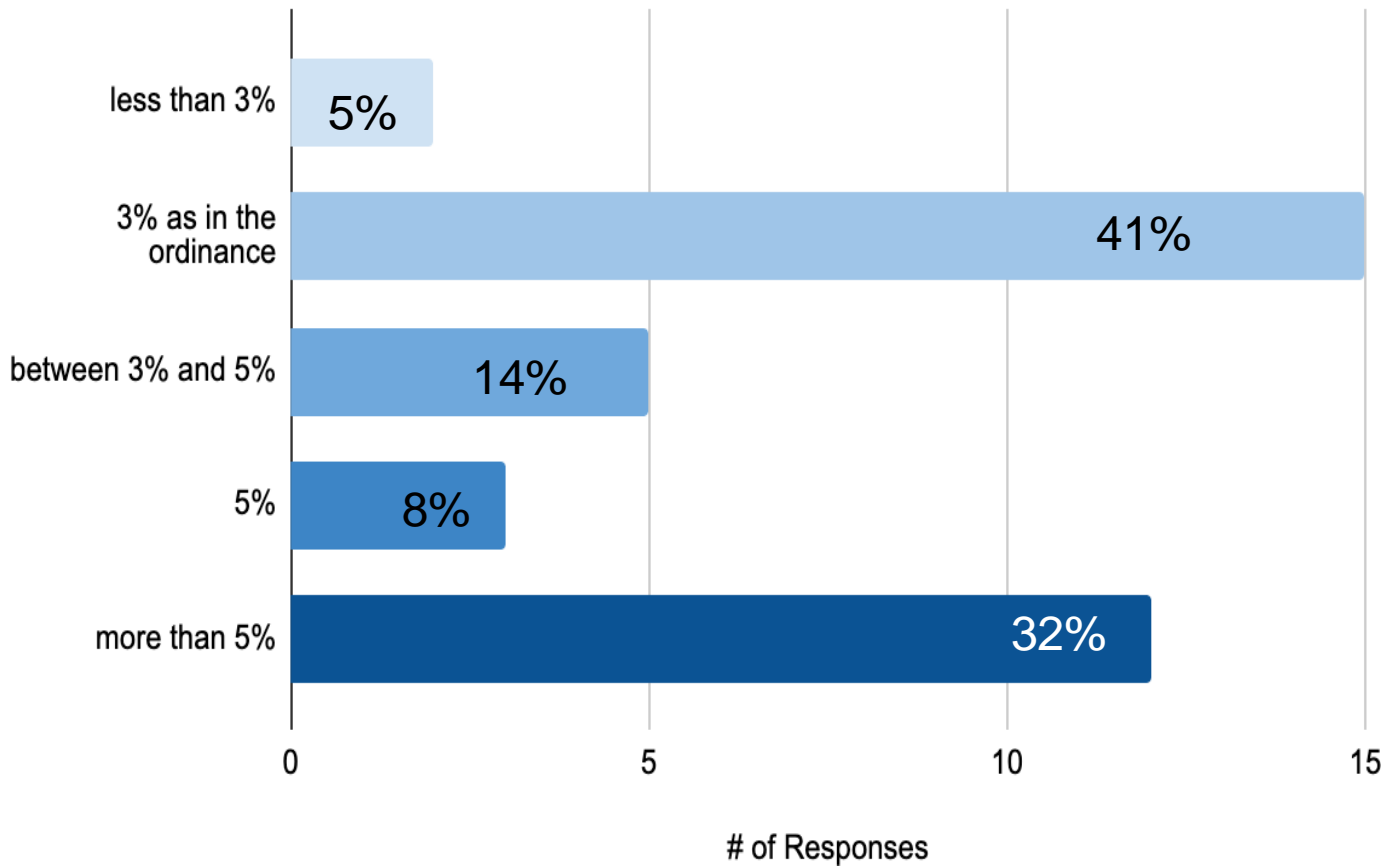


Fixed 12

Variable 24



## 2. For a fixed cap: annual percentage increase



annual percentage increase

less than 3% 2

3% as in the ordinance 15

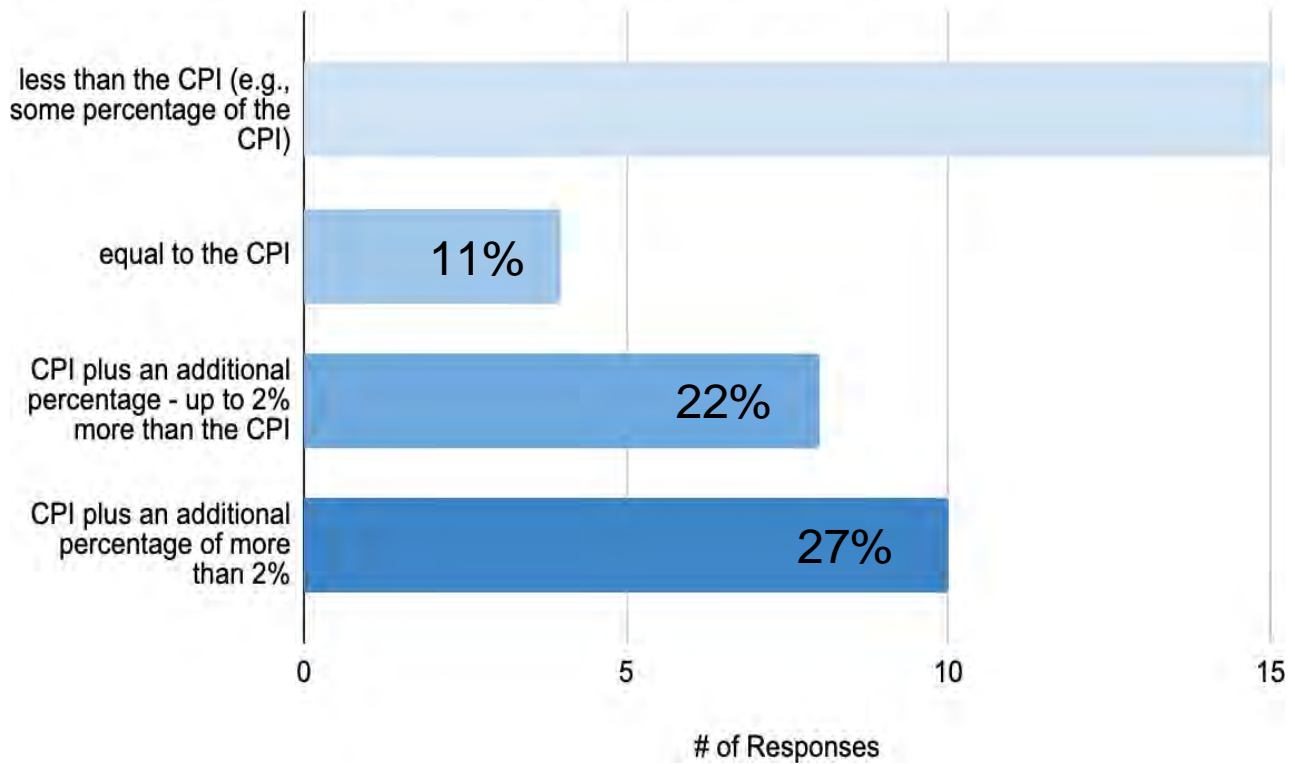
between 3% and 5% 5

5% 3

more than 5% 12

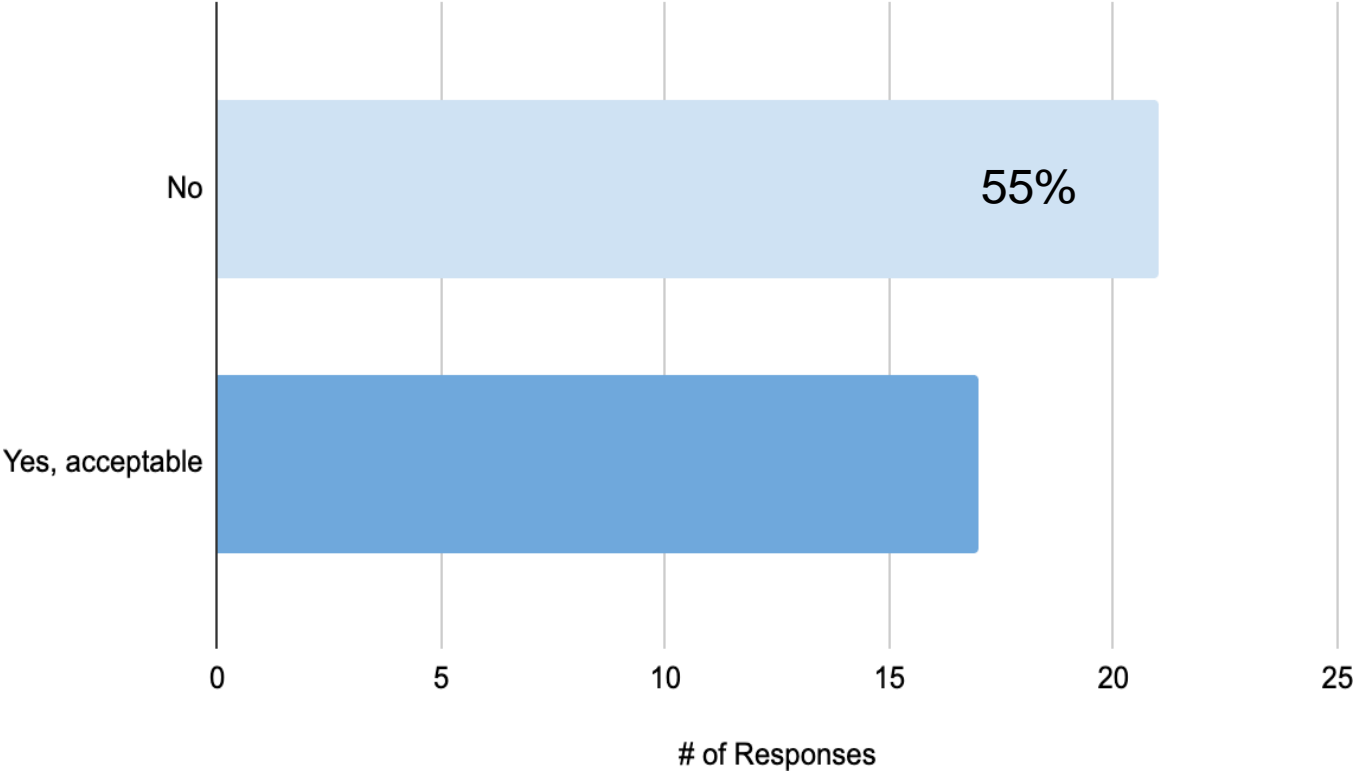
# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

## 3. For a variable cap: annual percentage increase



less than the CPI	15
equal to the CPI	4
CPI plus up to 2% more than the CPI	8
CPI plus more than 2%	10

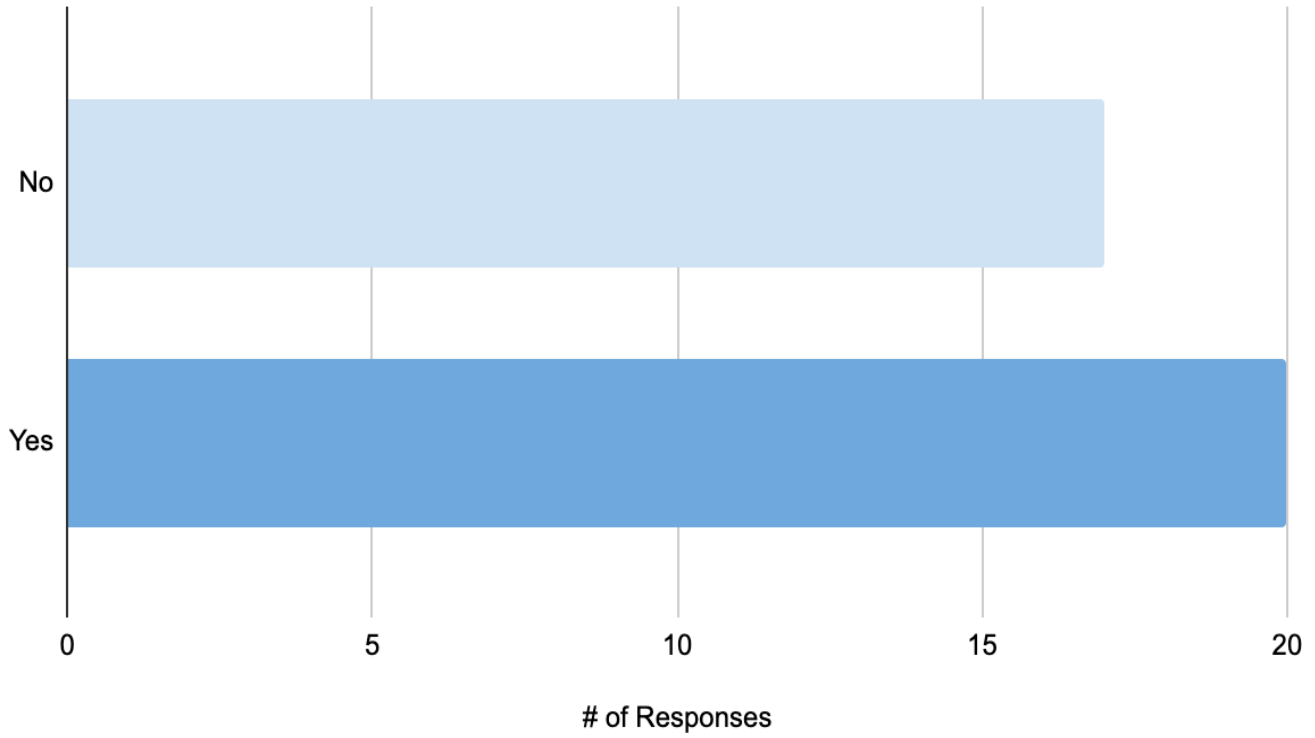
#### 4. Combine a fixed and variable rate for the cap



No	21
Yes, acceptable	17

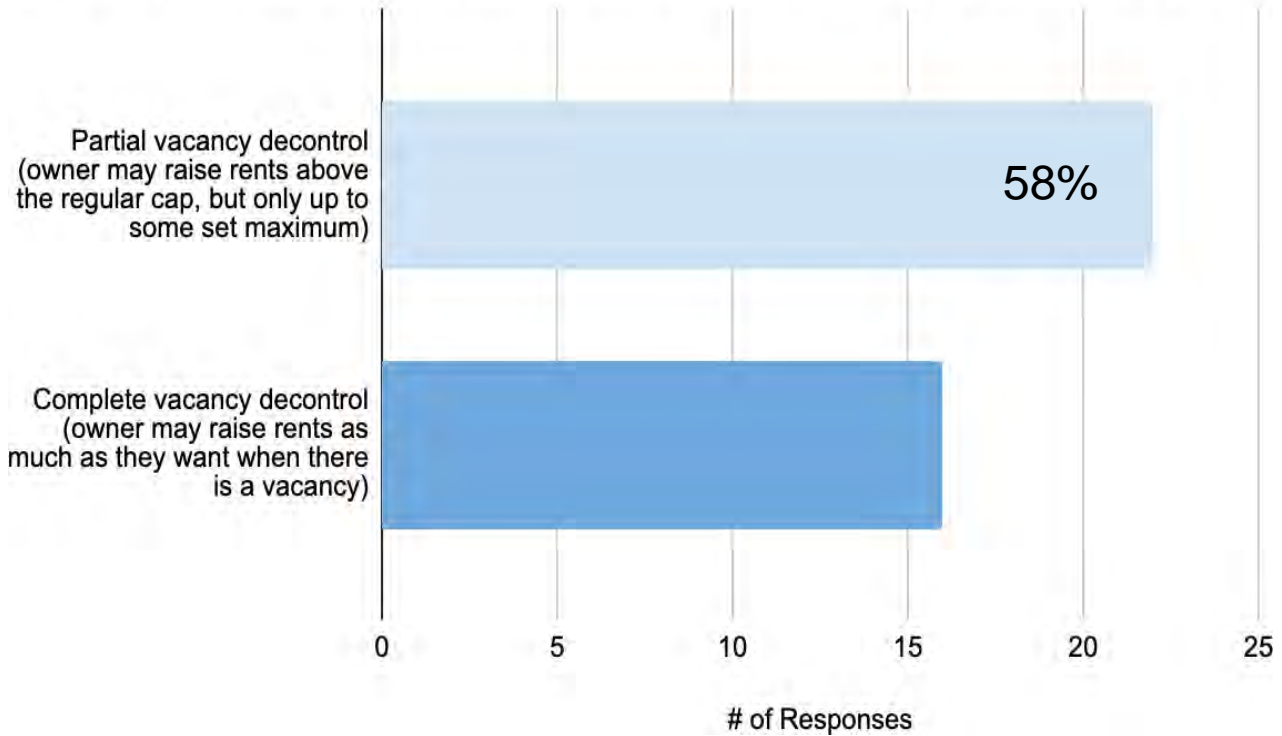
# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

## 5. Vacancy Decontrol in some form



No	17
Yes	20

## 6. For vacancy decontrol, which of the following do you favor?

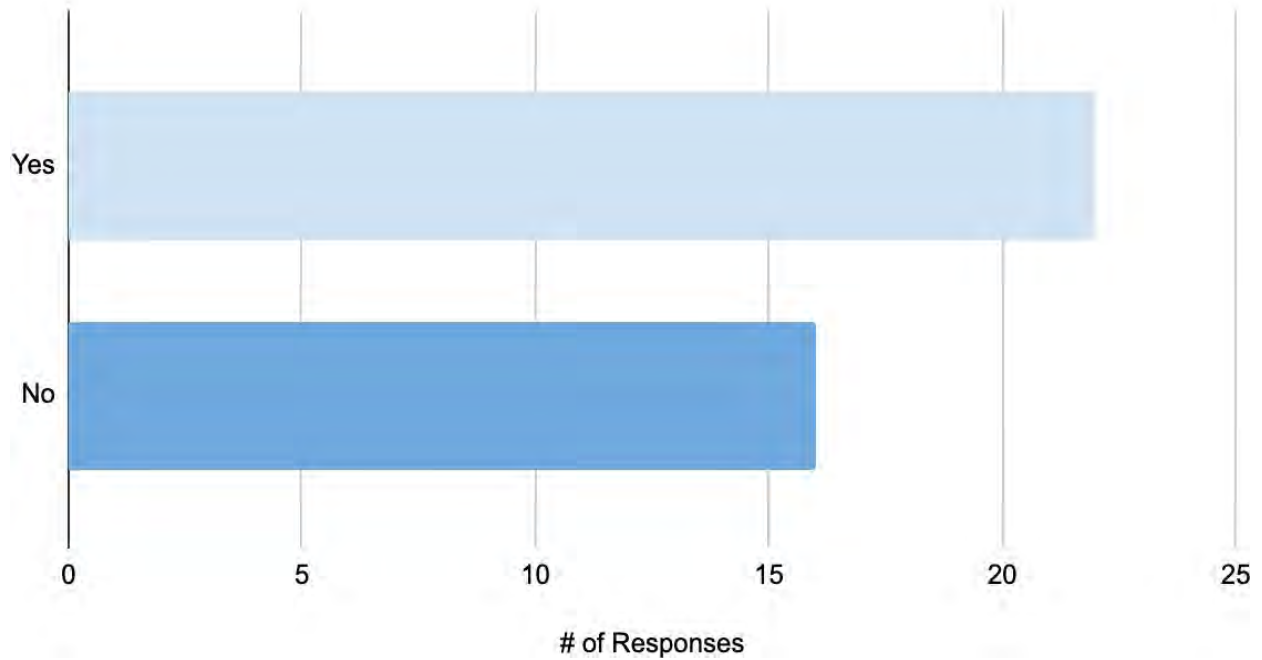


Partial vacancy decontrol (owner may raise rents above the regular cap, but only up to some set maximum) 22

Complete vacancy decontrol (owner may raise rents as much as they want when there is a vacancy) 16

# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

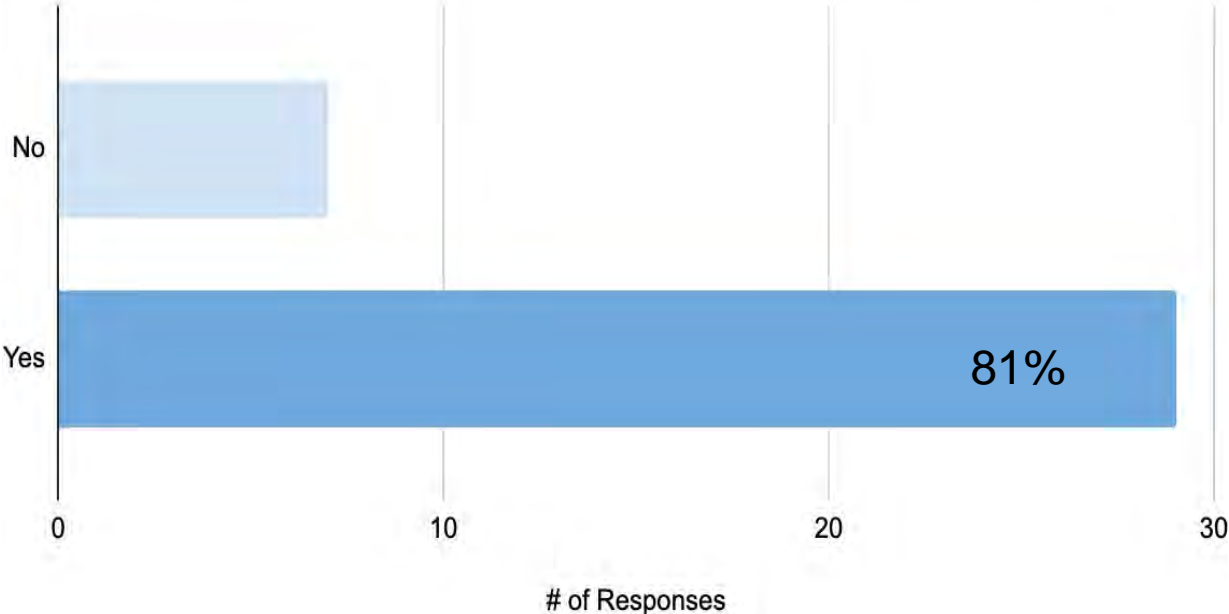
7. In some cities, vacancy decontrol is allowed, but only under certain conditions, such as the level of maintenance or a statement from the previous tenant that they were not pressured to move out. Assuming the program has some form of vacancy decontrol, should decontrol be conditioned on any factor?



Yes 22

No 16

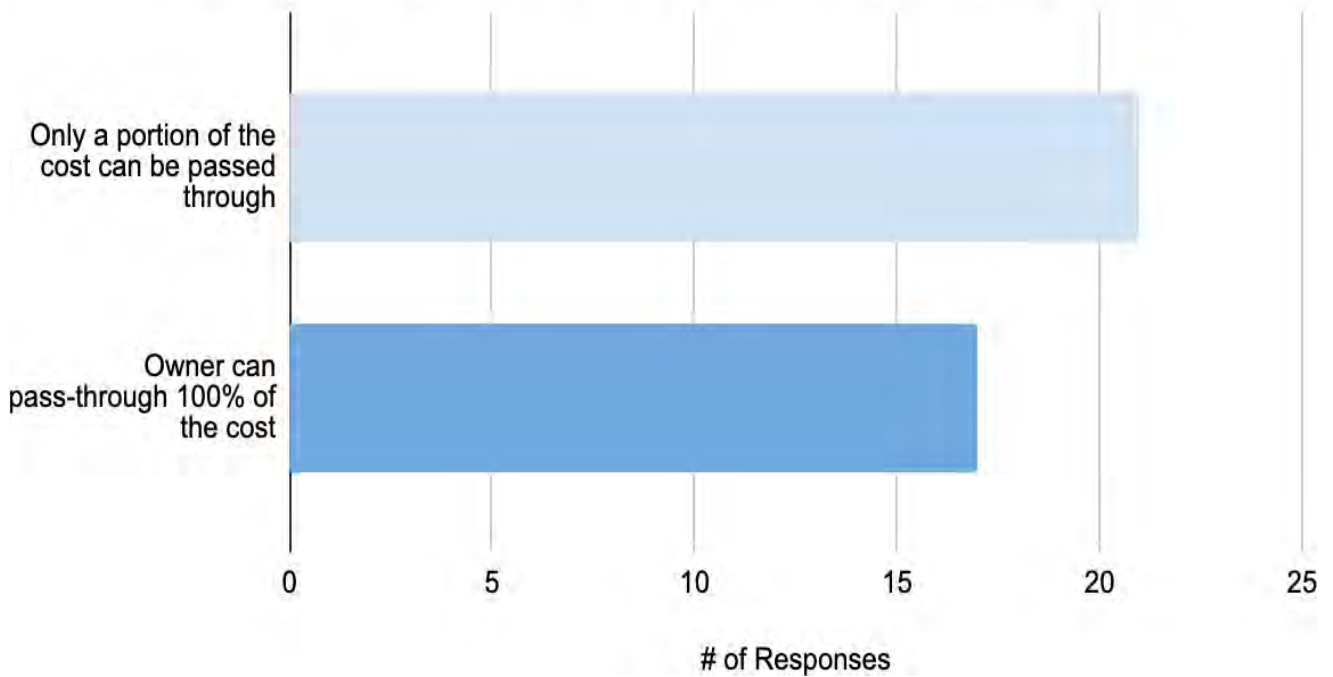
8. The current ordinance calls for a process of allowing for a “reasonable rate of return”. Do you favor this method of allowing the potential pass-through of extraordinary costs?



No 7  
Yes 29

# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

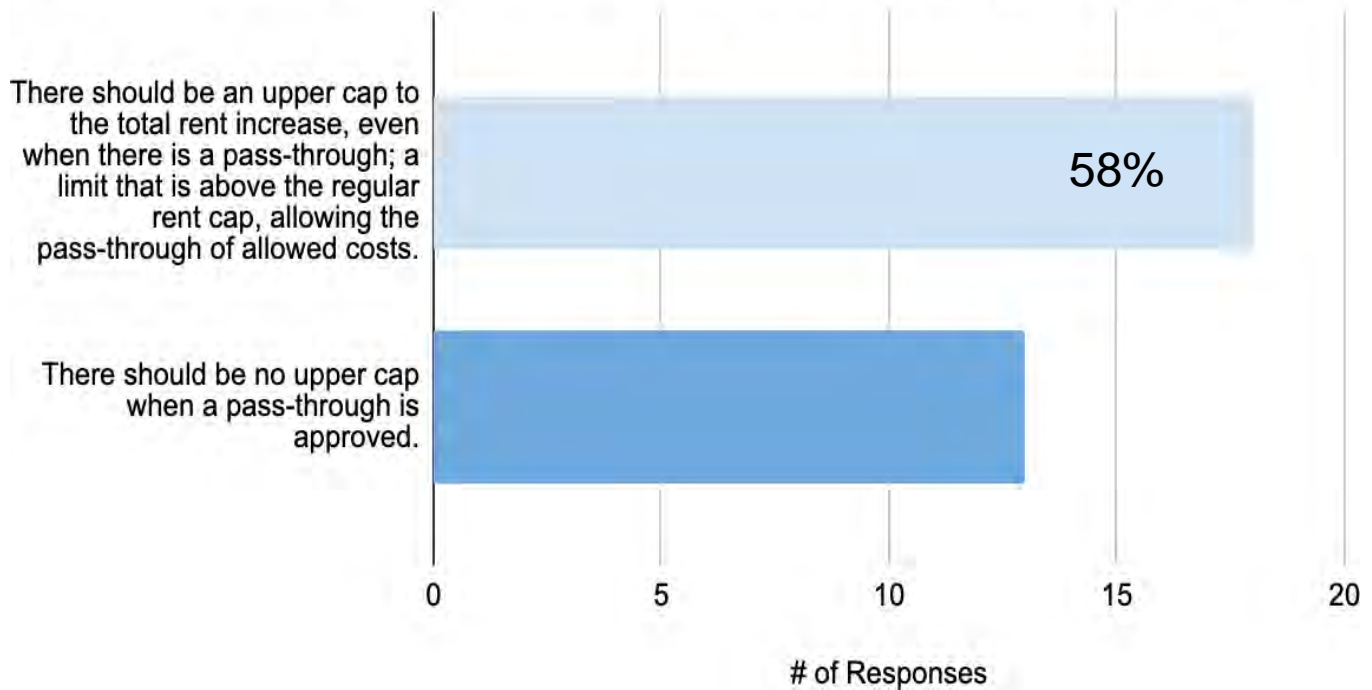
9a. Assume there are amortized pass-throughs (either specifically identified or covered in a “reasonable rate of return” provision of the law). Which of the following do you prefer?



Only a portion of the cost can be passed through	21
Owner can pass-through 100% of the cost	17



9b. Assume there are amortized pass-throughs (either specifically identified or covered in a “reasonable rate of return” provision of the law). Which of the following do you prefer?



There should be an upper cap to the total rent increase, even when there is a pass-through; a limit that is above the regular rent cap, allowing the pass-through of allowed costs.

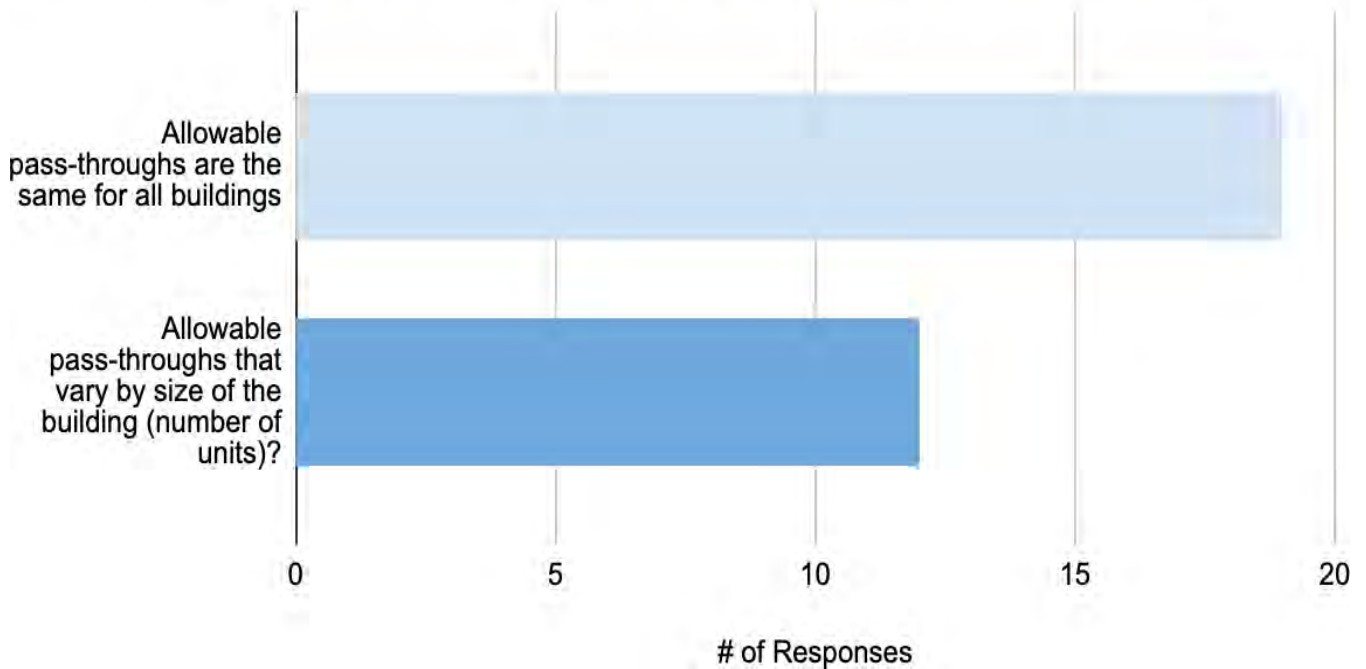
18

There should be no upper cap when a pass-through is approved.

13

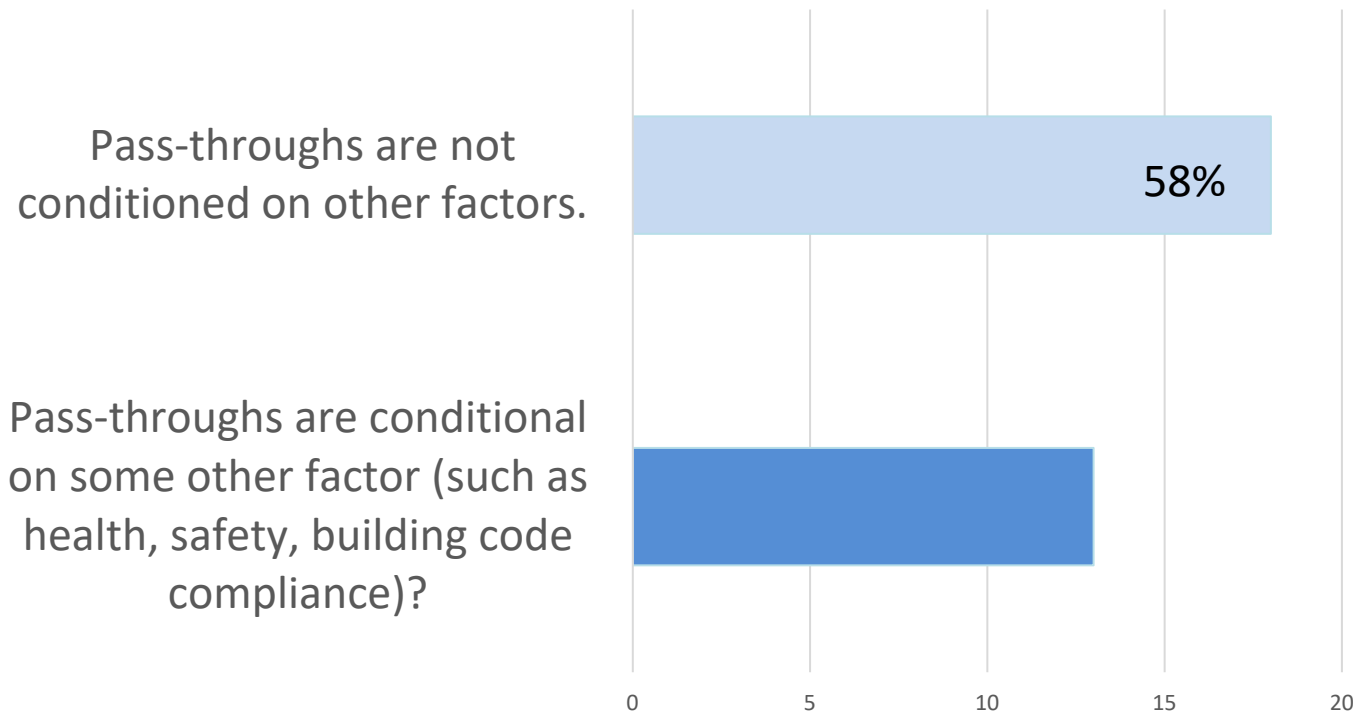
# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

9c. Assume there are amortized pass-throughs (either specifically identified or covered in a “reasonable rate of return” provision of the law). Which of the following do you prefer?



Allowable pass-throughs are the same for all buildings	19
Allowable pass-throughs that vary by size of the building (number of units)?	12

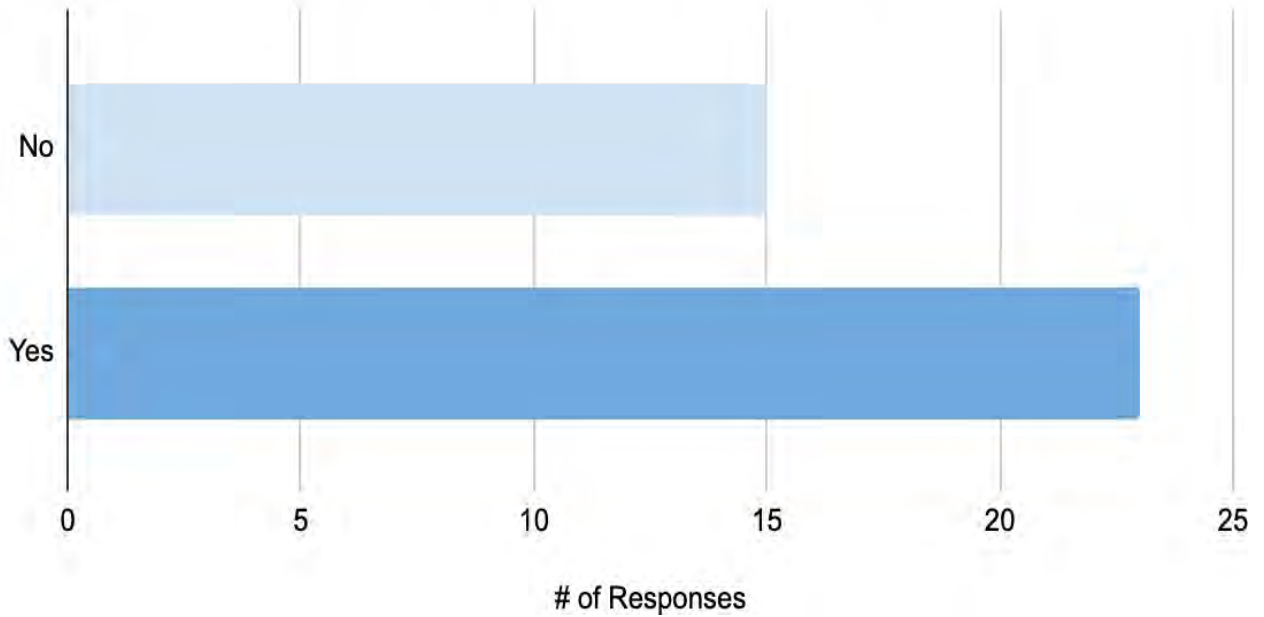
## 9d: Should pass-throughs be conditioned on other factors?



Pass-throughs are conditional on some other factor (such as health, safety, building code compliance)?	13
Pass-throughs are not conditioned on other factors.	18

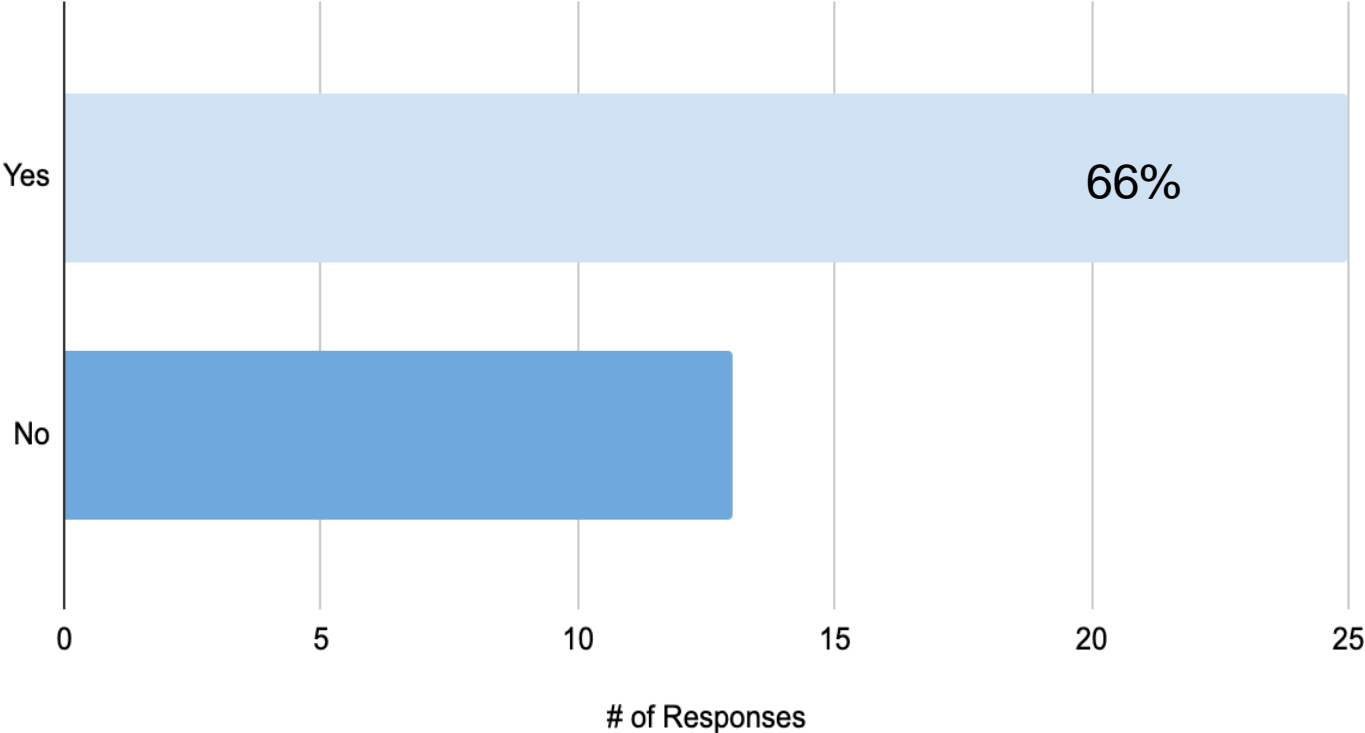
# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

10. Should owners be allowed to “bank” preferential rents? (If an owner raises rents at a rate below the cap, can they at some later point raise rents up to where they would have been if they had been raising rents at the maximum rate?)



No	15
Yes	23

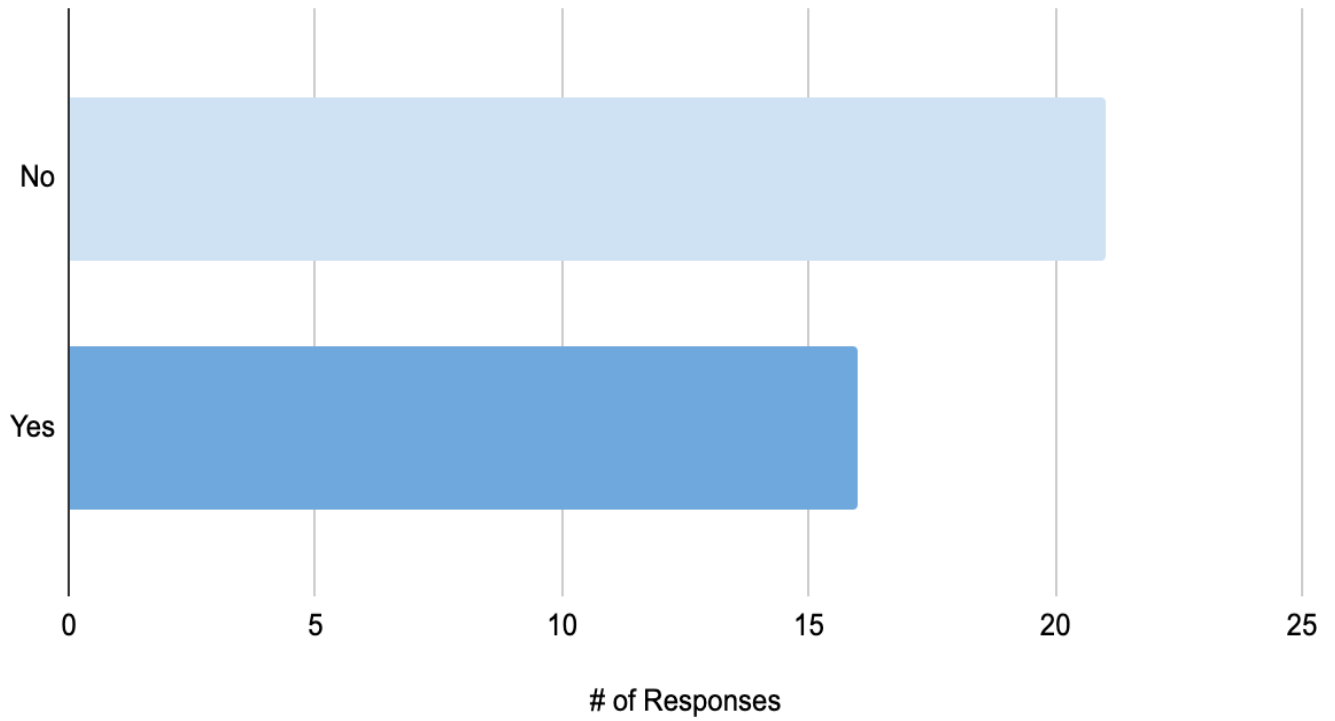
11. If there is banking, should there be a limit in any form to the amount banked?



Yes 25  
No 13

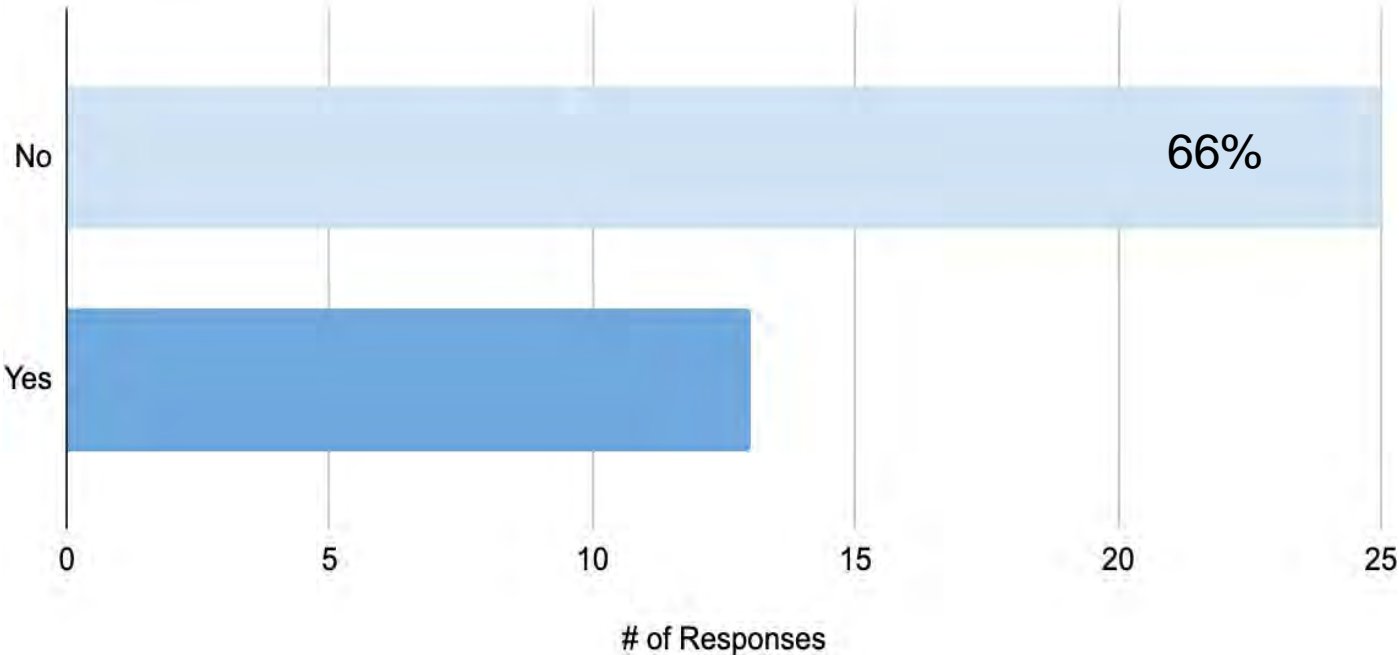
# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

12. Should the program exempt rental units in buildings with 4 or fewer units?



No	21
Yes	16

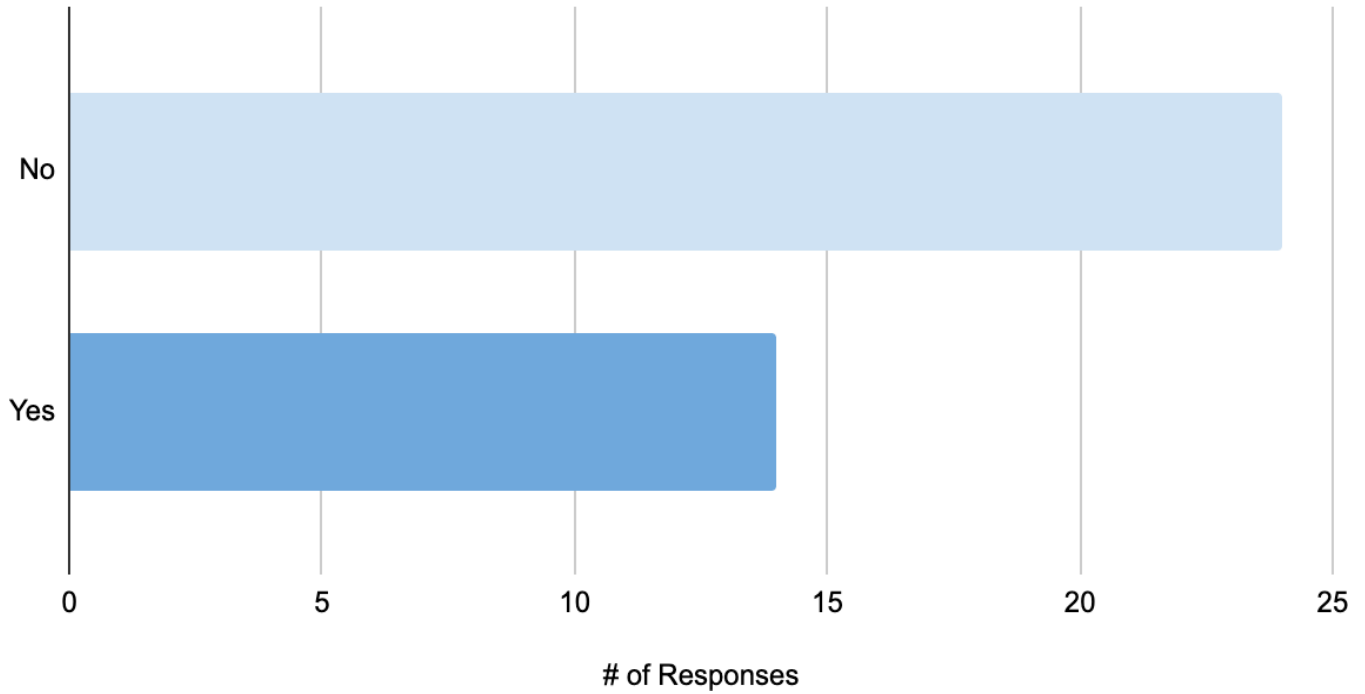
13. Should the program exempt rental units in smaller buildings (4 or fewer units) only if the owner lives in the building?



No	25
Yes	13

# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

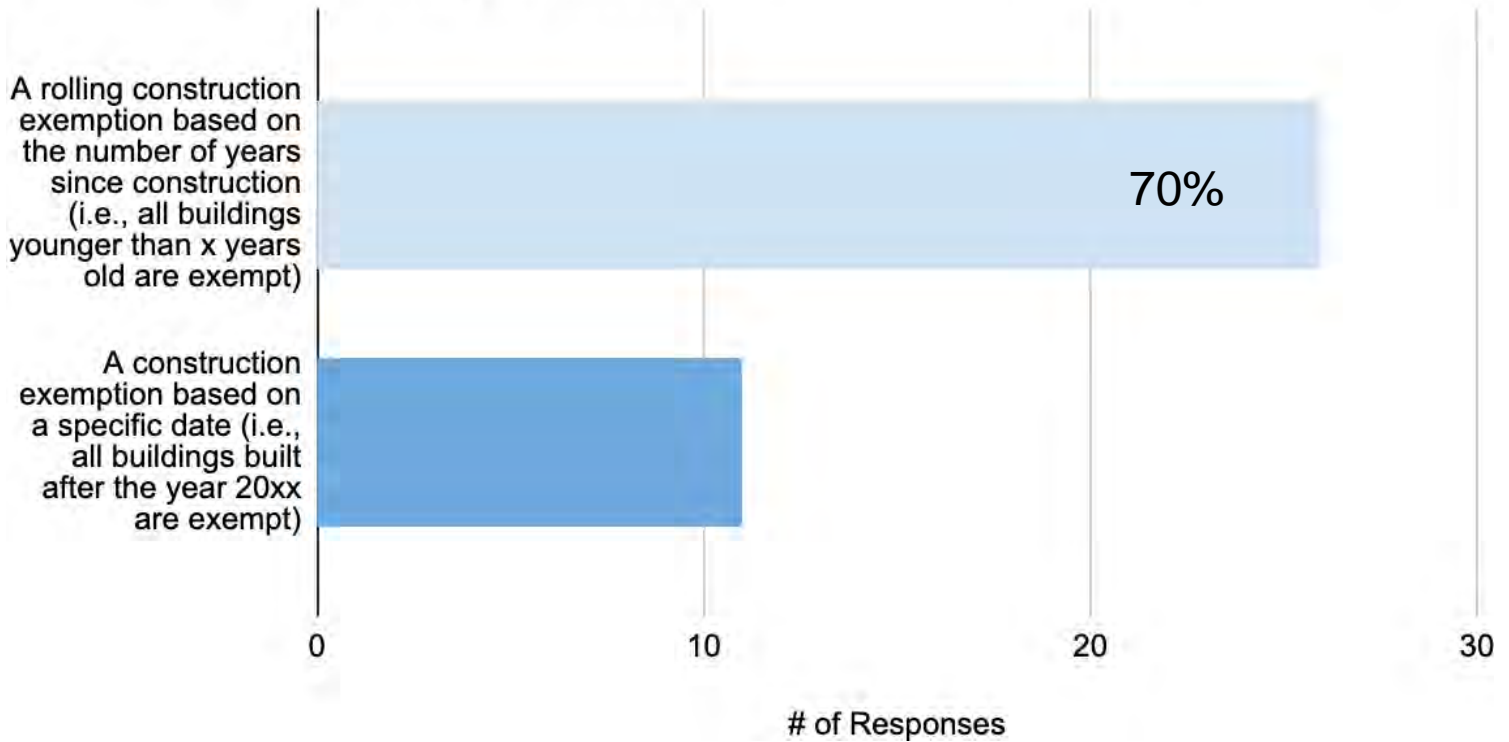
14. Should the program exempt rental units in single family homes?



No	24
Yes	14



15. Assuming the program has a new construction exemption, which approach do you favor?

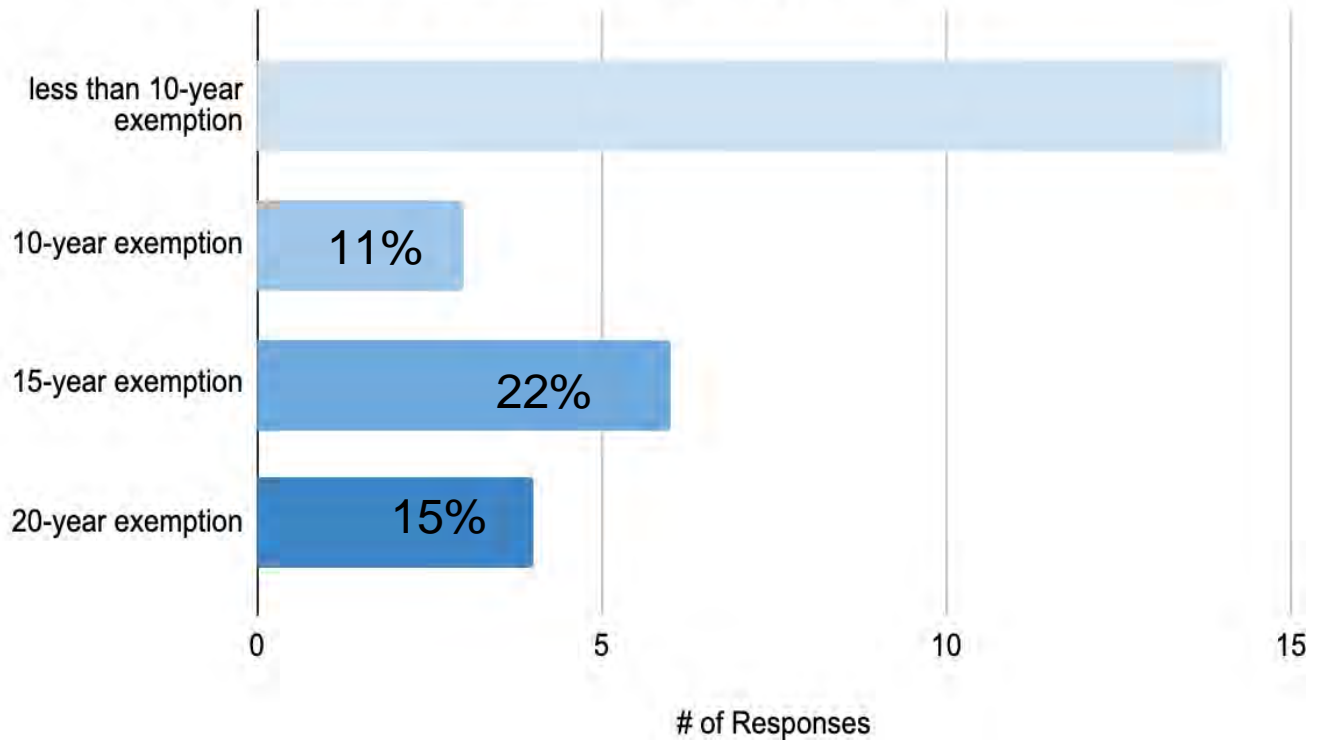


A rolling construction exemption based on the number of years since construction (i.e., all buildings younger than x years old are exempt) 26

A construction exemption based on a specific date (i.e., all buildings built after the year 20xx are exempt) 11

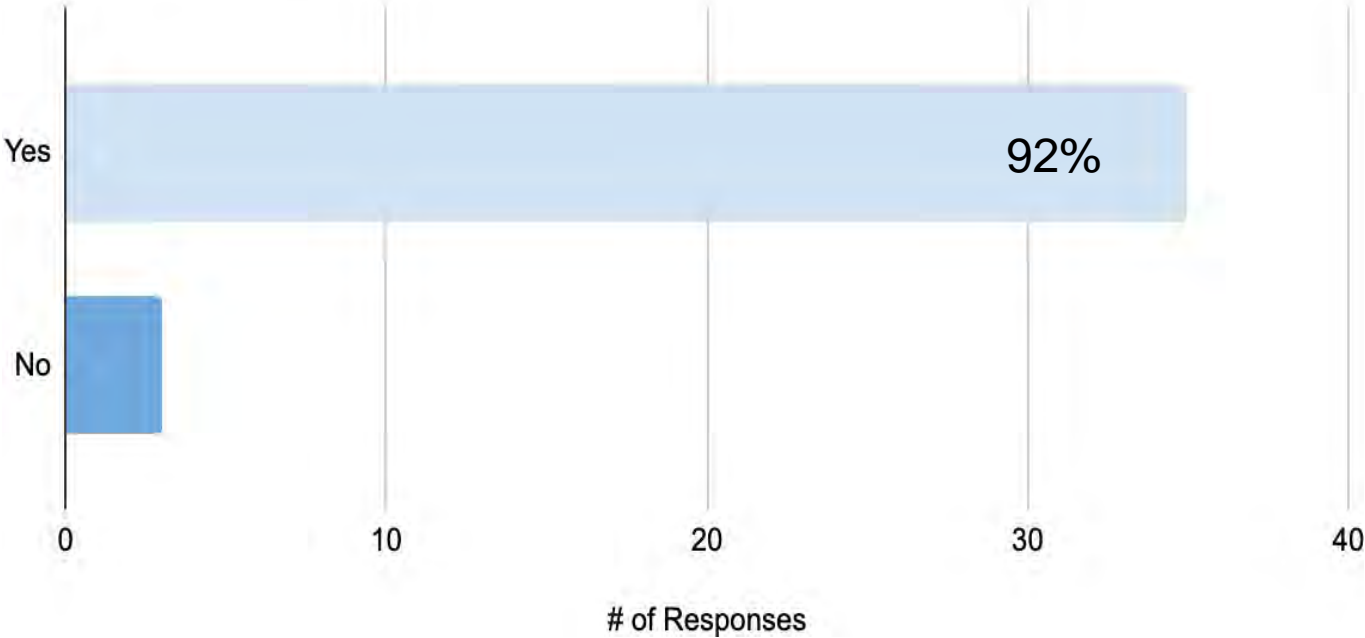
# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

16. Assuming the program has a rolling exemption for new construction, which of the following do you favor?



less than 10-year exemption	14
10-year exemption	3
15-year exemption	6
20-year exemption	4

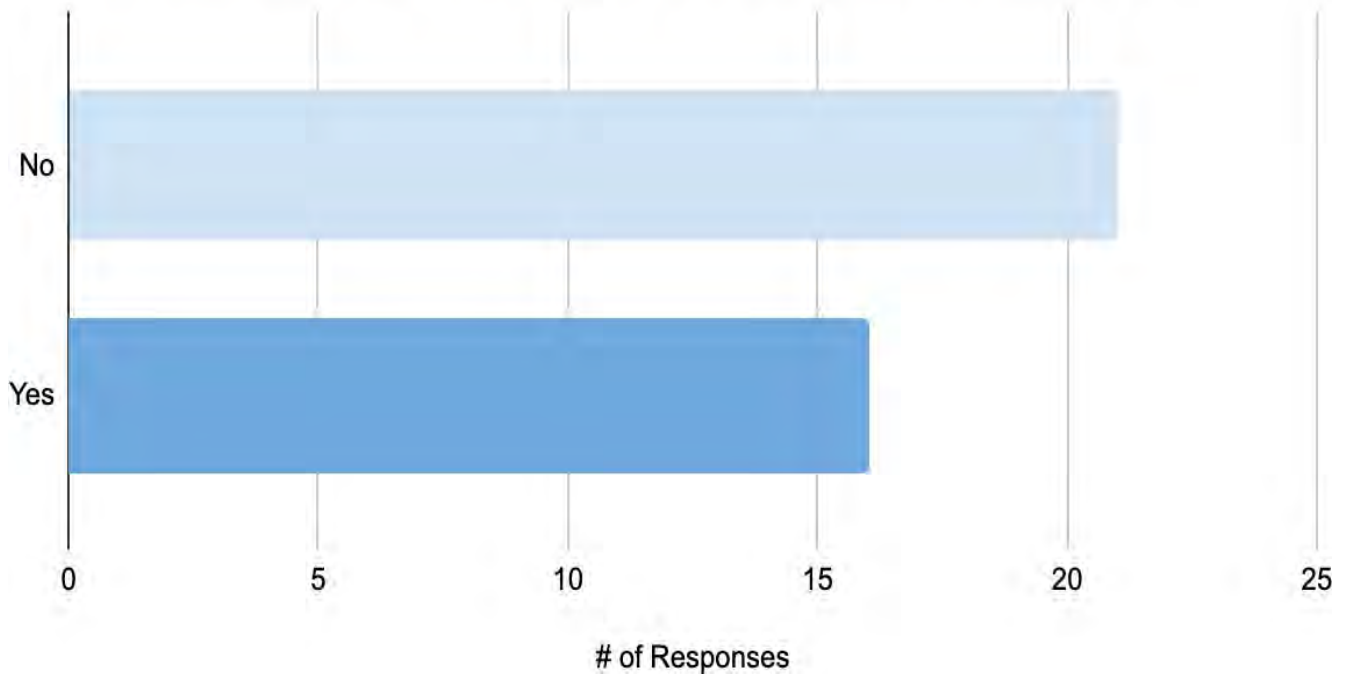
17. Do you support an exemption for assisted housing units where rents are based on a percentage of tenants' income? (Similar to what is in the current ordinance.)



Yes	35
No	3

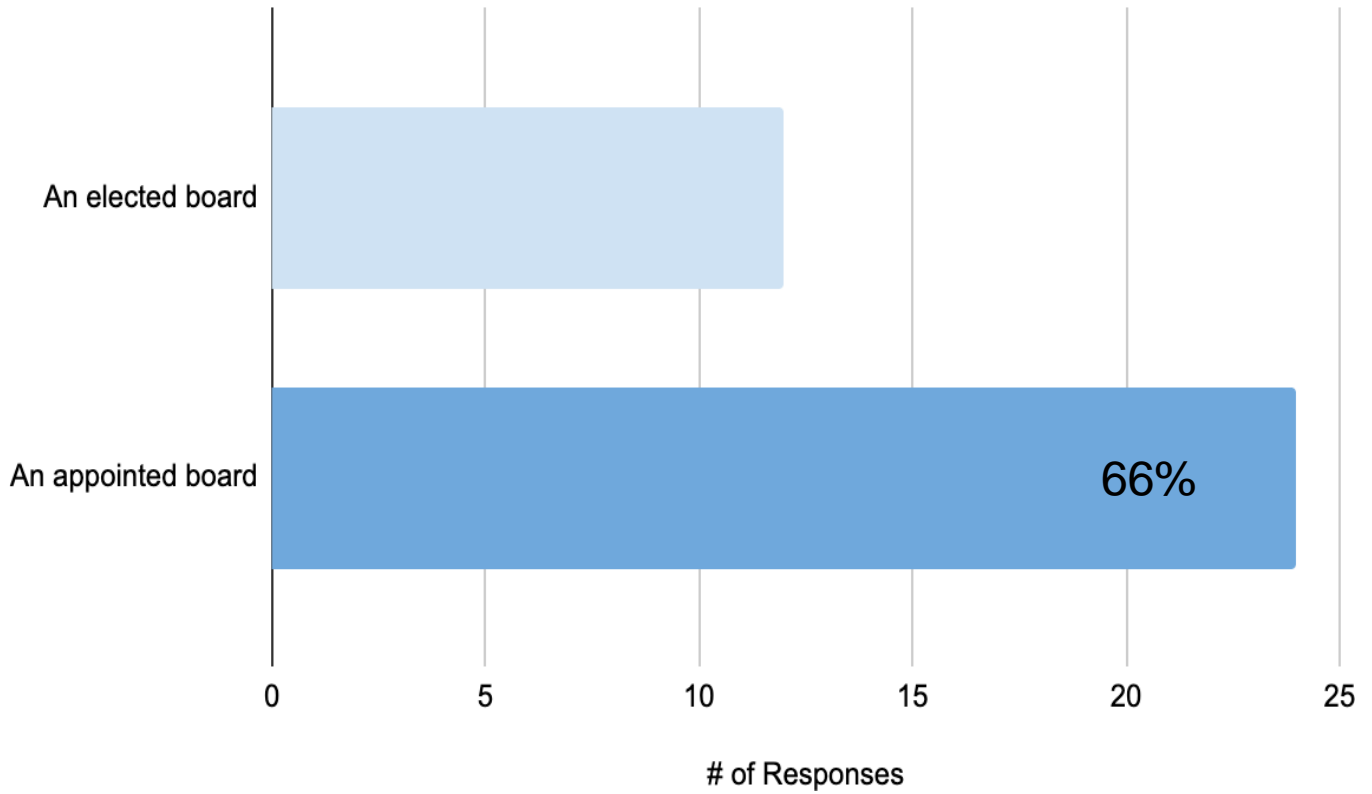
# APRIL 5, 2022 POLICY DESIGN POLLING RESULTS

18. Do you feel that some form of a rent board should be created to administer the ordinance and preside over disputes and petitions (e.g., “reasonable rate of return” requests)?



No	21
Yes	16

## 19. How should the board be filled?



An elected board 12

An appointed board 24

St. Paul Rent Stabilization Stakeholders Group  
Summary of Public Input

Part one: Transcript of Public Input Meeting, April 12, 2022

1. Jean Giebenhain: Yes, my name is Jean Giebenhain from ward four and with MICAH and Isaiah. We owned a duplex for over 20 years we never raised the rent even close to 3%. Renters are long term generally leaving when they were able to save enough to buy a home. When they did leave they found us new renters happy landlords happy renters. Happy New Homeowners own homeowners under the new policy if we would have made large investments in the property and needed to raise rent more than 3%. We could apply for that exemption we don't want exemptions for small buildings, owner occupants, owner occupancy single family homes, or new construction. We do want to process for exemptions created by the city, we don't want exceptions when units don't need health, safety and building codes or loophole fees renters. Stable housing, they can depend on Thank you.

2. Dayna Kennedy: Thank you I'm Dana Kennedy with beacon interfaith housing collaborative I live in Ward four. As a developer beacon understands the intricacies of assembling investors and the vagaries of the market. As a builder of deeply affordable homes, we know what it means for those who live at 30% Am I to be beholden to out of town investors. How disruptive it is in classrooms when children come and go, or two businesses when employees come and go, due to rent gouging. That's why beacon analyzed and signed on to support rent stabilization last fall to expand stability, we need a policy with vacancy control red caps at 3% know exemptions for small buildings on our occupancy single family homes or new construction this prevents. This prevents price gouging allows renters to stay in their current homes, creating more housing stability and St Paul Thank you so much.

3. Matthew Nowaczewski: an excuse me, my name is matt Nova chef ski I'm a leader with Isaiah alongside 100 others who are watching this hearing. I am a homeowner born and raised in St Paul I live in ward two when I love my city. That's why I believe that a strong rent stabilization policy. Policy should stick with a 3% rent increase month a year provide stability of residence for St Paul and renters for rent rent gouging so outside investors are discouraged from rent gouging. Most importantly, I want this policy to produce stable communities in the city I get inspired when my fellow resident get together and help people who truly need it. That's what we did last fall, I asked all St Paul lights to stand with me and demanding a strong rent stabilization policy to defend the will of 53% say Paul voters who voted yes last November.

4. Dan Humes: My name is Dan Humes. I live in Ward four, and there are approximately 100 people from Isaiah watching this with me. I've been fortunate to be a homeowner for the greater part of my life, but I went through a divorce after 20 years in owning two homes and suddenly became a renter. During the four years, my rent went from 858 to 1200 dollars and

doodle life circumstances I lost the level of stability, security and financial benefit that many wreck renters struggle with now. 53% of St Paul voters past rent stabilization it's a will of the people to create an environment of safeguards for renters it's frustrating that some states senators and corporate landlord lobbies are trying to override the will of the majority. Renters ought to have the same protection from price gouging and financial stability that the 3% limit increases. Thank you very much.

5. MICAH: So, this is actually John Slade, working for the interfaith Council on metropolitan interfaith Council on affordable housing, I am both a resident of Ward seven the organizer for MICAH and a longtime resident of a long time, St Paul family. I'm a landlord have a single family home and Dayton's Bluff and I get pretty disgusted when I see what other landlords in this town, are doing i'm embarrassed to be a landlord when I see what the large corporate extractors of wealth are doing. There are big apartment buildings that are getting gentrified and people who are really getting hurt by that that's why it's so important to have a 3% fixed CAP. I believe that new construction does not need an exemption new construction can set the rent it wants at the time it gets their, their pro form, I can deal with that. I would like to thank you very much want to see no vacancy decontrol, particularly since the renter state of the red protection that said that there was a no just cause for nonrenewal got removed. Otherwise, it can be a major avenue for injustice, thank you.

6. Ann Schulman She/her/ Meriam Park: My name is Anne Schulman I live in Ward four, I'm a frontline healthcare worker and voted for rent stabilization. It's important that my vote and the vote of 30,000 like-minded people, many of them five park households count. I stood before the Minnesota state senate two times last month and shared that my rent increased 9% in January. This policy makes sure that my neighbors and my myself stay in our homes it's an important link towards creating affordable housing. Investing in housing stock is great, but it will not keep renters from experiencing price gouging and huge increases that destabilized families. We're asking this committee for equity security and predictability with rents, we want a 3% CAP, no vacancy decontrol, no need to, no new construction and very limited exemptions, we want this policy to focus on the people that will be affected the most, the renters who are at risk from systematic proprietary practices that the voters wanted changed. Has been given the opportunity to invest in the city of St Paul I encourage it to follow through and protect us with a strong rent stabilization policy thank. Thank you.

7. Debra Howze: My name is Deborah Howze. I am a home care worker SEIU healthcare member and I, and I rented in St Paul for three years, I struggled with housing. Before I found my current home in St Paul. I love my place but recently it went up 100 per month, this is hard on my current wages of \$14.16 hour. \$100 per month may not seem like a lot to you, but it is a lot to me, I recently lost a client I career, for which has. Multiple times doing Coco bit meaning, I had no paycheck my cars in the shop and gas prices are climbing. You can get depressed not knowing if you're going to have a place to live in 30 days. We voted last year for 3% CAP and windows protection and I hope you'll make sure in it is in place, so we have stability. No one knows when you'll be facing a crisis, and this is especially true of low income elderly and disabled people. We can have a safe stable place in there free from huge rent increases or being pushed out of our homes. That would be amazing Thank you.

8. Laura Delventhal (she/her): hi my name is Laura Delventhal and I'm a renter living in Ward four of St Paul. I'm here with 100 other Isaiah leaders who are watching the hearing. I live in affordable housing, but affordable housing quickly becomes unaffordable when you're surrounding neighborhood rapidly gentrified. With four luxury apartment buildings now surrounding mine our families rent was able to be raised by 22% in just three and a half years. I have watched many long term residents many residents of color forced out of my building due to these dramatic rent hikes. Last year alone, my rent went up by over 6%. Three more luxury buildings are about to be finished. Me and my neighbors cannot wait, we need rent stabilization now a 3% cap on rental increases is essential if we are to keep people in their homes and I will add, I'll add if any new building exemptions are contemplated it's essential that the new affordable housing units being built are not included in this exemption the units cannot be truly affordable if their rent can be raised by more than 3% a year, thank you.

9. Barbara Taylor: Thanks. I am Barbara Taylor, and I am a resident of Ward three and one of over 100 Isaiah members watching this hearing. I'm a retired homeowner who chose St Paul for its diversity and neighborhood feeling. I worked and voted for rent stabilization and angry that there are attempts by some to dilute this ordinance. My vision is that this ordinance will be enforced, as it was envisioned with no exemptions. A strong rent stabilization policy prevents price gouging, provide stable rent increases each year and housing stability for St Paul renters. People need to be able to budget for their rent as I do, for our mortgage. We all benefit from stability in our local community, where all voices matter and there's economic stability for all. Thank you.

10. Elaine Tarone: Thank you I'm Elaine Tyrone. I'm a retired homeowner in ward four and volunteer with MICAH and Project Home, which is a shelter for homeless families with kids in many of them in school in St Paul. Through volunteering in a project home for 20 years I met families with kids in the schools with parents who sounded a lot like Deborah we just heard from. I was frustrated, time after time watching these families move from place to place, because then rent kept getting raised on them and their salaries did not go up. They were making less than minimum wage, what we need is a number of things. I support rent stabilization for the medium and long term. For small and large units for new and old units and I favor no vacancy decontrol and watch that used against these families with kids too often they need stability, they need to live in one live in one place, so they can go to school and they're the future of our Community. So we need seconds, thank you.

11. Andy Dawkins: hi I'm Andy Dawkins members St Paul Strong nonpartisan either pro or con rent control. And February eight I've moderated a panel discussion on rent control with developers landlords and tenants, since then, our website St Paul strong has received many comments with good ideas about how to do rent control and St Paul. Here are three: One, include inclusive zoning within a new construction exemption request or require acceptance of a certain number of section eight tenants. Two: In any new construction exemption request for luxury units building a 1% margin and the rents and dedicate that to deeply affordable housing fund. Three: Acknowledge that the vote was a statement of desperation that you can support moving forward simultaneously with other affordable housing commitments, such as eliminate the capital gains tax when a mom and pop landlord sells to a nonprofit that agrees to keep



rents affordable, with a 10 year clawback if they don't. It's clear from the panelists, the experts, and the commentators that your focus the city's focus as we enact rent control should be, what can we do to maximize affordable housing, thank you.

12. Sthaler: Yes, this is Skip Thaler. I'm a former landlord in St Paul and Minneapolis. I sold everything I had. I had 16 apartment buildings in St Paul 254 apartments that were kept you could eat off the floor I kept flower pots, I had pictures and always kept the paint off the baseboard etc., and when this when this came forward I said I am no longer going to be part of this, I cannot run a business when insurance goes up 12%, utilities go up 35%, maintenance goes up 20 to 25% with gas price increases, wage increases, and so on. I would have been out of business in three to four years or short and bottom line is is that if you do not have some type of escalator or some type of protection against inflation, you will lose a lot of landlords like myself you already lost. I'm the opposite of a slumlord and I kept my buildings nice and I was very unhappy when all this came down so. You, the deck is stacked right now, because a lot of people like myself are in the minority, but the bottom line is is that you're you're going to have a you're going to create slums in the cities in the next 10 years.

13. Patty Mac: hey I'm a small landlord and have been keeping run slow and stable, but now I have to raise rents 3% every year. I'll be severely limited the rent I can get when the current tenant moves out. For example, if they've been there for six years and decide to move out and I haven't raised the rent which I tend not to do, when they move out, it will only be allowed to raise the rents 3% or maybe 8% if I can argue it, so the four-bedroom two bath 3000 square foot square foot home I get 1900 dollars for now. And six years will only rent for 1900 and \$57 at 3% or maybe \$2,052 at 8%. Well neighboring homes, a similar size and location will be renting up to \$2700 or more. So even if I raise my rents 3% a year I'm limited to \$2200 in six years because I'm starting out haven't kept my rents low for my tenants, so my tenants are naturally disappointed and I don't believe it's equitable. And I think landlords should be allowed to raise rents more than 3% in between tenants, and the rule is really hurting all of us landlords who in the past have been helping tenants with stable rents, thank you.

14. JENNIFER: Thank you, my name is Jennifer Sweeney and I am a property manager. I managed scattered site units and St Paul scattered site owners are small operators. The rules are cumbersome and hard to navigate. This 22-page document is daunting and most mom and pop small operators will need CPA or lawyer to figure this out. Making these rules is accessible to everyone. I have two suggestions: 1) exceptions for a reasonable return needs to be simpler. Number two, they can see decontrol is needed and essential to preserve St Paul's unique housing stock, I know, preservation and well-maintained units is important to the city let's show it. Thank you.

15. Tracy Roscoe: My name is Tracy roscoe and I'm a renter and work too. I'm here tonight, with over 100 people watching this public hearing with Isaiah. I've been around your on and off and St Paul for the last 10 years I'm on a limited budget and not knowing how much my rent would increase has had me crunching numbers and various scenarios and praying that I would be able to afford a roof over my head. It's made me emotionally draining, sick, in some cases. Please join me in protecting this policy and ensure that all renters have a predictable rent increase of no more than 3% a year housing as a basic human right and every person

deserves to have a home that they can afford and a place where they can feel welcomed.  
Thank you. Thank you.

16. Bara Berg: I'm Barbara, Ward one, I am concerned about this whole determination to have changes in the ordinance. On November 3 of this year people voted for the ordinance that we voted for. It is the law, the city should have arranged for implementation to begin preparations immediately. We're now almost six months out from the passage of the ordinance there is still not a rent stabilization Board, which is needed to record base rents, established rent increases, receive an exemption, landlord applications with no self certification, they need to maintain records of documented capital improvements and code violations there should be a fair chance to test what the voters of St Paul passed. Five years before any modifications or changes, preferably 10 years before we change what the voters asked for.

17. Mercedes Lee (SPFE/Takeaction MN) - she/her: hello, my name is Mercedes Lee I'm a homeowner in Ward six, a member of St Paul federation of educators committee on political education, and Take Action Minnesota political committee Member and a second grade teacher in SPS. As a teacher in SPS I'm part of a district that serves over 38,000 families, people who need and deserve stable housing options and rent prices that are fair and predictable from year to year. Our community has already decided on how to achieve this, when we voted in past the rent stabilization ordinance this past fall. As we move forward, we need a policy that retains a 3% fixed CAP not tied to CPI and includes no exemptions for small buildings and single family homes, we also do not want a policy with exceptions when units don't meet health, safety and building codes. Really is not meant to solve the safety or maintenance problems and other ordinances around this specific issue needs to be crafted to address it. Thank you so much.

18 Duane Johnson: My name is Dwayne Johnson I live in ward three and I'm going to say a leader. As a 31-year resident of St Paul in the homeowner I voted in favor of rent stabilization last fall, I feel that my neighbors and their families, deserve the same stability that I feel. That they won't be suddenly evicted from their home by large rent increase, so I was gratified that enough other residents felt the same and voted for this policy. No such policy is perfect, but I am dismayed by the fear mongering and threats and doom coming from the landlord association and Republicans in the Senate. And they forget that the reason that people want to live in St Paul, the reason that St Paul is valuable to developers is because we live in a first grade community. No matter whether our neighbors are black, white, Brown, no matter what their income level, we have a broad solid social fabric. We, the people make St Paul. A strong rent stabilization frequency will stop rent gouging so that a vital part of our St Paul Community doesn't have to live in fear, thank you.

19 Sean Lim: hi my name is Sean Lim. I'm an organizer with the Ministry of youth collective. I've personally lived in dilapidated housing and, as a young student I was priced off of campus as a result. I found a community in the Hamline-Midway neighborhood for the past four years. Midway is now becoming rapidly gentrified and working class tenants, who have lived alongside me here for years now face excessive price hikes. As a mutual aid practitioner I've talked to countless on housing polites who have been evicted with nowhere to go. And as property managers my parents work with hundreds of section eight families and St Paul

landlords. No lobbyists or politician can change the clear facts and the findings from the extensive CURA study on capping rent increases at 3% universally applied across all units, there should be no new construction exemption. This policy has passed. And it should be implemented expeditiously with fully funded enforcement no exceptions, no exemptions, no decontrol, no carve outs period, thank you.

20. Ianni: My name is Ianni, homeless and the ward six. First of all let's remember government and business are two different things. As the document reads it looks as if it is taking the risk out of being in business. And looking at how government has allowed the pooling and amassing of such wealth by so few in this country has written the goal is. To take the risk out of the open markets, limiting the readers distribution of wealth and putting the burden on the tenant who is generally one paycheck away from living out of a car or attempt homeless. This is not what the people of St. Paul voted for. Also the document is a legal nightmare for the city. Looking at page five items six line D. In order to administer this fairly and justly the ordinance needs to be set with a litmus test for both sides, what is good for one must be good for the other. Both renter and property owner as written, this is not what the people of St. Paul voted for.

21. Brigitte Temple: hello, my name is Bridget Temple, I'm a director at Work to. In November, the city empowered our, voters in the city empowered the city of St Paul to help protect renters. We want a policy with a 3% fixed cap on increase the rent with no exemptions for small businesses or owner occupancy buildings or exemptions for single family homes. We do not want exemptions for new construction, because that disproportionately impacts disabled renters. We do not want vacancy, we want a policy with vacancy control. And we want a process for exceptions created by the city. We need additional separate policies to increase investments in creating more affordable housing and ensure that our rental housing is maintained to meet the health, safety, building codes, thank you.

22. Yankuba: Yes, thank you very much, Hi my name is Yankuba I am a renter in St Paul a healthcare worker and member of SEIU. I am giving too much of my income towards the rent when I rent an apartment I pay a non-refundable application fees and at least a month rent for a deposit which I immediately forfeit \$100 non-refundable, which I know I will never get. And also, I put a month fee for a deposit which I immediately forfeit 1500 dollars nonrefundable. And I know I will never get my deposit back when I lit up but get the apartment, no matter how clean, I live it every year, my rent has high carb it used to be one I used to be \$200 per year or so, by hundreds, each year, I am told the new rent will be so much higher and I can either pay more. I voted yes for rent stabilization I am asking you. Thank you, thank you.

23. Nick Studenski (he/him): hi I'm a renter in ward four. I was initially a supporter of this ordinance when I heard last summer I signed a petition. I've spent the past I've seen numbers that investments in new units in the city of St Paul has fallen by a factor of something like six so I'm not particularly sympathetic for landlords big corporate developers that people are talking about. But new units need to get built that might needs to come from somewhere. If it falls by a factor of six what is replacing it, we need new units, there are dozens of studies that document that new housing construction has a lower impact on rent in the surrounding area and so as a renter I'm concerned that, without you know, without new construction there's

not going to be a new supply of housing. So I'm concerned that they're not that some of these exemptions, although we don't have sympathy for landlords maybe things like bringing something up to code, if you buy a house that was previously rented out and isn't up to code for example your or nobody is going to buy those houses and improve on so there's who will places to live, so thank you.

24. Abu Nayeem (he/him): My name is Abu, and I am I'm a director or before so recently the DSI have put out there rulemaking process on how the ordinance will be implemented on the first. So first I would like to ask the task force will you comment on this, and can you influence can you make a public comment to the rulemaking process of the city to allocate because you have a voice in this process and part of the rulemaking process that I'm concerned with is tenants not being informed of a price increase. So according to the rulemaking process the tenants will have to do a loss and you had to bring it to court to challenge. These are rent increases greater than 3% and also, I would like to ask the task force, Have you considered thinking about climate change? Right now Minnesotans are paying the highest paid and for energy costs for heating and with a capital improvements, you can improve the quality policy using. Using inclusive financing so there's ways to pay back investments for tenants are saving money and improving the quality of the reservations, thank you.

25. Erin Hanafin Berg: Good evening, can you hear me. Yes, okay great um my name is Aaron Hannifin Berg, I am a simple property owner and also the deputy and policy director at Repost, which is a St Paul based nonprofit Community revitalization organization. At Repost we know the inherent value of old buildings and the sense of place that they provide and rehabilitating and adapting former office buildings. Warehouses, schools, factories, and hotels can create housing, while also employing people in construction trades and saving valuable materials from landfills. My organization is concerned about how a proposed new construction exemption to the rent stabilization ordinance and St Paul might apply to historic buildings, whether vacant and under-utilized or occupied but deteriorating dozens of properties and St Paul had been rehabilitated and converted to rental housing, especially since initial passage of the Minnesota historic. Our concern is that know what will also be naturally occurring affordable housing will also be subject to demolition in favor of new construction if new construction is exempted. We believe that we can't just hope that landlords of older properties will do the right thing and keep their older buildings both habitable and affordable. So we asked you not to include an exemption for new construction if that does not also include rehabilitation and upkeep of existing older buildings, thank you.

26. Cory Cole (she/her): hello, my name is Corey Cole and I'm a renter in ward one and a public health professional. It is well known in my field that stable, predictable housing and protection from displacement and gentrification is connected to nearly every health and safety problem in the books. Reliable housing reduces drug overdoses prevents suicide and allows the connections that keep our community healthy to continue thriving. In terms of protecting lives families and communities, this policy as written is the minimum step. And attempts to undermine it with blanket exemptions or decontrols will also undermine the health and safety of our city, thank you.

27. Jake Sinderbrand: can you hear me now. My name is Jake Sinderbrand. I'm in Ward seven and very fortunate to own my home but I'm seeing my neighbors who are renters displaced by sudden unaffordable rent increases. I think we need to keep in mind that, regardless of whether you live in new construction or if you're a tenant in existing construction that has no bearing on your ability to afford rent increase, we need to take attendance first housing policy and ensure that everyone in St Paul has a safe place to live, we need to make sure this policy goes through as enacted by the voters without an exemption, thank you very much.

28. David Blessign: Alright I'm from Ward seven. I'm a lifelong renter in both the East and West side the St Paul; currently in ward seven. And it used to be, you could move around the city easily for a job or for any reason and rent affordably in any part of the city rent was just a part of the monthly budget. Today, however rents have reached a scale where most daily goals you do throughout the month are just to make rent payments. It's an unjust and it's unsustainable portion of a wage earners income. And REX have it with one sense of well-being I support a 3% CAP and all right, without exceptions to create a universal affordable stable housing market. The CAP should be applied to all rental units across the city, including vacancy control. Landlords can benefit from a process of exemption if they need to adjust their rent increases, but this will be run by the city and closing my lifestyle. As always. In closing, my lifestyle has always meshed beautifully with renting until the last decade, when rent rolls far beyond CPI, and this is distinct from all other budgetary needs, thank you.

29. Nasroahmed: Yes, Hello. My name is Nasroahmed, I am a renter in St. Paul. I also I homework, or I am a home health care worker and a member of the SEIU have to occur. The past two years, has been really hard for me and my family. I care for my disabled disabled son at home he's in person program is and ----- have been paused during the pandemic. It has been hard for me to work any other jobs, our rent is too high, and on the top of that my son is disabled and required a special diet. And the food is first sponsor as I've identified for my family. I struggle to make it all I currently all best to do rent families like mine are suffering and needs to support we voted for rent stabilization last fall for. Our families. Our neighbors now we need you to make sure our vote is respected, thank you.

30. Kate Hurley: hi my name is Kate I'm a property owner in St Paul I own operate 1500 naturally occurring affordable housing units in Ramsey County. I'd like to committee to consider the following when implementing this policy. I'm going to quote the Isaiah website to start everyone deserves to have a safe, stable and affordable place to call home and that's part of my job I'm 100% in favor of promoting and providing affordable housing. And I hate increasing rents, however, if the rent stabilization ordinance is implemented as it was intended it's going to deter owners and operators from maintaining and upgrading their communities. I'd like you to recognize that landlords don't control the following things that ultimately impact rental rates. 30% increases in gas prices, 12% increases in property taxes, the cost of inflation, when it comes to materials needed for maintaining properties. The cost of the increasing cost of labor. There needs to be exceptions to this policy in order to create and maintain safe stable and affordable housing and St Paul. Thank you.

31. Bol: hello, can you hear me. Oh well, so I'm good evening everyone, my name is Bol Benjamin I am a resident here at the Hamline-Midway area renter, pretty close to the Allianz

field stadium, and I also am an organizer for SEIU local 26. I want to speak on behalf of myself and a lot of our members who are also managers in the area and saying that you know, we believe that what St Paul had voted for this last election is, you know, it's definitely the will of the people and definitely reflects like the type of response that we need for this housing crisis. Like I'd mentioned a little bit ago I live in the Midway area pretty close to the stadium and I've seen my rent go up like \$150 and, like the last year, both for November. And I know in the buildings close to me that rate has been matched or even exceeded that. And so, they'll be up and so yeah I would say that we, I am you know, we are all in support of this and we need to have more protection for Thank you.

12. Sthaler: so thank you. I've got one question for everybody here. I no longer am in Minnesota and part of the reason was is because some of the what's been passed; it's basically forced me out of the rental business. But I asked the people to look at it, maybe through a little different set of eyes, and that is why can the government raise taxes 12, 13, 14, 15% I know between, and they doubled, how many people's rents doubled, why can the government who pays a lot of these people's wages, why can they raise their taxes and then expect the people that have to pay these, the landlord, to not be able to somehow secure that extra increase to take care of those those increases in taxes or insurance or maintenance or gas. Everything goes up if we if you put a 3% increase that's called price controls and Nixon tried it back in the 60s and 70s and it didn't work because you started to have scarce commodities, as a result of it, and this is what people they're so short sighted in looking at this thing and a couple people brought up as there's not going to be any more new construction. People can people can go to other states which I did and don't have to deal with this, so why would you want to be regulated by the laws that are proposed to be put in place, and I have no axe to grind but i'm out of there, and you really you're going to lose more people that are good landlords and you're going to end up with slums in the city of St. Paul.

32. Parker von Sternberg: hello, my name is Parker I'm a student at the U. I've been living in Hamline-Midway the last couple years. I want to reiterate something that was brought up earlier regarding the current proposed rules, I do think that notice to tenants regarding self certified rent hikes. I think if that is the system that is continued with, I think notice needs to be part of that process so that tenants can look at the reasons that are being proffered for this raise over 3%. And I think, I also want to agree that there is also a deep need for the construction of new housing and we need to recognize that, perhaps, as the speaker before me said, those with the money to build it will punish St Paul if they cut into their margins too much. Now. Whether that's ethical, I think, is perhaps beyond the scope of this but it's true and exceptions may need to be made, because at the end of the day, St Paul needs that money to build the housing. Deals with the devil need to be made so.

5. MICAH: And, once again, this is John Slade from MICAH. I would like to kind of follow up on on the, on the economics of this. Housing is, has always been a risk providing a residential housing, has always been a regulated industry, I can't store nuclear waste in my basement - my property right does not include that because there is a sense of public good. I feel that rent stabilization because housing is so critical to people as a landlord I, I have limitations, I can only go so far. I feel that perhaps some of the folks that are saying we're going to have to get out of the city, because we can't raise rates like we want to are probably folks that we don't want in

the industry, and so, if some of those folks who are looking for quick turnaround, and you know jacking large apartment buildings are out that's, that's actually for the for the benefit of Minnesota it's say we're in a super tight, super hot housing market and so that it's a really important thing to to continue to have have that. Thank you, Thank you so much for the time.

2. Dayna kennedym: Thank you so much, this has been a wonderful evening and a great opportunity and I have been so moved by the renter's I've heard. And it's it really has moved me. I grew up with a single mom we lived on the floor on mattresses and I it brought me right back to those difficulties and I've been a homeowner for a long time now. And yes, gas rates have gone up and we're working on the foundation of our very old house and it's going to be very expensive, and so I understand the maintenance issue that people are talking about tonight. The difference is my mortgage for 22 years has been the same, and I could save for it and budget for it, and I want renters to not go through what I went through and to be able to budget, even though gas is going up and property... I'm experiencing all of that, as a homeowner The difference is my bottom line remains the same, and thank you again for this wonderful evening.

13. Patty Mac: hi yeah I spoke before and I was the one for not keeping the 3% in between tenants. And I do understand how important it is to have stable rents, I mean I've kept my rent stable, so I do understand all that, but it also is a business. And I would like to point out to people who might not know at that at our mortgages are higher our insurance is higher enter property taxes are all higher than regular Homeowners. If we have a rental all those expenses are higher so you can just look at what you have if I want to put in like a energy saving thing that a regular homeowner would get a rebate for I'm not eligible that. So we're always painful prices for everything. My other point is that, instead of being able to argue for a good return on investment or certain percent ceiling level, why not also let landlords raise rents per a reasonable just rent like maybe it could be determined by the city for the area size quality. Because if the caps that are established right now I would never be able to raise my rents, to the level that others, maybe someone right next to me would be allowed to have theirs. So how is that, how can one landlord be allowed to charge one amount, while another is restricted for a comparable property right next door just there needs to be another way, thank you.

19. Sean Lim: Thank you yeah, I would like to kind of push back on what was just said, a bit. Again, my parents are property managers, they work with immigrant families, they work with section eight families, they work with landlords and I just wanted to say that housing is a human right, it is not, we should not be looking at it like a business, a profitable business because people's livelihoods, people's standards of living depends on having a safe stable clean place to live right. And so, if the government is failing on delivering on that and the government is not doing anything to ensure that people aren't being priced out into third, fourth ring suburbs are priced out of the state, even, then we are doing our due diligence to stand up for neighbors and so that's why I work so hard to get this onto the ballot. That's why I have fought to get petition signatures and that's why I'm going to continue to advocate for this policy and no exemptions, because I'm housing as a human right and people need a place to live and if you did you. Thank you.

28, David Blessign: hello, can you hear me. I've got, one of the reason we're here is because rents went up 3% for decades. I've owned apartment buildings with my parents and we kept rents stable. And rents have gone up about 125% in the last 10-15 years. And so the CPI has not gone up at all. And this is where we find ourselves. We, kind of, I don't know, I guess that's all I got to say.

33. Mike Hirabayashi: Okay, can you hear me? Yes, great. I am Mike Hirabashi, I live in Ward six I used to work security at the MIA for five years and I was Union started during that time and negotiated contracts. I'm so I'm well I'm familiar with how quickly inflation rises, etc. that decent amount and also equally familiar with how statement wages have been. People have been squeezed harder and harder every year for decades with corporation now seeing record breaking profits, all the time. And that was before COVID so people are just getting crushed these days with the housing insecurity at record levels, we need to rent stabilization and we need to respect what St. Paul voted for, thank you.

10. Elaine Tarone: Thanks, I just have a really quick comment. I haven't heard anybody make the connection with all the homeless encampments we've had in St Paul over the last two three years, and these are people who, these are the consequence of having low wages and rising rents and I think the whole idea of housing as a human right really needs to lead this whole discussion when I hear landlords talk about their right to make a profit, I never hear them say what what then shall we do with these homeless families and homeless citizens. This is, this is an issue, thank you, thank you.

34. Cisco Cole: Yeah I've heard slums mentioned a couple times during this conversation and want to point out that that's. Pretty antiquated term used as a fear point here in the slums are specifically what happens when there is no Community building and there is no rent stabilization. I'm a landlord myself, and I do believe that the best way for us to approach Committee community building is with things like rent stabilization where everybody has an equitable opportunity to have that housing and without it. I do believe that's when you have with those those two gentlemen referred to as the feared slums happening, that's what I that's all thanks okay thank.

35. Stephanie Stegeman (she/her) St. Paul: hi yes, my name is Stephanie Stegeman I live in Ward three I organized with Isaiah. I'm very proud of our city that we are being good neighbors and looking out for each other people have been saying, this is a problem and many of us are homeowners and are comfortable, but still fighting for this, because that's what a good neighbor does. And when you have a good neighbor you have a good Community and I truly believe that and I hope that the City Council and the board really takes a look at all this information and tries to find a wonderful solution that they'd be proud of, thank you.

7. Debra Howze: I was hoping that we can all get together and come together and get along and come to a solution so that it could work for all people involved. And yes, housing is a human right for all Americans and people working and we don't have enough money. Gas prices are going up, everything... The government, has you know, has hoodwinked us and that they need to work with those making sure people get what they need, and no homelessness here in our State that has. How much surplus money and we all should be able to get what we



need, and I just want to say you know I'm just feeling some tension, maybe it's just me, with the with the landlord and the renters and the haves and have nots that we have got to make this thing work, and this should not be our last hurrah talking this out that been the people have spoken.

36. Kevinmccannon: I'm Kevin McConnon from St Paul long time lifelong resident here very proud of St Paul, we obviously need to attend to the needs of the, of the renters in our community, number one. And number two we absolutely need to honor the vote of the of all of the citizens of St Paul, and this is something that I think if we don't honor these types of situations, then, what do people think when things come up and we get a chance to vote on it and then all kinds of changes or adjustments are made or it's not done that's not right, that's just not the way things are should be done and we absolutely need to honor what we voted for last November, absolutely Thank you.

## Part two: Written comments

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As a Saint Paul resident, my primary concern is that increasing barriers to construct new housing—at a time when construction costs are already skyrocketing, and land costs and property taxes are increasing—will only magnify the scarcity of affordable housing. My hope is that new housing construction will be exempt from rent control for a set period of time. I also hope that the city will do everything in its power to make it easier to build more housing by relaxing zoning codes and pursuing more state and federal funds to subsidize affordable housing construction throughout the city.

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We are already seeing home values in St Paul not increasing like they are in Mpls since 2020. The unintended, negative consequences of Socialism continue to make things worse.

Many St Paul Landlords have been selling affordable rental homes and trading into the suburbs, and those St Paul homes are usually being sold to owner occupants. How exactly will fewer available rental homes create more affordable housing in St Paul?

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The ordinance should use CPI +3-5% as the annual rent cap; allow for vacancy decontrol, where rents can be raised when renters change; an elected quasi-judicial rent stabilization board independent of the mayors office and city council made up of renters, landlords, and homeowners; the rent stabilization board should have ample staffing for admin, education, petitions, and data collection; funded with rental registry fees; exempt 1-4 unit rentals (small mom and pop landlords with many more variable costs) and newly constructed buildings for 12-15 years; a reasonable return standard for exceeding the CPI+3-5% cap based on maintenance of net operating income, allowing for year-over-year profit growth tied to market inflation. Rent stabilization is needed and it needs to be administratively possible, while balancing the intent of the policy to stabilize rent for renters and providing property owners/managers with the right to reasonable (non-hyper-speculative) profit.

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### Saint Paul Rent Stabilization Ordinance

I believe there is a valid reason for the recent passage of the Rent Stabilization ordinance. I question however, whether it will accomplish what I understand as its goal. That being to prevent rent gouging by predator landlords. Not only may this not improve the stability problem, but actually make our current situation worse. Good landlords may be penalized, as well as for many renters in our tenant population, both in market and affordable housing. It can also have a negative impact on our tax base and in turn, our homeowners.

I thought closely about the 12 ways the 41 member task force identified to make an effective stabilization program (attached). My understanding is this list was created by stakeholders, both the tenants and landlords. I believe the two ideas (below) can either accomplish or satisfy all these requirements.

I don't believe it is possible to have a tenant-stable system, without landlord stability.

I think there were different goals people had who voted on the rent stabilization ordinance:

- Affordable tenant stability (this was the stated intention in the ordinance language)

- Creating more deeply affordable housing
- Giving a voice to renters
- Reducing rents to all tenants across the board
- Restricting return on investment for landlords (this was stated in the ordinance language)

If stability for renters is the real issue, and I think the valid issue, we should focus on that, and not risk collateral damage for other stakeholders. A few renters who simply want a reduced rent without concern who or how it gets paid for, is as unfair as predator landlords gouging their vulnerable tenants. Above all, we should have voted on an ordinance that accomplishes what it set out to do. Since passage of this ordinance, we have some landlords greatly increasing rents before it takes effect, a dramatic decrease in potential affordable housing supply, and reduced property values. So we have anything but stability.

My approach would be to increase affordable supply and specifically focus on predator landlords. This is a balanced approach.

The suggested goal is rent stabilization, both for the tenant and the landlord.

1. The immediate problem many tenants currently face and the reason for the rent control/stabilization ordinance: The stated reason for this ordinance is to protect tenants who experience unreasonable and unaffordable rent increases from landlords who give only short notices, sometimes forcing tenants out of their homes. It's intent is to stabilize the housing supply for tenants who require affordable housing.

A potential solution for the vast majority of tenants: Landlords would be required to offer a minimum of three-year leases, renewed annually at the option of the tenant. Leases will state the total annual rent for each year, reflected monthly for each twelve-month period at time of signing. (Another way to state this option is to require landlords to offer three, one year leases at time of signing, with the option of the tenant to terminate at years two or three)

The most important part of this approach is that the tenant initially only needs to focus on the first 12 months' rent. This is what most tenants need to know when they initially agree to a one-year lease. If they can afford it, they can agree and sign the lease. In addition however, the landlord would be required to offer a minimum, three-year lease, identifying the second year's monthly rent as well as the monthly rent for that of the third year. The landlord can base this on whatever the landlord feels it needs, i.e., it could be stated in total dollars, or an increase based on inflation or no increase at all. The tenant however can terminate the lease, at their choosing, for any reason, after each year. The tenant can earlier renew a longer lease every year or any time prior to termination. This forces the landlord to compete with the market, both with the initial lease and any stated increases or other conditions.

If the tenant loses their job or for any other reason, they can decide to look elsewhere to live. The tenant will have up to more than two years to find another place to move. This approach also gives a strong voice to the tenant. The landlord can offer longer leases for good tenants or can even reduce rental rates after a lease is signed. This goes a long way to actually stabilizing the living conditions for any tenant with these terms in their lease. Good landlords already offer these kinds of leases to keep their good tenants and reduce expensive turnover. Problem tenants can be dealt with using existing statutory laws. The only landlords who may be damaged by this kind of requirement are the landlords who might financially abuse and gauge tenants.

2. One longer term solution to increase affordable supply:

Saint Paul needs to effectively address the shortage of affordable housing within the City. I believe this is the greater need, but controlled by market forces. Over time it has become a top priority. So what is the best way to relieve the shortage? Promoting affordable housing does not have to be a zero-sum game; we don't need to take away from those who provide market-rate rental housing to help those who cannot afford market-rate rents. We do not need to discourage new investment. This can and should be done by adhering to zoning guidelines and being sensitive to the character of surrounding neighborhoods.

If deeply affordable housing is our most important need in Saint Paul, the goal should be to build the most units we can, as fast as we can. This could be achieved by encouraging the building of new market-rate rental housing—by developers who are willing to build without public subsidy and who will pay market-rate property taxes.

The future tax revenue derived from these projects can be bonded for up-front funding, similar to TIF. The difference is, the city would also create a restricted fund to capture that future revenue and use it to subsidize the private development of new affordable housing. In this way, the city can control the location, the quality and the desired amenities for this affordable housing. One hundred percent, not just twenty percent, of this new housing would be dedicated as affordable. This can generate the greatest amount of funding on a relatively short period of time. Saint Paul would retain any subsidies granted within the City, rather than to out-of-town developers who might well use the subsidy elsewhere.

As suggested by the task force:

A good and effective rent stabilization program for Saint Paul would:

1. provide stability of residence and affordable housing for St. Paul renters
  2. provide renters with predictability in their housing costs from year to year
  3. prevent gauging
  4. provide property owners with the ability to recoup expenses for operating costs and property maintenance, and a reasonable rate of return on their investment
  5. result in continued maintenance of property, providing renters with decent, safe, and clean living environments and property owners with properties that remain in good shape
  6. allow and encourage the upgrading of the rental housing stock thru capital improvement
  7. result in expansion of the rental housing stock and housing options in St, Paul thru new construction by continuing to attract investment and financing
  8. operate thru a clear, transparent, and simple set of regulations and processes so that all parties have a good understanding of the system
  9. be efficient and process petitions and claims quickly
  10. have regulations and procedures that are fair to all parties
  11. produce good communications between renters and owners/management
  12. produce stable communities in the city
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As a senior citizen and a homeowner in Ward 3 I am in favor of St Paul rent stabilization because a roof over one's head is not a commodity, but a necessity, and as a community we should all be concerned that our neighbors are protected in their ability to live in our community. The average worker, or retiree, does not typically receive an income increase over 3% in a year. The voters of St Paul passed this housing stabilization effort in an effort to maintain community. If landlords need assistance maintaining their property other legislation should be brought forth to financially assist them. This is a separate issue and should not be conflated with renter's ability to afford housing in the community of St Paul. If we want to address public safety in our community we must first address decent, affordable housing. To have single individuals and families unsettled, living from pillar to post, due to rising rental costs is not good for our whole community.

I want a policy with:

- a 3% fixed cap
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction

And most importantly, I don't want exceptions when units don't meet health, safety, and building codes. This is an issue which needs to be addressed by City code enforcement. I have seen these units in the City of St Paul rented at exorbitant rates and feel nothing but shame for a City, which would allow this. Please do not "water down" the ordinance at the behest of people who stand to financially gain from increased, uncontrolled rental charges. Encourage them to seek redress for their grievances through legislation which would assist them financially. Their financial gain should not be on the backs of the residents of St. Paul. Again, housing should not be seen as a commodity and therefore the needs of those maintaining housing stock in our city are seen as "victims" of this Ordinance, which seeks to address the need for stable, affordable housing, which a person(s) can rely on for its affordability from one year to the next.

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I live in Ward 3. I'm a new homeowner in St. Paul. It's still incredibly exciting to me that rent stabilization passed last November with 53% of voters citywide. This was a historic and powerful campaign to deliver much, much needed policy around rental practices in the city.

When I think of this policy and the many friends and neighbors and community members that have fought for it, there are certain aspects we know are vital: predictable housing costs to expect from year-to-year, preventing price gouging (as a former renter, I experienced this multiple times), stabilizing rent in existing housing, and creating critical housing stability for St. Paul renters. I want to also stress that I recognize that this policy is not meant to nor equipped to provide solutions to other challenges of housing like housing supply or housing stock maintenance solution. This policy has fixed mechanisms for rental stabilization, and this specificity of purpose is so important so that the policy can accomplish its function. I appreciate very much this specificity to make the policy sharp and functional for all parties involved.

I do believe that further ordinances should be considered to address both creating more affordable housing supply and to ensure that rental housing meets standards of health, safety, and building codes. But again, I recognize these must be

brought forth in their own independent ordinance proposals.

From the beginning, I was very aligned with this rental stabilization policy. I firmly believe that the policy should provide a 3% fixed cap on rental increases, no cap higher than CPI, no exemptions for smaller buildings, owner-occupancy, or single-family homes. As well, I also feel there should be no exemptions for new construction or vacancy decontrol. Finally, I would also hope the policy will create space by which the city can consider and create exceptions in the future.

I truly believe that this rental stabilization policy can bring together the many stakeholders involved to chart the best path forward. Delivering on this policy will be immensely important for the many, many renters here in St. Paul that contribute greatly to the vibrancy and strength of the city.

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I have been a renter in the Twin Cities for 7 years and this policy should be implemented as it was originally written to protect renters from large rent increases and help people stay where they are and not get priced out of their neighborhoods.

Without this stabilization we will continue to be intimidated by our landlords We are afraid to make complaints for fear they will raise our rent even further And they are now beginning to make us pay for our water which is totally unfair. But if we complain about this we feel our rent will be raised even a larger amount. Please initiate this program for fairness.

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The rent ordinance should be amended to include the following: rent cap of CPI+5%; vacancy decontrol; rent stabilization board and staff, independent of city council and mayor/city department like other cities across the country; exemptions that include 1-4 unit properties and newly constructed building for 12 years; reasonable return based on MNOI used as a guideline for request to increase rent above the rent cap.

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I am a condo owner in Ward 2, which voted in favor of the rent stabilization initiative. I am strongly in favor of this initiative for the following reasons:

1. It can provide housing stability for St. Paul renters
2. It can provide renters with predictability in their housing costs from year to year
3. It will prevent rent gouging
4. It stabilize rents in currently existing housing

Additionally, I would be strongly in favor of our city passing the following ordinances/policy solutions in the future:

1. Increase investments in creating more affordable housing supply
2. Ensure that rental housing is maintained to meet health, safety and building codes

Thank you for your attention to this important topic.

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There are reasons that this is being called the most extreme rent control measure in the country. Sadly I predict that Saint Paul housing stock, especially historic buildings are going to fall into disrepair as owners will no longer be able to put money into their buildings with their income greatly restricted. I am a small landlord who is considering selling my small buildings as a result of rent control. My rents have always been affordable and below-market but I fear I will not be able to sell my buildings to someone local or an owner-occupier like myself when I'm ready for retirement largely due to vacancy decontrol. Small local landlords will be leaving this business and big investors with no regard for Saint Paul neighborhoods or their tenants will be the predominant buyers.

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Myself and all the small local housing providers that I know give steep discounts to good long-term tenants. Sadly, vacancy decontrol will make it so that is no longer possible.

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I am a small Saint Paul housing provider who has been providing below-market affordable housing for 25 years in two beautifully kept historic fourplexes. Because of vacancy decontrol I am forced for the first time to raise my rent to market rate and to raise the rent every year by 3%. Small local housing providers like me give deep discounts to long-term tenants and we can no longer do that if we have to give those same discounts to new renters when one of our 20-year tenants moves. This also undermines my ability to sell my building to someone local like me who cares about the neighborhood.

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I am a landlord and feel that the 3% rent control cap is so UNFAIR. There is NO cap on any of my expenses property taxes, garbage, utilities, and other things. I am also wondering why the NEW BUILDERS don't have to incur this!

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Please allow as many exceptions as possible to caps on rent. Artificially interfering in the rental market only worsens the conditions rent stabilizations seek to address. Segregated racial and socioeconomic neighborhoods will only become more entrenched. There are other ways to provide affordable housing without blanketing the city with a policy that smothers investment.

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Immediately allow vacancy decontrol, this is critical for every rental property owner no matter how many units they own.

I am a small property owner. I am a Realtor who helps other small property investors get started. I don't know how to interpret the proposed language of this draft. I didn't own my two St Paul properties in 2019. How do I determine base rent? If I can't figure it out and my profession is real estate, how can anybody who owns one or two small buildings?

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I'm writing in support of St. Paul's rent stabilization program and want to voice what that program should do. The St. Paul rent stabilization program should:

- Provide housing stability for St. Paul renters
- Provide renters with predictability in their housing costs from year to year
- Prevent rent gouging

Rent stabilization is a policy designed and proven to work to stabilize rents in currently existing housing. It is NOT a housing supply solution or a housing stock maintenance solution. Those are both important issues that need to be dealt with through OTHER complementary ordinances. Securing safe and affordable housing is not an issue that can be addressed through only one policy. Rent stabilization is one measure of what should be many to make sure everyone in St. Paul has a stable place to live.

Therefore, the St. Paul rent stabilization program should not seek to solve problems outside of stabilizing rent.

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I voted for Rent Stabilization as written. We also need new housing to be built. Has the government exhausted its own options before adjusting the rent stabilization language, just shifting the burden back on those who are struggling to find and keep housing?

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I am a resident of St. Paul who fully supports rent stabilization. Voters approved rent stabilization in last fall's election and the city has a responsibility to follow through and implement policy to make it happen. This is necessary to provide housing stability to renters. They are too often at the complete mercy of their landlords, some of whom are good, and many of whom are not. Housing is one of the most basic human rights and with our vote, we are showing that we, as a city, believe this and want to provide it to our residents.

Renters deserve to have predictable rent costs and landlords need to be prevented from price gouging. This rent stabilization policy does just that by capping rent increases at 3%. I urge you to move forward by listening to RENTERS. They are a huge part of our city and we want them to continue to be.

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I am a life-long renter in both the East and the West side of Saint Paul. It used to be that you could move around easily for a job or any reason and rent affordably in any part of the city. Rent was just part of the monthly budget. Today however, rents have reached a scale where most daily goals throughout the month are just to make the rent payment. It's an unjust and unsustainable proportion of a wage earner's income and wrecks havoc with one's sense of well being. I support a 3% cap on all rent without exemptions to create a universal, affordable, reliable and stable housing market. The cap should be applied to all rental units across the city including a vacancy control. Landlords can benefit from a process for exemptions if needed created and run by the city. In closing, my lifestyle has always meshed beautifully with renting until the last decade when rents rose far beyond CPI distinct from all other budgetary needs.

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With inflation on the rise, it's more important than ever to cap rent increases at 3%, creating a stable housing lifeline for individuals and families whose income is not keeping pace with inflation. And more economic pressure is in the horizon, with a new BA.2 variant and no certainty as to when student loan payments will restart - possibly as soon as Sept. 1 of this year.

While I understand that these economic pressures are also hitting landlords, the fact of the matter is that for renters, the repercussions of uncapped rent increases are a risk of homelessness. Reduced profit margins or the need to sell properties that aren't as profitable can't compare to the risk of not having the basic human necessity of safe, stable shelter.

Exemptions shouldn't be allowed - and are honestly no better for property owners and landlords than renters. If there is an exemption for new construction, for example, new buildings will see vacancies increase as renters seek rent-capped housing in existing buildings. The same is true for owner-occupied, single-family, or small buildings. Exemptions for any sub-category will force people to leave their stable housing for rentals where they have predictable and reasonable expectations as to how their rent will increase, destabilizing our community. And a blanket exemption for many types of units is as good as no rent cap whatsoever, which voters have already demonstrated we don't want and won't accept.

Please consider and enact the will of Saint Paul voters on this issue. We want to see ourselves and our neighbors secure and stable in housing that allows us to build community, connections, and supports - housing that doesn't make us decide

whether we will pay our rent next year or our utility bills or our student loan payments.

Thank you for your time in serving on this task force and in reviewing these comments,  
lifelong renter, Ward 4

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Rent stabilization policies should be evaluated on the extent to which they increase the number of affordable housing units in the city. Policies which increase the number of affordable units are helpful, while policies which decrease the number of affordable units are harmful.

Policies should incentivize the construction of new housing, the conversion of existing market rate rentals into naturally occurring affordable housing over time as buildings age, and the retention of existing affordable housing.

Notably, policies that stabilize or even lower rents can be harmful if they also lower the number of affordable units available, because such policies would decrease the number of people with access to affordable housing.

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While I believe that the rent control ordinance is an ineffective way to provide more stable housing in the medium-term to long-term, I'm grateful for the efforts made by the stakeholder to attempt to clarify the ordinance and consider the economic realities of owning and managing depreciating assets. Aside from the flawed premise of rent control, my biggest concern about the proposed rules is the administrative burdens these add to the property owner and property management companies. These reporting and exception-seeking processes drive up property staffing costs, which add to operating expenses, which erode Net Operating Income, which adds to additional requests for additional rent increases. Furthermore, it seems unrealistic that the City is able to afford the staff required to accurately and fairly manage this ordinance based on the amount of details suggested in the initial draft of the fair rate of return policy while mediating disputes between property owners and residents. I encourage the stakeholder group to spend additional energy around simplifying and streamlining the exception-seeking process. Further, I encourage the stakeholder group to financially analyze the cost of administering this ordinance versus using those funds to create and maintain additional housing at all levels, especially affordable housing.

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This should never be implemented and shouldn't have been put on the ballot. And as a majority of eligible voters didn't vote, there was no real majority. I don't believe it will work as you are thinking, and there must be provisions made to change or end this in future. Already developers and builders have put on hold or ended new rental construction and this will continue if this idea continues. You should be planning on ways to get more homeowners, not renters, to buy homes in the city. We do not need any more high rise apartments built. As a homeowner, I do not support this.

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I am asking you to implement the rent stabilization as was passed by the voters in St Paul. As a renter myself, I know the importance of a stable community in our building. I do not think that new construction should be exempted from this 3% policy. They can plan ahead and start out their rent where it needs to be. As difficult as it will be I understand a need for a city oversight so that there can be exemptions for reasonable causes. Thank you.

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I support rent stabilization for St. Paul, and this task force should not make changes to the measure we voters have approved. As someone who has been forced to move from my home for 13%+ increases in just one year, a 3% cap is more than fair. As renters, we should not be forced from our homes because of an exorbitant rent increase. We deserve security and stability. Renters are being affected NOW, so this ordinance needs to take effect NOW, and without exemptions for new buildings.

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The voters said quite decisively last fall we want rent stabilization, watering down the proposal is the opposite of what the citizens of St. Paul want. City council needs to accept that in order to build a better community and do the other things that need to be done they need to have citizens who live in affordable housing and are invested in their community. A landlord is either neutral or crappy...there are no good ones. I had one who let her abusive alcoholic son live on the premise - who decided to try and enter my apartment without my permission while screaming obscenities at me because he thought I was responsible for his car getting towed (I was not). I had rodent issues that took 3 years 3 YEARS to be resolved because they didn't want to spend the money on an exterminator. When they finally put out glue traps and I asked them to deal with the screaming living mouse they wanted me to?? They decided to sell the property and then leaned heavily on me and my neighbor to move out despite having leases that went for almost a full year after that. Forget trying to own...affordable places are being snapped up by flippers, developers, investors with cash offers. They are hollowing out the city and the ONLY real solution is to stop making St. Paul a place they can suck money out of. None of these landlords live here nor is "owning" property any kind of job as far as I can tell. I believe in representative government but not when you are getting very CLEAR instructions from voters and not representing us. Y'all let the referendums happen because they aren't leading. Now is the time to stand behind rent stabilization because you can't both make being unhoused illegal (which let's be real...y'all treat that like a crime) AND making housing something people can't afford.

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St. Paul's draft of the (MNOI) is a copy of Richmond California's (MNOI) rent control process. Richmond has a population of

only 116,448 and a rent control budget of almost three million per year. St. Paul has a population of 311,572 and 85% more proposed rent-controlled units than Richmond. What will this cost St. Paul?

St. Paul has not experienced widespread unreasonable rent increases. Rents in Richmond had risen by more than 30 percent in five years – (equating to approximately 6% average rent increase per year), according to the Haas Institute. CURA states “that from 2000 to 2019 incomes increased faster than (Minneapolis) rents for renter households at the median and above. Tenants in the bottom quartile saw rent increases (44% increases from 2006 to 2019) and almost no growth in income. Yes, 44% sounds like cause for concern- however 44% is for 13 years. This increase equates to a less than 2.75% average rent increase per year.

Richmond has approximately 10,000 rent-controlled units with a rent program budget for five employees of \$2,886,764. St. Paul MN has over 70,000 registered rental units. Again, at what cost? Richmond’s program is funded by “landlord” registration fees of \$218 per rent-controlled unit per year+ an annual \$234 business fee per parcel. Using the Richmond model-if a St. Paul “landlord” rents a unit for \$900 per month the following year’s rent increase would be capped at 3%- \$27 per month rent. The monthly cost of the registration fees would be \$21. 76% of the 3% rent increase would go to pay for the rent control program registration fees. Interestingly Richmond’s original draft estimated the fee at \$47 per unit.

St. Paul’s draft assumes a crisis that doesn’t exist. St. Paul does not lack affordable housing. An April 8th 2022 Zillow search found that the majority of units listed are affordable.

St. Paul: 122-2 bed units available between 1000-1,500 per month  
59- 1 bed units with between \$875-\$950

The free market was working in St. Paul. In 2019 The Department of Housing and Urban Development, Office of Policy Development and Research Comprehensive Housing Market Analysis Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin U.S defined our housing market as “modestly affordable”. The affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, has generally risen since reaching a low in 2010 with median renter household incomes rising an average of 5.0 percent annually from 2010 to 2017, whereas median gross rents rose an average of only 3.2 percent during the period.

The ballot initiative was flawed, present to the voters without any indication of cost. The St. Paul City Council should repeal it in whole or:

1. Exempt new construction for 20 years and:
2. Exempt all housing that maintain affordable rent levels in their non-subsidized apartments in HUD Standards similar to MPLS 4D Affordable Housing Program and:
3. Allow property owners to reset rents when vacancy occurs. There is no supporting proof that “landlords” are going to force evictions in order to raise rents. On the contrary; many residents each year enjoy below market rents because the length of their tenancy is beneficial to the owners. And:
4. Raise the rent increase cap from 3% to 7%+CPI (similar to Oregon) and:
5. Allow all fees charged to rental property owners to register, appeal and the additional administrative costs to be added back on to each unit above the 3% rent increase cap
6. Allow banking unused allowable rent increase should be allowed.

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The City should work hard to preserve rental units in existing older duplexes, tri- and four-plexes. These units often provide amenities such as fenced yards for pets and gardening. These units are also spread throughout the City and are often the only affordable units in more expensive neighborhoods, and help fulfill the mission of the Fair Housing Act. The current ordinance disincentivizes repairs and needed remodeling by the small landlords that often hold these units. Between the cost of housing and this ordinance, these units are likely to become owner occupied units and we’ll lose even more affordable units, especially those in higher-priced neighborhoods.

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I live in Ward 7, St. Paul. I believe that keeping the rent stabilization ordinance as enacted by the people of St. Paul is crucial to keeping a vibrant and sustainable city. I have seen too many of my neighbors displaced when their homes are sold out from under them by their landlords because investors can pay more and charge a higher rent. We have heard for years that developers won’t build affordable housing in our city without the ability to enact unlimited rent increases, but they’re not

building it now, and haven't for decades. Without some means of keeping rent in check, St. Paul will no longer be a city where any of us can afford to live. Beyond that, it is the duty of our elected leaders to implement the ordinance that we enacted.

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Hello St. Paul Rent Stabilization Task Force,

I'm an organizer with the Minnesota Youth Collective.

I've personally lived in dilapidated housing, as a U of M student, I was priced off campus. As a result, I've found a community in the Hamline-Midway neighborhood the past 4 years.

Midway is becoming rapidly gentrified and working class tenants who've lived here for years face excessive price hikes. As a mutual aid practitioner, I've talked to countless unhoused St. Paulites who have been priced out, and evicted with nowhere to go. My parents have worked closely alongside hundreds of Section 8 families to find them housing.

No lobbyist or politician can change the clear facts and findings from the extensive CURA study on capping rent increases at 3%, universally applied, across all units. There should be no new construction exemption.

This policy has passed and it should be implemented expeditiously with fully funded enforcement. no exceptions, no exemptions, no decontrol, no carve outs. Period.

Thank You.

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A new company purchased building where I rented on Grand Ave and doubled all rents - all of us moved within 2 months. this should not be allowed..it was tough to find and relocate in that time

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, Let's remember Gov and business are two different things.

-As this document reads, it looks as if it is taking the risk out of being in business.

-Look at how Gov has allowed the pooling and amassing of such wealth by so few in this country. As written, the goal is to take the risk out of open markets, limiting the redistribution of wealth and putting the burden on the tenant, who is generally one paycheck away from living out of a car or tent, aka homeless.

- This is not what the people of Saint Paul voted for!

Also, the document is a legal nightmare for the City. Especially pg 5 Item (6) line D.

-In order to administer this Fairly & Justly, this ordinance needs to be set with a Litmus Test for both sides. What is good for one must be good for the other, both renter and property owner.

As written, this is not what the people of ST Paul voted for.

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We all deserve stable housing without rents going up above 3% a year forcing people and children from their homes. Please no rent gouging.

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I'm a homeowner in St. Paul's Mac-Groveland neighborhood. The voters spoke. We want the democratic process to work. We NEED to have the diversity that the 3% cap would help keep. We want stability for our neighbors. No new construction exemptions. The old Saint Paul establishment is organizing to maintain the status quo using fear to grow their power, override the will of the voters rather than do what's truly best for Saint Paul.

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The rent control ordinance voters passed last fall included the following language: "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." It is unfortunate that the ordinance was so poorly defined that it includes language so vague that it constitutes a massive loop-hole that can be used to eviscerate the spirit of the voter's intent. The task force needs to defend the spirit of the ordinance by setting a very high bar for exemptions.

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Hello! I very happily voted for rent stabilization back in November, and am hoping that the stakeholder group takes this important opportunity to provide St. Paul renters, many of whom are people of color, with housing stability and predictable housing costs. I know that many people are concerned about the ordinance's impact on development and housing supply, and while those are indeed valid concerns, there are many other approaches that could be used to address the lack of housing stock. We need a policy with a 3% fixed cap that will protect tenants and prioritize St. Paul renters over the interests of landlords and developers. I'm a white renter who is lucky to live in a safe, clean building with trustworthy landlords who have never jacked up my rent without warning. So many of my fellow St. Paulites do not have this good fortune, and this ordinance needs to focus on them, and making their lives easier and more stable. Thank you for the work you're doing on this essential issue!



I am a small landlord with 4 single family homes. In the past, like many other small landlords, I've kept my tenants rent relatively stable - raising rents only when really necessary. Raising them maybe \$50 every 3 - 7 years, because I knew when they moved out I could raise them back to market rates again. The last 3 tenants who have moved out all bought homes, they were able to take advantage of the lower rents and save up a down payment.

I have now informed my tenants that moving forward I will not be able to do that anymore; I will have to raise their rent 3% every year - because when they move out I will not have the option to raise the rent back to reasonable market rates. My tenants are naturally disappointed.

If I don't raise the rents 3% every year I will be severely limiting the rent I can get when they move out. For example, if they have been there for 6 years and decide to move out- and I haven't raised the rent - when they move out I will only be allowed to raise the rent 3% (or maybe 8% if I can argue it). So the 4br/2ba, 3000sq' home that I get \$1900 for now, in six years will only rent for between \$1957 at 3% inc and \$2052 at 8% inc, while neighboring homes of similar size and location will be renting for up to \$3000 or more. Even if I raise my rents 3% a year - I'll only be getting \$2200 in 6 years - because I have been keeping my rents low for my tenants.

So the rule about not raising rents more than 3% in between tenants is really hurting all of the landlords who have been helping tenants with stable rents. I feel personally affronted by this new rule and wonder why I've been trying to keep things affordable and stable for tenants all these years.

I understand how important it is to have stable rents - my actions have demonstrated that. But I would also like to note that I am not a charity - having rentals is a business and it is a lot of hard work. Our rentals are actually our retirement account.

OR - instead of being able to argue for good ROI and a certain % ceiling level - why not also let landlords raise rents per a reasonable rent? Maybe determined by the city for the area, size, quality, etc. With the caps established right now - I would never be able to raise my rents to the level that others will be allowed to have. How is that equitable? How can one landlord be allowed to charge one amount, while another is restricted for a comparable property?

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I am a landlord with two single family homes. In the past, like many other small landlords, I've kept my tenants' rent relatively stable - raising rents only when really necessary - when they moved out after several years - to market rates.

Instead of putting the responsibility on the landlord to defend a reasonable rate of return, why not let the market decide what rent should be? That's how the housing market works, and it's a good system.

Now I will have to raise rent 3% every year - because when they move out, I will not have the option to raise the rent to market rates. The rule about not raising rents more than 3% in between tenants is really hurting all of the landlords who have been helping tenants with stable rents.

I feel personally affronted by this new rule and wonder why I've been trying to keep things affordable and stable for tenants all these years. What about the small landlords who keep rent low for great tenants and adjust every few years??

I understand how important it is to have stable rents - my actions have demonstrated that. But I would also like to note that I am not a charity - having rentals is a business and it is a lot of hard work. Our rentals will be our retirement income.

Why not let landlords raise rent to market rate rent in between tenants? With the caps established right now, I would never be able to raise my rents to the level that others will be allowed to have because my rents are reasonable and lower than many around me.

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Dear Task Force members,

I'm commenting as a homeowner in the Highland neighborhood of St. Paul. I support rent stabilization, renters having access to secure housing as a function of stabilized rent, and more people being able to call St. Paul home.

First, I'll comment on the focus of the task force: The St. Paul rent stabilization program should 1) provide housing stability for St. Paul renters; 2) provide renters with predictability in their housing costs from year to year; and 3) prevent rent gouging.

Rent stabilization is a policy designed and proven to work to stabilize rents in currently existing housing. It is NOT a housing supply solution or a housing stock maintenance solution. Those are both important issues that need to be dealt with through OTHER complementary ordinances. The St. Paul rent stabilization program should not seek to solve problems outside of stabilizing rent.

Second, I'll comment on what the the policy should include:

- a 3% fixed cap; NO higher than 3%, nor higher than CPI
- NO exemptions for small buildings
- NO exemptions for owner-occupancy
- NO exemptions for single-family homes
- NO exemptions for new construction
- vacancy control; NO full or partial vacancy decontrol
- a process for exceptions created by the city; NO exceptions when units don't meet health, safety, and building codes
- NO pass-throughs
- NO banking of preferential rent

To reiterate an above point: Rent stabilization is not meant to solve supply or maintenance problems, and other ordinances should be crafted to address those issues. Most importantly, rent stabilization does not create supply or maintenance issues - those existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them.

We need additional and separate policies to: 1) increase investments in creating more affordable housing supply; 2) ensure that rental housing is maintained to meet health, safety and building codes.

Thank you for your work as a task force.

Make rent more affordable for low income people please!!! So many people are becoming homeless because a studio apartment is 1000\$ a month and not everyone can afford that. What happened to the 400\$ a month studio apartments?

I have concerns about the new construction exemption that has been discussed by the Rent Stabilization Stakeholders group, proposed by Mayor Carter, and endorsed by members of the City Council through the resolution approved on March 23, 2022. This exemption seemingly has advanced without much discussion or consideration of the potential impacts on existing older and historic buildings.

I am a St. Paul property owner, and work as the Policy & Deputy at Rethos, a St. Paul-based non-profit community revitalization organization. At Rethos, we know the inherent value of old buildings and the sense of place they provide. Rehabilitating and adapting former office buildings, warehouses, schools, factories, and hotels can create housing while also employing people in the construction trades and saving valuable materials from landfills. Building reuse through historic rehabilitation has been shown to provide an economic return on investment of more than 9:1 in Minnesota, and its less-quantifiable benefits to society are much greater.

Rethos is concerned about how a proposed new construction exemption to the rent stabilization ordinance in St. Paul might apply to historic buildings, whether vacant and underutilized or occupied but deteriorating. Dozens of properties in St. Paul have been rehabbed and converted to rental housing, especially since initial passage of the Minnesota Historic Tax Credit in 2010, providing thousands of new homes in St. Paul. Rehabilitated historic buildings in St. Paul, Minneapolis, and other cities statewide provide homes at a wide range of price points, from luxury to deeply affordable with income restrictions. Putting these rehab development deals together is complicated to begin with; obtaining historic tax credits is an involved and sometimes lengthy process, and the credits come only after construction is completed and then are spread out over five years. Imposing another constraint that limits the developer's ability to pay back the construction and bridge loans that are critical in this whole process would almost certainly halt these kinds of projects within St. Paul.

Will there be any market incentive to maintain existing buildings that already provide affordable housing if new construction is exempted from the rent stabilization ordinance, but rehabilitation of existing properties is not? As in most cities, old buildings make up most of St. Paul's unsubsidized affordable housing, or Naturally Occurring Affordable Housing (NOAH). Hopefully, committed property owners and people who can easily access credit and capital will continue to provide rental units that comply with both the letter and the spirit of the new law. But if new construction is exempted from the ordinance, and if the costs of repairs and ongoing maintenance keep pace with inflation – currently well beyond the 3% cap – some of those existing NOAH landlords may make the decision to either demolish and start anew or sell their properties for new development, both displacing current residents and raising rents in the process. Elected leaders can't just hope that most current landlords will do the right thing and keep their older buildings both habitable and affordable.

If new construction is exempted but the rehabilitation of existing buildings is not, historic tax credit projects will evaporate, and NOAH units likely will be demolished, thrown in the landfill, and replaced with new buildings. Both of those scenarios

would have a devastating impact on the livability of St. Paul. Policymakers must consider more than just the strain on renters to make sure that older buildings in St. Paul will survive this experiment.

Mapping Prejudice recently gave a presentation to the Rent Stabilization Stakeholders group and made it clear that the decisions being made today must avoid the potential for disparate impacts on marginalized groups decades in the future. I have lived in St. Paul for the majority of my fifty-one years and have seen a lot of change, including in the neighborhoods of Macalester-Groveland and Highland Park that I knew best as a child. Large swaths of these neighborhoods, where smaller, older houses were accessible to families of modest means (like my own), have been demolished. New houses, costing three or four times as much, have been constructed in their place. There can be no doubt that this phenomenon, which has turned some blocks into monocultures of newly built houses on existing foundations, has had the effect of keeping people out of St. Paul neighborhoods that already had a history of discriminating against people of color and being inaccessible to low-income residents. I worry that our city's notable collection of older, 6- to 12-unit apartment blocks, which date from the early 1900s all the way through the 1960s and early 1970s, might also be demolished and replaced with new multi-family housing just to take advantage of the rental cap exemption – an effect that essentially will double-down on the historic patterns of discrimination that are painfully obvious in the development history of St. Paul.

The Rent Stabilization Stakeholders group is charged with making recommendations to the mayor and City Council that will save affordable housing units and honor the voters' intent while accommodating growth and manageable change within the city. It's a tall order, but the so-called "market-driven solutions" that have already impacted many neighborhoods of St. Paul over the past two decades clearly demonstrate what can happen when new construction is unconstrained and existing homes are regarded as "less desirable." Older buildings should be recognized as the assets they are, and we urge Mayor Carter and members of the St. Paul City Council not to overlook the unintended consequences of the rent stabilization ordinance and proposed new construction exemption on these buildings - and on the people who call them home.

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Rent stabilization passed in NOVEMBER 2021. How is it possible for something to be passed that wasn't DEFINED? Why are we still trying to figure out "what this looks like"? Does no one realize the impact this is having on property management companies who are being held in limbo on what is happening? May 1 is days away. I can't believe this is acceptable and the people who brought this law to be voted on should be ashamed of themselves for proposing an ill-proposed "law". Unbelievable. Can't wait to see most if not all of this "law" revoked in November 2022.

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If the city is going to tie rent to a single-digit percent increase, city services and taxes should be tied to the same increases. Colleges - who rent dorm rooms - should also be forced to play by the same rules. Or, the rate of increase should be tied to inflation.

This restrictive policy, along with the crumbling infrastructure of our city (high crime, failing schools, poor road conditions, etc) and sky-high property taxes are already driving families out of the city. Small landlords and smaller rental units will cease to exist and large corporate landlords will set the tone for the city. Is that really what people want?

It's tragic, really. So many other ways this could have been accomplished.

Not to mention, I am sure our property taxes will increase to help pay for the management of this bogus program?

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Thank you to the City Council, The Task Force, and the people of St. Paul who would like to change the way humans live in St. Paul.

Rent Stabilization came at an unprecedented time.. The last couple of years have pushed inflation into a spiral. This is not the fault of any one person, but the collective inequitable systems that our State and country have continued to hold up.

The asks are simple:

- \* Provide housing stability for St. Paul renters
- \* Provide renters with predictability in their housing costs from year to year
- \* Prevent rent gouging

Rent stabilization is a policy designed and proven to work to stabilize rents in currently existing housing. It is NOT a housing supply solution nor a housing stock maintenance solution. Those are both important issues that need to be dealt with through OTHER complementary ordinances.

Therefore, the St. Paul rent stabilization program should not seek to solve problems outside of stabilizing rent.

St. Paul deserves to have a robust plan for addressing rent stabilization. The campaign was won by grassroots efforts and the voice that is often ignored.

Key points that should be taken into account on the HOW:

- \* No blanket exemptions that basically hold up status quo of protecting landlords
- \* No exemptions for properties that are not safe for tenants
- \* A clear, non subjective exemptions process
- \* Continuous review of how tenants are being affected (do not make a plan and ignore it for decades)

With any change, there are growing pains with that change. There are ways to identify risk and move forward. I hope that the decisions will be ones that keep the security of the people of St. Paul and the future that they bring at the forefront.

Thank you for your work.

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I support the HENS policy points unequivocally. I am opposed to any modifications especially those proposed by Mayor Carter for exceptions for new development which would effectively gut the intent of the ordinance. The voters have spoken, and the Mayor and Council may either build trust in democratic institutions by honest effort at implementing the ordinance or fan the flames of discontent by bureaucratic sabotage.

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With runaway inflation and corporate greed all over right now, St. Paul's rent stabilization is so important! Keep it strong in protecting renters. Thank you. - renter in St. Paul, Minnesota

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I live in Ward 3, and I'm an ISAIAH leader.

As a 31-year resident of St. Paul and a homeowner, I voted in favor of rent stabilization last fall. I feel that my neighbors and their families deserve the same stability that I feel, that they won't be suddenly evicted from their home and community by a large rent increase. I was gratified that enough other residents felt the same and voted for this policy.

No such policy is perfect, but I am dismayed by the fear-mongering and threats of doom coming from the landlord association and Republicans in the Senate who want to nullify our vote. They forget that the reason that people want to live in St. Paul, the reason that St. Paul is valuable to developers, is because we live in a first-rate community. No matter whether our neighbors are black, white, brown and no matter what their income level, we are active in a broad, solid social fabric. We the people make St. Paul.

What I want in the ordinance:

- a rent increase cap of 3% to allow predictable maximum increases; this should prevent rent gouging while allowing property owners a decent return on investment.

- no decontrol; the cap should continue from tenant to tenant.

- no exemption for new construction unless it meets affordability standards set by another city program (a certain number of affordable units, etc.); I understand that this will cause developers to recalculate costs and methods of assuring full (profitable) tenancy to make large projects viable to outside investors. It may drive some away. But I believe that outside investors are primarily profit-driven. Profit must be balanced by the needs for maintaining a strong community.

- viable exceptions; most of the landlords who live in St. Paul are not rent gougers. They are responsible community members who often extend themselves and sacrifice profit to support their renters. No one wants them to go broke or not receive a fair return on their investment.

Thanks you.

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You, the Rent Stabilization Stakeholders Group, are engaged in no easy task. I have watched every session. 41 on a video platform is not easy to start with; then the conflicting message from the Mayor as to your charge - yes/no to looking at the proposed new construction exemption; and then so much of the train has left the station - the exemption amendment and

now the rules & procedures too. I genuinely appreciate the sincere desire to do a good job, aiming more for what rent control looks like in it's second year.

I did testify for the one minute the evening of April 12. I am writing to emphasize several things:

1. Your focus, our focus, the City's focus should be - as we enact rent control - WHAT CAN BE DONE TO MAXIMIZE AFFORDABLE HOUSING.
2. If the new construction exemption gains traction, please consider such things as a requirement for Inclusive Zoning, or acceptance of a certain number of Sec. 8 tenants, or a requirement that the developer build in a 1% margin for luxury units to be dedicated to an affordable housing fund.
3. Separate from, but simultaneous with any passage of the new construction exemption, the City needs to acknowledge the vote for rent stabilization was a cry of desperation and embark on additional affordable housing commitments, such as lobbying Congress and the State Legislature to eliminate the Capital Gains tax when a "Mom & Pop" landlord sells to a bona-fide non-profit that agrees to keep rents affordable, with a ten-year claw-back if the non-profit does not.

As I testified, I am a member of St. Paul STRONG. We are non-partisan and take no position pro or con rent control, but we did host a panel discussion of developers, landlords, and tenants on SPNN Cable February 8. Because the Mayor was slow to let us know his plans, the community was starved for information. Following that a good number of developers, landlords, and tenants have been in touch with us with their thoughts and ideas, such as the 1, 2, and 3 above. Some have even advocated for compromise proposals that could be a win-win for everyone. Please reach out to these folks and consider putting a package together that might even get a 7-0 vote at the City Council.

There are other ideas that can be found by googling < saint paul strong > and clicking on rent stabilization at the top.

A comprehensive rent stabilization policy buys us time to explore a transformation of housing within the United States. To some, this policy feels extreme, but for decades upon decades landlords and developers have had little to no regulation at all. Rent stabilization isn't even leveling the playing field between tenants and landlords, it's just buying a bit of breathing room for tenants. Especially considering most landlords have historically not raised the rent more than 3% per year in Saint Paul.

If the city really is concerned about development of affordable housing, then the city itself needs to step up and build more housing itself instead of relying on developers. It will never be cost effective for developers to build enough affordable housing with the subsidies currently available. Developers are driven by a bottom line, not by common good. It's not financially viable for developers to build enough affordable housing, and even if it was, artificial scarcity drives up the profit they make. If I was a developer, and I could restrict the supply of housing to make more money, why wouldn't I?

Rent stabilization gives us a chance to look at other options, at transformative practices, at expanded public housing, and more. The policy should remain as comprehensive as possible, and be as enforced as strictly as it can be, as long as rents keep skyrocketing and wages grow minimally.

W4, homeowner. Very pleased that this policy passed as did the vast majority of my ward - 57%. I feel strongly that we respect the voice of the people – especially the majority of whom are renters.

The St. Paul rent stabilization program should :

- Provide housing stability for St. Paul renters
- Provide renters with predictability in their housing costs from year to year
- Prevent rent gouging
- Stabilize rents in currently existing housing

The St. Paul rent stabilization program is NOT meant to:

o solve problems outside of stabilizing rent.

- a housing supply solution
- a housing stock maintenance solution

I want a policy with:

- a 3% fixed cap
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- limited exemptions for new construction
- No vacancy decontrol
- a process for exceptions created by the city

I do NOT want in a rent stabilization policy with:

- A cap higher than 3%
- A cap higher than CPI
- Full or partial vacancy decontrol
- Pass-throughs
- Exceptions when units don't meet health, safety, and building codes
- Banking of preferential rent

Thank you,

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This is a horrific time when history is repeating itself going back to the middle ages. Landlords who want to further line their greedy pockets, with those who simply want a safe and affordable home for their families and pets. This is an especially difficult time given an unprecedented increase in crime which has affected so many of us. The St. Paul Rent Stabilization Force will not stop working in this humanitarian effort for affordable housing

Thank you.

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I am the Executive Director of Twin Cities Housing Development Corporation which owns and operates affordable rental properties in St. Paul, Minneapolis and the surrounding metro area.

I understand that the objective of the task force is to get feedback on implementation of the rent stabilization ordinance not comments on the merits of the ordinance. I would like to note here that I don't think that properties that are already subject to rent limits designed to assure affordability should have been subject to the rent caps. These properties are designed to be affordable and each property is designed to be affordable to a particular segment of the lower income population of households, not all low income households. Also, if funded by tax credits and some other sources of debt these properties cannot terminate a household other than for good cause. If there is an opportunity to exempt properties in the future serious consideration should be given to exempting properties that already have affordability restrictions.

Given that affordable properties are subject to the new ordinance I have the following recommendations as to implementation.

The ordinance should allow properties that already have rent restrictions to adjust rents upon turnover up to the rent limit of the relevant affordable program. This is particularly important in those situations where a household has been in an affordable rental unit for many years and the allowable rent limits have increased more than 3% each year and thus more than the households rent subject to the 3% cap. (Note rent limits are established by HUD based on surveys of income.) If this can occur, the rent remains affordable (because the property is subject to affordability limits) and the property is able to capture that increment of rent to use in maintaining the property for a longer period of time than they otherwise would be able to with the 3% cap. The result is that the property can operate for a longer period of time without seeking additional affordable housing subsidies and those subsidies can be available for new projects.

Most affordable projects are precluded from terminating a household without cause under the tax credit rules and some lender rules thus the risk of affordable owners terminating a household without cause in order to increase the rent upon the unit turnover is much less likely to happen. A just cause termination requirement could also address this concern, but I don't think it is a significant concern for most affordable properties given the regulations associated with the affordable housing funding.

It is also important to recognize that the definition of an affordable unit, as defined by the affordability limits established by the various programs, varies widely from 60% of AMI to fully subsidized rents. All affordable properties are not designed to serve all low-income households. Any given property is designed to serve households at a given income range. If the rent at an affordable property increases more than 3% upon unit turnover, but is still within the affordability limits, that rent is still serving a low-income household and providing an affordable rent. If a household in a property with rent limits at 50% of AMI for example, loses income through a job loss or other unanticipated event, that household may not be able to be served by that property any longer and may need to seek out a property designed to serve lower income households.

There is a lack of housing serving very low-income households, those at 30% of AMI and below and likely also serving below 50% AMI households. These households can only be served through rental subsidies and developments with more deeply skewed rents. The 3% cap on rent increases at properties designed to serve households with incomes greater than 50% AMI

is not going to help these very low-income households. In fact, this cap will likely require that affordable developments seek out more subsidy sooner thus making less subsidy available for new developments serving lower income households. As mentioned above, the ability to capture additional rent upon unit turnover would help properties operate without additional subsidy for longer periods of time.

The ordinance does not address the redevelopment of properties as affordable housing. We regularly acquire properties that have existed for many years, often decades, and are in need of substantial rehabilitation and financial restructuring. New ownership entities should be able to establish new rents, within the rent limit restrictions. If the allowable rent restrictions allow for rents that are more than 3% higher than the previous owners' rents, the rents should be able to be established as high as the allowable rent limits if determined to be appropriate for the project and the local market. This would allow the owner to maximize the size of the first mortgage and limit the amount of deferred debt required to finance the project. This would make more deferred debt available for other affordable projects.

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I feel the rent control ordinance as written is too strict and without vacancy decontrol, we will see significant devaluing of properties across the city. We also need new development exemptions because without new construction the city will stagnant.

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I believe that rent stabilization should help to provide stable housing for renters in St Paul. Stability means predictable housing costs and no price gouging rent hikes.

Over 30,000 St Paul voters endorsed the rent stabilization ballot measure as written. I urge you to support a policy with:

- a 3% fixed cap
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction
- vacancy control
- a process for exceptions created by the city.

Thank you!

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Dear Task Force members:

I live in Ward 4, St. Paul and I have been a renter in St. Paul for the last 10+ years. I was very happy with the passage of the Rent Stabilization Initiative in November 2021 and hope it is instituted according to the language of the initiative.

Rising costs are everyone's concern and for myself, being on a fixed income, there are sometimes ways that budgets can be stretched to cover costs. Rents cannot be molded to fit a budget, so it has top priority in any household budget. Knowing that my rent will not go up over 3% per year helps me to plan a budget that works for my income. I do not favor a higher percentage than was set in the passed initiative.

I do not favor exemptions. If I have to plan for a rental increase of 3% each year, then that same budgeting process should be good for the landlords, big and small.

I hear the landlords complain about their costs, and I understand that costs rise for them also, but I cannot afford to help them manage their budgets by tapping into mine. I already pay for my own heat, my own gas and electric, and I keep up the yard work.

Please implement the initiative using the directives that were laid out and voted on and passed by the people of St. Paul.

Thank you for your work and your time.

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I own a home in Ward 3 and voted yes for rent stabilization. I understand the bigger picture. We all do better when we all do better. You can't police your way out of a destabilized city. We waste so much money on police if we only made policy changes that stabilized our social fabric. I'm proud of St. Paul voters for voting to cap rent increases to no more than 3% annually. This is one of many steps for a better St. Paul for everyone. This is what it looks like to be a good neighbor. Good neighbors have great neighborhoods. I reject the idea that this policy creates slums.

I believe the St. Paul rent stabilization program should help provide stability, and predictability in renters' housing costs and prevent rent gouging. With this policy, we will have a more stable St. Paul and thus a safer Saint Paul that won't have to lean so hard on the public safety net (police, public health, our public schools). A solution to reduce costs. I strongly believe the rent stabilization program is not meant to solve problems outside of stabilizing rent nor is it a housing supply solution, nor a housing stock maintenance solution. I believe other ordinances should be crafted to address other supply and maintenance problems. Most importantly, rent stabilization does not create supply or maintenance issues. Those existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them.

In the future, we should consider policy solutions to increase investment in creating more affordable housing supply and ensure rental housing is maintained to meet health, safety and building codes. I would like a policy with a 3% fixed cap on rent, no exemptions for small buildings, no exemption for owner-occupancy, no vacancy decontrol and there should be a process for exceptions created by the city.

I believe there should be an exemption for new construction that Mayor Carter is championing. However, I do believe there should remain no penalty for historical building renovations as the owner of Restore pointed out in her public comment. We want to encourage more developers to continue to restore these older buildings that add character and housing to St. Paul and should have the same exemption as new construction.

I do not want a policy with a cap higher than 3%. This number was well researched and is solid. I do not want a cap higher than CPI. I do not want full or partial vacancy decontrol or pass-throughs.

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I do want democracy protected and upheld to reflect the intentions of nearly 100,000 St. Paul voters back in November 2021.

Hello,

I recently became a homeowner in Saint Paul, living in Ward 1, but for about 7 years I was a St. Paul renter, mostly in Ward 4. Finding affordable housing in St. Paul was never easy, but towards the end of my time as a renter, it was becoming noticeably harder.

I want the rent cap policy to stick to a 3% fixed cap, not allow exemptions for small buildings (which would cut off many people's access to smaller dwellings), not allow exemptions for owner-occupancy, not exemptions for single-family homes, not allow exemptions for new construction, no vacancy decontrol and provide a process for exceptions created by the city.

The entire success of this measure, voted for by the people of St. Paul, depends on being crafted in a way that is faithful to the spirit of what the people of St. Paul voted for.

Thank you.

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I am a homeowner in St. Paul Ward 2.

I was one of the voters who voted YES for rent stabilization. The results from last November show that as Saint Paulites, we want everyone across income, race & ward to have a place to call home and predictable housing costs. Housing is a human right and I'm excited for Saint Paul to lead the way. In Ward 2, voters voted 55.1% in favor of rent stabilization which is higher than the city-wide results and 80% of precincts voted in favor of rent stabilization.

The Saint Paul Rent Stabilization program should provide the following: housing stability for current St. Paul renters (51% of our STP citizens are renters); provide renters with predictability in their housing costs from year to year, similar to what I have with my monthly home mortgage; prevent rent gouging; stabilize rents in currently existing housing as this will immediately allow folks to stay in their homes.

The discussion about rent stabilization was allowed for a lot of conversation about housing in all its forms in the Twin Cities. Much policy and system changes need to happen. However, what St. Paul rent stabilization program is NOT meant to do: it should NOT seek to solve problems outside of stabilizing rent; NOT be a solution for housing supply; it is NOT a housing stock maintenance solution. Other complementary ordinances should be passed to address housing concerns outside of the scope of rent stabilization. I think it is important to be clear that rent stabilization is not meant to solve supply or maintenance problems. Other ordinances should be crafted to address those issues. Most importantly, rent stabilization does not create supply or maintenance issues - those existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them. As a city we should think about passing the following ordinances/policy solutions in the future: increase investments in creating more affordable housing supply, and ensure that rental housing is maintained to meet health, safety and building codes.

In my view, the elements of a good rent stabilization policy will have:

§ a 3% fixed cap

§ no exemptions for small buildings

§ no exemptions for owner-occupancy



- § no exemptions for single-family homes
- § no exemptions for new construction (OR share what restrictions you would put on new construction if this were an amendment passed by the city council)
- § No vacancy decontrol
- § a process for exceptions created by the city

In order to keep a “level playing field” and not allow loopholes for landlords to gouge renters, I do NOT want a rent stabilization policy with:

- § A cap higher than 3%
- § A cap higher than CPI
- § Full or partial vacancy decontrol
- § Pass-throughs
- § Exceptions when units don’t meet health, safety, and building codes
- § Banking of preferential rent

I’m excited to support advancing a strong, effective & sustainable Saint Paul rent stabilization policy to ensure all across race, class and ward can have a home to count on.

Thank you.

To me rent stabilization protects tenants and assures landlords of a fair profit.

I live in ward 3, and am a homeowner or will be when the mortgage is paid off. I am excited that the ordinance passed in December by a vote of the residents of St. Paul. I was one of the 53% of voters who voted YES for rent stabilization in Saint Paul.

This ordinance is not about zoning, and not about number of housing or office space in the city. This is about how tenants are able to make a home. There is room for other ordinances to build more housing, or where to locate housing, or how existing buildings can be converted into another use.

Separate from rent stabilization, we in St. Paul should think about passing the following ordinances/policy solutions in the future:

- Increase investments in creating more affordable housing supply
- Ensure that rental housing is maintained to meet health, safety and building codes

In my view a good rent stabilization policy allows tenants to continue living in their home, not be forced to move every year or more due to rising rents. Rents stabilization also allows tenants to budget their rent in addition to other household expenses already budgeted. Rent stabilization will prevent rent gouging. Features of rent stabilization should be:

- a 3% fixed cap on annual rent increases. History in the Twin cities shows that 3% is enough for landlords to stay in business.
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction. The landlord can set rents whatever they want at the beginning, and after that rent increase will be 3% or less. No bait and switch for consumers.
- No vacancy decontrol. This is a way for landlords to evict people and raise the rent maybe many times in a single year, and should not be allowed.
- a process for exceptions created by the city

I don’t want a policy with:

- A cap higher than CPI
- Pass-throughs
- Exceptions when units don’t meet health, safety, and building codes. A landlord whose property doesn't meet codes, should not be permitted to make money off of danger to others, and certainly not to charge more for the dubious privilege of having others live in unsafe conditions.
- Banking of preferential rent

Although I was born and raised in Saint Paul, I am now in college on the west coast. Last year, I moved off campus with some friends. I’m grateful we have rent stabilization here so that I can budget and plan for predictable rent increases.

However, when it came time to renew our lease, the landlord tried to raise our rent almost double the amount that the law allows. Perhaps they thought we would NOT know our rights, but we did. This is due in part to the education and awareness around rent stabilization on campus and throughout the city.

Therefore, I want to impress upon this working group how important it will be, moving forward, that your recommendations include an education and awareness component specifically for students. I suggest posters in libraries, campuses and other public locations on an ONGOING BASIS, since young people will continually be becoming renters long after the initial ordinance becomes familiar to adults.

Lastly, I want to underscore my feelings about the rent stabilization victory in Saint Paul, for which I voted. To expand stability in families and communities, we need a policy with vacancy CONTROL, rent caps at 3% and no exemptions for small buildings, owner-occupancy, single-family homes or new construction.

Thank you for collecting public comment.

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I am a Ward 1 single-family home owner, in the Summit-University neighborhood. I voted YES for rent stabilization, because I wanted St. Paul to ensure that each neighborhood will be open to all.

Diversity in housing allows for economic diversity. On our block, single-family home owners, duplex owners, and apartment renters live side by side. Housing diversity encourages a mix of ages and incomes that makes for stronger neighborhoods. It allows for people to remain in their communities as their housing needs change. Perhaps this is why Ward 1 supported rent stabilization with a 59% majority.

A rent stabilization policy should work to keep rents more predictable and stable so that people can remain in their homes even if rent rises modestly. It should disincentivize landlords buying property to make a quick profit, at the expense of long term stability.

A strong rent stabilization policy will include a 3% fixed cap, without exemptions for small buildings, owner-occupancy, single family homes, or new construction. There should be a process for exceptions created by the city.

I do not support a watered-down rent stabilization policy with a cap higher than 3%, or higher than the Consumer Price Index. There should be no exceptions for failure to meet building codes.

The rent stabilization policy cannot solve all housing problems. St. Paul needs additional policies to incentivize landlords to maintain properties, to protect St. Paul's quality housing stock. This includes student housing. We also need separate laws that discourage tear-downs of quality housing stock.

Thank you.

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The voters voted for rent stabilization so please follow through on implementing it. It is important to me that my community and neighbors have housing security and I am confident that landlords can make this work once they know it is required. I voted for rent stabilization because it will help us build a democracy and caring community, so that people who have fewer resources can budget and provide for their families. Thank you for your work on behalf of St Paul.

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I'm a homeowner in Ward 5. I'm pleased that a majority of the voters in my ward voted in favor of rent stabilization. I look forward to strong implementation of this policy for the following reasons:

- Provide housing stability for St. Paul renters
- Provide renters with predictability in their housing costs from year to year
- Stabilize rents in currently existing housing
- Prevent rent gouging

Other ordinances to complement rent stabilization should be passed to address housing concerns which aren't intended to be addressed by St. Paul's rent stabilization program, such as housing supply or housing maintenance. These issues existed before rent stabilization was passed, and will continue to exist unless they are intentionally addressed by appropriate regulations outside of and in addition to rent stabilization.

I suggest that St. Paul should pass additional ordinances and policies to increase investments in supplying affordable housing and to ensure that rental housing is maintained to meet health, safety, and building codes. This is the means by which fear-

mongering about slums can be effectively addressed.

I want a rent stabilization policy with:

- a 3% fixed cap
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction
- no vacancy decontrol
- a process for exceptions created by the city

I DO NOT want the implementation of rent stabilization to allow:

- a cap higher than 3%
- a cap higher than CPI
- full or partial vacancy decontrol
- pass-throughs
- exceptions when units don't meet health, safety, and building codes
- banking of preferential rent

I realize that pressure will be (and already is being) exerted, both in public forums and out of public view, by monied interests who rank profit as more important than equitability. Who place their right to do as they wish as more important than maintaining healthy and equitable communities. I fervently advise that policy makers firmly resist any such pressures, no matter how persuasively they are stated. Favor community over profit.

I expect that the will of the voters will be implemented immediately and that the implementation will remain uniformly in force, with no sunseting, in order to satisfy the intent of providing stability and consistency.

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Vacancy decontrol is going to force small local housing providers to raise the rent every year on their long-term tenants. Our strategy has been to keep their rents low, affordable and under Market so they will be able to stay. Vacancy decontrol will make it impossible to do that

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I attended the April 12th meeting on Rent Stabilization as a member of Pilgrim Lutheran Church and ISAIAH. I am a St. Paul homeowner. I have been an eastside homeowner for 12 years, had previously been a renter for the majority of my adult life. I am 71 years old and must continue working in order to pay my very stable mortgage payments. I cannot imagine how I would manage if I were a renter with no assurance of reasonable rate increases. I voted in favor of the rent stabilization initiative. I believe the majority of the citizens of St. Paul have expressed their wishes and efforts driven by private companies operating from a capitalist drive should not override this democratic process. I don't believe that fearmongering and dire predictions have any place in this discussion. I live in a neighborhood surrounded by immigrants from at least 8 different countries. We are safe and supportive of one another. I am aware that at least half of them work multiple jobs and multiple generations all contribute to be able to pay rent to provide stability to their families.

Please honor the will of the constituents of St. Paul as determined by the November 2021 vote.

Sincerely,

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Hi, I live in Roseville. I may not live in St Paul BUT i am a retired Social Worker and worked for St Paul Public Housing for many years, have worked at a mental health clinic and as a Care Coordinator for Medica. Affordable housing is the MOST important way for stability for individuals and families. It is also one of THE MOST stressful times when people's housing is threatened or lost--many times not due to anything they have done!

Our community needs and deserves to have the stability of safe, affordable housing and rent stabilization can be a part of this important system so people can budget an increase and that landlords can't gouge tenants.

We all have to work together for our community and to help with ways to support our hard working families to have stable housing which is the foundation for families.

Thank you,

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Hi. I own a single family home and a duplex in Ward 4. I became a property owner and landlord because I want to provide safe, affordable, long-term, stable housing for my community, which is the disability community.

A strong rent stabilization policy includes keeping rent increases to 3% a year. 3% is more than enough to keep up with costs, and if it isn't, there should be an ability to apply for an exemption to recoup expenses for operational costs and property

maintenance, and a reasonable rate of return on their investment. Yet this process should not come at the expense of people with disabilities and other marginalized communities having safe, stable, affordable housing. I also want this policy to protect our community against price gouging and predatory landlords who want to use housing — which should be a basic human right — to extract as much profit as the market will allow.

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HOME Line is a tenant advocacy organization that serves tenants across the state through our free and confidential legal advice hotline. In the interests of our St. Paul clients we urge the Rent Stabilization Task Force to stand behind the will of St Paul voters, and ensure swift and effective implementation of the rent stabilization ordinance as passed. Since HOME Line first began serving St Paul renters in 2006, our hotline staff has answered hundreds of calls specifically about rent increases, with these numbers increasing each year.

Since the passage of rent stabilization in November, our hotline has received 87 calls about rent increases, close to three times the number of calls we received about rent increases in the same time period last cycle. In many of these calls, St Paul renters asked us if the rent stabilization ordinance could protect them from rent increases they were experiencing at the moment. Many of our callers are low income renters on the edge of housing instability. Clear implementation of this ordinance cannot wait. As May approaches, HOME Line looks forward to clear guidelines from the city on the implementation of rent stabilization so we can fully address the questions and needs of our St Paul clients.

The most common issues we hear about on our hotline are: repairs, evictions & notices to vacate, deposits and other lease issues. Underlying all of these is the issue of affordability. Evictions and informal lease terminations are often a direct result of rent increases or a tenant's inability to pay full rent after a reduction of income. Tenants who face issues with repairs, deposits, and unfair lease terms are often wary of advocating for themselves out of fear that they'll lose access to some of the only housing affordable to them.

Affordability is a racial justice issue. The majority of households we advise in St. Paul are low-income and are made up of Black, Indigenous, and people of color. The average Black family in the Twin Cities make just above 30% AMI while the average white household makes over 80% AMI. Right now in St Paul, there are zero vacant rentals available to a household at 30% AMI. That means most Black renters cannot afford to live here. The ability of the city to regulate rent levels and aggressive rent increases is an important step to making housing affordable in St Paul and is a chance for the City to right historic racism in access to housing.

Rent stabilization can play a critical role in protecting renters from loss of housing, but to effectively stem the tide of displacement in the aftermath of COVID it MUST be combined with additional renter protections including just cause eviction, pre-eviction notices, and giving tenants the opportunity to purchase their buildings. We hope our expertise in tenant/landlord issues and our relationships with renters throughout the state will help guide forthcoming policy to best benefit our clients and St. Paul renters.

The intent of the St. Paul rent stabilization program should be to provide housing stability for St. Paul renters, provide renters with predictability in their housing costs from year to year, and prevent rent gouging. Rent stabilization is a policy designed and proven to work to stabilize rents in currently existing housing. It is NOT a housing supply solution, a housing stock maintenance solution. Those are both important issues that need to be dealt with through OTHER complementary ordinances. Therefore, the St. Paul rent stabilization program should not seek to solve problems outside of stabilizing rent.

St. Paul voters are smart and they know exactly what they voted for: a STRONG rent stabilization policy without blanket exceptions and with a 3% cap. The Rent Stabilization task force should NOT be re-writing/re-deliberating an ordinance that 30,000+ voters agreed on.

St. Paul voters told the City to implement a rent stabilization policy that includes a 3% fixed cap, no exemptions for small buildings, no exemptions for owner-occupancy, no exemptions for single-family homes, no exemptions for new construction, vacancy CONTROL, and a process for exceptions created by the city

St. Paul voters did NOT pass a policy with a cap higher than 3%, a cap higher than CPI, full or partial vacancy decontrol, pass-throughs, exceptions when units don't meet health, safety, and building codes, banking of preferential rent.

St. Paul needs additional and separate policies to increase investments in creating more affordable housing supply and ensure that rental housing is maintained to meet health, safety and building codes. Rent stabilization is not meant to solve

supply or maintenance problems, and other ordinances should be crafted to address those issues. Most importantly, rent stabilization does not create supply or maintenance issues - those existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them.

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I am a small landlord in St Paul. We need much more reasonable annual increases. Maybe CPI + 10%. Look at inflation now. Does the city want 90% of landlord filing appeals / exemptions? Also, landlords don't have the time or energy to do that. We need to move quick to keep our buildings full.

Also, we NEED vacancy decontrol. Otherwise landlords will have to proactively give larger annual increases.

If landlords are forced to adhere to very strong restrictions, then landlords won't want to do business in St Paul. That will not be good for the city or for renters. The government should be providing the deeply affordable housing that we so badly need.

15 yr exemption on new construction is not long enough. Should be 25 - 30 yrs. Why are we trying to protect residents that can pay new construction rents? We need developers to build as MUCH as possible. Seriously, dont be stupid by deterring new development in our city. Ultimately that will hurt lower income residents the most down the road. These units that are expensive now will be NOAH down the road.

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The annual increases need to follow inflation at a minimum. When people move out there needs to be vacancy decontrol. New construction should be exempt.

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I am a home owner in St Paul. Nearly 60% of my ward (Ward 4) voted in favor of rent stabilization. This is an ordinance that has gained strong approval within our city. It was crafted by tenant advocates, policy experts, and community members to hold annual rent increases to 3%, which is the historic average increase for the past few decades. Our city has a large population of families that rent their homes and the ability to have these families stay in one stable house is vital to our cities' success.

The rent stabilization program should focus on helping our citizens provide stable and affordable homes for their families. This is one tool that can be used to help our citizens gain affordable and stable housing. The intent of this program is to help moderate the cost of rent; so renters can count on a predictable amount for their housing costs from year to year. This program should: provide housing stability for St. Paul renters, provide renters with predictability in their housing costs from year to year, prevent rent gouging stabilize rents in currently existing housing.

This program may bring up other needs for our renting public. These and any other additional issues with our housing in this city should be addressed separately and not be added to rent stabilization program.

I think it is important to be clear that rent stabilization is not meant to solve supply or maintenance problems. Other ordinances should be crafted to address those issues. Most importantly, rent stabilization does not create supply or maintenance issues - those existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them.

As a city we should think about passing the following ordinances/policy solutions in the future \* Increase investments in creating more affordable housing supply

\* Ensure that rental housing is maintained to meet health, safety and building codes

I believe the elements of a good rent stabilization policy should have

\* a 3% fixed cap for rent increases.

\* it will be effective for all rental properties in St. Paul; no exemptions for small buildings; no exemptions for owner-occupancy; no exemptions for single-family homes; no exemptions for new construction.

\* No vacancy decontrol

\* a process for exceptions to the 3% increase amount created by the city

The rent stabilization policy should not allow a cap higher than 3% for rent increases.

I don't want a policy with:

A cap higher than 3%

A cap higher than Consumer Price Index

Full or partial vacancy decontrol

Pass-throughs

Exceptions when units don't meet health, safety, and building codes

Banking of preferential rent

Thank you for this opportunity. Leslie Hanson

Hi, I'm a homeowner in St Paul and I support rent stabilization . My kids had the chance to grow up in our ward 4 neighborhood and attend the same schools with the same friends and have continued these important relationships into their adult lives. I had a predictable home mortgage and knew what my yearly housing costs would be. Whether we are black, brown or white or no matter our city ward families who choose to remain in the homes they love should not be driven out by frequent egregious rent increases. Rent Stabilization is just one tool to help keep our neighborhoods secure and thriving. We also need to create strong renter protection rights.

The rent stabilization program should:

- Provide housing stability for St. Paul renters
- Provide renters with predictability in their housing costs from year to year
- Prevent rent gouging
- Stabilize rents in currently existing housing

Rent stabilization is not a solution to the continuing decades-long housing shortage in our communities. It is meant to help current renters stay in the homes they love. Other ordinances should be passed to address housing concerns that are outside of the scope of the St. Paul rent stabilization program. The housing shortage should not be blamed on the vote for Rent stabilization, as a matter of fact it should be looked at as one of the reasons the discussion about the housing shortage is occurring and more importantly the recognition of the need to make investments in affordable housing.

A good rent stabilization policy will have:

- a 3% fixed cap
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction
- No vacancy decontrol
- a process for exceptions created by the city

A good rent stabilization policy WILL NOT HAVE:

- A cap higher than 3%
- A cap higher than CPI
- Full or partial vacancy decontrol
- Pass-throughs
- Exceptions when units don't meet health, safety, and building codes
- Banking of preferential rent

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I live in Ward 5 in Saint Paul. I'm a homeowner.

I was one of the 53% of voters who voted YES for rent stabilization in Saint Paul. I live in a Ward that voted 53.6% in favor of rent stabilization which is higher than the city-wide results.

The goals of the St. Paul rent stabilization program should:

- Provide housing stability for St. Paul renters
- Provide renters with predictability in their housing costs from year to year
- Prevent rent gouging
- Stabilize rents in currently existing housing

I'm my opinion, the St. Paul rent stabilization program is NOT meant to do seek to solve problems outside of stabilizing rent, not a housing supply solution, is not a housing stock maintenance solution.

Other ordinances should be crafted to address these issues. They existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them.

I do NOT want a policy with:

- vacancy decontrol
- A cap higher than 3%

- A cap higher than CPI
- Full or partial vacancy decontrol
- Pass-throughs
- Exceptions when units don't meet health, safety, and building codes
- Banking of preferential rent

I want a policy that

- Has a 3% fixed cap at CPI.
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction. If there will be an exemption it should be within a shorter timeframe (less than 10 years rather than 15)
- a process for exceptions created by the city

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Hello, St. Paul Rent Stabilization Task Force members. I'm a St. Paul homeowner living in Ward 3 and I was one of the 53% of voters who voted yes for rent stabilization in Saint Paul.

I have teenage children who will be renters soon, so it is very important to me and my family that rent stabilization is in place to protect them from rent spikes and provide them predictable housing costs.

Rent stabilization should do this - protect renters from price gouging and destabilizing increases in housing costs.

Rent stabilization should not seek to solve housing supply or maintenance issues. Those issues should be addressed with other complementary policies, including investments in affordable housing and enforcement of building codes.

I would like to see a rent stabilization policy that includes a fixed cap on rent increases, such as 3% (certainly no higher than CPI growth), without exemptions for small buildings, owner occupancy, or single family homes. There should not be vacancy decontrol, pass-throughs, exceptions for units that fail to meet code, or banking of preferential rent. New construction should be exempt for no more than 5 years, which is plenty of time to establish building occupancy and begin to stabilize rents.

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Thank you for your work on this important issue that affects so many of us in St. Paul.

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I am a renter in Ward 1 who was very excited for rent stabilization to pass. I want a policy with a 3% fixed cap, no exemptions for small buildings, no exemptions for single-family homes, and a process for exceptions created by the city. I don't want a policy with vacancy decontrol, a cap higher than 3% or CPI, or exceptions when units don't meet health, safety, and building codes.

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I have dwelt in Ward 5 as a homeowner for two years. Before that, I was a renter in two properties in St. Anthony Park and once in a single-family house in Highland Park. In those three rental situations, I was very fortunate to enjoy several years of no rent increases, but that was over 30 years ago. Times have changed for the worse for renters.

Although the majority of St. Paul City Council members found the newly-passed rent stabilization initiative a burden on themselves and city government, I want to focus on what a positive light this new law will accomplish for our city. Minnesota became the negative focus of world consciousness when the two real-time videos of police executions of Philando Castille and George Floyd revealed our racial cruelty problems. As a white homeowner in Ward 5, I view my work to pass the rent stabilization initiative as a necessary and positive effort to reduce racial cruelty in my city. I am proud that 80% of Ward 5 precincts voted in favor of rent stabilization. Many of us understand that having a stable rental home is a necessary foundation for good public health in our community, and I want St. Paul's government to ensure that this public health measure of rent stabilization stays in place for our huge renting population. Owning my own house provides peace of mind and stability for me as a community member, and I am certain that government regulation against rate hikes above 3% per year will provide very welcome peace of mind and stability for St. Paul renters. I am enthusiastic that rent stabilization promises to have a beneficial effect on school children's academic performance: it will cut down on the number of children disoriented from the disruption of displacement out of their home due to unmanageable rent increases. I do not want to return to the situation where renters remained vulnerable to steep rate hikes—keeping renters in such precarious circumstances and liable to displacement seems like a direct stimulus for more burglary theft, car and property break-ins, more mental illness, and more danger for everyone in St. Paul, be they renters, homeowners, or visitors. I want the safety

that rent stability can provide the entire community.

I do appreciate that the Council passed two recent ordinances on April 6 which accommodate our voters' wish for a good rent stabilization policy. Thank you for that. And thanks for your efforts to increase affordable housing in St. Paul; I have heard we have a painful deficit on that public health issue. Rent stabilization is not a housing supply solution. Instead, rent stabilization is a solution helping St. Paulites remain in their homes and avoid the problem of dwelling in a tent or car. Rent stabilization does nothing to increase the amount of affordable housing, nor is it intended to do that. It simply addresses a glaring need in the rental housing we presently have.

Sticking to a 3% cap on annual rent increases is the right thing to do. I do not want a cap which is higher than the Consumer Price Index, nor one which grants full or partial vacancy decontrol. I do not want St. Paul to make exemptions for small residential buildings, nor for single-family homes, nor for owner-occupied properties. Enforcing these principles has the potential to immediately improve the lives of renters. I want that to happen because I am concerned about the current level of suffering that will be alleviated by long-term predictability of rent. I want myself and my city government on record that we care about all the people who live here, and keeping rent stabilization as a robust policy is a prime indicator of our humane intent for community well-being. I want St. Paul to be known as a good place to live; embracing rent stabilization will do that.

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Hello. I am a longtime renter in the Twin Cities (most recently the past 4 years in St. Paul). I'm a single, middle-aged woman who works a full-time job at a public library that pays me just under \$18/hour. I enjoy my job but find it very difficult to make ends meet on my income; I have taken various part-time and freelance jobs in the past to help pay for major expenses and chip away at my debt, though this has been difficult during the pandemic. I live in a small one-bedroom apartment that costs \$999/month plus utilities. That's over half of my take-home pay each month. If my rent goes up significantly, I will not be able to keep my apartment, plain and simple -- and I am well aware that my rent is considered "reasonable" in the current market.

Last November I voted to pass the rent stabilization initiative, and I appeal to you to honor the will of the voters -- many of whom are people like me who are responsible, hard-working renters who don't have high-paying jobs or other financial support. Please keep the 3% fixed cap passed by voters, without exemptions for small buildings or single-family homes. For other exemptions, please direct the city to create a process that takes health, safety, and building codes into consideration. The rent stabilization initiative can exist alongside additional plans to increase investment in new and affordable housing! The two don't have to be mutually exclusive.

Thank you for your time and consideration.

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I live with my parents who are homeowners in Ward 4. As someone who has rented before, I know that the cost of rent is very high and that it continues to increase. In fact, one reason I live at home is that renting on my own is expensive and as a young person starting out her career, I'd like to save money. I believe that no matter the color of our skin or how much money we have in our pockets, we all deserve to feel stability, live in affordable homes, and stay in a community of choice for however long we want. For this reason, I was excited to vote yes for rent stabilization in November and am proud that Ward 4 voters voted 57% in favor of rent stabilization- higher than the city-wide results.

Now that the rent stabilization ballot question has well since been voted on, we need a strong rent stabilization policy set in St. Paul. A rent stabilization policy should provide housing stability for St. Paul renters, provide renters with predictability in their housing costs from year to year, prevent rent gouging, and stabilize rents in currently existing housing. St. Paul's rent stabilization program is not meant to solve problems outside of stabilizing rent. To be clear, rent stabilization is NOT a housing supply solution nor is it a housing stock maintenance solution. Although they are important issues, there must be other ordinances created to solve them. Those issues existed before rent stabilization passed in St. Paul and will continue to exist unless we address them as separate issues and build more deeply affordable housing. If developers and investors are halting developments, they are doing so prematurely as a fear tactic, not as a consequence of rent stabilization, as the policy has not even been implemented.

In my opinion, a good rent stabilization policy creates a fixed cap at a maximum of 3%, with no exemptions for small buildings, no exemptions for single-family homes, no exemptions for new construction, no vacancy decontrol, and a process for exceptions created by the city.

I do not want a rent stabilization policy with a cap of more than 3%, a cap of more than Consumer Price Index (CPI), full or



partial vacancy decontrol, pass-throughs, exceptions when units don't meet health, safety, and building codes, or banking of preferential rent.

St. Paul was clear in what we voted for last fall; we want a strong rent stabilization policy that will keep people in the homes and neighborhoods we want to live in. We need a policy that respects the value that everyone, no matter what we look like or where we come from, deserves a stable and affordable home.

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I used to work security at the MIA for five years and was union steward during that time and negotiated our contract during that time. I'm well familiar with how quickly inflation rises, and I'm equally familiar with how stagnant wages have been. People have been squeezed harder and harder every year for decades, with corporations announcing record breaking profits all the time, but wages not budging an inch. And that was before Covid. We need Rent Stabilization to be implemented as intended without any new exceptions. We need to respect what St. Paul voted for.

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I live and rent in ward 2. I have lived here in St Paul since 2018.

I was active with Isaiah in the fall, putting many, many hours into phone banking to inform voters and pass the rent stabilization measure by 53% in the city. I was so happy that this measure passed because it seems more and more the will of the people is being dismissed by politicians in office. (e.g. gun control, abortion, etc.)

I am a Marriage and Family Therapist. I say that to note that I am somewhat of a barometer of the state of humans in this area. I hear what the stressors are and the impact those stressors have on mental health and well-being. The field of Marriage and Family Therapy focuses on how systems impact individuals and families and communities. Hence, one thing that struck me in listening to the community hearing on April 12th was how the renters and the owners are pitted against each other to get their rights met. For renters the right to affordable housing and owners, the right to earn a profit. What was not being talked about was the failure of the larger systems at play that have not addressed or resolved the decades long housing shortage. Systems such as our political system that supports systemic racism, capitalism, white supremacy, etc.

I have watched a hearing at the federal level that discussed the issue of rising rental costs as a nationwide issue. And watched a 60 minutes segment on this issue as well. The problem is massive and our 3% limit increase in St Paul is a very tiny drop in the bucket to shift the tide. But it would be so critical to be a community that actually assisted that shift. I realize it will be a long haul for the nation but I am sure the economic impact on families if this is not curbed will be devastating. At the community hearing an owner put forth the fear that we would have slums within 10 years. He seemed to not consider what will happen to individuals and families if rents continue to rise and more wealth is extracted from our communities. I don't know what the impact will be but I expect they would be equally as dire.

The St. Paul rent stabilization program should provide housing stability for St. Paul renters, with predictable housing costs from year to year. And firmly prevent price gouging of renters. Rents must be stabilized in currently existing housing.

St. Paul rent stabilization program is NOT meant to solve problems outside of stabilizing rent. This is NOT intended to be a housing supply solution or a housing stock maintenance solution

To be clear that rent stabilization is not meant to solve supply or maintenance problems. Other ordinances should be crafted to address those issues. Most importantly, rent stabilization does not create supply or maintenance issues - those existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them.

As a city we should think about passing ordinances/policy solutions in the future that increase investments in creating more affordable housing supply and ensure that rental housing is maintained to meet health, safety and building codes

A good rent stabilization policy must include a 3% fixed cap, no exemptions for small buildings, no exemptions for owner-occupancy, no exemptions for single-family homes, no exemptions for new construction, a process for exceptions created by the city

I strongly do NOT want in a rent stabilization policy that contains vacancy decontrol, a cap higher than 3%, a cap higher than CPI, full or partial vacancy decontrol, any pass-throughs, or exceptions when units don't meet health, safety, and building codes and no banking of preferential rent.

Thank you for your consideration,  
Ward 2

Dear Stakeholder Task Force:

As the former Met Council chair and current leader with the North Central States Regional Council of Carpenters, I want to thank you for your work in trying to grapple with challenging policy questions around a tough issue.

Our organization believes the best way to solve the affordable housing policy is by increasing the supply. We need to build thousands of units of housing in Saint Paul and the region to keep the costs down. We strongly favor the new construction exemption and believe that the Task Force ought to explore every way to signal to investors and stakeholders that we want to build while we work on a rent stabilization ordinance that serves renters. Striking that balance and being clear about it has been the biggest stumbling block the city has struggled with to date.

Thank you again for your work and we hope you get the policy right. Renters, workers, businesses and the future growth of the city depends on it.

Thank you,

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I am a homeowner in Ward 4 of St. Paul. I feel very strongly that the Rent Stabilization ballot initiative should be implemented as is, WITHOUT a 15-year exemption for new construction.

I am not an expert so sometimes I look to people with more experience and expertise for guidance. PLEASE READ the following excerpt from an op-ed in MinnPost written by Tim Walsh because it is very enlightening and informative on this issue! Mr. Walsh is a commercial real estate finance lawyer from St. Paul.

"I've spent the past 30-plus years as a commercial real estate finance lawyer. I've managed the real estate function for large company portfolios, which included construction, development, leasing, financing, purchases and sales. Certain developers are now fanning the flames of fear and blaming St. Paul voters in an attempt to hold our city hostage.

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. It is rare that these pro-formas include rent increases greater than 3 percent. A developer who stays within historic market margins — such as 3 percent — signals more certainty and will attract more capital.

Few policies outperform rent stabilization when it comes to increasing neighborhood stability. A few developers have threatened to pack up their toys and leave the sandbox. Only, their math doesn't check out."

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Hi, I live in St. Paul (SD 64B, Ward) . I am a leader with ISALAH and I watched, along with nearly 100 ISALAH leaders, the public hearing on April 12. I was one of the 53% of voters who voted YES for rent stabilization in Saint Paul.

I am a retired St. Paul Public School special education teacher. I worked on the East Side where nearly all of our families were renters. And it is through this work that I witnessed the impact that housing instability had upon my students and their families.

The disruption to their lives is incalculable. Whether made homeless or needing to move, children miss days from school, which means they may miss meals, they may be unable to take medication that is administered by the school nurse and if receiving special education services such as occupational therapy, speech therapy or social work services, they miss these too.

The anxiety, and even sometimes shame, of losing their homes or having a fear of losing their homes, due to unexpected hikes in rent was not just experienced by the parents, but also acutely felt by their children. Results of this emotional distress were often difficulty focusing, displaced anger or a general sense of unhappiness.

My children were able to go to their neighborhood school and build lifelong friends on our block. They were able to have a consistent education and a sense of belonging. Housing stability has provided me the opportunity to build wealth, something Black and brown community members in St. Paul have historically been denied.

Whether you are a renter or homeowner in Saint Paul, our housing crisis is a serious threat to the kind of multi racial

democracy and caring economy all of St Paul desires.

Protect this policy and stick with a 3% rent increase limit to provide stability of residence and affordable housing for St. Paul renters. Protect this policy in order to provide renters with predictability in their housing costs from year to year as I have had as a homeowner.

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Rent stabilization is necessary so renters can plan and know what to expect year to year in their housing costs. Renters should not have to depend on the chance of having a benevolent landlord who does not raise rent erratically or drastically. Landlords already acting in a responsible way will be able to adjust, those that gouge will not be able to any longer. Exceptions here and exceptions there will erode the spirit and purpose of the rent stabilization the citizens of St Paul voted for. Anecdotally, I know of at least 4 long term neighbors who rent who have had to leave my neighborhood because of rent increases. Property owners have increased rent resulting in fewer long term neighbors just on my block. These properties now have new student renters every year as it seems only groups of students can afford the rent now. I want the stability that long term neighbors who rent contribute to my neighborhood.

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As a coalition of community-based organizations and advocacy groups in the Twin Cities region dedicated to racial equity and sustainability in growth and development, the Alliance has long worked with city leaders and local organizations to advance shared goals around housing policy in St. Paul. The passage of the rent stabilization policy in November was a significant step for housing justice and stability, not just for the city of St. Paul, but a model for the region in its strength, scope and flexibility. That is why we strongly urge the city to honor the expertise of renters, the will of voters and the specific intent of this particular policy intervention: renter stability.

It is imperative that the city acknowledge that rent stabilization is NOT a housing supply solution or a housing stock maintenance solution. Those are both important issues that need to be dealt with through DIFFERENT complementary ordinances. Therefore, the St. Paul rent stabilization program should not seek to solve problems outside of stabilizing rent.

Rent stabilization policies are designed and proven to work to stabilize rents in currently existing housing. Saint Paul's program therefore, by definition, must be focused solely on providing housing stability for St. Paul renters by preventing rent gouging and creating predictability in their housing costs from year to year for tens of thousands of St. Paul renter households.

In November more than 30,000 voters approved a detailed and specific policy carefully crafted by renters, researchers and housing experts to avoid the pitfalls of rent stabilization policies in other localities, including close loopholes that undermine the intended protections for renters, and meet the specific needs of St. Paul.

We strongly recommend the city maintain and move forward with a policy that creates a 3% fixed cap on rent annual increases with vacancy control to prevent landlords from evicting current tenants in order to raise the rent between tenure. We strongly oppose any rent cap higher than 3% or even partial vacancy decontrol. This policy must also allow for a process for exemptions created by the city but NOT include blanket exemptions for small buildings, owner-occupancy, single-family homes or new construction. We also strongly oppose any pass-throughs, exceptions when units don't meet health, safety, and building codes or banking of preferential rent.

As an organization with deep and broad policy expertise, we know that St. Paul needs additional and separate policies to increase investments in creating more affordable housing supply and ensure that rental housing is maintained to meet health, safety and building codes. These are also critical and urgent needs but NOT issues that are addressed or compromised by rent stabilization.

Finally, we want to uplift the impact of a strong rent stabilization ordinance on low-wealth disabled renters, who are disproportionately represented among Black, Indigenous, and other nonwhite communities, as well as seniors. Many disabled and senior renters live in newer buildings that, due to ADA law, have built-in accessibility features that allow these tenants to experience dignity and independence in their homes. Additionally, as the State of Minnesota prioritizes supporting disabled residents to acquire and maintain housing independently in the community, the need for affordable, accessible housing grows. Unfortunately, the higher rental cost of newer housing, even in so-called "affordable" properties, represents a cost-burden to many disabled and senior renters living on fixed incomes, as their options for accessible units remain limited. A strong rent stabilization ordinance protects renters who are already stretching limited incomes to remain in homes that meet daily accessibility needs. It is vital that we consider the disparate impact that changes to the current ordinance will have on all members of our majority renter community.

Hello. I live in Ward 4 in St. Paul and am a leader with ISAIAH. I understand that the issue of housing is very complex with a lot of moving and interacting parts. I also believe that landlords and property developers should be able to get a reasonable return on their investments. Additionally, I realize that rent stabilization, in the manner that was approved by Saint Paul voters in November, will not on its own solve the affordable housing crisis. More will need to be done. But what it will do is move us a step forward in addressing this issue, and do it in a way that does not require those least able to bear the financial burden to do just that. Cities and states have used that strategy over and over again in the past and right now Saint Paul is saying, "No more." Let's address this problem in ways that will also allow renters in Saint Paul to have stability in their home situation. Something EVERY one of us deserves to have. Thanks for your time.

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I am a long-time Saint Paul homeowner. I have experienced being both a renter and a landlord and I am excited that the rent stabilization policy was passed by voters in Saint Paul last November. I attended the April 12 public meeting on Rent Stabilization facilitated by CURA.

Saint Paul's new rent stabilization policy should provide housing stability for renters in Saint Paul, provide renters with predictable housing costs year to year and prevent rent gouging.

I support a policy with no exemptions for new construction but if there must be an exemption it should only be in force for the first three years of occupancy. Three years is plenty of time for a new building's owner to adjust rents to find the market.

I support there being exceptions to the 3% cap on rent increases with those exceptions being defined, managed and granted by the city – not self-policed by landlords.

As a city we should consider passing the following ordinances/policy solutions in the future:

- increase investments in creating more affordable housing supply
- ensure that rental housing is maintained to meet health, safety and building codes

I see housing as a basic and something to which all are entitled. Providing stable housing is one more tool in building a healthier community.

Thank you,  
Saint Paul, Ward 3

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I'm a homeowner in Ward 3. I voted yes for rent stabilization along with 53% of St Paul voters last fall. Housing is a very complex issue requiring attention and public policy from many angles. This policy is intended to address one of those angles: provide stable and predictable housing cost for renters, year over year, through rent stabilization. This allows renters of existing housing to budget for their housing allowance and prevent rent gouging on those units.

Other angles of housing need to be addressed with other initiatives and policies, such as addressing housing stock maintenance issues and market, affordable and deeply affordable housing supply issues. Those are critical issues to attend to, but best addressed on their own. I highly favor investments in affordable housing.

I want a rent stabilization policy with:

- a 3% fixed cap
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction
- a process for exceptions created by the city

I do not want a policy with:

- A cap higher than 3%
- A cap higher than CPI
- Full or partial vacancy decontrol
- Pass-throughs
- Exceptions when units don't meet health, safety, and building codes
- Banking of preferential rent

My values and faith lead me to supporting this policy. There is enough to go around, we are surrounded by great wealth. We need to step away from a scarcity mentality and holding tightly to what is “ours” and look at the greater good of the community. When we do, we can see more clearly the needs of all people. When we create a stable environment for the renters in our community we take a step in having more overall stability to our community. We do this for ourselves and for each other.

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I want this ordinance to limit rent increases to 3% that includes utilities. This year my landlord increased rent 3% and will now charge for utilities for a total 7.5% increase. The rent cap needs to include previously included amenities like utilities, laundry, parking, general maintenance, etc. This will provide St. Paul renters with housing stability and predicable rental costs year to year.

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I am a leader with ISAI AH, and I live in Ward 4 in Saint Paul. I am a public health professional working for the State of Minnesota in the health equities division. I can say unequivocally that having a stable home is a significant health determinant. If a person is living month-to-month, not knowing whether they will be able to afford their next month’s rent or having to move multiple times, their ability to focus on seeking stability in terms of healthy living patterns, healthy food patterns, developing connections and success in schools, developing a relationship with a doctor or healthcare system all get bumped down the list of priorities. In Saint Paul we are saying that this is not OK. Rent stabilization, although it will not be the “magic pill” to solve all affordable housing problems, is one way we can begin to address this community need. And with over 50% of renters being people of color this is also an equity issue! It’s time to follow the voters’ lead in Saint Paul! Thanks for your time.

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I’m a homeowner in Ward 4 in Saint Paul. I was one of the 53% of voters who voted YES for rent stabilization in Saint Paul. My ward voted 57% in favor of rent stabilization which is higher than the city-wide results.

The St. Paul rent stabilization program should:

- Provide housing stability for St. Paul renters
- Provide renters with predictability in their housing costs from year to year
- Prevent rent gouging
- Stabilize rents in currently existing housing

The St. Paul rent stabilization program should not:

- It should not seek to solve problems outside of stabilizing rent.
- It is NOT a housing supply solution
- It is NOT a housing stock maintenance solution

Complementary ordinances should be passed to address housing concerns that are outside of the scope of the St. Paul rent stabilization program. Rent stabilization is not meant to solve supply or maintenance problems. Other ordinances should be crafted to address those issues. Most importantly, rent stabilization does not create supply or maintenance issues - those existed long before rent stabilization was passed and will continue to exist unless we are intentional about addressing them.

As a city we should think about passing the following ordinances/policy solutions in the future

- Increase investments in creating more affordable housing supply
- Ensure that rental housing is maintained to meet health, safety and building codes

I want these features in a rent control policy:

- a 3% fixed cap
- no exemptions for small buildings
- no exemptions for owner-occupancy
- no exemptions for single-family homes
- no exemptions for new construction (OR share what restrictions you would put on new construction if this were an amendment passed by the city council)
- a process for exceptions created by the city

I do NOT want these things included in a rent stabilization policy:

- A cap higher than 3%
- A cap higher than CPI
- Full or partial vacancy decontrol
- Pass-throughs

Exceptions when units don't meet health, safety, and building codes  
Banking of preferential rent

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Dear Stakeholder Group:

Do we think that everyone, no matter their race or income, deserves an affordable, safe and stable home, or do we think renters should be at the mercy of landlords and live in fear? Voters in St. Paul saw the Rent Stabilization ordinance as a legitimate part of addressing the affordable housing crisis because it changes the power dynamic. It will stop corporate and predatory landlords from displacing our neighbors with unreasonable rent increases.

We have never done enough to get affordable housing built but with over 50% of St. Paul that are renters we are starting to look at the problem more concretely. It's fine to say the solution is building more housing, but affordable housing is being built at a snail's pace. We need to implement rent stabilization now and continue to lobby for subsidies that attract builders of affordable housing. Affordable housing has almost always needed public money to get built and that won't change.

Our elected leaders need to use your power to protect people and implement the policy that the majority voted for, in the spirit of what was passed. People know that change is needed and knew what they were voting for – justice.

Landlords want us to take inflation into account, but what about the renters that are affected by it, often more than landlords? Landlords have many stable and relatively stable expenses. Mortgage payments are stable. Insurance is relatively stable and energy costs are not outside of a landlord's control if improvements are made in a building to address energy use. Exceptions on individual cases can be made.

Having more stable housing helps everyone in St. Paul because it means children are getting a better education, people are healthier physically and mentally, neighborhoods are stronger and more people will want to live here.

It is important to have caps on rent for new construction because everyone deserves to have predictability with their rent and it will slow down gentrification which can destroy whole neighborhoods and put people in the street. And not having a cap on new affordable housing will soon make it unaffordable.

Developers want to make large profits from the housing they build, but they have to follow safety and quality regulations. There are limits. A cap on rents won't prevent a reasonable profit as developers can set the rent at a level they chose at the beginning. How can we know if builders will keep coming to St. Paul with rent stabilization unless we implement the ordinance as voted for?

Changing the ordinance could make it useless. Changes that could destroy the effectiveness of the ordinance are:

- Allowing rents to increase with a new tenant.
- Allowing rents to increase at the rate of inflation. (It's a false comparison as all costs don't rise as much as inflation.)
- Differentiating between large and small landlords. (Any landlord can be exploitative.)
- Differentiating by the age of a building makes no sense to me.
- Giving landlords several years before implementation isn't needed as most landlords haven't been giving tenants more than a 3% increase for 20 years

St. Paul, MN 55106

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How does the city incentive further investment in housing? What can be learned from studying the success and failures of other rent control policies? I think its a fair assessment that this ordinance, as written, had caused harm to the housing stock in St. Paul, and will continue to have an adverse effect on housing availability, and affordability.

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I am a Ward 2 homeowner St. Paul. I, along with 55.1% of residents in Ward 2, supported rent stabilization. St. Paul rent stabilization should provide housing stability and predictability. It should prevent price gouging and stabilize rents. I strongly encourage you to support the rent stabilization policies which the majority of St. Paul voters supported!

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I am a condo owner who lives in Ward 2 in St. Paul. I was excited to be one of the voters who voted 55.1 % in favor of rent stabilization, which is higher than the city-wide results. The rent stabilization program should provide housing stability for St.

Paul renters and provide them with predictability in their housing costs from year to year. It should prevent rent gouging and stabilize rents in currently existing housing. The rent stabilization program is not meant as a housing supply solution or a housing stock maintenance solution. It should not seek to solve problems outside of stabilizing rent. Most importantly, rent stabilization does not create supply or maintenance issues--those existed long before rent stabilization was passed and will continue to exist until we are intentional about addressing them. Other complementary ordinances should be passed in the future to address housing concerns that are outside of the scope of the St. Paul rent stabilizing program. As a city we should create policy solutions to increase investments in creating more affordable housing supply and to ensure that rental housing is maintained to meet health, safety and building codes. I would like a rent stabilizing policy with a 3% fixed cap and no exemptions for small buildings, owner occupancy, and single-family homes. I would like to see a process for exceptions created by the city. I don't want a policy with a cap higher than 3% or CPI or exceptions when units don't meet health, safety and building codes.

I believe that this ordinance will avoid exploitation of renters while ensuring a reasonable return on investment for landlords.

## SUMMARY OF PUBLIC COMMENTS TO ST. PAUL RENT STABILIZATION STAKEHOLDERS GROUP

- The open meeting occurred Tuesday evening, April 12.
- The portal for providing written comments was open from Tuesday April 5 through Friday, April 15.
- 37 people spoke at the open meeting.
- 96 people provided written comments.
- 6 people provided both written and oral comments. In three of those cases, there was no overlap in the content of the comments as they related to the program design options being considered by the Stakeholders Group. The other 3 repeated their positions. These repeats constitute 2% of all the input the Stakeholder Group received and thus does not constitute a significant influence over the distribution of input received.

### A. References to the November vote and the existing ordinance.

- 37 people specifically stated that they wanted to see the existing ordinance, the program voted in by St. Paul voters last November, to remain in place. While some of these people went on to make specific comments about elements of the program, we took the overall comment to reflect the following positions:
  - support for a flat 3% rent cap
  - opposition to exemptions for small buildings, single-family homes, and owner-occupied buildings
  - opposition to vacancy decontrol
  - opposition to an exemption for new construction
  - support for a “fair and reasonable return” process.
- In the summaries that follow, we will report the number (and percentages) of people who expressed an explicit position on any policy design option. We will then add those who were silent on the issue but who expressed support for the existing program. Thus, on those items that reflect a design option specifically reflected in the current ordinance, we will report two sets of figures. Those who spoke directly to the issue, and then we will add to those, the number of commenters whose position on the issue is revealed by their support of the existing ordinance.
  - For example, in table 1 below, we see that 62 people made specific comments about the rent cap, and 53 of those comments supported the existing 3% cap. An additional 22 people, who said nothing specific about the rent cap, expressed their support for the existing ordinance – which has a 3% cap. Those 22 people are accounted for in the final two columns of the table.



B. RENT CAP

- 62 people made specific comments about the rent cap. Table 1 shows the distribution of answers.

Table 1: Position on rent cap	n	Pct.	Including blanket support for ordinance	Pct.
Support the 3% cap	53	85	75	89
“not 3%”	3	5	3	4
Set it at the CPI	1	2	1	1
CPI + 3 to 5%	1	2	1	1
CPI + 5%	1	2	1	1
CPI + 7%	1	2	1	1
CPI + 10%	1	2	1	1
“tie it to inflation”	1	2	1	1
TOTAL	62		84	

C. VACANCY CONTROL/DECONTROL

- 44 people made specific comments on the issue of vacancy control/decontrol.

Table 2: Position on vacancy control	n	Pct.	Incl. blanket support for ordinance	Pct.
Support vacancy control	32	73	63	84
Support vacancy decontrol	11	25	11	15
Support decontrol for subsidized units	1	2	1	1
TOTAL	44		75	

D. EXEMPTIONS

- 62 people made specific comments on exemptions of one type or another.
  - 38 people spoke against a new construction exemption (64 people when we count those who expressed support for the original ordinance)
  - 10 people spoke in favor of a new construction exemption
- 6 comments were made about what the nature of a new construction exemption should be. All of the 6 were in favor of a rolling exemption for new construction. Table 3 shows the details.

Table 3: Type of new construction exemption	n
3-year exemption	1
5-year exemption	1
12 years	1
12 to 15 years	1
20 years	1
25 to 30 years	1

- Table 4 presents information on other exemptions.

Table 4: Position on other housing stock exemptions	n	Pct.	Incl. blanket support for ordinance	Pct.
Support a small building exemption	2	6	2	3
Oppose a small building exemption	33	94	62	97
Support a single-family home exemption	2	7	2	3
Oppose a single-family home exemption	33	94	60	97
Support an owner-occupant exemption	0	0	0	0
Oppose an owner-occupant exemption	30	100	60	100

#### E. BANKING

- 15 people made specific comments about banking preferential rents. One of the 15 (7%) was in favor of banking and 14 (93%) were opposed to it.

#### F. FAIR RETURN

- 35 people made comments about a process of fair return. Seven (7) people made comments about how that process should work. Tables 5 and 6 present the summary information.

Table 5: Position on "fair return" exceptions	n	Pct.	Incl. blanket support for ordinance	Pct.
Support a process to ensure fair return	33	94	63	97
Oppose a process to ensure fair return	2	7	2	3
TOTAL	35		65	

Table 6: Fair return details	n
Should be based on maintenance of net operating income (NOI)	2
Should be 'a very high bar' for such exceptions	1
Should be 'limited'	1
Should be only to bring a building up to code	1
Make it simple	1
Make it clear and non-subjective	1

G. RENT BOARD

- Only two comments were received regarding rent boards. Both comments were in favor of creating such a board in St. Paul.

H. OTHER

- A number of additional comments were made that have relevance for the design of the St. Paul rent stabilization program, but that, for one reason or another, did not fit into the categories laid out above. Table 7 provides the summary of these comments.

Table 7: "Other" comments	n	Pct.
New construction and maintenance should be addressed separately	23	34.8%
No exception for properties that don't meet building/health codes	18	27.3%
No blanket exceptions/exemptions	4	6.1%
Exemption for rehab, too - (NC exemption unfair)	3	4.5%
As many exceptions/exemptions as possible	2	3.0%
Make no distinction between large and small landlords	2	3.0%
Simplify and streamline processes	2	3.0%
Create a robust public education component	1	1.5%
Ample staffing/funding/rent registry fees	1	1.5%
Mandate notice to tenants for above-cap raises	1	1.5%
Limited exceptions/exemptions	1	1.5%
NC exemption should not include affordable subsidized housing	1	1.5%
For NC exemption: require IZ* or acceptance of Sec 8 or affordable housing contribution	1	1.5%
Subsidized units should be exempt	1	1.5%
Exemption for naturally occurring affordable housing (NOAH)	1	1.5%
Incentivize maintenance	1	1.5%
Wait 5 or 10 years before modifying what voters approved	1	1.5%
3-year leases to provide tenant and landlord stability	1	1.5%
City could set reasonable increases (rent caps) based on area, size of unit, etc.	1	1.5%
<b>TOTAL</b>	<b>66</b>	

\* IZ = inclusionary zoning requirement for affordable housing

## Summary of small group processes

May 17 – May 31

### Group 1 Summary

**Facilitators:** Tony Damiano and Ned Moore

**Participants:**

Katherine Banbury	Kevin Pranis
Clinton Blaiser	Tony Sanneh
Thomas Godfrey	Katheryn Schneider
Chue Kue	Marcus Troy
Nene Matey-Keke	

**Discussion Process:**

Discussion process began on May 17 with conversations around the two question prompts: 1) What does the ordinance do well? And 2) What does the ordinance not do well? Each person was given an opportunity to speak on each question before allowing someone to speak again. Renters in the group liked the ordinance and thought its simplicity as well as its universality made it a strong ordinance that increased housing stability for tenants. Industry representatives, in general, were categorically opposed to rent control. Their concerns centered on the lack of vacancy decontrol and how “reasonable rate of return” would be defined. They expressed concerns that the ordinance would disincentivize the maintenance of existing housing and prevent new housing construction from taking place.

Conversations during the following meeting on May 24 focused mainly on the idea of “banking” rent increases. Tenants supported banking as a compromise on vacancy decontrol, industry representatives did not see banking as sufficient especially for units that were currently renting below market rate. Landlords worried that they could not raise rents to market rate. There were discussions about having a subsection of the group meet to work on a compromise proposal for the group to take up. Vacancy (de)control was the largest sticking point.

The last small group discussion meeting on May 31 began with three different subgroups submitting plans to be voted on by the small group as a whole. One proposition was submitted by a group of three tenants and one landlord. Another was submitted by a labor representative and the last was submitted by a small landlord. Participants spent most of the time during the meeting debating each of the plans before voting. Among the participants in attendance (7) the vote was 4 votes for the tenant plan and 3 votes for the small landlord plan. The co-chairs decided to keep the vote open until the end of the week to allow non-present members to vote. Two of the three missing attendees voted for the small landlord plan via email and that was the plan presented to the group as a whole in the final meeting.

Other discussions of note:

The group discussed several unique ideas including the following:

- Anti-wage theft provisions for construction workers

- Free education programs including workshops for landlords focusing on compliance and understanding reasonable rate of return.
- Exclusion of Low-Income Housing Tax Credit (LIHTC) housing from a new construction exemption. The reasoning being that LIHTC housing, while containing some income restrictions landlords can, in some cases, raise rents by significant amounts (over 10% per year) and still be in compliance with federal rules.

## **Group 2 Small Group Summary**

**Facilitators:** Trupti Storlie and Malik Holt-Shabazz

### **Participants:**

Jay Benanav	Kelly Elkin
Scott Cordes	Tou Fang
Philip Cryan	Jessica Fowler
Malik Davis	Rawnsion Ivanoff
Khayree Duckett	Brian Rosas

### **Discussion Process:**

The discussion process began on May 17 and continued on May 24 with conversations around the two question prompts. Each group member was instructed that they could speak in the Zoom Room or put their answers and/or comments to the questions in the Zoom chatroom. Participants were also called on by the group facilitators to check in to see if they wanted to provide any feedback if they did not initially speak to ensure they had a chance to comment and to check on if they were having any technical Zoom issues. Once all participants had a chance to provide feedback, then participants were allowed to speak again and ask each other questions on any given points. Group 2 participants were reminded of overall Group Ground Rules through small group deliberations. The group agreed on the 3% rent cap and there was a discussion theme of co-creating an ordinance that focused on housing instability challenges of being a renter and property management problems after the COVID pandemic. Further discussion from the group was:

### **Things that the ordinance does well:**

- The enforcement is light touch and the private tenant is clear on their rights and can take action.
- Makes things fair for current renters
- Protects people who need help and support
- Clarity with a 3% cap
- Easy for renters to understand their rights, If they get notice for something bigger, they should be a rationale and it's trigger for them to take action to protect themselves/ask for more information
- Easy for property owners to plan their investments
- When purchasing property, does the property price make sense? Given this constraint on the increases?
- Can they buy it and still charge enough rent for operating costs (including income for small business owners) and building reserves for capital improvements/maintenance.

- Does the cap drive down property values in St. Paul so that cash flows make sense at lower rent and increase affordability in the city?
- Should rent stabilization cap be tied to inflation due to cost increases?
- Expenses impacted by CPI are only part of the rent, majority are not - Jay
- Enables new construction to set rent at any rate needed for cash flow; not rent control.
- Brings us all together
- \*May\* hold landlord accountable
- Vacancy control

**Things that the ordinance does not do well:**

- Vacancy control - seems like a blunt tool; just cause protections might be a better fit
  - Why were the tenant protections laws struck down?
  - Just cause is better than an affidavit process because of the pressures on tenants by landlords.
- Enforcement is through the Department of Safety and Inspections
  - Rent board would offer more tenant protection
  - What was the rationale for this decision?
  - How efficient would this process be for both tenants and landlords?
- Reasonable Rate of Return
  - Whose job is it to define what a reasonable rate of return standard is? Does the group feel like it is the governing body? In the case of St. Paul, it would be the Department of Safety & Inspections?
  - While the current ordinance allows for a reasonable rate of return, there is not clarity regarding the definition and standards for reasonable rate of return? Depending on the definition, could the ordinance work well?
  - The definition of reasonable rate of return and the due diligence necessary to support any cases for this exception might be an administrative burden on smaller rental businesses.
- Policy may not be fair to prospective renters: Supply considerations
  - The ordinance without the new construction exemption does not address supply concerns.
  - The new construction exemption is not clearly defined.
  - The number of permits had dropped since the ordinance has been in serious discussion and then voted upon.
    - Is this because the ordinance is bad or because the ordinance is in flux and may have changes?
    - Phillip expressed some thoughts that this was a temporary drop due to uncertainty
    - Kelly expressed concern that investors and developers are choosing other cities for projects because of the ordinance.
    - Does this decreased competition make it more likely to build at more affordable rates in St. Paul? Competition between cities
- Additional aspects of the ordinance need to be clarified: tenant notification, rate of return, administration and adjudication processes.

The May 31 group meeting started with recap of our previous meeting notes and points of agreement by the facilitator and then the group were asked to provide feedback on the CURA proposal form that allowed for information in seven areas: rent cap, vacancy control/decontrol, other rent cap exceptions, terms of a new construction exemption, other housing stock exemptions, implementation and public information strategies, and “other.” Each participant gave their feedback on the form’s seven areas. Group participants agreed with the 3% rent cap from our previous Small Group deliberation meetings. The major areas of compromise were the length of time of the new construction exemption and vacancy decontrol. The new construction exemption discussion was only started by the participants after the introduction of a mandatory relocation assistance program requirement was attached to the exemption. Participants agreed on additional areas including Just Cause protection for renters, rental registry, exempting buildings that receive rental subsidies. The group adjourned at 3pm and agreed to move the process into group facilitators and a few group members developing “Packages” to digitally vote through SurveyMonkey by Friday, June 3 at 5:00pm. All participants voted except one. Participants were allowed to vote for multiple packages.

### **Group 3 summary**

**Facilitator:** Edward Goetz

#### **Participants:**

Tony Barranco	Robbie Grossman
Cecile Bedor	Mya Honeywell
Monica Bravo	Abdiaziz Ibrahim
Carolyn Brown	Thomas Nelson
Arline Datu	Clara Ware

#### **Discussion Process:**

When the small group process began on May 17, each member of the small group was given a chance to respond to the two discussion prompts: “What does the current ordinance do well?” and “What does the current ordinance not do well?” There were significant differences of opinion among small group members on this. Some members felt that the problem with the ordinance was its mere existence, that it has had a chilling effect on investment and has driven away much needed housing development. Other members of the group thought that the ordinance did a good job of producing renter stability and these members spoke in favor of preserving the existing ordinance. These are, essentially, the two polar positions that surfaced repeatedly during the stakeholder group processes; on the one side a position that the very existence of rent stabilization was wrong and on the other side a strong defense of the existing ordinance and a concern that it not be altered. The first session of small group talks ended with the talk revolving around these polar positions.

The second day of small group discussion began with Tony Barranco presenting a package for consideration by the group. His package called for a rent cap set at the CPI plus 2%, or a 3% cap, whichever was higher, a 30-year new construction exemption, direct and automatic pass-through of utilities and property tax increases, full vacancy decontrol, a provision for banking of preferential rents, a reasonable rate of return provision for capital improvements, exemption

for owner-occupied duplexes, units with care or services provided on site, and units controlled by a “land use regulatory agreement” (the vehicle through which the affordability requirements of subsidized housing are implemented), implementation by City of Saint Paul staff in DSI, and a self-certified reasonable return process. The Barranco package also called for just cause eviction protections as a way of alleviating concerns over evictions that might be incentivized by vacancy decontrol. The entire small group session was taken up in discussion of these provisions. At the end of the session a quick straw poll showed that this package was strongly support by five members of the small group and strongly opposed by four (one member did not vote). More importantly, there was no “crossover” support for the package, all of the five supporters were housing industry people and all four opponents were tenant advocates. Small group members were encouraged to meet outside of the RSSG process in the subsequent week to explore potential points of compromise. Although some members of the small group made efforts to facilitate such a meeting, it did not take place.

Before the third and final small group discussion day, May 31, tenant advocate Arline Datu offered an alternative package for consideration by the group. Her package called for a 3% rent cap, a 5-year exemption for new construction, vacancy decontrol through the banking of preferential rents, no pass through of costs except what is allowed under a reasonable rate of return provision, an exemption for owner-occupied duplexes, and just cause eviction protections. The group debated these two proposals, but the debate was in the fashion of trying to convince the other side to agree to one’s own proposal. There was no talk of common ground or potential compromises. In fact, one amendment to the Barranco proposal that was made made it even less friendly to renters by restricting the just cause protections so that they applied only to rent stabilized units. The third and last day of small group discussion ended with no agreement, and not even a vote.

In the days following this meeting, Robbie Grossman offered a package that was a slight alteration of the Barranco package. Those who had supported the Barranco proposal signaled their support for the Grossman proposal and the Grossman proposal was substituted in. The Grossman proposal was not supported by the tenant advocates. In the end, the four tenant advocates voted for the Datu proposal, the rest of the group members voted for the Grossman package.

#### **Group 4 Summary**

**Facilitator:** C Terrence Anderson

**Participants:**

Tram Hoang	Julie Schwartz
Myisha Holley	Emmanuel Speare
Rich Holst	D’Angelos Svenkeson
Bill Lindeke	Chris Tolbert
Carin Mrotz	J. Kou Vang

**Discussion process:**



Group 4 small group process began on April 17 like all of the other groups. The group began its discussion with the two questions “what does the current ordinance do well?” and “what does the current ordinance not do well?” There were significant differences among the members of the group, but there were also some clear areas of alignment. Using the areas of differences, the facilitator used the first two sessions of the small group time to talk about the distinct areas of conversation that needed the most conversations. The areas included were the cap rate, reasonable rate of return, exemptions, vacancy control or decontrol, and the new construction exemption. The group went through the different options within each of these policy areas and each member got a chance to share their position on each of the policy areas too. The primary focuses that existed within the group included providing stability for renters, ensuring that the process was navigable for landlords, ensuring that the construction of rental housing in St. Paul is flourishing, ensuring that various kinds of investments by landlords can be recouped through rents, ensuring that landlords wouldn’t gouge renters, and writing a policy that is easy to understand. These focuses were not shared uniformly among each individual group member, but were acknowledged as needs for the eventual group recommendation.

To move the group forward, the facilitator brought forward a draft recommendation to be discussed. The draft recommendation was not intended to be indicative of the groups preference, but rather to ensure group members were making specific recommendations for changes instead of abstractly talking about what the policy should do better. The draft recommendation received several critiques and this moved the conversation forward. First, the group was able to quickly decide (unofficially) that the current policy for a reasonable rate of return was sufficient. Second, the group had a thorough discussion regarding the new construction exemption. While there were some members of the group that wanted less than 10 years and some that wanted more than 15 years, the group was able to come to a consensus that 15 years is an acceptable amount of time. However, the group did think that protecting NOAH housing from being torn down for new construction apartments is important. There was also no significant push back on recommending that there should be no exemption for LIHTC and other buildings that receive subsidies. The group, unofficially, also gave no significant pushback to limiting the retroactivity of a new construction exemption.

The majority of the disagreement in the group centered around the conversation about whether to recommend vacancy control, vacancy decontrol, or partial vacancy decontrol. There were members who preferred each of the three options. Ultimately, a majority of the members compromised that they could accept partial vacancy control through the mechanism of preferential banking. The majority group members further preferred that there would be a cap to how much a landlord could raise rents even with preferential banking, but that that cap should be determined by policy makers. The members of the group that did not vote to move the majority proposal forward did so because of reservations regarding partial vacancy control; these members preferred full vacancy control. Further, group members that did not vote for the proposal further noted that if a policy did not have full vacancy decontrol, then the policy should have a higher overall cap than 3%.

In a final vote, 6 out 9 members voted for the recommended policy with 3 out of 9 members voting against the majority proposal for reasons stated above. One member did not vote

because they could not be reached. The majority proposal had members that were renters, renter advocates, landlords, and other positions in the housing industry.

## SMALL GROUP POLICY PACKAGES

Group 1 Policy package matrix

(1) Tenant Group Proposal	(2) Chue/Small Landlord*	(3) Kevin/Labor
Flat 3% rent cap	Flat 3% rent cap	
Vacancy decontrol only through banking	Full vacancy decontrol	Partial decontrol: 5% allowable increase
Limited banking (see above)	No banking, but flexible	Banking unlimited over time but limited to 5% in any single year
Reasonable rate of return	Reasonable rate of return	Reasonable rate of return
7-10 Year NC exemption	15 year NC exemption	15 year NC exemption
Buildings that receive any subsidy (e.g. LIHTC, where rent is not directly tied to income) not exempted		
No retroactivity		
Wage Theft Protections		Wage theft protections
Exempt units where rent is tied to income (e.g., Section 8)	Exempt units where rent is tied to income (e.g., Section 8)	Exempt units where rent is tied to income (e.g., Section 8)
Free workshops for landlords on compliance focusing reasonable rate of return	Free workshops for landlords on compliance focusing reasonable rate of return	Free workshops for landlords on compliance focusing reasonable rate of return
Just Cause Eviction Ordinance	Just Cause Eviction Ordinance	

\* Received the most votes

Group 2 policy package matrix

Package 1	Package 2*	Package 3
3% cap	3% cap	3% cap
Partial vacancy decontrol at CPI+7%	Partial vacancy decontrol through banking	Partial vacancy decontrol through banking
15 year NC exemption	15 year NC exemption	10 year NC exemption
Exemption for LURA	Exemption for LURA	Exemption for LURA
Rental registry	Rental registry	Rental registry
Just cause eviction	Just cause eviction	Just cause eviction
Mandatory relocation assistance	Mandatory relocation assistance	Mandatory relocation assistance

\* Received the most votes

### Group 3 policy package matrix

Proposal 1	Proposal 2*
<ul style="list-style-type: none"> <li>● Fixed 3% cap</li> </ul>	<ul style="list-style-type: none"> <li>● Fixed 3%</li> </ul>
<ul style="list-style-type: none"> <li>● Vacancy decontrol through banking</li> </ul>	<ul style="list-style-type: none"> <li>● Full vacancy decontrol</li> </ul>
<ul style="list-style-type: none"> <li>● Banking (see above)</li> <li>● No pass through for utilities/taxes beyond what is allowed under reasonable return</li> </ul>	<ul style="list-style-type: none"> <li>● Banking</li> <li>● Pass through for utilities</li> <li>● Pass through for taxes</li> </ul>
<ul style="list-style-type: none"> <li>● NC exemption 10 years</li> </ul>	<ul style="list-style-type: none"> <li>● NC exemption 30 years</li> </ul>
<ul style="list-style-type: none"> <li>● Exempt Own-Occ duplexes</li> </ul>	<ul style="list-style-type: none"> <li>● Exempt own-occ duplexes</li> <li>● Exempt units with care or services</li> <li>● Exempt units controlled by LURA</li> </ul>
<ul style="list-style-type: none"> <li>● Separate just cause ordinance</li> </ul>	<ul style="list-style-type: none"> <li>● Renter stability provision (applies to rent stabilized units)</li> <li>● Self-certification on reasonable rate of return</li> <li>● Staff run program</li> <li>● Educational program</li> </ul>

\* Received the most votes

### Group 4 policy package matrix

Group 4 proposal*
<ul style="list-style-type: none"> <li>● 3%</li> </ul>
<ul style="list-style-type: none"> <li>● Partial decontrol through banking</li> </ul>
<ul style="list-style-type: none"> <li>● Banking (see above)</li> <li>● Reasonable rate of return (as is)</li> </ul>
<ul style="list-style-type: none"> <li>● 15 years for NC &amp; adaptive reuse, limited retroactivity</li> <li>● NOAH demolition protection</li> <li>● No new construction exemption for LIHTC and subsidized stock</li> </ul>
<ul style="list-style-type: none"> <li>● Just cause</li> </ul>

\* Only package voted on

### June 7 votes on recommendations

	Package of Cross-group agreements	Same package without 3% cap	Type of vacancy decontrol	In favor of partial decontrol?	In favor of full decontrol?
K. Banbury	Yes	No	Partial	Yes	No
T. Barranco	No	No	Full	Yes	Yes
C. Bedor	No	No	Partial	Yes	No
J. Benanav	Yes	Yes	Partial	Yes	No
C. Blaiser	No	No	Full	Yes	Yes
M. Bravo	Yes	No	Partial	No	No
C. Brown			Partial	Yes	No
S. Cordes	No	Yes	Full	Yes	Yes
P. Cryan	Yes	Yes	Partial	Yes	No
A. Datu	Yes	No	Partial	Yes	
M. Davis					
K. Duckett	No	No	Full	Yes	Yes
K. Elkin	Yes	No			
T. Fang	Yes	Yes	Full	Yes	Yes
J. Fowler					
T. Godfrey	Yes	No	Partial	Yes	No
R. Grossman	No	No	Full	Yes	Yes
T. Hoang	Yes	No	Partial	No	No
M. Holley	Yes	No	Partial	Yes	No
R. Holst		No	Full	No	Yes
M. Honeywell	No	No	Full	No	Yes
A. Ibrahim	Yes	No	Partial	Yes	No
R. Ivanoff	Yes	No	Partial	No	No
C. Kue	No		Full	Yes	Yes
B. Lindeke	No	Yes	Full	Yes	Yes
N. Matey-Keke	No	No	Full	Yes	Yes
C. Mrotz	Yes	Yes	Partial	Yes	No
T. Nelson	No	No	Full	No	Yes
K. Pranis	No	Yes	Full	Yes	Yes
B. Rosas	Yes	No	Partial	Yes	No
T. Sanneh	No	Yes	Full	Yes	Yes
K. Schneider	Yes	No	Partial	Yes	No
J. Schwartz	Yes	Yes	Partial	Yes	No
E. Speare	Yes	Yes	Partial	Yes	No
D. Svenkeson	Yes	Yes	Partial	Yes	No
C. Tolbert	No	No			
M. Troy	Yes	No	Partial	Yes	No
J. K. Vang	Yes	Yes	Full	Yes	Yes
C. Ware	Yes	No	Partial	Yes	No