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CITY OF SAINT PAUL

Rent Stabilization Ordinance



A Brief History

- On November 2, 2021, Saint Paul voters approved a Residential Rent Stabilization Ordinance for the City of Saint Paul
- A rent stabilization ordinance could not have been passed by city council unless given authority by voter referendum
- Charter indicates ordinances by ballot are effective immediately, ordinance language specifically provided a May 1st effective date
 - Caused confusion
- Only ordinance:
 - In the Midwest
 - To not have vacancy decontrol (might be one in New Jersey without vacancy decontrol)
 - To have a hard cap on rent increases
 - To not have a new construction exception



Ordinance Content

- Title XIX- Consumer Protection, Chapter 193A- Residential Rent Stabilization
- Definitions
- Rent increase cap within a 12-month period
 - Applies regardless if a resident moves out or a unit becomes vacant
 - "Fees" are still rent if they are collected for use of the rental unit
- Considerations for increase exceptions based on a reasonable return on investment
 - Property tax increases/decreases
 - Unavoidable maintenance and operating cost increases/decreases
 - Capital improvements
 - Number of tenant increase/decrease
 - Pattern of increases/decreases in rent
 - Habitability and adequate services for the unit



Ordinance Content

- Exceptions to the ordinance
 - Income portion of income-based housing
 - Reimbursable amount for Housing Support payments
- Enforcement
 - Private right of action (between two parties that are not the city)
 - Criminal citation
 - Administrative fines (not currently available by city charter)
 - Prohibition of waiver
- Prohibition on repeal or partial repeal within first year (from Charter 8.06)



Getting to May 1st

- *Usually*, stakeholder engagement occurs before new policy language is proposed and implemented.
- In this case, the ordinance language was passed, then stakeholder engagement occurred – ongoing.
 - 42-person stakeholder group meets biweekly
 - Report expected at Council sometime this summer
- Implementation team: City Attorney's Office, Planning and Economic Development, Mayor's Office, Office of Financial Services, City Council, Human Resources, Office of Financial Empowerment, Office of Technology & Communications, Department of Safety & Inspections



Getting to May 1

- Required Council approval for:
 - Funding for staff and implementation resources
 - Change to the authorities given to the Department of Safety & Inspections
 - Addition of definitions to the ordinance language
- Required rulemaking process to provide structure to Chapter 193A
 - Utilized State guidance for the rulemaking process
 - Received over 200 comments regarding the rules, mostly for clarifications to language and process
- No local case law for guidance
 - Utilized other best practices from jurisdictions where there is strong case law



Intermediate Phase

- Ordinance requires a process for landlords to request an exception
- Ordinance does not specifically require tenant notification that a request has been made
 - Other laws require tenant notification for rent increases
- Two paths for requests: self-certification, staff determination
- Self-Certification
 - Available for between 3% and 8% increase
 - Send Request for Exception form and include 3 pieces of information from the MNOI worksheet
 - Receive email with a determination letter and tenant notification letter



Intermediate Phase

- Staff Determination
 - Available for any application
 - Send Request for Exception form
 - Receive email with forms and contact information for staff
- Perception that DSI is focusing on the ability of landlords to increase rent
 - Although the proponents are advocating for modest rent increases, the actual ordinance language is very landlord focused



Post - Stakeholder Engagement Process

- Measured and deliberate engagement process to bring all parties together with shared base knowledge
- Ordinance amendments and rulemaking to start a new iteration
- Specifically looking at:
 - Tenant notification process
 - New construction exception
 - Vacancy decontrol
 - Modify the 3% cap



Experience from Month One

- 25 applications to date
 - 40% staff determination
 - 60% self-certification
- 21 complaints to date
- Inquiries
 - 66 Calls responded to between May 1-26
 - 91 Emails responded to between May 1-26
 - 85% responded to within 1 business day
 - 10% responded to within 2 business days
- Themes
 - Additional fees (parking, pet, month to month, utilities, etc.)
 - Folks looking to buy or recently purchased
 - Process or questions about the form



Experience from Month One

- Not great enforcement tools
 - People want answers now
 - Many questions from renters feeling forced into signing a lease
 - Landlords wanting to do the right thing but not sure how, worried about repercussions



Questions