

Mayor Carter Eyes Preserving Older Rentals, Tax Breaks for Not Raising Rent

By Frederick Melo, Twin Cities Pioneer Press, August 20, 2018

St. Paul Mayor Melvin Carter's 2019 budget proposal puts special emphasis on affordable housing, the first step of what Carter foresees as a \$71 million investment across three years.

Among his priorities: \$100,000 for a winter emergency shelter, \$1 million in new funding to preserve old housing that is naturally affordable, and a major reduction in property taxes for landlords who agree not to raise rents.

There's also a \$10 million Housing Trust Fund and a commitment to invest \$2 million annually for ["production, preservation and protection" of affordable homes](#).

It's an ambitious approach aimed at helping the capital city address a growing rental crisis.

Across the country, cities such as San Francisco, Los Angeles and Washington, D.C., have seen their homeless populations explode as rents rise. In 2017, researchers found the nation's homeless population grew for the first time since the Great Recession of 2007 to 2009. With a white-knuckle [vacancy rate of roughly 2.4 percent](#), St. Paul's rental units are variable, but going up fast.

Across all income levels, Carter wants St. Paul to produce 15,000 to 18,000 housing units within the next 12 years.

The mayor believes his housing priorities are in line with that of the St. Paul City Council, which will be tasked with approving the 2019 budget by early December.

"I think it lines right up with the priorities that the city council wanted," said Carter on Thursday, referring to [a wide-ranging housing strategy unveiled by the council a month ago](#). "It's really heartening that we have a high level of agreement toward meeting our city's housing needs."

WIDE VARIETY OF REACTION

Carter's plans — which coincide with an 11.5 percent increase to the city's tax levy — have been met with a wide variety of public reaction, from relief to derision.

"(I'm) not opposed to taxes, not opposed to the government. Schools, infrastructure, police and affordable housing are all worthy investments," said Highland Park resident Tom Guy, on Facebook. "I do wonder where/when this stops, though. Continual increases in property tax creates more problems than solutions."

City council member Jane Prince said the city has failed for years to build low-wage worker housing, or housing for families living on roughly \$28,000. For that level of housing, aimed at families earning 30 percent of area median income, “we have not been able to develop that for the past 12 years,” she said. “I’m very supportive of that, if that’s the approach.”

From St. Paul Mayor Melvin Carter’s Aug. 9 budget address:

“To produce new housing, we will construct rental units targeted to 30-50 percent of Area Median Income; support new and existing homeownership, down payment assistance and Community Land Trust efforts; and explore a series of pilot programs and options to reduce housing production costs and increase density.” Read the speech: tinyurl.com/CarterBudgetSpeech

Said Chantel Johnson Fragassi, also via Facebook: “I enjoy living in a city that gets stuff done and has a vision for the future to remain a vibrant city. I don’t want to turn into Detroit. I get raising property taxes isn’t fun for anyone but what other solutions are there? Maintaining a city that functions well comes with a price tag.”

On social media, some critics have derisively referred to the mayor’s affordable-housing goals as “welfare housing,” but Carter’s priorities aren’t just focused on production of new housing. There’s also emphasis in Carter’s budget on preserving what already exists, including 250 units of NOAHs through property tax reductions.

250 NOAHS, AND PROTECTION

What’s a NOAH? It’s “naturally occurring affordable housing.” Essentially, affordable older units that have not been subsidized or income-restricted, but because of their age, cost and condition are priced lower than the average market-rate apartment.

Owners would be able to apply to the Minnesota Housing Finance Agency for [a state-designated low-income rent classification, or “4d status.”](#) “Landlords who are willing to keep rents affordable will receive a 40 percent reduction in property taxes,” states a fact sheet from the mayor’s office.

City Council Member Chris Tolbert noted Minneapolis Mayor Jacob Frey has also prioritized “NOAH” or “4d” programs in his budget proposal. He called Carter’s budget plan a “bold” approach toward the city’s pressing housing needs.

“I really like the fact there’s a preservation component to it, particularly,” said Tolbert, who chairs St. Paul’s Housing and Redevelopment Authority. “I think that’s an area where we can make the most impact. We’ve used the ‘4d’ on a case by case basis, but we haven’t necessarily been proactive year to year on it.”

In Carter’s budget, there’s also a fair amount of attention to “protection,” or helping residents maintain safe homes and emergency shelter.

Those strategies include policy changes and education initiatives, such as providing landlord training on fair housing requirements and property management best practices.

They also involve expanding tenant protections to reduce impacts of criminal background checks and credit checks, working to encourage code compliance without displacing tenants or criminalizing landlords, and creating a new staff position to direct a fair housing strategy.

Under “protection,” the budget also includes \$100,000 for a Winter Safe Space shelter for the homeless. The downtown shelter debuted in partnership with Ramsey County this past winter.

“For me, a really top priority is production,” said Prince, the city council member. “We have to set a really aggressive goal to increase the supply of housing at all income levels. (The city council) said a third of that should be affordable to people at between 30 (percent) and 50 percent of area median. ... My hope, of course, is that we would do a portion of that on the East Side for a variety of income levels.”

Key selections from Carter’s budget proposal include:

PRODUCTION

- A \$10 million Housing Trust Fund. The fund, which will be bolstered by a \$2 million annual investment to affordable housing, will give the city more flexibility to address housing needs and fund affordable-housing initiatives as they’re proposed. Together with existing city and federal resources, the fund would bring the city’s total investment in affordable housing to \$71 million across three years.
- \$3.58 million to construct affordable apartments for low-income families, or households earning no more than 30 percent to 50 percent of area median income, or about \$28,000 to \$47,000 with some variation for family size. For a two-bedroom apartment, that means [monthly rents ranging from \\$636 to \\$1,061](#), according to the Metropolitan Council.
- \$100,000 to support the Rondo Community Land Trust, a community initiative that buys homes on behalf of low-income residents and offers them a long-term lease at affordable rates.
- Additional funding to explore pilot programs for alternative housing production, such as manufactured homes and tiny homes, and to explore “mother-in-law”-style accessory dwelling apartments or granny flats.

PRESERVATION

- \$1 million to acquire and rehab housing “NOAHs” — affordable older housing that has not been subsidized or income-restricted, but because of its age, cost and condition is considered “naturally occurring affordable housing.”
- \$1.8 million to preserve rents at existing income-restricted buildings with expiring terms.
- Continuing to administer and monitor the effectiveness of a rental rehab loan program. The loan program, aimed at low-grade housing, [failed to draw many](#)

applicants when it debuted, but requirements and application criteria have since changed, and could be tweaked again if necessary.

- Continued funding for emergency loans to existing homeowners and fix-up programs, which would include energy improvements.