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MPHA's Latest Privatization Scheme: Replacing Declarations of Trust with Land Use Restriction Agreements

In their 2018 Moving to Work Annual Plan, the Minneapolis Public Housing Authority (MPHA) says it will ask the Department of Housing and Urban Development (HUD) to waive the Declarations of Trust (DOTs) on its properties and replace them with Land Use Restriction Agreements (LURAs). It sounds complicated, but the bottom line is this move would privatize Minneapolis public housing and displace thousands of low-income residents.

DOTs keep public housing public. LURAs privatize public housing: Each public housing property in Minneapolis is currently protected by a Declaration of Trust between MPHA and HUD. DOTs ensure that MPHA follows HUD regulations and prevents MPHA from selling off its publicly-funded properties. DOTs are therefore a strong protection for public housing residents against eviction and displacement.

LURAs allow MPHA to sell its housing to private developers. In exchange for Low Income Housing Tax Credits (LIHTCs), the developers agree to temporarily preserve a fraction of the units for low-income households. There are a number of serious problems with LURAs:

LURAs don't last: Unlike DOTs, LURAs have a limited lifespan and can expire in as little as 15 years. Once they expire, the new owners have no obligation to preserve any of their affordable units. According to HUD's own 2010 internal study of LIHTC housing, "state policymakers should recognize that the majority of older LIHTC properties will, over time, become mid-market rental properties indistinguishable from other mid-market rental housing." While MPHA says it could in theory negotiate longer terms, they refuse to make any binding promises.

LURAs neglect our most vulnerable communities:

- Unlike a DOT, which mandates that a property remain 100% affordable, a LURA requires only a fraction of the units (as few as 20%) be affordable until the agreement expires.
- To determine affordability, LURAs rely on Area Median Income (AMI). This measures all Twin Cities metro area residents together, ignoring the income disparity between white and non-white residents.
 - In 2017, AMI for the mostly white Twin Cities metro area was \$90,400
 - The median income for black families is just \$30,300
- Under a LURA, "affordable" units only need to be affordable for people earning a certain percentage of AMI, typically 30%, 40%, 50% or 60%. That means that a LURA's definition of "affordable housing" would actually be too expensive for most public housing residents.
 - In the Twin Cities, 30% - 60% of AMI equals a family of four with an income of \$27,120 - \$54,240
 - The average income for MPHA working households is \$20,656
 - The average income for public housing residents is \$14,201

LURAs increase rent: Under a DOT, residents pay 30% of their income toward rent. Since LURAs rely on AMI to set rent levels, most MPHA households would pay more. ***The lower the income, the greater the rent increase.***

- A four-person family earning the average MPHA working household income of \$1,721/month currently pays \$516/month on rent. Under a LURA, they would be charged \$705 to \$1,410/month for a three bedroom apartment (depending on the AMI threshold). ***This represents a rent increase of 37% to 173%, and means up to 82% of their monthly budget would go towards rent.***
- Seniors who currently earn \$750/month from Social Security and pay \$250/month on rent would be forced to pay \$475 - \$949/month for an "affordable" studio apartment, ***a rent increase of 90%-280%.***
- People with no income are protected under a DOT and currently pay MPHA the minimum rent of \$75/month. If DOTs are replaced with LURAs, their rent would also increase to \$475 - \$949/month, ***a percent increase of 533% to 1,165%.*** These individuals would simply lose their homes.

LURAs cause displacement: Due to the increased costs of housing under a LURA, current public housing residents will inevitably be displaced. Displacement is an enormous burden on individuals and families and it rips apart the fabric of long-standing communities. Furthermore, the majority of displaced residents would be people of color, meaning that LURAs will further segregate Minneapolis. MPHA refuses to make binding promises against displacement.

LURAs contribute to gentrification: LURAs open public housing up to privatization, redevelopment and rent hikes. With that comes an influx of more affluent white residents who are able to afford the new rents. This is gentrification. It is a deliberate tactic to displace communities of color in order to enrich private developers. Gentrification is not inevitable; it is a systematic and intentional process that targets minority and low income communities for destruction in the name of profit. It has to be encouraged and allowed to happen by city officials. By removing DOTs from its properties and replacing them with LURAs, MPHA is attempting to accelerate this process.

LURAs are part of Trump’s anti-Muslim and anti-immigrant agenda: Trump campaigned on an aggressively anti-Muslim and anti-immigrant agenda. Privatization of public housing is a clear assault on both immigrants and Muslims, who make up a large percentage of public housing residents. This is why it’s been a high-priority goal of the Trump administration. An August 2017 NY Magazine article characterizes Trump-appointee Ben Carson’s leadership as HUD Secretary as an attempt to ‘drown government in a bathtub,’” stating “this was what the final gasps of one department might look like.” In their 2018 Annual Plan, *MPHA explicitly states that their plan to convert DOTs to LURAs “is consistent with the strategies expressed by (HUD) Secretary (Ben) Carson.”* Why is MPHA and the “progressive” leadership of Minneapolis collaborating with Donald Trump and Ben Carson to evict and displace low income immigrant and Muslim residents?

MPHA claims it has no other choice than to replace DOTs with LURAs because HUD keeps cutting their budget. But why haven’t they tried to pressure HUD or find a public alternative, such as the City of Minneapolis or the State of Minnesota? Instead of collaborating with Trump’s bigoted agenda, we must fund public housing for the thousands of low-income people of color, refugees, immigrants, seniors, children, and disabled residents who depend on it.

Talk to your City Council member. Tell them you are against MPHA waiving their Declarations of Trust in exchange for Land Use Restriction Agreements, and that you want to keep public housing public. Urge them to take your message to HUD!

Sources:

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Defend Glendale & Public Housing Coalition

