

## MPHA Staff Throw \$1 Million From Reserves into 2018 Privatization Readiness Activities; Will McKnight's \$1,000,000 Grant for Repairs and Community Engagement

Without public notice, input, or process, MPHA Staff has suddenly substantially changed the budget that it proposed for the MPHA's Working Capital Fund back in July 2017. What is up with that?

The Capital Working Fund budget that MPHA Staff initially proposed and made available for public comment and review at a September 27 public hearing had three major characteristics:

- 1. Total amount budgeted: less than \$1 million, specifically \$995,000.
- 2. Sources: MPHA Contribution --- \$425,000 McKnight Grant Request --- \$570,000
- 3. Activities funded "...pre-development costs associated with planning and completing the assessments [of MPHA properties] and, in selected cases, moving to close on individual deals." No expenditures were included for property preservation or repair. Nor was community input into MPHA's "portfolio review" to be provided/funded.

Suddenly, on September 27, 2017 (sometime on the date of the public hearing on the MTW Draft Annual Plan 2018 and budget!), MPHA Communications Manager Jeff Horwich posted on the MPHA website info about a major change to the Capital Working Budget contained in that Draft Annual Plan.<sup>2</sup>

What were the changes?

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- **First:** the amount of the Capital Working Budget more than doubled, increasing from \$995,000 to \$2 million.
- **Second:** the McKnight grant was increased from \$570,000 for 2018 to \$1 million, but the activities to be funded by the McKnight grant no longer included portfolio review and "in selected cases, moving to close on individual deals."

<sup>&</sup>lt;sup>1</sup> See MPHA Communications Manager Horwich's post dated September 27, 2017 at <a href="http://mphaonline.org/1-million-grant-from-mcknight-helps-kick-start-investment-in-public-housing-across-minneapolis">http://mphaonline.org/1-million-grant-from-mcknight-helps-kick-start-investment-in-public-housing-across-minneapolis</a>

We do not know at this time whether MPHA knew of these changes prior to the date of the public hearing (September 27) and sat on the news for its own strategic purposes. We do know that in its Draft MTW Annual Plan 2018 (July 2017), MPHA stated at page 18: "MPHA expects to receive notice on the McKnight award in August 2017", obviously far in advance of September 27.

• Third: in the absence of McKnight funding support for these activities, the MPHA staff proposed to proceed with these activities anyway, funding them by a last-minute transfer of \$1 million from the MPHA's reserves since the McKnight money is now to be solely used for new categories of activity previously conspicuously absent from the MPHA's initially proposed Capital Fund Budget: actual repairs for public housing properties (what a concept!) and community engagement --- "efforts to learn from and respond to those most affected by [the MPHA's redevelopment] decisions."

The meaning of these major budget changes, aside from their potential illegality for lack of public notice and opportunity to comment, appears clear:

First, community education and raised awareness (primarily by Defend Glendale & Public Housing Coalition) that include residents at other MPHA properties feeling the MPHA's redevelopment bulldozer potentially heading their way and other community allies is responsible for McKnight's clarity of thought that its funds should not be provided to the MPHA to fund MPHA's staff-driven redevelopment notions without regard to community input and in the face of on-going repair needs.

But second, despite these positive community-driven developments, MPHA staff's desperate last-minute willingness to transfer \$1 million from MPHA reserves makes staff's commitment to continue to lay the groundwork for the privatization of Glendale (and other MPHA properties) even clearer. What clearer indicator can there be than this sudden recourse to MPHA's reserves<sup>3</sup> to fund 1) a "portfolio assessment" (explicitly including consideration of options to sell MPHA housing to private investors); 2) an item specifically called "Glendale Planning and Analysis" (\$100,000); 3) the team of experts the MPHA staff has assembled (MPHA's standing army?) "including development consultants, financial and legal advisors, architects, planners and MPHA staff"; and most ominously 4) ". . . in selected cases, moving to close on individual deals." 4

All to be accomplished, including closing on "individual deals" in 2018. Which one of our public homes is part of an "individual deal" that MPHA staff will "close" in 2018? In addition, MPHA put out an order for the budget for repairs in Glendale and 730 homes, which is almost zero, meaning Glendale and 730 family homes throughout Minneapolis that MPHA calls "Scattered Sites" will not get any repairs done. This puts more families at risk on purpose. MPHA is ready to spend millions of dollars on consulting fees to make deals to sell the land/homes on "individual deals", while they purposely violate and neglect resident rights. The question is will McKnight Funds go towards making basic repairs needed for Glendale and 730 homes? Or, will it go towards more private developers and consulting fees? Can MPHA be

All these quotes are from the MPHA's MTW Annual Plan 2018, page 18. Here is that page:

<sup>&</sup>lt;sup>3</sup> It should be noted that the \$1 million reserves that MPHA staff has infused into the Working Capital Budget far exceeds the entire amount of reserves earlier budgeted for the Working Capital Fund: \$491,000. See the MPHA's MTW Annual Plan 2018, page 18.

trusted? MPHA spends over hundreds thousands or more on consulting fees, and communication director's payroll to come after public housing resident leaders who are speaking out on abuses and discrimination, while a repair budget for resident's homes is being purposely starved by MPHA. McKnight Foundation, what do you say? Will your funds go to making repairs in Glendale and 730 homes or to private developers that want to displace residents for profit? MPHA's inhuman leadership and greed is clear. The goal for MPHA to make money for their commissioners and executive staff who are in bed with private developers, and to get a piece of the profit through "Individual deals" from fees, bonuses, and higher salaries.

Now we ask you: If you lived in Glendale (or any other likely MPHA property), would you feel confident that privatizing your home at Glendale (or in any other MPHA property that you live in) was not already an "individual deal" being readied by MPHA staff's "team of experts" for "closing" in 2018? The time to halt the MPHA staff's drive toward privatization is now: MPHA Board of Commissioners' Meeting, October 25, 2017, 1:30PM at 1001 Washington Avenue, Minneapolis, MN 55401. Will the City of Minneapolis stop this human and moral crisis?

Photo of MPHA Board of Commissioners' Meeting. We did not make this us up. It is from MPHA's website. Where is the is "Community Engagement"? MPHA uses Minneapolis Highrise Council (MHRC) to suppress and oppress resident voices in order for MPHA to approve privatization plans. <a href="http://mphaonline.org/about/leadership/board-of-commissioners/board-information/">http://mphaonline.org/about/leadership/board-of-commissioners/board-information/</a>



Sincerely, Defend Glendale & Public Housing Coalition

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