

The Defend Glendale Option: Rehabilitation as a sustainable strategy to protect public housing in Minneapolis

Analysis and response to the Sherman Associates Report on Glendale Townhomes
by the Defend Glendale Campaign
October 2016

Introduction

On June 22, 2016, Sherman Associates submitted a long-awaited report entitled “Final Report: Analysis of Rehabilitation/Redevelopment Options” to the meeting of the Minneapolis Public Housing Authority (MPHA). The 53-page report <http://tinyurl.com/Sherman-Report-Glendale> proposed the final solution to what MPHA have been presenting as the “Glendale problem.” In the past several years, MPHA have undertaken a demolition by neglect of the Glendale Townhomes. This means that they have provided insufficient funds for maintenance and upkeep. Overtime, repairs costs rise and it gradually becomes accepted that the property is best to be demolished than repaired. This has been the life of the Glendale Townhomes for the past several years.

For MPHA, the “Glendale problem” also includes residents standing up against gentrification and displacement. Time after time, residents have pointed out that MPHA have failed to conduct a thorough community consultation and have bluntly decided to ignore the voices of residents. Instead, MPHA paid Sherman Associates \$75,000 to produce the report, which proposed a future of displacement, redevelopment, and gentrification.

In the following pages, Defend Glendale rebuts the Sherman report. First, we show that Glendale Townhomes is already public housing that works. Second, we expose problems and bias in the Sherman report and the machinations of Sherman Associates. Third, we present *The Defend Glendale Option* as the only coherent, ethical, sustainable, and resident-led option that preserves public housing, guarantees 0% displacement for current residents, and works towards an equitable Minneapolis.

Part 1: The Glendale Townhomes: Public housing that works

The Glendale Townhomes is a thriving public housing community comprised of 184 townhomes housing 600 people. Most of the residents are working class and low-income residents of color and 50% are children. Glendale is the cultural corridor of the Prospect Park neighborhood; it is home to many immigrant families and refugees from war-torn countries who lost their homes and their land.

Unlike the common understanding of a “concentrated area of poverty,” Glendale is located inside one of the wealthiest neighborhoods in the city. The Glendale Townhomes is a successful public housing community: residents have easy access to the Light Rail Green Line and other public transit transportation links, which enables them to have access to jobs, pay taxes and rent. In fact, Glendale residents from working and larger families pay up to \$1,350 for monthly rent. Proximity to the University of Minnesota enables residents to access needed healthcare.

The Glendale Townhomes is a close-knit community where neighbors support and look out for each other. Children and young adults attend kindergarten, high school, and college in an environment of mixed income peers. Children attend Pratt School with their neighbors from the larger Prospect Park neighborhood. Glendale Townhomes continues to produce amazing youth and adults. Hassan Mead, an Olympian who attended the Brazil Summer Olympics grew up in Glendale. T’nia Riley is a 16 year old track star that is number 1 in the Minnesota, and top 10 in the nation. Glendale produces amazing high school students that attend the University of Minnesota Twin-Cities campus.

Despite this well-functioning public housing model, for the past several years MPHA have undertaken a persistent “demolition by neglect” of the Glendale Townhomes. They have diverted U.S. Department of Housing and Urban Development (HUD) funding allocated for public housing upkeep from the Glendale Townhomes towards other properties. This diversion to other “priorities” has even included the remodeling of the MPHA main office building. In the meantime, simple repairs that preserve the life of the townhomes have been overlooked on purpose.

At the same time, the land on which the Glendale Townhomes stand has become “hotter than Heritage Park,” according to Dean Carlson of MPHA. With close access to the Light Rail Green Line and the ever-expanding University of Minnesota student housing, developers including Prospect Park 2020 (<http://www.pp2020.org/>) and Prospect Park North Partnership (<http://minnesota.uli.org/advisory-services/prospect-north-partnership/>) have been trying to re-develop and gentrify the area into expensive high density living for years. They have steamrolled objections from residents while working with the City of Minneapolis. For example, Prospect Park

North Partnership has been planning for years to redevelop the area north of University Avenue. Although Glendale Townhomes is south of University Avenue, a quick look at the redevelopment map shows it included in an area proposed for redevelopment and gentrification into a University Avenue Innovation District. Even though Glendale Townhomes residents have not been informed of these plans, the Sherman Report's Four Option 4 scenario clearly shows that the destruction of public housing, displacement of low-income residents of color, and gentrification is the goal of these redevelopment plans.

Part 2: The Sherman Report: Limitations, oversights, and problems

In this section, we point to some of the limitations, oversights, and problems of the Sherman report. We show that the Sherman report is biased against public housing preservation. Our revelation of the bias and problems of the report is not exhaustive but covers some of the most significant points.

Bias towards Option 4: Demolition and Redevelopment

The report begins with the premise that Option 4: Full Redevelopment is the only viable option for the Glendale Townhomes. Throughout, the report presents the option forcefully even though it requires the most finances for redevelopment and would produce the most displacement. Fittingly, it is also the option that will earn the development company the most profit.

This raises the question, who is Option 4 best for? Considering that Sherman Associates are already involved in the development and ownership of Riverside Plaza, a Project Based Section 8, and market rate high rises in Cedar Riverside neighborhood, it is not far fetched to suggest that the Glendale Townhomes could be next on their list.

Research

According to the Sherman report, their research points to Option 4 as the best and most feasible option. It is also unsurprisingly the option with the most research, which speaks to the time and labor Sherman Associates invested into the option that would benefit them, or another development company the most.

Take for example their research into funding available for redevelopment instead of rehabilitation. Their research finds 8 different combined sources of city, county, state, and federal funding mainly focused on redevelopment. The report provides little to no funding research for Recommendation 1: Significant Rehab of Existing Townhomes.

Without equal funding research for all 4 Recommendations for Glendale Townhomes, the Analysis of Rehabilitation Redevelopment Options is not final, but incomplete and biased towards the option most desired by the company for profit.

Defend Glendale campaign leaders have been conducting meetings with various Minneapolis city department staff, various affordable housing organizations, and local elected officials to gather information on funding for rehabilitation. We have found out that MPHA have not been researching, promoting, or applying for sources of funding for Glendale Townhomes to maintain, repair, and rehabilitate existing residential units.

In addition, MPHA has dedicated little to no staff time or resources on accessing Minnesota Housing Finance Agency rehabilitation resources, worked with Minneapolis City Council to use City Levy resources for Glendale Townhomes, and other avenues.

For example, Minnesota Housing Finance Agency has a program called Public Opportunity Program (POP) which bonds money from the state. It is a general obligation bond which is a source of funding for public housing authorities to use for health, safety repairs and rehabilitation of public housing properties all over Minnesota.

MPHA applied and received funds up to 2 million dollars from POP to rehab some properties. Despite claiming that Glendale needs serious rehabilitation, MPHA has never applied for POP funding to repair the Townhomes. Why? The answer is twofold. First, the Minnesota Finance Housing Agency has strict anti-displacement and relocation policies. They prohibit involuntary displacement of residents from developments receiving agency funding (p.19 of MHFA Multi-Family Request for Proposal Guide). Second, MPHA's long term goal for Glendale is demolition by neglect which will enable a move towards Option 4, displace residents, and sell the land for profit to Sherman Associates or another developer.

This shows that MPHA have uncritically accepted Sherman Associates' premise that Option 4 as the only feasible option; an option that is simultaneously best for Sherman Associates or any other developer.

Selectively choosing benefits and drawbacks

Consider this comparison of the number of key benefits and drawbacks for each option. The differences point the reader towards perceiving Option 4 as the only feasible option with the most benefits and the least drawbacks. The report makes no attempt to present the scenarios with an equal amount of drawbacks and benefits for each scenario.

One example of the selective choice of benefits is key benefit #9 in Recommendation 4: Full Development: “More direct LRT access.” This suggestion assumes and concludes that current Glendale Townhomes’ families are not utilizing their local public transit system, despite the fact that residents rely on public transit to reach health care providers, schools, and their jobs. There is already direct access to the Light Rail. Redevelopment changes *who* gets to access to the Light Rail: Low-income people who need it to get to their jobs, or gentrifiers who have cars and use it sporadically to attend football games.

Redevelopment and gentrification are political choices about who we as a community believe to be worthy of housing, transportation, healthcare, and education. The arbitrary number of benefits and drawback in the table below actually shows who each Option values - the Glendale community or redevelopers.

Option	Number of Benefits	Number of Drawbacks
Recommendation 1: “Significant Rehab of Existing Townhomes”	3	8
Recommendation 2: “Phased Hybrid Development”	8	8
Recommendation 3: “Phased Hybrid Development – All New Construction”	9	5
Recommendation 4: “Full Development – All New Construction”	13	4

Affordability of Redevelopment

The “Limitations and Constraints” area of the report (p. 45) states the following considerations for sources of funding: “Competitive application cycle”, “Limited Sources per project,” and “Use of funds limited to specific scope in line with current AHIF goals.” In recent fact finding meetings with housing-related state, city, nonprofit staff, and elected officials, Defend Glendale activists have repeatedly heard the word “unrealistic” being used to describe the Sherman Associates recommendations. Specifically, their dependence on sources of funding is questionable and unrealistic: the “Sources of Funding” exist in environments of city-wide, statewide, and county-wide competition. Therefore, the “Probability of Award” (p. 39-44) percentages are much lower than the report presents.

Let's look at the financial packages that reach up to \$113,234,502 of taxpayers' dollars that Sherman wants to use to demolish Glendale. The funds are very competitive, and they are hard to get. If the developer does not get 2 grants out of their list, their whole plan falls apart. For example, the Sherman report claims that they will receive funds from the Minnesota Housing Finance Agency; the probability of the award is 50% and percentage of funding is up to 15%. Defend Glendale has discovered that MPHA has never contacted the Minnesota Housing Finance Agency about funding the proposal or put in an application.

Moreover, the application looks to ask for close to \$9 million when the Minnesota Housing Finance Agency's whole budget for the state is about \$9 million for such funds, loans and programs. Chances of MPHA and Sherman receiving \$9 million is unlikely as these funds are very competitive. Furthermore, according to consolidated funds, MPHA has to have a certain amount of funds ready before applying for a grant from Minnesota Housing Finance Agency, and if they don't have them, they can't get more funds.

"Recommendation 1 - Significant Rehab of Existing Townhomes," specifically 1A, stands as the most feasible and affordable scenario that requires little to none of the "Sources of Funding," preserves the existing development, has the shortest timeline, with lowest cost, and ensures no displacement of current residents.

Resident Retention

The report states that "upon engagement, Sherman Associates and the MPHA outlined many considerations for the rehabilitation/redevelopment. Of utmost importance to the MPHA was to guarantee the retention of all 184 very low-income, subsidized MPHA units, at a minimum" (p. 4-6). The report fails to provide details on tenant retention planning or a legally binding guarantee that prevents the displacement of families. The Sherman report fails to identify a tenant retention consultant or firm, and fails to provide any legally binding agreements for current residents to be guaranteed 0% displacement and 100% retention. It also fails to point to any community engagement strategy. This is because their goal is not to retain residents but remove them from their homes and gentrify the area.

Displacement of Residents

Studies of previous displacement of public housing residents show that when redevelopment happens, often 1 out of 4 residents may come back. MPHA has failed to present a thorough zero tenant displacement plan. For example, during a June 9th, 2015 community meeting at Luxton Park in the Glendale Townhomes, residents asked where will we go if redevelopment is to happen? The Executive Director of MPHA said, "we don't know." The lack of clarity over the fate of residents

in case of redevelopment deepened at the last MPHA Board Meeting. At the Board meeting, Sherman Associate suggested that families from the Glendale Townhomes can temporarily move to Riverside Plaza. The suggestion fails to take into account the residents of Riverside Plaza and their protests against Sherman Associates for failures to provide adequate repairs and maintenance.

The lack of concern about the fate of public housing residents demonstrates how the current gentrification trends displace low-income families from Minneapolis and its amenities. Considering the shortage of housing in Minneapolis, lack of Section 8 housing, and unaffordable rents, Glendale residents could end up homeless. This will increase even further the already high number of homeless and the working homeless in Minneapolis.

Independent Audit of MPHA Spending

The report states that “Sherman Associates understands that public housing operating funds do not currently cover the costs of operating housing at Glendale.” Defend Glendale believes that this should trigger an independent audit of MPHA and an investigation of MPHA by the Minnesota Attorney General.

The report continues that because the public housing units cannot be expected to generate cash flow to cover operations or debt service coverage, any redevelopment recommendation would require significant outside investment. No mention is made of the fact that 89% of Glendale maintenance come from collected rents.

So where do the collected rents and the \$107,000,000 from U.S. Department of Housing & Urban Development (HUD) to MPHA’s yearly budget go? While MPHA fails to cover their upkeep costs and to provide residents with services they paid for, executives receive high salaries and consultants such as Sherman Associates receive high fees.

There are no strategies presented for how MPHA could achieve any of the scenarios without outside investment such as a City of Minneapolis Levy. The Levy would enable the city to assist MPHA with public resources.

MPHA dedicates little time to applying for local and federal funding to maintain Glendale Townhomes’ physical needs. So how competitive will MPHA be for “Source of Funding” for redevelopment? An independent audit regarding their need for redevelopment funding versus their capacity to manage a future increased property portfolio should be undertaken.

No Timeline

The report states that “All Recommendations will require additional evaluation, underwriting, and a more in-depth feasibility analysis before a recommendation can be provided.” No timeline is given for any of the above-mentioned work. Moreover, the report has no timeline for “Recommendation 1 – Significant Rehab of Existing Townhomes” or even a schedule for how MPHA plans to maintain and upkeep the Glendale Townhomes during the additional work needed. This lack of interest in devising a timeline suggests that MPHA is engaging in a process of “redevelopment by neglect” - refusing to upkeep while considering redevelopment plans with the hope that the homes will fall apart thereby enable redevelopment.

Measuring affordability by median income

Minneapolis counts affordability of housing based on a percentage on the overall median income. In other words, all household incomes are cumulated and then divided by the number of households. Considering the vast wealth gap, which also is reproduced through race, median income does not speak to low-income and working poor residents of the Glendale Townhomes and Minneapolis.

Therefore, the retention and development of further public housing where one pays 30% of their income for rent, no matter what that is, should be the way to increase actual affordability of housing in Minneapolis.

Part 3: The Defend Glendale Option

The Defend Glendale Option is by far the most affordable, expedient, and welcomed scenario and requires a Significant Rehab of Existing Townhomes. MPHA needs to put its residents first and find ways to repair their homes and purchase further public housing in Minneapolis.

Although from the outset, the Sherman report positions Option 4 as the most viable, in reality, The Defend Glendale Option is the only viable option that would enable MPHA to preserve the Glendale Townhomes as public housing with zero displacement.

The Defend Glendale Option demands MPHA to fix & repair Glendale Townhomes, ensure zero displacement, and zero privatization of public housing. This is the only way to preserve Glendale as public housing in Prospect Park. We refuse proposals to convert Glendale to any private development, to sell it, or to lease it to any private developers for profit. We refuse gentrification. Glendale has the historic distinction of being one of very few low-income public housing developments build as part of middle to higher income neighborhoods. Glendale is a model that should be

replicated not demolished. Therefore, Defend Glendale voted to support the application for historic designation by the City of Minneapolis.

Key benefits of The Defend Glendale Option:

- Overall lowest redevelopment cost
- Savings from reusing existing infrastructure
- Maintains original plan intact
- Zero displacement of residents
- Public ownership
- Ensures the existence of affordable housing
- Life usefulness ensured by repairs and upkeep
- Increased functionality and lifespan of all units
- Direct LTR access
- Access to schools, jobs, university, and healthcare
- Sustainability opportunities
- Equity

Any redevelopment that includes the participation of organizations, companies, and individuals who would monetarily profit from such development are not doing it in the interest of ensuring the availability of public housing.

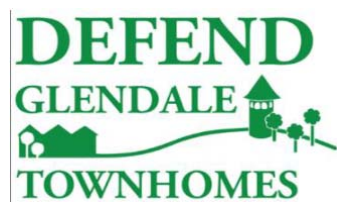
We urge the Board members of MPHA, as well as Minneapolis city council, and state representatives to get behind the Defend Glendale campaign, The Defend Glendale Option, and work to preserve the Glendale Townhomes for the generations to come. We also urge them to fight to increase the availability of public housing - NOT Section 8 or Project Based Section 8 - in Minneapolis. This requires: 1) preserving as publicly owned and operated the public housing we already have; 2) stopping the selling off of public housing to private redevelopment companies; 3) repairing and remodeling currently owned public housing without public-private partnership which have always left the working poor and people of color in worse position than before; 4) creating more public housing in Minneapolis by MPHA purchasing houses, apartments, and condominiums to be used as public housing; 5) ensuring greater oversight and regulation of MPHA by the City of Minneapolis and HUD with the mandate to increase public housing, not just affordable housing gained through public-private partnerships.

Conclusion

In this report, we have shown all the subtle and unsubtle ways in which the Sherman report presents the option most beneficial and profitable for developers as the only option for the future of Glendale. We have also shown that the best option for Glendale is rehabilitation.

MPHA needs more oversight and regulation to ensure that public housing is not sold off or demolished. Instead, public housing must be purchased and increased in order to provide actual equitable opportunities for housing in Minneapolis to the thousands of residents who are being priced out of areas they have called home for generations.

Glendale Townhomes is of course not alone in undergoing threats to gentrification and displacement. While as the homeless population in Minneapolis is on the increase, MPHA is seeking to dismantle public housing essential for the lives of many poor and working class communities. The time has come for Minneapolis to re-imagine its public housing as resident led, truly public, and truly affordable. It is time for MPHA to change for the better.



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