



Scattered Sites into Fourplexes: A Factsheet

MPHA's Annual 2019 MTW Report Reveals Plans to Privatize Over 730 Single Family Units, Transforming Them Into the Fourplexes that Mayor Frey & the 2040 Comp Plan Endorse.

July 30th, 2018

Introduction/Background

On July 20, 2018, MPHA released their 2019 MTW Annual Plan, <http://mphaonline.org/wp-content/uploads/2018/07/2019-MTW-Annual-Plan-DRAFT-for-public-review.pdf> they plan to submit to HUD by October 18, 2018 for approval. ~To remind our allies, the MTW Annual report is their annual report where MPHA has deregulation status from HUD and Ben Carson where HUD basically allows MPHA to be flexible on how they spend funds, new housing initiatives, etc as long as the local community, City and residents are engaged and approve their plans and process.~ This annual report details their operations and programs and investments they plan to implement for the following year. They must submit this report each year. For the 2018, MPHA introduced a plan to start their privatization agenda by asking the HUD to waive the DOT(Declaration of Trust) that protects the public housing from being privatized. As far as we know, HUD has rejected these proposals and MPHA had to submit their application again. HUD has yet to approve MPHA's 2018 MTW Annual plan that will privatize some of their properties.

Even though MPHA tried to use non-threatening language in their 2019 MTW Annual Plan, the 85 page report explains in detail how MPHA will privatize, dismantle public housing units and displace their low-income residents. In the coming week DG&PHC will share an in-depth analysis of this report. In this statement we want bring your attention to a specific proposal in the report where MPHA details how they plan to demolish and dispose of over 730 single family public housing homes that are cheaper to build fourplexes. This is in line with Mayor Jacob Frey and Minneapolis City's 2040 Comprehensive Plan to build fourplexes by demolishing small to medium size family homes thereby displacing poor families with children, doubling the property taxes of the neighborhoods and more. See page 8 to 9 where MPHA explains their process to accomplishing this goal. <http://mphaonline.org/wp-content/uploads/2018/07/2019-MTW-Annual-Plan-DRAFT-for-public-review.pdf>

Pg. 8 -9: MPHA calls this section : "Preserving and stabilizing MPHA Scattered Sites through Section 18"

- Scattered sites are over 730 single-family homes that are public where low-income families with children reside.
- These homes are located throughout the majority of the city's wards.
- Section 18: Demolition and Disposition of Public Housing. This is the process by which scattered sites will be demolished. The link below explains this process.
- <https://www.hud.gov/sites/documents/demodispopihsection18.pdf>
- Public housing authorities usually apply for Section 18 from HUD when properties are in such bad physical conditions that the housing authority can't repair or rehab them, making the properties unsuitable to house families.

On page 8, MPHA writes: *“Under HUD’s Section 18 process, MPHA would transfer ownership (HUD calls this process “disposition”) of the scattered sites (AMP 2) to a non-profit established and fully controlled by MPHA.”* This sentence means the following:

- MPHA will remove the public ownership and privatize over 730 small family public housing homes and turn over the homes to a private non-profit corporation that MPHA will become, leaving no city, state, or federal oversight. **MPHA does not want to be a public agency anymore. If the City and HUD approve, there will be no public accountability from City, State, or HUD. This is privatization.**
- The 730 family homes will then be eligible to be sold by this non-profit corporation and flip the homes.

On page 8, MPHA writes: *“This necessary step would allow MPHA to apply for Section 8 Tenant Protection Vouchers (TPVs) which would provide a higher level of funding for each family than under the current public housing structure. Residents may agree to project-base TPVs in the scattered site units they occupy.”* This sentence means the following:

- TPV(Tenant Protection Voucher) is a Section 8 Voucher that low-income families can use to find rental housing in the private market. Rent is 30% of income for rent.
- MPHA as the new private non-profit corporation will then become the owner of former MPHA properties and land. The private non-profit corporation will apply for Section 8 Funding- the “higher level of funding” from the “affordable housing funds” from City, State, County and Federal to redevelop the homes into fourplexes or any other private development the city allows.
- Before any redevelopment takes place, the low-income public housing families will be given an option to move out with a Section 8 voucher. Due to gentrification many are no longer renting to Section 8 families.

On page 9, MPHA writes: *“Physical condition of a scattered site property may be such that it is unsustainable in the near-term even under the increased subsidy. In these cases—which MPHA will identify as we explore our HUD Section 18 application—MPHA would seek HUD approval for other outcomes that would allow us to serve the same or more families (for example, by rebuilding a **fourplex** where a single-family home once stood). Families in these homes would receive TPVs and full relocation benefits, to which they are entitled by law. If they choose, we would accommodate them elsewhere within our scattered site portfolio”* This sentence means the following:

- MPHA will evaluate the 730 plus family homes stage by stage as unsuitable and uninhabitable for families in order to apply for Section 18, despite homes being in good structural shape and condition. The city will not object to this because MPHA has been doing its own inspections for decades even though according to City’s Ordinances 420 and Special Law passed in 1980 limits the power of MPHA and gives greater legal oversight to the City of Minneapolis. <https://lms.minneapolis.gov/File/2018-00866>
- Note the MPHA sentence: *“unsustainable near-term even under the increased subsidy.”* this means once the corporation takes over the property and gets all of the “affordable funds”, it can say, ‘oh well we tried to keep the property, but we need to demolish because of its condition.’ And then flip it to fourplexes.
- This will then allow the rebuilding of fourplex in the land that these small family homes were once located.
- **These Fourplexes are the same plans that Mayor Jacob Frey and the 2040 Comprehensive Plans have been promoting.**
- The fourplexes will not be rehousing former tenants because they will have been built for the wealthy. By the time the fourplexes are built the tenants will be displaced and priced out of their former neighborhood.

- The families may receive 3 months to 30 day notices to vacate their homes and find housing with their Section 8 Vouchers. Read a story of a mother displaced through section 8; <https://tinyurl.com/Sahrooni-s-Story-about-Sect-8>
- The neighborhoods that lose public housing to fourplexes will become more expensive.
- The property taxes for working class homeowners will increase to a point of possible foreclosures at risk.
- Corporations will become the new landlords of the city, promoting luxury fourplexes and buildings as poor and working class families majority people of color will be pushed out of Minneapolis.
- Mayor Jacob Frey and MPHA have built a strong partnership to dismantle over 730 public housing family homes for Fourplexes for the rich, which will be enforced through the current the 2040 Comprehensive Plan if it passes as it is now.

On page 7, MPHA writes: “Private investment for rehabilitation and repair—with underlying public control and public management—is not privatization. Redevelopment and reinvestment—without displacement—is not gentrification.”

This means that MPHA’s 42 high-rises, over 730 homes, Glendale Townhomes and more public housing units that are now 100% public, will become 100% private, which will displace tens of thousands of low-income people of color, immigrants, refugees, seniors, families with children, and disabled folk.

- A diverse pool of private developers will take over 99.9% of the ownership of the properties with no charge to them, in addition to “affordable housing funds”.
- The underlying public control MPHA mentions is 0.01% which will not even be public, as MPHA proposes to become a private non-profit corporation with no public accountability with no city, state, county or federal oversight if the City of Minneapolis and HUD approve .
- **Redevelopment and reinvestment with private investment is displacement and gentrification. Over 26,000 people will be pushed out of Minneapolis through the destruction of public housing in Minneapolis.**

Another discrepancy

For the past four years and as recent as 2017 MPHA stated in their reports that they have 6,241 public housing units in stock and now according to their website MPHA has 5940 public housing units. MPHA is not able to explain to the public what happened to 101 public housing units and to the tenants that lived in these units. MPHA needs to share with the public where these homes disappeared without public knowledge because they are a public agency with public accountability.

Lack of resident notification at the public housing units

- MPHA sent letter-notifying residents that the 2019 MTW Plan is available, and if they want to read it they have to go online.
- MPHA stated that if public housing residents or citywide residents want to comment on this report they have to comment online by sending an email or by mail.
- MPHA knows a majority of public housing residents do not have access to computers and may not have emails accounts.
- MPHA also knows that more than half of their public housing population don’t speak English.

Despite these violations, MPHA published this notice on their website: mphaonline.org

- **Aug. 15:** Informational presentations held from 1 to 3 pm and 5 to 7 pm at 1815 Central Avenue in Minneapolis.
- **Aug. 22:** Public hearing following MPHA Board of Commissioners regular 1:30 pm monthly meeting at 1001 Washington Avenue North in Minneapolis.
- **Aug. 27:** Deadline for MPHA to receive public comment on the draft MTW Annual Plan.
- **Sept. 26:** Board final review and vote.
- **Oct. 18:** Plan due to HUD.
- To leave public comment on the draft MTW Annual Plan, email MTW@MplaPHA.org, or mail to MPHA MTW Comments, Room 204, 1001 Washington Avenue N. Minneapolis, MN 55401. The comment deadline is August 27, 2018.

There is no avenue for public housing residents that don't have computers, or those that don't speak English to comment on, or receive a copy of MPHA's Annual 2019 MTW Report.

Defend Glendale & Public Housing Coalition

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