



What is RAD & Does It Make Sense for Elliot Twins Public Housing?

What is RAD?

On August 30, 2018, Minneapolis Public Housing Authority (MPHA) filed an application to privatize the Elliot Twins apartments, located in Ward 6 in Elliot Park, through the Rental Assistance Demonstration (RAD).¹ MPHA plans to submit RAD applications in the coming years for Glendale Townhomes in Ward 2, Rainbow Terrace Public Housing in Ward 5, and Spring Manor & Friendly Manor Public Housing in Ward 3.²

In this report/factsheet, we want to explain what RAD is and answer the question: *Does a RAD application make sense at Elliot Twins?* All the information in this report is collected from MPHA through the Minnesota Data Practices Act or through research done on the effects of RAD nationwide.

According to the U.S. Department of Housing & Urban Development (HUD), the federal department that approves RAD applications for local public housing agencies (PHA's), RAD is a possible solution to the lack of funding public housing agencies may face due to past budget cuts in capital funding. Capital funding is money that is needed to make the necessary updates, repairs, rehabs, and renovations of public housing properties. RAD is a voluntary program that a PHA can participate in to look for a third party private investor because the PHA does not have the funds to repair badly deteriorating properties. It is important to preface that this is a voluntary program.

While RAD is a voluntary program that PHA's can opt to use, it was originally designed as a pilot³ program to be used under certain circumstances where PHA is facing extreme funding cuts and the properties can't be saved. In other words, RAD is a program for public housing buildings that are in such poor condition that they would either be demolished or sold because the local public housing agency cannot afford to maintain the building in a habitable state. It is meant for situations in which, due to the shortness of funds and deteriorating conditions of the properties, the PHA can no longer keep the properties public.

RAD is an option for the agency to convert the buildings from public to private, so they can find private investors who will pay for renovations/rehab at the building in exchange for taking ownership over the buildings. RAD converted buildings are no longer publicly owned. These types of arrangement are known as "public-private partnerships" - they use money from private investors/developers while the federal government subsidizes the cost through tax credits to the developer. However, this requires that the buildings to be sold, and depending on the properties

¹ <https://mphaonline.org/wp-content/uploads/2018/08/RAD-Application-Elliot-Twins.pdf>

² <http://mphaonline.org/wp-content/uploads/2018/06/MPHA-Strategic-Vision-As-Approved-by-Board-May-2018.pdf> pg. 7, 18, and 19.

³ <https://www.thenation.com/article/obama-administration-expanding-program-fix-public-housing-too-bad-program-might-also/>

some of the land may be leased from 15 to 30 to up to 100 years to the private developers/investors, giving full control and ownership from the public housing agencies over to the private developers.

It is important to note that the private investors will pay for these renovations by applying for tax credits and affordable housing funds. The funds are still from our tax dollars, but instead of our tax dollars going toward to keep public housing public, it goes to private investors to take over public housing.

Despite being intended for special circumstances where the PHA face a funding crisis and properties are in poor condition, in practice many RAD conversions take place at buildings that have been recently renovated or rehabbed, in good condition and PHA may not be facing extreme funding crisis. **This is because the housing units which need the fewest repairs or are in the best condition are most likely to attract private developers, while the housing that is most desperate for repairs and updates is the least likely to receive private developers' attention.**⁴ The private developers lobby heavily to take control of these buildings for free. In 2013, the Chicago Housing Authority applied for RAD at many senior properties⁵, in spite of the fact that the agency had just completed a \$500 million dollar renovation of their senior properties during the mid-2000's.⁶ Robert Whitfield, a lawyer who represented seniors living in CHA housing set to be converted through RAD, believed that the good condition of the buildings was itself the motivation for RAD conversion. Another activist involved in Chicago and co-founder of the Chicago Housing Initiative, Demetrius Bonner, stated that he "sees no difference between RAD and Hope VI".⁷ Hope VI was a HUD program notorious for displacing families and decreasing the public housing stock throughout the 1990s.

The same motivation is at play in the case of Glendale Townhomes in southeast Minneapolis - the first property MPHA targeted with RAD. Glendale received a physical inspection score of 98 out of 100 from MPHA/HUD, and recently received a \$1.5 million energy efficiency upgrade from the Sustainable Resource Center, paid for by U.S. Department of Energy grants and advocated for by Defend Glendale & Public Housing Coalition (DG&PHC) resident leaders.⁸ In other words, the property is in great shape. Yet, MPHA wants to demolish Glendale using RAD, and in the process displace 600 low-income poor and working class people, half of whom are children, in order to build condominiums for the rich and sell the land to their private investors. The major rise in housing prices and housing demand in Prospect Park in recent years, due to the neighborhood's proximity to the Green Line light rail and the University of Minnesota East Bank Campus, are the reasons why MPHA, with the support of private developers and Mayor Frey want to demolish Glendale and convert it to RAD. Residents organized, rejected and continue to resist this plan. Now, a similar situation is unfolding at Elliot Twins.

⁴ Stephens, Alexis. "Risks Vs. Rewards: Inside HUD's New Favorite Program." *Next City*. Oct. 9, 2014

⁵ <http://inthesetimes.com/article/17793/is-rahm-emanuel-planning-to-privatize-chicagos-public-housing>

⁶ <http://www.chicagotribune.com/news/ct-xpm-2005-05-29-0505290368-story.html>

⁷ <https://www.tcdailyplanet.net/rad-rental-assistance-demonstration/>

⁸ <https://mphaonline.org/weatherization-upgrades-pick-up-steam-at-the-glendale-townhomes/>
<https://tinyurl.com/Weatherization-by-SRC> statement by DG&PHC

Elliot Twins is a clear example of how MPHA is pushing this Carson and Trump plan through the leadership of executive director Greg Russ and with the full support of Mayor Jacob Frey of Minneapolis. Under the Obama Administration, HUD Secretary Julian Castro tripled the RAD pilot program. In response, Congresswoman Maxine Waters wrote a [letter](#)⁹ to President Obama saying that she was concerned that a future administration could use RAD to dismantle public housing across the nation. She was correct as now we see Trump and Ben Carson pushing RAD to privatize public housing across the country so developers profit off of tax credits. Mayor Frey and the DFL City Council are implementing the Trump agenda in Minneapolis.

Why RAD is Not Working: HUD's Definition vs. Reality

HUD published an informational sheet called RAD Program Details for Residents, which can be found here: <http://www.hud.gov/RAD/program-details-residents>. It poses some questions that residents may have about RAD and provides HUD's answers. In this section, we picked some of the key questions and answered them with the reality of how RAD is experienced on the ground by us, the public housing residents.

1. Will a RAD conversion affect my housing?

HUD's answer: "You will not lose your housing assistance and you will not be rescreened because of a RAD conversion ... PHA's [Public Housing Authorities] will manage RAD properties"

Reality:

The reality is that MPHA plans to transfer RAD converted properties to private investors that will own 99.99% of the property and the remaining .01% will be owned by a nonprofit MPHA creates that will be unaccountable and non-public.¹⁰ MPHA plans to use RAD to take publicly owned housing and place it in private hands. This leads to permanent displacement and loss of public housing.

Following the RAD Conversion, the private investor who has 99.99% ownership has the right to decide how many units will remain income based and how many will be market rate based. We already know that MPHA is planning to convert 1 in 4 units in Elliot Twins to market rate¹¹. How many more will be converted to market rate when a private investor becomes the majority owner? An article in the Pacific Standard notes that, "In the past, when the government has relied on private capital to fund such programs, many income based units were turned into market-rate rentals once the developers paid off their 30 year mortgages¹²". In the case of RAD, developers and investors can sign 5 or 15-20 year contracts with the government to subsidize a small number of units as income based and the rest will be market rate. After this contract expires, MPHA as a public agency and public housing are both long gone. As a result, the private investor has the option of not renewing the contract with the government to subsidize the small number of units as income based. At this stage, the public housing property is 100% under the ownership of the investor with zero income based units available, and with 100% market rate and high end units available. Indeed, a 2014 blog post by the Center for Effective

⁹[https://democrats-](https://democrats-financialservices.house.gov/uploadedfiles/2014.12.10_rm_waters_letter_to_the_president_on_rad.pdf)

[financialservices.house.gov/uploadedfiles/2014.12.10_rm_waters_letter_to_the_president_on_rad.pdf](https://democrats-financialservices.house.gov/uploadedfiles/2014.12.10_rm_waters_letter_to_the_president_on_rad.pdf)

¹⁰ <https://tinyurl.com/MPHA-s-Pathways-to-Destruction>

¹¹ https://drive.google.com/file/d/1V2C5ncs1sA5SgPZUq1_D6jU5QrZ63tcG/view?usp=sharing

¹² <https://psmag.com/news/will-handing-public-housing-projects-to-private-developers-hurt-the-poor>

Government stated that RAD “has reduced the number of public housing units available while benefiting for-profit property managers.”¹³

HUD requires that a RAD conversion does not result in a loss of more than 5% of the number of affordable units prior to conversion. However, a unit is excluded from this calculation if it has been vacant for 24 months when the PHA applies for RAD.¹⁴ This means MPHA can keep units vacant for 24 months and then after conversion the new majority owner can legally convert them to market rate units, decreasing the number of income based units available. MPHA already admitted at a public meeting on August 8th that they will be keeping units vacant to assist with relocation during renovations. But they could actually choose to convert these units to market rate during the conversion. MPHA is planning to keep units that are in excellent condition vacant during a massive housing crisis in Minneapolis so their private investors can profit off them following RAD conversion. In summary, there are multiple ways that MPHA and their private investors can manipulate federal regulations to convert income based public housing units to market rate apartments, contributing the gentrification of Minneapolis.

In addition to MPHA’s and private investors ability to decrease the number of income based affordable units, residents face the risk of displacement at numerous steps of the RAD conversion. During the renovations, residents will be moved to new units or new buildings. However, there is already a shortage of units, so where will residents be moved to? The waitlist for public housing is a minimum of 7 years long. Since 2016, over 17,000 people and growing are on the waitlist for public housing and Section 8 Vouchers in Minneapolis¹⁵. Here is a fact sheet that explains how Minneapolis public housing residents will be displaced by MPHA:

<https://tinyurl.com/MPHA-Steps-to-Displacement-2>

On June 3rd 2017, MPHA Executive Director Greg Russ admitted during a public meeting that some families would be given Section 8 vouchers during renovations. This admission was caught on camera by DG&PHC <https://www.youtube.com/watch?v=RfMKXv5Btr4&t=2s>. What Greg Russ and MPHA failed to discuss are the failures of the Section 8 voucher system. It has been well documented that Section 8 vouchers do not work for public housing residents. In California a study found that up to 64% of voucher holders had to give up their vouchers after not finding housing in the amount of time allotted by the program.¹⁶ Since Section 8 is a voluntary program that landlords choose to enter, People of Color in Minneapolis face extreme discrimination, especially those who are Black, Latinx, Black Muslim, LGBTQ, disabled, or are otherwise marginalized¹⁷. Minneapolis has some of the worst racial inequalities in the United States¹⁸ and this discrimination extends to housing. A Section 8 Voucher recipient shared her story about Section 8 with DG&PHC. She shared that on two separate occasions her landlords decided to stop accepting Section 8 vouchers, forcing her and other residents to leave. When

¹³ <https://www.foreffectivegov.org/node/12939>

¹⁴ <http://nhlp.org/files/RAD%20Advocacy%20Guide%202.0%20FINAL%20with%20Appendix.pdf>

¹⁵ <http://www.startribune.com/minneapolis-public-housing-authority-considers-overhaul-of-6-000-public-housing-units/489426991/>

¹⁶ <https://www.oregister.com/2016/10/05/no-voucher-no-vacancy-no-help-the-cruel-realities-of-section-8-housing-in-orange-county/>

¹⁷ <https://www.urban.org/features/exposing-housing-discrimination>

¹⁸ <https://minnesota.cbslocal.com/2017/08/22/minnesota-racial-inequality/>

searching for a new home she faced xenophobia, Islamophobia, and racist discrimination, making it nearly impossible to find a new home in the three month time -period that Section 8 gives her to find a new home.¹⁹

MPHA promises that residents displaced during a RAD conversion and rehab will have the right to return to their apartments. This is not true because once residents are moved out of their apartments or given Section 8 vouchers, they can become lost in the system and never return to their apartments. Previous research by Ed Goetz found that only 1 in 5 residents displaced by similar rehab projects returned to their homes.²⁰ HUD prohibits rescreening of residents due to the RAD conversion. However, following conversion, residents are, “subject to any ongoing eligibility requirements for actions that occur after conversion.”²¹ Additionally, the new private owners have the ability to rescreen residents at their annual or interim recertification. A recent U.S. Government Accountability Office (GAO) report also notes that tenants’ rights are inadequately protected under RAD²². Even the 20% of residents who come back following RAD conversion are not safe from future displacement. Residents have reported experiencing difficulty certifying their income after RAD conversions, which is often a tactic used to displace vulnerable residents.²³

Additionally, the long-term income based affordability of a property is not guaranteed under RAD. One risk is the insufficiency of appropriated funds which, “relieves HUD of the obligation to provide renewal funding increments for the contract term.”²⁴ This means that HUD can stop providing assistance to the property and it will no longer remain income based affordable. Another risk is the risk of foreclosure. In the case of foreclosure on a RAD property, there is no guarantee that the property will continue to be income based at 30% of a resident’s income. HUD is under no obligation to continue paying assistance to subsidize the property at income based affordability levels²⁵. This means that a property could face foreclosure.

There are multiple examples of RAD not working across the United States. In Baltimore, public housing residents have been organizing against RAD since they first learned about it in 2012.²⁶ Activists from Baltimore have stated that, “the RAD program definitely won’t benefit residents”²⁷ that RAD “privatizes a public good, public housing, and creates a new profit center for developers”²⁸. Public housing residents in Baltimore have also stated that they were lied to regarding their PHA’s plans and more buildings were converted to RAD than the PHA promised would be²⁹. Resident Lucky Crosby stated, “I see them [Baltimore PHA] selling all the family

¹⁹ <https://www.dgphc.org/2018/07/26/sahroonis-story-about-the-section-8-system/>

²⁰ <https://www.weareubuntu.com/race-politics/2018/8/24/minneapolis-public-housing-authority-prioritizes-profits-over-people>

²¹ https://www.hud.gov/sites/documents/RAD_PBRAQUICKREF.PDF

²² <https://shelterforce.org/2018/07/30/the-promise-and-peril-of-huds-rad-program/>

²³ See page 28: <https://www.gao.gov/assets/700/690210.pdf>

²⁴ See page 48:

<http://nhlp.org/files/RAD%20Advocacy%20Guide%202.0%20FINAL%20with%20Appendix.pdf>

²⁵ Ibid.

²⁶ <https://popularresistance.org/how-a-federal-program-is-destroying-public-housing/>

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

developments off, and I see it as no longer being public housing in Baltimore City. I see them moving all the undesirable people they believe in public housing out of public housing”³⁰. This is exactly what MPHA is trying to do in Minneapolis. In addition, like their counterparts in the Baltimore PHA they will continue lying to residents about their intentions.

Following a RAD conversion at Elliot Twins, MPHA will allow the private investors to choose the management of the properties. Greg Russ, current Executive Director of MPHA, admitted as much when discussing the potential risks of RAD at MPHA’s May 16, 2018 Board meeting, saying “the investor does have the right to come in and remove the property manager if they feel we’re doing a bad job. So that’s a risk.”

It is important to note that MPHA has a status called MTW (Moving To Work) from HUD. Even though the name is confusing, all it means is that MPHA is deregulated and therefore has flexibility in how they can spend their federal funds. This means they don’t have to follow any HUD guidelines strictly, because HUD gives them local control to make these decisions with the community at large, state and city governments. The City of Minneapolis, including the current administration of Mayor Jacob Frey, failed to implement the legal charter and oversight they have over MPHA for decades - oversight that is meant to ensure that MPHA fulfills its mission to keep public housing public and that funding is spent appropriately.

Given all these facts and experiences, it makes sense that academic researchers view RAD as the culmination of a decades-long effort to privatize public housing. A 2017 article published by Dr. James Hanlon of Southern Illinois University Edwardsville states “in no uncertain terms, the RAD program is hastening the end of public housing in the United States.”³¹

2. Will a RAD conversion affect my rent?

HUD’s answer: “Your rent contribution will most likely be the same as it was under public housing—generally no more than 30% of your household’s adjusted gross income ...”

Reality:

MPHA Executive Director Greg Russ introduced a plan called Guiding Principles for Redevelopment and Capital Improvement at MPHA. This is a similar plan he used to privatize public housing in Cambridge, Massachusetts. In this plan, MPHA explains how they will improve the marketability rates of the public housing units. If MPHA is not trying to convert public housing units into market rate/privatized units then why do they need to “improve the marketability rates” of public housing units that are fixed at 30% of residents’ monthly income. See page 4 of this letter <http://tinyurl.com/MPHA-Resident-Ltr> Greg Russ sent to residents that explains the new Guiding Principles and how they will change the foundation of public housing to private development. Greg Russ states in the letter that residents approved the Guiding Principles which is not true because residents were not informed about this vote nor were given opportunity to comment. A few residents - handpicked by MPHA - approved this plan, leaving thousands of residents out of the loop. There was no transparency, and residents were not able to comment or vote, therefore they were marginalized.

³⁰ Ibid.

³¹ Hanlon, James. “The Origins of the Rental Assistance Demonstration Program and the End of Public Housing.” *Housing Policy Debate*. Feb, 9, 2017

The recent GAO report on the RAD program was commissioned by Congresswoman Maxine Waters who was deeply concerned about the negative impacts of RAD³². In her [letter](#) of request she stated that she was concerned about inadequate protections for tenants under RAD as well as the depletion and privatization of public housing. It found that 57% of residents interviewed, or about 10,000 people, saw their rent go up following RAD conversions.³³ In Minneapolis the current model that private developers use to set affordable housing rents is “Area Median Income” (AMI) which, as DG&PHC has shown, is not affordable for public housing residents because public housing residents can only afford to pay 30% of their monthly income for rent. Therefore, residents can’t afford to come back because they can’t afford the new market rate rents or so-called affordable rents that are based on a percentage of AMI as opposed to 30% of residents’ actual incomes. Private investors, with the help of the City of Minneapolis, have been setting higher AMI rates between 60% to 80%, which will not qualify public housing residents to move back or rent in Minneapolis at all. Here is a fact sheet and a chart that explain why AMI is not affordable for public housing residents; <https://tinyurl.com/AMI-is-Unaffordable-Part2> & [/tinyurl.com/AMI-Chart-Part-2](https://tinyurl.com/AMI-Chart-Part-2).

In addition, if the new owner (investor) who signs contract with the PHA to take over the properties are somehow breached or funding is cut to the subsidy given to the investor, then the investor can raise the rent up to 80% of the Area Median Income.³⁴ In Minneapolis, over 11,000 poor and low-income public housing residents make income that is between 0 to 10% to a maximum of 21% of current AMI described in the above chart. Displaced public housing residents will not be able to move back. In addition, MPHA promotes AMI-based rents rather than 30% of income for rent in their Guiding Principles, despite the fact that public housing, by law, must use residents’ income - not AMI - to set rents.

In addition, the GAO report also found that HUD does not have a process to “ensure compliance with program rules and to better understand the impacts to residents. Without a comprehensive review of household information and procedures for fully monitoring compliance with resident rights, the GAO concluded that HUD cannot fully assess the effects of RAD on residents.”³⁵ This means that promises MPHA makes are not based on facts or evidence.

3. How can residents be involved in the RAD process? HUD’s answer (summarized):

“Yes, before PHA’s can apply to participate in RAD”, residents have to be notified and involved. According to HUD’s RAD Notice REV-3³⁶ and HUD’s Fair Housing Notice,³⁷ PHA’s must provide residents a Resident Information Notice or RIN, “at the very beginning of the RAD planning

³² <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=399373>

³³ See page 21: <https://www.gao.gov/assets/700/690210.pdf>

³⁴ See page 33: <https://www.gao.gov/assets/700/690210.pdf>

³⁵ <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=401258>

³⁶ https://www.hud.gov/sites/dfiles/Housing/documents/RAD_Noteice_Rev3_Amended_by_RSN_7-2018.pdf

³⁷ https://www.hud.gov/sites/documents/16-17HSGN_16-17PIHN.PDF

process.” They must also provide a General Information Notice (GIN) if residents may be displaced due to the RAD conversion.

Reality: The reality is MPHA is pursuing RAD conversions regardless of resident opposition, and they failed to notify residents and receive their approval at Elliot Twins, which violated HUD guidelines.

- April 24th, 2017, MPHA submitted a “Letter of Intent” to HUD regarding a RAD conversion for Elliot Twins³⁸. This letter marked the beginning of MPHA’s RAD process and residents should have been notified at this point and at every subsequent point throughout in order to adhere to the “regular” communication requirement from HUD.
- A June 20th email from MPHA Director of Policy & External Affairs Jeff Horwich (formerly MPHA’s Communications Director) shows that MPHA planned on not informing residents until *after* their public announcement of their RAD application in their draft MTW plan. Again residents are kept in the dark. You can see a screenshot of this email here: <https://tinyurl.com/Jeff-Horwich-s-Email>
- Furthermore, the Star Tribune published an article online on June 28th (in print on the 29th) that publicly announced the RAD application before they provided residents with this notice.³⁹
- Jeff Horwich and Greg Russ of MPHA decided that the Elliot residents should be the last to know about the RAD application since MPHA sent the RIN notice <https://tinyurl.com/RAD-Notice-RIN-Elliot-Twins>, to residents during the week of July 30th to August 3rd. These notices told residents that MPHA was holding Resident Information Notice (RIN) meetings on August 8th and 9th. Over 15 months, MPHA hid from residents that they were applying for RAD. In addition, Jeff Horwich and Greg Russ target and intimidate Somali women public housing residents who lead DG&PHC in order to silence them.
- After MPHA finally provided RIN’s to residents at Elliot during the first week of August, MPHA then held two rushed meetings.⁴⁰ More importantly, MPHA did not respond to all comments they received especially from residents leaders of DG&PHC, and also MPHA did not submit all comments they received to HUD. This means that MPHA has violated RAD requirements at Elliot Twins. MPHA also failed to respond to a letter signed by over 64 residents.⁴¹ To protect the privacy of the residents, their names and addresses were redacted as residents continue to sign on to this letter. MPHA failed to add this letter to the comments they submitted with the RAD application. This letter is currently being signed by a significant percentage of Elliot residents. MPHA tried to hide this letter because it confirms MPHA’s use of misleading information and abuse of residents’ human rights. By failing to respond to and include all comments received from residents, MPHA has failed to fulfill RAD’s resident participation requirements.

Therefore, MPHA’s application is neither legitimate nor valid. MPHA violated all of the minimal oversight HUD has over the RAD application process, and all of the evidence shows that MPHA waited as long as possible to inform residents at Elliot Twins about RAD.

³⁸ <https://tinyurl.com/y8egx885>

³⁹ <http://www.startribune.com/minneapolis-public-housing-authority-considers-overhaul-of-6-000-public-housing-units/489426991/>

⁴⁰ <https://www.dgphc.org/2018/08/13/mphas-illegitimate-rad-meetings-at-elliott-twins/>

⁴¹ <https://tinyurl.com/Elliot-Ltr-MPHA-HUD-Redacted>

RAD is Not Applicable to Elliot Twins

On average, MPHA receives between 95 to 98 out of 100 for physical inspections from HUD for Glendale and Elliot Twins. The Cedars (AMP 6), which Elliot Twins belongs to, received 95 out of 100 for their inspection in 2015 and 2018⁴². These properties are in better shape than many of the rental market properties that the City of Minneapolis inspects. There are 174 units spread between the two buildings, with half studio and the other half one bedrooms. MPHA claims that they need third party investors to privatize and sell Elliot Twins through RAD because the buildings are in horrible condition, and they don't have the funds to repair the homes. In order to scare the residents, they show the same photos of old pipes they used to scared residents at Glendale with in 2015 when they wanted to use RAD there.

Elliot Twins are in great condition because MPHA allocated \$3,014,867 to rehabbing and renovating the buildings between 1999 and 2015. These funds came from HUD, and they were allocated for rehab and capital improvements to maintain the buildings.

1999	\$116,176 ⁴³
2000	\$51,326 ⁴⁴
2001	\$13,691 ⁴⁵
2004	\$43,256 ⁴⁶
2005	\$678,383 ⁴⁷
2006	\$537,561 ⁴⁸
2009	\$334,474 ⁴⁹
2015	\$1,240,000 ⁵⁰
Total	\$3,014,867

⁴² <https://www.huduser.gov/portal/datasets/pis.html#2018>

⁴³ Allocated funds for non-dwelling equipment, consulting fees, and mechanical upgrades. Data from MPHA's 2002 Annual Plan page 134.

⁴⁴ Funds allocated for hazardous waste, common area improvements, and consulting fees. Data from MPHA's 2002 Annual Plan page 163.

⁴⁵ Funds allocated for common area, elevator, and water systems improvements. Data from MPHA's 2004 Annual Plan page 3.

⁴⁶ Funds allocated for plumbing systems, architects and engineers, and security system upgrades. Data from MPHA's 2006 Annual Plan page 86.

⁴⁷ Funds allocated for plumbing systems, piping replacement, relocation costs, and security improvements. Data from MPHA's 2007 Annual Plan, FFY 2005 CFP, page 3.

⁴⁸ Funds allocated for plumbing and electrical system improvements. Data from MPHA's 2007 Annual Plan, FFY 2006 CFP, page 2.

⁴⁹ Funds allocated for trash management system upgrades, piping replacement, and consulting fees. Data from MPHA's 2010 MTW Annual Report page 61.

⁵⁰ Funds allocated for elevator improvements. Data from MPHA's 2015 MTW Annual Plan page 94.

Here are testimonies from residents talking about the condition of Elliot Twins and what they are experiencing from MPHA's leadership of Greg Russ and Jeff Horwich:

<https://www.youtube.com/channel/UCrFhA0WumHEkfX84XdrExfQ/playlists>

As the residents stated, Elliot Twins are in great shape. The buildings have wifi, great community rooms, new plumbing systems, an excellent paint job, etc. Then why is MPHA applying for RAD? Why are they inviting a third party private investor to buy the buildings in order to rehab them again when the buildings are in excellent shape, do not need rehab or renovations, and MPHA does not have a funding crisis? MPHA wants to dismantle public housing, for public housing to cease to exist, so that private developers can take over through tax credits and "affordable housing funds," thus displacing vulnerable seniors and intensifying the gentrification crisis in Minneapolis.

MPHA Does Not Have a Funding Crisis

MPHA has plenty of funds. DG&PHC has produced a chart which shows that MPHA does not need private funding or private partners to take ownership of Elliot Twins in exchange for investing in renovations or rehab. MPHA estimates it will have annual capital needs of \$25 million per year over the next 20 years. They currently receive \$14.8 million per year from HUD and \$2.2 million per year from the state of Minnesota. MPHA could also lobby for the City of Minneapolis to reinstate an \$8 million levy they used to receive but decided to stop applying for in 2010. This would bring their annual capital funds to exactly \$25 million⁵¹. If MPHA's true goal was to preserve public housing, they could easily afford to do so using only public funds. But MPHA's main goal is to sell and dismantle public housing. This will displace thousands of public housing residents and queue up their developers' networks in order to profit from public properties, starting with Elliot Twins.⁵²

The GAO report also found "that very little private funding is in fact going into these deals," revealing that HUD vastly overstates the level of private investment that accompanies RAD conversions. Whereas HUD claims that RAD raises \$19 of private funding for every \$1 of public funding, the GAO found that the actual ratio is only \$1.23 of private funding for every \$1 of public funding.⁵³ This begs the question of why, if MPHA has access to enough public funding and would not gain much from private investment, they are so intent on privatizing the newly renovated Elliot Twins.

Who Lives at Elliot Twins & Why are They Being Displaced?

The residents at the Elliot Twins are majority vulnerable seniors, Black immigrants and refugees from Somalia, Ethiopia, and Eritrea who do not speak English, and African American. Many residents struggle with serious physical and mental health challenges. Some of the residents are in a coma, and others receive daily medical care. Residents are on a fixed income of \$750 a month from Social Security. So a senior receiving \$750 a month pays \$225 a month in rent. If they lived in 30% AMI housing, which is what RAD conversion will lead to, then their monthly rent will be \$508, which is more than double their rent now. As we stated before, MPHA is

⁵¹ <https://tinyurl.com/MPHA-Has-Plenty-Public-Funds>

⁵² <https://tinyurl.com/MPHA-Has-Plenty-Public-Funds>

⁵³ <https://democrats-financialservices.house.gov/news/documentsingle.aspx?DocumentID=401258>

promoting AMI-based rents rather than 30% of income for rent, which leads to displacement and homelessness.

The Elliot Twins are located in the Elliot Park neighborhood (named after Elliot Park). Elliot Park is one of the most rapidly developing neighborhoods in Minneapolis. The neighborhood's prime location just east of Downtown (and mere blocks from the new US Bank Stadium), has attracted a host of luxury developments in recent years. In 2016 a Star Tribune article stated that "about \$1.6 billion worth of development, including the new U.S. Bank Stadium, has been spent near Elliot Park."⁵⁴ Development in the area has continued, with more projects being announced as recently as September 2018.⁵⁵ In other words, the public housing buildings are highly valuable for private developers because of their location sitting upon some of the most valuable, sought after real estate in Minneapolis.

How Elliot Twins Seniors are Being Displaced:

MPHA plans to convert 75% of the Elliot buildings through RAD, and plans to sell the remaining 25% in a process called "disposition."⁵⁶ These two processes both displace residents, but do so in slightly different ways. This is how MPHA will displace residents at Elliot:

- In order to begin rehab or remodeling at Elliot, residents will have to move somewhere else while construction takes place. MPHA has no plans where these residents will move to. This will lead to the first stage of displacement. MPHA tells residents that they will have to move; that some will get Section 8 vouchers and others will go to other public housing buildings, despite the fact that these other buildings have wait lists over 7 years long. How is that possible? It is not.
- MPHA promises to bring back 75% of the residents at Elliot, without proof and in spite of historical evidence that shows only 1 out of 5 may move back, mainly because the leases expire and MPHA has no obligation to bring back residents because they don't manage properties and properties are longer public. Once the RAD conversion is complete, residents can be rescreened by the new private owner. The higher income the better chance to stay. Elliot seniors' average income is only \$750 per month
- MPHA will displace 25% of the residents at Elliot through selling off or "disposing" their units. The promises MPHA makes to residents "displaced because of a RAD conversion" will not apply to the 25% of residents who are displaced because their units are sold off through "disposition". PIH Notice 2018-04 (HA), which governs the demolition and disposition of public housing, allows for the explicit displacement and permanent relocation of residents, while RAD promises that residents "will have the right to return to your development once construction is completed."⁵⁷ This means MPHA can

⁵⁴ <http://www.startribune.com/kraus-anderson-apartment-project-is-turning-point-for-elliott-park-in-downtown-minneapolis/397035881/>

⁵⁵ <http://www.journalmpls.com/news/development-tracker/2018/09/micro-apartments-proposed-for-elliott-park/>

⁵⁶ This screenshot of an email shows MPHA staff briefly discussing RAD at Elliot and the "25/75 split" <https://tinyurl.com/ycwpozjp> The attachment to the email, which contains more info, can be found here <https://tinyurl.com/yb57yaxp>

⁵⁷ <https://www.hud.gov/RAD/program-details-residents>

permanently displace 25% of the residents at Elliot now. It's important to remember that MPHA has MTW status, which deregulates their process and subjects them to local control. Yet Minneapolis Mayor Jacob Frey is not implementing the City's legal charter over MPHA to protect public housing from destruction and poor residents from displacement.

MPHA continues to lie to residents about RAD, even going so far as to set up a table in the lobby of Elliot Twins every Thursday morning to convince the residents that they are planning on displacing that they are not going to displace them. One of their outrageous statements to residents is that MPHA will wait for seniors to die or to move out and that MPHA will not rent those units. Are they waiting to dispose of these units? Is this the 25% disposition plan? While City of Minneapolis faces the worst housing crisis in its history, why is MPHA saying they will let apartments sit empty?

DG&PHC has documented 7 seven violations MPHA committed on the Elliot Twins RAD process which include:

- 1: Timing of the RIN violated resident engagement rights and requires rejection of MPHA's RAD application
- 2: Invalidity of MPHA's two RAD meetings on August 8 and 9, 2018
- 3: Failing to provide General Information Notice (GIN)
- 4: MPHA's failure to comply With RAD requirement to prepare "comprehensive written responses" to resident comments
- 5: Resident Advisory Board and Minneapolis High Rise Council, which MPHA uses to hand pick residents and manipulate the process do not speak for Elliot Twins residents as they stated in their letter to MPHA and HUD
- 6: Elliot Twins has been through extensive renovations & MPHA has funds to keep Elliot Twins public. MPHA is deceiving and misleading public housing residents straight to displacement and homelessness.
- 7: Russ's conflict of interest: Greg Russ' family owns and manages Thies & Talle Inc, one of the largest companies specializing in federally subsidized low-income and tax credit properties in Minnesota. Laura Russ, Greg Russ's wife is an officer/owner of this company, and her father (Greg Russ' father-in-law) is the company president: <http://www.thiestalle.com/about/our-people.html>.

Greg Russ wants to transfer all public housing in Minneapolis to private ownership through Project-Based Section 8. This is a blatant conflict of interest that came to light when an anonymous public housing resident sent the Minneapolis Star Tribune a letter stating their concerns. Many other residents and allies are seriously concerned about this conflict of interest. <https://www.dgphc.org/2018/08/31/a-letter-from-a-concerned-and-mpha-resident-to-the-star-tribune-regarding-greg-russ-blatant-conflict-of-interest/>

As called for in the letter, we ask HUD to investigate this, including ongoing monitoring of Greg Russ' family's involvement as well as involvement from the multiple investors in their real estate holdings. Greg Russ should recuse himself from any decisions regarding any and all privatization of public housing in Minneapolis, including RAD. He has not done so. He and his family stand to personally gain from the increase in Project-Based Section 8 buildings. By trying to force an unnecessary RAD conversion at Elliot Twins, MPHA hopes to take the first step in their plans to privatize the entire public housing stock in Minneapolis, ending public housing in the city as it has existed since its creation.

Conclusion

RAD does not make sense at Elliot Twins' public housing nor does it apply. MPHA has adequate funding for their needed repairs and could access more money from the city and state if they lobbied. On top of this, it is a waste to apply for RAD at Elliot Twins because major rehabs have already been done and the buildings are in excellent shape. MPHA is therefore trying to implement RAD in a way that falls outside the scope and intent of the program. The Elliot Twins do not meet HUD's standards for disrepair, and MPHA does not have a funding crisis. It appears that the only motivation MPHA has for applying for RAD at Elliot Twins is to hand valuable real estate over to private hands - which may include MPHA Executive Director Greg Russ' own family.

In addition to being an inappropriate use of the RAD program, MPHA has also failed to follow HUD guidelines for resident notification and participation. MPHA has ignored the resident voices who are opposed to this plan, and who are afraid of being displaced from their homes and communities. Evidence indicates that residents will be displaced by the RAD conversion process, and that the private rental market in Minneapolis cannot absorb an influx of hundreds of extremely low-income seniors and people with disabilities. Rent in Minneapolis is not affordable for current public housing residents, and it's getting less and less affordable every day.

MPHA is targeting Elliot Twins for conversion because the residents are majority poor Black, Black Muslims, seniors and disabled people, and they believe it will be easy to displace them. It is because the residents are not white that every politician and institutional leader in Minneapolis is standing by and doing nothing as MPHA manipulates the RAD requirements to displace residents and privatize public housing in Minneapolis. Once MPHA converts Elliot Twins to RAD they won't stop until every public housing unit in Minneapolis is privatized and all residents are displaced. MPHA wants to end public housing in Minneapolis. This is the final step in the gentrification of Minneapolis. If MPHA is successful, Minneapolis will only be accessible for wealthy, white people.

Defend Glendale & Public Housing Coalition

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