

September 26, 2019

Historic Public Land Grab: MPHA, Mayor Frey and Council President Lisa Bender move forward to sell 717 scattered sites of public housing and 104.67 acres of public land through Section 18 without public input or a city council vote.



Defend Glendale & Public Housing Coalition (DG&PHC) aims to unpack the meaning of the letter Ben Carson and Trump's U.S. Department of Housing & Urban Development (HUD) sent to the MPHA on August 16, 2019, approving the sale of more than 640 buildings. These buildings consist of 717 single-family public housing homes, also known as scattered sites, and 104.67 acres of public land. For more information, see page 5 of the HUD's approval letter: <https://tinyurl.com/Sec-18-approval-ltr-from-HUD>.

MPHA applied to dispose of more than 736 homes and, out of this HUD-approved allotment, to dispose of 717 single-family homes throughout Minneapolis from Southwest to North Minneapolis. Mayor Jacob Frey, Council President Lisa Bender, and the entire Minneapolis City Hall have all given written approval for this to move forward. **This is a historic public land grab in Minneapolis.**

Background

Section 18 is not Section 8 Vouchers. Section 18 of the 1937 United States Housing Act is a policy of the U.S. Department of Housing & Urban Development (HUD)

https://www.hud.gov/program_offices/public_indian_housing/centers/sac/demo_dispo that allows public housing authorities (PHAs) to demolish and dispose of their properties under certain conditions. Before Trump and Carson, HUD would only allow 5% of the entire stock of scattered sites of a PHA to be disposed of or demolished under strict conditions and protections. These sites included public housing single-family homes that were no longer safe to live in due to disrepair, safety issues or lack of money for repairs. As a result, residents would be relocated to other vacant public housing units. This is a voluntary program that public housing authorities elect to pursue,

https://www.hud.gov/program_offices/public_indian_housing/centers/sac/demo_dispo#dmd.

To learn more about Section 18 Demolition and Disposition see:

<https://www.dgphc.org/2019/07/10/section-18-demolition-disposition-a-fact-sheet/>

The original intent of disposition is the transfer of public housing properties to private developers and private non-profits because the PHA can no longer take care of the homes. Once the public housing home and its land are sold to a private non-profit or developer, it is no longer public housing. Then the non-profit and the private investors sell it to other private investors for monetary gain. Now developers use Section 18 and RAD to take over the best public housing properties that are in great shape to make a profit because our local elected officials let them. This constitutes a public land grab. Rents will increase and public housing residents will not be able to come back and afford these units. This leads to displacement and gentrification of black, brown and low-income communities.

Why Section 18 Demolition and Disposition in Minneapolis Now?

This is the first time in the history of Minneapolis, since the birth of public housing in 1938, that the City of Minneapolis and MPHA are attempting to sell the entire stock of public housing single-family homes, which will displace 5,000 people, the majority children, African American, and East African descent.

Under Trump and Carson, HUD has significantly expanded Section 18 while simultaneously gutting tenant protections and resident consultation requirements. Trump and Carson have made it easier for PHAs to obtain permission to dispose of public housing by reducing the “obsolescence” requirement. This means a PHA no longer needs to prove a unit is beyond repair in order to dispose of it. In addition, they removed all regulations that would have protected public housing residents from abuse and rights violations during the planning and displacement process:

<https://nlihc.org/resource/hud-withdraws-five-proposed-rules-and-publishes-fy18-regulatory-agenda>.

Now, any PHA that wants to dismantle public housing with the approval of the local government can do so through Section 18 or RAD. This is a land grab because the Minneapolis Public Housing Authority, City of Minneapolis and state of Minnesota are not experiencing a financial crisis. In reality, MPHA has received a greater than 45% increase in its capital budget from HUD since 2017 and has the best public housing properties in the nation. HUD named MPHA the highest performer because the agency receives an average of 96 to 98% out of 100 for its inspections: <https://tinyurl.com/HUD-Scores-2018>

Background of the Section 18 Application Process

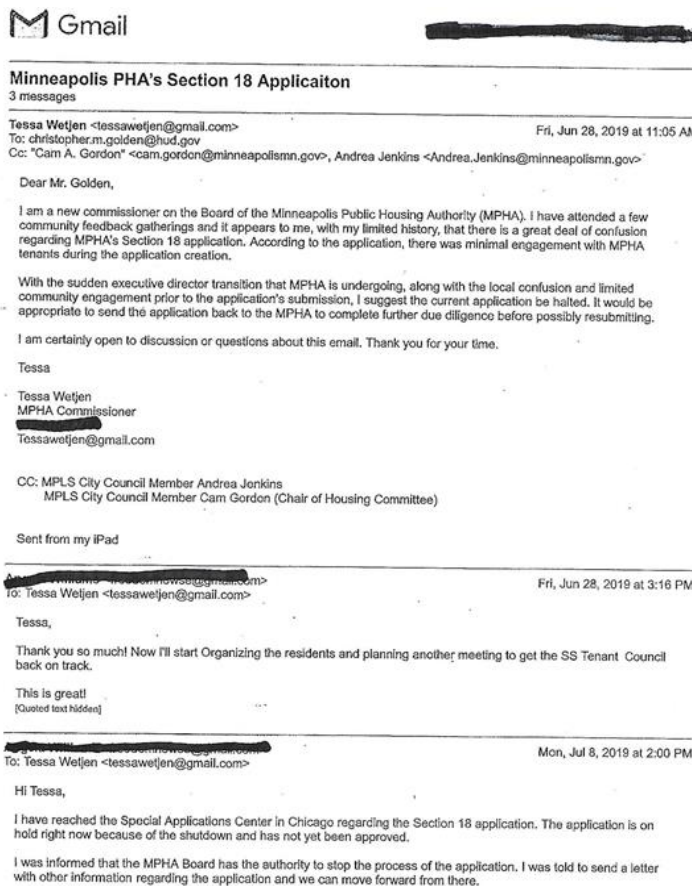
- MPHA presented Section 18 Application to its board on February 28, 2019: <https://mphaonline.org/wp-content/uploads/2019/03/MPHA-Section-18-Board-Report-and-Application.pdf>)
- During this meeting, we learned MPHA failed to notify and engage scattered-site residents about the Section 18 application it was planning to send to HUD for approval. Out of 5,000 people and 736 households, MPHA’s application said only 75 people had been notified.
- We learned that MPHA does not have a scattered-site resident council. Here is a member of the Resident Advisory Board (RAB) who lives in a high-rise speaking out

about this process that is in clear violation of resident rights. She states that scattered-site residents were not notified and there is no scattered-site council. As you can see in the video, she was threatened to be kicked out by MPHA security:

<https://www.facebook.com/DefendGlendale/videos/792697501092515/>)

- Here is a letter <http://tinyurl.com/Resident-Notes-MPHA-Sec18-Vote> from a resident who attended the board meeting at MPHA documenting what they witnessed.
- When we read MPHA's Section 18 application, the agency states its intention to sell the 736+ single family homes and duplexes for **one dollar** per unit to a new private non-profit that MPHA created called Community Housing Resources on p. 78:
<https://tinyurl.com/Sec-18-Application-to-HUD/>
- This private non-profit will create an LLC that will only own **.001%** of the properties. The private investors that MPHA invites will own **99.99%** of the privatized public housing properties that are no longer public. <https://tinyurl.com/MPHA-s-Pathways-to-Destruction>. This fact is from MPHA's PowerPoint presentation on page 10:
<https://www.dgphc.org/wp-content/uploads/2018/05/MPHA-Capital-Investment-Pathways-to-Preservation-two-slides-per-page....pdf>.
- On March 3, 2019, MPHA submitted a Section 18 Demolition & Disposition application for all 736 of its single-family homes (scattered-site units) to HUD's Special Application Center: <https://tinyurl.com/Sec-18-Application-to-HUD/>
- **In this historic land grab of more than 104 acres of public land, the Minneapolis City Council has not held any public hearings about the Section 18 application or its process.**
- Ignoring the City's community engagement process, Mayor Jacob Frey and Council President Lisa Bender wrote a letter to support the implementation of Section 18 Demolition & Demolition without a council vote, resident notification or an opportunity for public comments: <https://www.dgphc.org/2019/02/22/mayor-jacob-frey-and-council-member-lisa-bender-approve-demolition-of-730-homes/>. This lack of community engagement and transparency is in clear violation of the City Council's Core Principles of Community Engagement.
- It was clear that the majority of scattered-site residents did not know anything about Section 18. Only 18 out of 736 scattered-site households from Harrison Neighborhood in Ward 5 North Minneapolis were vaguely aware of Section 18.
- On May 8, 2019, at a Harrison Neighborhood Association, residents of Ward 5, including public housing residents from scattered sites, asked MPHA and **Council Member Jeremiah Ellison** to hold the application until there is more information, less confusion and all of the 736 households are notified. The residents requested that MPHA hold transparent city-wide meetings, collect comments, and answer questions about the privatization and displacement:
<https://www.facebook.com/watch/?v=621743638292774>
<https://www.facebook.com/DefendGlendale/posts/1391498231016030?>
- Unfortunately, **Council Member Ellison** and MPHA ignored the wishes of the residents. Harrison Neighborhood Association also asked **Council Member Ellison** to write a letter to HUD to pause this application until residents are engaged. He **ignored the wishes of his neighborhood association.**
- When residents did not hear back from Ellison, on May 20, DG&PHC did a call to action where public housing residents and allies called, wrote letters and sent emails to HUD, MPHA and elected officials from Congress to the Minneapolis City Council to pause the Section 18 application until there is more information and community engagement: <https://www.dgphc.org/2019/05/20/call-to-action-may-22nd-2019/>
<https://www.facebook.com/DefendGlendale/posts/1395078483991338?>

- On May 22 at the MPHA's Board of Commissioners meeting, scattered-site and high rise residents asked the new MPHA Board Chair Sharmarke Isse, appointed by Mayor Jacob Frey, and MPHA Counsel Lisa Griebel to let residents speak. Both Isse and Griebel refused. As a result, public housing residents and allies protested outside of MPHA: <https://www.facebook.com/DefendGlendale/posts/1398845656947954?>
- On June 28, 2019, new Commissioner Tessa Wetjen sent an email to HUD and the Minneapolis City Council. In this email, Commissioner Wetjen asked HUD to halt the Section 18 Application due to the minimal resident engagement, the confusion around the application and the sudden departure of the Executive Director Greg Russ: <https://tinyurl.com/Halt-Sec-18-Com-Wetjen-2-HUD>.



- Even though there was huge public opposition to this illegitimate process, on August 16, 2019, HUD sent MPHA a letter approving Section 18 Demolition and Disposition: <https://tinyurl.com/Sec-18-approval-ltr-from-HUD>.

The largest public land grab in the history of Minneapolis is about to take place and Mayor Frey and the rest of our elected officials do not seem to care. Trump and Carson made it clear any city that wants to take advantage of their loose protections to privatize public housing and public land can do so. As a result, Mayor Frey, council President Lisa Bender and MPHA took advantage of this opportunity that did not exist during President Barack Obama's era. Due to Frey and Bender lobbying, HUD-approved Section 18

Demolitions & Disposition on August 16, 2019.

(http://www.ci.minneapolis.mn.us/ncr/ncr_community-engagement

- From March 3 to August 16, MPHA purposefully provided little to no information about this application. DG&PHC found out about the Section 18 application when MPHA mentioned it in its public information meeting on August 21, 2019.
- On August 21, from 1 to 3 p.m. and 5 to 7 p.m., MPHA held community and resident informational meeting about MPHA's 2020 Annual Plan that outlines privatization programs such as Section 18 and RAD ([https://www.facebook.com/events/758604741241820/.](https://www.facebook.com/events/758604741241820/))
- During the first informational meeting, many scattered sites residents attended. Jeff Horwich, MPHA's Director of External Affairs who was giving the presentation, did not tell residents about HUD's letter approving Section 18 even though he discussed Section 18 at length. However, during the second informational session, when none of the scattered-site residents who are impacted by this letter were present, Horwich said that MPHA received HUD's approval for Section 18. When was asked why did he not inform residents during the earlier meeting and why this letter was not included in MPHA's presentation, Horwich merely said that MPHA had just received the letter the previous Friday, August 16. His excuse for excluding HUD's approval of MPHA's Section 18 application was a shortage of time despite having four working days to update his PowerPoint (<https://www.facebook.com/DefendGlendale/posts/1472006526298533?>).

Unpacking HUD's Approval Letter

On page 1 (<https://tinyurl.com/Sec-18-approval-ltr-from-HUD>), HUD approved 640 buildings out of the 736 scattered sites, containing 717 units, totaling 104.67 acres of public land. This means 104.67 acres of public land and 717 homes will be privatized and turned over to a private nonprofit, Community Housing Resources, which will own 0.01% of the homes; 99.99% of the properties will be owned by private investors (<https://tinyurl.com/MPHA-s-Pathways-to-Destruction>.) In this letter, HUD cites numerous Code of Federal Regulation federal laws that MPHA is using to dispose of the public housing units. In the section below, we will explain that the Code of Federal Regulation or CFR means in plain English.

On page 2 of the letter, HUD shows a chart of the single-family homes MPHA disposed, demolished and privatized through Section 18 from 2001 to 2015. In 14 years, MPHA disposed and demolished 46 single-family homes. In 2019, however, MPHA is planning to dispose of its entire stock of 717 single-family homes.

Development History

The MPHA has received the following Inventory Removal approval(s) at the development(s):

PHC Application	Removal Type	Number of Units Approved	Number of Acres Approved	Date of Approval
DDA000194	Disposition	0	0.20	04/12/2003
DDA000125	Disposition	8	1.60	07/13/2006
DDA000145	Disposition	3	0.45	09/24/2010
DDA000573	Disposition	-	0.10	05/22/2014
DDA000525	Disposition	-	0.04	05/08/2015
DDA000727	Section 32	20	3.00	12/31/2015
IBSMN00210	Disposition	7	-	09/28/2001
IBSMN00211	Demolition	11	-	08/05/2002
IBSMN00234	Disposition	1	-	04/05/2001

Description and Proposed Removal Action

The MPHA proposed the disposition of 640 dwelling buildings containing 717 dwelling units and 106.10 acres of underlying land at Scattered Sites B, MN002000005. Details of the proposed disposition are as follows:

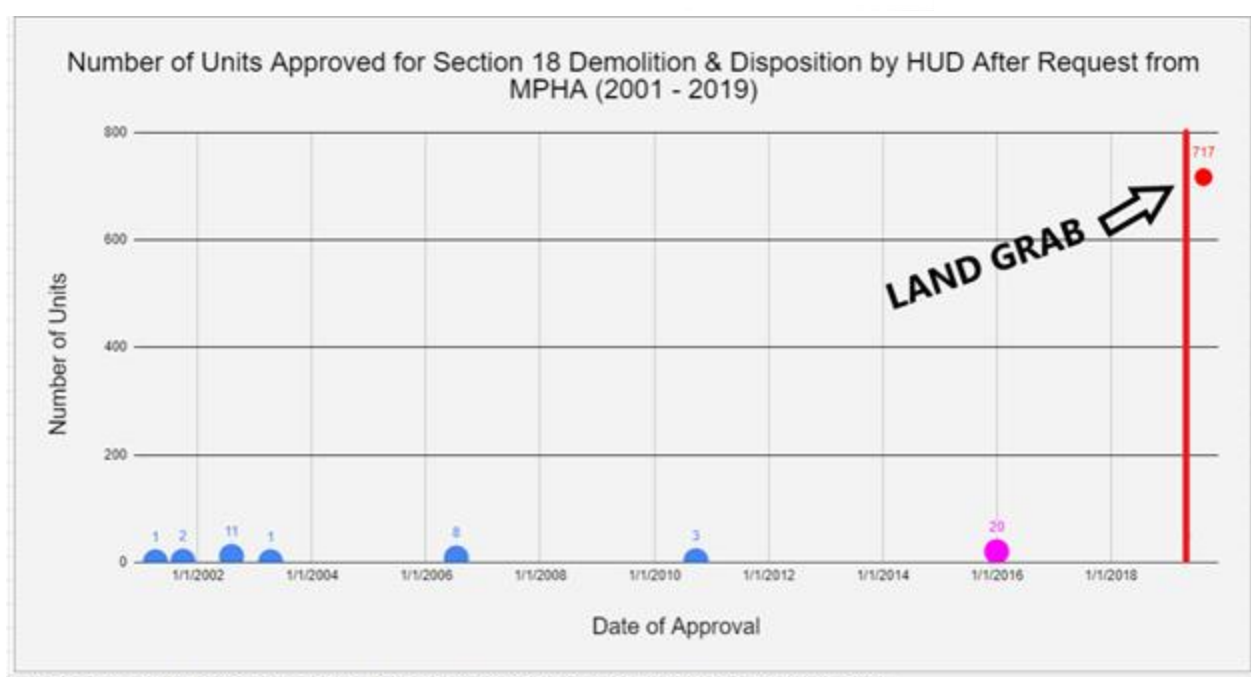
Scattered Sites, MN002000002						
DCPA: 04/09/1979						
Bedroom Size	0-BR	1-BR	2-BR	3-BR	4+BR	Total
Existing Units	0	0	143	349	257	749
Proposed Units	0	0	130	344	243	717
Number of Dwelling Buildings Existing						650
Number of Dwelling Buildings Proposed						640
Number of Dwelling and Non-Dwelling ACC Units in PHA's Total Housing Inventory for All Developments						7,027
Existing Land						106.10 Acres
Proposed Land						104.97 Acres
Buildings excluded from approval: 52-1, 59-1, 025-1, 025-2, 025-3, 025-4, 025-5						

*13 units approved but not yet removed.

Reason for Action (Justification)

The MPHA proposed the disposition based on 24 CFR 970.17(c), and has certified in Exhibit A: Reason for Removal of the PHA Certification of Compliance that the disposition is appropriate for reasons that are in the best interests of the residents and the PHA, are consistent with the goals of the PHA, the PHA Plan, and are otherwise consistent with the Housing Act.

The units proposed for disposition are scattered sites spread across 58.2 square miles in Minneapolis. The distance needed to travel between units leads to lost employee time, as the



- 1.) Data taken from Page 2 of HUD Approval Letter for MPHA Section 18 Demolition and Disposition Application: <https://tinyurl.com/Sec-18-approval-ltr-from-HUD>
- 2.) Purple data point (12/31/2015, 20) was approved for Section 32 Homeownership Program
- 3.) Vertical red line marks Trump/Carson loosening of Section 18 protections and regulations put in place for public housing residents (4/30/2019)
- 4.) Jacob Frey/Lisa Bender letter of support for MPHA's Section 18 plans can be found here: <https://www.dgphc.org/2019/02/22/mayor-jacob-frey-and-council-member-lisa-bender-approve-demolition-of-730-homes/>

Keep Public Housing Public Minneapolis Coalition



On the bottom of page 2, HUD says that MPHA proposed this disposition on 24 CFR 970.17. This means MPHA's disposition is justified because it aligns with MPHA's general organizational goals and the Section 18 Act. HUD says this disposition is appropriate because MPHA states it is in the best interest of the residents and the agency. Residents were never given an opportunity to weigh in on the decision. There is no scattered-site resident that told MPHA Section 18 is in his or her best interest. MPHA manipulated, misled and created a lot of confusion among residents. In addition, there was no scattered-site resident council to vote for this application. As a result, MPHA should have never submitted the application. Another problem with this acceptance letter is that this application cites MPHA's Resident Advisory Board (RAB) as the only resident organization consulted with during this application process. None of the RAB members live in scattered sites. RAB is controlled by MPHA for board approvals. RAB residents have no idea about what they agreed to because Horwich tells RAB residents what to sign while the actual residents from scattered sites are kept in the dark about the future of their homes. Here is testimony from a high-rise resident who was part of RAB during the board vote to approve this application. [http://tinyurl.com/Resident-Notes-MPHA-Sec 18-Vote](http://tinyurl.com/Resident-Notes-MPHA-Sec-18-Vote)

Also, MPHA's justification for this application is that the distance between each property, all of which were built intentionally as scattered sites, is too large, causing lost employee time and that this "lack of uniformity" makes operating these units challenging. The MPHA property aides and property managers for scattered sites are hired solely for scattered sites. For decades, MPHA has been able to maintain scattered sites as public housing properties in excellent shape with fewer funds from HUD. Nothing has changed except a desire to end public housing and displace thousands of people who are majority minors. In addition, similar staff and maintenance and distance will be used for these homes once developers take over the properties, but the staff will not be union like they are now and they will be paid less.

The MPHA property office and staff managing scattered sites are now located in Southeast Minneapolis, inside Glendale Townhomes at 2707 Essex Street, SE. On page 3, HUD states MPHA staff have to travel more than 8 miles to see residents. Again, this is not true, the average distance from the scattered sites office in Glendale Townhomes to scattered sites is 4 to 6 miles. For example, the distance from the scattered sites office in Southeast to Harrison Neighborhood in North Minneapolis where 18 scattered sites are located is 5.6 miles, a 10-minute ride. The staff does not travel daily to meet with residents. MPHA continues to buy new SUVs that should easily be able to handle such a short commute. Instead, the vehicles remain parked.

Typically, residents travel to see MPHA staff in the Glendale office to make changes they need and for updates. The only time staff travel to resident's homes is when they are doing inspections, which is twice a year or when residents ask for repairs. Even private landlords have to travel to properties to make repairs as needed. Travel has never been an issue. This is another exaggeration and a poor excuse to privatize and displace families.

On page 3, HUD says that MPHA will continue to manage the homes through their private non-profit Community Housing Resources (CHR). We know this is not true because, according to MPHA's own records, <https://tinyurl.com/MPHA-s-Pathways-to-Destruction>, CHR will own only .001% of the properties. Here are two clips of a video where Greg Russ mentions scattered sites serving people who make between 80% to 120% of the area median income, which is \$100,000 in Minneapolis, see 1:07:48 of the video taken during MPHA's board meeting on May 16, 2018, <https://tinyurl.com/yveh5u6g>, including MPHA's plans in the empty lots in North Minneapolis when the light rail hits; <https://www.youtube.com/watch?v=R-MHMz-svls&t=41s>.

It does not look like HUD cares who owns the properties or how the properties are divided after they are disposed of. In addition, MPHA states that each property has different capital needs so it is too expensive to create a uniform solution for maintaining and operating them. Yet, we are supposed to believe that Community Housing Resources and their private developers won't have these problems, even though the locations will remain the same.

As part of its Section 18 application, MPHA had to submit an appraisal of the properties intended for disposal, called the Fair Market Value (FMV). The FMV of all approved units, as estimated by the City of Minneapolis Assessor's Office, is \$169,367,400. These units will be disposed to CHR, whose board will be determined by private investment partners. CHR will buy each home from MPHA for \$1 per home. This means that almost \$170 million worth of public property will be handed to an eventual instrument of private developers for \$717 in total and the units are debt-free.

Under relocation on page 4, HUD states that all of the 717 units were occupied when MPHA applied for Section 18. The housing resources offered will be project-based housing choice vouchers. Residents will not be displaced when they receive counseling for relocations and transition. But HUD says nothing about what will happen to residents after the counseling and the transitions are over. For the previous RAD application for Elliot, Twins MPHA made no guarantees of residents moving to other public housing units because they did not have enough units available. There are 10,600 households (not people) on MPHA's waitlist for scattered sites yet MPHA wants to get rid of all of the public scattered sites they have.

ii. Discussion of Any Anticipated Issues/Possible Solutions Related to Leasing
Discussions of any anticipated issues and solutions in the MTW housing programs listed.

HOUSING PROGRAM	DESCRIPTION OF ANTICIPATED LEASING ISSUES AND POSSIBLE SOLUTIONS
MTW Public Housing	None
MTW Housing Choice Voucher	Minneapolis has a tight rental market with a vacancy rate of less than 3%. MPHA's efforts include investing in dedicated resident mobility and owner outreach positions to create new housing opportunities, completing a study of our local rental market, and launching an incentive fund for property owners.
Local, Non-Traditional	Given the tight rental market, the local non-traditional programs such as Stable Homes Stable Schools have focused on leveraging partnerships to reach out to property owners. Our experience shows property owners have shown greater willingness to participate in programs with a mission to serve a specific population, like children experiencing homelessness or veterans. Using MTW flexibility, MPHA will continue conversations in 2020 to create other flexible subsidies that can be tailored to the needs of families, the priorities of the community, and the experience of our non-profit partners.

WAITING LIST INFORMATION

iii. Waiting List Information Anticipated

Snapshot information of waiting list data as anticipated at the beginning of the Plan Year. The "Description" column should detail the structure of the waiting list and the population(s) served.

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	PLANS TO OPEN THE WAITING LIST DURING THE PLAN YEAR
Public Housing Elderly/Disabled	Disabled persons between the ages of 18 and 49, Near Elderly and Elderly persons age 50 or over	10,000	Open	Yes
Public Housing Family	Families with at least one dependent	10,600	Partially Open (open for 2, 4, & 5-bedroom units)	Yes
Housing Choice Voucher Program	All households who applied	2,450	Closed	No

Please describe any duplication of applicants across waiting lists:

Families and individuals can apply to multiple lists if they meet the eligibility criteria.

iv. Planned Changes to Waiting List in the Plan Year

Please describe any anticipated changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

WAITING LIST NAME	DESCRIPTION OF PLANNED CHANGES TO WAITING LIST
Housing Choice Voucher Program	This waiting list was opened in June 2019. 2,000 households were selected by random lottery and placed on the waiting list from the 14,701 who applied.

Along with this false resident organization consultation, the acceptance letter lists three meetings held with scattered-site residents about Section 18 on February 2, 7 and 12, 2019. These meetings were uninformative, did not discuss the transition from a public housing subsidy to a Section 8 subsidy, and did not discuss what the process would be for residents whose homes were to be disposed of or where the residents will go. Residents were not told about the actual Section 18 application. They were misled. These meetings were poorly advertised and attended. Only 75 people out of the 5,000 residents of scattered sites attended the meetings. The rest have no idea what is going on, even now. MPHA's main purpose was to convince attendees that residents would not be moving, despite this acceptance letter confirming that residents will be displaced on page 9. Scattered-site residents who serve as leaders of our campaign insist that the information listed in the MPHA's Section 18 application and HUD's approval letter was not effectively conveyed to them in these meetings, or at the MTW informational meeting on August 21, 2019, despite this information being a part of the application MPHA had planned to submit to HUD. During the 1 p.m. session of the MTW informational meeting on August 21, 2019, despite the majority of scattered-site residents attending this meeting to find out the latest development of the Section 18 application, MPHA did not mention that HUD sent them this approval letter on August 16, 2019.

On page 5, HUD states " Offer for Sale to the resident organization," noting that 24 CFR 970.99(b) (1) of the regulation requires that the public housing agency offer the opportunity to purchase the property proposed for disposition to any eligible resident organization, resident

management, etc. if the resident expressed interest in buying the property. But MPHA has chosen not to provide an opportunity based on the exception found in 24 CFR 970.9(6)(3) because MPHA said it will keep the public housing low-income. **This is not true.** We know former MPHA executive director Greg Russ stated at MPHA board meeting on May 16, 2018, that scattered sites will turn over to developers, see 1:07:48 of this video taken at this board meeting. Russ also stated that people who make between \$80,000 to \$120,000 will be offered opportunities to purchase the properties. "MPHA could partner with someone to add "other types of housing", <https://tinyurl.com/yveh5u6g>.

<https://www.dgphc.org/2019/07/10/section-18-demolition-disposition-a-fact-sheet/>.

The average income of a public housing family of four in scattered sites is between \$14,201 to \$20,656 per year. This does not include seniors and people with disabilities who are on a fixed SSI income of \$750 a month or \$9,000 per year: <https://www.dgphc.org/2018/05/10/ami-housing-deeply-unaffordable-for-low-income-families-part-2/>.

MPHA never offered residents opportunities to buy single-family homes nor did they consult with neighborhood or resident organizations where the homes are located to facilitate this process.

On page 6, HUD states the sale price of the homes to the private non-profit Community Housing Resources (CHR) is \$1 per home. HUD also states that CHR will rent the homes to people that make 80% of the Area Median Income or below, which is \$80,000 per year. **But HUD does not say the scattered-site residents should be at 30% of renter's income once the Section 18 disposition takes place.** The scattered sites are public housing units now and residents pay 30% of their yearly income for rent. This is the public housing rule under HUD. Once this Section 18 conversation takes place, these homes will not be public housing anymore. The current public housing residents will be displaced because they can't afford to pay six times the rent they are paying now, which is 30% of their actual income.

HUD also states that CHR will maintain ownership. The ownership structure is not clear here. It appears that HUD is fine with MPHA's blueprint stating that CHR will only own **.001%** of the properties and the private investors that MPHA invites will own **99.99%** of the scattered sites: <https://tinyurl.com/MPHA-s-Pathways-to-Destruction>.

HUD also says on this page that MPHA should not lease the land to anyone until all of the residents have been relocated. Since MPHA has no place for residents to go and the waitlist for scattered sites is 10,600 households, it is clear 717 low-income households with majority children will be displaced and face homelessness.

Tenant Protection Vouchers (TPVs)

On pages 7 and 8, HUD goes on to explain the Tenant Protection Vouchers (TPVs) as two parts Relocation Tenant Protection Vouchers and Replacement Tenant Protection Vouchers.

TPVs are basically another word for Section 8 Vouchers and the housing agency can also turn them into Project-Based Vouchers.

According to HUD; “Tenant Protection Vouchers (TPV’s) to PHA’s based on the disposition that temporarily or permanently remove units from a PHA’s public housing inventory and distinguishes TPV’s into two classes: Relocation TPV’s and Replacement TPV’s.”

Residents are given Relocations TPVs when the public housing unit is disposed of and replaced with another public housing unit but the resident is displaced from public housing unit and relocated. In this instance, the resident receives Relocation TPV.

Replacement TPV is given to a resident when the public housing unit will not be replaced and disposed of and not replaced with another public housing unit. Since, MPHA will not be replacing scattered sites public units. Therefore, MPHA will be providing 717 Replacement TPV to 717 head of households.

On page 9, MPHA provided HUD the timetable of the number of days residents will be displaced/relocated, execute the contract of the sales of the homes to CHR, and the time of the actual demolition, disposition or sale. MPHA listed 180 days simultaneously for each category. This means that MPHA will displace residents and sell the homes by February 16, 2020, six months from the day they received HUD approval letter on August 16, 2019.

DOT (Declaration of Trust)

Each public housing property in Minneapolis is under public trust and protected by a Declaration of Trust (DOT) between MPHA and HUD. The public housing properties have a DOT registration under each address at the Hennepin County Government. DOT is the legal protection that keeps the properties public. MPHA must follow HUD’s DOT regulations, which prevents MPHA from selling off, privatizing or taking out a mortgage against the publicly-funded property. The public housing properties have been paid for decades ago through public funds, therefore there are no mortgages or investors that will put the properties at risk of foreclosure. DOTs are therefore protections for public housing residents against eviction and displacement. MPHA wants to waive DOTs property by property in scattered sites to privatize the homes. Here is a brief factsheet on DOT; <https://tinyurl.com/DOT-vs-LURA-Factsheet>.

On September 19, Defend Glendale & Public Housing, along with Keep Public Housing Public Minneapolis Coalition and Northside Neighborhoods Council, which consists of 14 neighborhood organizations in the North Minneapolis, met with the Acting Director of MPHA Tracy Scott and Commissioner Tessa Wetjen to ask questions about HUD’s Section 18 approval letter. Unfortunately, Scott could not provide clear answers to the questions, and she continued to contradict herself. After a series of contradictions and confusion where Scott continued to say the homes will be public and will not be privatized, she finally said Community Housing Resources will invite lenders. This means the previously publicly funded properties with no debt will have mortgages against them which will put them at risk of foreclosures.

Unpacking the letter from MPHA to residents

On September 3, 2019, MPHA sent out letters to scattered sites residents who will be displaced, <https://tinyurl.com/MPHA-Sec-18-Ltr-to-residents> to notify residents about the approval of Section 18.

MPHA framed the letter as “good news” that Section 18 was approved. This letter was typical of MPHA’s misinformation campaigns. MPHA misled and hid the real facts in HUD’s approval letter from scattered sites residents. In this letter, MPHA said residents will

- not need to move
- sign a new lease, which will be very similar to their public housing lease that public
- be involved and help plan for improvements to the homes

MPHA failed to tell the residents that:

- scattered sites will be sold to CHR for \$1 dollar per home
- lenders will be invited and mortgages will be taken out on the homes, which will put the homes at risk for foreclosures
- 717 scattered sites have been approved for demolition and disposition,
- CHR will only own **.001%** of the properties and the private investors that MPHA invites will own **99.99%** of the scattered
- residents will be displaced and receive replacement Tenant Protection Vouchers
- residents will have 180 days to move and they will face displacement
- there is no guarantee of returning back to their units
- MPHA does not have any other comparable public housing units to move residents to.
- People who make between \$80,000 to \$120,000 will be offered opportunities to purchase the properties
- MPHA decided not to provide opportunities for low- income public housing families who make \$14,201 to \$20,656 a year to buy the homes
- MPHA is ending scattered sites
- MPHA failed to be transparent about the real impact of Section 18 and how it will end public housing and displace vulnerable families

Code of Federal Regulation (CFR) Policies Cited in the HUD Acceptance Letter

A brief explanation of Section 18 under Trump and Secretary Carson:

While Section 18 existed pre-Trump administration, HUD undersecretary Carson has gutted some of the most important protections originally in place under Section 18. Primarily, this includes resident consultation. In 2018, HUD removed several requirements for public housing authorities to consult with residents before moving forward with a Section 18 plan. The 2018 changes also sped up the application process for PHAs and reduced the level of scrutiny HUD applies to assess Section 18 applications from PHAs. Mayor Frey, Council President Lisa Bender, and the entire City Council is taking advantage of these gutted protections.

See more information on Section 18 and the 2018 changes below:

<https://nlihc.org/resource/hud-issues-amended-demolitiondisposition-notice>

<https://nlihc.org/sites/default/files/REV4%20Demolition-Dispostition%20Handout.pdf>

The overarching set of policies that MPHA cites for their Demolition & Disposition plan are included under “24 CFR.”

What is CFR?

CFR = Code of Federal Regulations. It is a massive policy book that contains all the laws and policies that regulate all departments and agencies of the federal government.

Source: <https://www.govinfo.gov/help/cfr>

What is Title 24?

Title 24 outlines all regulations for HUD.

“HUD’s section of the Code of Federal Regulations (CFR) is Title 24 and is often referenced as 24 CFR.”

Source: https://www.hud.gov/program_offices/public_indian_housing/regs/fedreg

Office of Public Housing and Fair Housing and Equal Opportunity Certification

1. 24 CFR 58.34(a)(12)
 - This law lists the type of public projects that are exempt from an environmental impact study. By citing this law, MPHA is saying that the City of Minneapolis does not have to conduct an environmental review. The City of Minneapolis certified that MPHA’s plan does not require an environmental review.
2. 24 CFR 58.35(a)(4) or (5)
 - MPHA claims they are exempt from environmental review for several reasons covered under this policy: (1) the project is located at scattered sites and (2) the project includes disposition of existing structures.
3. 24 CFR 970.7(a)(1)
 - This policy says in order for MPHA’s Section 18 plan to be approved by HUD, MPHA must have described the plan in its annual plan.
4. 24 CFR 903
 - This is the timetable MPHA must follow when submitting its annual plan. Basically, it must have the plan finalized by the start of its fiscal year, October 1.

Reason for Action (Justification)

5. 24 CFR 970.17(c)
 - This says that the disposition must align with MPHA’s general organizational goals and with the overall Section 18 Act.

Appraisal

6. 24 CFR 970.17(d)
 - This allows MPHA to get an assessment of property value if it isn’t publicly up for bid.

Commensurate Public Benefits

7. 24 CFR 970.19
 - HUD requires that public housing authorities sell properties at market value unless they can prove that selling below market value creates ‘commensurate public benefits.’ **In their proposal, MPHA argues that the improvements to**

their housing will make up for the difference between the \$169,367,400 property value and the \$1 per property that they will sell to their nonprofit arm, Community Housing Resources.

Relocation

8. 24 CFR 970.21(e)(f)

- This policy sets specific requirements for how MPHA has to notify residents about displacement and what support MPHA needs to offer. Full list here: <https://www.law.cornell.edu/cfr/text/24/970.21>

Resident Consultation

9. 24 CFR 903.13

- Requirements for forming and communicating with a Resident Advisory Board; essentially a group of MPHA residents who advocate for resident interests.

10. 24 CFR 970.9(a)

- MPHA has to consult with its residents. This includes but is not limited to the RAB. **MPHA also should have submitted any written comments it received from residents to HUD with its application but there is no record of written comments submitted to HUD in the MPHA application.**

Offer for Sale to the Tenant Organization

11. 24 CFR 970.9(b)(3)(ii)

- **MPHA doesn't have to offer the building to residents for purchase if it is using the disposition process to invest in a facility for low-income families. MPHA is saying that the low-income residents of its scattered-site houses don't need to purchase their own building because the disposition plan keeps the buildings affordable for low-income families. This is false. MPHA never gave an opportunity for residents to purchase and the homes will not be low income.**

Mayor/Local Consultation

12. 24 CFR 970.7(a)(13)

- MPHA's disposition plan must be approved by local officials, in this case, Mayor Jacob Frey. Mayor Frey never held a city council vote or period for public comments on this historic land grab.

Board Resolution

13. 24 CFR 970.7(a)(13)

- The application for Section 18 includes a signed approval by MPHA's board of commissioners after MPHA has finished talking to both the city and the residents. But only 75 out of 5,000 people were informed and residents were misled by MPHA. They were never told their leases would change or they will have to move.

Other Requirements

14. 24 CFR 970.21(c)(2)

- If MPHA uses federal funds to relocate residents, it must follow certain guidelines such as offering relocation payment and providing replacement housing within the same community. MPHA does not have enough vacant homes to move to people. Instead, they will be offered Section 8 vouchers that do not work.

Operating Subsidy

15. 24 CFR 990.114

- **Because MPHA is using Section 18 for disposition of 717 units, its annual funding from HUD will likely decrease.**

PIC and Monitoring

16. 24 CFR 970.7(a)(4)

- MPHA must provide a timetable for its disposition plan

17. 24 CFR 990.190

- **MPHA will receive extra funding for HUD for each unit it sells through disposition. This is called an asset repositioning fee.**

18. 24 CFR 970.35

- MPHA must submit all records of financial records related to its Section 18 disposition to the Minneapolis HUD office.

Conclusion

It is important to understand exactly how harmful this disposition is. This is the biggest public land grab in the recent history of Minneapolis, where more than 104 acres of public land and public housing will be turned over to private developers. It will turn these homes into Section 8 units temporarily. But in the meantime, residents who live there will be displaced with no plans to move them to other public housing units or return them to their units. Section 8 is a notoriously dysfunctional plan with multiple examples of poorly operated project-based Section 8 housing in the Twin Cities. MPHA wants to remove DOT from the scattered sites. Therefore, CHR will invite lenders and mortgages will be taken on the properties, which will put the properties at risk of foreclosures.

Public land should not be converted to private property only to create housing for those who can already comfortably afford it in this market. Public land should be reserved for those who are most vulnerable, those who cannot afford to otherwise live in this city. This acceptance letter is a dangerous step for Minneapolis, and we have the leadership of Former **Executive Director of MPHA Greg Russ and the support of Mayor Jacob Frey and City Council President Lisa Bender to thank for it.**

Contact Mayor Jacob Frey, Minneapolis City Council and your state representatives <http://tinyurl.com/State-City-Contact-Info> to demand that MPHA hold citywide listening sessions about the process, impact and results of Section 18 Demolition and Disposition before MPHA moves forward with the Section 18 application.

Contact MPHA Board of Commissioners to also demand MPHA hold citywide listening sessions.

MPHA Board of Commissioners:

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We demand that MPHA and City of Minneapolis follow Core Principles of Community Engagement http://www.ci.minneapolis.mn.us/ncr/ncr_community-engagement and:

- hold at least 4 to 5 citywide informational sessions about HUD's Section 18 approval letter
- notify every scattered-site family at risk of being displaced through Section 18 to attend the citywide meetings
- hold the informational sessions during the evening when public housing residents can attend
- hold a public hearing and a vote at City Hall during a time when public residents and residents of Minneapolis can attend.

Defend Glendale & Public Housing Coalition

[defendglendale @ gmail. com](mailto:defendglendale@gmail.com) | www.dgphc.org | [facebook @ defendglendale](https://www.facebook.com/defendglendale) | [twitter @ defendglendale](https://twitter.com/defendglendale)

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Links

<https://tinyurl.com/Sec-18-approval-ltr-from-HUD>

<https://www.dgphc.org/2019/02/22/mayor-jacob-frey-and-council-member-lisa-bender-approve-demolition-of-730-homes/>

<https://tinyurl.com/MPHA-Sec-18-Ltr-to-residents>

<https://www.dgphc.org/2019/07/10/section-18-demolition-disposition-a-fact-sheet/>

<https://www.dgphc.org/2019/09/05/public-comments-regarding-mphas-2020-mtw-annual-plan/>

<https://tinyurl.com/ScatteredSites-into-FourPlexes>

<https://www.dgphc.org/wp-content/uploads/2018/05/MPHA-Capital-Investment-Pathways-to-Preservation-two-slides-per-page....pdf>

<https://tinyurl.com/yveh5u6g>.

<https://www.youtube.com/watch?v=R-MHMz-svls&t=41s>