

April 02, 2024

**Julia R. Gordon**

FHA Commissioner, Assistant Secretary for Housing

**Ethan Handelman**

Deputy Assistant Secretary

U.S. Department of Housing and Urban Development  
451 7th Street SW  
Washington, DC 20410

Dear Commissioner Gordon and Mr. Handelman,

We write to you as a coalition of tenants, community organizers, lawyers, and other allies deeply concerned about the anticipated sale of properties owned by Millennia Housing Management, LTD. (“Millennia”), a majority of which HUD subsidizes through project-based section 8 contracts.<sup>1</sup> Millennia has expressed an interest in selling the portfolio in its entirety or in small packages.

The long-term preservation of these project-based section 8 units and the safety and stability of the families who live there are critically important. According to the National Low Income Housing Coalition, no state has an adequate supply of affordable rental housing for the lowest income renters and there is a shortage of 7.3 million rental homes affordable and available to extremely low-income renters.<sup>2</sup> The loss of deeply affordable units creates serious consequences for low-income families and their communities.

Millennia is one of the largest owners and managers of HUD project-based Section 8 properties in the country. As outlined in previous letters to HUD,<sup>3</sup> Millennia has demonstrated a clear and disturbing pattern of mismanagement and neglect. In various iterations, tenants and advocates have contacted HUD with their concerns about Millennia and HUD has not acted on those concerns in a timely and effective manner to prevent further harm to the families or the loss of project-based Section 8 housing. These sales provide a new opportunity to change course and we seek a partnership with HUD to preserve and improve these properties for current and future families by ensuring that they are transferred to capable and responsible buyers. We ask that HUD work collaboratively with tenants and tenant advocates to preserve and improve this portfolio.

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<sup>1</sup> Joleen Ferris, *Millennia Companies Looking to Sell*, NEWSCHANNEL 2 (Mar. 22, 2024), [https://www.wktv.com/news/local/millennia-companies-looking-to-sell/article\\_f27a336a-e88f-11ee-9d4f-afb5d64ad711.html](https://www.wktv.com/news/local/millennia-companies-looking-to-sell/article_f27a336a-e88f-11ee-9d4f-afb5d64ad711.html).

<sup>2</sup> NAT'L LOW INCOME HOUS. COAL., *THE GAP 2*, 4-9 (2023), <https://nlihc.org/gap>.

<sup>3</sup> Letter from the Millennia Resistance Campaign to Secretary Marcia L. Fudge, Dep't of Hous. and Urban Dev. (Apr. 04, 2022), <https://www.nhlp.org/wp-content/uploads/HUD-Millennia.pdf>; Letter from the Millennia Resistance Campaign to Secretary Marcia L. Fudge, Dep't of Hous. and Urban Dev. (Aug. 02, 2022), <https://www.nhlp.org/wp-content/uploads/MRC-Demand-Letter.pdf>; Letter from the Millennia Resistance Campaign to Secretary Marcia L. Fudge, Dep't of Hous. and Urban Dev. (Aug. 21, 2023), <https://www.nhlp.org/wp-content/uploads/MRC-Property-Demand-Letter.pdf>.

1. **HUD must not authorize a sale of all or a large portion of Millennia’s portfolio to a single purchaser.** As Millennia notes often, it acquired many of its notorious properties through the purchase of the Global Ministries portfolio that included severely troubled assets.<sup>4</sup> Many of these assets had years of deferred maintenance and needed a deep investment of resources in order for the housing to be safe and habitable for the families who lived there. In part due to the number of properties in dire need of rehabilitation, Millennia could not secure the financing to renovate the properties on a timely basis. At the same time, Millennia appeared to not invest its Section 8 funds into the projects to even modestly improve conditions, retaliated against tenants who challenged poor living conditions, and unlawfully pocketed funds intended for tenants.<sup>5</sup> Millennia’s poor stewardship of the portfolio demonstrates that HUD should make it a priority not to approve this or other large portfolios to a single-purchaser. Even a responsible preservation buyer would struggle to turn around this group of properties.
2. **HUD must use its authority to only approve a sale that meets the physical, financial, and social needs of each property.** HUD should exercise its full authority under the transfer of physical assets process and assignment of the Housing Assistance Payments (“HAP”) contract process to thoroughly vet any proposed buyer. HUD should make clear that it will closely assess if any buyer has demonstrated fiscal and managerial capacity to acquire and preserve a property or portion of the portfolio. This includes only approving buyers with a proven track record of turning around troubled HUD properties by working collaboratively with impacted tenants and local communities. HUD must also evaluate if the sale price for the property will make it difficult or impossible for the buyer to make needed investments in the property. For every project-based Section 8 property, HUD should be sending out an inspector and construction analyst prior to the approval of the HAP assignment. The record of physical and accessibility needs developed from that analysis should be a part of any assignment and transfer evaluation. HUD should also condition the assignment and transfer on the new owner making timely repairs, including a certification of completing agreed to repairs within 12 months or as set by HUD based upon the project’s needs. HUD must also closely monitor any needed relocation of tenants in order to address conditions and ensure that no tenants are unlawfully displaced or placed in substandard housing conditions through any temporary accommodations.
3. **Tenants must be partners that HUD consults when developing or assessing capital needs assessments, buildings’ accessibility, and preservation plans.** Developing relationships with local partners is essential to maintaining properties’ long-term affordability.<sup>6</sup> Tenants should be treated as partners, and their feedback about the future

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<sup>4</sup> See, *supra* note 1.

<sup>5</sup> Sean Keenan, *HUD Threatens to Bar Forest Cove Owner Millennia From All Section 8 Contract*, ATLANTA CIVIC CIRCLE (Dec. 19, 2023), <https://atlantaciviccircle.org/2023/12/19/hud-could-ban-forest-cove-owner-from-section-8/>; Sean Keenan, *HUD Bans Forest Cove Owner Millennia From New Section 8 Contracts*, ATLANTA CIVIC CIRCLE (Mar. 15, 2024), <https://atlantaciviccircle.org/2024/03/15/hud-bans-forest-cove-owner-millennia-from-government-contracts/>.

<sup>6</sup> AMY KHARE *ET AL.*, FROM THE GROUND UP: HOUSING AS A CATALYST FOR COMMUNITY-DRIVEN REDEVELOPMENT OF CHICAGO’S MAJORITY-BLACK WOODLAWN NEIGHBORHOOD 6-11 (2021); HEATHER L. SCHWARTZ *ET AL.*, PRESERVATION OF AFFORDABLE RENTAL HOUSING EVALUATION OF THE MACARTHUR FOUNDATION

of their housing should be solicited whenever possible. Statutory and regulatory law has consistently included maintenance issues and preservation as areas in which active resident participation is critical.<sup>7</sup> HUD has a plethora of tools it can deploy to encourage preservation. To determine the best course of action, HUD must consistently engage impacted tenants about their lived experiences, including accessibility needs, and respond accordingly. Further, HUD must honor the demands of local tenant associations. Many Millennial properties have active tenant associations, who have long been on the front lines trying to improve housing conditions and hold Millennials accountable. Some of these associations have created their own sets of demands based on the specific needs of their properties, which have at this point gone unheard.

4. **HUD must conduct a national investigation into Millennials and other problem owners with a pattern of failing to maintain HUD housing.** HUD *must* conduct a national investigation to reveal the root causes of poor conditions within HUD's project-based Section 8 portfolio, with a specific focus on disparities in property conditions by race, disability, national origin, and familial status. HUD also needs to investigate and evaluate what policies permitted one company to take over management and/or ownership of thousands of troubled units across the country and what new policies could better ensure that responsible preservation buyers with demonstrated capacity are prioritized for the acquisition of HUD properties.

We welcome an opportunity to speak with you about why these demands are crucial for preserving the housing options of present and future families in these communities. If you have any questions, please contact Foluke Nunn at [fnunn@afsc.org](mailto:fnunn@afsc.org). We hope to hear back from you before April 16, 2024.

Our Best,

Millennials Resistance Campaign

Cc:

**Jennifer Larson**, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, OFFICE OF MULTIFAMILY HOUSING PROGRAMS

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WINDOW OF OPPORTUNITY INITIATIVE (2016); URBAN LAND INST. & MACARTHUR FOUND., THE PRESERVATION COMPACT PRESERVE RENEW REBUILD A RENTAL HOUSING ACTION PLAN FOR COOK COUNTY (2007); Models for Affordable Housing Preservation, HUD.GOV,

<https://www.huduser.gov/portal/periodicals/em/summer13/highlight3.html> (last visited Mar. 26, 2021).

<sup>7</sup> 12 U.S.C. § 1715z-1b(a); 24 C.F.R. §§ 964.11, 245.5.

**Demetria McCain**, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY (FHEO)

**Stephen M. Begg**, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, OFFICE OF INSPECTOR GENERAL

**Beth Cooper**, U.S. SENATE, COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

**Stephanie Herrmann**, U.S. SENATE, SUBCOMMITTEE ON HUMAN RIGHTS AND THE LAW

**Jeffrey Brown**, U.S. SENATE, SUBCOMMITTEE ON HUMAN RIGHTS AND THE LAW

**Alia Fierro**, U.S. HOUSE OF REPRESENTATIVES, HOUSE FINANCIAL SERVICES COMMITTEE