

April 5, 2022

From: The Millennia Companies®

Below is a response to the press release and letter issued on April 4 by the National Housing Law Project:

Regarding the claim that company has operated for years with hazardous conditions:

In response to the allegation that “the company has operated for years with hazardous conditions with HUD’s full knowledge”, we vehemently deny this accusation. Since 1995, The Millennia Companies® (Millennia) has proven to be a responsive and responsible owner and manager of apartment communities, having preserved more than 13,000 units of affordable housing. Millennia owns and/or operates more than 275 apartment developments in 26 states, and, currently, its average overall REAC score is 84 and its overall MOR rating is Satisfactory +.

Regarding NAHT / Millennia:

Regarding the relationship between Millennia and NAHT, in late December 2018 and again in February 2019, Millennia participated in conference calls with NAHT. In late April 2019, Millennia talked to Michael Kane, the Executive Director of NAHT, and offered to have additional conference calls with him as the conference calls were chaotic. Millennia requested a smaller group setting with NAHT to discuss their concerns and understand their motivations. NAHT never responded to the request for additional meetings.

Regarding the claim that Millennia promised to renovate Cordoba Courts:

It is accurate that Millennia committed to the rehabilitation of Cordoba Courts and, as members of NAHT are aware, construction is underway. Notably, the person that drafted the press release omitted this important fact.

Cordoba Courts Apartments, located in Opa-locka, Florida, and was originally constructed in 1976 and serves 175 low-income family residents. Ninety-four percent of the units receive Project- Based Section 8 rental assistance from the United States Department of Housing and Urban Development.

Millennia acquired Cordoba Courts in 2016, and, prior to the start of the affordable housing preservation rehabilitation, it underwent approximately \$1.3 million in capital improvements including, but not limited to: demolition and abatement of 11 apartment units; comprehensive improvements in Unit 116; asphalt shingle replacement; landscaping; site furnishings including benches, picnic tables, barbeque grills, and trash receptacles; signage; video surveillance system; exterior painting; parking lot expansion, seal coat, and restripe; pressure washing; pool improvements; and community building improvements. In addition to the property’s physical improvements, numerous social services were put in place through various community partnerships.

Despite the capital improvements since acquisition, Cordoba Courts needed considerable rehabilitation and redevelopment. Over the course of the last four decades, the property sustained substantial wear-and-tear, and many elements of the property were beyond their useful life and in need of replacement. However, the property’s major systems, finishes, and fixtures also needed significant capital improvements, or this affordable housing resource would continue to deteriorate / be lost.

To preserve the Section 8 rental assistance, address evolving needs of current and future residents, and provide for a viable affordable housing asset for the City of Opa-locka into the future, Millennia proceeded to close on the financing¹ needed for the renovation and recapitalization of this apartment development.

The preservation is now underway and includes significant improvements to both the aesthetics and functionality of the property. The construction costs total more than \$20.1 million or \$115,000 investment per unit and includes new kitchens and bathrooms. The construction scope encompasses upgrades to the interiors and exteriors of the apartment buildings and improvements to major systems such as heating, cooling, mechanical and electrical. The plan also calls for enhancements to the security features and landscaping. Inside, crews will install energy-efficient appliances and use eco-friendly materials for countertops and cabinets.

Regarding the claim that what repairs have been made have failed to address serious issues like mold:

This is false and unsubstantiated.

Regarding the claim that HUD has overlooked health and safety issues at Millennia properties:

This is not factual. In fact, since REAC inspections restarted (after they were paused because of the pandemic), 114 of Millennia properties have undergone REAC inspections. As noted above, Millennia's average overall REAC score is 84 and its overall MOR rating is Satisfactory +. If an apartment community receives a low score, a corrective action plan is created and executed to meet HUD requirements.

One property that was previously a focal point for media and advocates was Line Creek Apartments (formerly known as Englewood) in Kansas City. This property was not highlighted in the April 4th press release, but it has been the subject of news stories informed by activists. Line Creek recently scored a 97c² after an extensive rehabilitation to preserve this affordable housing opportunity.

Regarding the claim that Secretary Fudge promised that Millennia would be investigated:

To our knowledge, this statement in the context of a broad investigation has not been verified; however, HUD assigned a regional administrator³ to examine operations in Kansas City, where the Secretary met with leaders of the Kansas City Tenants' Union. After Secretary Fudge's visit, HUD conducted an 100%-unit inspection, participated in tenant meetings, and conducted a REAC inspection on June 23, 2021, which scored a 78c, up from a 60c. Also, Gabriel Towers was subjected to a Healthy Homes inspection, which resulted in a passing score.

Of note, with regard to Gabriel Towers in Kansas City, the closing on a 4% Low-Income Housing Tax Credit is planned within the next several months; this will support a an approximate \$9.3 million

¹ <https://www.globenewswire.com/news-release/2021/09/02/2291174/0/en/The-Millennia-Companies-Closes-on-52-Million-in-Financing-to-Renovate-Cordoba-Courts.html>

² <https://www.globenewswire.com/news-release/2021/12/17/2354683/0/en/The-Millennia-Companies-Transforms-Affordable-Housing-Development-in-Kansas-City.html>

³ <https://www.kcur.org/news/2021-05-26/pressed-by-kansas-city-activists-hud-secretary-marcia-fudge-agrees-to-investigate-millenia-companies>

rehabilitation to preserve this affordable housing opportunity for seniors and those with disabilities. The rehabilitation project will be thorough and includes, but is not limited to the following:

- All 126 apartments will be renovated, including new kitchens and bathrooms.
- 13 of the apartments will receive accessible unit modifications, and 4 will receive audio/visual modifications.
- Apartment improvements include new lighting, flooring, and paint throughout.
- New interior doors including frames, hardware, and slabs. Kitchens will be demolished and replaced in kind, with energy star refrigerators. A new over the range microwave exhaust hood (energy star) and 20-amp service will be installed.
- Bathroom fixtures will be demolished and replaced with low flow fixtures at their existing locations. All windows will be removed and replaced in the existing rough openings exterior stud wall and equipped with new sills and blinds.
- There will be substantial improvements to the common areas including a new community room with an open floor plan and new kitchen to allow for community events.
- The project will modernize the existing building infrastructure.

Regarding the claim that “tenants are being threatened, harassed, and ignored by Millennia while living in homes that are killing tenants”:

This is false, inflammatory, and unsubstantiated.

In fact, core to Millennia’s mission is to provide resident services that enrich lives. The property management teams host holiday events, partner with social service organizations to provide resources to seniors and families, and offer activities such as mobile COVID testing for seniors⁴, Secret Santa ([see video](#) of 2021 event) for children⁵, and more ([hear from](#) resident service coordinators in Jacksonville here).

Regarding the status of apartment developments referenced in the letter to the HUD Secretary:

Stonybrook Apartments: The letter refers to “terrible conditions” persisting at Stonybrook Apartments. This week, Millennia is celebrating the completion of a more than \$18 million rehabilitation of the former Global Ministries Foundation (GMF) property, Stonybrook (now known as Azure Estates). The progress at Azure Estates was documented in the WPTV news reports entitled *Azure Estates wiping away negative history of Stonybrook Apartments*⁶ and *Stonybrook Apartments in Riviera Beach renovated, transformed into Azure Estates*⁷. Additional insight into the renovation can be found [in this video](#).

Forest Cove Apartments: Millennia worked alongside city officials and community, housing and finance partners to develop a plan that would allow for an extensive renovation of Forest Cove and the

⁴ <https://wreg.com/news/coronavirus/mobile-covid-testing-visits-seniors/>

⁵ <https://www.palmbeachpost.com/story/news/local/2020/12/24/300-gifts-were-delivered-kids-azure-estates-apartments/4042581001/>

⁶ <https://www.youtube.com/watch?v=ihdfsSukMmQ>

⁷ <https://www.youtube.com/watch?v=rP4DN-3Lqjs>

preservation of critical affordable housing for families in the Thomasville Heights neighborhood in Atlanta, Georgia.

Using the Low-Income Housing Tax Credit (LIHTC) program, the development plan leveraged public and private investments to fund enhanced community features, the construction costs needed to address conditions that have declined over decades, and the relocation of residents.

While structuring this development project, Millennia encountered obstacles such as tax reform, two government shutdowns, a global pandemic, rising construction costs, and other economic factors (such as rent fluctuations) that affected its feasibility. At each turn, the development team collaborated with partners to create a workable plan that would achieve the goal to preserve 396 units of much-needed affordable housing.

As part of the development plan, Millennia acquired the property in April 2021. This acquisition was executed prior to the completion of the LIHTC transaction in order to move residents to offsite housing locations faster. With the acquisition complete, Millennia and partners hosted relocation meetings and individual assessments with residents as governed by the law of the Uniform Relocation Act (URA), which has significant rules and procedures that must be followed.

With the tax credit investor, lender, and relocation plan in place, Millennia was prepared to complete the LIHTC transaction in late January 2022, complete the relocation process and start construction soon thereafter.

On December 27, 2021, the Municipal Court of the City of Atlanta issued an Order that called for the demolition of the property, among other mandates. With the Order in place, the Georgia Department of Community Affairs (DCA) was prohibited from issuing state and federal housing tax credits. These circumstances now necessitate a new approach to the relocation of residents and the development of the site.

On March 31, the City of Atlanta and Millennia reached an agreement to expedite the relocation of the residents of Forest Cove.

Cordoba Courts – see narrative in response to claims made in the press release.

The letter makes the claim that the “Millennia has a policy and practice of under-resourcing properties and failing to correct terrible conditions” and that “remediation efforts are not funded by Millennia but by local resources.”:

This is false and unsubstantiated. In fact, at Forest Cove, the Owner has invested more than \$13 million into security, life safety issues, staff, and the Owner has deferred management fees while working to take this 396-unit property into a tax credit rehabilitation, which leverages private investments.

The letter states the fact that Millennia is one of the largest owners and operators of HUD project-based Section 8 in the country:

Correct, and according to the National Low Income Housing Coalition, there is a national shortage of more than seven million affordable homes for the nation's 11 million plus extremely low-income families. Since 2004, Millennia Housing Development, Ltd. has preserved more than 13,000 units of

affordable housing at 110 apartment developments. This press release and letter do not present a holistic and comprehensive assessment of the portfolio as it refers to allegations regarding 2% of properties.

According to the National Low Income Housing Coalition, there is a national shortage of more than seven million affordable homes for the nation's 11 million plus extremely low-income families. Since 2004, Millennia Housing Development, Ltd. has preserved more than 13,000 units of affordable housing at 110 apartment developments.

The letter makes the claim that Millennia acquired “eventually the whole portfolio” of Global Ministries Foundation (GMF) and “there were no notable improvements”:

This statement is false. Millennia acquired a portfolio of deeply distressed affordable housing apartment developments from GMF, not GMF’s entire portfolio. The efforts to preserve these deeply distressed apartment developments is resulting in nearly 5,000 units of affordable housing, which would otherwise not be saved. Substantial rehabilitations have been referenced in the above-mentioned Stonybrook Apartments, and recently, improvements were celebrated in Jacksonville, where four former GMF properties were converted. The letter claims that the work fails to “address major conditions” – this can be debunked by referencing the replacement of the entire gas line infrastructure⁸ at Valencia Way in Jacksonville. And, residents were pleased to have a new HVAC system.

Additionally, the successful substantial rehabilitations of properties such as Jernigan Gardens in Orlando, Florida, Renwyck and Van Rensselaer in Rensselaer, New York, and Cavalier Court, Gospel Gardens and Hope Heights in Memphis, Tennessee, are not referenced.

The letter makes the claim of a pattern of “health and safety violations in its properties with black households”:

This is false and unsubstantiated.

The letter references Sandpiper Cove and states that “HUD continues to not hold Millennia accountable”:

This is not true. The author of the letter omits that, per HUD’s request, Millennia no longer owns Sandpiper Cove after it sold the property to a Texas-based developer who is moving it toward a tax credit rehabilitation.

The letter references Gabriel Towers:

The author of the letter omits the most recent REAC score of 78c, the 100% unit inspection conducted by HUD and resulting actions, HUD’s participation in tenant meetings, and the Healthy Homes inspections and resulting actions.

In this section, the author also references a breach of contract between the city and Millennia. The author omits that these issues have been resolved. See more on Gabriel Towers above.

⁸ <https://www.jacksonville.com/story/news/local/2021/08/18/valencia-way-eureka-garden-jacksonville-millennia-housing/8170787002/>

The letter references Cordoba Courts:

An extensive explanation of Cordoba Courts and current conditions is included above. While the press release did not acknowledge that a renovation is underway, the letter acknowledges this fact. The allegations that the improvements that have been made are “insufficient” are false. More than \$115,000 per unit is being invested into the preservation of this property.

The letter references Peace Lake Towers:

Peace Lake Towers, a former GMF property, is currently undergoing a rehabilitation. The letter loosely references this fact⁹. The author states that as of the date of this letter “no tenants have been moved back into renovated units” – this statement is false as the first residents moved back into renovated units last week.

The letter references Memphis Towers:

Memphis Towers is currently undergoing a substantial rehabilitation. Construction costs total more than \$17 million (\$57,400 per unit).

The letter states as fact that one resident contracted Legionnaire’s disease while living at the property and that the resident sued. The only accurate statement is that a resident did sue, but the case was dismissed with prejudice long ago as the factual allegations of the complaint were false.

Other than conclusory statements that certain residents have “been met with retaliation from all levels of Millennia management,” there are no facts upon which to respond.

The letter references Forest Cove:

Forest Cove is addressed above.

⁹ <https://www.prnewswire.com/news-releases/the-millennia-companies-closes-on-27-5-million-in-financing-for-the-renovation-of-peace-lake-towers-in-new-orleans-301198857.html>