NOTICE AND AGENDA

July 22, 2026

Regular meeting of the Minneapolis Public Housing Authority in and for the City of Minneapolis will be held at 1:30 PM at 1001 Washington Avenue North, Minneapolis, Minnesota.

The Executive Committee of the Minneapolis Public Housing Authority will meet at 12:00 PM at the same date and place. The Resident Advisory Board will meet at 12:00 PM at the same date and place.

COMMISSIONERS:

- Kevin Reich — Chair
- Elfric Porte — Vice Chair
- Alyssa Erickson — Secretary
- Medaria Arradondo — Commissioner
- Gloria Freeman — Commissioner
- Abdullahi Isse — Commissioner
- Tamir Mohamud — Commissioner
- Tom Nordyke — Commissioner
- Danielle Werder — Commissioner

GENERAL:

- Roll Call
- Approval of Agenda July 22, 2026
- Minutes of Regular Meeting of June 24, 2026

NEW/PROMOTED STAFF INTRODUCTIONS.

MPHA SUCCESS STORY.

CHAIR'S UPDATE.

RESIDENT ADVISORY BOARD CHAIRPERSON'S COMMENTS.

DISCUSSION ITEM(S):

- ITEM NO. 1: ***Authorization to Increase Existing SHSS Services Contract***
  [Brandon Crow, Director of HCV]

PRESENTATION(S):

- ITEM NO. 1: ***Heritage Park Financial Presentation***
  Heritage Park MOU
  MPHA – Heritage Park Payments
  [Dominic Mitchell, Deputy Executive Director]
  [Heather Pacheco, Chief Financial Officer]

RECEIVE AND FILE:

- Executive Director's Update, July 2026
- Q2 Strategic Plan Quarterly Update
- Monthly Performance Report, June 2026
- Community Update, July 2026

NEXT REGULAR MEETING:

- Wednesday, August 26, 2026 at 1:30 PM
  1001 Washington Avenue North
  Minneapolis, Minnesota 55401

NOTICE:

A portion of this meeting may be closed to the public pursuant to Minnesota Statutes Section 13D.03 or 13D.05

MINUTES OF A REGULAR MEETING OF THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY IN AND FOR THE CITY OF MINNEAPOLIS

June 24, 2026

The Minneapolis Public Housing Authority in and for the City of Minneapolis met in a regularly scheduled meeting at 1:32 PM on Wednesday, June 24, 2026, at 1001 Washington Avenue North, Minneapolis, Minnesota; the date, time, and place established for the holding of such meeting.

ROLL CALL:

The chair called the meeting to order, the following members of the MPHA Board of Commissioners being present:

• Kevin Reich	Chair	
• Elfric Porte	Vice Chair	
• Alyssa Erickson	Secretary	
• Medaria Arradondo	Commissioner	
• Abdullahi Isse	Commissioner	*Arrived at 1:39 PM*
• Tamir Mohamud	Commissioner	*Arrived at 1:34 PM*
• Tom Nordyke	Commissioner	
• Danielle Werder	Commissioner	

The following members of the MPHA Board of Commissioners being absent:

• Gloria Freeman	Commissioner

The following others also being present:

• Abdi Warsame	Executive Director/CEO
• Dominic Mitchell	Deputy Executive Director

MPHA Sr. Executive Assistant, Jocelynne Satnik declared the presence of a quorum.

APPROVAL OF AGENDA:

Chair Reich moved the agenda of June 24, 2026, be amended to add a third item for discussion. The motion was seconded by Commissioner Porte Upon a voice vote, the chair declared the motion carried and the agenda was approved as amended.

APPROVAL OF MEETING MINUTES:

The minutes of the Regular Meeting of May 27, 2026, were presented for approval. Commissioner Nordyke moved the minutes be accepted as presented. The motion was seconded by Commissioner Erickson. Upon a voice vote, the chair declared the motion carried.

NEW/PROMOTED STAFF INTRODUCTIONS:

- Adam Dady introduced Filipe Naranjo who was recently promoted to Maintenance Team Leader.
- Alyssa Keil introduced Aleksandra Veriega who was recently promoted to Manager of HCV PBVs.

MPHA SUCCESS STORY:

- Keana Vang presented the Policy & Strategic Initiatives move-in resources packet for new residents. The updates include lease information, community resources, and contact information for MPHA staff.

CHAIR'S UPDATE:

- The chair reported that the Executive Committee met at 12:30 PM prior to the Board of Commissioners meeting of June 24, 2026.

RESIDENT ADVISORY BOARD (RAB) CHAIRPERSON'S UPDATE:

- Chairperson, Belinda Walker, reported that the RAB met at 12:00 PM prior to the Board of Commissioners meeting of June 24, 2026. All agenda items were discussed and approved.

CONSENT ITEMS:

- ITEM NO. 1: ***Electrical Systems Replacement at the Cedars***
  [Laura Dykema, Director of Planning & Development]
  [Document No. 2026 – 41]

- ITEM NO. 2: ***Roof Replacement at Third Avenue Towers***
  [Laura Dykema, Director of Planning & Development]
  [Document No. 2026 – 42]

Commissioner Nordyke moved approval of the recommendations set forth in the reports. Commissioner Erickson seconded the motion. Upon a voice vote, chair declared the motion carried.

DISCUSSION/RESOLUTION:

- ITEM NO. 1: ***Approval of the Rental Assistance Demonstration Significant Amendment to MPH's 2026 MTW Annual Plan***

  Resolution No. 2026 – 261

  [Laura Dykema, Director of Planning & Development]
  [Document No. 2026 – 43]
  [Resolution No. 2026 – 261]

Commissioner Porte moved approval of the recommendation set forth in the report, along with the corresponding resolution attached thereto. Commissioner Isse seconded the motion.

Upon a roll call vote, 8 commissioners voted "aye". [Chair Reich, Commissioner Arradondo, Commissioner Erickson, Commissioner Isse, Commissioner Mohamud, Commissioner Nordyke, Commissioner Porte, Commissioner Werder] 0 commissioners voted "nay". 1 commissioner was absent [Commissioner Freeman,] The chair declared the motion carried and the resolution adopted.

- ITEM NO. 2: ***Rental Assistance Demonstration (RAD)/Section 18 Conversion at Snelling Manor***

  Resolution No. 2026 – 262

  [Laura Dykema, Director of Planning & Development]
  [Document No. 2026 – 44]
  [Resolution No. 2026 – 262]

Commissioner Mohamud moved approval of the recommendation set forth in the report, along with the corresponding resolution attached thereto. Commissioner Erickson seconded the motion.

Upon a roll call vote, 8 commissioners voted "aye". [Chair Reich, Commissioner Arradondo, Commissioner Erickson, Commissioner Isse, Commissioner Mohamud, Commissioner Nordyke, Commissioner Porte, Commissioner Werder] 0 commissioners voted "nay". 1 commissioner was absent [Commissioner Freeman,] The chair declared the motion carried and the resolution adopted.

- ITEM NO. 3: ***Heritage Park Overview Brief***
  FAQ: Heritage Park

  [Dominic Mitchell, Deputy Executive Director]
  [Document No. 2026 – 47]
  [Document No. 2026 – 48]

Dominic Mitchell, Deputy Executive Director, presented the Heritage Park Overview Brief that MPHA staff provided to Council member Pearll Warren on June 15, 2026. This overview highlighted the history of Heritage Park, attempts to stabilize the property, receivership, operating and capital resources. Also included in the briefing was an FAQ sheet provided by MPHA staff.

No board approval required. Both documents will be received and filed.

RECEIVE AND FILE ITEMS:

- ***Executive Director's Report, June 2026***
  [Document No. 2026 – 45]

- ***Glendale Community Meeting Presentation***
  [Document No. 2026 – 46]

- ***Heritage Park Overview Brief***
  [Document No. 2026 – 47]

- ***FAQ: Heritage Park***
  [Document No. 2026 – 48]

- ***Monthly Performance Report, May 2026***
  [Document No. 2026 – 49]

- ***Community Update, June 2026***
  [Document No. 2026 – 50]

ADJOURNMENT:

There being no further business to come before the board during this meeting and upon a motion duly made by Commissioner Porte and seconded by Commissioner Isse, the meeting adjourned at 2:30 PM.

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ALYSSA ERICKSON, SECRETARY OF THE BOARD OF COMMISSIONERS

July 22, 2026

_____

DATE THESE MINUTES WERE APPROVED

7/22/2026

REPORT TO THE COMMISSIONERS

FROM: Abdi Warsame, Executive Director/ CEO

SUBJECT: Authorization to Increase Existing Stable Homes Stable Schools Services Contract

Previous Directives: The current Stable Homes Stable Schools Services Contract with YMCA of the North was approved March 22, 2023.

Resident Association Notification: This report will be discussed with the Resident Advisory Board (RAB) immediately prior to the Board's July meeting.

Budget Impact: The costs associated with the services contract will be reimbursed by funds from the City of Minneapolis. There is no additional impact on the 2026 MPHA budget.

Procurement Review: This report has been reviewed and approved by the Agency's Contracting Officer.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize the Executive Director or his designee to execute an amendment to the existing contract with YMCA of the North, to increase the not-to-exceed amount to $5,500,000 from the current $3,500,00, for the supportive services contract for Stable Homes Stable Schools.

Overview

Stable Homes Stable Schools (SHSS) is a pioneering partnership between MPHA, the City of Minneapolis, Hennepin County, and Minneapolis Public Schools (MPS) working to reduce homelessness among families with elementary-aged kids in Minneapolis. The Stable Homes Stable Schools (SHSS) program works to improve Minneapolis families' housing stability, students' school attendance, and educational outcomes. The program is a holistic approach to addressing homelessness through prevention (emergency short- and medium-term assistance) and intervention (multi-year rental assistance and support services). By providing funding and resources to families both at risk of and currently experiencing homelessness, SHSS supports children's physical and mental well-being today and strengthens their ability to learn and thrive tomorrow. Since 2019, more than 7,800 kids and 2,790 families have benefited from the program.

SHSS offers two tiers of support. Pairing these two types of assistance with case management, the program enables participants to achieve housing and educational stability.

- The first tier, Housing Stabilization, is emergency short- and medium-term assistance to prevent homelessness, which could include payment of overdue rent, fixing a car needed to get to work, or other forms of assistance to keep families in their current housing and avoid eviction.
- The second tier, Housing Placement & Support, is multi-year rental assistance and wraparound services helping families escape or avoid homelessness and build long-term stability. This includes housing search and tenant education to secure affordable housing in the private rental market.

YMCA of the North was last selected in a competitive RFP process in 2023 and has been the service provider for Stable Homes Stable Schools for 7 years. The board previously approved the current contract, which was initially executed as a 3-year contract with the option at MPHA's discretion to extend for a maximum total contract length of 5-years and a not-to-exceed amount of $3,500,000. We have taken steps to extend the contract but are seeking authorization to increase the total not-to-exceed amount in order to continue to provide services.

This report was prepared by Brandon Crow, Director of HCV. For questions, please contact Mr. Crow at (612) 342-1421.



Heritage Park Background

Prepared for MPHA Board of Commissioners (July 2026)

History of Heritage Park

- Site Was Home to Sumner Field Homes.
- Hollman v. Cisneros (1991)
  - Lawsuit alleged HUD, MPHA, the City of Minneapolis, and the MCDA were jointly responsible for perpetuating patterns of racial segregation.
  - Resulted in Hollman Consent Decree (1995).
- Hollman Reimagines Public Housing
  - Heritage Park aimed to deconcentrate racially concentrated public housing projects.
  - Site sought to reimagine public housing, included various levels of household incomes, including public housing (200), income-restricted tax credit (100), and market-rate (140) units.
- Heritage Park Built (2002-2006)
  - The City, County, State, MPHA, and the Family Housing Fund all helped fund construction.
  - Unique to this project, a for-profit developer, McCormack Baron Salazar, was awarded ownership, control, and sole possession of Heritage Park.
  - MPHA's primary responsibility was to send HUD-calculated operating funding for the 200 units designated public housing that the owner, McCormack Baron Salazar, operated.
    - Since the project's inception, MPHA has fulfilled all direct obligations as required under the Consent Decree.



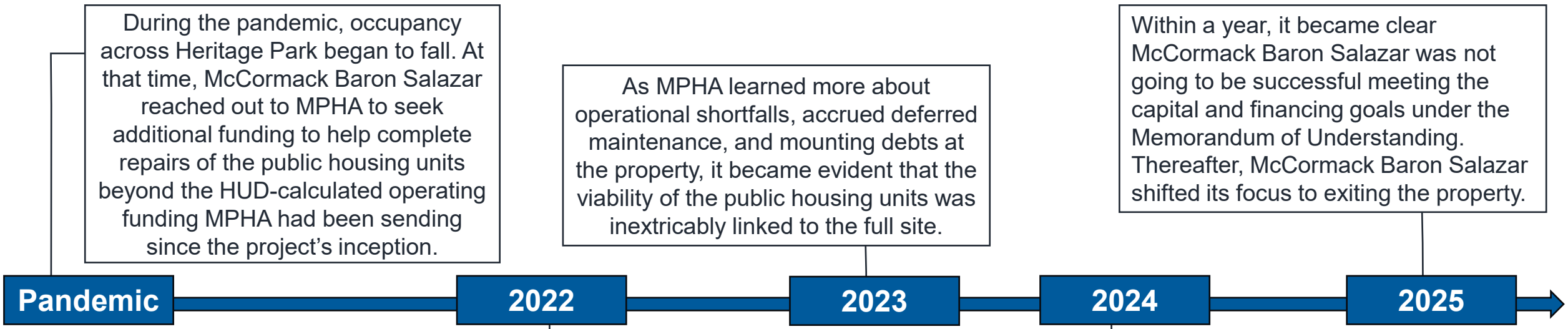






Minneapolis Public Housing Authority

Timeline of Heritage Park's Decline



McCormack Baron Salazar Steps Back, Minneapolis Public Housing Steps Up

- In May 2025, MPHA cancelled both the Memorandum of Understanding and its additional funding, recognizing additional funding to McCormack Baron Salazar would not be beneficial without a plan to raise capital or address capital needs.
- At this time, MPHA approached other stakeholders, including the City of Minneapolis and HUD, about placing Heritage Park in receivership and removing operational control of Heritage Park from McCormack Baron Salazar.
- Following months of work MPHA helped lead alongside other stakeholders, McCormack Baron Salazar agreed to assign the property to creditors and a Hennepin County court removed McCormack Baron Salazar from operational control at the site and appointed Certus Financial as the third-party receiver in December 2025.
    - Subsequently, Certus Financial retained Property Solutions & Services, LLC, to manage the site.
    - Upon entering the receivership, Certus Financial and Property Solutions & Services, LLC immediately completed an assessment of the property's needs, including inspecting all units (both occupied and unoccupied), and have worked hard to prioritize and resolve all life-safety concerns for occupied units.
- Meanwhile, MPHA continued to lead a capital campaign, successfully securing an additional $5.125 million from Minnesota Housing in February 2026 to support additional repairs to the property.
- As of June 20, 2026, there are 136 occupied public housing units at Heritage Park. MPHA continues to work with Certus Financial and Property Solutions & Services, LLC to coordinate repairs and lease up remaining unoccupied public housing.
    - MPHA is a mission-driven organization, and the agency remains committed to working toward the long-term stabilization and preservation of the Heritage Park community, going beyond its stated obligations under the Hollman Consent Decree.
    - To date, MPHA has fulfilled all direct obligations resulting from the Hollman lawsuit and Consent Decree.

What's Next?

- MPHA Remains Committed to the Habitability, Preservation, and Success of Heritage Park for the Benefit of its Residents.
- Heritage Park is in Much Better Condition Today Than it Was Prior to the Receivership.
  - But there is still significant work to do. Current conditions at Heritage Park are unacceptable and need to improve.
  - MPHA, the State of Minnesota, and the City of Minneapolis have all made major investments to help fund ongoing repair work conducted by Certus Financial and Property Solutions & Services.
- MPHA is working in tandem with the City to review property conditions, and work with residents on any solutions, including relocation if necessary.
- Currently, Certus Financial is Leading the Work on a Long-term Stabilization Plan.
  - MPHA is committed to working with Certus Financial and all stakeholder partners to avoid foreclosure and the displacement of current families.
  - MPHA has recently agreed to fund operating deficits at Heritage Park for a limited amount of time while Certus Financial continues to work with stakeholders to develop and refine a long-term solution.



MPHA Financial Support of Heritage Park in Excess of Obligations

Year	Short Description	Amount	Date Paid	Authorizing Agreement	Excerpt from MOU/Agreement
2021	Public Housing Unit Deficits	$726,160.00	9/30/2022	2022 MOU	The Owners of the four partnerships at Heritage Park acknowledges and confirms that the $726,160 payment was used to pay approximately $200,000 in outstanding trade payables related to expenses incurred in 2021 and to recover prior year public housing operating deficits.
2022	Public Housing Unit Deficits	$756,256.00	12/1/2022	2022 MOU	MPHA will pay the Owners $756,256, an amount that represents the projected 2022 operating deficit less the projected Management Fees for ACC-Assisted Units. The Owner agrees that MPHA's payment of $756,256 is being made in exchange for the Owner's agreement that the funding will be used to cover 2022 ACC-Unit operating shortfalls and the Owner agrees that no funds will be used to cover prior year deficits. The purpose of the payment is to address the 2022 needs of the public housing units and not reimburse the Owner for past years' deficits.
2022	Public Housing Unit Capital Expenses	$29,962.00	12/1/2022	2022 MOU	The Owner has provided MPHA operating statements through September 30, 2022 that shows that the Owner has incurred ACC-Assisted Unit Capital Expenses in excess of Replacement Reserve disbursements of $29,962. MPHA agrees to pay the Owner $29,962 for these capital expenses.
2022	Management Fee On Public Housing Units	$141,900.52	6/30/2023	2022 MOU	MPHA will pay the Owner for the 2022 Management Fee earned on ACC-Assisted Units, estimated at $158,556*, upon the submission of the 2022 audited financial statements and confirmation from the Owner that the Nspire deficiencies noted in the September inspection have been resolved. MPHA has the right to inspect and obtain further evidence as necessary. Any amounts required to be paid by MPHA or MPHA pays in excess of amounts required will be as included in the annual reconciliation process outlined in the Regulatory and Operating Agreements *Payment support - The amount paid for 2022 management fees was the lesser of the actual PHA Units Management fee expense or Total Amount Due From The Authority For Current Year.
2022	Reasonable Accommodation Modifications & Repairs to Ready All Public Housing Units For Occupancy	$155,347.78	6/16/2023	2022 MOU	MPHA agrees to provide the Owner reimbursement for the repairs needed for three units' reasonable accommodation modifications made and repairs made to get all PHA units in condition for occupancy no later than March 31, 2023. Once work is assessed, scope of work and quotes need to be provided to MPHA for review and approval. Invoices received will be submitted for this work to MPHA and upon acceptance of the invoices and satisfactory work, MPHA will reimburse the Owner. Total costs are expected to be less than $252,000. Any costs exceeding $252,000 need to be approved by MPHA in advance.

MPHA Financial Support of Heritage Park in Excess of Obligations Cont.

Year	Short Description	Amount	Date Paid	Authorizing Agreement	Excerpt from MOU/Agreement
2023	Insurance	$337,582.33	12/29/2023	2023 Ins.	Public Housing portion of the increase to insurance premiums for the property.
2023	Additional Public Housing Unit Costs	$677,397.78	Through 2023	2022 Add'l Operating Subsidy	Additional operating subsidy to cover budgeted Public Housing unit costs.
2024	Additional Public Housing Unit Costs	$2,430,549.99	Through 2024	2024 MOU	a. MPHA will provide additional operating assistance of $631.33 per unit per month for 200 public housing units in 2024, an amount that is equivalent to MPHAs 2024 Housing Choice Voucher (HCV) Payment Standards. On its own this increased operating assistance still results in an expected loss for Heritage Park in 2024. This assistance will be provided retroactively to January 1, 2024. The MPHA will increase operating assistance to Heritage Park so that the 200 public housing units would reach operating assistance parity with the HCV Payment Standards for the same unit configurations. e. Increased operating assistance and PBV funds will be adjusted in accordance with HUD's established annual inflation adjustment factors and funding pro-rations, and MPHA's HCV Program's Statement of Policies. In addition, MPHA may adjust operating assistance and/or PBV funds depending upon the amounts and types of loans or grants secured in the parties' efforts to stabilize and recapitalize the property. f. The total amount of MPHA increased operating and PBV Funds from January I, 2024, through December 31, 2027, is an interim solution until such time as the parties agree and secure recapitaiization funds using a variety of local. State and Federal options. g. The MPHA and MBA will use the Budgets in Attachment B to establish financial projections and estimate the funding necessary for the years 2024 through and including 2027; MPHA will track the contributions in excess of estimated available annual baseline revenue, that is the annual amounts provided by HUD in public housing operating subsidy for Heritage Park and amounts at the applicable payment standard for the PB Vs. This information will be shared with MBA. h. It is understood by the parties that the additional funds being provided in this MOU and as more fully set forth in this Paragraph 3, will be used to pay operating and non-operating expenses, pay down of outstanding payables, stay current on new payments to vendors, turn vacant units, make necessary capital improvements, pay all existing hard debt service and any additional approved debt, and maintain replacement and insurance reserves. While management fees to MBM are included in the Attachment B budgets and projections, management fees will not paid be if and until positive cashflow can be maintained after the payment of those management fees.
2025	Additional Public Housing Unit Costs	$1,024,904.79	Through May 2025	2024 MOU	

MPHA Financial Support of Heritage Park in Excess of Obligations Cont.

Year	Short Description	Amount	Date Paid	Authorizing Agreement	Excerpt from MOU/Agreement
2026	Installation of Furnaces (50)	$250,000.00	2/6/2026	2026 Line of Credit	Purpose. The Borrowed Funds are loaned to the Assignee for the purposes of allowing the Assignee to pay the reasonable and necessary expenses of preserving, protecting, or disposing of the Assignment Property (as defined in the Assignment Order) pursuant to Minn. Stat. § 576.51 subd. 1(1).
2026	Cleaning & Repair Due to Significant Water Damage from Burst Sprinkler Systems/Fire Watch	$234,000.00	2/6/2026	2026 Line of Credit	
2026	Residential Furnaces, Utilities, Pest Control	$250,000.00	3/27/2026	2026 Line of Credit	
2026	Past Due Utilities and Payroll	$180,00.00	5/1/2026	2026 Line of Credit	



Questions

Memorandum of Understanding
Heritage Park Short-Term Work Out Plan

This is a Memorandum of Understanding (MOU), effective this 20TH day of JUNE, 2024, by and between the MINNEAPOLIS PUBLIC HOUSING AUTHORITY IN AND FOR THE CITY OF MINNEAPOLIS, a public body corporate and politic, organized and existing under the laws of the State of Minnesota (the MPHA) and MBA Properties, Inc. (MBA), a Delaware corporation which controls the limited partnerships (Heritage Park MBA Partnerships) which own a multifamily housing development in Minneapolis Minnesota commonly known as Heritage Park. McCormack Baron Management, Inc. or (MBM), an affiliate of MBA manages Heritage Park. Collectively, the MPHA and MBA may be referred to as "the parties" herein. As appropriate, MBA, Heritage Park MBA Partnerships, and MBM will be referred to separately.

PART 1 - RECITALS:

A. The Original Vision. Heritage Park was developed on the site of former MPHA housing complexes in north Minneapolis based on a master plan adopted as a result of the settlement of the *Hollman v. Cisneros* lawsuit in 1995. The master plan included single family ownership homes, 440 rental homes, and public realm, park, and community enhancements. MBA, through its development entity McCormack Baron Salazar, was the primary developer in partnership with the late Archie Givens and Legacy Development for the 440 apartment homes consisting of 200 public housing units, 100 low-income housing tax credit units, and 140 units without income restrictions on land owned by the MPHA and leased to the individual partnerships that own the four phases of Heritage Park. Heritage Park was constructed in phases beginning in 2002 and finalized in 2006.

B. Financing and Operations. Financing for the development and capital costs of Heritage Park was provided through a private mortgage and guaranteed by the United States Department of Housing and Urban Development (HUD), Low Income Housing Tax Credits (LIHTC) other public sources (Minnesota Housing Finance Agency, MPHA, City of Minneapolis (City), and Hennepin County), and the Family Housing Fund. The ongoing maintenance and operation of Heritage Park is funded by rents from the public and non-public housing tenants, as well as operating subsidy from the MPHA from funding it receives from HUD. (See Attachment A for list of current lenders/mortgagees and related party information.)

C. Consistent and Unsustainable Downward Cycle. Due to decades of inadequate federal funding, burdensome infrastructure costs (see Recital D below), and other factors, both the replacement and operating reserves for Heritage Park are depleted, and necessary maintenance and capital improvements deferred. As with many other housing developments throughout the region and the country, this situation worsened during and in the aftermath of the COVID pandemic. This has resulted in continued operating deficits, delayed payments to vendors of approximately $1 million, a vacancy rate of nearly 30 percent, and insufficient funds to turn vacant units. Notwithstanding the strong human services support from Urban Strategies, Inc. (USI), resident complaints are increasing, and the property is deteriorating and is in a downward cycle such that the property is not sustainable. This has put MBA in a position where it had to support Heritage Park with additional funds and suspension of management fees to MBM.

D. The Financial Drain of the Storm Water Management System. The financial sustainability of Heritage Park was particularly disadvantaged by an experimental, expensive, poorly designed, and difficult to maintain storm water management system referred to as the "rain gardens." Approximately $300,000 of annual debt service and maintenance costs paid each year has been imposed on the Heritage Park housing operations and capital budgets due to the rain gardens.

E. Insufficient Initial Preservation Efforts; Looming Default and Demise. There have been ongoing discussions and efforts to stabilize Heritage Park that intensified as the pandemic restrictions lifted. As a result, the MPHA has increased and advanced additional operating funding, the City provided $875,000 of American Rescue Plan Act funds, and a $3 million federal earmark was obtained by USI on behalf of Heritage Park, this latter amount is directed to specific repairs in occupied units. In spite of these good faith efforts, this has not been enough. Heritage Park continues to deteriorate. The risk of defaulting on the private and HUD guaranteed mortgage loan is increasing. Both parties desire to avoid default. The housing stability of current residents is at risk, as is the ability to enhance the housing stability of families who express continued interest in Heritage Park. Default on the loan would limit control of work out options that best serve existing and future residents. Relief and additional support from the Heritage Park lenders is urgently needed to avoid default and to set the stage for a potential comprehensive rehabilitation and recapitalization to preserve these desperately needed 440 apartment homes for families.

F. MPHA/MBA Short-Term Work Out Plan. The MPHA and MBA, working together in good faith to respond to this dire situation, have agreed to an interim stabilization/short term workout plan (the Plan) for Heritage Park as more specifically set forth in Part 2 of this MOU. This Plan is based on financial and operational projections to and through December 31, 2027 but is subject to adjustment.

G. Property Lender Support Required. MPHA and MBA will jointly review the Plan with the existing lenders for Heritage Park as it relates to the necessity of a bridge loan(s) or other financial support more fully described in Part 2 of this MOU, Paragraph 4.

H. Long-Term Rehabilitation and Recapitalization Required After Stabilization. Both parties acknowledge that a long-term recapitalization and rehabilitation of units will be required to provide sustainability at Heritage Park. Once it is established that the workout plan is stabilizing the property and pending a Physical Needs Assessment, the parties agree to explore recapitalization options and efforts to secure funds relating to recapitalization goals if there is opportunity to secure such funds early. To further a common understanding of future capital opportunities the parties agree to exchange information as described in Part 3, Paragraph 2 of this MOU.

I. Operating/Authorizing Limitations: The parties acknowledge that MPHA contributions of any kind in support of the Plan specifically and Heritage Park stabilization more generally are limited to assisting households at 80 percent AMI and under. The parties acknowledge that the funding necessary for stabilizing units with households over 80% AMI will need to be provided by MBS or third parties. MBM will provide documentation, as requested, to ensure this requirement is being met. MBA is required to return to MPHA any use of MPHA contributions outside of this recognized limitation.

J. Effect of Recitals. These recitals form a material part of this MOU on which the parties have relied.

PART 2 - ACTIONS REQUIRED FOR STABILIZATION

NOW THEREFORE, in consideration of the mutual agreements and other consideration provided in this MOU, the parties agree as follows:

1. Intent of MOU; Further Assurances; No Waiver Existing Legal Agreements or Regulatory Requirements. The parties agree to work together in mutual good faith to advance the Plan and make any mutually agreed adjustments to it. The parties recognize that each party has existing legal, regulatory, and financial constraints that must be accommodated as the Plan is advanced. The parties acknowledge they are bound by the existing legal agreements and applicable laws and regulations governing their relationship (including but not limited to a ground lease, regulatory and operating agreements, MPHA requirement to limit to assistance to households at 80 percent or below of adjusted area median income) and that agreements exist between MBA and the property's lenders. Nothing in the MOU is intended to affect any rights or obligations of either party under the terms of these existing legal agreements and applicable laws and regulations, which agreements, laws, and regulations remain in full force unless and until any amendments or revisions are made.

2. Termination. Either party may terminate this MOU upon thirty (30) days written notice.

3. Funding Obligations: Operating Assistance and Project-Based Vouchers. MPHA has passed through to MBA HUD Operating Subsidy attributable to Heritage Park in accordance with the Regulatory and Operating Agreement governing the development ("Development Operating Subsidy" therein) since the commencement of such payment by HUD to MPHA; MPHA agrees to make additional payments to Heritage Park to assist in property operations as follows:

    a. MPHA will provide additional operating assistance of $631.33 per unit per month (PUM) for 200 public housing units in 2024, an amount that is equivalent to MPHA's 2024 Housing Choice Voucher Payment Standards. On its own this increased operating assistance still results in an expected loss for Heritage Park in 2024. This assistance will be provided retroactively to January 1, 2024. The MPHA will increase operating assistance to Heritage Park so that the 200 public housing units would reach operating assistance parity with the Housing Choice Voucher Payment Standards for the same unit configurations.

    b. The parties acknowledge that any additional payments made by MPHA pursuant to this MOU or otherwise does not create a duty or obligation, or waive any of MPHA's rights, as provided by the existing legal agreements between the parties. MPHA may stop making any additional payments outlined in this MOU within its sole discretion with thirty days' notice to MBA/MBS as appropriate.

    c. Bridge Loan/Financial Assistance: The parties recognize that a significant cash contribution is needed immediately to complete work that is necessary to return the property to financial stability. MPHA is providing the additional payments detailed in Paragraph 3 so that the Heritage Park MBA Partnerships may use the additional operating assistance to secure an interim or bridge loan or other financial assistance from one or more third parties to triage the account payables and secure resources to complete turnover maintenance and repairs of vacant units for re-occupancy. The Attachments presume that the Bridge Loan will be secured by July 1, 2024.

    d. MBA will apply to the MPHA for project-based vouchers (PBVs) for the vacant, non-public housing units of Heritage Park to be set at rent levels above current Fair Market Rents. MBA will apply, and the MPHA will review the application as soon as reasonably practicable. If the application is approved, the terms under which the PBVs will be provided will be documented in

an agreement to enter into a housing assistance payment agreement (AHAP). The parties recognize that using PBVs at Heritage Park will require that current vacant units without income restrictions will eventually become income restricted to families with incomes at or below 80 percent of area median income and applicable under MPHA's HCV/PBV Program. Of the 140 market rate units, approximately 68 are currently occupied, and of these 45 of the tenant households have incomes exceeding 80% of AMI. The parties will work together on a communications plan related to the new income restrictions and the added reliance on deep subsidy.

e. Increased operating assistance and PBV funds will be adjusted in accordance with HUD's established annual inflation adjustment factors and funding pro-rations, and MPHA's HCV Program's Statement of Policies. In addition, MPHA may adjust operating assistance and/or PBV funds depending upon the amounts and types of loans or grants secured in the parties' efforts to stabilize and recapitalize the property.

f. The total amount of MPHA increased operating and PBV Funds from January 1, 2024, through December 31, 2027, is an interim solution until such time as the parties agree and secure recapitalization funds using a variety of local, State and Federal options.

g. The MPHA and MBA will use the Budgets in Attachment B to establish financial projections and estimate the funding necessary for the years 2024 through and including 2027; MPHA will track the contributions in excess of estimated available annual baseline revenue, that is the annual amounts provided by HUD in public housing operating subsidy for Heritage Park and amounts at the applicable payment standard for the PBVs. This information will be shared with MBA.

h. It is understood by the parties that the additional funds being provided in this MOU and as more fully set forth in this Paragraph 3, will be used to pay operating and non-operating expenses, pay down of outstanding payables, stay current on new payments to vendors, turn vacant units, make necessary capital improvements, pay all existing hard debt service and any additional approved debt, and maintain replacement and insurance reserves. While management fees to MBM are included in the Attachment B budgets and projections, management fees will not paid be if and until positive cashflow can be maintained after the payment of those management fees.

i. Schedules in support of the work out plan:

3.i.i. Attachment B: partnership operating budgets and projections for 2024-2025-2026-2027; these budgets and projections reflect the joint work of MPHA and MBA; as the actual budgets are determined they will replace the projected budgets in the attachment.

3.i.ii. Attachment C: Proposed accounts payable payment plan to reduce payables over time and restore vendor confidence in the property. This is essential for both routine repairs and capital work. MBA in consultation with MBM and MPHA will propose the schedule that is subject to MPHA's approval. Outside vendor payments will be prioritized in the payment plan.

3.i.iii. Attachment D: Monthly unit turn schedule, with benchmarks to include unit conditions assessment, contractor selection, start and finish of in-unit work, and re-occupancy, to include an ongoing (anticipated) occupancy rate for the project (including projected turnover). The schedule is predicated on securing the needed financial assistance for work in the units, securing a vendor to complete the work, and diligent work at the site to offer units and secure move-ins.

3.i.iv. It is understood by the parties that based on future conditions Attachments C and D may require refinements, updates, and revisions, provided as amendments to this MOU and as mutually agreed by the parties.

3.i.v. The parties agree that Attachments B-C-D are basic performance measures to insure that stabilization efforts are on track and performance improvement at the property can be documented.

3.i.vi. Quarterly meetings (at a minimum) will be established to track progress and monitor performance at the site.

4. Property Lender Financial Support Urgently Needed. The parties recognize that significant contributions are needed to complete the work necessary to return the property to financial stability. As described in this MOU, the purpose of MPHA's additional subsidy opportunities for the property is to provide sufficient funds for MBA to improve property operations, settle accounts payable, secure interim or bridge loans to be used for turnover maintenance and repairs of vacant units for re-occupancy. The parties agree to share the stabilization plan memorialized in this MOU and the attachments with the existing lenders for Heritage Park. MPHA, in support of MBA, will make all reasonable efforts to provide assurances to the lenders and to confirm the additional financial assistance being provided by MPHA herein. The Attachments to this MOU presume that financial assistance will be secured by July 1, 2024. The parties will also consider asking lenders for other forms of support or relief consistent with the purposes of this MOU.

5. MBA Use of Funds and Property Management. MBA, through its contract with the affiliated property management firm of record, MBM, will be responsible for disbursing the additional funds provided by this MOU in accordance with the terms of this MOU. MBA and MBM will, in good faith, consult with and provide requested information to the MPHA in an ongoing manner and upon request. Such information may include information relating to vendor payments, unit turns, budget matters, and other Heritage Park management issues. As contemplated by the MOU stabilization plan, MBA will direct MBM to stay current on payables to third party vendors at all times during the term of this MOU unless payment delays are agreed to by MPHA in advance. Should either party determine that the stabilization Plan might be best effectuated with a change in property management, the parties agree to discuss in good faith alternatives to MBM property management including MPHA as property manager.

PART 3 - RECAPITALIZATION

The parties agree that a Recapitalization is needed to preserve and sustain Heritage Park for the long-term and will work diligently to pursue a Recapitalization, including but not limited to as follows:

1. PNA. The MPHA will conduct a Physical Needs Assessment (PNA) for all of the units.

2. Recapitalization Meet & Discuss. The parties agree to meet and exchange information on capital opportunities that might be applicable to Heritage Park. In that meeting the parties will discuss the feasibility and timing of capital approaches, issues and concerns related to future capital efforts, including any impact on MPHA's other capital efforts. Topics to be covered at the meeting may include:

    - Section 18 disposition requirements as they relate to the public housing units;
    - Other approaches offered by HUD to support recapitalization;

- Current opportunities for recapitalization using existing State programs;
- Update on current legislative opportunities that might apply to Heritage Park;
- City and county programs that could benefit either the near-term stabilization or future recapitalization.
- The status of this stabilization Plan and impact on the timing and phasing of pursuing a recapitalization plan.

The parties, singly or in combination, agree to apply to the MHFA, the City, Hennepin County and to other available sources for Recapitalization funding based on a mutually agreed plan to be developed after execution of this MOU. The timing of efforts required to secure these funds will be considered by MPHA in light of progress achieved under the terms of this MOU and the immediacy of the funding opportunity presented. MPHA does not wish to preclude a funding opportunity but must weigh such an opportunity against the operating conditions at the property. Opportunities that favorably impact stabilization costs and interim financing needs will be given priority.

3. HUD Disposition Application. MPHA will prepare a disposition or other applications to HUD for the 200 public housing units seeking to convert the public housing units to PBVs to contribute to the resources available to secure the long-term sustainability of Heritage Park.

4. Long-Term Ownership. The parties will discuss and negotiate in good faith over the long-term ownership structure and responsibility for the ongoing operation of Heritage Park.

5. Reimbursement of Advances and Expenses. The parties will work together in good faith to seek reimbursement of each of their advances and contributions made during stabilization and prior periods from the proceeds of the Recapitalization financing and for the costs specific to the parties, including legal fees, for advancing the Recapitalization, operating budget shortfalls, and additional subsidies or other funds as provided to the property. The parties agree to provide documentation in support of any recovery amounts claimed and to jointly review and agree to such amounts. It is understood by the parties, that recovery of amounts provided by either party will be subject to the financial feasibility of the Recapitalization and the ability to recover these funds (in whole or in part) is subject to the financial viability of the Recapitalization as established by the sources and uses proforma and associated transaction documents.

Notices and Demands. All notices, requests, demands, consents, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly and properly given three (3) business days after the date of mailing if deposited in a receptacle of the United States mail, first class postage prepaid, and addressed to the intended recipient as follows:

MPHA: Minneapolis Public Housing Authority
1001 Washington Avenue North
Minneapolis, MN 55401
Attn: Deputy Executive Director

OWNER: MBA Properties, Inc.
100 North Broadway, Suite 100
St. Louis, MO 63102
Attn: General Counsel

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be effective as of the date first written above.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY IN AND FOR THE CITY OF MINNEAPOLIS

By: _____ Date: 06/20/2024

Abdi Warsame, Executive Director and CEO

MBA PROPERTIES, INC

By: _____ Date: 06/20/24

Kim Hartmann, Vice President

29170649v1

Attachment A

Minneapolis Public Housing Agency (MPHA) / MBA Properties, Inc. (MBA)
Memorandum of Understanding (MOU)
Heritage Park Short-Term Work Out Plan

Lenders, Mortgagees, Related Party Liabilities
Summary

This attachment provides a consolidated summary setting forth the lenders/mortgagees, original loan amounts, and balances as 12/31/23 and also the Related Party Liabilities as of 12/31/23 for all four of the Heritage Park Limited Partnerships: Heritage 1A (Sumner Field Partners), Heritage 1B (Basset Creek), Heritage II (Sumner Field II), and Heritage III (Heritage Park Partners). Similar summary information for each partnership and detailed loan, mortgage, and related documents are on file with MBA and will be made available to third parties as necessary to advance the purposes of the MOU.

Debt	Lender	Org Amount	12/31/23 Balance
First Mortgages	Gershman	15,074,200	12,965,149
	MPHA	27,236,000	27,752,950
	MCDA	2,868,300	2,868,300
Various subordination level	MHFA	4,398,994	4,398,994
	Family Housing Fund	6,160,000	6,160,000
	Hennepin County	450,000	450,000
	City of Minneapolis	1,428,800	1,428,800
	Total	57,616,294	56,024,193

Related Party Liabilities	Balance at 12/31/23
Mgmt Fee Payable - MBM	2,958,311
LP Asset Mgmt Fee - MBAM	1,413,542
GP Advance	2,047,285
Def. Dev. Fee	112,224
GP Loans	1,945,397
	8,476,759

Attachment B

Minneapolis Public Housing Agency (MPHA) / MBA Properties, Inc. (MBA)
Memorandum of Understanding (MOU)
Heritage Park Short-Term Work Out Plan

Operating Budgets and Projections

This attachment provides a consolidated, high-level summary of the operating budgets and projections for the years 2024, 2025, 2026, and 2027 for all four of the Heritage Park Limited Partnerships: Heritage 1A (Sumner Field Partners), Heritage 1B (Basset Creek), Heritage II (Sumner Field II), and Heritage III (Heritage Park Partners). The major assumptions upon which the operating and budget projections are based and the primary conclusions are set forth below. More detailed information on financial projections are available from MBA and the MPHA and will be made available to third parties as necessary to advance the purposes of the MOU.

The major assumptions and conclusions underlying this budget and projections assume the

1) 2024 will not breakeven, as the $2,197 of cash flow is negated by the additional advances contributed by MBA in early 2024.
2) Parties obtain financing to turn vacant units (not already covered by ARPA and operations).
3) MBA will apply for Project-based vouchers on the non-pha vacant units in order to improve revenue as units are turned and occupied
4) MPHA will provide additional operating subsidy under their MTW status.

The major conclusion is that all four elements are necessary to stabilize current operations and prepare for recapitalization through 2027.

Projection 2024-2027

Heritage Park

			Forecast Revisions	Revised 2024	2025 2	2026 3	2027 4
INCOME		Notes					Recapitalization?
MARKET RATE RENTS	2.00%		$ 1,505,610	$ 1,505,616	$ 1,535,728	$ 1,566,443	$ 1,597,772
TAX CREDIT	2.00%		$ 1,424,196	$ 1,424,196	1,452,680	1,481,734	1,511,368
PBV	2.00%		$ 1,904,674	$ 1,904,674	1,942,767	1,981,622	2,021,255
PHA Tenant Payments	2.00%		801,361	801,361	836,661	853,394	870,462
PHA Operating Subsidy (Costs Reimb.)	see calc below		2,089,598	2,089,598	2,309,501	2,355,177	2,434,679
Add'l Operating Subsidy (MTW Funds)	@TPV level	6 months in 2024	758,142	1,516,284	1,390,632	1,441,642	1,461,326
POTENTIAL GROSS INCOME			8,483,586	9,241,728	9,467,969	9,680,012	9,896,863
Less: Vacancy Loss	7.00%	see below	(1,746,092)	(1,746,092)	(544,438)	(411,824)	(420,050)
Less: Bad Debt	1.50%		(160,424)	(160,424)	(133,853)	(139,023)	(142,152)
Misc Income, Parking Income/Vac	2.00%		181,102	181,102	156,570	159,701	162,895
EFFECTIVE GROSS INCOME			6,758,171	7,516,313	8,946,247	9,288,867	9,497,547
EXPENSES							
TOTAL EXPENSES			5,995,521	6,062,661	5,424,740	6,565,900	6,775,499
NET OPERATING INCOME			762,651	1,453,652	2,521,507	2,722,967	2,722,048
Anticipated Capex (not covered by diminishing RR)		Estimated	220,000	220,000	400,000	400,000	400,000
1st mortgage principal, interest, MIP			819,634	819,634	819,634	819,634	819,634
NET CASH FLOW/ (DEFICIT)			(276,983)	414,018	1,301,873	1,503,333	1,502,413
		Payables Prior >90 days, not reflected i		(411,821)			
		Revised cash flow		2,197			
		MB advances 2024 for 2023		(697,477)			
		Cash flow with MB advances		(695,280)			
Funds available for debt service					1,154,875	1,154,875	1,154,875
Cash Flow / (Deficit)					146,998	348,458	347,538

Loan	5 yrs @ 7%
Constant	0.243891
Amount	4,100,192
Contingency	(377,996)
	-
Turnover Need	(3,100,000)

Trade payables as of 5/2024

Attachment C

Minneapolis Public Housing Agency (MPHA) / MBA Properties, Inc. (MBA)
Memorandum of Understanding (MOU)
Heritage Park Short-Term Work Out Plan

Accounts Payable Payment Plan Summary

This attachment provides a consolidated, high-level summary of the accounts payable as of 5.3.2024 and the plan to reduce the payables for all four of the Heritage Park Limited Partnerships: Heritage 1A (Sumner Field Partners), Heritage 1B (Basset Creek), Heritage II (Sumner Field II), and Heritage III (Heritage Park Partners). The major assumptions upon which the plan is based and the primary conclusions are set forth below. More detailed information on the accounts payable and the plan to reduce them is available from MBA and will be made available to third parties as necessary to advance the purposes of the MOU. As soon as additional operating subsidy retroactive to January 2024, there will be sufficient funds to make an initial payment to more than 50 vendors totaling $451,944.76. Thereafter, payments to other vendors will be scheduled as detailed below:

Jun-24	89,120.14
Jul-24	68,493.91
Aug-24	56,132.77
Sep-24	50,856.88
Oct-24	33,589.43
Nov-24	16,895.49

The major assumptions underlying the payable plan are as follows:

a) An additional 15 units are turned by the end of 2024
b) Ongoing payables will remain current
c) New funding to turn other vacant units is made available

The primary conclusion from the AP payable plan is that confidence can be restored with current vendors to allow for a stabilized operations and then become the work to turn existing vacancies.

Attachment D

Minneapolis Public Housing Agency (MPHA) / MBA Properties, Inc. (MBA)
Memorandum of Understanding (MOU)
Heritage Park Short-Term Work Out Plan

Unit Turn Plan Summary

This attachment consolidated, high-level summary of the plan to turn and occupy existing vacant units and continue to do so on an ongoing basis for all four of the Heritage Park Limited Partnerships: Heritage 1A (Sumner Field Partners), Heritage 1B (Basset Creek), Heritage II (Sumner Field II), and Heritage III (Heritage Park Partners). The major assumptions upon which the plan is based and the primary conclusions are set forth below. More detailed information on the unit turn plan is available from MBA and will be made available to third parties as necessary to advance the purposes of the MOU.

The major assumptions underlying the unit turn plan are as follows:

a) Current trade payables will paid from MPHA additional subsidy; and
b) 34 units will be turned in 2024
    a. 19 units are covered by City of Minneapolis ARPA dollars, currently under construction; and
    b. 15 units will be turned from operating funds

Should additional resources for unit turns become committed no later than July 2024, then 91 units will be turned for occupancy by PBV eligible families in 2025. Once work mobilizes in October 2024, preliminary estimates are an average or 16-20 units per month. Below is the timeline for 91 units.

Timeline:

Dates	Description	Units Delivered	Occupancy	Expected move-outs	Projected Occupancy	440 %
7/1/2024	Funding Commitment					
	Contractor selected and					
8/1/2024	engaged					
9/1/2024-9/15/2024	Unit assessment					
	Subcontractors					
9/15/2024 - 10/15/2024	engaged					
10/15/2025	Work commences					
12/15/2024		16			345	78%
1/1/2025			16	4	357	81%
1/15/2025		16				
2/1/2025			16	4	369	84%
2/15/2025		20				
3/1/2025			20	4	385	88%
3/15/2025		20				
4/1/2025			20	4	401	91%
4/15/2025		19				
5/1/2025			19	4	416	95%

The primary conclusions from the unit turn plan is that the increased rent per unit, afforded by the PBV rents at 120 % of FMR will continue to a) stabilize operations, b) provide critical repairs to our existing families; c) provide additional affordable housing to our families in Minneapolis; and d) as necessary contribute to an income stream if needed to support additional bridge financing.

Year	Reason	Amount	Paid	Agreement	Excerpt from MOU/Payment documentation
2021	Public Housing Unit Deficits	726,160.00	9/30/2022	2022 MOU	The Owner acknowledges that on September 24, 2022 MPHA paid $726,160 to the Owners of the four partnerships at Heritage Park (the Owner herein) representing the 2021 public housing units' shortfall as shown in the 2021 audits .. The Owner agrees that MPHA was not obligated to make this payment under the Regulatory and Operating Agreements or related documents, and that MPHA has done so to assist the Owner's efforts to improve public housing conditions at the Heritage Park sites. The MPHA does not waive any of its rights under the Regulatory and Operating Agreements and related agreements covering the Heritage Park project and does not intend, by these additional contributions, create any duties or obligations in addition to those delineated in the previously entered into legal agreements. MPHA waives no rights by making these additional payments. The Owner acknowledges and confirms that the $726,160 payment was used to pay approximately $200,000 in outstanding trade payables related to expenses incurred in 2021 and to recover prior year public housing operating deficits.
2022	Public Housing Unit Deficits	756,256.00	12/1/2022	2022 MOU	MPHA will pay the Owners $756,256, an amount that represents the projected 2022 operating deficit less the projected Management Fees for ACC-Assisted Units. The Owner agrees that MPHA's payment of $756,256 is being made in exchange for the Owner's agreement that the funding will be used to cover 2022 ACC-Unit operating shortfalls and the Owner agrees that no funds will be used to cover prior year deficits. The purpose of the payment is to address the 2022 needs of the public housing units and not reimburse the Owner for past years' deficits.
2022	Public Housing Unit Capital Expenses	29,962.00	12/1/2022	2022 MOU	The Owner has provided MPHA operating statements for the four partnerships through September 30, 2022 that shows that the Owner has incurred ACC-Assisted Unit Capital Expenses in excess of Replacement Reserve disbursements of $29,962. MPHA agrees to pay the Owner $29,962 for these capital expenses.
2022	Management Fee on Public Housing Units	141,900.52	6/30/2023	2022 MOU	MPHA will pay the Owner for the 2022 Management Fee earned on ACC-Assisted Units, **estimated** at $158,556*, upon the submission of the 2022 audited financial statements and confirmation from the Owner that the Nspire deficiencies noted in the September inspection have been resolved. MPHA has the right to inspect and obtain further evidence as necessary. Any amounts required to be paid by MPHA or MPHA pays in excess of amounts required will be as included in the annual reconciliation process outlined in the Regulatory and Operating Agreements *Payment support - The amount paid for 2022 management fees was the lesser of the actual PHA Units Management fee expense or Total Amount Due From The Authority For Current Year.
2022	Reasonable Accomodation Modifications and repairs to get all Public Housing units in condition for occupancy	155,347.78	6/16/2023	2022 MOU	MPHA agrees to provide the Owner reimbursement for the repairs needed for three units' reasonable accommodation modifications made and repairs made to get all PHA units in condition for occupancy no later than March 31, 2023. Once work is assessed, scope of work and quotes need to be provided to MPHA for review and approval. Invoices received will be submitted for this work to MPHA and upon acceptance of the invoices and satisfactory work, MPHA will reimburse the Owner. Total costs are expected to be less than $252,000. Any costs exceeding $252,000 need to be approved by MPHA in advance.
2023	Insurance	337,582.33	12/29/2023	2023 Ins	Public Housing portion of the increase to insurance premiums for the property
2023	Additional Public Housing unit costs	677,397.78	thru 2023	2023 Add'l Op Subsidy	Additional operating subsidy to cover budgeted Public Housing unit costs
2024	Additional Public Housing unit costs	2,430,549.99	thru 2024	2024 MOU	3. Funding Obligations: Operating Assistance and Proiect-Based Vouchers. MPHA has passed through to MBA HUD Operating Subsidy attributable to Heritage Park in accordance with the Regulatory and Operating Agreement governing the development ("Development Operating Subsidy" therein) since the commencement of such payment by HUD to MPHA; MPHA agrees to make additional payments to Heritage Park to assist in property operations as follows: a. MPHA will provide additional operating assistance of $631.33 per unit per month (PUM) for 200 public housing units in 2024, an amount that is equivalent to MPHAs 2024 Housing Choice Voucher Payment Standards. On its own this increased operating assistance still results in an expected loss for Heritage Park in 2024. This assistance will be provided retroactively to January 1, 2024. The MPHA will increase operating assistance to Heritage Park so that the 200 public housing units would reach operating assistance parity with the Housing Choice Voucher Payment Standards for the same unit configurations. e. Increased operating assistance and PBV funds will be adjusted in accordance with HUD's established annual inflation adjustment factors and funding pro-rations, and MPHA's HCV Program's Statement of Policies. In addition, MPHA may adjust operating assistance and/or PBV funds depending upon the

Year	Reason	Amount	Paid	Agreement	Excerpt from MOU/Payment documentation
2025	Additional Public Housing unit costs	1,024,904.79	thru May 2025	2024 MOU	pro-rations, and MPHA's HCV Program's Statement of Policies. In addition, MPHA may adjust operating assistance and/or PBV funds depending upon the amounts and types of loans or grants secured in the parties' efforts to stabilize and recapitalize the property. f. The total amount of MPHA increased operating and PBV Funds from January I, 2024, through December 31, 2027, is an interim solution until such time as the parties agree and secure recapitaiization funds using a variety of local. State and Federal options. g. The MPHA and MBA will use the Budgets in Attachment B to establish financial projections and estimate the funding necessary for the years 2024 through and including 2027; MPHA will track the contributions in excess of estimated available annual baseline revenue, that is the annual amounts provided by HUD in public housing operating subsidy for Heritage Park and amounts at the applicable payment standard for the PB Vs. This information will be shared with MBA.
2026	Installation of Furnaces (50)	250,000.00	2/6/2026	2026 Line of Credit	
2026	Cleaning and repair due to significant water damage from burst sprinkler systems/fire watch	234,000.00	2/6/2026	2026 Line of Credit	
2026	Residential Furnaces, Utilities, Pest Control	250,000.00	3/27/2026	2026 Line of Credit	Purpose. The Borrowed Funds are loaned to the Assignee for the purposes of allowing the Assignee to pay the reasonable and necessary expenses of preserving, protecting, or disposing of the Assignment Property (as defined in the Assignment Order) pursuant to Minn. Stat. § 576.51 subd. 1(1).
2026	Past Due Utilities and Payroll	180,000.00	5/1/2026	2026 Line of Credit	
2022	Public Housing Operating Subsidy	1,044,395.92	thru 2022	Regulatory & Operating Agreement	
2023	Public Housing Operating Subsidy	1,051,452.00	thru 2023	Regulatory & Operating Agreement	
2024	Public Housing Operating Subsidy	1,186,887.01	thru 2024	Regulatory & Operating Agreement	
2025	Public Housing Operating Subsidy	1,248,099.00	thru 2025	Regulatory & Operating Agreement	
2026	Public Housing Operating Subsidy	517,064.00	thru June 2026	Regulatory & Operating Agreement	
	Total	**12,241,959.12**			

Sum by Type	
Required under Regulatory & Operating Agreement	5,047,897.93
Additional Assistance (from MTW funds)	7,194,061.19
Total	**12,241,959.12**

Sum by Year by Type	**2022**	**2023**	**2024**	**2025**	**2026 YTD**		
Required under Regulatory & Operating Agreement	1,044,395.92	1,051,452.00	1,186,887.01	1,248,099.00	517,064.00	**5,047,897.93**	-
Additional Assistance (from MTW funds)	1,512,378.00	1,312,228.41	2,430,549.99	1,024,904.79	914,000.00	**7,194,061.19**	-
Total	**2,556,773.92**	**2,363,680.41**	**3,617,437.00**	**2,273,003.79**	**1,431,064.00**	**12,241,959.12**	-

TO: Abdi Warsame, Executive Director
Lisa Griebel, General Counsel

FROM: Tim Durose, Chief Financial Officer TD

DATE: September 24, 2022

SUBJECT: Heritage Park Partnership Remedies and Payments

I reviewed the 2021 audited financial statements provided by McCormack Baron Salazar and verified that the 2021 operating subsidy shortfall is as follows:

	2021 Operating Shortfall	
Bassett Creek	$	168,315
Sumner Field	$	206,127
Sumner Field II	$	187,099
Heritage Park	$	164,619
Total	$	726,160

The Regulatory and Operating Agreements for each of these projects include provisions for MPHA to provide additional Development Operating Subsidy in an amount to avoid further reduction in the Development Subsidy reserve notwithstanding the Development Operating Subsidy Cap.

I have provided four check requests for your approval that would invoke this provision and make payment to the partnerships in the amounts listed above based on the 2021 operating subsidy shortfall.

Please let me know if you have any questions.

June 26, 2023

Claudia Brodie
720 Olive Street
Saint Louis, MO 63101

Dear Ms. Brodie

In accordance with the Memorandum of Understanding dated December 22, 2022 that states in part that, "*MPHA will pay the Owner for the 2022 Management Fee earned on ACC-Assisted Units, estimated at $158,556, upon the submission of the 2022 audited financial statements and confirmation from the Owner that the Nspire deficiencies noted in the September inspection have been resolved*", please find payment enclosed.

The payment amount was determined by reviewing the Public Housing Authority Units Operating Statement included in the audited financials for the year ended December 31, 2022 for each partnership. The amount reported in the schedule for Operating Subsidy Received From the Authority For 2022 was incorrectly reported for Sumner Field Partners and Sumner Field Phase II on these schedules. On June 6, 2023 Tim Durose, MPHA Chief Financial Officer, received confirmation from Dawn Malin at McCormack Baron Salazar that the amounts reported were incorrect. MPHA's payments reflect the correct amounts and are shown below.

The amount paid for 2022 management fees was the lesser of the actual PHA Units Management fee expense or Total Amount Due From The Authority For Current Year, as corrected.

	Sumner Field			Basset Creek	Sumner II			Heritage Park
	Audit	Correction	Difference	Audit	Audit	Correction	Difference	Audit
	hetgpk87			hetgpk84	hetgpk88			hetgpk92
Subsidy 2022	298,449	302,039.48	(3,590.48)	242,104.00	424,866.00	280,330.42	144,535.58	450,961.00
Add'l Subsidy 2022	207,250	201,134.00		144,046.00	203,884.00	195,474.00		
Capital Funds		6,116.00				8,410.00		
PY Subsidy	206,127	206,127.00		168,315.00	187,099.00	187,099.00		164,619.00
	711,826	715,416		554,465	815,849	671,313.42		615,580
Amount Due from MPHA	40,550	36,959.52		70,530	64,786.00	209,321.58		63,344.00
Management Fee Exp	51,683			38,017	38,823.00			28,101.00
Est Mgmt Fee Expense		52,554.67				39,462.67		
Amount Payable for Mgmt Fee	40,550	36,959.52		38,017	38,823.00	38,823.00		28,101.00

MPHA also notes that it does not agree with Note 1 in each of the Partnerships financial statements in so far as the amount due from MPHA. The Note fails to account for the subsidy "cap" that is factored into the year-end reconciliation in accordance with the Regulatory and Operating Agreements in determining any further amounts due from the Authority.

Sincerely,

T Durose

Tim Durose, Chief Financial Officer
Minneapolis Public Housing Authority

	Sumner II 53.79%	Heritage III 47.32%	Bassett Creek 45.30%	Sumner IA 54.75%	TOTAL
Budgeted Subsidy	481,255.68	338,862.48	391,576.20	517,810.80	1,729,505.16
Actual shortfall at 9/30/2023	15,480.86	54,554.74	96,427.74	89,683.38	256,146.72
Oct - Dec 2023 Projection	*34,516.92*	*47,464.50*	*66,123.68*	*69,836.64*	*217,941.74*
Projected Year End 2023 Shortfall	**49,997.78**	**102,019.24**	**162,551.42**	**159,520.02**	**474,088.46**
Property Insurance 2022/2023 premium	90,346.47	76,183.12	88,174.95	95,988.12	350,692.66
Property Insurance 2023/2024 premium	255,866.19	245,154.12	257,462.37	263,851.11	1,022,333.79
Difference between the premiums	165,519.72	168,971.00	169,287.42	167,862.99	671,641.13
MPHA portion of the difference in premium	**89,033.06**	**79,957.08**	**76,687.20**	**91,904.99**	**337,582.32**
9 month portion of the property insurance	66,774.79	59,967.81	57,515.40	68,928.74	**253,186.74**

From: Abdi Warsame
To: Brodie, Claudia
Cc: Tim Durose; Rashid Issack
Subject: 2023 HP Operating Budget
Date: Tuesday, February 14, 2023 12:58:58 PM

Claudia,

We understand that funding in the manner we previously described may cause you some short term cash flow challenges. As such in order to meet our mutual objectives with these projects, we will instead pay the partnerships the first four month of 2023 based on the monthly budgeted operating subsidy deficit and then perform an interim reconciliation on the first quarter's actual needs and adjust future payments accordingly. Payment for the difference in budgeted operating subsidy need from the amount MPHA has previously paid for January and February will be paid to the partnerships within the next two weeks. As you know, we also expect to see significant progress in getting the vacant public housing units filled and correction of inspection deficiencies.

We do anticipate being able to fund your full year budgeted operating subsidy need but, as I stated previously, we do not yet know our 2023 funding amounts from HUD. Therefore, we reserve the right to adjust our operating subsidy contribution later in 2023 should the HUD funding differ substantially from what we have planned or if we do not see progress as expected in filling vacant public housing units and improving unit conditions.

Please send your first quarter 2023 operating statements to Rashid Issack at rissack@mplspha.org when completed but no later than April 20th. Please contact Rashid, or Tim Durose at tdurose@mplspha.org with any questions or comments on this process and funding.

On a related note, we have received and are reviewing the reasonable accommodation invoices you provided to Rashid. MPHA staff is reviewing the invoices submitted and if satisfactory will provide reimbursement with your March 1st operating subsidy payment.

Thanks,

Abdi Warsame

July 22, 2026

MEMORANDUM TO: MPHA Board of Commissioners

FROM: Abdi Warsame, Executive Director / CEO

SUBJECT: Executive Director's Report, July 2026

Over the past month, there has been significant media and political attention paid to the conditions of homes at Heritage Park. Agency staff have and will continue to keep the Board of Commissioners informed of the fluid situation, including an in-depth presentation at this month's meeting about the history of the site, an accounting of the agency's $7.2 million invested beyond its stated obligations since 2022, and overview of next steps at the site as best we currently understand. The situation at Heritage Park remains dynamic, and we continue to learn more every day as the court-appointed receiver shares results from various tests and analyses at the site. As the situation evolves, MPHA staff will continue to keep the board informed of the latest information. But we know this for certain: The unit conditions at Heritage Park are abhorrent. The residents of Heritage Park deserve better, and MPHA is committed to being a part of the solution.

Coupled with the presentation at today's board meeting, I want to provide a written account of the situation at Heritage Park. If you are unfamiliar, this is the former site of the Sumner Field homes, a collection of 770 MPHA townhomes that were demolished following the Hollman Consent Decree in 1995. But what resulted from the consent decree was a unique legal agreement and the basis for MPHA being mentioned in Heritage Park stories. MPHA owns the land, but a private, for-profit company, McCormack Baron Salazar (MBS) was awarded ownership, sole possession, operational control, and authority to develop and construct the project that ultimately became Heritage Park.

Completed in 2006, Heritage Park sought to reimagine public housing. The site included 140 units of market-rate housing, 100 income-restricted tax credit units, and 200 units designated public housing by the U.S. Department of Housing and Urban Development (HUD). MPHA's primary responsibility at the site was to send MBS HUD-calculated operating funding for the 200 HUD-designated public housing units that MBS owned and operated. Since the project's inception, MPHA has fulfilled all direct obligations as required under the Consent Decree.

While the project began with promise, warning signs began surfacing in recent years. During the pandemic, occupancy across Heritage Park began to fall. At that time, MBS reached out to MPHA to seek additional funding to help complete repairs of their public housing units beyond the HUD-calculated operating funding MPHA had been sending since the project's inception. In 2022, MPHA entered an agreement with MBS to provide more than $2.8 million in additional funding to ensure the habitability,

occupancy, and disability accommodation of the public housing units. This agreement lasted through 2023.

As time went on, MPHA began learning more about MBS' operational shortfalls, accrued deferred maintenance, and mounting debts at the property, and it became evident that the viability of the public housing units was inextricably linked to the full site. As a result, MPHA entered a more comprehensive agreement in 2024 that dictated both the short- and long-term steps MBS would need to take to save the site and prevent foreclosure as MPHA provided funding and various commitments to the long-term future of the property. Unfortunately, within a year, it became clear MBS was not going to be successful in meeting the capital and financing goals under the agreement. In May 2025, MPHA cancelled both the agreement and its additional funding, recognizing additional funding to MBS would not be beneficial without a plan to raise capital or otherwise address capital needs.

At this time, it became clear that change at Heritage Park was necessary, and MPHA approached other stakeholders, including the City of Minneapolis and HUD, about placing Heritage Park in receivership and removing MBS from operational control. And following months of work MPHA helped lead, MBS agreed to assign the property to creditors and a Hennepin County court removed MBS from operational control at the site and appointed Certus Financial as the third-party receiver in December 2025.

Since entering receivership, Certus Financial has conducted property needs assessments, including inspecting all units (both occupied and unoccupied), and have worked to prioritize and resolve all life-safety concerns identified for occupied units. Meanwhile, MPHA has continued to support the stabilization of the site with a $1.1 million line of credit to install new furnaces, cover utility costs, hire pest control services, and repair water damage from a broken fire suppression system. MPHA has also agreed to fund operating deficits for a limited amount of time while Certus Financial continues to work with stakeholders to develop and refine a long-term solution. Additionally, MPHA helped secure an additional $5.125 million from Minnesota Housing to support repairs to the property.

I say all this to say, MPHA is fully committed to the health and safety of Heritage Park residents. To date, the agency has invested more than $7 million beyond its stated obligations. While the agency has no shortage of needs for its own 6,000 units carrying a $290 million capital backlog, we have made these investments in Heritage Park residents' wellbeing, and will continue to do so, because MPHA is a mission-driven organization. MPHA is committed to helping meet Heritage Park residents' immediate needs while also working alongside other stakeholders on the long-term stabilization and preservation of the Heritage Park community.

While MPHA did not create this problem, MPHA is and will continue to be a part of the solution. As we learn more about the needs of Heritage Park residents in the days, weeks, and months ahead, more will be asked of MPHA to meet the moment. My commitment to Heritage Park residents is unwavering, and I have asked all MPHA team members to join me in this commitment.

MEMORANDUM TO: MPHA Board of Commissioners

FROM: Abdi Warsame, CEO/Executive Director

SUBJECT: Q2 2026 Strategic Plan Quarterly Update

The Minneapolis Public Housing Authority works hard to build upon past achievements by following procedures that allow the agency to maintain operational exellence and uphold it's mission. While navigating new challenges MPHA continues to focus on the following six goals:

- **Preserve and provide deeply affordable, high-quality housing for Highrise residents.**
- **Build new and expand partnerships with federal, state, and local governments, in addition to philanthropic entities that support MPHA residents and those on the agency's waitlist.**
- **Provide and preserve deeply affordable, high-quality family housing.**
- **Increase supply of deeply affordable housing by at least 150 units per year.**
- **Position MPHA as an employer of choice.**
- **Continuously improve organizational performance to retain MTW status and highest HUD performance rating.**

MPHA advances its mission to provide well managed homes for the city's lowest-income earners through the hard work and dedication of its staff. From completing inspections under new protocols to entering new collaboration agreements with the City of Minneapolis and the State of Minnesota, MPHA is proud to highlight the following accomplishments from the second quarter of 2026:

(1.2.2) ***Collect 98% of outstanding rent and 50% of outstanding charges.***
MPHA is collecting 98% of rent charged on a rolling 12-month average and has collected 51.5% of service charges thus far this year.

(1.4.1) ***Have an annual process for soliciting resident feedback to match identified needs to MPHA partnership building.*** Congresswoman Ilhan Omar and City Councilmember Pearl Warren joined MPHA staff and residents at Lyndale Manor for a town hall. Residents engaged with their elected leaders, asked questions, and discussed the need for increased resources and federal funding for MPHA and affordable housing.

(2.0.0) ***Build new and expand partnerships with federal, state, and local governments, in addition to philanthropic entities that support MPHA residents and those on the agency's waitlist.*** The Minneapolis City Council approved funding, enabling MPHA to begin administering a new city-funded Emergency Housing Voucher (EHV) program. This program fills the gap of the sunset federal program, to provide targeted rental assistance in partnership with Hennepin County's Continuum of Care for individuals and families that have a high risk of housing instability.

(2.1.0) ***Build and support coalitions and partnerships with national/state/county/city/public sector organizations.*** MPHA joined the U.S. Department of Housing and Urban Development and other local partners to discuss the Foster Youth to Independence (FYI) voucher program. The program combines rental and moving assistance with case management services to help youth currently in, or recently transitioned from, foster care, secure stable housing and build a foundation for long-term independence.

(2.2.0) ***Build awareness of MPHA's work and importance of deeply affordable housing in building sustainable and vibrant communities.*** A new Landlord Excellence Program (LEP) was launched to expand training resources, recognize high-performing landlords, and more quickly address issues with landlords who partner with MPHA to provide housing for individuals and families using rental subsidies through its voucher programs. The LEP helps ensure landlords meet MPHA standards and deliver quality housing for voucher holders.

(2.2.2) ***Regularly highlight MPHA efforts in remaining dynamic to community need, through communication outlets, including professional networks and conferences.*** Agency staff alongside Minneapolis Public Schools, State Senator Liz Bolden, and Beacon Interfaith Housing Collaborative joined a panel at The Minneapolis Foundation's Reimagine Education: Housing Stability and Student Success event in May. Staff discussed the agency's Stable Homes Stable Schools program and the needs to fund critical programs like these for children and families in Minneapolis.

Stable Homes Stable Schools staff presented at the MTW Collaborative 2026 conference and Council of Large Public Housing Authorities' 2026 Housing is Summit. Attendees learned more about the program's operations and how it continues to reduce homelessness.

(2.3.0) ***Maximize and leverage partnerships that provide programs and services to residents/participants that increase their quality of life based on their specific needs.*** The Minneapolis Foundation awarded Stable Homes Stable Schools a $400,000 grant through its OneMPLS Fund. As part of a larger grant to Minneapolis Public Schools (MPS), the funding will support housing stability programs that help students and families access and maintain stable housing over the next two years.

(3.1.0) ***In partnership with other entities, finalize and implement approach for stabilizing existing units located in Heritage Park.*** MPHA staff continue to work with the Receiver and all partners, including HUD and the City, to determine a viable path forward for the property. This includes working actively with the Receiver to address any short-term needs by resident families on the site, in addition to working with the Receiver and all stakeholders on the long-term preservation plan for Heritage Park.

(3.2.2) ***With other levels of government and foundations, identify and capture additional revenue to address capital needs backlog across inventory.*** Senators Klobuchar and Smith have submitted MPHA's Congressionally Directed Spending (CDS) request for $1 million to support electrical systems replacement work at Lowry Towers to the Senate Appropriations Committee. The same request was previously submitted by Congresswoman Ilhan Omar in the House. The agency's request is now supported by its entire federal delegation.

(3.5.0) ***Refine options and select approach for preserving and creating deeply affordable, high-quality housing at Glendale.*** MPHA unveiled its plan to fully redevelop Glendale, launching the agency's largest development project to date. The two-phase redevelopment will replace all 184 existing homes and add 100 new family homes across the 12-acre site, with the design guided by resident priorities. The project includes a variety of unit sizes, ranging from one- to five-bedrooms. The agency will build these new homes across a mix of housing types, including low-rises, small multiplexes, and townhomes, with accessible and single-level units in multiple building types. In addition to making comprehensive livability, health, safety, and accessibility upgrades to the 74-year-old site, the agency also intends to maintain significant green space across the property.

(4.3.0) ***Continue and broaden the use of federal project-based voucher (PBV) rent subsidies for increasing deeply affordable housing opportunities across the city.*** MPHA Deputy Executive Director joined city and county leaders to celebrate the grand opening of Alliance Housing's Kyle Garden Square. 27 of the 59 homes are supported by MPHA's project-based vouchers. These new homes are an example of how MPHA supports deeply affordable housing in Minneapolis, beyond its own.

MPHA, City, County, & other project partner staff toured Native American Community Clinic's Wihinaphe Apartments and health center. MPHA supports sixteen units through project-based vouchers. Of these units, nine are three-bedroom and seven are four-bedroom units for families.

(5.0.0) ***Position MPHA as an employer of choice.*** All MPHA staff completed annual safety training covering chemical safety and reporting, bloodborne pathogen safety, and defensive driving skills. This training helps ensure staff remain informed and equipped to follow safety protocols that protect both residents and employees.

(5.1.3) ***Develop a succession plan model, which includes establishing internal structures for capturing and creating knowledge, starting with positions with greatest risk of losing institutional memory.*** Heather Pacheco was appointed as the agency's new Chief Financial Officer (CFO), replacing long-time CFO Tim Durose following his retirement. Heather has been with MPHA for 16 years. Heather's work has been instrumental in helping MPHA's finance team achieve operational excellence and will continue as she steps into her new role.

(6.6.2) ***Develop and train staff in standard operating procedures and policies consistent to meet compliance standards for new National Standards for the Physical Inspection of Real Estate (NSPIRE) system.*** MPHA completed NSPIRE inspections across its public housing portfolio, earning a weighted average score of 87 out of 100 across its low-income housing portfolio. This achievement reflects the hard work, dedication, and shared commitment of MPHA staff and residents to maintaining high-quality homes and communities. The agency will continue to keep these high scores into the future.

Monthly Performance Report

Minneapolis Public Housing Authority

Board of Commissioners

For the month ending June 30, 2026

Contents

1. Financials
2. Performance of Operations
   - Public Housing Programs
   - Housing Choice Voucher Programs
3. Building Improvement and Development Projects

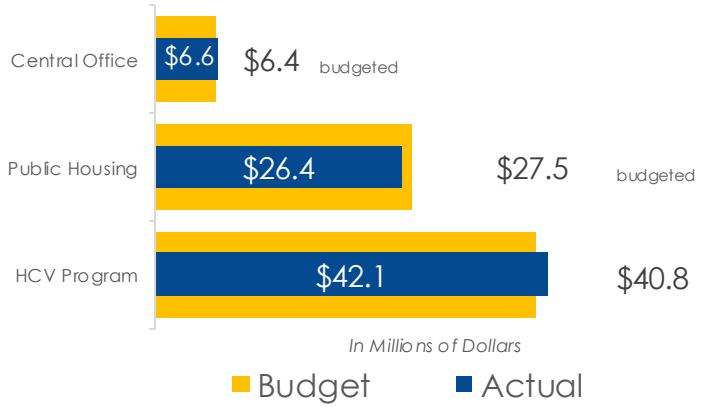
Financials

Operating Sources and Uses

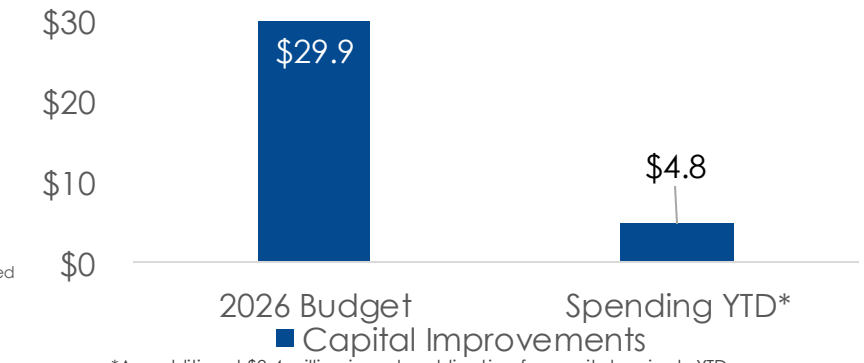
MTW Public Housing and Housing Choice Voucher (HCV) Program

Sources	YTD Budget	YTD Actual	Favorable (Unfavorable) Variance	Variance %
Tenant Revenue -Rents & Other	$ 10,089,753	$ 9,859,298	$ (230,455)	-2%
Public Housing Operating Subsidy	$ 10,021,836	$ 9,167,298	$ (854,538)	-9%
HCV HAP Subsidy & Admin Fees	$ 39,995,662	$ 41,277,387	$ 1,281,725	3%
Other Revenues, Fees, & Grants	$ 1,360,254	$ 1,326,915	$ (33,339)	-2%
Transfers-In	$ -	$ 643	$ 643	n/a
Total Sources	$ 61,467,505	$ 61,631,541	$ 164,036	0%
Uses				
Public Housing Operations	$ 27,495,966	$ 26,420,314	$ 1,075,652	4%
Housing Choice Vouchers	$ 33,906,639	$ 35,211,226	$ (1,304,587)	-4%
MTW Initiatives and Other Services	$ 213,504	$ 132,023	$ 81,481	38%
Total Uses	$ 61,616,109	$ 61,763,563	$ (147,454)	0%
Net Sources/(Uses)	$ (148,604)	$ (132,022)	$ 16,582	11%

Year to Date (YTD) Expenses



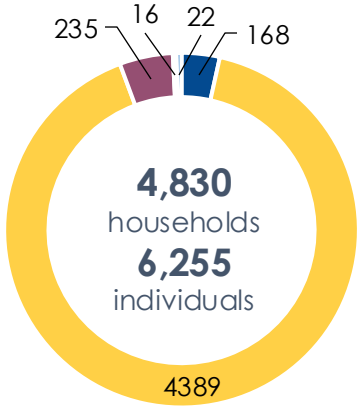
MTW Capital Fund Program



*An additional $9.4 million is under obligation for capital projects YTD

Public Housing Programs

Occupied Units*

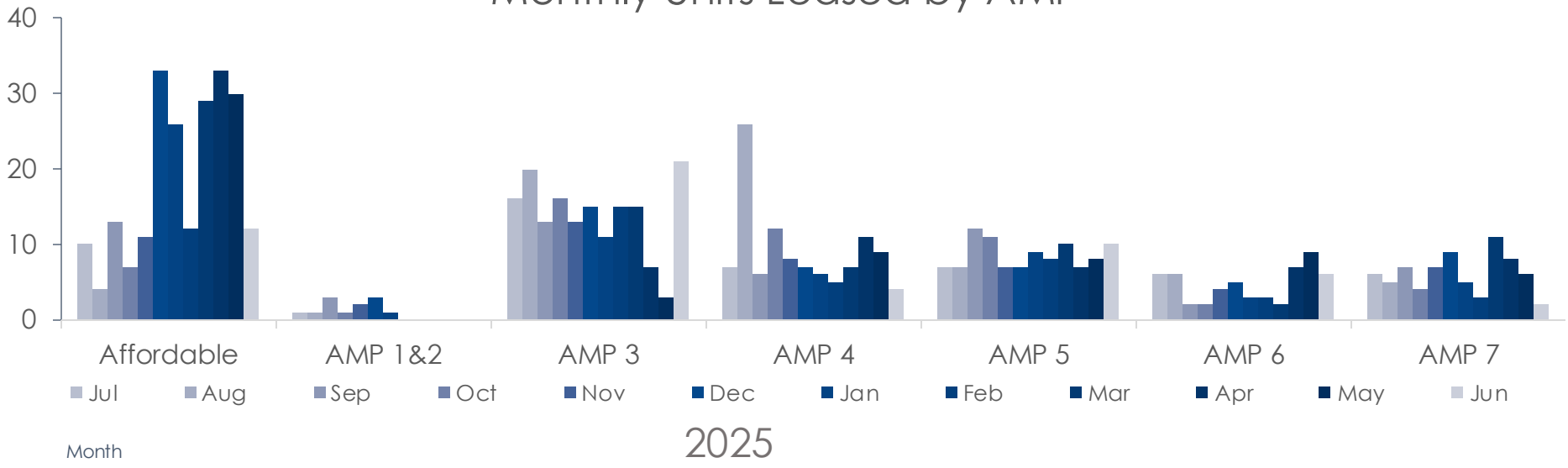


Glendale
MHOP
Scattered Sites
Highrise
Minnehaha Townhomes

55
new units leased during month

97%
occupancy

Monthly Units Leased by AMP



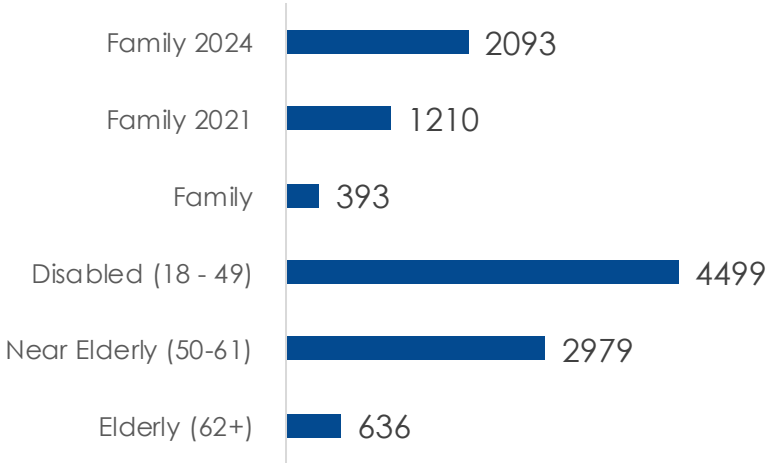
*At any given time, units may be vacant due to normal unit turnaround or because they are undergoing renovations.

**Metropolitan Housing Opportunities Program (Hollman consent decree units owned and operated by third-parties)

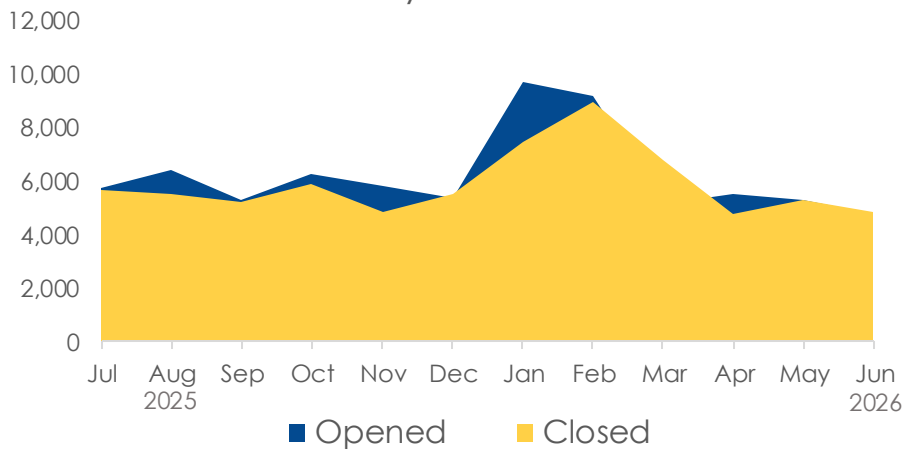
Public Housing Programs

Reason for Vacating Unit	Count
Death	13
Evicted - Non Payment	9
Dislike Unit	5
Moving in with or closer to Family	5
Found Alternative Housing	4
Illness	2
Moving Out of Town	2
Skip	2
To Nursing Home	2

Applicants on Waiting List



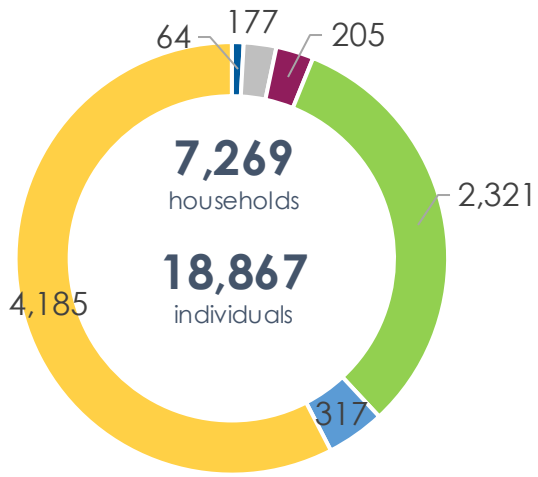
Work Orders Opened and Completed by Month



Goal	Total Completed	% Completed within Goal	Average Days Open
Emergency: 24 Hours	114	95%	0
Urgent: 1 Day	999	90%	0
After Hours Non-Emergency: 2 Days	0		
Important: 3 Days	1215	77%	2
Routine: 10 Days	343	84%	5
Non-Routine: 20 Days	57	100%	3
Pest Control	410	100%	8

Housing Choice Voucher Programs

People Served by Program*

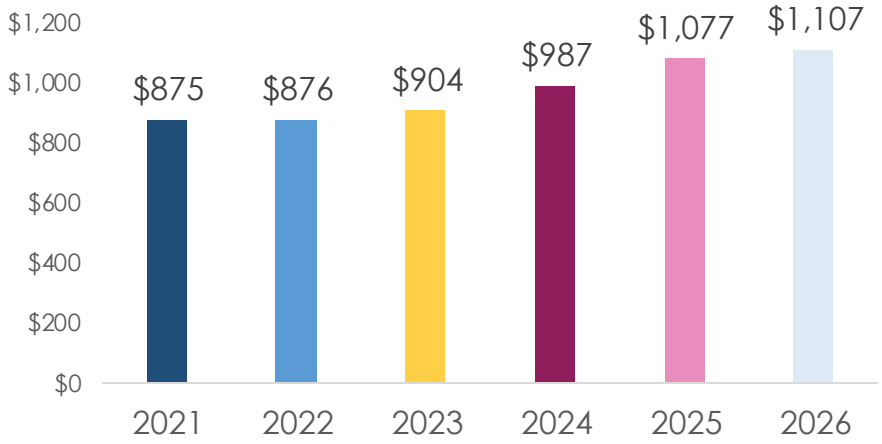


- Sponsor-Based
- Mod Rehab
- FUP and VASH
- Stable Homes Stable Schools
- Project-Based
- Tenant-Based

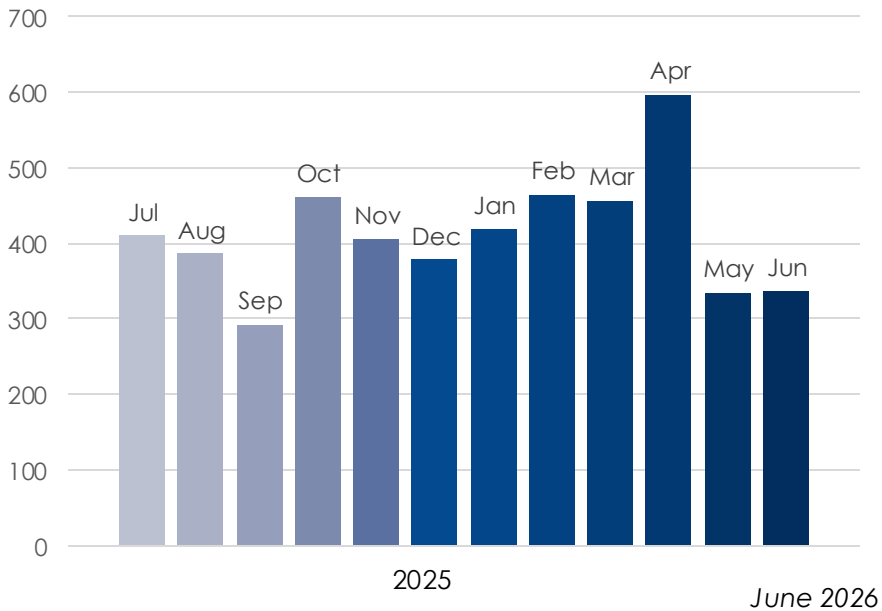
Family Unification Program and Veterans Affairs Supportive Housing

**Including port-ins and port-outs*

Average Housing Assistance Payment per Unit, Year to Date



Annual Inspections Conducted



Applicants on Waiting List



June 2026

Major Building Improvement Projects - Planning

ADDRESS	DESCRIPTION OF WORK	STATUS
Cedars Mid-rises	Main electrical switch gear & generator replacement	Awarding contract; POHP due diligence
Horn Towers/314 Hennepin/Fifth Aves	Apt electrical panel replacement	Under contract – start TBD
315 Lowry Ave N	Main electrical switch gear & generator replacement	Under contract – fall start
1710 Plymouth Ave N	Exterior façade restoration, lower roof replacement	Planning/bidding
315 Lowry Ave N	Exterior façade restoration	Bidding
630 Cedar Ave S	Exterior façade restoration	Planning
1015 4th Ave N	Envelope/window repairs	Planning

Development Projects - Planning

ADDRESS	DESCRIPTION OF WORK	STATUS
Scattered Sites – Five Sites	Redevelopment/densification of five sites to create 25 new family units	Planning/pursuing financing
Snellings (3755 Snelling & 3205 E 37th St)	Conversion & comprehensive rehab	Planning
Glendale Townhomes	Conversion & redevelopment – replace existing 184 units & add 100 new units	Announced project direction in June; developing schedule

Major Building Improvement Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
CHR homes – various scattered sites	2026 improvements: unit modernization at turn	Ongoing
CHR homes – State funded investments	Exterior/structural repairs at 7 homes, deep turns at ~20 homes, radon testing & mitigation (as needed)	Underway
800 5th/3116 Oliver/1717 Wash/2533 1st	Main electrical switch gear & generator replacement	Suspended; awarding new contracts
630 Cedar Avenue South	Electrical systems replacements	Substantially complete
2415 North Third Street	Main electrical switch gear replacement, generator install	Under contract; mid-summer 2026 start
Multiple High-rises	Fire alarm system upgrades	Underway
1515 Park Avenue South	ADA shower replacement	Substantially complete
1717 Washington St NE	Roof replacement	Underway
Fifth Avenue Highrises	Entry vestibule upgrades	Substantially complete
2415 N 3rd, Hiawatha Towers	Roof replacement	Underway
1900 3rd St NE	Roof replacement, exterior façade restoration	Underway/under contract
1707 3rd Ave	Roof replacement	Contract awarded; Aug start
350 Van White Memorial Blvd	Boiler replacement, elevator modernization	Underway (boiler); complete (elevator)
901 N 4th Avenue	Corridor flooring replacement	Substantially complete

Development Projects - Active

ADDRESS	DESCRIPTION OF WORK	STATUS
Scattered Sites	Redevelopment/densification of two sites	Substantially complete
Spring Manors – 828 & 809 Spring St NE	Conversion, preservation & new unit production	Construction ongoing

Scattered Site/CHR Rehab



- Continue to pursue various funding options to complete major repairs/replacements
- **$1.3M SHORP: All funds expended**
- **$3.65M City of Mpls funds: All funds expended**
- **$5M POHP grant: exterior rehab at ~60 homes complete; radon testing/mitigation across portfolio substantially complete; 7 add't exterior rehabs underway**
- **Deep turns ongoing; 27 completed YTD**







809/828 Spring Conversion, Preservation & Expansion



- Comprehensive renovation utilizing HUD's RAD/Section 18 blend program & LIHTC/debt financing; serving as agency's Restore-Rebuild (R-R) pilot
- Addresses short- and long-term capital needs for both buildings; other improvements include enhanced resident amenities, new building systems, and adding 15 new units in adjacent building addition
- **Construction started July 21, 2025**
- **First three phases of units completed**
- **824 addition interior finishes underway**

Timeline (subject to change)

Construction Underway	824 Spring Addition Weather-Tight	Construction 50% Complete	Construction Complete	RAD conversion for R-R units	Perm Loan Conversion
July '25	Feb '26	Mar '26	Nov '26	Sept – Dec '26	Apr '27

Snellings Conversion & Preservation





- MPHA's next comprehensive renovation utilizing HUD's RAD/Section 18 blend conversion program; partially funded by MN Housing's POHP cash program
- Will address capital needs for both buildings; other improvements include enhanced amenities, ADA improvements, and building systems improvements.
- **RAD MTW Plan Significant Amendment submitted to HUD; advancing design & submitting BABA waivers**

Timeline (subject to change)

Site Due Diligence	Design Development	Bidding	Deal Structuring/ Financing	Closing	Construction Commencement
Oct '25 – Jun '26	Jun – Dec '26	Jan – Mar '27	Mar - Jul '27	Aug/Sept '27	Sept '27

RAD/Section 18 Blend Program Requirements →

June 2026

Public Housing Tax Levy – 2024

Project	Description	Levy Budget	Funds Expended
Highrise Preservation & New Unit Production – 809/828 Spring St NE	Preservation of two high-rises that house over 220 residents. Scope of work includes full building renovation, systems replacement including in-unit air conditioning and fresh air ventilation, enhanced resident amenities and additional community spaces, and the construction of 15 new, disabled-accessible units in adjacent 4-story building addition. **Funds fully committed at financial closing 7/10/25.** Construction underway.	$2,371,666*	$1,125,000
Three-Unit Scattered Sites Infill Demonstration Project	Replacing a long-term vacant, high needs 1920's era single family scattered site home with a three-unit development with two fully accessible units, in an Opportunity Area (SW). Construction complete.	$750,000	$750,000
Two-Unit Scattered Sites Infill Demonstration Project	Replacing a single-family scattered site home recently lost to a fire with a two-unit development with one fully accessible unit in a non-ACP50 area. Construction complete.	$500,000	$500,000
Highrise Elevator Modernization – 600 18th Avenue North	Comprehensive elevator modernization at an elderly-designated building housing over 200 residents. Construction complete.	$700,000	$700,000
Highrise Elevator Modernization – 1314 44th Avenue North	Comprehensive elevator modernization at an elderly-designated building housing over 200 residents. Construction complete.	$550,000	$550,000

Receipt of levy proceeds expected in two installments – mid-year and year-end 2024.
**Revised/reduced to reflect actual collection amount.*

Public Housing Tax Levy – 2025

Project	Description	Levy Budget	Funds Expended
Highrise Preservation & New Unit Production – 809/828 Spring St NE	Preservation of two high-rises that house over 220 residents. Scope of work includes full building renovation, systems replacement including in-unit air conditioning and fresh air ventilation, enhanced resident amenities and additional community spaces, and the construction of 15 new, disabled-accessible units in adjacent 4-story building addition. **Funds fully committed at financial closing 7/10/25.** Construction underway.	$3,361,799*	$0
Highrise Window Replacement – 1717 Washington Street NE	Replacement of high-rise windows of 1980's vintage with energy efficient and code compliant assemblies that include fall protection safety features, at an elderly-designated building. Construction complete.	$1,500,000	$1,500,000

Receipt of levy proceeds expected in two installments – mid-year and year-end 2025.
**Revised/reduced to reflect actual collection amount.*

Public Housing Tax Levy – 2026

Project	Description	Levy Budget	Funds Expended
Scattered Sites Infill Project	Five-site, 25-unit infill/redevelopment project in non-ACP50 areas. Redevelops seven units that have a current need of over $430K. Leveraged with PBV support and 4% bonds/LIHTC, debt, soft sources and MTW resources. Target closing: 2027.	$1,000,000	$0
Highrise Preservation	Comprehensive rehab/preservation of two south Mpls high-rises. Scope of work anticipated to address current/upcoming needs including enhanced amenities, unit updates including ADA improvements, and building systems improvements; leveraged with HUD's RAD/S18 Blend Program and MTW resources, as well as state POHP cash resources. Target closing: 2027.	$1,500,000	$0
Glendale	Predevelopment activities including extensive resident engagement to advance project goals and objectives. MPHA anticipates preserving the existing number of units (184) and adding 100 new units. Project direction announced in June 2026.	$1,000,000	$13,000
Highrise Elevator Modernization – 350 Van White Mem Blvd	Comprehensive elevator modernization at an elderly-designated building. Construction substantially complete.	$500,000	$387,000
Highrise Boiler Plant Replacement – 350 Van White Mem Blvd	Boiler plant replacement with new, energy-efficient condensing boilers at an elderly-designated building. Construction underway.	$1,000,000	$0

Receipt of levy proceeds expected in two installments – mid-year and year-end 2026.

Community Update

Prepared for the MPHA Board of Commissioners

July 2026 Community Update

Table of Contents

Agency Press Releases/Blog Posts 3

MPHA Announces Plan to Redevelop Glendale 3

New MPHA Art Exhibit Explores What It Is to Be a Neighbor 5

Stable Homes Stable Schools Helps the Russell Family 7

Helping Residents Age in Place: Korean Service Center 8

Positivity and a Promotion: Micheline Miller's Journey 10

Media Clips 12

Full Rebuild Planned For Glendale Townhomes (The Development Tracker) 12

Minneapolis Housing Authority to redevelop Glendale Townhomes (FOX 9) 13

North Minneapolis renters stuck in squalid homes once heralded as the future of public housing (Minnesota Star Tribune) 16

Documenters report: Glendale Townhomes slated for major redevelopment (MinnPost) 20

Residents want answers after $11M+ in tax money didn't fix conditions at their Minneapolis apartment complex (KSTP) 22

No AC, mold, rats: Tenants demand answers about long-dilapidated apartment buildings (KARE 11) 24

Cheers & Jeers: Google data center protests, trinket trading, EagleCam and more (Minnesota Star Tribune) 25

Mpls Council member Warren looks for action on conditions at Heritage Park public housing (MPR News) 27

Heritage Park apartment complex seeks turnaround after viral video exposes poor living conditions (The Minnesota Daily) 31

Minneapolis mayor and council member want $2.5M to help relocate Heritage Park residents (Minnesota Star Tribune) 34

Minneapolis Mayor Jacob Frey, some city officials request funds to improve Heritage Park (KARE 11) 36

Minneapolis considers $2.5 million in emergency funds for Heritage Park (MPR News) 37

City of Minneapolis leaders request emergency funds to rehabilitate Heritage Park (Spokeman-Recorder)..... 38
MPHA responds on Heritage Park as McCormack Baron Salazar's history of nationwide housing complaints surfaces (Insight News)..... 39
City to evacuate nearly 700 people from troubled north Minneapolis housing development (Star Tribune)..... 42

Agency Press Releases/Blog Posts

MPHA Announces Plan to Redevelop Glendale

June 22, 2026

Last week, MPHA unveiled the agency's plan to fully redevelop Glendale during a resident community meeting. Centered around Glendale residents' priorities, the two-phase project will completely rebuild the existing 184 homes and add 100 new family homes on the 12-acre site. All 284 units will be federally subsidized, publicly owned and operated, and available to low-income individuals and families—paying no more than 30 percent of their income towards rent.

The project includes a variety of unit sizes, ranging from one- to five-bedrooms. The agency will build these new homes across a mix of housing types, including low-rises, small multiplexes, and townhomes, with accessible and single-level units in multiple building types. In addition to making comprehensive livability, health, safety, and accessibility upgrades to the 74-year-old site, the agency also intends to maintain significant green space across the property.

Construction on the project's first phase is tentatively scheduled to begin in late 2027/early 2028, contingent on securing the project's necessary financing. The agency anticipates total development costs across both phases to reach $200 million, making it the largest project MPHA has ever developed and among the largest investments in affordable housing in Minneapolis history.

"This generational investment will serve both the 600 residents who currently call Glendale home and the more than 3,500 families on MPHA's family housing waitlist," **said Abdi Warsame, Executive Director/CEO of the Minneapolis Public Housing Authority.** "MPHA staff have spent 18 months working closely with Glendale residents to co-create this vision of Glendale's future. This plan balances current residents' priorities while also creating an opportunity for 100 new low-income families to live in the affluent, amenity-rich Prospect Park neighborhood."

Since late 2024, MPHA staff have led an extensive resident engagement process to identify resident priorities in any future construction project. Outreach has included resident open houses, community meetings, architect home visits, summer youth/community programming, open office hours, and assembling a resident advisory group that has met regularly throughout 2026. From the onset of this work, agency staff have focused on meeting residents where they are at to best understand their lived experience. The agency has captured and published summaries of all resident engagement activities on its Glendale Townhomes website hub.

Beyond priorities, the most frequent feedback expressed to MPHA staff was fear and confusion surrounding construction-related temporary resident relocation. The agency developed a set of visioning guidelines and action steps detailing the city and federal protections guaranteed to Glendale residents. Agency staff also provided the examples of Elliot Twins, Family Housing Expansion Project, and Spring Manor as recent examples of MPHA successfully relocating resident households during construction and subsequently welcoming them back to their new homes when construction is complete.

Agency staff will begin meeting one-on-one with every Glendale household next month to better understand each household's unique relocation needs and preferences. Agency staff will use this information to develop relocation contracts and plans that include resident rights and assurances—a process mirroring what MPHA has done with other major redevelopment projects. Agency staff will help households identify available housing options to meet residents' needs and desires, and to the greatest extent possible, residents will be offered an option to remain on-site during construction.

Every relocated household is guaranteed the right to return to Glendale once construction is complete—a federally protected right. And in all resident relocation plans, MPHA covers any associated moving costs for the household both to and from their home.

With the project direction now set, MPHA staff will host additional resident meetings to finalize site and unit designs along with the project's full scope. Residents can expect major livability, functionality, accessibility, energy efficiency, and quality of life improvements across the project—both inside the new homes and across the sprawling 12-acre site. Agency staff will also work to maintain the sense of community Glendale residents expressed feeling through the agency's many engagement sessions.

Next steps for this project include MPHA seeking the necessary city, state, and federal approvals as well as the necessary local, state, federal, debt, and tax credit financing. This starts with Minnesota Housing's consolidated Housing Tax Credit application next month. The agency will continue to provide regular updates about this project via the Glendale Townhomes website hub.

Current project renderings, recent site imagery, and pictures from resident engagement activities can be found here.

###

New MPHA Art Exhibit Explores What It Is to Be a Neighbor

June 25, 2026

Last weekend, the Cora McCorvey Health and Wellness Center (CMHWC) held an opening reception for its newest art exhibition, "The Many Ways We Are Neighbors: Art About Care, Community, and Connection." The event featured a lively performance from local legend Cornbread Harris and an opportunity to chat with some of the artists on display. This art exhibition is one of two 2026 exhibitions at the CMHWC being funded by a $20,900 Minnesota State Arts Board grant—the first arts grant MPHA has been awarded directly from the State of Minnesota.

The exhibition features original artworks by 20 different Minnesota artists over the age of 50, including an 88-year-old artist exhibiting her work publicly for the first time. With the CMHWC serving older adults, the artists featured in the exhibition mirrors the community using the center's services. The exhibition centers themes of neighborliness, belonging, and community.

Here are five of the 20 featured artists with works on display through the end of November:

Pamela Gaard is a painter with several portraits on display of people that have supported her through difficult times. In some of her works, Pamela combines acrylic painting with textural collage.

"These are all portraits of people that have been helpful while I've been caregiving for my husband," **said Pamela Gaard.** "I was caregiving and homebound for four or five years. These people all helped me through that period."

Ned Johnson uses graphic art, painting, and printmaking to depict what he considers to be lesser known or overlooked North Minneapolis places. The location-based posters highlight Shingle Creek, Glenwood Avenue North, the globe's 45th parallel through North Minneapolis, and Victory Memorial Parkway.

"North Minneapolis is often underappreciated, overlooked part of town," **said Ned Johnson.** "My work, and practice, is to reveal things that lots of people might overlook."

Ta-Coumba Aiken—a painter and prominent Twin Cities public artist—sees his art as a vehicle for change. Ta-Coumba has four paintings on display at the CMHWC. His largest piece on display, The Calling, draws the viewer in with faces. The longer you look at it, the more faces you will see.

"I believe that we are all connected," **said Ta-Coumba Aiken.** "The Calling makes you think you may recognize some of the faces or profiles in the piece. They call you in. And that what this piece is all about."

Rich Howard is a photographer with three photographs on display. While he has had wildlife photographs on display at the CMHWC in the past, this exhibition he featured some community members from a 2017 Highland Fest event.

"I've been involved with several exhibits here," **said Rich Howard.** "These photos highlight the dynamic of sets of two people as they celebrated the community at Highland Fest."

Lonnie Broden's works focus on a variety of common places where people and animals gather to create a kind of neighborhood—from Ridgedale Commons to a beach on Kauai. Lonnie blends painting, photography, and drawings into a single work creating a layered effect.

"My works depict different types of neighborhoods or communities," **said Lonnie Broden.** "I layer original oil paintings with photographs I take of the same subjects to create a digital collage."

View "The Many Ways We Are Neighbors: Art About Care, Community, and Connection" art exhibit now through the end of November Monday-Friday, 8am-4:30pm at Cora McCorvey Health and Wellness Center (1015 N 4th Ave, Minneapolis, MN 55405).

###

Stable Homes Stable Schools Helps the Russell Family

June 30, 2026

About two years ago, Star Russell and her kids were facing homelessness. Looking to escape the family's unsafe living conditions, Star searched for new housing that could accommodate her family with five children at home. After months of searching, Star struggled to find anything she could afford. For the next nine months, Star and her kids lived with friends and at hotels.

"That period of time when we were homeless was very stressful," **said Star Russell, a Stable Homes Stable Schools participant.** "My kids are much calmer than they were before we got into the program."

Bouncing between friends' homes and hotels, the Russell family was craving stability and a place to call their own. That's where Stable Homes Stable Schools (SHSS) stepped in. Aware of the Russell family's housing insecurity, staff from Star's daughter's school connected the family with the SHSS housing placement and support program. The program offers multi-year rental assistance and wraparound social services to help families escape or avoid homelessness.

In November 2025, the family moved into a duplex that could accommodate her large family while remaining affordable through the SHSS program. The family enjoys the fact that the neighborhood is much quieter and the home feels safe.

"I really don't know what I would have done without the program," **said Star.** "[Stable Homes Stable Schools] really helped me and my family."

Since entering their new home, the constant stress of worrying about where they were sleeping at night has given way to hope for the future. Now, with a calmer home life, the kids can focus on just being kids and are looking forward to enjoying summer. And with her kids settled, Star has begun looking for work to help get her family back stabilized and back on track.

Stable Homes Stable Schools is a pioneering partnership between MPHA, the City of Minneapolis, Hennepin County, and MPS, along with the YMCA of the North as the service partner, working to reduce homelessness among families with elementary-aged kids in Minneapolis and improve immediate and long-term educational outcomes for students impacted by housing instability. The program is a holistic approach to addressing homelessness through prevention (emergency short- and medium-term assistance) and intervention (multi-year rental assistance and support services).

Since 2019, more than 7,500* kids and 2,700* families—just like the Russell family—have benefited from the program.

*As of March 31, 2026

###

Helping Residents Age in Place: Korean Service Center

July 8, 2026

For 35 years, the Korean Service Center (KSC) has helped residents age in place at MPHA's Cedar High Apartments by providing culturally responsive, holistic support. From social services and in-home care to transportation and daily meals, KSC meets residents where they are and helps them remain independent.

"We are the one-stop shop for older Korean adults coming to Minneapolis," **said Kwangja Kwon, Executive Director of the Korean Service Center.** "These residents rely on our daily routines and care to continue living here. We provide services that help them feel safe, supported, and at home."

The organization began in 1989 after an MPHA intern recognized the need for a bridge between Korean residents and the social services they depended on. The Korean Service Center initially focused on helping Korean immigrants adjust to life in Minneapolis by offering English classes, citizenship application assistance, and a meal program.

Today, KSC continues to help residents navigate language and cultural barriers—no matter where they are from. Staff assist with housing applications, connect residents to social services, and partner with MPHA to complete annual housing recertifications. Center staff also provide transportation to medical appointments, helping residents navigate healthcare facilities and offering interpretation services along the way.

"Previously, when elderly residents received recertification paperwork, they didn't know what to do with it," **Kwon said.** "We help them gather the required documents and make sure everything gets back to MPHA. Our collaboration with MPHA is incredibly valuable because it makes a real difference for the residents."

In 1999, KSC opened Grace Place, the nation's first assisted living program for Korean Americans, located on MPHA's Cedar High campus. With staff on-site, Grace Place supports dozens of older adults and people with disabilities through home care services, daily meals, and engaging social activities that help residents age in place.

Residents receive three traditional Korean meals every day of the year, with some ingredients grown in on-site gardens. The organization also promotes mental, physical, and social well-being through programs such as afternoon tea, art classes, weekly bingo, a community choir, walking groups, tai chi, and yoga. In 2025, a Highrise Health Alliance mini-grant helped fund a community choir performance.

As residents' care needs grew, KSC launched the Sunflower Program in 2013 to provide 24-hour support on a dedicated floor of Cedar High. The program offers assistance with bathing, housekeeping, medication management, and other daily needs, allowing residents to remain in the community they call home. With the average participant now 87 years old, the program has become increasingly vital.

"The Korean Service Center has been an exceptional and long-term partner," **said Mary Boler, Director of Operations at the Minneapolis Public Housing Authority.** "Their dedication and compassion in providing quality services to MPHA residents has enriched the lives of so many people, residents and staff alike."

For many MPHA residents, KSC staff have become like family. They provide meals, transportation, personal care, and companionship while treating every resident with dignity and respect. For MPHA, the partnership ensures residents have the support they need to remain healthy, connected, and safely housed for years to come.

###

Positivity and a Promotion: Micheline Miller's Journey

July 15, 2026

Micheline Miller has a lot to celebrate. In 2019, she moved into MPHA family housing, giving her family the stability they needed after escaping an abusive relationship. In 2024, she was among the inaugural cohort of MPHA residents to participate in personal empowerment and career training with Twin Cities R!SE (TCR) through MPHA's Pathways to Success partnership. Today, Micheline is celebrating a new milestone: one year of full-time employment—the first MPHA resident to graduate from TCR's program through the Pathways partnership. And with a recent promotion at work, her incredible journey shows no signs of slowing down.

"It's like they put a battery pack in me and got my feet moving again," **said Micheline Miller, a Minneapolis Public Housing Authority resident and Twin Cities R!SE participant.**

Before starting the program, Micheline had paused nursing school and left her job to care for her youngest daughter. The time away from school and work had her feeling frustrated and depressed about the situation, and she knew she needed a change.

That's when she learned about and joined MPHA's Pathways to Success partnership. The program not only gave her the confidence to re-enter the workforce, but it also helped her overcome the emotional barriers that had been holding her back. In the month after completing TCR's eight-week personal empowerment and career readiness training, Micheline accepted a clinic coordinator position with M Health Fairview.

"At Twin Cities R!SE, there's always a coach to support you—ensuring you are heard and never left behind. My coach brought out strengths in me I didn't even know I had," **said Micheline.**

Since completing the program, Micheline has worked full time, helping ensure patients receive the care they need while bringing positivity and compassion to the clinic each day. Her dedication and genuine care for patients recently earned her a promotion to senior coordinator.

"I like helping the patients every day," **said Micheline.** "You never know what someone is going through, so you just have to bring a smile and give them your all."

For Micheline, the program's impact extends far beyond her career. The emotional intelligence training has strengthened her relationships with family, improved her outlook on daily life, increased her confidence, and inspired her to empower and advocate for others.

Even two years after completing the program's initial eight-week programming, members of Micheline's cohort continue to stay connected, encouraging one another and sharing job opportunities. Looking ahead, she is optimistic about the future for herself and her daughters. She is looking to get back into nursing school, complete her degree, and continue building her career in healthcare.

Established in 2023, Pathways to Success is an innovative partnership that takes a holistic approach in empowering MPHA residents to achieve long-term financial stability. The partnership connects MPHA families with TCR to deliver career readiness training, PRG, Inc. (PRG) to provide specialized financial

coaching and credit remediation services, and Twin Cities Habitat for Humanity (TCHFH) to connect families with homeownership education, financial coaching, and variety of homebuying tools to make homeownership a reality.

Once a family has lived in MPHA family housing for one month, staff reach out to introduce the partnership and its benefits and connect interested residents directly with TCR. To date, 14 MPHA residents have completed the initial eight-week TCR training. Of the 14 residents, three have achieved full-time employment, seven are working with TCR employment specialists with their job searches, four have exited the program, and one has completed one year of full-time employment, achieving graduate status with TCR.

As participating families increase their income and approach MPHA's income limits for housing, agency staff connect families with information about TCHFH's homeownership and financial literacy programs. The TCHFH program works one-on-one with residents to get them mortgage-ready by providing financial coaching, homeownership education, homebuying financial tools, and homebuying support.

To be eligible for TCHFH's homebuying program, however, residents need to meet specific credit score, debt, and debt-to-income ratio requirements. For residents who are ineligible for TCHFH's homebuying program, MPHA staff offer to refer the family to PRG to access credit and debt remediation services. Upon successful credit and debt remediation, families can then choose to remain with PRG or return to TCHFH to resume their homebuying journey—with PRG offering one-on-one homebuying counseling, workshops, and financial coaching.

For MPHA residents interested in enrolling in the workforce, financial, or homeownership programs available through the Pathways to Success partnership, they can contact A Vue, MPHA Housing Stability Specialist, at avue@mplspha.org or (612) 476-2959. Alternatively, they can speak with their property manager who can connect them with the partnership team.

###

Media Clips

Full Rebuild Planned For Glendale Townhomes (The Development Tracker)

By Devlin
June 23, 2026

The Minneapolis Public Housing Authority has selected a full redevelopment direction for Glendale Townhomes, setting up a phased rebuild of the long-standing public housing community in Prospect Park.

The plan would replace the existing Glendale homes with new construction while keeping the property federally subsidized, publicly owned, and operated by MPHA. The direction was shared with residents during a community meeting last week and now moves into financing, design work, resident relocation planning, and public approvals.

###

Minneapolis Housing Authority to redevelop Glendale Townhomes (FOX 9)

By FOX 9 Staff
June 23, 2026

ROB OLSON: The Minneapolis Public Housing Authority making a pretty big announcement coming out yesterday about the redevelopment of the Glendale Townhomes in the Prospect Park neighborhood of Minneapolis. A major project, in fact, the largest one that the public housing authority has undertaken to redevelop what is a site that's been there for 74 years providing a mix of affordable housing in Minneapolis. So, we want to bring in Abdi Warsame, who's the Executive Director and CEO of the Minneapolis Public Housing Authority.

Abdi, good to see you. Thanks for joining us today.

ABDI WARSAME: Thank you for having me. I'm glad that you give me this opportunity to talk about one of my favorite projects, Glendale.

ROB OLSON: Well, I'm glad that you had time to talk about this too, because it's very interesting. You know, a 74-year-old site and a big one here. What is it? Some 12 acres. And this has been something that's been sort of in the works for a while about needing to renovate, update, etc. Some residents have been concerned over the past few years, you know, that it might push them out. So, there's been kind of this back and forth. I mean, tell us all what's gone into this over the last several years, at least here, to come to the point that we are now.

ABDI WARSAME: I mean, this is a labor of love for us. It took us a long time to get to where we are. Eighteen months of talking to our residents, meeting them where they were, you know, informing them about the whole project, and basically asking them what their priorities were. Because this whole project is centered on the priorities of the residents. And the residents—currently there's 600 individuals living there—the units do not fit their needs.

These are, as you mentioned, 74-year-old units. You know, they have a single bathroom in every unit, regardless if you have one-bedroom or four-bedrooms. So, take the example of a family of seven having one bathroom on the second floor. It is not feasible for them. And, you know, they've told us that they have a waiting list in the mornings, and they wake up early just to use the bathroom. There are other residents who've told us that they have mobility issues. You know, 20 percent of the residents that live in Glendale have families with a disability. So, this project basically takes care of the needs of the residents.

But it goes a bit further. As you know, we have a housing crisis in our city, in our region. We have 3,500 individuals on our waiting list, 3,500 families, I apologize, on our waiting list, you know, expecting us to provide housing for them. And this project takes, not only improves the 184 units that we currently have, takes care of the needs of the 600 residents that currently live at Glendale, but it will also house an additional 100 families.

So it was a very exciting project. It will transform the lives of the residents that currently live there. And it will be home to new residents in Prospect Park, which is one of the best neighborhoods in the city.

ROB OLSON: Yeah. And for those who are maybe vaguely familiar or unfamiliar with this area, again, built in 1952, post-World War II. And it has become an area, according to your own website language here I'm reading, the cultural corridor for many refugee families over the years. I mean, this has been a vital place to provide needed housing for folks, especially those who come to the U.S. and come to Minnesota.

ABDI WARSAME: I mean, not just that, it is a great place to live. You know, it's a block away from the Green Line Station. It's near the university campus. It has a lot of amenities. And it's a place where when we speak to our residents, they tell us how much they love the green space, they have Luxton Park next to it, but they need better housing. And what this project provides is it takes into account the needs of the residents. It will add new residents to Glendale. It will take folks off the waiting list and it will give opportunities to families to continue living in one of the best neighborhoods in our city.

ROB OLSON: Yeah. So rebuilding or renovating 184 homes, adding 100 more and a mix here too, as these are rebuilt and re-imagined and then added to, it's a mix of what one-bedroom to five-bedroom, a mix of heights, et cetera. Tell us about the variety that is going to be here to serve various families.

ABDI WARSAME: That's a very good point because the community is diverse. So, you have folks that want to age in place and they need a one-bedroom that's accessible. Like I talked about the bathroom issue. You have large families. We don't have five-bedroom units. We're going to have five-bedroom units. The units are old, so you're going to have new construction. But what we want to keep is what's good about Glendale, the green space, the park access, the head start facility there. So we want to keep that, but we will also add. So there's going to be new amenities. There's going to be new community spaces, but it's more important because what we want is the families, what they told us is they need space within their units where they can do their homework, where they can dine together, where they can have a community space, where they can gather and then do what communities do.

So I think it will address a lot of the needs, not just of Glendale, but also the wider Prospect Park neighborhood. It will bring a lot of lighting, security, it will improve parking space for residents. So we're very excited about it. It's a great project and we look forward to taking the next steps.

ROB OLSON: Sure. So, I see construction set to begin late next year or early 2028. How long does that construction last and what happens to the residents during that construction?

ABDI WARSAME: We have a robust relocation program, but right now we're not there. We haven't closed on the project yet. We need to start getting financing. And in July, we will start putting those applications in at Minnesota Housing, at the city and other funders. Once we get the funding, we will work with every single family one-on-one. They will have a relocation contract that they will sign. This will explain to them the duration of the relocation, if they actually are going to relocate. So of course, we're going to do this project in phases and some of the families will still stay in Glendale. Others will, you know, choose to relocate or relocate them to our own units. We have about 6,000 units across the city. So, you know, we've done this before. And what we want to work with, make sure we work with every single family, so to tailor to their needs, what the relocation will look like. But I, you know, once we get all the funding, this will be an exciting project and I look forward to it.

ROB OLSON: And how much total funding are you needing to get?

ABDI WARSAME: The project is going to be around a $200 million mark. So we will need funding, but we will provide our own funding. We will use different tools at our disposal, you know, low-income housing tax credits, bonds, and city resources as well, as well as our own voucher program. So there's going to be mixed, but we've done this before. You know, we've been building towards Glendale and we've been very successful at relocation. We've had no involuntary displacement of residents. So that fear, which it kind of existed in our community, we've been able to kind of relay the residents and explain to them that, you know, this project is about them. It's about the needs of our residents and we're going to center them.

ROB OLSON: I know over the years, yeah, that was the fear is that people worried that they'd come in and renovate this and they would lose their housing, but no one's losing their housing here unless they choose to. Well, a massive project for the Minneapolis Public Housing Authority, and it sounds like long needed. So pretty exciting day that you can announce that this is really moving forward.

ABDI WARSAME: It is an exciting time at MPHA and thank you for the opportunity.

###

North Minneapolis renters stuck in squalid homes once heralded as the future of public housing (Minnesota Star Tribune)

By Susan Du
June 28, 2026

First the heat went out in 76-year-old Eddie Robinson's apartment in the middle of December. Then water poured in from a burst pipe upstairs. He had to move into a hotel for three weeks as the landlord replaced the carpet and baseboards.

For the third time since 2023, Robinson is paying his rent into an escrow account, hoping a housing court judge will compel the landlord to complete a slew of repairs. Over the years he's complained about rats, gas leaks and squatters in the empty units next to his.

This time, the landlord was painfully plain about why things weren't fixed: Low occupancy and insufficient rental income have made it impossible to meet a myriad of maintenance obligations.

"When I first got here [in 2014], we used to have concerts in the park," Robinson said. "This was nice. We had actual grass and not weeds. We had sprinkler systems that were working."

Robinson is among a dwindling population of renters still living at Heritage Park, a mixed-income housing project in north Minneapolis. Built just 25 years ago, the development was supposed to model a new form of affordable housing that would lift people to self-sufficiency instead of trapping them in poverty. But Heritage Park has since fallen into the same disrepair as the troubled projects it was intended to replace.

Conditions there are threatening the lives and safety of residents who cannot afford to move.

Trash, mold and outrage

Earlier this month Minneapolis City Council Member Pearll Warren toured Heritage Park with other city officials. She posted a video of vacant units covered floor to ceiling with black mold and strewn with trash. The shocking footage renewed outrage about the state of Heritage Park.

"I knew it was some challenges over there, but I didn't know that it was to the magnitude in which it is," Warren told the Minnesota Star Tribune.

Years of neglect and compounding capital needs have driven the relatively new housing project to the brink of decrepitude. Multiple agencies now are trying to stabilize it — including the city, Minneapolis Public Housing Authority (MPHA) and court-appointed receiver Certus Financial. They say Heritage Park has reached a turning point.

"This is not an unknown situation about their economic conditions," said Erik Hansen, the city's director of Community Planning and Economic Development. "The conditions have just accelerated over the last year."

When he and Warren walked through Heritage Park, they wore masks and gloves because of mold, fecal matter and needles in some units — all while tenants were living in other parts of the same buildings.

“Why am I walking around with a mask on, and people are coming home to it?” Hansen asked himself.

He said the city is now working with the MPHA and the receiver to bring Heritage Park back up to code and implement a long-term stabilization plan.

One-of-a-kind low-income housing

Heritage Park is a sprawling neighborhood of 440 low-rise apartments and rental townhomes along meandering, tree-lined streets designed to promote a sense of idyll for workforce families in the middle of the city. Completed in 2002, it was the result of Hollman vs. Cisneros, a landmark Minnesota civil rights lawsuit that challenged superblock public housing high-rises with their racially concentrated poverty and crime.

In the 1990s, the lawsuit’s resulting consent decree ordered the demolition of hundreds of cramped public housing units, followed by new construction of lower density, mixed-income neighborhoods.

Heritage Park was born. While Minneapolis Public Housing Authority retained the land, private developer McCormack Baron Salazar got the rights to build and own the housing. No other Minneapolis project operates under that scenario.

But the public-private arrangement turned disastrous. The MPHA’s monthly contribution of $85,000 was barely enough to upkeep the 200 public housing units. When occupancy dove during the pandemic, the MPHA injected an additional $2.8 million for repairs. Yet debt and deferred maintenance kept growing.

In 2025, the MPHA began to push to take control of Heritage Park away from McCormack Baron Salazar.

“The situation at Heritage Park is the result of publicly owned land being used by a for-profit developer under the guise that private enterprise knows how to operate affordable housing better,” MPHA executive director Abdi Warsame said in a statement.

McCormack Baron Salazar did not respond to multiple requests for comment from the Star Tribune.

Heritage Park also lacked a rental license from 2019 to mid-2025, city officials said. This meant city inspectors weren’t doing independent inspections to enforce housing codes.

McCormack Baron Salazar was responsible for maintaining a rental license in order to collect rent, but failed to do so, city spokesperson Jess Olstad said. The city also failed to hold McCormack Baron Salazar accountable because officials thought the project belonged to MPHA, which was exempt from municipal licensing and was expected to conduct its own inspections.

It wasn’t until a public housing resident forced the law to change last year that the city cracked down on Heritage Park and began inspecting every building on campus between November and January.

Minneapolis’ dashboard for rental property violations shows hundreds of pending repair orders at Heritage Park.

Receivership
In December 2025, McCormack Baron Salazar signed control of Heritage Park over to Certus Financial, a court-appointed receiver tasked with finding a way to stabilize it. Certus hired a new property manager: Property Solutions and Services.

Certus files regular updates with Hennepin County District Court. Its most recent receiver report, which goes to the end of April, states nearly 200 new furnaces have been installed to provide proper heat in winter, sprinklers are being brought online one building at a time and funding has been secured for new roofing on 28 buildings. Immediate repairs drove an operating loss of $206,000 in one month.

“These operating losses are expected to continue,” the report said.

Certus managing director Will Haase said the mold that can be seen in Council Member Warren’s video is in long-vacant units. And, he said, the mold is dead and no longer a threat.

It could take tens of millions of dollars to return Heritage Park to what it once was, he said, and funding limitations mean vacant units will take longer to clean up than occupied ones.

“Right now, our goal is the life safety of the residents that call Heritage Park home today, and how to get the roughly half of that campus in good working order so that we can occupy those apartments going forward,” Haase said.

Eddie Robinson and his wife Alecia Howard Robinson stand outside their home, showing the damage to the balcony above their unit in Heritage Park in Minneapolis. (Leila Navidi/The Minnesota Star Tribune)
Certus is working to find a new owner for Heritage Park that could obtain tax-exempt bond financing and tap into millions of dollars worth of grants already awarded.

In 2025, the family advocacy nonprofit Urban Strategies received a $3 million grant for Heritage Park repairs. Some of that money has since been released after repeated requests, Haase said. Heritage Park was also awarded $5.125 million in state grants in February. That money has not yet been disbursed.

It continues to receive public housing subsidies, as well as $500,000 a year from the city of Minneapolis.

Warsame, of the MPHA, said the land under Heritage Park is not for sale.

Stuck in squalor
Since April 2024, Minneapolis Public Housing Authority has relocated 18 households out of Heritage Park and into another of the agency’s 6,000 homes across the city.

Kao Yang and her five children moved from Heritage Park to a single-family house in south Minneapolis in April. Yang said when she lived at Heritage Park, an intractable black growth built up in their air vents, their ground-level patio caved in and squatters were constantly breaking into the vacant units around them and leaving needles. The situation exacerbated her depression and anxiety, she said.

“I don’t know who could live there for so long and still be sane,” Yang said.

She said her new placement has been a major relief.

But others remain stuck at Heritage Park.

Robinson is a Vietnam War veteran and his VA benefits make him ineligible for public housing. But he also can't get the MPHA relocation assistance, and he can't afford to find another apartment on his own.

Last month, one of Heritage Park's creditors, Sumner Field Partners LP, moved to evict Robinson for nonpayment of rent. Sumner Field Partners is registered to Ian McCormack, vice president of McCormack Baron Salazar.

Robinson's wife, Alecia Howard Robinson, believes the landlord is targeting them for escrowing their rent and complaining to Minneapolis housing inspectors. Unable to afford a lawyer, they're due in court next month to defend themselves from eviction.

"Now y'all taking him to court, a victim," Howard Robinson said. "This is crazy, and it's all retaliation, because the city got involved."

###

Documenters report: Glendale Townhomes slated for major redevelopment (MinnPost)

By Twin Cities Documenters
June 29, 2026

MinnPost's Twin Cities Documenters program trains and pays community members to take notes at local government meetings. Below are Documenter Lea Hoikka's summary and observations from the June 24 Minneapolis Public Housing Authority Board of Commissioners meeting. You can find Lea's full notes here, which include links to the agenda and an audio recording from Documenter Mick Castro.

Summary:

- The board unanimously approved two resolutions to continue a comprehensive renovation process at two locations: 3755 Snelling (Snelling Manor) and the midrises at 3205 E 37th St. (Pages 12-16)
    - Improvements include handicap accessibility and air conditioning.
    - Unit type conversions, via application to HUD, are necessary to help fund the renovations
- The board received a presentation on Heritage Park in North Minneapolis (Some information is on page 17).
    - Property is in better condition since receivership was implemented however, there are still numerous uninhabitable units that cannot be turned over due to a lack of funding
    - Awarded more than $5 million in state funds; however, funds have not been deployed yet
    - Some board members expressed concern about current site owner's role in the future
- The board received a presentation on the Glendale Townhomes redevelopment project in Prospect Park. (Pages 22-35)
    - Biggest family housing project in last 30 years, will include five-bed units
    - "The two-phase project will completely rebuild the existing 184 homes and add 100 new family homes on the 12-acre site. The project includes a variety of unit sizes, ranging from one- to five-bedroom family homes. The agency will build these new homes across a mix of housing types, including low-rises, small multiplexes, and townhomes," reads the Executive Director's memo (page 17).
    - Currently seeking funding via local, state and federal tax credits in addition to a ~$1 million initial investment. Depending on financing, construction is scheduled to begin in late 2027 or 2028.
    - Current residents will be given first priority to return after renovations. Pages 32-34 have more details.

Observations and follow up questions:

Accessibility: Did you face any challenges that made it harder to document the meeting or that may have made it difficult for others to attend? For example: trouble accessing the location, difficulty hearing the discussion, lack of nameplates for elected officials, or the agenda being unclear, disorganized, or incomplete.

- It was sometimes hard to hear some of the board members.

Scene: About how many members of the public attended the meeting? If watching virtually, what was the livestream count (if applicable)? Was anyone protesting outside?

- An audience of ~17, four of which were presenters

Notable: Do you have any follow up questions or other observations to share? What stood out to you as interesting or confusing? Is there anything you'd like to see reporters look further into? Were there any particularly memorable quotes?

- Why are property owners like McCormick Baron Salazar not held accountable more quickly? This seems to be a large company.
- Executive Director's update included National Standards Physical Inspection score at 87% overall. Last score on file was 90.5% overall.
    - Glendale Community's score was 99%.

How to get involved:
When is the next meeting for this board/committee? Any upcoming public hearings? Online surveys?
Next meeting is July 22 at 1:30 p.m.

###

Residents want answers after $11M+ in tax money didn't fix conditions at their Minneapolis apartment complex (KSTP)

By Renée Cooper
June 30, 2026

More than $10 million in public money went to improve conditions at Heritage Park apartments, but a couple hundred mixed-income units at the Near North Minneapolis complex continue to sit vacant or unsafe to live in.

Between 2022 and 2024, the Minneapolis Public Housing Authority (MPHA) passed along $11.3 million to Heritage Park, in part to ensure units were livable. In that same period, the city invested $875,000 toward repairs.

Minneapolis City Council Member Pearll Warren hosted a community meeting Tuesday night, where residents raised concerns about the lack of results.

"That's a great question, and I'm, I'm like you, puzzled, trying to figure it out the same way," Warren said when asked how those millions of dollars were spent.

Late last year, a Hennepin County judge took control away from the former owners of Heritage Park and transferred it to a financial company.

What happened to the money?
"Now we have residents with no air. You know, I mean, this just keeps getting worse," Warren said.

Minneapolis Community Planning and Development (CPED) Director Erik Hansen told community members the money available at the time likely was not enough. He also said the city only gained the authority to begin inspecting Heritage Park units in 2025.

As for the more than $10 million that passed through MPHA to Heritage Park, MPHA Executive Director Dominic Mitchell said questions about how the money was spent before the ownership change should go to McCormack Baron Salazar, the former owners.

"That's a question best for McCormack Baron Salazar," Mitchell said, asked if the former owners spent the money appropriately, considering MPHA allocated it to them.

McCormack Baron Salazar was still working on a statement in response as of this report, but said, in part, to summarize its "Cash Flow and Operational Challenges, that "The lack of adequate subsidy has caused skyrocketing operating costs and high vacancy, impairing revenue." The email added, "As of May 2025, Heritage Park had a projected monthly cash deficit exceeding $200,000, jeopardizing debt obligations."

Residents challenge MPHA
"You guys are the middle man between HUD and the owners, so if you're the referee, if the owners are not doing what they're supposed to do, but you get money from the feds, you're supposed to referee what's going on," one resident said. "You guys pretty much closed your eyes, and that's just what it is."

“Yes, MPHA always followed the money,” Mitchell said during an interview with 5 EYEWITNESS NEWS.

“And so whenever we gave subsidy, whether it was operating or additional capital subsidy, we were always tracking that money, checking regular financials, and looking at their annual audited financials,” he continued.

“As far as a direct kind of observation about what happened, the owner had complete and sole possession of the premises and the units there, and so they’re the ones who know the story best.”

The property is now under new control, with more money on the way. That includes more than $5 million from the state and $1.5 million from the city for urgent repairs over the next two years.

What comes next?
“The receiver is now in control, and the property is in much better shape,” Mitchell said. “And we’re working in concert with all of our partners, including the city and the state, and HUD, and others, to make sure that we can make something that isn’t repeating any of the mistakes of the past in the future, because this community deserves it.”

Warren said some roof patching was in the works as of this report, while city officials wait for a timeline for permanent repairs from Certus Financial LLC. That timeline is expected to be overseen by a Hennepin County judge.

“It’s not the full restoration. The roofs will still need to be fully restored, but you know, to prevent further damage, there will be some, some patchwork done,” Warren said.

Warren said she requested a full audit of money spent on Heritage Park.

Certus Financial LLC has not responded to requests for comment.

###

No AC, mold, rats: Tenants demand answers about long-dilapidated apartment buildings (KARE 11)

By Jennifer Hoff
June 30, 2026

Tenants packed a meeting Tuesday night over the future of a long-neglected apartment complex in north Minneapolis.

Not only are some air conditioning units broken in this heat wave, but for years, people have reported mold and rats at Heritage Park.

In a statement, the new management company, Property Solutions & Services, writes, "Our focus is on providing dignified housing, strengthening the community, and working collaboratively with stakeholders to create positive outcomes for residents. We remain committed to supporting both the short-term stabilization efforts and the long-term success of Heritage Park."

It only took over recently after Heritage Park was placed in receivership in December 2025 by a Hennepin County judge. A receivership is a neutral, third party that takes control of the property's management and operations.

The receiver, Certus Financial, expects the process to last about nine months. So far, it says it has replaced 168 furnaces and 30 roofs and plans to rehab the 226 vacant units next to increase affordable housing.

It also reports it would take "tens of millions of dollars" to upgrade the entire complex.

"Do you want to put your confidence in these people or do you want to say, the hell with everything, and just go somewhere else," asked renter Mike Gates.

"When you call, stuff wasn't getting done," said Carolyn Honeycutt, who has lived in her unit since 2019.

KARE 11 has learned the City of Minneapolis and the United States Department of Housing and Urban Development has removed operational control of Heritage Park from the former owner, McCormack Baron Salazar. The Minneapolis Public Housing Authority (MPHA) owns the land and in a statement wrote, in part, "It became clear McCormack Baron Salazar was not going to be successful meeting the capital and financing goals."

At the meeting, MPHA announced it has since secured about $8 million in state and federal funding to start making even more improvements at Heritage Park.

Gates and Honeycutt are hopeful they will start to see changes quickly.

"We're going to stick it out for the long haul," said Gates. "We don't want to, but I am."

###

Cheers & Jeers: Google data center protests, trinket trading, EagleCam and more (Minnesota Star Tribune)

By Rochelle Olson
July 3, 2026

Cheers to Karen Clark
The former state representative, a progressive DFLer from Minneapolis, died at age 80 on Tuesday. Clark was a pioneering public servant who helped push Minnesota to the vanguard of civil rights protections for the LGBTQ+ community. What a legacy she has left. First elected in 1980, she was the state's first openly lesbian legislator. She served 19 terms and in 1993 helped pass an amendment to the state's Human Rights Act that added protections against discrimination based on sexual orientation. Twenty years later, Clark was the chief sponsor of the bill that legalized same-sex marriage. Cheers as well to Republican Gov. Arne Carlson, who had long supported that 1993 human rights change, and to the Senate minority leader at the time, Dean Johnson, a Republican from Willmar, who gave a heartfelt floor speech in support of the bill. If you see Carlson or Johnson this holiday weekend, please thank them.

Jeers to abominable housing conditions
Mold, pests and other problems are threatening the health and welfare of residents at the Heritage Park Housing project in Minneapolis. In just 25 years, the rentals have fallen into the same disrepair as the Hollman Homes, which led to a landmark housing civil rights suit that challenged the concentration of poverty and crime in high-rises. Part of the problem now is that St. Louis-based owner-developer McCormack Baron Salazar failed to maintain a rental license. The city had failed to hold them accountable under the belief that the project belonged to the Minneapolis Public Housing Authority and was exempt from inspections. The court-appointed receiver, Certus Financial, is working to find a new owner for Heritage Park. It's a mess and the residents deserve much better.

Cheers to the proliferation of trinket trade boxes
These installations are to tchotchkes what Little Free Libraries are to books, and an opportunity for delightful surprise. Take a trinket, leave a trinket. Trinkets are cheap and fun, but it's easy to accrue too many. The boxes provide an opportunity to pass along a trinket's spark of joy to an unsuspecting passerby, and they seem to be a new way to keep one's own trinket collection fresh and evolving. Cheers to the moms and daughters who got this trend going, including Shawnda Ross and her daughter Davina Ross of Ramsey. They pass along clutter while building community and spreading mirth.

Jeers to sports betting
Televised professional sports of late appear to be strings of advertisements for mobile sports betting briefly interrupted by action on the court, pitch or field. Thankfully, a bipartisan group of Minnesota legislators has managed to hold off the forces seeking legalized mobile betting here. Gambling-related scandals are growing, hitting close to home. Two former Minnesota Timberwolves players were the latest to face federal indictments: Malik Beasley and Ed Davis. They're among a group accused of a conspiracy involving points shaving and prop bets. "Only way you can beat Vegas is sports betting," Davis texted Beasley about a month ahead of one game. "Everything else they got the edge." Bet on it: This alleged scandal is just the tip of the ever-expanding iceberg that is sports betting.

Cheers to the feisty residents of Hermantown
Many lined up in the rain to protest and ask tough questions about the proposed Google data center in the

town of 11,000 just northwest of Duluth. Hermantown turned out for Google's first open house as the tech giant is trying to build one of a dozen massive data centers in the state. Hermantown's not happy about the secrecy surrounding the project and polls also show two out of three Minnesotans wouldn't want a data center in their community. Consider this a grateful nod to Hermantown for putting up a good fight.

Jeers to Kurt Zellers' departure

The former Minnesota House speaker is out after a couple of years as CEO at the Minnesota Business Partnership — yet another departure of a so-called leader from a Twin Cities business organization. This is a well-compensated, respected job of the sort one would not give up easily. Zellers' predecessor, Charlie Weaver, ran the organization that represents the state's largest companies for 20 years. Zellers hasn't commented publicly on his departure and the move raises lots of questions both about the fate of the organization and the state of business leadership in Minnesota. The former CEO of the Minneapolis Regional Chamber of Commerce, Jonathan Weinhagen, pleaded guilty last fall to mail fraud in an embezzlement case. With such shaky operations at business organizations, I beg that we end the canard about how government should be run more like a business because lately these organizations have been no models of civic leadership.

Cheers to Lori Naumann

The nongame wildlife champion pioneered and managed the wildly popular EagleCam at the state Department of Natural Resources. Naumann, a communications specialist and state employee of 40 years, died unexpectedly at 60 in May, but she left a legacy as the director of the EagleCam program since it first blinked on in 2013. The camera's Facebook group has more than 16,000 members. Naumann, of White Bear Lake, also promoted the "chickadee checkoff" that allows Minnesotans to contribute part of their tax refunds to the wildlife program budget. The checkoff brought in more than $1 million in the 2024 tax year. Cheers to her lifelong devotion to the cause.

Jeers to Anton Lazzaro's latest insult to justice

The convicted sex trafficker, former GOP operative and major donor has asked President Donald Trump's administration to let him out of prison before his scheduled release in 2039. Lazzaro's made all sorts of spurious claims over the years but his conviction has been upheld. His latest claim is that he was targeted for prosecution because of his "outspoken political opinions." Lazzaro is a nasty guy who groomed and preyed on young women to traffic them. It would be a travesty if the president cut lying Lazzaro a break.

###

Mpls Council member Warren looks for action on conditions at Heritage Park public housing (MPR News)

By Nina Moini and Alanna Elder
July 7, 2026

A housing development in north Minneapolis was meant to be a better model for public housing. Heritage Park opened in the early 2000s after a legal settlement over housing segregation. It's a mix of market-rate and subsidized units. Today, many of its units sit vacant. And residents and city leaders say neglected maintenance has caused roof leaks, mold and other problems.

City Council member Pearll Warren represents the area. She recently toured a few vacant units. And she led a request from the city council for an audit of how public funds were used on the property.

City Council member Pearll Warren joined Minnesota Now host Nina Moini to talk about what she saw at Heritage Park.

NINA MOINI: A housing development in North Minneapolis was meant to be a better model for public housing. Heritage Park opened in the early 2000s after a legal settlement over housing segregation. It's a mix of market rate and subsidized units. And today, many of its units sit vacant. And residents and city leaders say neglected maintenance has caused roof leaks, mold, and many other problems.

City council member Pearll Warren represents the area. She recently toured a few vacant units. And she led a request from the city council for an audit of how public funds were used on the property. She joins me now. Council Member Warren, thanks for your time.

PEARLL WARREN: Hi. How are you? You're welcome. It's my pleasure.

NINA MOINI: I'm doing OK. Thank you. I have to say, I looked through some of the videos that you captured at Heritage Park-- very concerning things. Could you tell us just a little bit about what you saw when you went there to see for yourself what was going on?

PEARLL WARREN: Well, we toured a number of different units. The video that you saw showed a unit. The one with the a-- large amount of mold is a unit that had been vacant for upwards of three years. Then we saw a unit that had been vacated within the last 90 days that had also been squatted in. And then the last unit in the video was a unit that had been vacated within the last 30 days. And as you can see, all three of those units contained mold and damage, significant damage, that created pretty concerning livable conditions for the residents there.

NINA MOINI: And what have you heard from some of the people currently living at Heritage Park about just the many ways this impacts them?

PEARLL WARREN: A lot of people are very sad. Housing insecurity is a real thing. And a lot of people are very sad. They're hurt. They're frustrated because they have been complaining for a significant amount of time. They're grateful that someone is finally hearing them and listening differently. But they also are really frustrated about what the future looks like.

There are a lot of residents, too, who are upset and embarrassed about the fact that these living conditions at Heritage Park have been made public because they consider themselves to be very private individuals. And they don't want people to know that those are the conditions that they live in there. So both statements are true. But I'm really trying to bring light to the situation to help our community because our community deserves better.

NINA MOINI: Do you have a sense for how things got this bad? You mentioned just learning recently about what was going on there and that some of the people are more private. But how did it get this bad? What's your understanding of that?

PEARLL WARREN: I think this is a time when we got to be honest with ourselves about what misappropriation of funding looks like. I think we have to be honest with ourselves about how public dollars that become privatized from individuals who are not truly invested in a community can be misused.

I think a lot of people, and I've stated this before-- they see development opportunities and say, oh, wow, I'll build this place, and I'll rent it to someone who is receiving some housing assistance or subsidy, because then they know that they'll get their money for rent. But the reinvestment doesn't go back into the development itself.

Think about it. As a homeowner, you spend anywhere between $5,000 to $10,000 annually just on the maintenance of your home to keep your home in good standing and ensuring that water heaters are flushed and rotated and different things are happening in order to-- you're checking the foundation, making sure you're touching up paint, doing all kinds of different things like that.

NINA MOINI: Right.

PEARLL WARREN: And these things were not being done. Routine maintenance was not being done. And this is how this property got this way.

NINA MOINI: And just to give folks some more just information, just background, there's some-- there's a few players involved here. The Minneapolis Public Housing Authority owns the land and sends funding for the public housing units. Then a private company called McCormack Baron Salazar used to own and manage the property.

Last year, a court-appointed third party took over. So now it's under new management. It sounds like the long-- the short story is that company ran out of money or the owners ran out of money. And then now it's under new management, a third party, to try to get a sense for this. But you also have requested this audit. What are you hoping to learn from that? And what's your sense for how the new management is doing?

PEARLL WARREN: Well, that's a really loaded question. So yes, the property is in court-appointed receivership. The receiver service took over management of this property in December. And I have truly enjoyed working with Certus. They have been very transparent upfront.

I can pick up the phone and call them and ask any questions. And they have been very forward-facing, which I am appreciative of, in addition to Property Solutions, who is the property management company, also very forward-facing and resident-centered. So I want to give a shout-out to them because I appreciate

the work that they are doing with myself and with the residents as things arise there with the property.

And then I'm going to say, McCormack Baron has-- now he's out of the picture at this time. We're hoping that we can attract a new developer for the property. I've requested an audit. But I also put out a legislative directive before the audit. And both of those things are important because the legislative directive will give the different departments from the city, from CPED to Regulatory Services to the Public Health Department to Bassett Creek Watershed, all of the different auxiliaries that support the safety and infrastructure of Heritage Park, an opportunity to speak to the narrative of what's happening there, what the current conditions are, and how we are going to approach altering those conditions.

And with the audit itself, we're hoping to get some very transparent information about how much funding has tunneled down from the city of Minneapolis to Minneapolis Public Housing Authority, what those funds have been spent for because every dollar has a job. Our tax dollars, each one of them-- it has a job. And we want to make sure that the jobs associated with our tax dollars are being fairly spent.

NINA MOINI: And I also wondered about the people who have had to move homes or others who might be thinking it might be easier to relocate while this new group of people overseeing it get some of these repairs done. Would you tell us about how people are doing-- are other people going to have to move, current residents?

PEARLL WARREN: So to my understanding, and thank you for that question, there are currently eight residents who are facing eviction at Heritage Park, allegedly. And what I have done is ensure that they have an opportunity to work with our NAACP and the Urban League Twin Cities for some advocacy around that eviction. You don't get evicted from Heritage Park, not in its current condition.

Housing insecurity is a real thing. And a lot of times, the only thing that you have control of in a situation that has become that deplorable is your financial means. And so to keep those close to you so that you are prepared for an emergency, an emergency situation, or whatever alternatives that you had to take to wash your clothes or move around or do different things because the conditions have become that bad-- I understand why some people may not have paid their rent, and especially if they've been making complaints and things have not been resolved over this period of time.

And then I also know that there were some issues around ledgers and ledgers not being accurate during the time that the property was transferring from privatization to receivership. And there was switches in property management companies.

So those things are being worked on. There are some people who need to be relocated just because of the conditions of their unit. And to my understanding, to date, there is about six or seven families that they're working on relocating.

The 1002 building that is on the campus there should be completely rehabbed. It was the building with the least amount of damage, a moderate damaged building that will be rehabbed by the end of July, from my understanding, and will be available to move individuals into those units.

NINA MOINI: Council Member Warren, thanks so much for coming by and giving us this update. We hope you'll come back and let us know how things are going. Thank you for your time.

PEARLL WARREN: You're welcome. Just let me know when you have questions. I'm here for you all in the community.

NINA MOINI: Thanks so much. That's Minneapolis City Council Member Pearll Warren, who represents Ward 5 in North Minneapolis. The Minneapolis Public Housing Authority and the previous owner, McCormack Baron Salazar, said in statements to MPR News that they support the council's calls for a financial audit and a goal of stabilizing this housing development.

###

Heritage Park apartment complex seeks turnaround after viral video exposes poor living conditions (The Minnesota Daily)

By Isabel Tifre
July 14, 2026

Heritage Park, an affordable apartment complex in north Minneapolis, is undergoing long-needed repairs under new ownership after its neglect by the previous property managers.

In June, Minneapolis Council Member Pearll Warren posted a video showing neglected units inside the Heritage Park apartment complex, sparking dialogue about the quality of life residents are experiencing. The video showed dead mold, paint peeling from the ceiling and trash littering the inside of units.

Heritage Park is a development with more than 400 multifamily housing units, some of which are affordable housing, according to Certus Financial. The land is owned by the Minnesota Public Housing Association, while the property itself is owned by the private corporation Certus Financial.

Warren held a community meeting for the residents of Heritage Park on June 30, reflecting on what the community needs and how it plans to move forward.

“It was a lot of passion in that room,” Warren said. “What we have to do with this project is really be clear as a community about our ask, and we also have to be clear as a community about what accountability looks like.”

Ownership controversy
Warren said it is apparent there was a misappropriation of funds by the property’s previous owner, McCormack Baron Salazar, a developer and property manager in urban neighborhoods.

“He may argue that he didn’t receive funding, we can argue that we didn’t see the results of what that funding was sourced for,” Warren said.

A judge removed the property from Salazar’s possession in December 2025 and reassigned Certus Financial as the complex’s new owner. Certus Financial then hired Property Solutions and Services to operate the property management.

After Warren’s video went viral, the Minneapolis National Association for the Advancement of Colored People called for Minneapolis Public Housing Association Executive Director Abdi Warsame to resign, according to KSTP. Deputy Executive Director Dominic Mitchell of MPHA said there is a misconception about what MPHA’s role actually is.

“All the money that we would receive from the Department of Housing and Urban Development for Heritage Park for public housing operating, we would pass through to the property,” Dominic Mitchell said. “As a part of our agreements, we monitored the financials, reviewing audit financials regularly, and to ensure that the property was maintaining those obligations relating to the public housing operating fund.”

MPHA’s Director of Communications and Strategic Partnerships, Drew Halunen, said the idea that

MPHA does not know where the money has gone is false.

“It’s unfortunate because I’ve seen this [narrative] like it’s unknown where the MPHA money has been spent,” Halunen said. “We definitely know where money has been spent. I mean, we have all the receipts.”

MPHA shared with the Minnesota Daily an itemized list showing payment amounts, agreements and documentation detailing how the money was spent at Heritage Park. Payments from 2022 through June 2026 total about $12.2 million in taxpayer money.

Warren said one of the critiques she has is the absence of accountability for Heritage Park’s neglected state.

“My thorns were the lack of individuals wanting to take ownership and humanizing the experience of the existing residents and the previous residents by saying we made a mistake,” Warren said.

Heritage Park is still losing about $250,000 each month, according to Fox 9. Certus Financial is still waiting on about $5 million in state grants approved in February to be distributed, according to the Star Tribune.

Living in the apartments

Heritage Park Resident of 20 years, Danielle Mitchell, said that the apartment complex changed during the COVID-19 pandemic and became dangerous, unlike the Heritage Park she knew when she first arrived.

“It was so scenic,” Danielle Mitchell said. “I hope it gets back to how it once was.”

Danielle Mitchell said she appreciates that the new owners are taking care of the property.

“I’ve had rodent issues, mold issues, but with the new owners keeping up with the carpets, it seems like it’s getting fixed up,” Danielle Mitchell said.

Danielle Mitchell said that the impact of the new ownership is noticeable, not only in the work done in her unit, but also in the demeanor of staff.

“The staff before was unapproachable, not like the ones we have now,” Danielle Mitchell said.

Dominic Mitchell said that MPHA is working closely with Certus Financial to bring renewed hope to Heritage Park and its residents.

“We don’t have any control over how the owner would conduct their business,” Dominic Mitchell said “We monitored all of our funds and how they were utilized, but we didn’t have access to the site to do the work that was needed, and the conditions there are not acceptable, and we are really working hard, the receiver is taking the lead to make a better day for that community.”

While Certus Financial continues to work on the redevelopment of the property, MPHA has moved some residents from Heritage Park to other MPHA homes in the city, according to the Star Tribune.

Residents whose units are undergoing repairs will be moved temporarily but will be able to return to their units, according to Warren. Warren also said residents facing legal issues should contact Legal Aid, the NAACP, 311 or her office.

“We’ll all be more than happy to help them with the issues they’re facing at Heritage Park,” Warren said.

###

Minneapolis mayor and council member want $2.5M to help relocate Heritage Park residents (Minnesota Star Tribune)

By Deena Winter
July 14, 2026

A north Minneapolis City Council member and Mayor Jacob Frey want the city to spend $2.5 million to help residents of the dilapidated, moldy housing development called Heritage Park.

The development was built 25 years ago as a result of a landmark Minnesota civil rights lawsuit in the 1990s that challenged superblock public housing high-rises and their racially concentrated poverty and crime. Hundreds of public housing units were demolished and replaced by lower density, mixed-income housing.

Heritage Park was one of them, built in north Minneapolis and heralded as a new model of affordable housing intended to lift people out of poverty, with 440 low-rise apartments and rental townhomes along meandering, tree-lined streets.

But as reported by the Minnesota Star Tribune in late June, Heritage Park is now in severe disrepair with fecal matter, black mold, trash and needles littering the many vacant apartments. Half of Heritage Park is already empty, and remaining residents are struggling to find a way out.

City Council Member Pearll Warren has made it her mission to find a solution, frequently bringing up Heritage Park at council meetings and posting a social media video showing the run-down units.

Frey announced Tuesday he and Warren propose reallocating $2.5 million from the city's Affordable Housing Trust Fund to provide "support services" to residents, including help with relocation, while "next steps are determined to address the physical conditions of the units."

"People deserve homes that are safe to live in — that's not negotiable," Frey said in a news release. "The $2.5 million we're bringing forward today is about making sure support is available and any relocation is minimally disruptive."

The Minneapolis Public Housing Authority owns the land, but private developer McCormack Baron Salazar built and owned the housing until December, when a court-appointed receiver, Certus Financial, took over the property. Certus Managing Director Will Haase recently told the Star Tribune it could take tens of millions of dollars to fully restore Heritage Park.

Last week, contractors hired by Certus found mold in many of the units and requested that the city do another assessment. The city and the housing authority are preparing to possibly relocate residents; Emergency Management Director Rachel Sayre said mold can cause several health concerns, and the city wants to make sure families have safe places to stay.

Warren said the conditions at Heritage Park are "unacceptable."

"I want the residents to hear this directly from me: I will not stop fighting for you," Warren said in a

statement. “I will continue pushing everyone involved — the city, MPHA, the court-appointed receiver, and the property manager — to put them first and ensure that no one is left behind."

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Minneapolis Mayor Jacob Frey, some city officials request funds to improve Heritage Park (KARE 11)

By David Griswold
July 14, 2026

MINNEAPOLIS — Minneapolis Mayor Jacob Frey and other city officials are requesting that $2.5 million from the Affordable Housing Trust Fund be used as an "emergency investment" to improve a neglected apartment complex in north Minneapolis.

Frey and Minneapolis City Council Member Pearll Warren joined city staff in a proposal Tuesday requesting the city council reallocate funds to improve the units of a 20-year-old housing complex called Heritage Park. The funds could also be used to help people relocate while contractors determine the conditions of the units.

“People deserve homes that are safe to live in — that’s not negotiable,” Frey said in a press release. “The $2.5 million we’re bringing forward today is about making sure support is available and any relocation is minimally disruptive. Residents shouldn’t have to navigate this uncertainty alone, and the City is stepping up to help however we can.”

For years, people had reported rats and mold inside their units, and last week, a third-party contractor found mold in "many" of the units, according to a press release from the city.

"The conditions at Heritage Park are unacceptable, and I want the residents to hear this directly from me: I will not stop fighting for you,” Warren said in a press release. “I will continue pushing everyone involved—the City, MPHA, the court-appointed receiver, and the property manager—to put them first and ensure that no one is left behind. Every family deserves a safe and healthy place to call home, and I will not stop until the people of Heritage Park get the support and accountability they deserve."

Property Solutions & Service took over as property managers after a Hennepin County judge placed it in receivership in December 2025. Receivership is when a neutral third party takes control of the property’s management and operations. The receiver, Certus Financial, expects the process to last about nine months. As of late June, it had already replaced 168 furnaces and 30 roofs, and planned to rehab the 226 vacant units next to increase affordable housing.

During a meeting on June 30, the Minneapolis Public Housing Authority (MPHA) said it secured approximately $8 million in state and federal funding, but to upgrade the entire complex, it was estimated to cost "tens of millions of dollars.”

The city says it's working with the MPHA, Certus Financial and other partners to determine a relocation plan if necessary due to the living conditions.

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Minneapolis considers $2.5 million in emergency funds for Heritage Park (MPR News)

By MPR News Staff
July 14, 2026

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###

City of Minneapolis leaders request emergency funds to rehabilitate Heritage Park (Spokeman-Recorder)

By Aaliyah Demrry
July 15, 2026

Heritage Park residents continue to feel the impact of harsh and unsafe living conditions on the northside of Minneapolis. Now, Mayor Jacob Frey, City Council Member Pearll Warren of Ward 5 and city staff are proposing that the city council reallocate $2.5 million from the Affordable Housing Trust Fund to address the issues with the property.

The Affordable Housing Trust Fund program helps fund the construction or rehabilitation of affordable housing in Minneapolis through Local Affordable Housing Aid.

According to the City, the complex fell into disrepair last year, resulting in a court-appointed receiver taking ownership.

Last week, third-party contractors hired by the receiver, working with the property manager, Property Solutions & Services, discovered mold in several units. Following the findings, the city will conduct a second mold assessment to confirm the results and better assess the condition of the 20-year-old complex.

“The conditions at Heritage Park are unacceptable, and I want the residents to hear this directly from me: I will not stop fighting for you,” said Warren.

The city says although no decisions have been made on Heritage Park’s future, the city and the Minneapolis Public Housing Authority (MPHA) are preparing for the possibility that residents may need to relocate.

In the request made to the City Council, the funding will provide support services and relocation assistance for impacted residents. Frey says people deserve safe homes and that shouldn’t be negotiable.

“The $2.5 million we’re bringing forward today [July 14] is about making sure support is available and any relocation is minimally disruptive. Residents shouldn’t have to navigate this uncertainty alone, and the City is stepping up to help however we can.”

As next steps, the city plans to work with MPHA, the court-appointed receiver and other partners to determine a relocation plan. The city has not provided a confirmed timeline for relocation or how it plans to address property issues.

If Heritage Park residents experience any health or safety issues in their unit, they are advised to contact Property Solutions & Services immediately.

###

MPHA responds on Heritage Park as McCormack Baron Salazar's history of nationwide housing complaints surfaces (Insight News)

By Al McFarlane
July 15, 2026

The Minneapolis Public Housing Authority (MPHA) has issued its most detailed public accounting to date of its financial role at Heritage Park, along with a pointed rebuttal to the Minneapolis NAACP's June 25 call for the removal of Executive Director Abdi Warsame — even as a national review of the site's former owner, McCormack Baron Salazar (MBS), shows a pattern of tenant complaints and legal action against the company reaching back more than a decade in other cities.

In a written response to Insight News questions delivered July 8 by Drew Halunen, MPHA's director of communications and strategic partnerships, the agency laid out its position on oversight, financing, and the future of the 440-unit development in north Minneapolis, where public housing units have sat vacant and deteriorating even as the site's public and private funding has grown into the tens of millions of dollars.

MPHA answers NAACP: "Rushed to judgement"
Asked directly for Warsame's response to the Minneapolis NAACP's demand for his removal and an independent investigation of all 44 MPHA properties, the agency did not soften its position. The NAACP's demand is an advocacy position taken by the organization following Council Member Warren's video, not an adjudicated finding by a court or regulator, and it is presented here as such.

"It is unfortunate that the local chapter of such a storied organization has rushed to judgement without first collecting basic facts."

MPHA's statement reiterates that the agency owns the land under Heritage Park but that MBS owned the development itself, "maintaining sole possession, operational control, and authority to make improvements to the land." MPHA's role, the agency says, was limited to sending MBS the HUD-calculated operating subsidy for the 200 units at the site designated as public housing — an obligation it says it has met since the project's inception in the early 2000s.

The agency also used the response to praise Council Member Pearll Warren, whose video documenting mold, water damage, and unrepaired units at Heritage Park prompted the NAACP's action. "The agency applauds Councilmember Warren's work to elevate the challenges at Heritage Park, and we look forward to continuing to work with the Councilmember and her colleagues at the city to identify a long-term solution," the statement reads.

The ledger: $12.2 million since 2022
On the question of an itemized public accounting, MPHA directed Insight News to the city, the state, and Certus Financial — the court-appointed receiver now overseeing the site — for their respective contributions, saying MPHA "is a wholly separate, independent agency" and cannot speak for other funders. It did, however, provide its own internal ledger of payments to the Heritage Park partnerships dating back to 2022.

That ledger is the strongest evidentiary record produced so far in this investigation, and its details are the

article's investigative centerpiece: it indicates MPHA's involvement extended well beyond the agency's own description of routine oversight, and included years of direct operational support to the site.

According to records reviewed by Insight News, MPHA directed $12,241,959.12 to the four Heritage Park limited partnerships — Bassett Creek Partners, Sumner Field Partners, Sumner Field Phase II, and Heritage Park Partners — between 2022 and June 2026. Of that total, $5,047,897.93 was baseline HUD-calculated operating subsidy MPHA was contractually required to pass through. The remaining $7,194,061.19 was discretionary assistance MPHA says it provided beyond its legal obligation, drawn from the agency's Moving to Work (MTW) funding flexibility.

The discretionary spending accelerated sharply after Hennepin County placed the site in receivership in December 2025. Since then, MPHA's ledger shows a 2026 line of credit funding $250,000 for the installation of 50 furnaces, $234,000 for cleanup after significant water damage from burst sprinkler systems, another $250,000 for residential furnaces, utilities, and pest control, and $180,000 to cover past-due utilities and payroll at the site.

MPHA's own board minutes and the June 2024 Memorandum of Understanding with MBA Properties — the MBS affiliate that controlled Heritage Park — show the agency had already committed to an additional $631.33 per unit, per month in 2024 operating assistance, retroactive to January 1 of that year, on top of a $27.75 million first-mortgage position MPHA held on the property as of the end of 2023.

No disposition study, no plans to sell

On the future of MPHA's undeveloped Heritage Park land — the Phase III/IV parcels and 555 Girard Terrace referenced in MPHA's draft 2026 Moving to Work Annual Plan — MPHA states the language has appeared in its annual HUD filings for years simply to preserve flexibility, and that no disposition study is underway. “MPHA has no interest in selling its land,” the agency's response states. “This is publicly owned land intended to advance the public good.” That position, as stated, reflects MPHA's current stance and is not represented here as a binding or permanent policy commitment.

MPHA also confirmed it presented at the June 30 “From Conversation to Action — Part 2” community meeting at Summit Academy OIC, providing a slide deck that walks through the site's history under the 1995 Hollman v. Cisneros consent decree, MPHA's capital backlog (projected at roughly $290 million agency-wide), and the timeline of Heritage Park's decline from the 2022 MOU through Certus Financial's appointment as receiver. The Hollman decree established MPHA's original obligations at Heritage Park three decades ago; MPHA states it has fulfilled those specific obligations, a claim distinct from, and not a substitute for, the agency's present-day funding and oversight decisions examined in this article.

A separate FAQ document MPHA provided states that, since April 2024, the agency has helped 18 public housing households relocate out of Heritage Park to other MPHA units elsewhere in the city, and transferred three families between units on-site. As of June 20, 2026, 136 public housing units at Heritage Park remain occupied.

A familiar pattern in other cities

MPHA's insistence that responsibility for conditions at Heritage Park rested with MBS is complicated by the developer's record elsewhere. Insight News found that MBS and its affiliated management arm, McCormack Baron Management, have faced tenant lawsuits and at least one state attorney general action over housing conditions in multiple markets over the past decade and a half.

In St. Louis, then-Missouri Attorney General Josh Hawley sued the St. Louis Housing Authority and McCormack Baron Management in August 2018 over what his office called “intolerable conditions” at the Clinton-Peabody public housing complex, citing rodent infestations, mold, and structural problems. The case ended in a 2019 consent judgment, and the company later spent more than $300,000 on remediation before the state dropped the suit in 2019.

In San Francisco, tenants at the Plaza East development — also owned by MBS — have sued the company at least twice, first in 2021 and again in 2023, over habitability complaints including mold, pest infestations, and slow emergency repairs following flood damage. A San Francisco Public Press investigation found at least five lawsuits filed against the company since 2011 alleging habitability failures, and city inspection records showing dozens of open code violations at the property.

In Louisville, Kentucky, MBS was selected to lead the Beecher Terrace redevelopment in 2018, the same week Missouri's attorney general filed the Clinton-Peabody suit against its sister company — a coincidence of timing that drew scrutiny from local reporters at the time but did not affect the Louisville deal.

Company statement: the pandemic “worsened” costs and vacancies, and “the result was deferred maintenance, increased vacancies and even worse financial results.”

In a statement responding to reporting on the Heritage Park crisis, MBS said the COVID-19 pandemic drove up operating costs and vacancies faster than rental income and operating subsidies could keep pace, and that the company had invested more than $10 million of its own money into the property before stepping back. The company also said public officials and partner organizations had not provided enough support to sustain the site — a characterization at odds with MPHA's own ledger showing more than $7 million in discretionary MPHA assistance layered on top of required subsidy since 2022.

What's next

Certus Financial, the court-appointed receiver, is now leading development of a long-term stabilization plan for Heritage Park, with MPHA continuing to fund operating deficits on an interim basis. MPHA says it remains committed to avoiding foreclosure and displacement of current families while that plan is developed. Insight News has requested comment from Minneapolis NAACP President Cynthia Wilson and NAACP Vice President Thomas Berry, and will continue reporting as the receivership process moves forward.

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City to evacuate nearly 700 people from troubled north Minneapolis housing development (Star Tribune)

By Deena Winter
July 16, 2026

Minneapolis officials say they will evacuate people from a dilapidated north Minneapolis housing development where 685 people now live in moldy, rat-infested, trashed apartments and townhomes.

The Minneapolis City Council voted 12-0 Thursday to approve $2.5 million in emergency funds to help the residents of Heritage Park move and make crucial repairs during the process.

It's not clear yet how or when that will be done, especially as Minneapolis is suffering through a heatwave and wildfire smoke.

"Moving 686 people all at once seems like a really huge feat, and I imagine there's gonna be a lot of steps to that," City Council Member Aurin Chowdhury said during the council meeting.

Minneapolis Emergency Management Director Rachel Sayre is coordinating with the county, Red Cross and other agencies to relocate residents.

"This is very large scale," she told the council. "It is beyond the capacity of any one agency to do."

Erik Hansen, director of Community Planning & Economic Development (CPED) for Minneapolis, said Tuesday that people were being moved into other units while repairs were being made to their units, but then mold was found in walls and water was infiltrating windows, so now it's becoming increasingly clear people may have to be moved out altogether.

He said it would take tens of millions of dollars and years to repair the buildings, and it may be cheaper to rebuild them.

Heritage Park was built 25 years ago after a landmark civil rights lawsuit over the city perpetuating racial and income segregation and allowing people to live in substandard conditions. A judge ordered the city to demolish hundreds of public housing high-rises on the North Side and replace them with lower-density, mixed-income housing.

The Minneapolis Public Housing Authority owns the land on which Heritage Park sits, but private developer McCormack Baron Salazar built and owned the housing until December, when a court-appointed receiver, Certus Financial, took over the property.

Heritage Park was heralded as a new model of affordable housing intended to lift people out of poverty, with 440 low-rise apartments and rental townhomes along meandering, tree-lined streets. But it has fallen into disrepair and is about half empty, with remaining residents often unable to find a way out.

North Minneapolis renters stuck in squalid homes once heralded as the future of public housing

“We built a continuance of that same exact condition and it’s really, really hard to wrap my head around,” Council Member Jamison Whiting said Tuesday during a committee meeting on the emergency funding request.

How Heritage Park fell into disrepair

A big reason the buildings fell into such squalor is that Heritage Park didn’t have a rental license from 2019 to mid-2025, so city inspectors weren’t doing independent inspections to enforce housing codes. Inspections that arose from complaints were forwarded to the Minneapolis Public Housing Authority and McCormack Baron Salazar, said Enrique Velázquez, director of Minneapolis Regulatory Services.

The city didn’t hold McCormack Baron Salazar responsible for maintaining a rental license because it mistakenly thought the project was owned by the MPHA, which is exempt from city licensing and does its own inspections. So if housing violations were reported to the city, they were forwarded to the MPHA, Velázquez said, and the MPHA was responsible for doing their own inspections and remedying problems.

But then a public housing resident forced the law to change last year and the city began proactively inspecting the property, looking at occupied units in every building in October. Since then, 974 violations have been found in units, with 111 corrected so far, Hansen said.

Hansen said one of the challenges was getting information out of the owner about property conditions. While city inspectors were able to start inspecting the units, they weren’t given information to make a “cogent assessment,” he said.

The city has learned more in the past six months by working with the receiver, Certus, than it knew in the previous six years, Hansen said.

Housing ‘riddled with rats’

City Council members were blistering in their rebuke of city officials, the previous development owner and the housing authority during this week’s meetings.

Council Member Robin Wonsley said the city and MPHA both committed a “massive fumbling” in their oversight. Chowdhury said she couldn’t fully express how angry she was about people living in “deplorable and undignified conditions.”

Since Council Member Pearll Warren, who represents the ward where the housing is located, took office in January, she has been on a war path trying to get help for Heritage Park residents.

She held a community meeting Monday night and heard stories from residents with health problems living alone in eight-unit buildings and in moldy homes “riddled with rats” that are “coming out of stoves.” One pregnant woman who is due next week is living on the third floor of an eight-plex where she’s the only person in the building, Warren said.

Warren said she could “taste mold” when she walked into some buildings, and smelled “rot” that smelled like “decaying flesh” outside of units.

“I want some justice for the constituents of my ward, and I want them treated with dignity and respect,” she said.

She said she's inspected the units herself because she doesn't trust the MPHA or city regulators, and she has walked through buildings with drooping ceilings, no heat or air conditioning and doors that wouldn't close. She suggested people be moved into hotels if necessary.

"I suggest someone clean it up quick or you're gonna be sick and tired of me," she said.

Public housing authority criticized
Wonsley said she felt city officials were "kicking the can down to MPHA," while Warren accused the MPHA CEO of ducking responsibility.

Chowdhury said it was "deeply concerning" that MPHA had no representative attend the Tuesday committee meeting.

"We did ask; they declined to come," Hansen said Tuesday. "I do not have the reason."

An MPHA spokesman said the agency didn't decline the invitation but strongly recommended Certus Financial be invited to answer questions instead, since MPHA doesn't own, operate or control Heritage Park housing. But MPHA didn't receive a response, he said.

The spokesman said when the housing agency received citations or orders requesting an issue be addressed at Heritage Park, MPHA would document the receipt and forward documentation to the property owner and follow up to ensure they were resolved.

Late last month, Minneapolis NAACP Vice President Thomas Berry called on MPHA CEO Abdi Warsame to be fired and called for a "full and immediate inspection of all public housing units in Minneapolis."

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