

MEMORANDUM

To: Council Member Chowdhury, Chair, Committee of the Whole
Council Members

From: Enrique Velázquez, Director, Regulatory Services

Copy: Margaret Anderson Kelliher, COO
Kristyn Anderson, City Attorney
Casey Joe Carl, City Clerk
Brette Hjelle, Deputy COO – Development, Health, and Livability
April Bogard, Director, Inspections Services
Josie Shardlow, Director, Operations and Engagement
Erik Hansen, Director, Community Planning and Economic Development
Elfric Porte, Director, Housing Policy and Development
Libby Murphy, Senior Policy Aide, Office of the Mayor

Subject: LIMS file ([2026-00674](#))([2026-00870](#)) Contract and Affordable Housing Trust Funding for
Heritage Park

This memo addresses issues about the referenced item that were raised at the committee's July 14, 2026 meeting of the Committee of the Whole. Council Members asked the following questions. To ensure that the answer to these questions is appropriately shared with all Council Members, please follow the attached instructions and template for your response. After the response is issued, Clerks will add the response memo to the appropriate LIMS file ([2026-00674](#))([2026-00870](#)):

1. Is there a legal precedent for housing inspections in the City of Minneapolis following the lawsuit and settlement in 2021/2022? Is this complaint-based or is it a proactive, on-going investigation?

The answer to this requires privileged legal advice. Council Members are advised to consult with the City Attorney's Office.

2. How many total complaints were received regarding Heritage Park leading up to the lawsuit/settlement in 2021?

Between December 2017 through 2021, the City received 24 housing and maintenance code complaints. City staff have very limited access to data prior to December 2017, due to a data system migration that took place.

We do not have information about how many complaints were made to the property owner, Minneapolis Public Housing Authority (MPHA) or the U.S. Department of Housing and Urban Development (HUD).

3. Why can't contingency funding be used in this circumstance?

Per Deputy CFO Jayne Discenza:

Finance does not recommend using the General Fund contingency for this purpose. This recommendation is based on the City's current fiscal condition and prudent financial management practices, not on the merits of the proposed project. The contingency account is intended to preserve the City's ability to respond to unforeseen emergencies, operational risks, revenue volatility, and other unanticipated expenditures that arise after the budget is adopted. Additionally, the contingency provides

a buffer between normal volatility in departmental spending and the City's policy requirement to maintain a 17% unrestricted General Fund balance.

As presented during the 2027–28 Current Service Level review, the City is projecting a General Fund structural gap of approximately \$28 to \$33 million, driven by expenditure growth outpacing revenue growth. Given those fiscal conditions, Finance views the contingency as one of the City's primary financial safeguards. Using those funds for a planned discretionary initiative would reduce the City's financial flexibility at a time when the City is entering the next budget cycle facing significant structural budget pressures.

Our professional recommendation is to preserve the contingency for unforeseen operational needs and emergencies and instead consider funding through existing appropriations or other available funding sources whose purpose is more closely aligned with the proposed initiative. Evaluating the request through the annual budget process - or restoring an impacted fund through this process - also allows it to be considered alongside other competing priorities within the context of the City's overall fiscal outlook.

Additionally, it is important to recognize that the contingency fund is no longer simply a reserve for unknown events. Given current year expenditure trends, particularly forecasted overspending in some departments, a meaningful portion of the contingency is already serving as the City's primary financial cushion against known operational risks. While the final year-end impacts remain uncertain, reducing the contingency further would diminish the City's ability to absorb additional public safety spending pressures or other unforeseen costs without requiring offsetting reductions elsewhere in the budget or drawing more heavily on the City's unrestricted General Fund balance at year end.

For more information on the City's fiscal health, please review the [2025 Fourth Quarter Financial Status](#) report and presentation.

4. What is the exact number of Section 8 voucher residents at Heritage Park?

Per Housing Policy & Development Director Elfric Porte:

As of July 15, 2026, MPHA was reporting that 36 vouchers are in use at Heritage Park.

5. How many complaints were received in 2025 regarding Heritage Park?

Regulatory Services received 41 complaints through 311 in 2025. 25 of these resulted in Inspections cases.

311 complaint data do not fully capture the breadth of challenges, engagement and support for residents in the late fall of 2025. Regulatory Services:

- Began property-wide inspections on Nov. 3, 2025, inspecting every occupied unit where we received renter consent to enter. Typically, we inspect a percentage of units when first licensing a property. Given the urgency and range of issues, it was imperative to exceed our standard procedure and connect with every renter who felt comfortable welcoming us into their homes.
- Issued Orders to Correct in 61 buildings as a result of these planned inspections.
- Embedded the Housing Liaisons in small teams of Inspectors to provide an extra level of one-on-one support, answer questions and help provide a sense of stability.
- Held a community meeting with residents, MBS, and USI on November 5, 2025.
- Was in the process of filing about 12 Tenant Remedies Action (TRA) in the fall of 2025. TRAs allow us to get a court appointed administrator to perform required work to resolve the violations. We held off

on filing the TRAs due to guidance from Community Planning and Economic Development (CPED) on the impending receivership.

Since Regulatory Services began thorough and planned inspections in the fall of 2025, 311 service requests started decreasing. So far in 2026, we have received 3 complaints—an indicator that City-initiated inspections and the property receiver’s high level of responsiveness have helped lessen the reporting burden on Heritage Park residents.

6. What is the administration's response to the NAACP letter?

Per Deputy City Operations Officer Hjelle, the administration has not yet received a letter from the NAACP.