



HousingMinnesota Capitol Update

Vol. 1 Iss. 6 April 10, 2006

Distributed weekly during the legislative session and periodically outside of session, the Capitol Update provides information about bill introductions, committee hearings, policy analysis and political chatter. Contact us with items to include in future issues.

Capitol Notes

House Bonding Bill Comes Up Short on Housing

The permanent supportive housing and transitional housing proposals were allocated \$4 million each in the House bonding bill. An additional \$7 million was set aside for the supportive housing program for veterans in Hastings. The Lutheran Social Services project was not even listed in the House spreadsheets. We were quite disappointed in the allocations as they are far below the Governor's and Senate recommendations. One positive note is that the Hastings proposal is listed under the Veterans Home Board allowing advocates to argue that these funds should not compete in the 'homeless' pot of money, which stands at \$20 million – the Senate's number.

Once again, it is clearly evident that supportive housing has a difficult time finding support among legislators and does not rank high enough on anyone's bonding wish list to warrant full funding. The push for transitional housing funds was an attempt to 'increase' the homeless housing pot but the net result was a splitting of the pot, limiting conference committee negotiations.

Housing Solutions Act – Dedicated Funding for Housing

This proposal, which has had a couple of favorable hearings in the House and Senate would increase funding for a variety of programs by approximately \$69 million a year. It increases the deed tax from .33% to .50% and dedicates funds to the Housing Trust Fund, the Challenge Program and a new incentive program for affordable housing development that will assist local units of government in meeting local housing goals. This last program is known as the HALO account – Housing Account for Leveraged Opportunity.

The bill was laid over in the House Jobs committee, but remains in play in the Senate where legislators may include it in the omnibus tax bill. Members of the Minnesota Association of Realtors testified against the proposal. A website for the Housing Solutions Act should be up and running in the next couple of weeks. We will be sure to post it as soon as it is ready to go.

Budget Targets – Hard to Track Down

The Senate and House are working on their supplemental budgets for this session, which will allocate funds or provide tax breaks for various programs. Generally speaking, there is roughly \$400 million available for spending or tax reductions but, it has been difficult this week trying to figure out what various committees will or have been given as 'targets'. There are still internal debates going on amongst various budget committees. There is push and pull between the tax and budget committees as well as how much money is one time money or a 'structural' surplus. A clearer picture *should* appear by the end of the Easter break. It needs to be noted again that much of this 'surplus' could disappear with an unfavorable court decision on the health impact fee.

Manufactured Housing Update

There were a number of legislative proposals considered for this session aimed at putting in statute a variety of approaches aimed at preserving the 50,000 units of affordable housing that are located in manufactured home parks across the state. It was determined that this was not the year to put forth a comprehensive package. This led to the introduction of the 'park closing notification bill' aimed at better monitoring the closure of parks and allowing an exemption for resident/owners who are working on establishing co-ops or other common interest entities.

S.F. 2887 (Dibble) / H.F. 3449 (Clark) bills are progressing through the legislative process and require that closing notices are sent to the Department of Health and to Minnesota Housing (formerly MHFA). In the Senate it was added to the Judiciary omnibus bill and in the House is on the consent calendar on the floor. The House version dropped that section on 'common interest' communities at the behest of Minnesota State Bar. Advocates are working with Senate supporters to hold an overview hearing after the legislative deadlines as a preview for next year's session and efforts.

Tracking Bills

Things get a little dicey from here on in for tracking bills and funding proposals. Please let us know if there is something you want us to find or track down for you. We will scrutinize the various budget bills & hope we pick things up. We ask other Capitol watchers to forward info for us that you would like to be included.

Committee Action

House

Ways and Means

S.F. 2750 / H.F. 2846 (Johnson, J) - *This bill was heard, amended, passed and sent to the floor.* Eminent domain

H.F. 3449 (Clark) / S.F. 2887 (Dibble) – *This bill was recommended to pass and placed on the Consent Calendar in the House and recommended to pass by the Judiciary Committee in the Senate.* Park closure notice bill

Jobs and Economic Opportunity Policy and Finance

H.F. 3468 (Sailer) – *pulled from agenda.* Native American housing program

H.F. 3465 (Thissen) – *Laid over for possible inclusion in division omnibus bill.* Low-income heating assistance funding provided and money appropriated.

H.F. 4062 (Gunther) – Omnibus committee bill was released. There does not appear to be any housing related appropriations contained in bill.

Capitol Investment

H.F. 2959 (Dorman) *Bill was heard, passed and referred to Ways & Means.* The capitol improvements bill was released, reviewed in committee and with little discussion forwarded to Ways & Means. The House overall allocations total was higher than expected at \$950 million.

Senate

Taxes

S.F. 3578 (Moua) – *Bill was heard, placed on the ‘A’ list & laid over for possible inclusion in the Senate Tax bill.* Housing Minnesota proposal to modify 4d (Low Income Rental Class Rate)

S.F. 3516 (Cohen) – *Bill was heard, placed on the ‘C’ list & laid over for possible inclusion in the Senate Tax Bill.* Housing Solutions Act – see above.

S.F. 3723 (Moua) - *Bill was heard, placed on ‘B’ list and laid over for possible inclusion in Senate Tax Bill.* The bill would extend the sales tax exemption on construction materials for low-income housing to limited partnerships that have a non-profit as a general partner.

Health and Human Services Budget Division

S.F. 3085 (Berglin) – *Bill was laid over for possible inclusion in division omnibus bill.* It would establish a pilot project for homeless individuals.

Committee Hearings 4-10-06

The Senate and House are preparing their supplemental budgets for the session and this week a number of committees will be releasing and passing their ‘omnibus’ bills. We’ve listed a number of committees that might include housing related appropriations.

House

Monday, April 10

Jobs and Economic Opportunity Policy and Finance

10:00 AM, Room 10 State Office Building

Public testimony on the committee omnibus bill

Monday, April 10

Health Policy and Finance

10:00 AM, Basement State Office Building

H.F. 3697 (Bradley) Health and human services supplemental appropriations

Monday, April 10

Ways and Means

12:30 PM, Room 200 State Office Building

H.F. 2959 (Dorman) Omnibus bonding bill providing capital improvements funding

Tuesday, April 11

Jobs and Economic Opportunity Policy and Finance

8:15 AM, Room 10 State Office Building

H.F. 4062 - Committee omnibus bill

Tuesday, April 11

Health Policy and Finance

10:15 AM, Room 10 State Office Building

H.F. 3697 (Bradley) Health and human services supplemental appropriations

If the committee does not conclude its business for the day, it will reconvene in Room 5 at 4 PM or at the call of the chair.

For more up to date committee schedules for the House, go to <http://www.house.leg.state.mn.us/comm/commemlist.asp>

Senate

Monday, April 10

Environment, Agriculture and Economic Development Budget Division

Immediately after session, Room 107 Capitol

Division's supplemental appropriations bill.

Monday, April 10

Health and Human Services Budget Division

Time to be announced, Room 123 Capitol

Health and human services omnibus bill.

Monday, April 10

Tax Committee

Immediately following session, Room 15 Capitol

Agenda: Discussion of omnibus tax bill articles.

Monday, April 10

Tax Committee

Immediately following session, Room 15 Capitol

Discussion of omnibus tax bill articles.

For more up to date committee schedules for the Senate, go to: <http://www.senate.leg.state.mn.us/committees/index.htm#header>.

Floor Action

H.F. 2846 (Johnson, J) Eminent Domain was passed in the House by a 110 – 30 vote after a long debate. A number of specific ‘project exemptions’ were offered but defeated; this led many legislators to comment that we will be tweaking this bill every year.

Bill Introductions

H.F. 4086 (Dorman) / S.F. 3723 (Moua)- Extending a sales tax exemption on construction materials for low-income housing to limited partnerships.

S.F. 3745 (Pogemiller) - Authorizing Minneapolis to establish a homeless assistance tax increment district.

Bits & Bytes

Comments Overheard Regarding Housing Proposals in the House Bonding Bill

“The House is providing more housing for gorillas and polar bears than the homeless.”

“Face it- the homeless really don’t have a constituency here. I didn’t see any of the supporters offering up money from their pet projects for supportive housing.”

“If it wasn’t for the Governor, this (supportive housing) wouldn’t even be on our radar screen.”

Senate Tax Committee Rankings

The Senate has a rather interesting approach to compiling a tax bill – the **A-B-C** lists. Basically, the committee with strong directions from the Chair places various tax proposals on the three mentioned lists. The **A** list means it will be included in the Senate Omnibus tax bill. A **B** ranking means the proposal needs some work either on technical matters or a better understanding of the fiscal implications but most likely will be included. A **C** list placement means the proposal has a number of problems either: financial, technical or more importantly political and requires a concerted effort to get it included in the bill. Election year politics will play a part in these final negotiations – what taxes do we want to raise – which ones will the other body or Governor oppose or veto – should we float this concept this year in preparation for next and lastly how much do these cost or raise.

For more information on affordable housing, the content of this document or if you have information to include in future issues, contact Joanna Dornfeld at (651) 649-1710 ext. 108, email jdornfeld@mhponline.org or see HousingMinnesota's website at www.housingminnesota.org.