



HousingMinnesota Capitol Update

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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

We are still trying to sort through the end of session maze so we may be missing a few items. We are also long on words this time as we attempt to give you a bit more insight into the final goings on. If there is something we missed – send it to us. If you want us to track something down forward that as well. We say it every year but once again the twists, turns and finish were something else.

Bonding Bill Contains \$19.5 Million for Housing

The state's nearly \$1 Billion Capital Investment Bill contained \$19.5 million for housing. \$17.5 million will be available for permanent supportive housing and \$2 million will be set aside for 18 months for transitional housing programs at which time if not committed will become available for permanent supportive housing. Additionally, the Hastings Veterans Home supportive housing project received \$700,000 for planning and design and there was no earmarking for specific projects. Overall, the \$19.5 million was less than the \$25 million the Governor requested for permanent supportive housing and less than the \$33 million for permanent supportive housing and \$10 million for transitional housing advocates sought, but the \$19.5 million allocation is a significant victory for housing advocates. This is more resources for housing than have ever been allocated in a bonding bill. The last high point was \$16.5 million for a Veterans project and \$12 million for permanent supportive housing last year. Otherwise housing programs have historically received a couple million dollars in bonding proposals. Thank you for all or your tireless work during the session to communicate with legislators the tremendous need for additional resources for housing programs. Together we have made significant progress informing legislators about the crucial role housing plays in our communities and are ready to continue the dialogue during next year's session.

Inside the Bonding Bill

Early in session, it became clear to HousingMinnesota that it was critical to get the Administration and in particular, the Governor's office, engaged in the supportive housing issue. Legislators in both houses and on both sides of the aisles indicated that there was a need for a stepped up effort by the Governor. It was also clear that a strong House advocate was needed from the Republican ranks to push the issue within the caucus and on the Capital Investment committee. We identified Representative Neil Peterson from Bloomington as our inside guy and he worked closely with us pushing the supportive housing request. MHFA continued to push the proposal with vigor throughout the session as well.

The engagement strategy was effective in that Rep. Peterson pushed within the caucus and with House bonding committee members for higher numbers. The Finance Commissioner opened the bonding conference committee stating the Administration had four must have items including permanent supportive housing. As negotiations continued only two items remained on that list the Minnesota Zoo and housing. The final negotiating session in the Governor's office at

one point had supportive housing receiving \$22 million but that number dropped to \$19.5 million.

Tax Bill – Nothing for Housing and No Property Tax Relief Either

HousingMinnesota had two tax related items in play at the end of session – Low Income Rental Classification (4d) modifications and extending the construction materials sales tax exemption to nonprofit limited partnerships. The LIRC legislation was the last item on the table when the tax bill was wrapped up on Saturday morning and it would have been added in the wee hours of Sunday morning if the tax bill was *opened up* as a vehicle to fix other legislative initiatives. There was always doubt about whether there would be a tax bill from the beginning of session and it was less clear what would be focus of bill as the House and Senate had differing views on tax policy. It was thought at one point that there might be a focus on property tax relief, which would have favored inclusion of the proposed LIRC modification. The final bill focused primarily on income tax conformity and adjustments like the marriage penalty. There were few if any items dealing with sales or property taxes included in the final bill.

Session Tax Efforts Build Support for Next Year

HousingMinnesota's affordable housing tax initiatives have increased awareness and support for housing proposals among legislators. This year for instance, the LIRC legislation had broad bi-partisan support from around the state and was included in both the Senate and House tax bills – the House bill did not pass out of committee. It was one of the few non-income tax related items still in consideration at end of session. The construction materials sales tax exemption and charitable tax credit were well received in both bodies and the House efforts were supported by a broad cross section of legislators.

Housing advocates have stepped up their engagement on tax issues in the last two years and has raised the awareness about housing issues among some legislators. More legislators are seeking us out to address their specific issue or to sign on to HousingMinnesota efforts. Even the Deed Tax, which caused quite a stir and became the ire of the Realtors Association, helped to advance the issue of funding affordable housing to the forefront.

HousingMinnesota has strategically decided that to move a progressive housing agenda forward, it must engage legislators on tax policy as well as in the appropriations arena. Once again, the reinstatement of the Low Income Rental Classification (4d) was an incredibly significant policy change and opened the door again this year for further discussion. Your engagement and advocacy have been critical to building this support and future efforts will benefit from it.

Budget Bills-Stymied by Politics

Political maneuvering in both the House and Senate left a slew of supplemental appropriations bills stripped down, chopped up or just plain dead. During the first year of the legislative biennium, the Legislature is required to pass its budget bills; during the second year, it typically tweaks the budget by passing omnibus supplemental appropriations bills that cover budget shortfalls and other emergencies and often include numerous policy provisions as well. The normal procedure is for the House and Senate committees to draft their own individual bills and then iron out the differences in conference committees. This year the Senate decided to roll all of its spending into one large "garbage bill", an impossibility for the House which is forbidden by its own rules from doing so. The question of why the House didn't pass all of its omnibus bills remains a question, but some believe it was a conscious decision on the part of the majority. When bills were getting bogged down with amendments the House leadership didn't want, it became a strategy of passing only the bare bone necessities. In the end the House acquiesced to one bill, and sent one bill to conference, but the forms of those two bills were as different as day and night.

Session Housing Efforts – Minimal

The primary focus of this session was the bonding bill and though the state did have a small budget surplus, there were not great expectations for significant housing policy or funding efforts. We could only track down a couple of additional items at this time that made it into law.

Manufactured Housing Park Closure Notification Bill – The bill was enacted a few weeks ago. It changes some of the reporting requirements for park closures including informing the MHFA and Department of Health. It also provided an exemption from the requirements for *efforts to form common interest communities i.e. coop*. These changes will allow park residents and advocates to know when park owners are contemplating selling.

Homeless and Runaway Youth Act – Policy language passed without the \$1.2 million funding request attached. The policy language provides the framework for the state to provide services to youth experiencing homelessness that have been lost since 2003. The proposal also includes a study conducted by the Department of Human Services to assist in the development of this initiative.

Brooklyn Park Housing TIF Districts – The tax bill contains language that would allow the city of Brooklyn Park to establish up to six housing TIF districts

Minneapolis Homeless TIF District – This authorizes the city to establish a TIF district to assist in development of homeless facilities in the downtown area where there are currently some shelters.

Housing Collaboration -- \$25,000 grant to St. Louis Park for the Meadowbrook Collaboration housing project to enhance youth outreach services with educational and recreational services for at-risk youth.

Mental Health Pilot Program for Unsheltered Individuals -- One ten bed facilities will be established in both Ramsey and Hennepin counties to provide on-site mental health services in support of individuals who have been homeless for at least one year.

Please forward to us any other items that you think we should pass along to our readers.

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.