



# MHP Capitol Update

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## Capitol Notes

### **Housing Does Well in Governor's Budget**

Housing programs will receive a big boost in funding under the budget presented last week to the legislature by Governor Pawlenty. The Administration has proposed about a \$44 million increase in appropriations for a variety of housing related programs; \$19 million was added to the budget base, which tends to set the floor for the following biennial budget, and \$25 million would be one-time money. The base budget increase, if approved, would provide Minnesota Housing (MHFA) with its largest general fund allocation in over a decade at \$89.9 million. In addition, Governor Pawlenty's base budget is \$11 million more than the \$78.9 million budgeted by the 2005 session.

Housing advocates and legislative supporters have reacted very favorably to this overall package. It is expected that there will be an effort to enhance the package as it moves through the legislative process with an attempt to add more dollars to the agency's base budget.

### **Homeless Programs Receive Significant Increase in Funds**

In the proposed budget, the State's Long-term Homeless Prevention Plan received a substantial increase in permanent funding with additional dollars being allocated to the Housing Trust Fund and the Department of Human Services supportive housing services program. The Family Homelessness Prevention and Assistance program will have its funding doubled and there will be a slight increase in funding for transitional housing if the legislature accepts the Governor's budget. In addition, the Bridges program, which provides funding for housing for the mentally ill, could receive a permanent \$2 million budget boost.

### **Housing Production Dollars Come Up Short**

Only a third of the proposed budget increase is directed toward increasing housing production. A one-time allocation of \$15 million for the Challenge program, though a significant increase at 69%, will not provide the level of investment needed to meet the 30,000 new units of affordable housing need by 2010. MHP and housing proponents will work diligently to increase funding in this area without sacrificing support for other programs.

MHP established a funding goal of \$100 million for this biennial budget and will continue to promote additional investment as critical to meeting state housing objectives. Advocates are viewing the administration's budget proposal as a floor. With your continued participation we can push the ceiling higher.

### **Other Housing Items**

- *MFIP Housing Penalty*: Repeal of the \$50 assessment was not included in budget, but separate bills to repeal it have been introduced in both the House and Senate.
- *Public Housing*: Minnesota Housing requested \$2.5 million to assist public housing agencies with capital needs. Public housing agencies statewide they have a significant backlog of capital related improvements needed on their properties.
- *Mortgage Foreclosure*: Additional monies are proposed for the HECAT program for prevention and counseling services. The Commerce Department received additional funding for increased enforcement and consumer assistance.
- *Rehab Home Loans*: This program received an increase of \$4.6 million.

### **Budget Gets Mixed Reviews Otherwise**

While housing proponents are very pleased with the allocations proposed by the Pawlenty Administration, numerous interest groups and legislators express concerns about the budget and its priorities. Property tax relief and education have more priority in the budget than housing. Additionally, the push for increased funding for transportation and the environment through tax increases may take priority, too, as supporters indicated that these issues were not addressed adequately by the administration.

All of these items will impact the bottom line for housing at the end of session.

### **Committee Action**

Committee hearings were dominated by budget and policy overviews and presentation of the governor's budget. Tax committees focused on providing new legislators with background on how the state's property tax program works.

### **Committee Hearings**

*Please note committee meetings and schedules can change almost daily. Use the website below to sign up for daily schedules or contact a specific committee to get on their email notice list.*

#### **House**

##### **Housing Policy and Finance**

Tuesday, January 30<sup>th</sup>, Room 5, 10am

Coalition for the Homeless—Michael Dahl

MN Housing Partnership—Chip Halbach

##### **Housing Policy and Finance**

Wednesday, January 31<sup>st</sup>, Room 5, 10am

CCHT—Alan Arthur

For up-to-date information about House hearings and more, go to <http://www.house.leg.state.mn.us/comm/commemlist.asp>

## Senate

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

## Bill Introductions

### House

**H.F. 301 (Davnie) / S.F. 308 (Higgins)** – blighted property acquisition and rehabilitation

### Senate

**S.F. 225 (Pappas)** – requires financial institutions to provide counseling and disclosures for high cost home loans

## Bits and Bytes

### Chess Moves – Planning the Next Steps

Though still early in the session, a look into the future indicates housing advocates will have their work cut out for them this year. Aside from new committees, new members, and an unclear process, the movement of bills poses some interesting challenges. Early efforts to map out the flow of housing policy and funding bill(s) through the committee process illustrates that there is very little overlap of Housing Committee members serving on other vital decision making appropriation and tax committees. In the Senate, there is only one Housing Committee member sitting on the Economic Development Budget Division and Finance Committee and overlap of only one member from the Housing Committee on the Tax Committee.

The House Finance Committee has only 4 Housing Committee members out of a possible 41 and in Taxes there are 5 Housing Committee members of a possible 29.

Thankfully, there are a number of strong supporters on these committees, but successful efforts will require a lot of work and organizing to ensure success. *Please keep MHP informed of your legislative contacts and email Leigh Rosenberg with information at [lrosenberg@mhponline.org](mailto:lrosenberg@mhponline.org).*

### A New Perspective on Funding For Housing

Here is a factoid you can tell officials, particularly legislators, when talking about funding for housing. The state's entire budget is \$34 billion, of which **only \$80 million of general fund revenues are used to provide affordable housing**. The majority of the Minnesota Housing's budget comes from federal funds, bond activity, and earned income. Minnesota Housing even funds its own administrative and operational

functions from these other funding sources. Asking the legislature to even double the funding for housing is not too much to ask.

### **Help Us Reach More People**

MHP can be more effective if we are able to connect with more people. Please forward the **Update** to friends, family, co-workers, and colleagues that you think might be interested and help us achieve homes for all Minnesotans!

Distributed weekly during the legislative session and periodically outside of session, the **MHP Capitol Update** provides information about bill introductions, committee hearings, policy analysis, and political chatter in St. Paul. **MHP Capitol Update** is published by Minnesota Housing Partnership, and content is provided by MHP's lobbying team, Cindy Jepson and Julian Loscalzo. To share ideas for future issues, to ask questions, or to unsubscribe, please contact Barb Jacobs at [bjacobs@mhponline.org](mailto:bjacobs@mhponline.org) or 651-649-1710 ext. 117.

Minnesota Housing Partnership's mission is to promote homes for all Minnesotans and to assist Minnesota communities in the creation and preservation of housing affordable to low- and moderate-income people.