



MHP Capitol Update

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STATE UPDATE

- [Economic Development Conferees Appointed](#)
- [Revenue Raisers, aka Taxes, Underpin Housing Plans](#)
- [Renters' Credit Safe... for Now](#)
- [Bits & Bytes](#)
- [Heard Under the Marble Dome](#)

FEDERAL UPDATE

*In addition to **MHP Capitol Update**, MHP also publishes **The MHP Bulletin**, a newsletter that follows housing trends that affect Minnesota. Click [here](#) to sign up for The Bulletin.*

STATE UPDATE

Economic Development Conferees Appointed

The economic development budget bills (S.F. 2081/H.F. 1169), which include the budget for the Minnesota Housing Finance Agency, have passed out of both the House and Senate and head to conference. The conference committee was appointed over the weekend and meets this week. Both chambers are slated to have passed the final bill by May 7th, which doesn't leave much time for advocates to make their voices heard by conferees.

To summarize the difference between the House and Senate versions, the House version provides \$90.4 million to Minnesota Housing, which is about \$5 million higher than the budget recommended by the Governor/Agency. The Senate version allocates only \$85.1 million for Minnesota Housing, which is about \$300,000 below the Governor's recommendation. With respect to the Challenge Fund, the House again has a stronger position for affordable housing, with \$19 million for Challenge (including Urban and Tribal Indian Programs); the Senate budgets only \$13.5 million. Advocates are [supporting the House position](#) on the housing portions of the Economic Development bill. For more detail, check out MHP's [side-by-side comparison](#) of the House, Senate, and Governor's budgets.

To contact conferees (below), either call numbers below or [email via an MHP Action Alert](#):

- Sen. David J. Tomassoni (Dist. 5) - 651-296-8017
- Sen. Amy T. Koch (19) – 651-296-5981
- Sen. Daniel Sparks (27) – 651-296-9248
- Sen. Kenneth S. Kelash (63) - 651-297-8061
- Rep. Tom Rukavina (5A) - 651-296-0170
- Rep. Mary Murphy (6B) - 651-296-2676

Rep. Bob Gunther (24A) - 651-296-3240
Rep. Karen Clark (61A) - 651-296-0294
Rep. Tim Mahoney (67A) - 651-296-4277

Revenue Raisers, aka Taxes, Underpin Housing Plans

There's an elephant in the room for housing, and that is revenues. Balancing the budget in both the House and Senate proposals involves raising revenues to the tune of \$2.6 billion in the Senate and \$1.5 billion in the House. If Governor Pawlenty gets his way and vetoes bills that raise taxes, spending will have to be cut. Without new taxes, housing dollars are not likely to be spared.

By law, the Governor must propose, and the legislature must enact, a budget that is balanced through the next two biennia. The three proposals differ with respect to how well they accomplish this. The Senate plan, in conjunction with spending cuts and use of one-time resources, raises revenue to balance the budget for the next four years. The House plan falls about \$1 billion short for FY 2012-13. Based on analysis by the [Minnesota Budget Project](#), it's not clear whether or not the Governor's budget balances in the second biennium. The Governor also relies more heavily on one-time resources and spending cuts.

On May 11th the [Invest in Minnesota campaign](#) is hosting a [major event at the Capitol](#) to remind legislators of the importance of raising revenues fairly to fund our state's priorities. Legislators need to hear that their constituents want fair taxes to be part of the solution. Join the event on May 11th, 12:00-1:00 PM at the State Capitol Rotunda. There will be additional action steps to get the message to our legislators from 1-2:00 PM.

Renters' Credit Safe... For Now

Advocates celebrated a major victory Saturday when the House passed its version of the tax bill without any cuts to the renters' credit. The credit was also left untouched in the Senate's version passed the day before. The renters' credit provides much needed relief to lower income renters, a majority of whom are elderly and disabled. It has been a popular target for proposed cuts several times in recent years and with the looming budget deficit, it is particularly vulnerable.

It is unlikely cuts to the renters' credit will reappear when the House and Senate versions of the bill are negotiated in conference committee this week and next. However, the final tax bill still has to be passed and signed by the Governor, who has proposed a drastic 27% cut to the credit this year. To safeguard against future threats, advocates are encouraged to thank legislators for opposing cuts to the renters' credit. There will also be a strong push on the tax conferees once they are named.

Bits & Bytes

Bonding for Public Housing

There is no resolution yet on the fate of the \$4 million bonding proposal in the House to help preserve public housing. Conferees continue to meet to reconcile the two versions of the bonding bill. The House bill, which includes the public housing provision, spends \$200 million; the Senate's provides more, namely \$329 million, but not the \$4 million for public housing. The Governor is pressuring the legislature to hold bonding under \$200 million and wants to prioritize initiatives that can leverage federal resources. Contact bonding conferees to support the \$4 million for public housing by [clicking here](#).

Health and Human Services Funding Update

In the House, the omnibus health and human services bill appropriates \$3 million for long term homeless supportive services and \$238,000 in base funding for the Runaway and Homeless Youth Act. The Senate counterpart bill appropriates no state funds for homeless supportive services. Instead, the bill “prioritizes” \$3 million in federal funds for long term homeless supportive services and \$2.5 million for homeless youth. While the Senate’s prioritization of federal funds already coming to Minnesota is welcome, homeless advocates are supporting the House in actually committing state dollars to address needs. However, advocates can thank the Senate for including youth aging out of foster care in Minnesota Care.

Kudos to Senator Bakk

Advocates have been pushing for years to cut the mortgage interest deduction for non-homesteaded second homes in the interest of making this tax more progressive. Part of the reason that Senator Bakk was able to hold the renters’ credit safe this year was by finally cutting this curious and regressive mortgage tax deduction. Thanks Senator Bakk!

Heard Under Marble Dome

“The advocates understand that unless we can increase revenues, there will be more cuts.” --
Legislative staffer working in housing

“Some of the suburban legislators have no understanding of what the rental market is like.” --
Legislative staffer commenting on defense of renters’ credit

FEDERAL UPDATE

(Compiled from material provided by the National Low Income Housing Coalition)

While the President will not release his **2010 budget** details until May 5th, the federal budget for housing is likely to be closer to what advocates have been asking for in recent years. At the April 21st meeting of the National Low Income Housing Coalition, HUD Secretary Shaun Donovan revealed several themes that will appear in the housing component of the Obama budget. First, Section 8, including all voucher and project based programs, will be fully funded for twelve months. Public housing fares well, too. In contrast to recent years, the operations of public housing will receive full funding at 100% of need. For the past several years, public housing operations have been funded at less than 90% of the amount the federal government itself calculates is needed to operate public housing. The budget will also include a renewed commitment to enforcement of fair housing laws. Communities will receive support to develop plans for development that are sustainable and that create a “geography of opportunity in housing,” with affordable units located in all types of communities. Finally, The Obama administration will follow through on its commitment to capitalize the new National Housing Trust Fund at \$1 billion.

Votes on budget targets in Congress should take place this week, with the House and Senate expected to reach agreement on a discretionary budget, including housing, about \$10 billion below that of the President. This action would create pressure for Congress to cut some of the President’s housing proposals. The Obama budget includes \$599 billion in spending for non-defense discretionary programs.

On April 21st, President Obama signed the **Serve America Act**, which increases the number of participants in the AmeriCorps program from 75,000 to 250,000. Among the twelve service areas identified in which participants will work is “assist in building, improving, and preserving affordable housing, including energy efficient homes” for disadvantaged individuals. Details of Public Law 111-13 created by the act can be accessed at [Search Results - THOMAS \(Library of Congress\)](#).

Distributed weekly during the Minnesota legislative session and monthly outside of session, the *MHP Capitol Update* provides information about state and national housing policy and politics that affect Minnesota. *MHP Capitol Update* is published by Minnesota Housing Partnership. To share ideas for future issues, to ask questions, or to Unsubscribe, please contact Rick Bernardo at Rick.Bernardo@mhponline.org or 651-925-5549.

Minnesota Housing Partnership also publishes and distributes *The MHP Bulletin* monthly, which includes affordable housing news and trend information, new research, publications, and upcoming events. Please [click here to subscribe](#) *The Bulletin*, or contact Rick Bernardo at (651) 925-5549 or email Rick.Bernardo@mhponline.org.

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.