



# MHP Capitol Update

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*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.*

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## STATE UPDATE

### **Unallotment: Rehab. Loan Program Cut by 6%**

The news for housing was mixed in the wake of Governor Pawlenty's controversial unallotments at the dawn of the 2010 fiscal year. In a recent development, Minnesota Housing (MHFA) staff announced at its July 23 board meeting that it was instructed by the Governor to cut \$512,000 from an appropriated program. This amount represents 1% of the Agency's operating budget over the biennium. By contrast, most state agencies experienced a 2.25% cut to their operating budgets.

Agency staff settled on the Rehabilitation Loan program as the program to receive the unallotment-induced cut. This program has a substantial uncommitted balance that will carry forward to the next biennium. The program will be cut by \$256,000 each year of the biennium. With an annual appropriation to the Rehab. Loan program of about \$4.3 million, this amounts to a cut of about 6%. Unallotment cuts do not carry over to the base budget for 2011–2012.

On the up-side, as readers of the [June MHP Bulletin](#) already know, the governor spared direct cuts to the other Minnesota Housing programs. The Agency and its supporters are to be commended for securing the administration's support of the state's affordable housing programs.

In contrast, the renters' credit and some homeless services did not fare well. The governor's unallotment reduces the average renter's credit by \$129 for 2010, which saves about \$51 million. About 274,000 renter households receive the credit annually.

As for homelessness, according to Heading Home Minnesota, the unallotment moves up the termination of General Assistance Medical Care (GAMC) one-and-a-half months—to March 1, 2010. GAMC is one of the primary health programs available to supportive housing residents. Shelters and supportive housing groups will also lose 5% (\$1.8 million) in group residential housing supplementary services.

### Thanks to You, and Thank Your Legislators

The 2009 Minnesota legislative season is over, and—because of you—we achieved significant legislative outcomes in the face of unprecedented challenges. Thank you!

The 2009 housing legislative outcomes included:

- Minnesota Housing (MHFA) budget funded at \$86.77 million for the next two years
- \$14.8 million for Challenge Fund during 2010–11, with an increase to \$18.8 million during 2012-13
- \$2 million in bonds for public housing rehabilitation
- Much more, including preservation of or an increase in money for homelessness programs

To view a legislative summary, click on [2009 MN Legislative Snapshot](#).

Your advocacy helped lessen the severity of proposed budget cuts. Though funds for the Minnesota Housing budget and the Challenge Program were reduced, your voice pushed legislators on housing committees to fight hard to preserve funding for affordable housing. Please [click here](#), or on the button below, to take a few minutes in sending a thank you to your legislators. You cannot underestimate the value of saying thank you!

act now

### Bits & Bytes

**Meet Senator Franken's Staff:** Minnesota lost valuable time on Capitol Hill during the recount kerfuffle. Let's get to work now that we have another Senator! Senator Al Franken's staff is taking a July tour around the state; the Minnesota Budget Bites Blog provides a meeting schedule [here](#).

**Save the date!** A Gubernatorial Candidate Forum on housing, homelessness, and poverty is set for September 29th (6:30–8:30 P.M.) at the Minneapolis Hilton. The forum is cosponsored by the Minnesota Coalition for the Homeless, Minnesota Housing Partnership, and A Minnesota Without Poverty. For more information visit [www.mnhomelesscoalition.org](http://www.mnhomelesscoalition.org) or contact Liz Kuoppala, MCH Interim Executive Director, at 218.248.5963 or [kuoppala@yahoo.com](mailto:kuoppala@yahoo.com)

## FEDERAL UPDATE

### **Federal Housing Policy: An Overview**

After a number of years when the creative housing ideas flowed from the states to the federal government, the Obama administration, spurred on by the most severe recession in a generation, is ushering in a major reversal in federal housing policy. With strong, experienced staff occupying key positions in the administration, shifting priorities for housing, stimulus funds flowing, and stronger housing appropriations, the federal government is increasingly the action center for housing.

To access a new table of key federal housing issues facing Minnesota, visit MHP's updated [Federal Policy Webpage](http://www.mhponline.org/policy/federal) (at [www.mhponline.org/policy/federal](http://www.mhponline.org/policy/federal)). This page, which will be expanded in the coming weeks, is designed to help stakeholders, communities, developers, advocates, and citizens to track federal housing policy changes and their implications for Minnesota.

MHP has prioritized five housing supply-side programs for tracking and advocacy: *low income housing tax credits, public housing, the Neighborhood Stabilization Program (NSP), weatherization programs, and the national housing trust fund*. Information following other essential programs—like Section 8, preservation, community development block grants, homeless programs, Indian housing, rural development, wage and labor issues, and green/climate issues—will also be captured. Continue to check back as this new webpage evolves.

### **On-the-Hill Happenings**

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

As Congress approaches its August recess, the House is the center of most of the housing action. The House appropriations committee approved \$47 billion in funding for 2010 HUD appropriations, which is slightly above the amount submitted by the president. The president's proposal for HUD was 11 percent above the 2009 funding level, and included substantial spending increases for CDBG, Section 8 and public housing. The full House is expected to complete work on housing appropriations by the August recess, while the Senate has scheduled its appropriations committee vote on July 30.

In other recent House action, the Financial Services committee took testimony on the comprehensive housing preservation bill which would help preserve the assisted housing stock. The preservation bill would preserve government assisted housing at risk due to physical deterioration, conversion to market rate, and failure of owners to renew Section 8 contracts. The bill also includes a provision to create a national preservation catalog of assisted properties.

The committee heard Chair Barney Frank's "TARP for Main Street" bill, which would appropriate \$6.5 billion in Troubled Asset Relief Program (TARP) dividends. This bill includes \$1 billion to capitalize the National Housing Trust Fund, \$1.5 billion for a third Neighborhood Stabilization Program, \$2 billion for homeowner relief, and \$2 billion for rental preservation.

The committee also took votes on amendments to the Section 8 Voucher Reform Act (SEVRA) legislation. Of those that passed, the most controversial would require additional documentation to prove citizenship and would prohibit firearms restrictions in federally assisted housing. The committee expects to complete its work on SEVRA prior to the August recess.

Recesses for Congress start August 3 in the House and August 10 for in Senate and run through Labor Day.

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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](mailto: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](mailto: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.