



MHP Capitol Update

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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.

Editor's Note: This issue of the Capitol Update is condensed, as both the Minnesota Legislature and Congress have been on Spring recess over the past week. Happy Spring!

STATE UPDATE

Deed and Mortgage Capture Bill for Housing to be Heard in House

On April 14, Rep. Clark's Housing Finance and Policy and Public Health Finance Committee in the House is scheduled to hold a tentative hearing on the HousingJobs bill to increase funding for housing by [capturing new growth in mortgage registry and deed tax revenues](#). This bill, [HF 3725/SF 3304](#), authored by Rep. Marquart and Sen. Cohen captures any increases over the sum of deed and mortgage taxes collected in 2011 for housing. If adopted, the bill is expected to create 10,000-15,000 units of additional affordable housing over 10 years, based on existing tax rates. Starting in 2012, the bill will generate an estimated \$373 million over the decade for Minnesota Housing's budget. The state recoups about half (\$185 million) based on sales tax, income tax, deed and mortgage tax revenues generated each year of construction. Housing advocates are encouraged to attend the April 14 hearing to show support for the legislation.

Jobs Bill Includes Boone for Historic Preservation

As reported in last week's *Capitol Update*, the "Jobs Bill" ([HF 2695](#)) passed off of the House and Senate floors and was signed April 1 by the Governor. The bill, which comes out of the tax committees, includes, among other provisions, the historic tax credit. This credit provides refundable tax credits to investors to rehabilitate historic structures. A national study estimates that 15% of low income housing tax credit (LIHTC) projects also receive historic credits.

The historic property tax credit (Section 6 of the bill) provides up to \$5 million per year in state tax credits. This credit amount matches what is available through the federal historic tax credit program and covers roughly 20 percent of rehab costs. Priority will be given to projects expected to be placed in service within two years of the start of rehabilitation. The historic tax credit program sunsets in 2016.

Governor signs budget bill with cuts for housing

As expected, last week Governor Pawlenty signed the first of the supplemental budget cuts bills, which passed the House and Senate on March 29. The bill included \$312 million in cuts, including a \$4.217 million cut to the Minnesota Housing budget in FY 2010-11. The bill also permanently cuts the housing budget by \$4.9 million starting in FY 2012-13. PARIF and the Rental Rehab Loan Program are the sole targets of the cuts. For details, see the [MHP supplemental budget side-by-side](#).

FEDERAL UPDATE

Ellison Agrees to Co-sponsor bill to Extend Tax Credit Exchange

MHP recently learned that Rep. Keith Ellison has agreed to be a co-sponsor of the Sanchez bill to help shore up the low income housing tax credit. The tax credit program faces a lack of investors in the current economy. The bill, authored by Rep. Linda Sanchez (D-CA), would allow for another year a portion of “nine percent” low income housing tax credits to be exchanged for cash. It would also allow the exchange of “four percent” credits for the first time. These exchanges would help support housing development projects. In early March MHP delivered a letter to Representatives Ellison and McCollum requesting that they co-sponsor the Sanchez bill. Thirty-seven Minnesota non-profit, for-profit and government agencies signed on to the letter.

Congress remains on Spring recess until April 12.

Distributed weekly during the Minnesota legislative session and periodically 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.