

FOR IMMEDIATE RELEASE
January 26, 2005

For more information contact:

Michael Dahl
(651) 336-5902
Minnesota Coalition for the Homeless

Joanna Dornfeld
(651) 649-1710 ext. 108
HousingMinnesota

Beth Kodluboy
(612) 728-5770 ext. 107
HOME Line

Jonathan Farmer
(612) 722-6899
Minnesota Supportive Housing Consortium

Gov's Budget Undermines His Commitment to Meet Minnesotans' Housing Needs

Affordable housing and homelessness advocates agree, Governor Pawlenty undermines his own stated housing objectives and sends mixed signals on his commitment to meeting Minnesotans' housing needs. While the Governor shifts resources to assist the 4,000 households currently experiencing long-term homelessness, in his proposed cuts to housing programs, health care, and work supports, he increases the chances that more will be added to their ranks.

Cuts to work supports and healthcare hurt those at risk of or experiencing homelessness.

"So many of those at risk of or experiencing homelessness are struggling to make it. How do cuts to work supports advance the goal of ending homelessness?" asked Michael Dahl, Minnesota Coalition for the Homeless Executive Director. "A great number of those in Minnesota's shelters need medical attention now. Cuts to Medical Assistance are counterproductive and dangerous."

Governor Pawlenty's budget undermines his own stated housing goals. Last year the governor released several strategic priorities for meeting Minnesota's housing needs by increasing homeownership for underserved populations, preserving existing affordable housing, and increasing housing choices for low- and moderate-income workers to support economic vitality. "Cutting important housing programs by \$15 million or almost 20 percent sets us back years in our housing accomplishments by returning to mid-1990s funding levels," said Chip Halbach, HousingMinnesota Executive Director. (A full summary of specific housing program cuts is at the end of this release.)

Pawlenty raises taxes on low-income, disabled and elderly renters. Despite his no tax increase rhetoric, Governor Pawlenty gives low-income renters a tax increase. The governor cuts the renter's credit by \$30.8 million for '07 by adjusting the formula by which the credit is calculated. "The renters targeted for a tax increase are primarily low-income, senior, and disabled," said Beth Kodluboy, HOME Line Executive Director. "They will not be able to absorb this kind of tax increase without tremendous sacrifice." HOME Line is a tenants rights group.

There are some kernels of good news. Pawlenty prioritizes addressing long-term homelessness in his budget and holds other emergency homeless programs harmless. Advocates also applaud a \$2.25 million initiative to help transition and prevent homelessness for older youth as they leave long term foster care. Seventy percent of homeless youth have experienced placement in foster care, group homes, or correction facilities. "We want the legislature to support the Governor's plan to end long-term homelessness as a first step toward ending all homelessness," said Jonathan Farmer, Minnesota Supportive Housing Consortium Director.

-more-

Summary of cuts to Minnesota Housing Programs. The overall cut to MHFA is 19.5 percent for a total of \$15 million in cuts. \$10 million of the cut is redirected from the Challenge program to DHS to help fund supportive housing services as part of the administration's plan to end long-term homelessness. Additionally, \$4 million is shifted from other MHFA programs to the Housing Trust Fund. Cuts to MHFA housing programs include:

- **Economic Development and Housing Challenge Fund-cut by \$13 million (60 percent cut)** This program funds the construction and rehab of rental and homeownership opportunities for low- and moderate-income workers. The annual median household income of people served by the Challenge fund is \$28,974. At current funding levels, there are 5 requests for funding for every one that gets funded.
- **Affordable Rental Assistance Program for Preservation (PARIF)-cut by \$1.5 million (8 percent cut)** This program is critical in the movement to preserve existing affordable rental housing that is at risk of being lost as a resource to the state and the thousands of very low income and elderly households that live in the units. The annual median household income of people served by the PARIF program is \$8,320. As many as 150 affordable units could be lost if this cut is passed.
- **Rehabilitation Loan Program-cut by \$2.6 million (33 percent cut)** The Rehab Loan program provides deferred loans for low-income households to make needed repairs on their homes. The annual median household income of people served by this program is \$11,592. The agency estimates that 132 fewer households will access these important loans that help keep people in their homes and assists with the preservation of existing housing stock.
- **Housing Assistance Fund-cut by \$1.7 million (100 percent cut for the 06-07 biennium which continues a zeroing out of this program that occurred for the 04-05 biennium)** The HAF program helps first time homebuyers with downpayment assistance and entry costs. This program is a primary resource for the agency's efforts to increase homeownership in underserved communities. The annual median household income for the HAF program is \$30,996. The agency estimates that with this cut 327 fewer families will be helped into homeownership.
- **Nonprofit Capacity Building Program-cut by \$110,000 (18 percent)** This program provides important support, training resources, and funding for networking across the state among affordable housing nonprofits. Nonprofits facilitate a lion's share of the affordable housing development and rehab across the state. This significant cut will undermine the important infrastructure necessary to make progress toward Minnesota's affordable housing goals.

Housing advocates who support this messages include: Minnesota Coalition for the Homeless, HousingMinnesota, Family & Childrens Service, HOME Line, Minnesota Supportive Housing Consortium, Minnesota Community Action Association.

###