



MHP Capitol Update

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State Update

Bonding Bill Stalls

We expected that the bonding bill would have passed by now. Pressure from the governor to minimize what the Democrats characterize as the “jobs” bill by as much as \$140 million, however, is generating a lot of posturing. With any luck, final negotiations aren’t too far away.

The latest public move (we don’t know what’s happening behind closed doors) by the Legislature towards a bonding conclusion was the Senate’s \$925 million proposal. Compared to its original package, this proposal is closer to the House request, but is still about \$100 million more than the administration’s cap. The Senate bill includes the 501(c)(3) bonds and the \$2 million in general obligation (GO) bonds for sundry homelessness projects. The Senate is attempting to bring pressure on the Governor to up his cap and pushing the House to consider a bigger target as well.

In contrast with the Senate’s push for more bonding money, the House is not confident it can override a veto even though leadership has tried to include broad representation in the bill to ensure passage. This is not without merit. The governor has threatened a veto if a bonding bill over \$ 825 million reaches his desk and the Senate Finance chair told MHP that we should not count on a supplemental budget passing. This has advocates concerned because the debt service for the 501(c)(3) proposal is currently slated to be included in a supplemental budget bill. “I’m not confident we’ll get a supplemental bill approved by the Legislature, let alone signed by the governor,” the Finance chair said.

Two Weeks and Counting: Taxes and Supplemental Bills

It has become clear that the House and Senate plan to have their tax and spending bills ready to go by March 28th (whether or not the bills are signed is a different story!). The House will unveil its tax bill this week and the Senate will unveil its proposals after spring break. This week, finance committees and divisions in both bodies will begin sorting through budget (reduction) recommendations.

The deficit plugging-plan put forth by the administration last week relies primarily on budget reserves, surplus in the Health Care Access Fund, and closing the Foreign Operating Corporations tax loophole. It helps solve the immediate \$935 million shortfall without a lot of immediate pain, like cuts to programs or entire agencies. To be sure, there are a number of cuts being proposed, but not nearly as drastic as the cuts that happened a few years ago. What the proposal doesn't address is the next biennium's \$2 billion shortfall.

Fortunately, housing programs are held harmless. Minnesota Housing's operating budget, which is primarily financed by the agency's own revenue sources, isn't nicked at all. In fact, the administration's budget includes \$2.4 million for debt service on the 501(c)(3) bonds.

Vacant, Foreclosed Property Still in Legislative Limbo

We remain perplexed that there has been little effort to date to address the growing vacant property crisis that is in full bloom across the state, given its huge impact on our economy. Although there has been quite a lot of action related to mortgage foreclosure legislation, nothing has been done to address the blighted, foreclosed properties. A number of legislators are poised to try to move a bill, but feel that, unless there is a sudden groundswell of public and advocate pressure given the budget shortfall, they have very few options to propose. Please contact your legislators and thank them for supporting foreclosure prevention and reforms to the foreclosure process and urge them to secure resources to address foreclosed vacant properties. [Click here to learn how you can take action now.](#)

\$1 Million Needed to Continue Supportive Housing for 150 Formerly Homeless Households

By Jennifer Leimaile Ho , Executive Director, Hearth Connection
<http://www.hearthconnection.org/>

Since 2000, the State has invested in the Supportive Housing and Managed Care Pilot in Ramsey and Blue Earth Counties. This Pilot has proved that families and single adults with very long histories of homelessness and multiple barriers— including mental illness, chemical dependency, and chronic health conditions—can break their cycles of homelessness if they have individualized supportive services and assistance with housing. In addition, the Pilot helped inform the State's Business Plan to End Long-Term Homelessness and the creation of the State's Long-Term Homeless Supportive Service Fund, which have resulted in hundreds of

families, single adults and unaccompanied youth in 37 counties getting the support they need to get and keep housing.

Despite a record of success, the Pilot sunset on June 30, 2007. During the 2007 Session, the Legislature appropriated \$1 million less than was needed to continue to support 150 households currently in the Pilot.

This session, legislation has been introduced to reinstate the \$1 million. The House Housing Policy and Finance Committee heard H.F. 3381 (Brynaert) to restore \$1 million to the Long-Term Homeless Supportive Service Fund on March 5 and laid it over for consideration in a final omnibus bill. In the Senate, Sen. Sheran has introduced a companion bill S.F. 3287 (Sheran).

This funding is critical to continuing the services that people need to stay in their homes and care for their children, as well as meeting their health and behavioral care needs. At a time where we are working together to end homelessness, we need to increase funding for supportive housing, not make cuts.

Bits and Bytes

During Easter Break Catch Legislators at Home and Talk Housing

The legislature will be breaking from Wednesday afternoon until next Tuesday. When they return, they will wrap up the tax and spending bills. Spring break is a great time to let legislators hear your voice, particularly those in Greater Minnesota. Writing a letter to editor, dropping a note off at a legislator's home, or sending legislators a few news clippings are a great way to point out that housing matters and the state of the economy is mainly due to the housing market. Remind them that there is always a market for affordable housing. Point out some of the vacant, foreclosed properties in your area. Most importantly, tell them they need to do something, and do it fast. Waiting is not the answer, it only deepens the problem.

We Did It!!

There was a good response from Update readers to our call to action last week on housing positions in the bonding bill. It was great to see the Senate up the housing-ante by including \$2 million of GO bonds for other homeless projects.

When a Cap is Really a Guideline

So is the 3 percent bonding debt rule a cap or a guideline? That's a question that was posed by a Senate fiscal staff person to MHP recently when the University sought bonding authority for a bioresearch facility. That, in and of its self, isn't a big deal except that the highest echelon of our state government says the bioresearch project must fall under the 3 percent debt cap. The Gopher stadium, on the other hand, is not being held to the 3 percent rule based on the argument that the school is the one selling the bonds, not the state, and thus not accountable to the state's rule. This is the same rationale used by the administration in pitching the 501(c)(3) bonds for supportive housing.

Federal

Federal Foreclosure Remediation Makes Headway

Both the U.S. Senate and Congress have announced plans recently to introduce new foreclosure remediation legislation. Last week, Congressman Barney Frank (D-MA) released a preliminary draft of a proposal that would allow the FHA to refinance at-risk mortgages on an individual and bulk basis.

The proposal also authorizes \$10 billion in loans and \$5 billion in grants to purchase and rehabilitate vacant, foreclosed homes. Funds would be allocated to states according to the state's percentage of national foreclosures, adjusted by the state's median income. According to the National Low Income Housing Coalition

http://www.nlihc.org/detail/article.cfm?article_id=4969, preference will be given to projects that serve the lowest income people for the longest periods of time.

Senator Dodd's proposal, called the "HOPE for Homeowners Act of 2008," authorizes FHA-refinancing, but not as sweeping as the Frank bill. The Dodd proposal does, however, require Freddie Mac and Fannie Mae to purchase certain loans and help write down the cost of the loans to help keep at-risk families in their homes.

Important Dates

March 19

Second committee deadline. In order to remain viable, policy bills must be passed out of all policy committees in the other body.

March 28

Third committee deadline. This is the last chance for committees to act favorably on major appropriation and finance bills.

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 Barb Jacobs at bjacobs@mhponline.org or 651-649-1710 ext. 117.

Minnesota Housing Partnership also publishes **The MHP Bulletin**. **The Bulletin** is distributed monthly, and includes affordable housing news and trend information, new research, publications, and upcoming events. Please contact Barb Jacobs at (651) 649-1710 ext. 117, email bjacobs@mhponline.org, to subscribe to **The Bulletin**.

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.