



MHP Capitol Update

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State Update

Vacant Properties Lost In Translation

Although various mortgage foreclosure remedies are making their way through the legislature, the results of the foreclosure crisis have largely gone unnoticed. In communities across the state, thousands of properties have been left vacant due to foreclosure. The cost of maintaining healthy communities is growing along with the numbers of foreclosures. Communities that are unable to invest resources into these properties suffer from increasing blight, public safety, and tax base issues among other problems. Vacant foreclosed properties are a problem we can no longer afford to ignore.

To bring attention to the economic effects of vacant properties and the housing market at large, Minnesota Housing Partnership and Minnesota 2020 are hosting a forum this Sunday, March 30th, from 2:00 p.m. to 3:30 p.m. at the Ridgedale Library at 12601 Ridgedale Dr., Minnetonka, 55305. Representatives from various aspects of the housing industry, including Pam Perri Weaver, executive vice president of the Builders Association of Minnesota, will speak about the impact of our housing slump on Minnesota's workforce and economy. [Register now](#) because space is limited!

In addition, MHP is making a last minute push to get the Legislature to address this critical issue. Otherwise, next summer (2009) will be the earliest any new programs or dollars will become available to address foreclosure flotsam and jetsam. Please call (651-649-1710 ext.121) or email (jjohnson@mhponline.org) Julie Johnson to find out how you can help with this effort.

MHFA Budget Appears Safe in House

Representative Karen Clark indicated to MHP that her committee's budget target matched the governor's spending recommendations, and reduced spending by \$2.2 million this year and \$4.4 million in next biennium. Notably, Rep. Clark's committee has jurisdiction over the Department of Health, which is where the administration recommends program reductions. The Chairwoman Clark is a strong housing supporter so we expect her not to shift funds between the two agencies, but there is no guarantee.

House Tax Bill's Budget Balancing Act

The House Tax Bill that was released this week focuses on closing all *special* corporate tax reduction provisions, including the JOBZ program. It appears that the \$170 million raised by this proposal would be used to balance the budget instead of funding programs such as LGA (local government aid). The bill also reduces this year's and next year's corporate franchise tax rate for all businesses across the state.

We expect the Senate to unveil its plan later this week. There are rumors that the Senate may try to raise funds for things like LGA. If so, this may allow housing advocates to make a pitch for some money for vacant properties. Stay tuned and be ready to jump into action.

Issue Focus: Manufactured Housing in Minnesota

Things at the Capitol were slow at the end of last week because of the holiday, so we have a little extra space in this week's Update to examine an important topic with some depth: manufactured homes. Minnesota Housing Partnership will be releasing a research report later this spring on this topic as well.

Manufactured housing is an affordable ownership option for over 60,000 households in Minnesota, representing nearly 5 percent of all owner-occupied housing units in the state. Despite its contribution as a substantial source of affordable, unsubsidized homeownership manufactured housing struggles for recognition as a stable form of housing. Despite serving the same role as ownership of site-built housing, owners of manufactured housing have limited financing options and consumer protections compared to traditional site-built homeowners.

Demographics

Manufactured home owners have substantially lower incomes than homeowners in general. The median household income for manufactured homeowners is \$30,468, compared to a median of \$55,571 for all homeowners. Nearly three-quarters of the owner-occupied manufactured housing in the Midwest is located in a non-metropolitan area. The majority of manufactured housing in metro areas is located in suburban and exurban communities.

Affordability

With a median home value of about \$30,000, manufactured housing is a viable form of homeownership for low-income families. In addition, the median monthly housing costs of owner-occupied manufactured housing are about half of the median monthly housing costs for all owner-occupied housing. Compared to site built housing, manufactured homes tend to be newer and smaller than site built homes but with similar amenities and similar quality ratings in the American Housing Survey.

Issues Addressed in 2008 Legislative Session

In Minnesota, manufactured homes are considered chattel (or personal property), rather than real estate. As a result, manufactured home buyers must seek personal property loans rather than mortgage financing and therefore do not receive basic consumer protections of other home buyers. In addition, Minnesota statutes allow manufactured home buyers facing foreclosure 30

days to address their default. This session, the foreclosure remedies workgroup addressed this disparities and the recommendations are on the floor of both the House and Senate. H.F. 3477 and S.F. 2917 provides for an additional 30 days (60 days total) that a borrower has to reinstate a manufactured home loan after notice of default. In addition, the bill provides protections against the most egregious predatory lending practices.

Bits and Bytes

MHFA Requests Higher Bond Limit

As part of the supplemental budget submitted by the administration, Minnesota Housing requested that its bonding cap be raised from \$3 billion to \$5 billion. The Legislature caps the agency's indebtedness, which periodically needs to be raised so that its mortgage revenue bonds sales keep up with need. The income from Minnesota Housing's mortgage revenue bonds funds a majority of the agency's lending programs.

Bonding Bill Remains Stalled

Negotiations between the legislature and administration continue on the size and scope of the bonding bill. Pressure is mounting on both the governor and the House to up the ante beyond the \$825 million-cap suggestion by the Finance Department. Legislators and various constituencies with projects in the works are pushing for a larger target. The goal of getting the bonding, or "jobs bill" as named by Democrats, out the door early is dwindling. It is beginning to appear that the bonding bill will get caught up in end-of-session negotiations on a global budget solution.

Heard Under the Marble Dome

"Building trade employment is already off a third. If investment in housing drops another 20 percent the economy is in big trouble," said a senior legislator from the Range at MHP's Day at the Capitol last week.

"It's time to think about capturing a portion of the existing deed tax for housing. Increasing the current deed tax won't happen," said a housing-supporting, Republican legislator at MHP's Day at the Capitol last week.

[Bill Tracking](#)

The Minnesota Housing Partnership will be tracking the status of housing legislation this session and will do our best to keep you updated. Tracking information will be updated weekly. Please click [here](#) for a list of the bills we are tracking. The page also links to committee schedules and other useful information. If there are any bills that you think should be added to the list, please email Julie Johnson at jjohnson@mhponline.org.

Federal Update

Project Based Section 8 Rally Demonstrates

Last Wednesday, Minnesota Housing Partnership joined many other advocacy groups to bring attention to our nation's continuing Project Based Section 8 funding shortage. Dozens of Section 8 tenants, advocates, law-makers and others gathered at Riverside Plaza, the largest Project Based Section 8 property in the five-state area (Minnesota, Iowa, Wisconsin, and the Dakotas). At the event, tenants and lawmakers alike spoke of the importance of the Section 8 program and advocates provided representatives of Minnesota's congressional delegation with keys representing the households affected by the funding shortfall. Attached to the keys were the stories of the families whose homes are threatened, as well.

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.