



# MHP Capitol Update

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## State Update

### **Funding Future for Long Term Homeless Supportive Services Unclear**

Last year, funding for homeless supportive services was \$1 million short of the amount needed to maintain existing programs. Part of that budget gap is addressed in this year's supplemental budget bill (**H.F. 1812 (Carlson)/S.F. 1475 (Cohen)**), which is currently in conference committee. The House's proposal contains \$619,000 for supportive services, but the Senate bill does not. This week advocates need to urge Senate negotiators to adopt the House's \$619,000 funding position. Homeless service providers are very concerned that without this funding, a number of families and individuals will not receive the assistance necessary to maintain more stable living environments.

The long-term funding picture is in question, too. The quiet talk among homeless supportive services providers is whether the state will maintain its commitment to end long-term homelessness and provide adequate funding to implement its plan. The plan calls for a significant contribution from the state for supportive services to supplement housing, but to date, this funding has fallen short. With a projected \$2 billion state deficit for the next biennium, there are serious concerns that the supportive services funding will never materialize.

### **Foreclosure Bill Update**

- **[H.F. 3236\(Davnie\)/S.F. 2881\(Scheid\)](#)**: regulates contracts for deed and mortgage lending. Passed House on 4-17.
- **[H.F. 3477\(Gardner\)/S.F. 2917\(Marty\)](#)**: regulates manufactured home lending practices and amends default regulation provisions. Bill is in conference committee.
- **[H.F. 3478\(Peterson\)/S.F. 2915\(Moua\)](#)**: lifts the cap of \$8,500 for collecting punitive damages and gives the state the right to punish persons guilty of residential mortgage fraud. Passed House on 4-14. Amended bill passed Senate on 4-16.

- [H.F. 3516\(Davnie\)/S.F. 2914\(Rest\)](#): sets up foreclosure data practices requirements, statewide foreclosure data collection and a reporting system study. House passed conferenced bill on 4-17. Senate passed conferenced bill 4-21.

You can find links to these bills on MHP's bill tracking Web page.

<http://www.mhponline.org/?q=node/244>

### **Supplemental Budget Negotiations Underway, Working Groups on Tap**

Conferees for the supplemental budget bill (**H.F. 1812 (Carlson)/S.F. 1475 (Cohen)**) have been appointed but much of the work will take place outside of the committee in working groups. The conferees will be assisted by smaller groups of legislators who worked on the various provisions of the bill in their respective bodies. The work groups will provide specific recommendations to the conference committee. If the proposals don't exceed the overall budget plan, it is expected that the work groups' recommendations will be implemented. Feel free to call MHP for more information on the work groups. You can link to this bill, and others, from MHP's bill tracking Web page. <http://www.mhponline.org/?q=node/244>

While Legislators create a shared budget proposal, there are a number of significant matters to be resolved with the administration before serious negotiations can get underway. The most significant sticking item will be use of the Health Care Access Fund which was created with a tax on health care services. The governor proposed using \$250 million from the Access Fund to balance the budget and lessen the impact of Health and Human Services budget cuts. House and Senate leadership, on the other hand, would like to expand health care coverage for uninsured with the Access Fund and tap the "rainy day fund" more extensively to fill the budget gap. Nothing will happen until this difference is resolved.

#### *Conference Committee Members*

Representatives Carlson; Murphy, M.; Wagenius; Rukavina; and Ozment  
Senators Cohen; Tomassoni; Frederickson; Betzold; and Higgins

### **Tools of the Trade**

More and more, internet resources are crucial to advocates. Here are a few e-tools for the savvy advocate.

#### Tracking Sheets

Each legislative session, House Fiscal Analysis creates tracking sheets that record executive and legislative budget decisions. Tracking sheets are available for each finance committee. [www.house.mn/fiscal/tracking.htm](http://www.house.mn/fiscal/tracking.htm)

#### Fiscal Notes

A fiscal note estimates the financial impact of proposed legislation. The Department of Finance maintains and oversees the fiscal note system. Fiscal notes are prepared with input from state agency staff.

[www.finance.state.mn.us/cgi-bin/fnts\\_session.pl?session=2007-08](http://www.finance.state.mn.us/cgi-bin/fnts_session.pl?session=2007-08)

Fiscal notes for tax bills (also called Revenue Analyses) are prepared by the Department of Revenue.

[www.taxes.state.mn.us/legal\\_policy/revenue\\_analysis/revenue\\_analyses.shtml](http://www.taxes.state.mn.us/legal_policy/revenue_analysis/revenue_analyses.shtml)

## **Bits and Bytes**

### **The Coin Toss: Flipping Out or Fun?**

This year's first budget meeting between legislative leaders and governor ended in a coin toss, literally. While it's customary for the two sides to agree on who will present their budget first, this light-sounding negotiating style has insiders puzzled. Are our state lawmakers revealing a sense of humor and an ability to work collaboratively, or are things so bad that only our first president can offer resolution? Although the coin toss decided that the administration would put forth the first budget, no timeline was established for presentation of the first proposal, and the two sides still differ on whether the Health Care Access Fund should be used to balance the budget.

### **Second Bonding Bill Still Questionable**

The possibility of a second bonding bill is still up in the air as LRT advocates twist, scream, and try to cajole lawmakers into funding the Central Corridor. As noted previously, Greater Minnesota projects escaped the governor's veto axe this year. This makes garnering the support of 60 percent of Minnesota's legislators (the required voting minimum for bonding proposals) difficult, as many are already sated and less likely to support a controversial bill that doesn't involve their districts. Furthermore, the governor still wants the Minneapolis Veterans Home and Lake Vermillion park expansion projects. Together, just those three proposals would meet the bonding limit for this session.

### **Lull before the Storm**

Activity slows down at the Capitol after budget bills and deadlines pass. The House and Senate take care of floor business. There are lots of behind the scenes discussions and plotting about the global budget deal, but not a lot of action. Once the budget deal is cooked, things will move at breakneck speed. This lull is a good time for advocates to catch up with their legislative supporters, nudge them on important issues (particularly those still in play), and thank them for their time. Legislators are in their offices more and are spending long hours on the floor. During these lengthy floor sessions, many legislators are grateful if someone asks to talk about an issue.

## **Federal Update**

### **Head of SBA Named New HUD Secretary**

Last week, President Bush named Steven C. Preston as the new head of HUD. Previously, Preston was the head of the Small Business Administration (SBA). The appointment received lukewarm reviews by housing advocates, as reported by the National Low Income Housing

Coalition (NLIHC). In last week's **Memo to Members**, Senator Chris Dodd was quoted as saying:

“As our nation faces the biggest housing crisis in recent history, we need a strong leader at the Department of Housing and Urban Development...yet the President's choice has no apparent housing background, which raises questions. Nevertheless, I look forward to learning more about Mr. Preston and his qualifications for this important job at this trying time in our nation's economy.”

### **Vacant, Foreclosed Property Remediation Bills Introduced in House and Senate**

Last week, new foreclosure legislation was introduced in Congress. The Neighborhood Stabilization Act (H.R. 5818 (Waters)), [http://www.house.gov/apps/list/press/financialsvcs\\_dem/press0417083.shtml](http://www.house.gov/apps/list/press/financialsvcs_dem/press0417083.shtml), combines the vacant property remediation funding included in previously introduced foreclosure proposals by Rep. Maxine Waters and Rep. Barney Frank. The bill provides \$15 billion for the purchase and rehabilitation of foreclosed homes, with half allocated for loans and half allocated for grants.

The Act would provide funds to government entities or nonprofits to purchase owner-occupied or rental homes that have been foreclosed and rehabilitate them for reuse as affordable housing. The bill includes income targeting of 140 percent of area median income (AMI) for units resold as owner-occupied homes and income targeting of AMI or below for rental homes. Although widely supportive of the bill, housing advocates are working with Waters and Frank to increase renter-protections in the proposal. The House's Neighborhood Stabilization Act, along with a proposal to expand the buying-power of the FHA, is expected to reach the floor by early May.

On April 10, the Senate passed similar legislation, albeit significantly scaled-back. The Foreclosure Act of 2008 (H.R. 3221, (Pelosi)) <http://thomas.loc.gov/cgi-bin/thomas> includes \$3.92 billion for the purchase and rehabilitation of vacant, foreclosed homes. The bill also includes \$180 million for mortgage counselors and significant income targeting. Advocates are highly critical of the bill, pointing out that a majority of the funds go towards corporations and tax breaks, and that it fails to help families actually stay in their homes. In response, Senator Chris Dodd, chair of the Banking, Housing, and Urban Affairs Committee, has vowed to pursue additional foreclosure legislation in the Senate.

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](mailto: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](mailto: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.