



MHP Capitol Update

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State Update

Special Session 2007 Recap

Short and sweet: that's what can be said of the special session that concluded in the early hours of September 12. The session lasted merely one day and only two bills were taken up. Although no transportation or tax bill was introduced as we had hoped, the flood relief bill did allocate money for housing. Of the \$157.3 million bill, \$18 million in "new" money (i.e. funds that were not already appropriated) was appropriated to assist flood victims in Southeastern Minnesota with housing. Here's the funding breakdown:

- \$16 million for the Challenge Fund
- \$1 million for Nonprofit Capacity Building
- \$1 million for Disaster Relief Contingency

The largest housing allocation went to the Challenge Fund, the state's primary vehicle for creating new housing affordable to low-income households in Minnesota. Legislators agreed to waive the Challenge Fund's capital-matching requirements and recipient income-restrictions in order to serve as many flood victims as possible. These funds will be particularly useful, as we know at least one Southeastern Minnesota housing developer, [Semcac](#), that not only lost affordable housing in the flood, but its office, too.

The new legislation also provides certain homeowners in the flood zone property tax relief. The abatement will be automatically applied by assessors to any property within the seven-county area that lost over 50 percent of its estimated market value due to the flood. In the case of agricultural property, the abatement applies to homes, garages, and the one acre surrounding them plus any farm building or structure that lost over 50 percent of its estimated market value due to the flood.

Thank you to everyone who has continued to plow through the mud to provide safe and affordable homes to those in crisis. Minnesota is indebted to you.

Looking Forward to the 2008 Legislative Bonding Session

As most of you know, Minnesota's legislature generally appropriates funding on odd years and bonds for projects on even years. To receive bonding, a project must create something that is permanent and publicly-owned.

Although one might think that many kinds of affordable housing would fit into both categories, there are many stipulations attached to this money that make bonding for housing difficult. Bolstered by the state's focus on ending long-term homelessness, bonding for supportive housing projects has been enacted in recent years. Even with Minnesota Housing's backing, though, supportive housing proponents will face stiff competition for the state's bonding in 2008. There are \$4 billion in requests from a variety of applicants, including housing advocates, but only about \$1.4 billion available for all projects.

Not to miss out on its fair share of the pie, Minnesota Housing has already submitted its \$30 million request to the Department of Finance. This request would create roughly 245 units of permanent, supportive housing for families with children and individuals who experience long-term homelessness. This is the last year of a series of multi-year requests for capital funds for permanent supportive housing. In the previous two bonding cycles, the legislature appropriated a total of \$29.5 million in bond funds for supportive housing. In addition, in 2002, \$16.2 million in general obligation bonding was appropriated for two projects targeting homeless veterans.

In anticipation of the agency's request, advocates introduced a \$30 million bonding proposal for permanent supportive in the closing hours of the 2007 session. Early introduction of **H. F. 2535 (Benson) / S. F. 2311 (Tomassoni)** gives the House and Senate Capital Investment Committees time to tour examples of permanent supportive housing during the off-season and gives us a "leg up" on a fast-paced session.

Minnesota Housing Seeks Increased Flexibility for Bonding Supportive Housing

Minnesota Housing is seeking new ways to fund the development of supportive housing projects. One option it is pursuing involves a statutory change that would provide more flexibility for the agency to fund capital projects.

As referenced earlier, the Minnesota Constitution says that all general obligation bonds sold by the state must fund projects that are publicly owned. In order to secure funding for supportive housing projects, many times a public entity like a city or an HRA will work with a nonprofit developer to complete a development. In this case, the government body acts as the "owner" and it signs a long-term lease, often 99 years, with a nonprofit which operates the property.

As anyone who has a teenage driver in their family knows, lending usage rights of your property to another creates a financial liability. Cash-strapped government agencies, acutely aware of this liability, are increasingly cautious of entering into these sorts of agreements.

Minnesota Housing proposes the sale of \$30 million of its own bonds that would be repaid with the state's general fund dollars. Thus, the state could support projects that aren't owned by a public entity, and nonprofit developers could own bonded projects directly. Notably, the agency has a successful history of raising capital for projects through the sale of bonds.

This approach is viewed favorably by many housing advocates, may simplify the development process, and would open up future opportunities for a variety of affordable housing initiatives. Proponents of the proposal also note that this is not uncharted territory. The state Legislature and the University of Minnesota recently made a similar move in order to fund the new Gopher football stadium.

Bytes and Bits

Sans Surplus in 2008?

Disturbing whispers are beginning to be heard around the Capitol halls. While the state has experienced budget surpluses in recent years, don't depend on the trend to continue. In some circles, it is believed that the February forecast will present another shortfall. If this proves true, it could have a dramatic impact on supplemental budgets.

Missed Story

Although most news outlets didn't mention the housing component of the special session bill, it was one of the largest general fund allocations in the bill. Make sure to drop your legislative friends a note and let them know you didn't miss this!

New Money for Minnesota Housing

A number of legislators and housing advocates were concerned that the flood relief housing allocations would eat into last year's appropriations. A quick and concerted effort was mounted to reinforce the need for new funding for these programs. In the end, House and Senate leadership, the governor's office and Minnesota Housing agreed to add \$18 million to the agency's budget instead of reallocating existing funds. Kudos to Senator Tarryl Clark and House Speaker Margaret Anderson Kelliher for assisting housing advocates with this effort!

Federal Update

Five of Minnesota's Congresspeople Sign on as Co-Sponsors of National Housing Trust Fund

We're proud to report that Minnesota Representatives Ramstad, Walz, McCollum, Ellison, and Oberstar are co-sponsors of the National Housing Trust Fund Act (NHTF), a bill that will create, rehabilitate, or preserve 1.5 million units of low-income housing over 10 years.

The NHTF initiative, which has been in the works for many years, made considerable progress this summer. In July, the bill passed out of committee, and on September 18 the full House passed legislation that will provide funding for NHTF. [Leading advocates](#) anticipate that the trust fund bill will be heard by the full House in October and that the Senate will introduce a similar initiative in November or December.

Project-Based Section 8 Funding Issue

In recent [Minnesota Federal Housing Action Coalition](#) meetings and a phone conference, reports of extremely delinquent project-based Section 8 payments have surfaced. Sheila Crowley from the National Low Income Housing Coalition (NLIHC) told the group that HUD is unable to fully fund all of its 2007 contracts because of a \$1 billion shortfall in its original funding request for this year. Congress is working with HUD to remedy the problem and may have hearings on the issue this fall. For more information, please visit NLIHC's [Web site](#).

2008 HUD Funding Bill Passes House and Senate

The U.S. House of Representatives passed an appropriations bill for FY2008 Transportation, Housing and Urban Development, and Related Agencies on July 23. A similar bill was passed in the Senate last week. The two bills are now waiting to be reconciled in conference committee. Both bills offer many increases over President Bush's budget, who has promised to veto any spending bill that raises appropriations over his requested amounts. While the Senate bill passed with a veto-proof majority, the House bill did not. A comparison of the two bills can be found on the National Low Income Housing Coalition's [Web site](#).

Organization Opportunities and Tips

Making Your Media Work for You

Many advocates are successful at attracting media to their issues. However, sustaining that coverage is a whole different story. Here are some ideas for keeping your hard-“earned” media stories working for you.

1. Mail or fax copies of the story to elected officials you (or hope to!) work with.
2. Post the story on the front page of your Web site.
3. Email the story to your constituents.
4. Include the story in your newsletter.
5. Suggest to other newsletter publishers that they include your story.

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'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.