



# MHP Capitol Update



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## State Update

### State Issue Focus: 2008 Bonding Requests

Bonding for capital projects will be the major focus of the 2008 legislative session, which begins on February 12. Currently, the Senate and House Capital Investment Committees are traveling across the state to visit projects that have requested funding. Along with the Finance Department and various state agencies, both committees also are reviewing bonding proposals. After the review is completed in a month or so, Finance will forward its recommendations to the governor's office. We expect the details of the governor's proposals to become public in mid-January and an ensuing bill to be submitted to the legislature early in the session.

As we mentioned in the last **Update**, competition for bonding dollars is very intense this year. About \$4 billion in bonding requests have been received, but it is anticipated that the legislature will only authorize \$1 billion in bonds. Heating up the bonding race is the fact that both the House and Senate have identified priority projects. The Senate has indicated a desire to focus on sewer and water projects and transportation will be a priority in both bodies.

To date, there appears to be three bonding requests to fund housing related projects with state general obligation bonds.

- **H.F. 2535 (Benson) / S.F. 2311 (Tomassoni)**—this bill provides \$30 million for supportive housing. This amount matches Minnesota Housing's bonding request which is currently being reviewed by Finance and is the final bonding request for the state's plan to end long-term homeless. The state has been authorized to sell \$46.5 million in bonds for supportive housing with a small set-aside for transitional housing since 2003.

- **H.F. 2528 (Nelson) / S.F. 2344 (Moua)**—this bill allocates \$20 million for capital improvements to public housing agencies statewide. MHP, with the support of Minnesota NAHRO, is completing a study that documents the significant budget shortfalls for public housing and the increasing needs of the state's 124 PHA's. This study will be released prior to the legislative session.
- Minnesota Coalition for the Homeless is advancing a \$10 million bonding request to provide flexible funding for a variety of homeless facilities (e.g. shelters, transitional housing, and supportive housing). This proposal is being finalized and will be introduced early in session.

As discussed in our last issue, the use of general obligation bonding dollars for housing related projects is severely limited by constitutional restrictions. One requirement holds that GO bonded-projects must be owned by governmental entities. Minnesota Housing is exploring legislative alternatives that would eliminate the need for public ownership as it relates to its long-term homeless supportive housing bonding request.

### **Flood Relief Review**

Minnesota's Senate Economic Development Budget Division recently held an oversight hearing on the Southeast Minnesota flood relief effort. At the hearing, Minnesota Housing provided an overview of its Quick Start program which offers forgivable, no-interest loans of up to \$23,000 to eligible flood-victims. The borrower must first apply for and accept FEMA and/or SBA assistance in order to qualify for Quick Start. In addition, the agency reported that few applications have been received thus far. (The application deadline for funding isn't until December 22<sup>nd</sup>.)

As the hearing continued, legislators complimented Minnesota Housing for expeditiously responding to concerns about eligibility standards. It was not clear, though, whether the \$16 million allocated for housing loans and grants would be adequate to meet the projected need. A preliminary Red Cross report identified over 1600 units of housing and 45 manufactured homes damaged or destroyed in the flood. FEMA has approved over 3400 households for assistance, but not all of them are expected to qualify for the state funds. Commissioner Marx indicated that he would keep the legislature informed of the status of Quick Start. He continued that we won't know how much need there is for state money until after the application deadline at year's end.

### **Tax Bill Redux**

We are hedging our bets that there will be a tax bill this session, even though the atmosphere at the Capitol remains quite hostile since the special session. (Not surprisingly, the absence of an agreement on transportation funding has many legislators upset.) The omnibus tax bill vetoed last May was widely regarded as a good compromise that lived within fiscal limits and included a number of items deemed important by all parties. MHP was especially pleased to have two of its top priorities included: affordable housing property tax modifications (LIRC/4D) and construction sales tax exemption for non-profits involved in limited partnerships.

Our gleanings from the rumor mill lead us to believe that last year's vetoed tax bill will be the starting point for this session. It could also be the end point, if the rumblings we hear about a probable budget deficit holds true. Still, there are enough goodies in the bill for legislators and the governor (think Local Government Aid and Foreign Operating Corporations) to give this proposal legs in February. We encourage you to let your legislators know you still support last year's tax measures.

## Bytes and Bits

### *Bonding Authors Have Close Ties To Public Housing*

It's always good to have legislative authors who understand your issues and carry your bills. PHA's around the state have two good friends in Rep. Mike Nelson and Senator Mee Moua. Rep. Nelson was a carpenter with the Minneapolis PHA for many years and has a real grasp of the challenges for these properties. Senator Moua lived in public housing with her family after moving to St. Paul and can speak to the importance of safe, affordable housing in stabilizing people's lives.

### *Legislators Express Concerned About Minnesota Housing Budget*

At the Senate hearing on flood relief many legislators voiced concern that the demand for state emergency housing assistance would outstrip the \$16 million special session allocation. In the effort to help households in Southeast Minnesota, Senator Tomassoni and others indicated they would be willing to work with Minnesota Housing, legislative leadership, and the governor to find additional dollars rather than deplete existing housing funds.

## Federal Update

### **Federal Issue Focus: McKinney-Vento Act Reauthorization**

Rarely when federal programs are streamlined and consolidated do they actually work more effectively *and* serve more people. We are excited to say that there are initiatives proposed in Congress right now that do both in reauthorizing the McKinney-Vento Act.

In 1987, Congress passed landmark legislation to address the emerging homelessness crisis. The legislation, renamed the McKinney-Vento Act in 2000, authorized funding for four HUD programs to provide relief to the homeless, a feat that previously had not happened on such a large scale and has not happened since.

The four-program Act provides many of the tools necessary to address homelessness. It was not, however, meant to end homelessness completely. As the National Coalition for the Homeless notes, bill-supporter Sen. Al Gore told the Senate in 1987 that the McKinney legislation "is an essential first step towards establishing a national agenda for action to eradicate homelessness in America...No one in this body should believe that the legislation we begin considering today is anything more than a first step towards reversing the record increase in homelessness."

Earlier this year, both the U.S. House of Representatives and the U.S. Senate introduced legislation to reauthorize McKinney-Vento. In February 2007, the Homeless Emergency Assistance and Rapid Transition to Housing Act, or HEARTH Act, was introduced in the House. The Senate companion, called the Community Partnership to End Homelessness Act of 2007 (or CPEHA), was introduced in May 2007. In recent weeks, the House Financial Services Committee has held two hearings to discuss both reauthorization proposals.

There is considerable support for both bills' proposal to consolidate three of the four McKinney-Vento programs, allowing for more efficiently run programs and the ability to serve more people. Opposition to both hinged on each bill's differing views on HUD's definition of homelessness. HEARTH expands the definition of homelessness to include people living "doubled-up" or "tripled-up" with other households, people living in hotels due to inadequate options, and unaccompanied youth living with a sexual

predator. HEARTH's changes would align HUD's and the federal Department of Education's definitions of homelessness.

CPEHA, on the other hand, includes hotel occupants only if the occupancy is paid by a government or charity. Also, CPEHA counts double-ups only if the living arrangement is for a short period of time, the household has move frequently, and the doubled-up person or family does not contribute to housing costs. A more detailed comparison of the two bills can be found on the [National Low Income Housing Coalition's Web site](#).

While neither committee hearing drew any final conclusion as to which direction the House or Senate would go, Rep. Maxine Waters, chair of the House committee that held the hearings, said they will continue to explore this issue before any decisions are made. Bill information can also be found on the [Library of Congress' Web site](#).

### **National Housing Trust Fund Leaps another Giant Hurdle**

On October 10, the U.S. House of Representatives passed the National Housing Trust Fund Act of 2007, the most significant legislation to address the nation's affordable housing shortfall in two decades. The Trust Fund aims to produce, rehabilitate, or preserve 1.5 million affordable rental units nationwide over 10 years. Minnesota's congressional delegation showed considerable support for this bill, with six of eight representatives as co-sponsors of the legislation. Click [here](#) for more information.

### **Presidential Platforms Lacking Affordable Housing**

You editor's quest for information on housing in presidential platforms continues. Those of you that also subscribe to [The MHP Bulletin](#) know that earlier this summer, we were on a pursuit to identify the housing policy positions of various presidential candidates.

Unfortunately, it proved to be a difficult task, particularly as we were aiming for bipartisan reporting. We were unable to locate even one Republican that has anything to say about affordable housing. At one point, MHP called Mitt Romney's campaign headquarters to follow up on an article in **National Mortgage News** that reported "Mr. Romney notes in his campaign website that he has advocated "affordable housing as a way to help the economy." He also notes his support for "smart growth," and combining state and private funds to increase housing stock." Much to our chagrin, Mitt's staff told MHP that Mr. Romney did not have any campaign issue positions on affordable housing.

The good news is we're not alone in the quest for information. The Sarget Shriver National Center on Poverty recently released their [presidential candidate survey](#) on poverty-related issues, including housing. Thirty out of 123 candidates surveyed responded, including Mr. Romney who "affirmatively declined to respond" to the survey. As we are continuing our quest in the **Update**, we invite you to send us any news clippings of housing talk in the presidential election world.

## **Resources**

### **Minnesota's Plan to End Long-Term Homelessness**

Minnesota Housing provides several resources on their [brand-spanking-new Web site](#) in regards to the state's plan to end long-term homelessness. Click on the links below to review the original report, October's progress report on investments made with supportive housing bonding dollars, and more.

[Minnesota Housing's Long-term Homelessness Web page](#)

- [Progress Report 10/10/2007](#)
- [Revised Plan Executive Summary](#)
- [June 2007 Recalibration Full Report](#)
- [Original Plan Full Report](#)

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'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.