



MHP Capitol Update

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State Update

Public Housing: Investment At Risk

Last week, the House Housing and Public Health Committee received a sneak preview of MHP's new public housing research results. The study looks at the issues facing Minnesota's 20,000 units of public housing located in 210 communities (there's at least one in nearly every county in the state). The report is particularly important because these federally-funded properties, a combined asset of over \$2 billion, have been hard hit by large, sustained budget reductions in Washington and rising utility costs. Most of the buildings are over thirty years old and require substantial capital investments. These properties are irreplaceable investments that house our most vulnerable citizens--Minnesota's public housing is home to the poorest among us, most of which are elderly and/or disabled. Furthermore, there are long waiting lists to obtain a public housing unit, demonstrating a significant need for this type of housing. We will keep you informed as the full report is released this spring.

Public Housing Bonding Request

Rep. Mike Nelson presented his bonding request for public housing (**H.F. 2528**) to the House Housing and Public Health Committee following MHP's Public Housing research presentation. Jon Ford, Albert Lea HRA Executive Director, testified on behalf of the bill. H.F. 2528 requests \$20 million in general obligation bonds to be used to make capital improvements and repairs in public housing properties statewide. Notably, public housing is one of the few affordable housing projects that can easily utilize state general obligation (GO) bonds. The bill was laid over by the committee and may be recommended to the Capital Investment Committee for inclusion in the House Bonding Bill. Sen. Moua has not determined whether to move the companion bill, **S.F. 2344**, in the Senate.

\$10 Million Homelessness Bonding Request

Rep. Frank Moe also presented a bill (**H.F. 2718**) to the House Housing and Public Health Committee. This bill proposes the allocation of \$10 million in GO bonds for flexible use for homeless shelters, transitional housing, and long-term supportive housing projects around the state. Although the public ownership requirement of GO bonds may make these funds hard to access, Michael Dahl, Minnesota Coalition for the Homeless Executive Director, testifying on behalf of the bill noted that there is a need for funding homeless projects not included in the state's supportive housing proposal. Later in the hearing, Tonja Orr, Minnesota Housing Assistant Commissioner, said that the agency is focusing on its plan to end long-term

homelessness, but it continues to fund other efforts through appropriations as they are brought forth.

501(c)(3) Revenue Bond Request

The Housing and Public Health and Capital Investment committees in the House will review Minnesota Housing's proposal to sell \$30 million in 501(c)(3) revenue bonds on Tuesday, February 19th. As noted in previous updates, housing advocates have been very supportive of this proposal, which will develop 250 units of supportive housing for people experiencing long-term homelessness. One of the proposal's interesting features is it does not have a public ownership requirement because the bonds would be sold by the agency, not the state. The agency proposes that the state retire the debt on the bonds with annual payments of approximately \$2.4 million beginning in the next biennium. There may be some questions, particularly from the Capital Investment Committee, on technical and precedent-setting aspects of the plan.

Tax Bill Expected to Appear Soon

Word has it that the first tax bill of the season will appear in the House Tax Committee this week. We are expecting it to be a scaled-down version of last year's bill which was vetoed by the governor. We believe this will be a revenue- and cost-neutral bill. MHP, MCCD and affordable housing owners have been working to get Low Income Rental Credit, or 4d, modifications included in this new legislation. The modifications do have a small fiscal tag of \$100,000, but it is a very cost effective way to provide property tax relief to over 9,000 units of housing, a majority of which (about 7,000 units) are located in Greater Minnesota.

Bits and Bytes

Roll Out Major Bills, One Week at a Time

House and Senate DFL leadership is on a roll. That is, they are planning to pass a major piece of legislation *every week* this session. The environment and arts constitutional amendment led off the hit parade last week. This week will bring the transportation finance package and then the bonding bill, which legislators plan to have on the governor's desk by mid-March. Also in the cue are health care reform and energy proposals. This "hit a week" approach may falter, depending on the budget forecast which will be released the end of February.

Foreclosure Recommendations Move Forward

Although advocates have been pushing for a "foreclosure week" to draw attention to this major problem, there has been little noise about addressing foreclosures at the Capitol up to now. Fortunately, that may change. There appears to be a game plan for pushing through a number of recommendations from a series of foreclosure working groups that met over the summer. Representative Mullery and Senator Moua, who chair the Judiciary committees in their respective bodies, have figured out a legislative roadmap to get the changes through the process in a timely manner. There still does not seem to be a consensus, however, over a funding package addressing properties left vacant from foreclosure.

Heard Under the Marble Dome

“It feels like deadline week already” – Capitol insiders commenting about the pace of the session.

“Don’t expect much supplemental in the supplemental budget.”---Capitol insider commenting on a discussion with governor’s staff regarding Minnesota’s budget deficit.

[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. Please click [here](#) for a list of the bills we are tracking. If there are any bills that you think should be added to the list, please email Julie Johnson at jjohnson@mhponline.org.

Federal Update

President’s Budget Makes Cuts in Dozens of Housing Programs

Earlier this month, President Bush released his FY2009 appropriations request to Congress. Keeping in line with previous years’ requests, the administration’s proposal significantly cuts many housing program’s budgets. Chairman of the Senate Banking, Housing, and Urban Affairs Committee, Sen. Chris Dodd said in a press statement that in the president’s proposal, “[c]ritical housing and community development programs are once again under-funded, which will hurt job growth and increase homelessness.”

Here’s a summary of some of the proposals “highlights.”

- The Section 8 program currently needs \$15.5 billion to fund all authorized vouchers. The administration proposes funding this program at only \$14 billion.
- The administration’s request for the Project Based Section 8 program is approximately \$1.9 billion short of what it needs to meet its contractual obligations for FY09.
- The Public Housing Capital Fund would be cut by \$400 million despite the need discussed earlier—Minnesota’s cut would be almost \$7 million, according to The House’s Committee on the Budget. The committee also says HUD’s most recent estimate of unmet public housing repairs and modernization is at \$18 billion nationwide.
- Public Housing Operating fund would receive a \$100 million increase over FY2008. However, because of severe cuts in previous years, this amounts to only 83 percent of what is needed to operate the nation’s public housing.
- The administration also proposes to eliminate HOPE VI program, Economic Development Initiative Grants, Brownfields Economic Development Initiative, and the Rural Housing and Economic Development (RHED).
- A cut in the CDBG (Community Development Block Grants) of \$659 million—Minnesota alone would receive a cut of over \$10 million, affecting 252 communities across the state according to the House’s Committee on the Budget
- A proposed 27 percent, or \$195 million, cut to Section 202 housing for the elderly
- A proposed 32 percent, or \$77 million cut, to Section 811 housing for people with disabilities.

The administrations proposal did include some increases as well, such as

- A proposed \$225 million increase for the HOME program, and
- A \$50 million increase for homeless assistance grant.

New Web Site Focuses on Housing in Presidential Race

Launched by National Low Income Housing Coalition, Housing2008.org is a non-partisan forum for discussing housing issues in the 2008 Presidential election debate.

Important Dates

February 24-26

[NLIHC Annual Policy Conference and Lobby Day](#), Capital Hilton, 1001 16th St., NW, Washington, DC. Complete details, including hotel and registration information as well as a conference brochure with workshop topics and conference events, are now available on NLIHC's website: www.nlihc.org/conference.

February 28

MN Coalition for Homeless Lobby Day, 9:30 a.m. to 2:45 p.m., Christ Lutheran Church on Capitol Hill, 105 University Ave West, St. Paul. [Register on-line today](#) or, contact [Mike Davey](#) for a registration form.

February 29

[Partners in Affordable Housing Policy Workshops and Awards](#), starting at 9:30 a.m., Saint Paul RiverCentre.

Event highlights include keynote speaker Congressman Jim Ramstad accepting the first ever Jim Ramstad Lifetime Achievement Award, workshops, and luncheon. Click [here](#) for registration information.

March 18

MHP, MN NAHRO, League of MN Cities, Metro Cities, and Edam Day at the Capitol, 8:00 a.m. to 12:00 p.m., Best Western Kelley Inn, 161 St. Anthony Avenue, St. Paul, MN 55103. Join the Minnesota Chapter of the National Association of Housing and Redevelopment Officials, The League of Minnesota Cities, Metro Cities, Edam, and Minnesota Housing Partnership to get involved in the state legislative process. Influence the legislative impact to your community, services, and funding. Breakfast will be served at 8:30 a.m. and followed by a legislative briefing by Minnesota's House and Senate leadership. Learn more at [MHP's Web site](#), or call MN NAHRO at 651-675-4490.

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.