



MHP Capitol Update

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20 years & building



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Federal Update

In addition to MHP Capitol Update, MHP also publishes *The MHP Bulletin*, a newsletter that follows housing trends that affect Minnesota. Click [here](#) to sign up for *The Bulletin*.

State Update

Foreclosure Mediation & Deferment Bills Introduced

With a large number of Alt-A mortgage loans expected to readjust in the next year or so, legislators are anticipating the next wave of foreclosures and introducing foreclosure bills. Last session, the Subprime Borrower's Relief Act, a foreclosure deferment bill, was passed by the House and Senate, but vetoed by the Governor. The legislation would have given about 8,000 homeowners one year of breathing room before foreclosure. The idea was to buy time for the federal government to come up with a policy to intervene on behalf of owners facing foreclosure, which of course never happened. Representative Davnie and Senator Anderson have reintroduced HF 9 / SF 242. Meanwhile, Rep. Hilstrom and Senator Scheid have introduced a mandatory foreclosure mediation proposal based on the farmer/lender legislation of the late 1980s and 1990s. The mediation bills (HF 354 / SF 340) were developed in conjunction with the Attorney General's office. Since the foreclosure crisis continues to seriously impact communities throughout the state, passage of a foreclosure mediation or deferment bill this session is likely, but it remains unclear whether or not the governor would sign either bill.

From our perspective, it looks like state action may be the only way to stem the foreclosure tide and keep folks in their homes. The feds have not been able to figure out how to fix this problem, even after dumping billions into the banking industry. Congress seems to miss the boat again on this issue in the pending federal stimulus bill. Last year, the Minnesota deferment bill was strongly opposed by mortgage and banking trade groups. Advocates will probably need to weigh in loudly again this year.

Legislative Traveling Road Show Coming Soon to a Town Near You

As noted last week, Minnesota will be crisscrossed February 19-26 by legislators seeking citizen input on the state budget. If you live in or near any the cities listed below, you can take this opportunity to speak up for housing. Sign up to testify by visiting this website: <http://www.house.leg.state.mn.us/budgettownhallmeetings.asp>, but be sure to call your local legislator also to confirm that you would like to speak.

Legislators are beginning to understand that there is a housing crisis, but if they don't hear from folks in the field, housing will not get the attention it needs in budget deliberations. MHFA has experienced a 25% cut in funding in the governor's budget, which will result in 1,200 fewer units of housing built the next two years. With more families becoming homeless, it's important to speak up and be heard! Hearings will be held at these locations:

Albert Lea, Friday, February 20th - 10:00 a.m.
Alexandria, Friday, February 20th - 2:00 p.m.
Bemidji, Friday, February 20th - 3:30 p.m.
Bloomington, Tuesday, February 24th - 7:00 p.m.
Brainerd, Friday, February 20th - 10:30 a.m.
Burnsville, Wednesday, February 25th - 7:30 p.m.
Coon Rapids, Thursday, February 26th - 7:00 p.m.
Duluth, Friday, February 20th - 9:30 a.m.
Forest Lake, TBD
Little Falls, Friday, February 20th - 9:30 a.m.
Mankato, Thursday, February 19th - 6:00 p.m.
Marshall, Friday, February 20th - 2:30 p.m.
Minneapolis, Tuesday, February 24th - 6:00 p.m.
Moorhead (Senate Tax Committee), Friday, February 20th - 12:30 p.m.
Plymouth, Thursday, February 26th - 7:00 p.m.
Rochester, Thursday, February 19th - 6:00 p.m.
St. Cloud, Thursday, February 19th - 6:00 p.m.
St. Paul, Thursday, February 26th - 6:00 p.m.
Virginia, Friday, February 20th - 1:30 p.m.
Willmar, Thursday, February 19th - 6:00 p.m.
Winona, Friday, February 20th - 3:30 p.m.
White Bear Lake, Wednesday, February 25th - 6:30 p.m.
Woodbury, Monday, February 23rd - 6:00 p.m.
Worthington, Friday, February 20th - 10:30 a.m.

A full list of locations and dates can be found here:

<http://www.house.leg.state.mn.us/budgettownhallmeetings.asp>. Contact Julie Johnson at jjohnson@mhponline.org or 651.925.5548 for more information.

Housing Caucus Convened – Good Turnout

Over thirty legislators turned out for the initial meeting of the Housing Caucus last Wednesday. A number of other legislators indicated they couldn't make this session, but would try to attend coming sessions. Two more caucus-related meetings are planned on "Housing as Economic Stimulus" on February 17th and "Lending and the Credit Crunch" on

February 24th. The meetings will also cover the process and funding of housing development. The objective of the caucus is to broaden the base of support within the legislature for housing investments. It might also lead to a unified position of legislators for housing funding and policy. The caucus continues to be a work in progress, so it's still worth encouraging your legislators to participate in the upcoming educational sessions. Kudos to Senator Moua and Representative Clark for their organizing efforts, and to leadership on both sides of the aisle for their support!

Senate Subcommittee on Housing Meets

The formal name of the committee is too long to write out, but the establishment of the Senate subcommittee on housing speaks to the growing awareness of the role of housing in our economy. We believe this is the first stand-alone housing committee ever established in the Senate. It is also unique in that it includes legislators from both the policy and finance committees that oversee housing matters. Senator Kelash, the chair of the subcommittee, along with the other six members will be responsible for reviewing most housing-related legislation brought to the Capitol this year.

The initial overview session on February 4th attracted a number of legislators not on the committee who listened to presentations on housing affordability, homelessness and foreclosure. We appreciate the efforts of Senators Tomassoni and Marty who created the subcommittee and gave up some of their own committee time to allow the newly formed subcommittee to meet.

Bits & Bytes

Alternative Minimum Tax Changes for MHFA Mortgage Bonds

SF 252 (Bakk) and HF 392 (Lenczewski) are commonly referred to as the "federal conformity" bills, which contain several unrelated tax provisions. It's considered an annual rite of spring at the capitol to seek passage of this bill in time for taxpayers to take advantage of state tax changes already enacted at the federal level. Included in this year's bill for the first time is a provision that exempts mortgage bonds sold by the state last year from the alternative minimum tax. The exemption of the state bonds from both federal and state AMT would open up the market to additional bond buyers. Because state mortgage loans financed through bond sales are not competitive right now, families won't benefit immediately from the tax law change. The House bill has passed through the tax committee and has been referred to the Ways and Means Committee. The Senate bill is awaiting tax committee action.

Housing Community in the Spotlight: Chance of the Decade

Legislators are beginning to pay attention to housing, as our base of supporters at the Capitol has broadened. But legislators who pushed for formation of the housing caucus and the new Senate subcommittee continue to tell advocates that they had better show up and push lawmakers and the administration or risk losing out. Between the work of advocates to move housing from a second tier to a top tier issue and the housing crisis and economic unraveling, we have a unique opportunity for housing. This may be our best chance in the next decade to start to meet the needs of the many Minnesotans struggling to keep a roof over their heads or paying too much for those roofs. The challenge has been laid out, so this your time to act to FIX HOUSING, FIX THE ECONOMY.

Heard Under the Marble Dome

“Commissioner, we’re taking on debt to pay off debt. I don’t think that’s sound fiscal policy.”
--Senate tax committee member to finance commissioner on using tobacco funds to pay debt service on bonds

“We need the help of every interest group that comes to the Capitol to solve this structural imbalance in the budget. You need to check your partisan stripes at the door.” --Senate tax committee chair

“The democrats will think it’s a brilliant idea to use the tobacco money after they see the next budget forecast. They won’t be able to spend it fast enough.” --A lobbyist overheard outside the House chambers

Federal Update

(Compiled from material provided by National Low Income Housing Coalition)

The big story in Washington continues to be determining the scope of the Senate version of the economic stimulus package. In the hopes of getting the bill to the President’s desk by mid-February, the Senate remains on track to complete its package by the end of this week. If this happens, the bill could go into conference before the weekend. The latest round of modifications to the Senate version fully eliminated the \$2.25 billion for NSP (foreclosure) program and reduced by \$1.25 billion funds for energy retrofitting for HUD assisted rental housing. As passed last week, the House bill included \$4.19 billion for NSP and \$2.5 billion for the energy retrofitting. In a separate amendment, the Senate agreed that \$2 billion of the \$2.25 billion to fund the HOME program would be allocated to states to fund stalled low income housing tax credit projects. With these amendments, the Senate bill includes \$11.61 billion for HUD programs and the House includes \$16.31 billion.

The tax side of the Senate stimulus package was modified to increase the tax credit available to homebuyers purchasing homes in the next year. The Senate voted to increase the maximum credit, based on 10 percent of a home purchase price, from \$7,500 to \$15,000. The credit would have to be taken in no more than two tax years, and has no income or home price limit. The estimated cost of this credit is \$35 billion. The House bill, by contrast, retains the \$7,500 tax credit enacted last year but eliminates the requirement that the homebuyer repay the credit over a fifteen year period.

Be on the lookout for an action alert in the next day or so, and be prepared to call your legislators!

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 MHP at info@mhponline.org or 651-649-1710.

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 [click here to subscribe](#) *The Bulletin*, or contact MHP at (651) 649-1710 or email info@mhponline.org.

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.