



MHP Capitol Update

Volume 4, Issue 17

1 April 2009



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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

Public Housing Makes the Grade in House Bonding Bill

On Monday, Rep. Alice Hausman, chair of the House Capital Investment committee, released a \$200 million bonding bill, which includes \$4 million for public housing. The bill is meant to create new jobs quickly and to use the state's share of federal stimulus money effectively. While advocates are happy about the much needed money for public housing, there is a surprising lack of housing investment overall in the bonding bill. After all, the application of recent reports suggest that when bond proceeds, plus the leverage the proceeds generate, are used for new construction or renovating vacant buildings, the results are impressive. As many as 200 jobs, \$8.8 million in wages, \$16 million in spending, and \$720,000 in state revenues (not to mention local revenues) are generated over five years for every \$1 million initially invested.

Housing Bond Legislation to Take Strategic Turn

On March 30th, MHP convened Minnesota housing providers and advocates to review strategies for advancing the bonding legislation authored by Rep. Karen Clark (H.F. 1354) and Sen. Dave Tomassoni (S.F. 1382). The proposal authorizes MHFA to issue \$100 million in bonds for affordable housing owned by non-profits or local governments, with debt payments to be repaid from the state's general fund. Since the bond proposal did not make it into either the House or Senate omnibus bonding bill, leadership told bill authors that their proposal could advance only if bond repayment came out of funds otherwise designated for MHFA housing programs. Those attending the MHP meeting concurred that repayment eating into the agency program budget is not exactly what they had in mind. They agreed

that the Challenge Fund continues to be a top priority for appropriations and money for Challenge should not be reallocated to pay debt service on agency bonds.

As an alternative to a problematic bonding bill, the advocates proposed a strategic placeholder bill, which would reduce the amount of the bonding bill for housing in the House from \$100 million to about \$10 million. This would require \$1 million for debt service. Meanwhile advocates will seek support from House and Senate leadership for a larger bonding bill with debt service coming out of state general funds. Stay tuned for information on how to support a strong bonding plan.

Clarification: Housing and Challenge Program Funding

Last week, the Capitol Update reported that in the House, the overall target for Representative Karen Clark's Housing Finance and Policy and Public Health Finance Committee was set \$16 million below the recommendations of the Administration. In reality, the target was set \$16 million below *the budget base for her programs and accounts for 2010-2011*. With the budget for Minnesota Housing making up about 35% of Clark's committee's budget, pro-rating this cut across all programs would work out to a \$5.6 million dollar cut to MHFA programs, which comes in about 1-2% lower than the Administration's proposal. The Challenge Fund still stands to bear the full brunt of this cut, which the Administration proposes cutting 69% from the last biennium. Please visit the [MHP website](#) for [Challenge fact sheets](#), a list of [recently funded single and multi-family Challenge projects](#), and more information on how to take action. And while you're there, check your Challenge knowledge by taking the [Challenge Challenge Quiz!](#)

Homeless Bills Continue to Find Traction

Last week homeless advocates made a strong show of support in the House housing committee as Rep. Hayden advanced H.F. 1491, which would restore 2007 funding for homeless services. The programs include: \$3 million for long-term homelessness services, \$1 million for the Runaway and Homeless Youth Act, and additional monies for transitional housing programs and emergency services grants. Another bill (H.F. 1432/S.F. 0969) appropriates \$4 million to the Runaway and Homeless Youth act and extends support for older youth aging out of the foster care system. The appropriations components of both these bills have been laid over for possible inclusion in omnibus budget bills, while the provisions for youth aging out of foster care are traveling through committee.

Foreclosure Mediation Moves Forward

Both the House and Senate considered the Homeowner-Lender Mediation Act this past week (H.F. 354/S.F. 340) which is modeled after the Farmer Lender Mediation program adopted in the '80's to address farm foreclosures. The legislation creates a mediation process for homesteaded properties before they begin foreclosure proceedings. The bill also ensures that homeowners get notice of the new mediation process, and that it is given court oversight. Key differences between the chambers remain, however. The Senate committee amended the bill to require the involvement of foreclosure counselors on behalf of the homeowners and to clarify the "good faith" provisions. The House bill does not require foreclosure counselors.

3 of 4 Metro Proposals Fall Victim to Policy Deadline

A number of proposals relating to affordable housing in the Twin Cities Metropolitan Area couldn't overcome hurdles this week prior to the policy deadline on Friday. Specifically, the Neighborhood Renewal Act (H.F. 1698/S.F. 1552) failed to meet Friday's deadline in either chamber and is dead for the session, although progress was made to advance the

important role that civil receivership may play in addressing foreclosed and vacant properties during the housing crisis. In addition, the Livable Communities Act (H.F. 1955), which would transfer housing development and brownfield remediation resources to cover transit operating costs, found resistance in the House Local Government Committee. The bill was held over by its author, Rep. Holberg. However, the companion bill (S.F. 1610) passed out of the Senate Transportation committee last week and awaits consideration by the Senate Finance committee on Economic Development and Housing Division.

Bits & Bytes

Renter's Credit – No Cut Sets Good Precedent

Hoping they wouldn't have to fight for reducing cuts to the Renter's Credit, advocates got what they wanted on Tuesday. The credit made it out of the House Property Tax committee with zero cuts. With this success, advocates will focus on asking Senate tax committee members to do the same and not open up the credit for negotiation.

Budget Release – Expect Delay?

Chatter around the Capitol the week makes us think that the budget will not be released until after the Spring recess. That is, lawmakers are not eager to catch heat while at home during the Easter break. This makes the break period the perfect time to reach out to your legislator in her or his home district to advocate for the Challenge Fund, bonding, homeless programs, and other affordable housing efforts!

Simple Majority for Comp Plans

H.F. 1828/S.F. 1605, authored by Rep. Hornstein and Sen. Dibble advanced out of committee this week. This bill carves out affordable housing provisions in comprehensive plans, which allows communities to amend these provisions by a simple majority vote rather than requiring a super majority.

Heard Under Marble Dome

"It's awfully quiet for a deadline week . . . Must be the lull before the storm." – A seasoned lobbyist commenting on the current state budget play (or lack thereof)

Federal Update

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

In the federal housing world this week, HUD clarified terms and/or disbursement of funds for two housing programs funded through the stimulus legislation. Meanwhile, President Obama signaled intent to address homelessness.

Out of the \$3 billion set aside for public housing repair funds in the stimulus bill, Minnesota is slated to receive about \$47 million. On March 18th, the 124 Minnesota public housing agencies got the green light from HUD to begin their capital projects. All expenditures are subject to HUD approval and must be obligated by March, 2010. View the HUD public housing notice at: www.hud.gov/offices/pih/publications/notices/09/pih2009-12.pdf. HUD will also distribute to public housing authorities nationwide another \$1 billion in stimulus dollars by competitive grant by September 1.

On March 19th, HUD released details about the \$1.5 billion in funding for Homeless Prevention and Rapid Rehousing Program (HPRP) in the stimulus bill. About \$23 million of this funding will

reach Minnesota for distribution through the State of Minnesota Department of Human Services and five local governments. (The program uses the same awardees and distribution formula as the Emergency Shelter Grant program.) HUD's notice clarified that funds can be used for expenses such as counseling, moving costs, and up to eighteen months of rental assistance per household. Households will qualify only if their income is less than 50% of the area median and they are homeless or would be homeless without HPRP funds. Recipient agencies must state how they intend to use the new funds in amended 2008 Consolidated Plan Action Plans, which are due to HUD by May 18th. Communities must sign an agreement with HUD for use of funds by September 1, 2009. The HUD notice on HPRP is available at: http://www.nlihc.org/doc/HPRP_Notice_3-19-09.pdf.

In other federal news, President Obama suggested a federal intent to address homelessness during his March 24th press conference. When asked about reactions to mounting homelessness and new tent cities springing up, the president responded that it was "not acceptable for children and families to be without a roof over their heads in a country as wealthy as ours." National housing advocates have pushed forward by suggesting a number of ways that the president could follow through on his concern, including full funding of the National Housing Trust Fund.

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.

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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.