



# MHP Capitol Update

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*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*.*

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## State Update

### House Budget: Housing Does Better Than Expected

On April 7<sup>th</sup> Rep. Karen Clark, Chair of the Health and Housing Committee, released a draft of the committee's funding bill. The draft provides \$90.4 million for the programs of Minnesota Housing. This amount is half a million dollars more than the base housing budget from the last biennium, and nearly \$5 million above the Governor's budget. Thanks to Clark's successfully advocacy for more money for housing, the Challenge Fund was the big gainer when compared to the Governor's budget, having picked up an additional \$4.496 million. An additional \$500,000 went to a demonstration program providing resources for adults at high risk for re-institutionalization based on criminal behavior, mental illness, or drug use. This budget still leaves the Challenge Fund \$4 million below the base budget from the last biennium and \$19 million below the total 2007 appropriation. In addition, the Chair's budget recommendation provides \$3 million more than the Governor's budget for supportive services, and \$238,000 for the Runaway and Homeless Youth Act, both of which are Department of Human Services programs. The Chair asked committee members to offer any amendments to the appropriations bill by noon on April 13<sup>th</sup>, and plans to hold a vote on the bill the following day.

Meanwhile, Sen. Dave Tomassoni, Chair of the Senate Finance subcommittee addressing housing, is set to introduce his funding bill on Monday just before the Senate returns from break. That means this is a good time for another push to Tomassoni's committee to bolster funding for the Challenge Fund.

## **Bonding: What Lies Ahead**

This week, the House passed its bonding bill, which totals around \$250 million. The bonding bills of the two chambers will head to a conference committee next week after the recess. The Senate's bill came in higher at about \$370 million in bonds. Governor Pawlenty has yet to release his bonding proposal, but it is likely to be closer to \$120 million.

Here's a recap for bonding related to housing: \$4 million in bonding for public housing is in the House bill, but not the Senate bill. Non-profit housing bonds to fund Minnesota Housing programs are in neither bill. (See *Bits & Bytes* for an update on the strategic placeholder for non-profit bonding in the House.)

## **Missed Deadlines**

Policy-only bills came up against deadlines this week and last. Major housing bills that missed deadlines include: Contract for Deed (H.F. 1214/ S.F. 1035), the Neighborhood Renewal Act (H.F. 1698/S.F. 1552), the Cities' Eminent Domain foreclosure-related bill (H.F. 1537/S.F. 1659), a landlord-tenant bill (H.F. 1184/S.F. 1034), the People's Bailout (H.F. 0262/S.F. 0542), and the Mortgage Subprime Deferral Act (H.F. 0009/S.F. 0242). Some contract for deed provisions are still alive in H.F. 1302, and advocates plan to take up the Neighborhood Renewal Act again next year. For a brief description of housing bills, visit the [MHP bill-tracker](#). (By the way, if there are housing or homeless bills you are tracking that you think should be covered in the *Update*, please let Julie Johnson know at [jjohnson@mhponline.org](mailto:jjohnson@mhponline.org).)

## **Spring Recess: Perfect Time to Call Legislators**

The legislature is now taking recess before they get moving with the omnibus budget bills. Committees won't be meeting again until Tuesday the 14<sup>th</sup>. Though we've heard many metro-area legislators will still be around the Capitol, most Greater Minnesota legislators are happy to head home for a break. This is a good time to try to meet with your legislators while they're in town to ask them to support full funding for Challenge as well as the House version of the bonding bill that includes \$4 million for public housing. If an in-person connection isn't possible, then it is also the perfect time to call and leave the same message waiting on their voicemail for their return.

We'd also like to note that Rep. Carlson, Chair of House Finance, will be hosting a town hall forum 9-10:30 a.m. this Saturday, April 11<sup>th</sup>, with Sen. Rest and Rep. Peterson. It will be held in the Crystal Community Center located at 4800 Douglas Drive. This presents the opportunity to catch the undivided attention of the Finance Committee Chair on housing issues.

## **Bits & Bytes**

### *Non-Profit Bond Placeholder a No-Go for Now*

Last week, the *Capitol Update* reported that housing advocates were aiming to get a small \$10 million non-profit housing bonding provision into House housing appropriations bill as a placeholder, while advocates sought a larger bonding bill with debt service coming out of the general fund. This placeholder ultimately did not make it into the House bill. Non-profit bonding dollars for housing are becoming less of a possibility this session.

### Senate Education Bill Passes, but with a 3% Cut Overall

The Senate passed its education funding bill, and the result is a cut, even for the “sacred cow” of education. The original target included a 7% cut as part of the Senate’s across-the-board-cut plan, but with the federal stimulus dollars included, the net cut for education stands at around 3%.

### The Stretch Run: Deadlines

Here’s the rundown on the next set of deadlines. It appears that the goal is to get all budget and tax bills to the Governor by May 12<sup>th</sup>. The strategy behind this earlier-than-usual deadline is to ensure enough time for the DFL-controlled legislature to override any vetoes by the Governor. Leading up to this, April 16<sup>th</sup> is the deadline by which budget bills must be out of budget committees. By April 22<sup>nd</sup>, tax and spending bills must be out of finance committees and sent to floors of their respective chambers. By May 7<sup>th</sup> conference committees’ bills must reach the floor for a final vote, which leaves enough time for bills to land on the Governor’s desk by May 12<sup>th</sup>.

### **Heard Under Marble Dome**

“There was a huge tug of war within the committee as we tried to figure out how to cut the required \$16 million from the budget, while still balancing the needs of homeless and housing programs. Legislators felt that federal dollars would make up for reductions in the Challenge grant.” – *House Housing committee member*

## **Federal Update**

(Compiled from material provided by the National Low Income Housing Coalition & USA Today)

Last week, the revised McKinney-Vento legislation was introduced in both the House and Senate. The “Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009” (H.R. 1877/S. 808) is very similar to the legislation introduced last year. Some elements of the bill continue to divide the homeless community. Groups like National Coalition for Homeless oppose the fact that the bill limits the use of funds for homeless outreach activities and that it restricts eligibility for certain homeless populations. Sen. Klobuchar is a co-sponsor of the Senate bill.

Several of Minnesota’s representatives signed a letter supporting full funding of project-based Section 8 plus funding for 200,000 new Section 8 rental vouchers. This letter points out that the number of low-income renters paying over half of their income for housing increased 32 percent since 2000, yet Section 8 funding increased significantly only one time, back in 2001. The letter was targeted to the Chair of the HUD appropriations subcommittee, Rep. John Oliver (MA), and Rep. Tom Latham (IA), the leading Republican member on the subcommittee. Minnesota representatives Keith Ellison, Jim Oberstar and Tim Walz signed the letter. Representative Betty McCollum’s office said that as a standard practice, Rep. McCollum does not sign on to letters for committees of which she is not a member, but that she supports the effort and would send her own individual letter.

Both the U.S. House and Senate are in recess until April 20<sup>th</sup>.

In other news, [USA Today](#) reported that over \$300 million of the stimulus funds for public housing will go to housing agencies that are considered “troubled”. These 61 housing agencies in 26 states have been cited at least three times since 2004 for problems

managing federal monies. The list included two Minnesota agencies: the Minneapolis PHA and the HRA of Detroit Lakes. The article cited some who fault the government for releasing funds to agencies that may mishandle it. However, a HUD spokesman quoted in the article stated that troubled agencies "should have the opportunity to improve their housing," and that HUD will monitor the situation closely.

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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.