



MHP Capitol Update

Volume 4, Issue 19 | 22 April 2009



We invite you to forward, quote, or cite anything within The MHP Capitol Update, as long as you reference it as the source. Thank you!

State Update

- [Housing Budgets Shake Down](#)
- [Thank You House!](#)
- [Public Housing Bonds Head to Conference](#)
- [Revenue Raisers Introduce 3-Way Contest of Wills](#)
- [Bits & Bytes](#)
- [Heard Under the Marble Dome](#)

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

Housing Budgets Shake Down

Last week, the Senate Finance subcommittee addressing housing (Sen. Tomassoni, Chair) released its budget numbers in time for the legislature to resume session after the recess. The Senate numbers allocated only \$85.1 million for Minnesota Housing, which is about \$300,000 below the Agency's recommended budget. Meanwhile, the House's budget stands at \$90.4 million, which is about \$5 million higher than the Agency's recommended budget. Check out MHP's [side-by-side comparison](#) of individual Agency programs.

Committees have also shuffled money within these overall budget figures. In the House, Clark's committee moved \$1,000,000 from the Housing Assistance Fund (HAF) to the Challenge Fund, which had been cut 69% over the last biennium in the Agency's and Senate's budgets. The House now funds Challenge at \$5.5 million more than the Agency and Senate budgets. In the Senate, the Finance subcommittee's bill initially was released with \$400,000 taken out of HAF. This week \$300,000 of that money was restored by moving it from the rental preservation fund (PARIF) to HAF.

If the acronyms have got you down, here's a refresher. PARIF, the Preservation of Affordable Rental Investment Fund Program, is used to rehab affordable rental properties that are federally assisted. The Homeownership Assistance Fund provides interest-free, deferred loans to eligible first time homebuyers for down payment and closing costs. And of course the [Challenge Fund](#) has been covered in previous issues of the *Update*.

Full information is not complete for Department of Human Services (DHS) funding for housing, but look for a full analysis soon.

Thank You House!

Rep. Karen Clark and her housing and public health committee deserve much appreciation from housing advocates! In these tough budget times, the committee successfully increased the budget for the Minnesota Housing Finance Agency by \$5 million over the Agency's budget proposal and \$5.3 million beyond the amount in the Senate. They also added \$5.5 million for the Challenge Program, which otherwise faces a 69% cut. What's more, they reinstated \$3 million for homeless supportive services. As mentioned in the previous article, the committee recently boosted the Challenge budget by \$1 million for a total of just over \$16 million. [Click here](#) for a list of committee members to thank and their contact info. When you contact committee members, be sure to let Julie Johnson know at jjohnson@mhponline.org or 651-925-5548.

Public Housing Bonds Head to Conference

Members of the Senate and House have now begun meeting in conference committee to negotiate the omnibus bonding bill, where bonding money for public housing awaits action. The House version of the bonding bill includes \$4 million to maintain and repair public housing statewide, while the Senate's version does not include the \$4 million. At a time when the recession leaves vulnerable people behind, investing in public housing bonds is an important way to shore up the housing safety net infrastructure while also putting people back to work.

Public housing in Minnesota requires well over \$300 million for much-needed repairs to an aging housing stock. Even though the federal stimulus bill provides \$56 million in federal funds for public housing, this is a far cry from the amount needed. [Click here](#) to contact members of the bonding conference committee in support of the House's version of the bonding bill.

Revenue Raisers Introduce 3-Way Contest of Wills

On Monday, Tax Chair Rep. Ann Lenczewski unveiled a House DFL tax proposal that would increase cigarette taxes by 54 cents per pack, raise the liquor tax for the first time in 20 years and subject top income earners to a higher tax rate. Coupled with the elimination of numerous tax deductions and the closing of corporate loopholes, the bill would raise \$1.5 billion in state revenues aimed at addressing the \$4.6 billion state budget deficit.

In contrast, on Tuesday the Senate proposed four years of across-the-board tax increases coupled with a 7 percent across-the-board-budget reduction. Similar to the House, the Senate would raise taxes for top income earners. The Senate proposal is expected to raise \$2.2 billion over the next two years with the changes to sunset in 2014.

Gov. Pawlenty continues to oppose any tax increase vigorously and expects the legislature will be unable to garner enough votes to override his veto. With vastly different proposals on the table and an economy still dominated by the recession, the relative positions of the Administration, House and Senate set the table for a long and contentious end game with difficult negotiations ahead.

Bits & Bytes

No New Taxes = More Cuts

With the economy being what it is, unless more revenues can be raised, the legislature will face enacting additional cuts to an already trimmed down budget. In this case, housing is not likely to be spared. Non-profits and advocates for lower income folks are making noise (check out the [Invest in](#)

[Minnesota campaign](#)), but more is needed. Call your legislators and let them know that your priorities require raising revenues.

Something for Housing - S.F. 2078

Senate leadership recently introduced S.F. 2078 which includes three mechanisms to address affordable housing. The bill establishes a state version of low income housing tax credits, capitalizes on the federal first time homebuyer credit of \$8,000 and provides for \$150 million of bonding for rental housing. With sponsors including Senators Pogemiller, T.Clark, Bakk and Metzen, this should be an interesting bill to watch with its first stop in Senate Business, Industry and Jobs on Tuesday.

Agency Action

As Senate and House Committees finalized their budgets this past week, the Minnesota Housing Finance Agency took unusual action in asking supporters to contact the House Housing & Finance Committee regarding its decision to transfer money from HAF into the Challenge Fund. While the move raised eyebrows, the issue highlighted the value of the Agency's many programs serving low income households during this difficult economy.

Heard Under Marble Dome

"You'd think the Agency would thank us for increasing their budget by \$5 million and funding supportive services." --Member of House Committee on Housing and Public Health

"We have to make tough choices. The Agency chose to cut the Challenge Grant by 50% and shifted funds from Challenge to homeless programs. We chose to shift appropriations from HAF because it's a revolving fund, and Challenge could create jobs and housing."

--Another Member of the House Committee on Housing and Public Health

Federal Update

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

Congress was on recess through April 20th.

Meanwhile, Representative Keith Ellison introduced the Protecting Tenants at Foreclosure Act of 2009 (H.R. 1247), which provides protections for tenants facing eviction when the homes they are renting go into foreclosure. H.R. 1247 would require the purchaser of a property at the time of foreclosure to give tenants 90 days notice before requiring them to vacate the property. Tenants with leases would be allowed to remain on the property until the end of the lease, unless the purchaser will occupy the property as a primary residence. In those cases, the tenant would still receive 90 days notice. Tenants with Section 8 vouchers may remain in place for the term of the lease; the initial purchaser at the time of foreclosure must assume the Section 8 payment contract. The National Low Income Housing Coalition estimates that 40% of families affected by foreclosure are renters. Ellison is currently adding co-sponsors' names to the bill.

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 Rick Bernardo at Rick.Bernardo@mhponline.org or 651-925-5549.

Minnesota Housing Partnership also publishes and distributes *The MHP Bulletin* monthly, which includes affordable housing news and trend information, new research, publications, and upcoming events. Please [click here to subscribe](#) *The Bulletin*, or contact Rick Bernardo at (651) 925-5549 or email Rick.Bernardo@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.