



# 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

### WELCOME TO 86<sup>th</sup> SESSION OF THE MINNESOTA LEGISLATURE!!!!

#### **Doom and Gloom**

We try to find silver linings but the first week of rounds at the Capitol was very gloomy at best. Early discussions seem to center on whether to whack budgets now or later. DFL legislators are hesitant to raise taxes against the governor's active opposition, so they are pondering making cuts now to give agencies, programs and the public plenty of time to adjust budgets and services downward. There has been some quiet mumbling in the Republican ranks about being open to broadening the sales tax base, but even such a move wouldn't cover the \$4.8 billion deficit, which is expected to grow by end of February.

It would seem counter-intuitive to reduce funding for affordable housing production in the midst of a housing crisis, but housing advocates continue to face new obstacles. First, legislators hold a general belief that the \$58M of 'federal help' sent to Minnesota through NSP will solve the housing problem. Advocates recognize that these dollars are a drop in bucket, but legislators need to be told that funds probably address less than 20% of the states vacant properties. Second, legislators often say, "There is no affordable housing problem. Just look at the falling home prices and all the houses for sale." Advocates will need to spend more time explaining rehab needs, costs, affordability, financing and creditworthiness.

#### **No Housing Noise!**

We didn't quite have our ears on the closed doors of House & Senate DFL caucuses, but the reports we heard were that housing was barely mentioned - as either a reason for the economic crisis or as a stimulus solution. It wasn't until late in the sessions that housings few

legislative boosters stood up and put the matter on the table. This was a bit discouraging to our champions, who thought their efforts to organize a housing caucus with the support of advocates around the state would have pushed a few dozen legislators to speak up.

There is still time to bring housing to the forefront, but a concerted effort will be needed. The message is simple - "Fix Housing, Fix the Economy." Funding housing will keep folks in their homes and stimulate the economy. Keep an eye on the *Capitol Update* and other MHP materials over the coming months to help you deliver this message. It is critical that you add advocacy to the top of your overloaded to do list.

### **Senate Announces Housing Subcommittee Membership**

Senator Ken Kelash was named Chair of the newly created Housing Subcommittee, which includes members of the policy and finance committees with jurisdiction over the MHFA budget. Kelash is a newly elected senator representing South Minneapolis, Richfield and Bloomington and was a carpenter and union official. The other members are: Sen. Marty, Sen. Tomassoni, Sen. Dibble, Sen. Lourey, Sen. Vandever and Sen. Fishbach. The committee will meet as needed to review both policy and finance proposals. Institution of this subcommittee was a direct result of our efforts to establish the housing caucus and raise the profile of housing at the legislature. In another nod to housing, Senator Tomassoni's committee was renamed the Economic Development and *Housing* Budget division. We believe that Senator Berglin's Health and Human Services committee will retain jurisdiction over DHS housing programs, while Tomassoni's committee may review those DHS items for perspective.

### **House Committee Set**

The make-up of Representative Karen Clark's Housing Policy and Finance and Public Health Finance Division was confirmed, with 6 new members, including 3 freshmen, and a new vice chair, Representative Carolyn Laine. The new members are: David Bly (DFL), Larry Howes (R), Brita Sailer (DFL) and freshman Paul Rosenthal (DFL), Peggy Scott (R), Jeff Hayden (DFL). The returning members are: Dan Severson (R- Lead), John Benson (DFL), Thomas Huntley (DFL), Carol McFarlane (R), Denny McNamara (R) and Will Morgan (DFL).

The committee accounts are not yet set. Last year, this committee had jurisdiction over the Human Services housing programs that primarily served the homeless population as well as emergency services.

Your task this week is to contact Julie Johnson at MHP at [jjohnson@mhponline.org](mailto:jjohnson@mhponline.org) or 651-925-5548 and let her know if you have a relationship with any Senate or House committee members, or are ready to become someone's new best friend.

### **MHP Policy Showcase – Notes and Quotes**

On Monday, January 12, about 200 housing advocates and supporters gathered in St. Paul for MHP's Policy Showcase. Legislative leaders provided insights as to what to expect this session, especially in light of the forecasted budget deficit. Repeatedly, legislators emphasized the importance of bringing the housing message to the capitol. In addition, many noted the importance of housing development and rehabilitation as a job creator and economic stimulus. Speakers from the Legislature included Senate Minority Leader David Senjem, Senator David Tomassoni (Chair, Economic Development and Housing Budget Committee), House Majority Leader Tony Sertich, Senator Tarryl Clark (Assistant

Majority Leader), Representative Karen Clark (Chair, Housing Policy and Finance and Public Health Division), and Representative Jeff Hayden.

The group also heard from Tonya Orr, Assistant Commissioner of Minnesota Housing, who provided an overview of the agency's budget priorities this session including:

1. Completing the commitments made in the plan to end long term homelessness
2. Ensuring funding for programs that help the most vulnerable, and
3. Programs that leverage other resources.

Assistant Commissioner Orr listed among the programs that meet these criteria, Family Homelessness Prevention, the Business Plan to End Long Term Homelessness, Bridges, and Foreclosure Prevention counseling.

It is also noteworthy that Assistant Commissioner Orr mentioned the possibility of the second federal stimulus package to include resources for housing equivalent to a second round of Neighborhood Stabilization Program (NSP) funding. (See the Federal Update below for more detailed information.) We will keep you posted as we learn more from our partners in Washington D.C. in the weeks to come.

### **Bits & Bytes**

The 71-member US House Financial Services committee, which authorizes housing bills, identified its new membership. The committee added Eric Paulsen, joining Keith Ellison and Michele Bachmann, the other Minnesotans on the full committee.

The US Senate Banking committee will hold its hearing on the nomination of Shaun Donovan for HUD Secretary on January 13.

### **Heard Under the Marble Dome**

"We've attempted to raise revenues a number of times, but it is always vetoed. Why should we waste our time trying again? We should just start cutting now then at least we can have a fair discussion rather than whacking willy-nilly at the last minute." Prominent DFL Tax Committee Member

## **Federal Update**

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

This week the House is expected to pass a reform of the TARP (Troubled Asset Recovery Program). Financial Services committee Chair Barney Frank introduced H.R. 384 which identifies how the \$350 billion in TARP authorization still left unspent should be used. Under this proposal \$40 billion to \$100 billion would be required to be spent on a foreclosure mitigation plan created by the Treasury. The plan would need to be submitted to Congress by March 15 of this year. In addition, Rep. Barney Frank is looking at a fix for the lack of markets for Low Income Housing Tax Credits for rental housing development. This fix is rumored to run \$5-10 billion and will likely be part of TARP.

The House is also expected to pass its version of the economic recovery package by mid-February. In a recent speech, President-elect Obama stated that the recovery funding would keep responsible families in homes and improve energy efficiency of two million homes.

NLIHC reports that Congress is likely to put between \$17 billion and \$20 billion for housing in the stimulus package. If that occurs and Minnesota receives proportionately what it did under NSP, \$250 million in additional funding could be coming to the state.

Amounts under discussion for the bill include \$5 billion for public housing, \$2 billion for greening federally assisted housing, a second round of NSP (foreclosure) funding at \$5 billion, \$3 billion in HOME, and \$2 billion in emergency shelter grants. At this point, additional funding for National Housing Trust Fund and new Section 8 vouchers are less likely to be included. The Trust Fund, with regulations still being drafted, is not considered to include shovel ready projects, and lawmakers are concerned about long term budget impacts of creating new Section 8 vouchers.

The 2009 appropriations bill will be taken up after the recovery package, likely end of February. Current spending is authorized through March 6 by last year's Continuing Resolution. The President's 2010 budget, required to be out in early February, is not expected to have any details but will include an overall number for domestic spending.

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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](mailto: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.