



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.

STATE UPDATE

Deed and Mortgage Tax Bill Would Create 10,000 More Homes

On March 22, the mortgage and deed revenue capture for housing was introduced in both the House and Senate. This bill designates a portion of mortgage and deed tax collections for production of affordable housing units, but mortgage and deed tax rates remain unchanged. Rep. Marquart sponsored the House bill ([HF 3725](#)) and Sen. Cohen leads the Senate effort ([SF 3304](#)). House co-sponsors include Reps. McFarlane, Davnie, Clark, Carlson, Champion, Mariani, Sailer and Hayden. Sens. Tomassoni, Dibble, Senjem and Marty are co-sponsors to the Senate bill.

Starting in 2012, the proposal commits increases in revenues over FY 2011 levels from deed and mortgage tax collections to address housing, and create jobs in the process. The legislation would supplement Minnesota Housing's Challenge Program with an estimated \$19-39 million annually. The program sunsets after 10 years with the goal of producing 10,000 units in that time.

Moua and Rukavina Introduce State Housing Tax Credit Bill

Senator Moua and Representative Rukavina took the lead in introducing a state version of the highly successful federal Low Income Housing Tax Credit. The bill ([SF 3307](#) / [HF 3724](#)) sweetens incentives for the private sector to invest in creating affordable rental housing in Minnesota.

Under the bill, Minnesota Housing would provide tax credits to affordable housing developers, who market credits to investors. The bill encourages local investment, and enables some investors who do not qualify for federal housing tax credits to participate. With the capital raised by investors, developers can build rental housing that meets the requirements of the federal Low Income Housing Tax Credit (LIHTC) program or Minnesota Housing rental programs. The program would last for five years.

Sens. Dibble, Senjem, and Marty are co-sponsors in the Senate. House co-sponsors include Reps. Clark and Davids.

Big Week for Renters at the Legislature

Last week, the [Tenant Bill of Rights](#) passed out of its final committees and awaits votes by the full House and Senate. Assuming both versions of the bill ([SF 2595](#) / [HF 2668](#)) pass, the bill may still have to go to conference committee. The bill is poised to improve seven outcomes for renters. The new legislation caps late fees, requires receipts for rent paid, reimburses attorney's fees in some cases, limits screening fees, penalizes landlords for improper division of utility costs and bad faith retention of security deposits, and extends the right of tenants to stay in the event of foreclosure. The Minnesota Multi Housing Association has agreed to ask Governor Pawlenty to sign the legislation.

Both the House and tax committees passed their budget cut bills last week without making the unallotment to the [Renters' Credit](#) permanent, as proposed by the Governor. These bills were added to supplemental budget bills that passed off both the House and Senate floors on Monday. Now the two versions of the supplemental budget are in conference committee; it is unlikely that renters' credit cuts will come up. Meanwhile, the fate of the Governor's 27% cut to the [Renters' Credit](#) in 2010 through unallotment remains unknown, and awaits a decision from the MN Supreme Court. At issue is the constitutionality of the manner in which unallotments were exercised last year.

Recess Opportunities: Meet with Your State Legislators In-District

MHP is encouraging people who care about housing to connect with legislators while they are in their home districts during Easter recess March 29 through April 6. This is a great opportunity to urge lawmakers to invest in housing during a housing and jobs crisis. Connecting with legislators can be done in several ways: through phone calls, individual meetings or at events. Many legislators also organize town hall forums during break. Town hall forum and contact information can be found on member pages via the [state legislature's website](#). To find your legislators, click [here](#). For current housing proposals and for help in making the best case for housing with your legislator, please contact Julie Johnson at jjohnson@mhponline.org.

Bits & Bytes

Advocates Converge upon Senate Budget Position as the Lesser Evil

With Minnesota's budget deficit coloring all conversations at the Capitol, housing advocates are in the unenviable position of having to pick the least toxic of the Minnesota Housing budget cut poisons. On March 22, both the House and Senate passed the first of three supplemental budget bills; this first bill includes funding for Minnesota Housing. The Agency's budget is spared in neither bill, with the Preservation Affordable Rental Investment Fund (PARIF) and the rental Rehab Loan Fund taking hits. Alas, the vial of choice for advocates is the Senate bill, which makes the deepest cuts this biennium, but the shallowest permanent cuts. The Senate's version cuts \$5.5 million in 2010-11, but limits permanent cuts to \$2.7 million in 2012-13. By comparison, the House cuts \$4.9 million this biennium and \$4.9 million permanently in future biennia. See [MHP's side-by-side comparison](#) for details.

Under the Radar: Minnesota Housing Picks up \$6 Million in Bonding Authority

As part of the 2010 bonding bill now signed into law by the Governor, the non-profit bonding for housing originally authorized in 2008 has been upped by \$6 million. In 2008, the legislation authorized Minnesota Housing to issue \$30 million in non-profit housing bonds for permanent supportive housing. However, due to lower-than-expected interest rates, Minnesota Housing found that it could issue an additional \$6 million in non-profit bonds based on the original debt service dollars passed in 2008. The new law also allows the option of using any of the as-yet-unspent \$36 million for remediation of vacant or foreclosed homes for rental housing. Housing advocates can consider this outcome a sweet victory, especially since the pressure of active advocacy gave Minnesota Housing and lawmakers more incentive to turn stones looking for money for housing. This outcome is especially heartening in light of the Governor's line-item veto of \$10 million in bonding for public housing rehab.

Challenge Bonds Pass out of House Committee

Rep. Karen Clark's bill authorizing \$30 million in "Challenge Bonds" ([HF 3678](#)) passed out of Clark's housing committee on March 24. The bill, which lacks consensus among advocates, permits Minnesota Housing to use \$2.4 million of Challenge appropriations for the debt service to sell bonds for projects eligible under the Challenge Program. The companion bill in the Senate ([SF 3273](#)) was introduced by Sen. Tomassoni on March 17.

Update on Foreclosure Bills

The mid March policy deadlines stalled out a number of foreclosure related bills, including SF 2501 (Scheid)/HF2615 (Mullery). The bill would have streamlined the process for connecting owners facing mortgage foreclosures with an authorized foreclosure prevention agency and someone authorized to negotiate on behalf of the foreclosing lender. The Foreclosure Remediation Bill ([SF 2170 \(Scheid\)](#) / [HF 2613 \(Hilstrom\)](#)), failed to pass out of the Finance committee, but is scheduled for another hearing in Senate Economic Development & Housing Budget committee on Wednesday, March 24. The bill provides for mediation prior to commencement of mortgage foreclosure proceedings on homestead property and creates a homestead-lender mediation account.

SAFE Act Correction

Last week the *Capitol Update* reported on the SAFE Act ([SF 2643/HF 2600](#)) which seeks to increase the standards for mortgage loan originators including license fees, bonding requirements, background checks and continuing education. We erroneously reported that the bill ensures that qualified non-profit entities like Habitat for Humanity can meet these standards cost effectively. While the standards are needed to eliminate the bad actors in the real estate and mortgage industry, the current bill actually *fails* to provide exemptions for qualified nonprofit banks and foreclosure counseling agencies. This exemption is needed to enable these qualified organizations to meet the standards without undue financial burden.

Twin Cities Habitat for Humanity Leads Immersion Retreat

In the third week of March, ten individuals participated in the first ever Habitat Immersion Retreat. The three-day experience included rehabbing a foreclosed house in North Minneapolis, a day-in-the-life experience at St. Stephen's shelter, and an Advocacy 101 training including visits with participants' state legislators at the Capitol. Participants learned about the housing continuum and how raising their voices can help create communities where everyone can afford to live. To read more about the Immersion Retreat check out www.tchabitat.org/advocacyblog.

FEDERAL UPDATE

After being passed by both the House and Senate, the bills with the extension of the 9% exchange program for the Low Income Housing Tax Credit now await reconciliation. While the extension of tax provisions is not considered controversial, the bills contain different methods of offsetting the costs. Votes will likely occur after Easter recess, which is scheduled for March 29-April 9.

Distributed weekly during the Minnesota legislative session and periodically 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.