



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

Bonding: First off the Block & Near a Finish?

Minnesota legislative leadership was poised to move the bonding bill through the legislature at lightning speed going into the session. In fact, both the House and Senate introduced their omnibus bonding bills (HF 2700 and SF 2360) on the first day of session, with the Senate having already passed off the floor yesterday. The House bill is likely to go to the floor for a vote Monday or Tuesday next week (Feb. 15-16).

So, what's in the bills?

- The House bill (HF 2700) contains \$10 million in general obligation (GO) bonds for public housing rehab. A placeholder for \$5 million in nonprofit bonds had been in the bill but was removed.
- The Senate bonding bill (SF 2360), which has already passed off the floor, contains \$10 million in GO bonds for public housing rehab only.
- The Governor's proposal included only \$5 million, all in non-profit (501c3) bonds for supportive housing and foreclosure remediation for rental housing, and it is not clear

what his response will be to GO bonds for public housing, should they be in the bill that comes out of conference committee.

- For the record, Minnesota Housing originally recommended a bonding bill of \$40 million, including \$10 million in GO bonds for public housing, and \$30 million in non-profit (501c3) bonds for supportive housing and foreclosure remediation of rental housing and community land trusts.

However, roadblocks to bonding bill becoming law abound, with covering debt service for bonding amidst budget deficit woes being the key sticking point. There is also concern about a [possible cash shortage](#) if bonds are issued before session ends, and Moody's just lowered Minnesota's outlook from [stable to negative](#). There is still time left to wrangle, while legislators figure out how to come to agreement between the House, Senate, and Governor in a year when the budget constrains everyone.

Foreclosure Bills to Watch

Once again, this session will see a number of foreclosure related bills as communities continue to experience the impact of the housing crisis, exacerbated by the recession and job loss. The number of mortgage delinquencies and pre-foreclosure notices in Minnesota remain high, with 66,500 notices sent in 2009.

Key bills include:

- The Attorney General's proposal to require foreclosure mediation (SF 2170/HF 2613). As you may recall, a similar bill was passed last year, but vetoed in the final days of session. In the interim, bill authors Sen. Scheid and Rep. Hilstrom worked to address the issues leading to the veto. The bill requires lenders to offer borrowers the chance to participate in a non-binding mediation before foreclosure can proceed. However, the Governor may again veto, especially given the critical issue of funding. The bill is to be heard in Senate Commerce on Feb. 16.
- Senate Commerce will also consider a bill to streamline the pre-foreclosure notification process authored by Sen. Scheid and Rep. Mullery (SF 2501/HF 2615). Currently, lenders are required to notify both affected homeowners and approved foreclosure counseling agencies about foreclosure proceedings, and to inform owners about their rights and access to approved counseling. The proposal streamlines the notification process by requiring information sent to foreclosure counseling agencies to be provided in a secured electronic format, rather than through paper photocopies by snail mail.
- Finally, the foreclosure moratorium bill introduced by Sen. Dibble and Rep. Hayden (SF 2242/HF 2604) addresses both owners and renters facing foreclosure. The bill puts a two-year moratorium on foreclosures for owners, as long as they pay on a monthly basis, the lesser of their current mortgage or 41% of their income and meet other qualifications. Renters can remain in foreclosure homes while paying the lesser of current rent or fair market rent. The bill also includes other tenant protections, such as ensuring that tenants understand their right to continuous utilities.

2010 Legislative Session Preview: Gearing Up

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On Friday, Jan. 29, MHP held the 2010 Legislative Session Preview for housing—with the main event in St. Paul, and simultaneous satellite events in Rochester, Duluth, Bemidji, and Elbow Lake. Over 150 participants, 11 state legislators, and 4 county commissioners participated from all across Minnesota.

In St. Paul, Sen. Mee Moua, Rep. Alice Hausman, Rep. Jeff Hayden, and Asst. Comm. Tonja Orr of Minnesota Housing stressed the importance of a bonding bill for financing affordable housing, and the need for all housing advocacy organizations to work together and find common ground to move forward. Housing and homeless proposals were presented by well known advocates such as: Harry Melander, Minnesota State Building and Construction Trades Council; Elizabeth Kuoppala, Minnesota Coalition for the Homeless; Michael Dahl, HOME Line; Ann Higgins, League of Minnesota Cities; and Melissa Reed, City of Minneapolis.

MHP and MCCD also presented [slides with current housing data](#) and talking points as a new tool for housing advocates to make a case for housing. Topics ranged from housing cost burden and unemployment to foreclosures and at-risk homeowners. The slides can be downloaded and mixed and matched for addressing a variety of housing needs at the Capitol.

FEDERAL UPDATE

Obama Administration's 2011 Budget for Housing and Communities Released

On February 1 President Obama released his proposed budget for federal fiscal year 2011, with a presidential pledge to keep the federal deficit at bay. Though the president held most discretionary domestic spending flat, Housing and Urban Development (HUD) discretionary programs actually saw a 3 percent, or \$1.3 billion increase, in the proposal.

The HUD budget aims to reform rent subsidy programs and promote partnerships with other agencies, while housing production programs are de-emphasized. The most important HUD deep subsidy programs, including rental vouchers, project-based Section 8, and public housing operating funds, remain fully funded, based on projected costs. Another major HUD program, Community Development Block Grant (CDBG) formula grants, is funded at the same level as last year.

“Transformation of Rental Assistance” Proposal

In a major change of course for rent subsidy programs, HUD hopes to take the first step in consolidating its 13 different rent subsidy programs while preserving existing affordable housing. This “Transformation of Rental Assistance” proposal, to the tune of \$350 million, enables public housing agencies and other assisted housing providers to restructure their subsidy contracts into a new type of project-based rental assistance. For FY 2011 HUD plans to enable housing authorities to restructure, on a voluntary basis, 300,000 units of rental assistance, primarily involving public housing stock. About 6.5 percent of the nation's 4.6 million assistance contracts would be affected in this first phase. HUD

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promises to retain both affordability and lease protections for tenants through the restructuring process.

Homelessness and Homeless Prevention

Homeless advocates will be interested in proposals to better integrate funding for homelessness and housing with both services and economic support. To implement the recently passed HEARTH act, new rental vouchers will be made available competitively for projects that also integrate Health and Human Services (HHS) funding for individuals with special needs who are at risk of being homeless. This tighter integration of housing and HHS funding has been a longstanding hope of supportive housing providers. Additional vouchers will go for families at risk of homelessness in conjunction with local plans that integrate TANF funding or Department of Education programs.

Funding Cuts

Some HUD programs see cuts under the proposed budget, with large cuts for public housing capital grants, Native American housing block grants, the HOME program, and Section 202 (senior) and 811 (disabled) housing production programs. HUD says it will rely on and leverage the low income housing tax credit (LIHTC) program for most of the needed affordable housing production during this time of fiscal restraint.

Strengthening Communities

Building on the new multi-department initiative for strengthening communities passed in 2010, an additional \$150 million is committed to the Sustainable Communities program. The Choice Neighborhoods Initiative also sees a large increase. A new “Catalytic Investment Fund” is created which is meant to support job creation in impoverished communities.

HUD Transformation

HUD also plans to continue its internal transformation that began with the passage of the 2010 budget last December. New funding will be made available for research, technology enhancements at HUD, program demonstrations, and capacity building, with a budget increase from \$259 million in FY 2010 to \$476 million next year. HUD will provide additional detail come mid-February in its strategic plan.

More details on the federal housing budget can be found [here](#).

Bits & Bytes

MHP Public Policy Tools for 2010 Session

MHP has compiled several advocacy and research resources for housing and homeless advocates to help make the chaos of session a little easier. They include:

- [Action Alerts](#): timely email updates sent when important policy and/or budget decisions are taking place. Alerts usually include packaged email messages that go

directly to your representatives with a click of a mouse, though making calls is always a good idea too.

- [Capitol Update Newsletter](#): distributed weekly during the legislative session and periodically outside of session, the Update provides information about bill introductions, committee hearings, and policy analysis.
- [Minnesota Session Bill Tracker](#): a web-based tool that organizes key housing bills in one place and links directly to legislative pages with bill status updates.
- [2X4 Report](#): distributed quarterly, the report graphically depicts two concise and timely indicators for each of four key housing areas: the home ownership market, the rental market, homelessness, and the housing industry.
- [County Profiles](#): updated annually, the profiles provide a snap-shot of housing needs in each of Minnesota's 87 counties.
- [Data and Messaging for Advocates](#): slides with talking points that cover current statistics ranging from housing cost burden and unemployment to foreclosures and at-risk homeowners. Mix and match the slides to address a wide variety of housing needs.

[Fact Sheets](#) and more are available at: www.mhponline.org/policy.

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.