



# 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

### Protecting Housing through Threatened Budget Cuts

As expected, the Minnesota Housing Finance Agency was not spared from cuts in the [Governor's budget proposal](#). As part of the attempt to cover the state's \$1.2 billion deficit through budget cuts, the proposal slashes two programs for the 2010-11 biennium. The damage includes chopping \$3.664 million from the Preservation Affordable Rental Investment Fund (PARIF) and \$1 million from the Rental Rehab Loan program. A number of Health and Human Services programs related to housing also see reduced funding and provider rate cuts in the Governor's budget.

Cuts to the base budgets, which set future appropriations, for PARIF and the Rental Rehab Loan program are also part of the proposal. For the 2012-13 biennium and beyond, PARIF is cut by \$3.206 million and the Rehab Loan program by \$2.512 million. These cuts represent a 6% permanent reduction to Minnesota Housing's appropriations base.

Here's a refresher on PARIF and the Rental Rehab Loan programs.

- PARIF, or the Preservation Affordable Rental Investment Fund, is a program to help preserve affordable rental housing that has long term federal funding. PARIF provides deferred loans that can be used for acquisition, rehab and/or re-financing. Typically, funds are used to preserve project-based Section 8 apartment buildings; public housing currently cannot access PARIF funds.

- Under the Governor's proposal, funding for the current 2010-11 biennium would drop from \$17.6 million to \$14 million and the base budget for 2012-13 would drop from \$18 million to \$14.8 million. By comparison, in 2008-9 PARIF was funded at \$20.5 million, which included \$2.5 million in one-time funding earmarked for public housing.
- Over the past few years, appropriated PARIF dollars have not been fully expended. However, in the last year Minnesota Housing has placed a high priority on preservation of federally assisted housing and has begun to award more PARIF dollars.
- The [Rehab Loan program](#) finances improvements to smaller rental properties occupied by low-income renters. Starting with the 2010 budget, state funding under the rehab loan program is being used exclusively for rental properties. Because of this recent change, it is unclear what impact cuts to the program would have.

### **Lackluster Bonding for Affordable Housing**

Despite our current housing and economic crisis, this week the House, following the Senate's lead last week, passed a bonding bill without provisions to increase the supply of affordable housing. Advocates had hoped for bonding that would create jobs and address an array of affordable housing needs from foreclosure to land trusts to homelessness and more. However, the good news is that both the Senate bill, which passed last week, and the newly passed House bill, contain \$10 million in bonds for public housing rehab. The bills now head to the bonding conference committee. Of note: the Governor's supplemental budget includes \$400,000 per year for debt service on \$5 million in nonprofit housing bonds, but funding is in neither the House nor Senate bill.

### **Tenant Bill of Rights & the Renters' Credit**

This session, HOMELine and the MN Legal Services Advocacy Project are promoting a [Tenant Bill of Rights](#) which includes rights for renters for heating and utilities, maintenance, application procedures, and financial safeguards. In addition, the Bill of Rights includes protections in the case of foreclosure, disputes with landlords, and serious illness or disability. Four related bills are progressing in through the legislature: [SF 2595 \(Dibble\)/HF 2668 \(Mullery\)](#); [SF 2520 \(Higgins\)/HF 2816 \(Hayden\)](#); [SF 2640 \(Marty\)/HF 2829 \(Champion\)](#); [SF TBA/HF 2985 \(Clark\)](#).

In other news for renters, the Governor's supplemental budget proposes a permanent cut to the renters' credit, amidst budget woes. The renters' credit is designed to ensure that low-income renters are not disproportionately saddled by the property taxes passed on to them in rental costs. You may recall that after the close of the 2009 session, the Governor reduced the renters' tax credit by 27% through unallotment. The new proposal makes this cut permanent starting in FY 2012. While the proposal would save the state about \$53 million annually, the average household receiving the renters' credit would see a drop of \$130 to \$440 in their tax refund. Since 4 of 5 households receiving the renters' credit earn \$30,000 or less, this money is likely to be spent, and quickly, on basic needs. Cutting the renters' credit, a program that improves the purchasing power of low-income people, seems counterproductive, given that economic activity is what's needed in a sluggish economy. Meanwhile, the MN Supreme Court will be hearing the case on the 2009

unallotments in the coming months. See the Minnesota Budget Project useful [renters' credit factsheet](#) for more information.

### **Whatever Time It Is, It is Always the Time for Advocacy!**

Even amidst disheartening news, advocating is a must to ensure that Minnesotans have safe and decent homes that they can afford. There are several ready-made opportunities this session for your voice to be heard.

- First, the inaugural [Habitat on the Hill – Minnesota](#) is this Thursday, February 18. Hosted by Twin Cities Habitat for Humanity, the lobby day has a full day of legislative activities planned for connecting faces to legislators about making a place called home affordable.
- The Minnesota Legislature has scheduled a set of town hall meetings throughout the state on budget solutions. Click [here](#) to sign up to testify.
- MHP is recruiting volunteers who want to lobby on behalf of affordable housing. Please email Julie Johnson at [jjohnson@mhponline.org](mailto:jjohnson@mhponline.org) for lobbying opportunities, key messages, and talking points.
- Finally, the Minnesota Housing Partnership has developed advocacy tools, such as [action alerts](#), [slides of data](#) with talking points and a session [bill-tracker](#) at [www.mhponline.org/policy/state](http://www.mhponline.org/policy/state). Stay tuned for more to come!

## **FEDERAL UPDATE**

### **Snowed Out**

Affordable housing advocates briefly considered, but later dropped the idea of igloos as a form of affordable housing on the East Coast. Meanwhile legislators went sledding. Both House and Senate are off this week for President's Day break.

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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](mailto: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](mailto: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.