



# MHP Capitol Update

Volume 5, Issue 7 | 3 March 2010



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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

### **Bonding Bill Fate Still Unclear – Protect Public Housing Bonds**

Once again, the fate of the bonding bill lies in the balance as legislators square off with the Governor, with the bill slated for trimming. With a need to trim at least \$200 million from the bonding total, \$10 million in bonding for public housing rehab is an item that housing advocates must work to defend.

Last week, the bonding bill passed both the House and Senate on Monday, but after Governor Pawlenty promised to veto, legislative leadership decided to rework the bill rather than submit it to the Governor's hostile pen. The bonding projects in the bill totaled just shy of \$1 billion, beyond the \$725 million limit the Governor has set. He also wants \$90 million of his preferred projects, including the sex offender treatment center expansion.

### **Action Still Needed to Protect \$10 Million in Public Housing Bonds!**

It's not too late-- contact members of the bonding conference committee today!

**THANK THEM** for including \$10 million in public housing bonds in the bonding bill.

**URGE THEM** to keep the \$10 million in public housing bonds because it will put many construction workers back on the job immediately, it will generate income and sales tax revenues and it will ensure people do not lose safe, affordable homes. Bonding committee members include:

[Sen. David Tomassoni](#)- 651-296-8017

[Sen. Keith Langseth](#)- 651-296-3205

[Sen. Paul Koering](#)- 651-296-4875

[Sen. Ann Lynch](#)- 651-296-4848

[Sen. Sandra Pappas](#)- 651-296-1802

[Rep. Loren Solberg](#)- 651-296-2365

[Rep. Larry Howes](#)- 651-296-2451

[Rep. Bev Scalze](#)- 651-296-7153

[Rep. Jean Wagenius](#)- 651-296-4200

[Rep. Alice Hausman](#)- 651-296-3824

For more details, see [MHP's recent action alert](#).

## **Tough budget cuts ahead despite modest improvement in economy and jobs**

The [February forecast](#) released on Tuesday by Minnesota Management and Budget (MMB), anticipates that the state's budget outlook will improve slightly with a reduction in the deficit for 2010-11 biennium to \$994 million, down from \$1.203 billion projected in November. While this signals a slight recovery for the state's economy, longer term budget deficits remain problematic, with the projected deficit for fiscal year 2012-13 increasing to \$5.8 billion. The original November projection was \$5.4 billion.

For legislators, the core issue remains – how to balance the budget when the reductions in spending have a real impact on Minnesota families, especially those hit hardest by the worst recession since the 1930s. Moreover, the tough choices are exacerbated by the fact that any proposal to raise revenue for the state will be met with the Governor's veto. It's also worth noting that even if the next administration restores taxes to pre-1999 levels, a deficit will still remain next biennium. Consequently, the budget committees are beginning to meet this week to determine budget cuts for this year. Beginning with Senator Tomassoni's committee budget proposal (see story below), the next few weeks will bring into focus the stark choices policy makers must make.

## **Senate Budget Appropriations for Housing Released**

Senator Tomassoni released his budget recommendations for Minnesota Housing on Monday. His proposal included \$3.4 million in cuts for the current 2010-11 biennium, compared to the Governor's proposed budget cut of \$4.7 million. Tomassoni's proposal, like the Governor's, includes a \$1 million cut to the rental rehab loan program, but treats PARIF differently. In order to reduce the cut to the base budget in future biennia, the proposal transfers \$2 million out of the existing PARIF fund balance to the general fund, and cuts \$2.4 million to the current budget. While the total amount available for PARIF would be slightly less under Tomassoni's budget, permanent cuts would be far lighter. For the next biennium, the proposal reduces the 2012-13 budget by about \$2 million—far less than the Governor's recommended reduction of \$5.7 million. Representative Clark's House housing committee will likely release its own budget bill next week.

## **Housing Advocates Head to the Hill**

This month, there are several opportunities to join like minds at the State Capitol to advocate for housing and the homeless. If you plan to go to one of these events, make sure to take the opportunity to meet with your representatives while you are there. Click [here](#) find out who represents you so you can schedule meetings ahead of time. Events include:

- *Day on the Hill - Thursday, March 4, 9 a.m. – 3 p.m.*  
Join the Minnesota Coalition for the Homeless, HOME Line, and All Parks Alliance for Change to fight for housing and ending homelessness. Click [here](#) for more information and to register.

- *NAHRO 2010 Day at the Capitol - Wednesday, March 10, 8:30 a.m - noon.*  
Join NAHRO, MHP, League of MN Cities, Metro Cities, EDAM and other housing leaders for breakfast and a legislative briefing. Click [here](#) for a registration brochure with details.
- *“Justice We Pursue!” JRLC Day on the Hill - Thursday, March 25, 8:30 a.m. - 4 p.m.*  
Join leaders of many faith communities to reflect upon “Justice, and only justice, you shall follow” and take action on poverty, health care, judicial fairness, housing, and taxation at the Capitol. Click [here](#) to go to the event's website.

## **Manufactured Housing Park Co-ops Avoid Damaging Tax Treatment**

It came as quite a surprise last week that buried in the tax bill, the Department of Revenue sought to treat residents of manufactured home park cooperatives differently than those of other housing cooperatives in the state. Fortunately, our vigilant colleagues caught the proposal, and a group of stakeholders quickly responded to protect the status of these affordable housing units.

What was at issue? The proposed tax treatment would have aggregated the value of the land beneath the homes in a cooperatively owned park for tax purposes. With this, the property would have been valued over \$500,000, which would have resulted in an effective tax rate beyond that of other common interest cooperatives in the state. Typically, tax values for housing cooperatives are calculated for each individual home, so that they fall well below the \$500,000 limit and are subject to the lower tax rate. The proposal would also have effectively negated any homestead tax benefits for manufactured home park co-op homeowners. Many manufactured home park homeowners families have low incomes and can benefit greatly from property tax reductions due to homestead credits.

Recognizing this disparity of treatment, both the House and Senate Tax Committees removed the proposed language. While we watch to ensure the proposal does not resurface, lead organizations Housing Preservation Project (HPP) and Northcountry Cooperative Development Fund plan to work with the Department of Revenue to resolve the issue.

## **Bits & Bytes**

### **HousingJobs Sign-on Letter to Housing Chairs**

MHP and eighteen other agencies [signed on to a letter](#) asking Minnesota's housing finance committee chairs to promote bonding for affordable housing. The letter requests that debt service be paid from general revenues of the state, and not from Minnesota Housing's base program budget. The letters were delivered February 26 to finance chairs Senator Tomassoni and Representative Clark before they decide how to handle budget cuts in their committees. The letter also calls for any increase in state collection of deed and mortgage taxes to be dedicated to housing, once the economy picks up.

### **Tenant Rights Bills Heard**

*Excerpted from blog by Michael Dahl, Public Policy Director for HOME Line.*

On Feb. 24, the Minnesota Tenant Bill of Rights legislation received [hearings in both the House and Senate](#), though neither committee took a vote. Peggy Larkin and Melissa Lenart, two tenants trying to maintain safe, decent, affordable housing, described struggles with their landlord to make the case for why State law should be strengthened. Peggy had been falsely accused of not paying her rent several times; a simple receipt for rent paid would have resolved the matter. Her neighbors

had lived in homes with furnaces that did not work for weeks; a number of provisions in the Tenant Bill of Rights would have helped them. And Melissa and her family were living with no water and backed-up sewage for nearly a month; again, several portions of the Minnesota Tenant Bill of Rights would have helped her out. Advocates are working to ensure that committees will take votes on the bill of rights next week.

## FEDERAL UPDATE

### Two Housing Bills Introduced

In an attempt to shore up the ailing Low Income Housing Tax Credit market for creating affordable rental, Rep. Linda Sanchez (D-CA) introduced a bill to extend the existing cash exchange of regular (9 percent) low income housing tax credits for an additional year. The bill (H.R. 4687) also makes an exchange available for the first time for 4 percent credits, which are used in conjunction with tax exempt bonds. NLIHC reports that the political strategy to pass this legislation is to include it in one of the bills Congress hopes to pass soon to increase employment. Advocates are asking members of Minnesota's delegation to show support for this legislation by signing on as co-sponsors.

In other housing bill introductions, Rep. Ed Perlmutter (D-CO) introduced, H.R. 4960, the House companion to Senator Dodd's Livable Communities Act (S. 1619). This legislation builds upon the sustainable communities initiative first included in the 2010 budget bill approved last December. HUD is now seeking comment on the Sustainable Communities Planning Grants funded in the budget bill. HUD is hosting webinars on this program at noon CST on March 9 and 11. Go to [www.hud.gov/webcasts/index.cfm](http://www.hud.gov/webcasts/index.cfm) to participate.

## Heard Under the Capitol Dome

"I've got two conventions in the next few weeks where delegates will want to see how I've worked to limit spending. I had a good regional project in the bonding bill, but I had to vote against it." -- *A rural moderate Republican*

"We are going to have to cut a lot of money from the bonding bill if we want to work a deal with the Governor." -- *Bonding bill negotiator*

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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.