



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

Two HousingJobs Bills Ready to Roll

Housing advocates are about to have two new bills at their disposal to help the state create jobs and housing in the tight budget years ahead. With employment in housing construction at an 18 year low, money for housing creates much-needed jobs. The two proposals of the HousingJobs Campaign, both of which should be introduced within the week, include:

- The *mortgage and deed revenue capture* designates increases in mortgage and deed tax revenues beyond FY2011 levels for production of affordable housing units. The proposal would produce 10,000 units of much needed affordable housing over 10 years, and would supplement the existing Minnesota Housing budget. Mortgage and deed tax rates remain unchanged.
- The *state housing tax credit* creates incentives for private sector investment in the creation of affordable rental housing. The proposal, modeled after the highly successful federal low income housing tax credit, enables Minnesota Housing to provide tax credits to affordable housing developers, who market the credits to investors to raise capital. Projects would need to meet the requirements of the federal Low Income Housing Tax Credit (LIHTC) program or other Minnesota Housing rental programs. The five-year tax credit program encourages local investment, and extends eligibility to some investors who not qualify for federal housing tax credits.

Readers can click find ready-made HousingJobs fact sheets on the [Mortgage and Deed Revenue Capture](#) and the [State Housing Tax Credit](#) at the MHP website.

Awaiting the House Housing Budget

[Last week's Capitol Update](#) included details about the housing budget proposal from Senator Tomassoni's Economic Development and Housing Committee. The House budget from Rep. Clark's Housing and Public Health Finance Committee has yet to be released, but should be made public on March 10th. The Senate's housing budget cuts \$3.4 million for the 2010-11 biennium, including \$1 million to the rental rehab loan fund and \$2.4 million to PARIF. It also transfers \$2 million out of the existing PARIF fund balance to the general fund. Permanent cuts to PARIF and the rental rehab loan program total \$2 million for the next biennium. The Governor's proposal, by contrast, cuts PARIF far deeper and on a permanent basis.

Capitol insiders predict that the House housing budget won't be pretty. Advocates should prepare to make a strong case to their legislators and to legislative leadership that investing in housing creates jobs. Look for an action alert soon once details become available.

Day on Hill Followed by GAMC Save

Hundreds of people attended the Minnesota Coalition for the Homeless, All Parks Alliance for Change, and HOME Line's joint Day on the Hill on March 4th. In addition to advocating for [manufactured housing residents](#) and [rights for renters](#), the big ask of the day was for saving [General Assistance Medical Care \(GAMC\)](#). The remarkable was accomplished for GAMC the very next day. Despite an earlier veto and failed override of the bill, the Governor reached a compromise with legislators. The new legislation extends GAMC through May 31, and replaces it starting June 1 with a capped block grant-funded system using hospital-based coordinated care. However, reimbursement rates to medical providers take a huge hit—a reduction of about 75%. Without an agreement, GAMC would have ended March 31, due to Pawlenty's unallotment of funds in 2009. Encouraged by this victory, GAMC advocates are now focusing on saving [General Assistance](#) and [Emergency General Assistance](#), both of which were eliminated in the [Governor's supplemental budget proposal](#) released last month.

Bits & Bytes

Renters Credit, Local Government Aid, and the Supplemental Budget

In addition to proposed cuts to state programs, which have received a lot of public attention, tax cuts and cuts to tax credits were also part of the Governor's [supplemental budget proposal](#). The renters' credit and LGA cuts are both issues of deep concern for housing. The Governor's proposal would make permanent the 27 percent cut to the Renters' Credit from the 2009 unallotment, which would result in \$106 million less reaching low- and moderate-income renters in FY 2012-13. This proposal impacts nearly 300,000 Minnesota households. The proposal also cuts local government aid by 11 percent on average for cities (including levy plus aid) for cities, and by 7 percent for counties. The total reduction to local governments is \$900 million in FY 2012-13, including last year's unallotment and future cuts. The [Minnesota Budget Bites Blog](#) and the [Renters' Credit at Risk web site](#) have excellent information.

Tenant Bill of Rights Moving Forward

[Four policy bills](#) comprising the [Tenant Bill of Rights](#) are making strides this week. In negotiation with the Minnesota Multi Housing Association (MMHA), renters' rights advocates from HOME Line and the MN Legal Services Advocacy Project (LSAP) laid out 27 proposals to make tenant-landlord law more tenant-friendly. The outlines for an agreement on 8 of those proposals are moving forward (e.g. changes to tenant-screening procedures, application and late fees, the rights of tenants living in foreclosed properties). The [bills](#) will be revised and merged into one bill this week in committee by authors Rep. Mullery and Sen. Dibble. The revised language will set the stage for continued negotiations over the next two weeks.

FEDERAL UPDATE

Low Income Housing Tax Credits

This week, advocates of the low income housing tax credit made headway in shoring up the ailing low-income rental development program. The National Low Income Housing Coalition reports that a measure has been incorporated into a Senate jobs and tax extender bill, also known as "The American Workers, State and Business Relief Act of 2010" (S. 3336) which would extend the "9 percent" low-income housing tax credit exchange. This would make it possible to exchange additional tax credits for cash to get stalled projects moving. The proposal was introduced March 1 by Senate Finance Committee leadership. An equivalent tax credit exchange also appears in the version of a tax extender bill passed by the House late last year.

In related tax credit news, MHP is seeking organizations to sign on to a letter to Reps. McCollum and Ellison asking them to co-sponsor H.R. 4687, covered in [last week's Capitol Update](#). This bill extends the exchange of 9 percent credits and enables the exchange of 4 percent credits. [Contact Chip Halbach](#) by March 10th to sign on to this letter.

Choice Neighborhood Initiative (CNI)

HUD is expected to provide a detailed plan for the Choice Neighborhood Initiative (CNI) in testimony before the House Financial Services Committee March 17. CNI replaces and expands the scope of the old HOPE VI program. It aims to redevelop distressed neighborhoods, rather than just distressed public housing.

Rental Weatherization

The Department of Energy has published [a list of subsidized rental properties](#) that will automatically meet the income requirements of the Weatherization Assistance Program (WAP) without further assessment. In Minnesota, 382 public housing and other federally assisted properties appear on the list. The DOE website clarifies that local WAP administrators still determine which properties will receive assistance, and that owners of properties not on the list can still apply for assistance. For rental properties not on DOE's list, WAP administrators will need to verify that at least two-thirds of occupant households meet the 200% of poverty income limit. The National Housing Trust reports that no low income housing tax credit properties are included on the list and will need to prove income compliance.

Heard Under the Capitol Dome

“I’m not sure why I want this job. We’ve got at least two more years of whacking budgets even if we do raise taxes.” -- *Freshman legislator from suburbs*

“I hope you are telling your clients to expect more cuts next year. Even if we restore the income tax cuts of 1999, we’ll still have a \$2 to \$4 billion deficit next year.” -- *Senate fiscal staff to housing lobbyist*

“Everyone who visits tells me what a tiny fraction of the state budget they consume. What housing has going for it is that it creates jobs and generates taxes.” -- *Fiscal chair and friend of housing*

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.