

## **Oppose Pawlenty's Budget Cut Renter's Credit and other Critical Housing Programs Action Alert – Contact Your Legislators**

Posted: Feb. 15 2005

Despite his promise of “no new taxes”, the Governor has proposed cuts to the Renters Credit and several other critical housing programs. This is, in effect, a tax increase, which hits lower income families the hardest.

The governor's new plan would change the formula, which is used to calculate the renter's credit. This amounts to a tax increase for renters of \$31 million in 2007 and \$80 million in the 2008-09 biennium. Yet landlords are unaffected by this “recalculation.” The change would reduce the average renter's credit from \$554 per year to \$465 per year and 12,600 renters would no longer be eligible.

"The renters targeted for a tax increase are primarily low-income, senior, and disabled," said Beth Kodluboy, HOME Line Executive Director. "They will not be able to absorb this kind of tax increase without tremendous sacrifice." HOME Line is a tenant's rights group.

**And these are not the only proposed cuts!**

**Please contact your legislators and ask them to oppose budget cuts in these 5 vital housing programs:**

- **Economic Development and Housing Challenge Fund**
  - *cut by \$13 million (60 percent cut)*
- **Affordable Rental Assistance Program for Preservation (PARIF)**
  - *cut by \$1.5 million (8 percent cut)*
- **Rehabilitation Loan Program**
  - *cut by \$2.6 million (33 percent cut)*
- **Housing Assistance Fund**
  - *cut by \$1.7 million (100 percent cut for the 06-07 biennium which continues a zeroing out of this program that occurred for the 04-05 biennium)*
- **Nonprofit Capacity Building Program**
  - *cut by \$110,000 (18 percent)*

To find your legislators, visit the Secretary of State's website at:

<http://pollfinder.sos.state.mn.us/>

For more details, read on...

When you rent an apartment in Minnesota, you do not pay property taxes directly. However, your landlord passes the property taxes along to you in the form of higher rents. When I rented an apartment (4 years ago), I did some calculations and found that

almost 19% of my rent went towards property taxes. Now, as a homeowner, my property taxes are equal to just a little under 11% of my mortgage. The State of Minnesota calculates the amount of this “indirect” tax and allows lower income renters to file for a rent credit along with their annual income tax return. It is basically the same idea as a property tax refund. Renters must earn less than \$45,000 per year to be eligible for the credit. To put this into perspective, consider the fact that the statewide median income is \$68,000, while the median income for renters is \$31,600 per year.

The information below comes from the HousingMinnesota.org – a great public policy advocacy campaign bringing together diverse constituencies to promote and achieve Homes for All by 2012.

**Summary of cuts to Minnesota Housing Programs.** The overall cut to MHFA is 19.5 percent for a total of \$15 million in cuts. \$10 million of the cut is redirected from the Challenge program to DHS to help fund supportive housing services as part of the administration’s plan to end long-term homelessness. Additionally, \$4 million is shifted from other MHFA programs to the Housing Trust Fund. Cuts to MHFA housing programs include:

- **Economic Development and Housing Challenge Fund**-cut by \$13 million (60 percent cut) This program funds the construction and rehab of rental and homeownership opportunities for low- and moderate-income workers. The annual median household income of people served by the Challenge fund is \$28,974. At current funding levels, there are 5 requests for funding for every one that gets funded.
- **Affordable Rental Assistance Program for Preservation (PARIF)**-cut by \$1.5 million (8 percent cut) This program is critical in the movement to preserve existing affordable rental housing that is at risk of being lost as a resource to the state and the thousands of very low income and elderly households that live in the units. The annual median household income of people served by the PARIF program is \$8,320. As many as 150 affordable units could be lost if this cut is passed.
- **Rehabilitation Loan Program**-cut by \$2.6 million (33 percent cut) The Rehab Loan program provides deferred loans for low-income households to make needed repairs on their homes. The annual median household income of people served by this program is \$11,592. The agency estimates that 132 fewer households will access these important loans that help keep people in their homes and assists with the preservation of existing housing stock.
- **Housing Assistance Fund**-cut by \$1.7 million (100 percent cut for the 06-07 biennium, which continues a zeroing out of this program that occurred for the 04-05 biennium) The HAF program helps first time homebuyers with down payment assistance and entry costs. This program is a primary resource for the agency’s efforts to increase homeownership in underserved communities. The annual median household income for the HAF program is \$30,996. The agency estimates that with this cut 327 fewer families will be helped into homeownership.

- **Nonprofit Capacity Building Program**-cut by \$110,000 (18 percent) This program provides important support, training resources, and funding for networking across the state among affordable housing nonprofits. Nonprofits facilitate a lion's share of the affordable housing development and rehab across the state. This significant cut will undermine the important infrastructure necessary to make progress toward Minnesota's affordable housing goals.

Housing advocates who support this message include Minnesota Coalition for the Homeless, HousingMinnesota, Family & Children's Service, HOME Line, Minnesota Supportive Housing Consortium, Minnesota Community Action Association.

Advocates are coordinating to fight the cut. If you are interested in participating, please contact Susie Brown, public policy director at Family & Children's Service:  
[susie.brown@fscmn.org](mailto:susie.brown@fscmn.org)

For information on the effort to end homelessness in Minnesota by 2012, visit the Housing Minnesota website at  
[http://www.housingminnesota.org/downloads/Gov.\\_Budget.pdf](http://www.housingminnesota.org/downloads/Gov._Budget.pdf)

For more information on housing programs in Minnesota, visit the Housing Finance Agency's website at  
<http://www.mhfa.state.mn.us>



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