

**Senate Counsel, Research,  
and Fiscal Analysis**

G-17 STATE CAPITOL  
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.  
ST. PAUL, MN 55155-1606  
(651) 296-4791  
FAX: (651) 296-7747  
JO ANNE ZOFF SELLNER  
DIRECTOR

# Senate

State of Minnesota

## **S.F. No. 1953 - Increasing the Deed Tax to Provide Rental Housing Assistance**

**Author:** Senator Richard Cohen

**Prepared by:** Chris Turner, Senate Research (651/296-4350) CT

**Date:** April 7, 2005

---

**Section 1** increases the deed tax from .0033 to .00358 of the net consideration.

**Section 2** appropriates, from the general fund, an amount equal to one-half the proceeds from the deed tax increase in section 1 to the Commissioner of Finance for transfer to the housing trust fund account in the housing development fund to be used for rental assistance.

**Section 3** appropriates, from the general fund, an amount equal to the other half of the proceeds from the deed tax increase in section 1 to the Commissioner of Finance for transfer into the housing development fund to be used for the Economic Development and Housing Challenge Program.

CT:vs

Senators Cohen, Anderson and Dibble introduced--

S.F. No. 1953: Referred to the Committee on Jobs, Energy and Community Development.

1                                   A bill for an act

2           relating to housing; increasing the deed tax to

3           provide rental housing assistance; amending Minnesota

4           Statutes 2004, sections 287.21, subdivision 1;

5           462A.201, by adding a subdivision; 462A.33, by adding

6           a subdivision.

7   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

8           Section 1. Minnesota Statutes 2004, section 287.21,

9           subdivision 1, is amended to read:

10           Subdivision 1. [DETERMINATION OF TAX.] (a) A tax is

11           imposed on each deed or instrument by which any real property in

12           this state is granted, assigned, transferred, or otherwise

13           conveyed. The tax applies against the net consideration.

14           (b) The tax is determined in the following manner: (1)

15           when transfers are made by instruments pursuant to mergers,

16           consolidations, sales, or transfers of substantially all of the

17           assets of the entities as defined in section 287.20, subdivision

18           9, pursuant to plans of reorganization, the tax is \$1.65; (2)

19           when there is no consideration or when the consideration,

20           exclusive of the value of any lien or encumbrance remaining

21           thereon at the time of sale, is \$500 or less, the tax is \$1.65;

22           or (3) when the consideration, exclusive of the value of any

23           lien or encumbrance remaining at the time of sale, exceeds \$500,

24           the tax is ~~0033~~ .00358 of the net consideration.

25           (c) The tax is due at the time a taxable deed or instrument

26           is presented for recording.

1           Sec. 2. Minnesota Statutes 2004, section 462A.201, is  
2 amended by adding a subdivision to read:

3           Subd. 8. [APPROPRIATION.] An amount equal to the proceeds  
4 of the deed tax under section 287.21, subdivision 1, paragraph  
5 (b), clause (3), on .00014 of the net consideration is  
6 appropriated from the general fund to the commissioner of  
7 finance for transfer to the housing development fund and credit  
8 to the housing trust fund account to be used for rental  
9 assistance.

10           Sec. 3. Minnesota Statutes 2004, section 462A.33, is  
11 amended by adding a subdivision to read:

12           Subd. 9. [APPROPRIATION.] An amount equal to the proceeds  
13 of the deed tax under section 287.21, subdivision 1, paragraph  
14 (b), clause (3), on .00014 of the net consideration is  
15 appropriated from the general fund to the commissioner of  
16 finance for transfer to the housing development fund to be used  
17 for the economic development and housing challenge program.



# Minnesota Coalition for the Homeless

*Working to ensure that everyone has a safe, decent, affordable place to call home*

## A Report on Homelessness in Minnesota

**Overview:** Each night, approximately 7,000 individuals are “fortunate” enough to receive shelter from a variety of homeless service providers across the state, according to a number of quarterly shelter surveys conducted by the Department of Human Services over the past few years. Unfortunately, due to inadequate resources, roughly 1,000 individuals are turned away from shelter each night. Children and unaccompanied youth regularly account for nearly half of those sheltered and turned away.

Shelter numbers do not completely represent the homeless population. Wilder Research Center's Homeless in Minnesota 2003 estimates that on 23 October 2003, the total number of homeless and precariously housed persons in Minnesota numbered 20,347. The following data are excerpts from that report:

### Homeless children and youth in Minnesota:

- An estimated 10,600 children are either homeless or living in temporary arrangements on any given night.
- 69% of homeless women **had children under age 18**, and 53% had at least one child with them; for men, the percentages were 36% and 6% respectively.
- On any given night in Minnesota, between 500 and 600 **unaccompanied youth in Minnesota** (persons 17 or younger) are without permanent shelter; over the course of one year, an estimated 10,000 to 12,000 Minnesota unaccompanied youth experience at least one episode of homelessness.
- 81% of **homeless youth are enrolled in school**.
- Nearly half (46%) of the **youth experiencing homelessness have been physically or sexually mistreated**.

### Many people experiencing homelessness face significant challenges, others are simply struggling to make ends meet:

- From 1991 to 2000, the percentage of **employed homeless adults** more than doubled from 19% to 41%. The proportion working full time rose over the same decade from 7.5% to 26%. However, a few years into the recession in the early 2000s, the employment rate for homeless adults in 2003 has fallen to 30% employed, with 13% working full time.
- 34% of homeless adults (and 46% of women) reported that they had **stayed in an abusive relationship** because they had nowhere else to live.
- 47% of homeless adults reported a **significant mental health problem**.
- 24% of homeless adults have less than a high school education (46% have **completed high school or a GED**; 30% have some amount of post-secondary education).
- 44% of households reported being **homeless a year or more** (37% being homeless more than a year in 2000).
- 69% have **lived in institutional arrangements**. 58% of those who had recently left correctional facilities, and 48% of those leaving other kinds of institutions did not have a stable place to live when they left.

### The demographics of homelessness:

- 59% are homeless for the **first time in their life**.
- Homelessness **disproportionately impacts communities of color**—57% of homeless adults and 65% of homeless youth are people of color. Of the general population, only 9% of adults and 15% of youth are people of color.
- Just over one-quarter (28%) of **Minnesotans experiencing homelessness were living outside the Twin Cities**. Homeless adults are similar across the state on many measures, including education levels, ages, how long they have living in Minnesota and their main sources of income. On other measures, however, the picture in Greater Minnesota differs:
  - 40% of children were in short-term, emergency arrangements (25% in the metro area)
  - 36% of men were veterans (23% in the metro area)
  - 53% were mentally ill (45% in the metro area)
- 52% of homeless adults have **lived in Minnesota** for more than 10 years; 64% have lived here more than five years. The percentage of people experiencing homelessness who have lived in Minnesota for two years or less has dropped from 39% in 1991 to 27% in 2003. Of those in Minnesota for two years or less, one-third had lived in Minnesota before.

122 West Franklin Avenue, Suite 306 Minneapolis, MN 55404

Tel/TDD: 612.870.7073 Fax: 612.870.9085 email: [home01@isd.net](mailto:home01@isd.net) [www.mnhomelesscoalition.org](http://www.mnhomelesscoalition.org)

# GMHF

## Greater Minnesota Housing Fund

A special project of Blandin Foundation and The McKnight Foundation

### Minnesota's "Instant" Return on Investment In Support of Work Force Housing

#### Return on State Investment in Funding Workforce Housing

<i>State Gap Loan Per Affordable Housing Unit</i>	\$	10,000
Total Cost of Home	\$	150,000
<i>Return to State on Investment</i>		
Sales Tax on Materials (6.5% on 40% of Home Cost)	\$	3,900
State Income Tax Paid by Construction & Professional Labor at 60% of Home Cost	\$	6,345
Mortgage Registry Tax (Paid when home is financed .0023 debt)	\$	345
Deed Tax (paid when deed is recorded .0033 value)	\$	495
<b>Year One Immediate Return to State on Gap Loan</b>		<b>11,085</b>
<b>Plus:</b>		
Gap Loan Returned at Year 30 (or before)		10,000

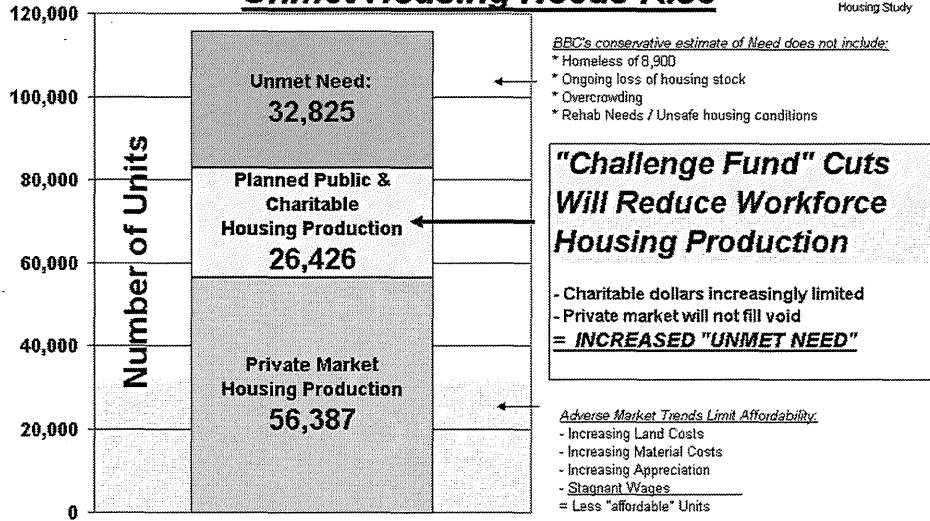
Assumes a 7.05% State Income Tax Rate.

Greater Minnesota  
Housing Fund

# If Challenge Fund Is Cut

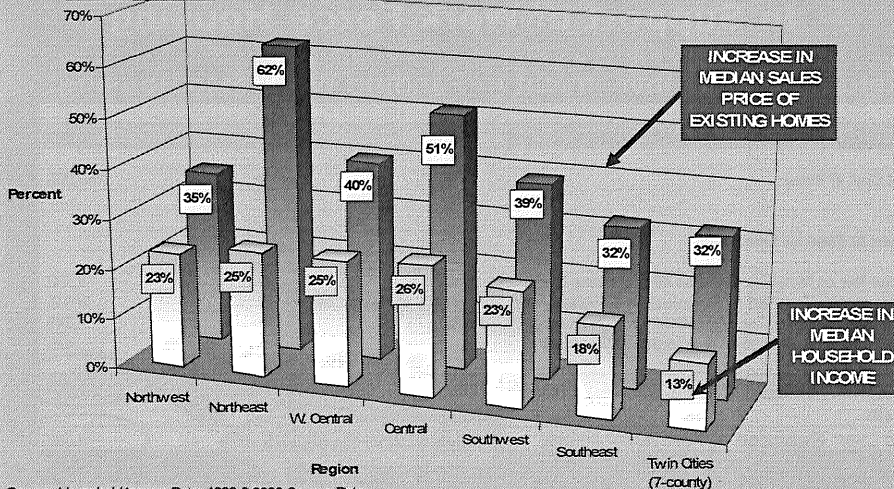
## Unmet Housing Needs Rise

**BBC**  
RESEARCH &  
CONSULTING  
2000-2010  
Next Decade of  
Housing Study



## HOUSING COSTS BEYOND REACH?

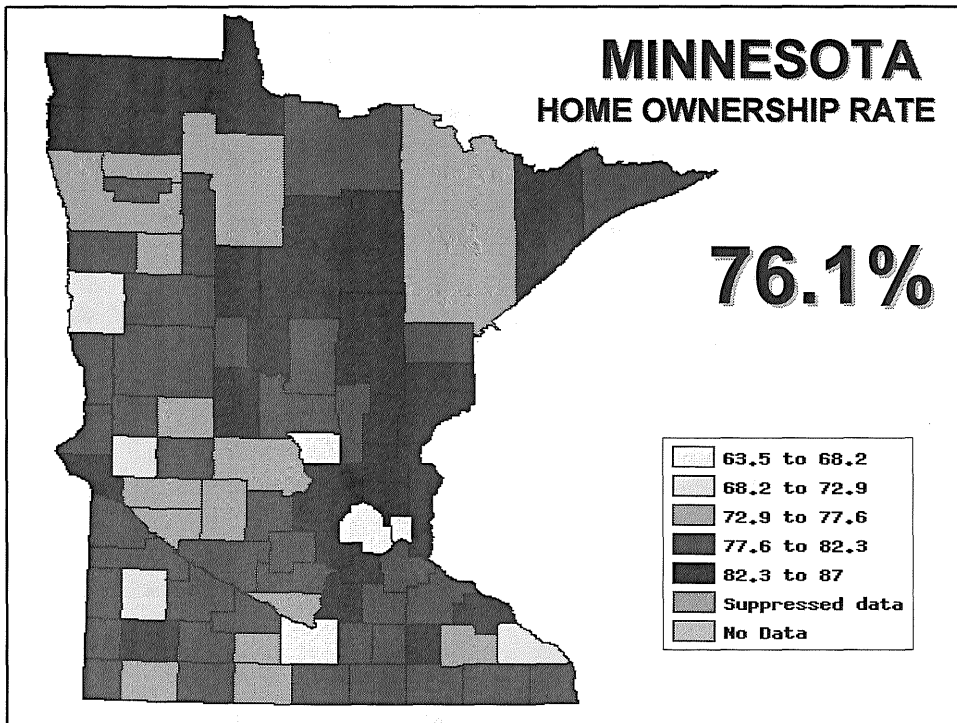
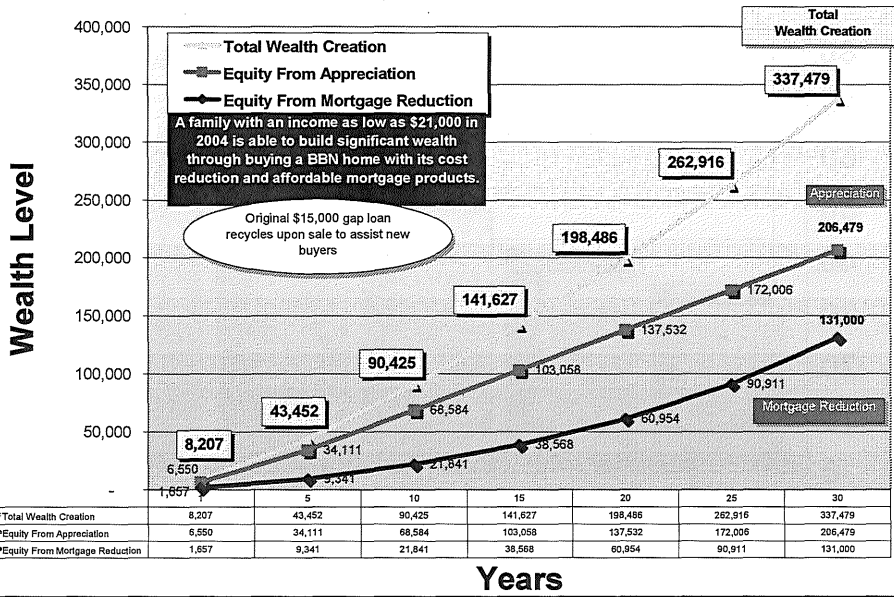
Growth of Housing Value Faster than Growth of Household Income  
Minnesota: 1990-2000



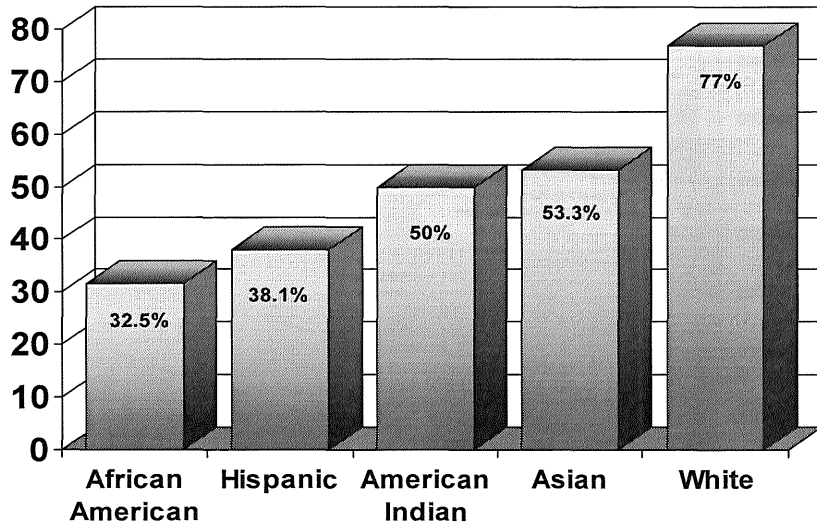
Source: Household Income Data: 1990 & 2000 Census Data  
Home Sales Prices: MN Department of Revenue, Property Tax Division  
Both income & home sales price increases adjusted for inflation (1.297861)

Greater Minnesota Housing Fund 2002

## Family and Community Stability through Workforce Home Ownership



## Homeownership Rates by Race



### 2003 BBC MINNESOTA HOUSING NEED

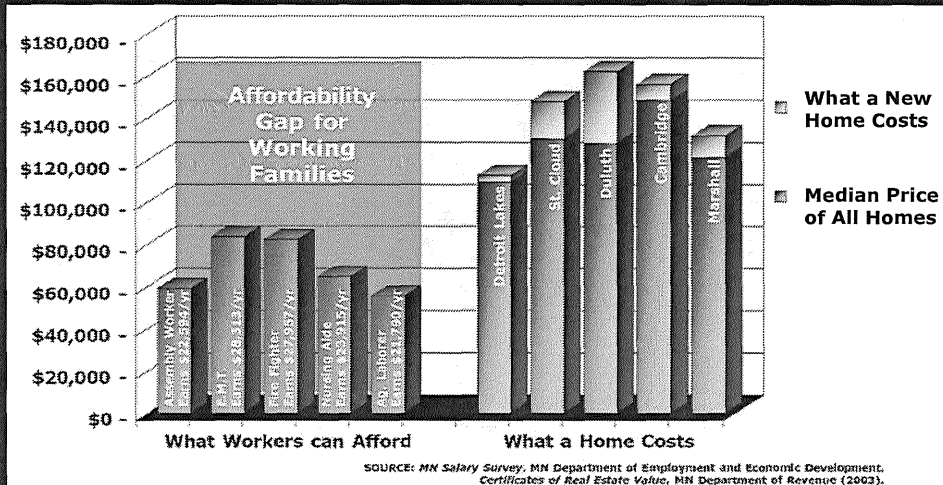
## SUMMARY

- *Greater Minnesota will have a shortfall of 10,600 affordable units from 2000 to 2010*
- *Twin Cities metro will have a shortfall of 22,300 affordable units from 2000 to 2010*
- *Combined shortfall of 32,800 affordable units from 2000 to 2010*





## Housing Costs Out of Reach for Minnesota's *Essential Workforce*



## The Next Decade of Housing in Minnesota

### Statewide Housing Needs

- Almost 300,000 low-income Minnesota households are paying more than they can afford for housing.
- Demographic trends will result in 116,000 new low-income households seeking affordable housing by 2010.
- Private sector to satisfy 49% of increased demand
- A shortfall of 59,300 affordable units.
- Public and philanthropic funding may create 26,400 new affordable units
- 32,800 households will still lack affordable housing in 2010.

## The Next Decade of Housing in Minnesota Study

### Unaddressed Production Needs:

- **The Homeless:**  
8,000 households without “a unit of housing”
- **Housing Stock Attrition:**  
More than 8,500 units lost to attrition and demolition over ten years
- **Overcrowding:**  
6,936 households are overcrowded
- **Poor Housing Conditions and the Need for Rehabilitation**



### MINNESOTA HOUSING NEED STUDY -- "THE NEXT DECADE OF HOUSING" Summary of Unmet Low-Income Housing Need by Region

2000 - 2010

	Total Low-Income Households 2000	Change Between 2000 and 2010					Plus Cost Burdened Households <sup>2</sup>
		New Low-Income Households 2010	Less New Low Income HH Served by Private Market	Equals New Low-Income Households Not Served by Private Market	Less Expected Public/Philanthropic Housing Provision (Assumes No Cuts)	Equals: Remaining Unmet New Housing Construction Need	
<b>Greater Minnesota Region</b>							
Central	104,221	27,063	16,190	10,873	N/A <sup>1</sup>	N/A <sup>1</sup>	32,366
Northeast	84,295	6,081	3,322	2,759			20,315
Northwest	30,538	3,040	1,570	1,470			8,805
Southeast	126,998	11,557	6,809	4,748			37,387
Southwest	53,437	3,511	1,913	1,698			14,681
West Central	38,588	3,909	2,333	1,576			12,099
<b>Greater Minnesota</b>	<b>418,175</b>	<b>55,160</b>	<b>32,036</b>	<b>23,124</b>	<b>12,561</b>	<b>10,563</b>	<b>125,677</b>
<b>7-County Metro</b>	<b>372,855</b>	<b>60,478</b>	<b>24,351</b>	<b>36,127</b>	<b>13,865</b>	<b>22,262</b>	<b>171,062</b>
<b>Minnesota Total</b>	<b>791,030</b>	<b>115,638</b>	<b>56,387</b>	<b>59,251</b>	<b>26,426</b>	<b>32,825</b>	<b>296,739</b>

<sup>1</sup> Forecasting production of new low-income housing between 2000 and 2010 by public and philanthropic entities throughout the regions in Greater Minnesota is very difficult to accomplish and would likely introduce significant potential for error in predicting unmet housing need in 2010. Instead, housing production by public and philanthropic entities is forecast at the Greater Minnesota level.

<sup>2</sup> Cost Burdened Households or Housing Assistance Need measures low-income households that were cost-burdened in 2000, and for whom some sort of housing assistance program (that is administered during the decade) would be helpful.

Greater Minnesota Only

## Employer Assisted Housing Track Record of Employer Participation in Local Affordable Housing Production

Employer Name	Employer		Location
	Contribution	# Units	
Crook-Alberta School District	\$99,982	3	Alberta
Bell Farms	\$2,000	1	Le Roy
Anderson Fabrics	\$69,000	22	Blackduck
20 local New Richland Employers	\$70,000	8	New Richland
Cross Consulting, Northwest Financial	\$100,000	15	Sebeka
Multiple Courtland Employers	\$60,000	8	Courtland
Seven downtown Duluth employers	\$171,000	75	Duluth
Fey Industries	\$5,000	1	Edgerton
Nine local employers and the Liens Club	\$27,050	4	Grygja
Hayfield Window & Door, Citizens State Bank	\$24,000	12	Hayfield
Hendricks Hospital	\$6,000	3	Hendricks
Multiple Hoffman Employers	\$32,000	3	Hoffman
Multiple Northfield Employers	\$540,000	14	Northfield
Davisco Foods	\$475,000	8	Nicollet
Hornel Food Company	\$2,330,000	50	Austin
Schwab's Food Company	\$1,600,000	190	Marshall
Hornel Food Company	\$93,000	40	Pelican Rapids
Peoples Bank	\$3,000	6	Plainview
Peoples Bank	\$2,000	4	Elgin
Peoples Bank	\$5,000	10	Plainview
Multiple Petham Employers	\$40,000	8	Petham
Grand Portage Casino	\$450,000	13	Grand Portage
Grand Portage Lodge and Casino	\$250,762	16	Grand Portage
Kenneth Keller Foundation	\$285,000	19	Aitkin
Multiple Employers in the Southwest Region	\$79,000	78	Southwest Region
Blue Fin Bay Resorts	\$175,000	5	Tofte
Multiple Ulen & Hitterdal Employers	\$16,000	2	Ulen and Hitterdal
Jamies-O Foods	\$225,000	48	Willmar
Wentis Companies	incl.	incl.	Winnepago
Wentis Companies	\$120,000	8	Winnepago
Xcel Energy & Goodhue County Family Services			
Cooperative, Red Wing HRA	\$50,000	48	Red Wing
Crystal Cabinetry	\$3,500	19	Zimmerman
Keupers Cusnet, Bremer Foundation	\$4,500	24	Baxter
Multiple Fergus Falls Employers	\$30,000	6	Fergus Falls
MN Power, Lake Superior College	\$98,000	15	Duluth
Stearns County Electric	\$109,224	36	St. Cloud
Stearns County Electric	\$5,891	31	St. Cloud
Multiple Elk River Employers	\$1,000	32	Elk River
Multiple Park Rapids Employers	\$30,000	12	Park Rapids
Multiple Mankato Employers	\$34,000	6	Mankato
St. Mary's Hospital	\$10,000	15	Duluth
Women's Transitional Housing Coalition	\$3,000	3	Duluth
Minnesota Power	\$60,000	48	Duluth
Rochester Area Employers*	\$11,000,000	195	Rochester area
	incl.	334	Rochester area
<b>TOTAL EAH IMPACT</b>	<b>\$18,562,709</b>	<b>1,498</b>	

1998-2004 Employer Investment in  
Workforce Housing

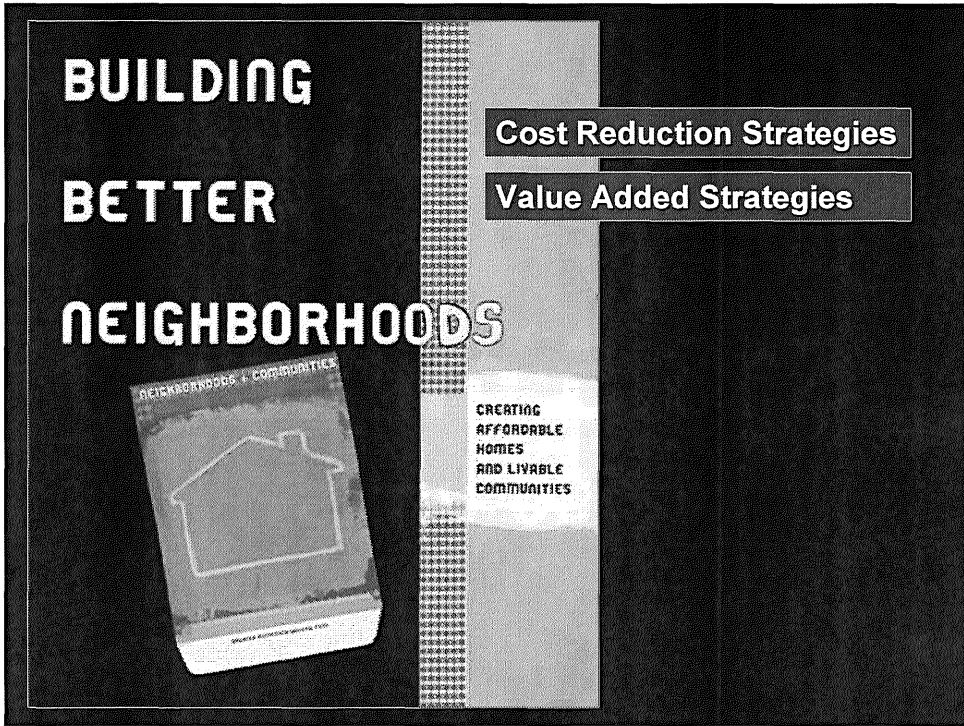
**\$18.5 million**  
**1,500 units**

**BUILDING  
BETTER  
NEIGHBORHOODS**

**Cost Reduction Strategies**

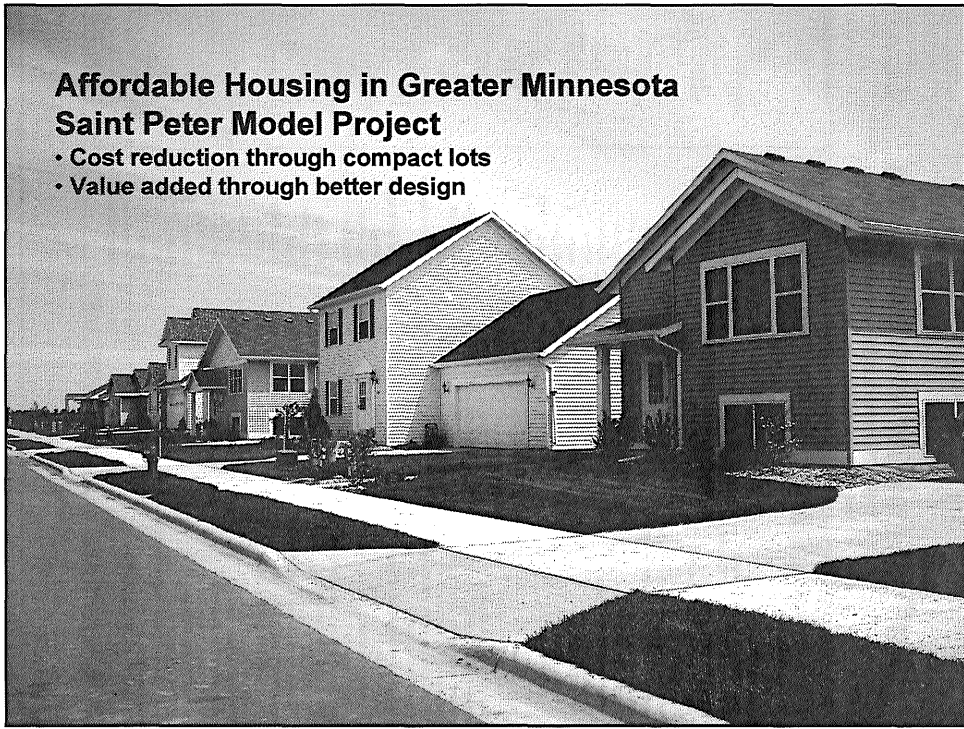
**Value Added Strategies**

**CREATING  
AFFORDABLE  
HOMES  
AND LIVABLE  
COMMUNITIES**

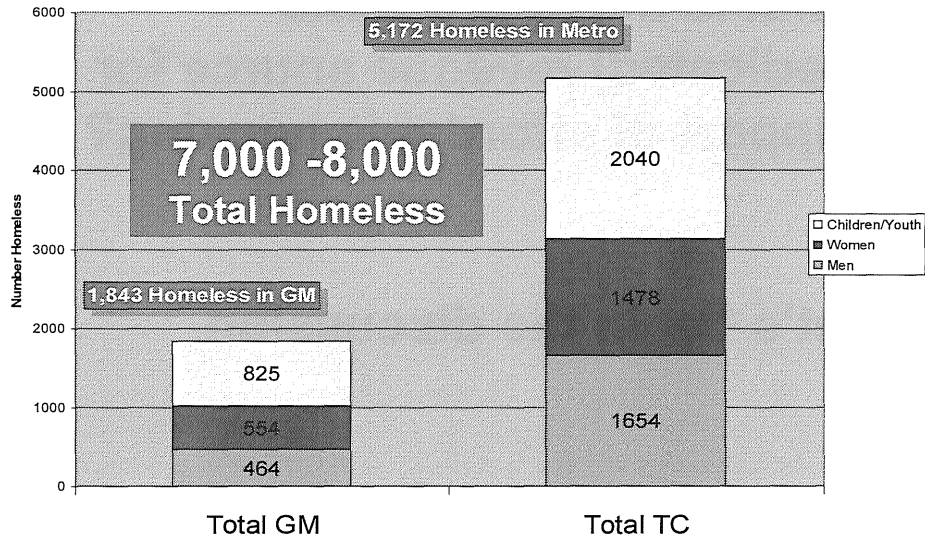


**Affordable Housing in Greater Minnesota  
Saint Peter Model Project**

- Cost reduction through compact lots
- Value added through better design

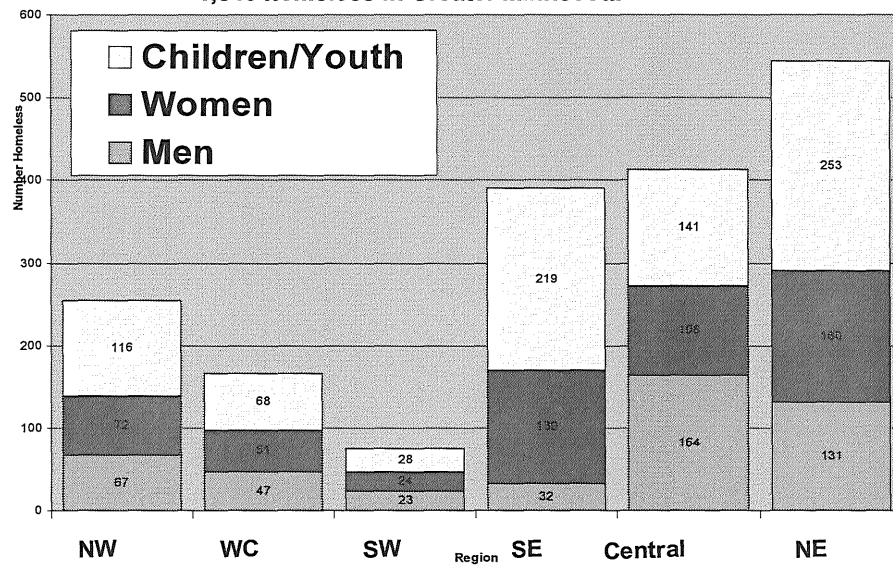


### 2003 Homeless in Minnesota GM compared to Metro



### Homeless Persons by Region

1,843 homeless in Greater Minnesota



**What is the appropriate  
(dedicated) revenue source for  
support of affordable housing?**

**Let's begin the discussion.**

1 To: Senator Anderson, Chair  
 2 Committee on Jobs, Energy and Community Development  
 3 Senator Dibble,  
 4 Chair of the Subcommittee on Housing, to which was referred

5 S.F. No. 1953: A bill for an act relating to housing;  
 6 increasing the deed tax to provide rental housing assistance;  
 7 amending Minnesota Statutes 2004, sections 287.21, subdivision  
 8 1; 462A.201, by adding a subdivision; 462A.33, by adding a  
 9 subdivision.

10 Reports the same back with the recommendation that the bill  
 11 do pass and be referred to the full committee.

12

13

*D. Scott Dibble*  
 .....  
 (Subcommittee Chair)

14

15

16

17

18

April 7, 2005.....  
 (Date of Subcommittee action)

**Senate Counsel, Research,  
and Fiscal Analysis**

G-17 STATE CAPITOL  
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.  
ST. PAUL, MN 55155-1606  
(651) 296-4791  
FAX: (651) 296-7747  
JO ANNE ZOFF SELLNER  
DIRECTOR

# Senate

State of Minnesota

## **S.F. No. 1671 - Income Tax Credit for Affordable Housing Contributions**

**Author:** Senator Mee Moua

**Prepared by:** Chris Turner, Senate Research (651/296-4350) *CT*

**Date:** April 7, 2005

---

**Section 1, subdivision 1**, creates a tax credit equal to 50 percent of the amount of “qualifying affordable housing contributions” made by individual and corporate taxpayers during the taxable year.

**Subdivision 2** defines terms for the purposes of the bill.

- “Agency” means the Minnesota Housing Finance Agency;
- “Qualifying affordable housing contribution” means a donation made during the taxable year for “qualifying housing” of: (1) cash, or (2) the fair market value of land and improvements, marketable securities, or construction materials and supplies if the donation equals at least \$1,000.
- “Qualifying housing” means housing located in the State of Minnesota, affordable to households with income equal to or less than 80 percent of the area median income, or 80 percent of the state median income, whichever is less. The housing must be developed or improved by the Minnesota Housing Finance Agency.

**Subdivision 3** requires taxpayers to apply each year for an allocation of the tax credit. The Commissioner of the Housing Finance Agency must notify the Commissioner of Revenue of the identities of taxpayers who have been allocated credits for the following calendar year by September 1 of each year.

**Subdivision 4, paragraph (a)**, limits the tax credit \$250,000 for any taxable year.

**Paragraph (b)** provides that the credit may not exceed the tax liability of the taxpayer.



**Paragraph (c)** allows excess credits to be carried over for five succeeding taxable years, provided they are allocated in their full, qualified amount each succeeding year.

**Paragraph (d)** contains blank total tax credits allowed for all taxpayers for taxable years 2005, 2006 and 2007.

**Subdivision 5** requires the Commissioner of the Housing Finance Agency to report to the Legislature by February 1, 2008 on the effectiveness of the tax credit created under the bill.

The bill is effective for taxable years 2005 through 2009.

CT:vs

Senators Moua, Belanger, Limmer, Tomassoni and Bakk introduced--  
S.F. No. 1671: Referred to the Committee on Jobs, Energy and Community Development.

1 A bill for an act  
2 relating to taxation; providing a tax credit for  
3 qualifying affordable housing contributions; proposing  
4 coding for new law in Minnesota Statutes, chapter 290.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6 Section 1. [290.0661] [CREDIT FOR AFFORDABLE HOUSING  
7 CONTRIBUTIONS.]

8 Subdivision 1. [CREDIT ALLOWED.] Subject to the  
9 limitations and conditions in this section, a taxpayer is  
10 allowed a credit equal to 50 percent of the amount certified to  
11 the commissioner of revenue by the commissioner of the agency as  
12 qualifying affordable housing contributions made by the taxpayer  
13 during the taxable year. The credit applies to the liability  
14 for tax, less nonrefundable credits, imposed by:

15 (1) sections 290.06, subdivision 1, and 290.0921 for  
16 corporations; and

17 (2) sections 290.06, subdivision 2c, and 290.091 for  
18 individuals.

19 Subd. 2. [DEFINITIONS.] (a) For purposes of this section,  
20 the following terms have the meanings given.

21 (b) "Agency" means the Minnesota Housing Finance Agency.

22 (c) "Qualifying affordable housing contribution" means a  
23 donation made during the taxable year for qualifying housing of:

24 (1) cash; or

25 (2)(i) the fair market value of land and improvements; (ii)

1 marketable securities; or (iii) construction materials and  
2 supplies to be used for qualifying housing, if the aggregate  
3 amount or value donated by the taxpayer equals at least \$1,000.  
4 Fair market value of land and improvements must be determined by  
5 a "qualified appraisal" prepared by a "qualified appraiser" as  
6 those terms are defined in Code of Federal Regulations, title  
7 26, section 1.170A-13.

8 (d) "Qualifying housing" means housing located in the state  
9 of Minnesota, affordable to households with income equal to or  
10 less than the greater of 80 percent of area or statewide median  
11 income as established for the area or state by the United States  
12 Department of Housing and Urban Development, the development or  
13 improvement of which is financed in whole or in part by the  
14 agency or allocated tax credits by the agency.

15 Subd. 3. [CREDIT ALLOCATION.] A taxpayer must apply each  
16 year to the commissioner of the agency for an allocation of  
17 qualifying affordable housing contribution tax credits. A  
18 credit need not be allocated for all of a taxpayer's qualifying  
19 contributions. The commissioner of the agency shall notify the  
20 commissioner regarding the identity of each taxpayer that has  
21 been allocated tax credits for the following calendar year by  
22 September 1 of each year.

23 Subd. 4. [LIMITATIONS; CARRYOVER.] (a) The credit allowed  
24 to any taxpayer under this section may not exceed \$250,000 for  
25 any taxable year.

26 (b) The credit for the taxable year may not exceed the  
27 liability for tax, as defined in subdivision 1, for the taxable  
28 year.

29 (c) If the amount of the credit determined under this  
30 section for any taxable year exceeds the limitation under  
31 paragraph (b), the excess is a credit carryover to each of the  
32 five succeeding taxable years. The entire amount of the excess  
33 unused credit for the taxable year must be carried to the  
34 earliest of the taxable years to which the credit may be carried  
35 and then to each successive year to which the credit may be  
36 carried. The amount of the unused credit, which may be added

1 under this paragraph, may not exceed the taxpayer's liability  
2 for tax less any additional credit under this section for the  
3 current taxable year.

4 (d) The total credit allocation allowed for all taxpayers  
5 is limited to a total \$..... allocated amount for all taxable  
6 years as follows:

7 (1) \$..... for the taxable year beginning during calendar  
8 year 2005;

9 (2) \$..... for the taxable year beginning during calendar  
10 year 2006; and

11 (3) \$..... for the taxable year beginning during calendar  
12 year 2007.

13 Unallocated credits carry over from one year to the next.

14 Subd. 5. [REPORT.] The commissioner of the agency shall  
15 report to the chairs of the committees of the legislature with  
16 jurisdiction over taxes and housing policy by February 1, 2008,  
17 on the effectiveness of the credit under this section. The  
18 report must include, at least, the estimated number of  
19 affordable housing units constructed or rehabilitated as a  
20 result of credit.

21 [EFFECTIVE DATE.] This section is effective for taxable  
22 years beginning after December 31, 2004, and before January 1,  
23 2010.



## HousingMinnesota

Homes For All By 2012

### Support a Charitable Housing Tax Credit

#### **Leverage additional housing resources by creating a state affordable housing tax credit.**

A housing Charitable Tax Credit would reward those who make cash or in-kind donations to workforce housing with a tax credit valued at 50 percent of the contribution. For example, a person donating \$1,000 to a qualified affordable housing development in Minnesota would receive a tax credit, or reduction in their income taxes worth \$500. As proposed, the state would limit the amount of available credits to \$10 million. The Minnesota Housing Finance Agency would award the credits to individuals or companies donating to workforce housing projects and programs financed by the agency.

The tax credit provides incentives for businesses and individuals to invest in needed workforce housing development. Donations are tax deductible if the housing is located in Minnesota and affordable to households earning less than 80 percent of area median income and funded in part by MHFA. The contribution would only be tax deductible if the project is completed. Donations may range from \$1,000 (minimum for administrative efficiency) to \$250,000. In addition, the credit may not exceed the tax imposed on the taxpayer.

#### **What are the Benefits of a State Charitable Tax Credit?**

- ◆ **Can bring in more money for housing than it costs the state.** Because the value of the tax credit is worth 50 percent of the donation, more money goes into housing than it costs the state in lost taxes and to administer the program.
- ◆ **Provides donor a unique "return."** The contributing business can use the contribution to attract positive press or use the contribution as an advertisement tool.
- ◆ **Open to more types of investors/donors.** The charitable tax credit can be created to attract donations of individuals, as well as business.
- ◆ **Can be used in conjunction with existing programs.** For example, the goal of the Challenge Program, administered by MHFA, is to leverage private contributions with public dollars. A Charitable Tax Credit could be used in conjunction with the Challenge Program to act as an additional incentive for business to provide funding for affordable housing development.
- ◆ **A simpler investment tool.** Unlike the federal low-income housing tax credit, a charitable tax credit does not need a complex structuring of a multi-tiered ownership of a project in order to maximize the value of credits.
- ◆ **Provides flexibility in the type of contributions made.** The credit provides the ability of a donor to make non-cash contributions such as property, stocks/bonds, materials, and supplies.
- ◆ **Provides flexibility in type of housing assisted by the credit.** Charitable credits can be made available for ownership housing (such as that provided by Habitat for Humanity), or for small rural and urban infill rental projects, or affordable rental apartments created in a larger mixed-use project.

#### **Solutions from other states:**

Missouri and North Carolina utilize a state Low Income Housing Tax Credit. Illinois offers a 50 percent credit toward state income tax for every \$1 donated toward approved affordable housing development projects.

For more information about affordable housing contact (651) 649-1710 or [info@mhponline.org](mailto:info@mhponline.org), or go to [www.housingminnesota.org](http://www.housingminnesota.org).



# GMHF

## Greater Minnesota Housing Fund

A special project of Blandin Foundation and The McKnight Foundation

### Minnesota's "Instant" Return on Investment In Support of Work Force Housing

Return on State Investment in Funding Workforce Housing	
<b>State Gap Loan Per Affordable Housing Unit</b>	\$ 10,000
Total Cost of Home	\$ 150,000
<b>Return to State on Investment</b>	
Sales Tax on Materials (6.5% on 40% of Home Cost)	\$ 3,900
State Income Tax Paid by Construction & Professional Labor at 60% of Home Cost	\$ 6,345
Mortgage Registry Tax (Paid when home is financed .0023 debt)	\$ 345
Deed Tax (paid when deed is recorded .0033 value)	\$ 495
<b>Year One Immediate Return to State on Gap Loan</b>	<b>11,085</b>
<b>Plus:</b>	
Gap Loan Returned at Year 30 (or before)	10,000

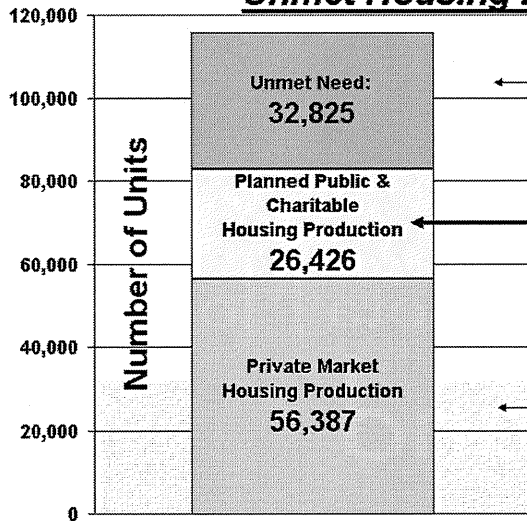
Assumes a 7.05% State Income Tax Rate.

Greater Minnesota Housing Fund

# If Challenge Fund Is Cut

## Unmet Housing Needs Rise

**BBC**  
RESEARCH &  
CONSULTING  
2000-2010  
Next Decade of  
Housing Study



*BBC's conservative estimate of Need does not include:*

- \* Homeless of 8,900
- \* Ongoing loss of housing stock
- \* Overcrowding
- \* Rehab Needs / Unsafe housing conditions

**"Challenge Fund" Cuts Will Reduce Workforce Housing Production**

- Charitable dollars increasingly limited  
- Private market will not fill void  
**= INCREASED "UNMET NEED"**

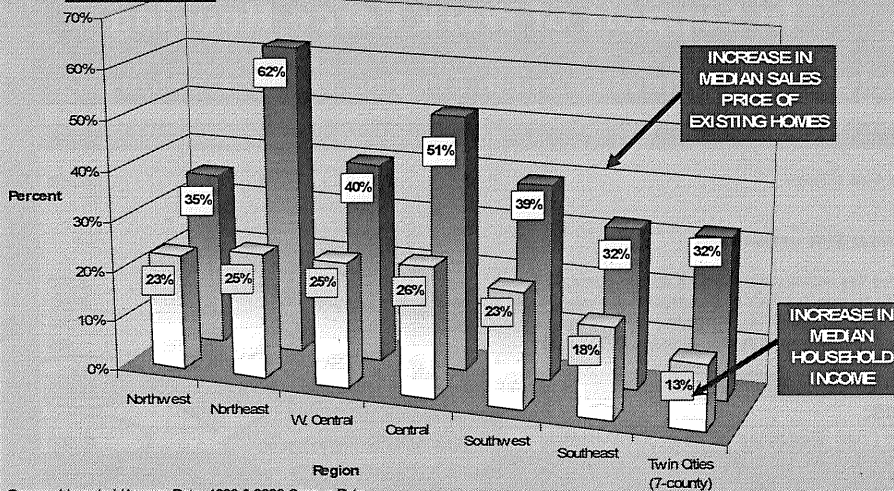
*Adverse Market Trends Limit Affordability:*

- Increasing Land Costs
  - Increasing Material Costs
  - Increasing Appreciation
  - Stagnant Wages
- = Less "affordable" Units



## HOUSING COSTS BEYOND REACH?

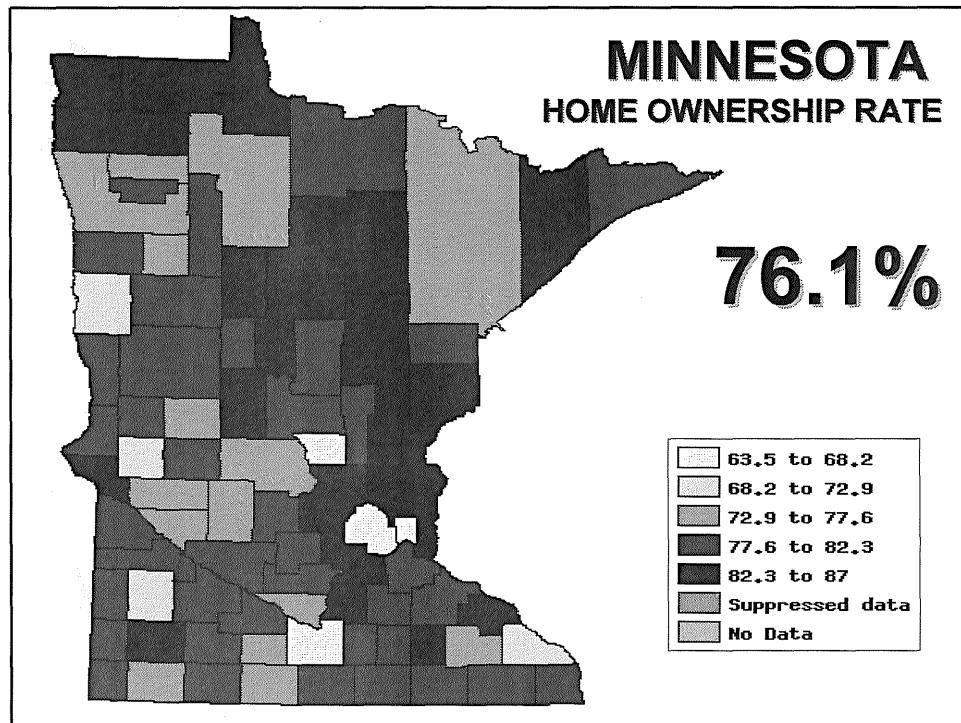
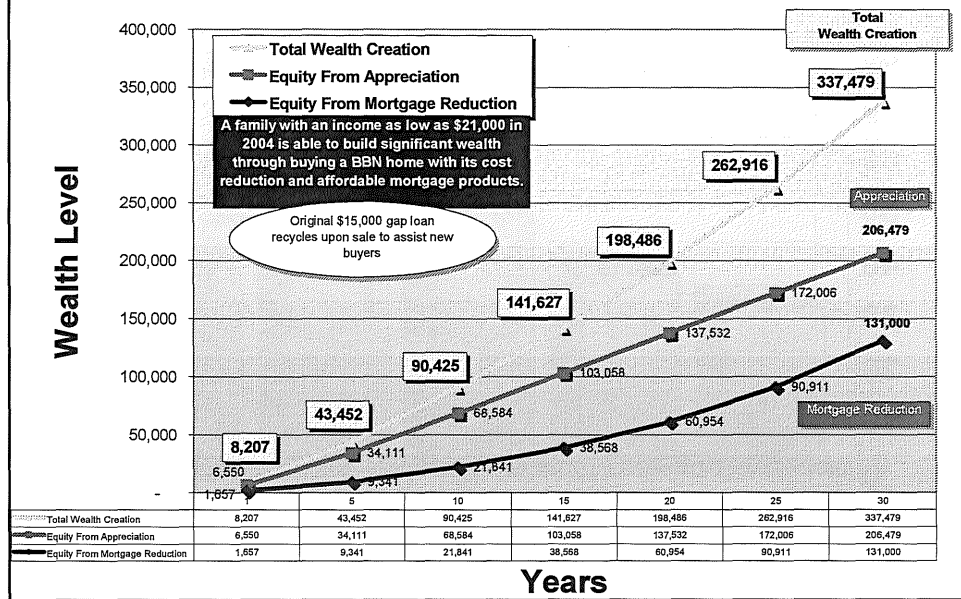
Growth of Housing Value Faster than Growth of Household Income  
Minnesota: 1990-2000



Source: Household Income Data: 1990 & 2000 Census Data  
Home Sales Prices: MN Department of Revenue, Property Tax Division  
Both income & home sales price increases adjusted for inflation (1.297861)

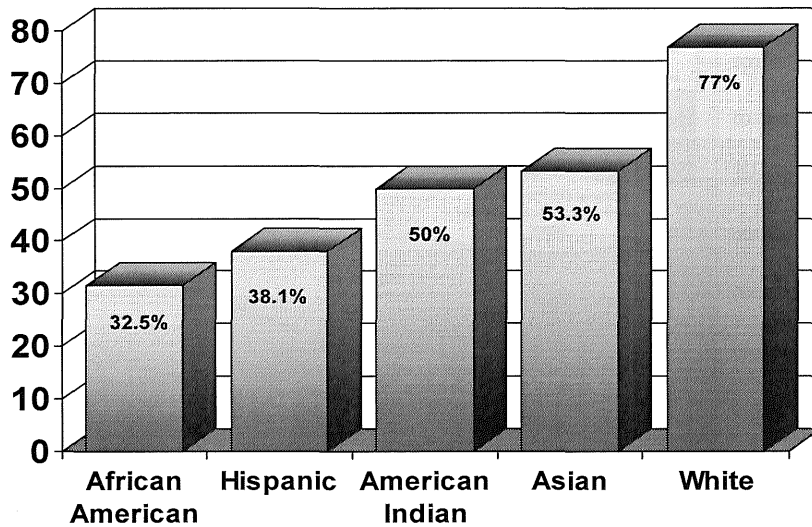
Greater Minnesota Housing Fund 2002

## Family and Community Stability through Workforce Home Ownership





## Homeownership Rates by Race



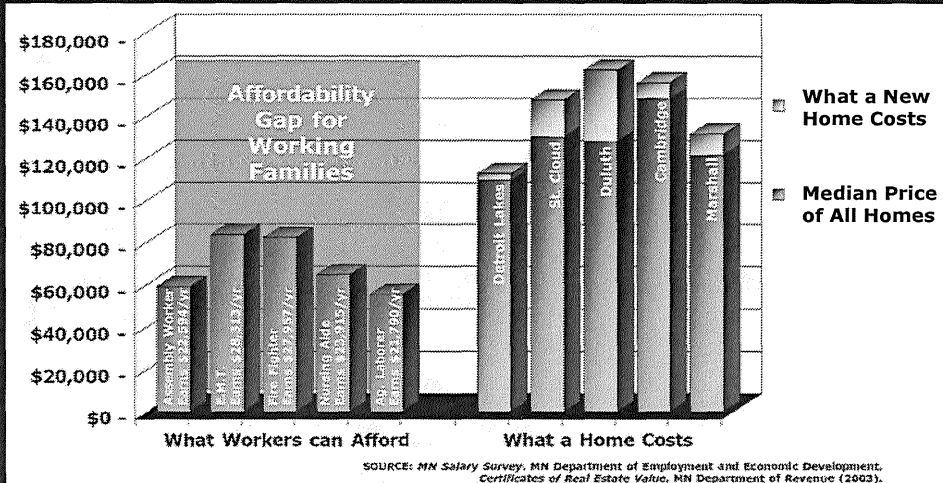
### 2003 BBC MINNESOTA HOUSING NEED

## SUMMARY

- **Greater Minnesota will have a shortfall of 10,600 affordable units from 2000 to 2010**
- **Twin Cities metro will have a shortfall of 22,300 affordable units from 2000 to 2010**
- **Combined shortfall of 32,800 affordable units from 2000 to 2010**

**BBC**  
RESEARCH &  
CONSULTING

## Housing Costs Out of Reach for Minnesota's *Essential Workforce*



## The Next Decade of Housing in Minnesota

### Statewide Housing Needs

- Almost 300,000 low-income Minnesota households are paying more than they can afford for housing.
- Demographic trends will result in 116,000 new low-income households seeking affordable housing by 2010.
- Private sector to satisfy 49% of increased demand
- A shortfall of 59,300 affordable units.
- Public and philanthropic funding may create 26,400 new affordable units
- 32,800 households will still lack affordable housing in 2010.

## The Next Decade of Housing in Minnesota Study

### Unaddressed Production Needs:

- **The Homeless:**  
8,000 households without “a unit of housing”
- **Housing Stock Attrition:**  
More than 8,500 units lost to attrition and demolition over ten years
- **Overcrowding:**  
6,936 households are overcrowded
- **Poor Housing Conditions and the Need for Rehabilitation**



### MINNESOTA HOUSING NEED STUDY -- "THE NEXT DECADE OF HOUSING" Summary of Unmet Low-Income Housing Need by Region

2000 - 2010

Greater Minnesota Region	Total Low-Income Households 2000	Change Between 2000 and 2010					Plus Cost Burdened Households <sup>2</sup>
		New Low-Income Households 2010	Less New Low Income HH Served by Private Market	Equals New Low-Income Households Not Served by Private Market	Less Expected Public/Philanthropic Housing Provision (Assumes No Cuts)	Equals: Remaining Unmet New Housing Construction Need	
Central	104,221	27,083	16,190	10,873	N/A <sup>1</sup>	N/A <sup>1</sup>	32,386
Northeast	64,295	6,081	3,322	2,759			20,319
Northwest	30,538	3,040	1,570	1,470			6,805
Southeast	126,898	11,557	6,809	4,748			37,387
Southwest	53,437	3,511	1,813	1,698			14,681
West Central	39,668	3,909	2,333	1,576			12,099
<b>Greater Minnesota</b>	<b>419,175</b>	<b>55,160</b>	<b>32,036</b>	<b>23,124</b>	<b>12,561</b>	<b>10,563</b>	<b>125,677</b>
<b>7-County Metro</b>	<b>372,855</b>	<b>60,478</b>	<b>24,351</b>	<b>36,127</b>	<b>13,865</b>	<b>22,262</b>	<b>171,062</b>
<b>Minnesota Total</b>	<b>791,030</b>	<b>115,638</b>	<b>56,387</b>	<b>59,251</b>	<b>26,426</b>	<b>32,825</b>	<b>296,739</b>

<sup>1</sup> Forecasting production of new low-income housing between 2000 and 2010 by public and philanthropic entities throughout the regions in Greater Minnesota is very difficult to accomplish and would likely introduce significant potential for error in predicting unmet housing need in 2010. Instead, housing production by public and philanthropic entities is forecast at the Greater Minnesota level.

<sup>2</sup> Cost Burdened Households or Housing Assistance Need measures low-income households that were cost-burdened in 2000, and for whom some sort of housing assistance program (that is administered during the decade) would be helpful.

Greater Minnesota Only

## Employer Assisted Housing Track Record of Employer Participation in Local Affordable Housing Production

Employer Name	Employer Contribution	# Units	Location
Chokio-Alberta School District	\$99,982	3	Alberta
Bell Farms	\$2,000	1	Le Roy
Anderson Fabrics	\$69,000	22	Blackduck
20 local New Richland Employers	\$70,000	8	New Richland
Cross Consulting, Northwest Financial	\$100,000	15	Sebeka
Multiple Courtland Employers	\$50,000	8	Courtland
Seven downtown Duluth employers	\$171,000	75	Duluth
Fey Industries	\$5,000	1	Edgerton
Nine local employers and the Lions Club	\$27,050	4	Osgia
Hayfield Window & Door, Citizens State Bank	\$24,000	12	Hayfield
Hendricks Hospital	\$6,000	3	Hendricks
Multiple Hoffman Employers	\$32,000	3	Hoffman
Multiple Northfield Employers	\$540,000	14	Northfield
Davisco Foods	\$475,000	6	Nicollet
Hormel Food Company	\$2,230,000	50	Austin
Schwab's Food Company	\$1,500,000	190	Marshall
Holmal Food Company	\$93,000	40	Pelican Rapids
Peoples Bank	\$3,000	6	Plainview
Peoples Bank	\$2,000	4	Elgin
Peoples Bank	\$5,000	10	Plainview
Multiple Perham Employers	\$40,000	8	Perham
Grand Portage Casino	\$450,000	13	Grand Portage
Grand Portage Lodge and Casino	\$250,762	16	Grand Portage
Kenneth Keller Foundation	\$285,000	18	Aitkin
Multiple Employers in the Southwest Region	\$78,000	78	Southwest Region
Blue Fin Bay Resorts	\$175,000	5	Tofte
Multiple Ulen & Hiltnerd Employers	\$16,000	2	Ulen and Hiltnerd
Jennite-O Foods	\$225,000	48	Wilmar
Weerts Companies	incl.	incl.	Winnebago
Weerts Companies	\$120,000	8	Winnebago
Xcel Energy & Goodhue County Family Services Cooperative, Red Wing HRA	\$50,000	48	Red Wing
Crystal Cabinetry	\$3,500	19	Zimmerman
Keupers Counsel, Bremer Foundation	\$4,500	24	Baxter
Multiple Fergus Falls Employers	\$30,000	8	Fergus Falls
MN Power, Lake Superior College	\$98,000	15	Duluth
Stearns County Electric	\$109,724	36	St. Cloud
Stearns County Electric	\$5,891	31	St. Cloud
Multiple Elk River Employers	\$1,000	32	Elk River
Multiple Park Rapids Employers	\$30,000	12	Park Rapids
Multiple Mankato Employers	\$34,000	8	Mankato
St. Mary's Hospital	\$10,000	15	Duluth
Women's Transitional Housing Coalition	\$3,000	3	Duluth
Minnesota Power	\$60,000	48	Duluth
Rochester Area Employers*	\$11,000,000	195	Rochester area
	incl.	334	Rochester area
<b>TOTAL EAH IMPACT</b>	<b>\$18,562,709</b>	<b>1,498</b>	

*(Small text listing various employers and their contributions, partially illegible)*

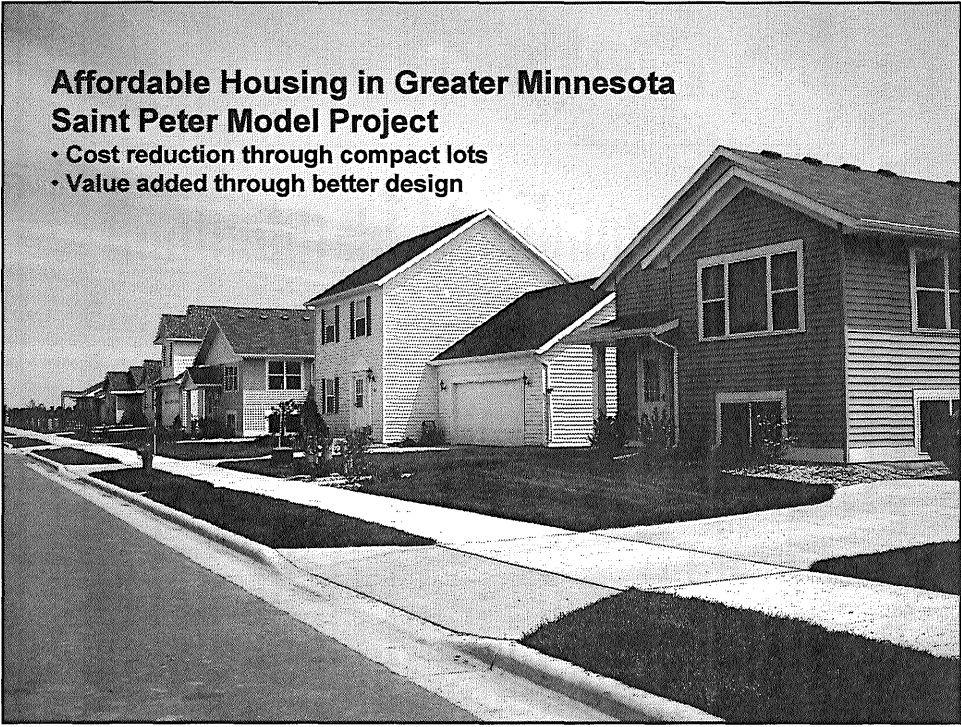
**1998-2004 Employer Investment in Workforce Housing**  
**\$18.5 million**  
**1,500 units**

**BUILDING  
BETTER  
NEIGHBORHOODS**

**Cost Reduction Strategies**

**Value Added Strategies**

**CREATING  
AFFORDABLE  
HOMES  
AND LIVABLE  
COMMUNITIES**

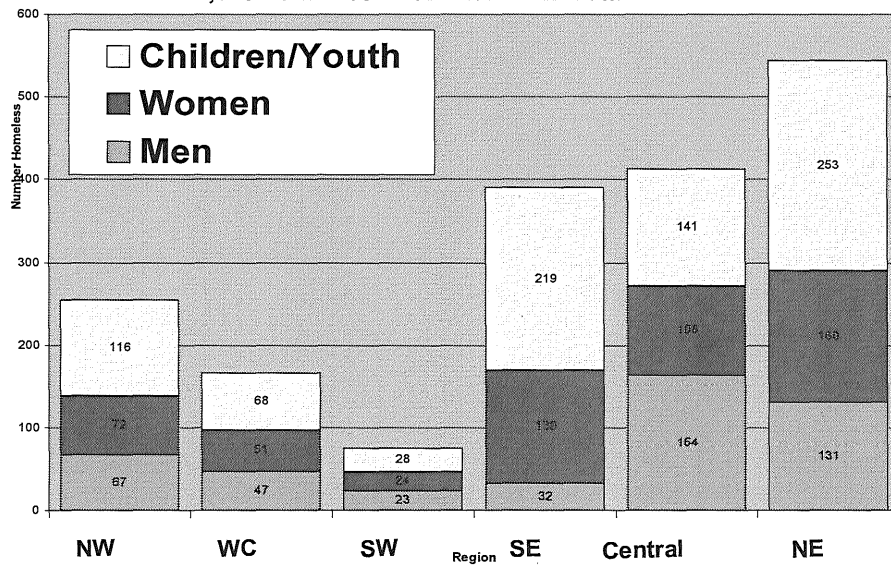


### 2003 Homeless in Minnesota GM compared to Metro



### Homeless Persons by Region

1,843 homeless in Greater Minnesota



**What is the appropriate  
(dedicated) revenue source for  
support of affordable housing?**

**Let's begin the discussion.**

1 To: Senator Anderson, Chair  
 2 Committee on Jobs, Energy and Community Development  
 3 Senator Dibble,  
 4 Chair of the Subcommittee on Housing, to which was referred

5 S.F. No. 1671: A bill for an act relating to taxation;  
 6 providing a tax credit for qualifying affordable housing  
 7 contributions; proposing coding for new law in Minnesota  
 8 Statutes, chapter 290.

9 Reports the same back with the recommendation that the bill  
 10 do pass and be referred to the full committee.

11  
 12  
 13  
 14  
 15  
 16  
 17

*A. Scott Dibble*  
 .....  
 (Subcommittee Chair)

April 7, 2005.....  
 (Date of Subcommittee action)



**Senate Counsel, Research,  
and Fiscal Analysis**

G-17 STATE CAPITOL  
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.  
ST. PAUL, MN 55155-1606  
(651) 296-4791  
FAX: (651) 296-7747  
JO ANNE ZOFF SELLNER  
DIRECTOR

# Senate

State of Minnesota

## **S.F. No. 1509 - Farm Labor Manufactured Home Park Regulation**

**Author:** Senator Gary Kubly

**Prepared by:** Chris Turner, Senate Research (651/296-4350) *CT*

**Date:** April 7, 2005

---

**Section 1** provides that the term “manufactured home park” does not include up to four manufactured homes maintained by an individual or a company on premises associated with a seasonal agricultural operation and used exclusively to house labor or other personnel provided:

- the homes are equipped with indoor plumbing facilities;
- the homes provide at least 80 square feet of living space per inhabitant;
- the homes are installed in compliance with the State Building Code;
- the homes are in compliance with the safety standards under Minnesota Statutes, section 326.243; and
- the individual or company maintains the homes in a clean, orderly, and sanitary condition.

**Section 2** provides an immediate effective date.

CT:vs

**Senators Kubly, Frederickson and Hottinger introduced--**

**S.F. No. 1509:** Referred to the Committee on Jobs, Energy and Community Development.

1 A bill for an act

2 relating to housing; providing certain manufactured  
3 home park exclusions; amending Minnesota Statutes  
4 2004, section 327.23, by adding a subdivision.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6 Section 1. Minnesota Statutes 2004, section 327.23, is  
7 amended by adding a subdivision to read:

8 Subd. 2a. [SEASONAL AGRICULTURAL OPERATIONS.] The term  
9 "manufactured home park" shall not be construed to include up to  
10 four manufactured homes maintained by an individual or a company  
11 on premises associated with a seasonal agricultural operation  
12 and used exclusively to house labor or other personnel occupied  
13 in such operation if:

14 (1) the manufactured homes are equipped with indoor  
15 plumbing facilities and meet the standards established in  
16 Minnesota Rules, parts 4630.0600, subpart 1; 4630.0700;  
17 4630.1200; 4630.3500; and 4715.0310;

18 (2) the manufactured homes provide at least 80 square feet  
19 of indoor living space per inhabitant of each home;

20 (3) the manufactured homes are installed in compliance with  
21 the State Building Code under Minnesota Rules, chapter 1350;

22 (4) the manufactured homes are in compliance with Minnesota  
23 Statutes, section 326.243;

24 (5) the individual or company maintaining the manufactured  
25 homes, with the assistance and approval of the city or town

1 where the homes are located, develops a plan to be posted in  
2 conspicuous locations near the homes for the sheltering or the  
3 safe evacuation to a safe place of shelter, of the residents of  
4 the homes in time of severe weather conditions, such as  
5 tornadoes, high winds, and floods; and

6 (6) the individual or company maintains the homes in a  
7 clean, orderly, and sanitary condition.

8 Sec. 2. [EFFECTIVE DATE.]

9 Section 1 is effective the day following final enactment.

1 Senator ..... moves to amend S.F. No. 1509 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 327.23, is  
4 amended by adding a subdivision to read:

5 Subd. 2a. [SEASONAL AGRICULTURAL OPERATIONS.] The term  
6 "manufactured home park" shall not be construed to include up to  
7 four manufactured homes maintained by an individual or a company  
8 on premises associated with a seasonal agricultural operation,  
9 in an area zoned agricultural, and used exclusively to house  
10 individuals or families performing labor as defined in section  
11 3121(g) of the Internal Revenue Code if:

12 (1) the manufactured homes are equipped with indoor  
13 plumbing facilities and meet the standards for water and  
14 sanitation established in Minnesota Rules, parts 4630.0600,  
15 subpart 1; 4630.0700; 4630.1200; 4630.3500; and 4715.0310;

16 (2) each manufactured home provides at least 80 square feet  
17 of indoor living space for each of its inhabitants;

18 (3) the manufactured homes and their installation comply  
19 with section 327.34, subdivision 1, and Minnesota Rules, chapter  
20 1350;

21 (4) the individual or company maintaining the manufactured  
22 homes, with the assistance and approval of the political  
23 subdivision where the homes are located, develops and posts in  
24 conspicuous locations near the homes, a shelter or safe  
25 evacuation plan in the event of severe weather conditions, such  
26 as tornadoes, high winds, and floods; and

27 (5) the individual or company maintains the homes in a  
28 clean, orderly, and sanitary condition.

29 Sec. 2. [EFFECTIVE DATE.]

30 Section 1 is effective the day following final enactment."

31 Amend the title accordingly

1 To: Senator Anderson, Chair  
2 Committee on Jobs, Energy and Community Development  
3 Senator Dibble,  
4 Chair of the Subcommittee on Housing, to which was referred

5 S.F. No. 1509: A bill for an act relating to housing;  
6 providing certain manufactured home park exclusions; amending  
7 Minnesota Statutes 2004, section 327.23, by adding a subdivision.

8 Reports the same back with the recommendation that the bill  
9 be amended as follows:

10 Delete everything after the enacting clause and insert:

11 "Section 1. Minnesota Statutes 2004, section 327.23, is  
12 amended by adding a subdivision to read:

13 Subd. 2a. [SEASONAL AGRICULTURAL OPERATIONS.] The term  
14 "manufactured home park" shall not be construed to include up to  
15 four manufactured homes maintained by an individual or a company  
16 on premises associated with a seasonal agricultural operation,  
17 in an area zoned agricultural, and used exclusively to house  
18 individuals or families performing labor as defined in section  
19 3121(g) of the Internal Revenue Code if:

20 (1) the manufactured homes are equipped with indoor  
21 plumbing facilities and meet the standards for water and  
22 sanitation established in Minnesota Rules, parts 4630.0600,  
23 subpart 1; 4630.0700; 4630.1200; 4630.3500; and 4715.0310;

24 (2) each manufactured home provides at least 80 square feet  
25 of indoor living space for each of its inhabitants;

26 (3) the manufactured homes and their installation comply  
27 with section 327.34, subdivision 1, and Minnesota Rules, chapter  
28 1350;

29 (4) the individual or company maintaining the manufactured  
30 homes, with the assistance and approval of the political  
31 subdivision where the homes are located, develops and posts in  
32 conspicuous locations near the homes, a shelter or safe  
33 evacuation plan in the event of severe weather conditions, such  
34 as tornadoes, high winds, and floods; and

35 (5) the individual or company maintains the homes in a  
36 clean, orderly, and sanitary condition.

37 Sec. 2. [EFFECTIVE DATE.]

1 Section 1 is effective the day following final enactment."

2 And when so amended that the bill be recommended to pass  
3 and be referred to the full committee.

4 .....  
5 (Subcommittee Chair)

6  
7 April 7, 2005.....  
8 (Date of Subcommittee action)

**Senate Counsel, Research,  
and Fiscal Analysis**

G-17 STATE CAPITOL  
75 REV. DR. MARTIN LUTHER KING, JR. BLVD.  
ST. PAUL, MN 55155-1606  
(651) 296-4791  
FAX: (651) 296-7747  
JO ANNE ZOFF SELLNER  
DIRECTOR

# Senate

State of Minnesota

## **S.F. No. 1646 - Family Homeless Prevention and Assistance Program**

**Author:** Senator Steve Kelley

**Prepared by:** Chris Turner, Senate Research (651/296-4350) CT

**Date:** April 6, 2005

---

**Section 1** strikes Minnesota Statutes, section 462A.204, subdivision 8, regarding Minnesota Housing Finance Agency school stability projects, and replaces it with the following.

**Paragraph (a)** requires the Housing Finance Agency to establish and operate a program to stabilize housing for children attending elementary or secondary school with the goal to eliminate or reduce student change of residence so that both the students' homes and schools of attendance remain stable.

**Paragraph (b)** requires that eligible participants have a prior history of school or residence mobility. Allows the Housing Finance Agency to contract with a Housing and Redevelopment Authority to provide the services under this section.

**Paragraph (c)** requires the program to provide additional rent assistance above any amounts for which the recipient is otherwise eligible if the adult recipient signs an agreement with the landlord and the school district that obligates:

- the adult to remain in the current residence until the end of the school year;
- the landlord to cooperate with the adult on housing issues; and
- the school district to monitor school attendance and issues affecting school attendance.

**Paragraph (d)** caps the rent payment of program participants at 25 percent of their income. Rent may not exceed fair market value. Rental assistance must be paid directly to the landlord.

**Paragraph (e)** requires the program to collect and collate information regarding student attendance and performance to evaluate program effectiveness. The student and parent must consent to the release of school information to be eligible for the program.

**Section 2** is a blank appropriation from the general fund to the Housing Finance Agency for the purposes of the bill.

CT:vs



Senators Kelley, Higgins, Scheid, Moua and Kiscaden introduced--

S.F. No. 1646: Referred to the Committee on Jobs, Energy and Community Development.

1 A bill for an act

2 relating to housing; providing assistance to stabilize  
3 housing for children to enhance school attendance and  
4 performance; appropriating money; amending Minnesota  
5 Statutes 2004, section 462A.204, subdivision 8.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 462A.204,  
8 subdivision 8, is amended to read:

9 Subd. 8. [SCHOOL STABILITY.] ~~(a)-The-agency-in~~  
10 ~~consultation-with-the-Interagency-Task-Force-on-Homelessness-may~~  
11 ~~establish-a-school-stability-project-under-the-family-homeless~~  
12 ~~prevention-and-assistance-program.--The-purpose-of-the-project~~  
13 ~~is-to-secure-stable-housing-for-families-with-school-age~~  
14 ~~children-who-have-moved-frequently-and-for-unaccompanied-youth.~~  
15 ~~For-purposes-of-this-subdivision, "unaccompanied-youth" are~~  
16 ~~minors-who-are-leaving-foster-care-or-juvenile-correctional~~  
17 ~~facilities, or minors-who-meet-the-definition-of-a-child-in-need~~  
18 ~~of-services-or-protection-under-section-260C.007, subdivision 6,~~  
19 ~~but-for-whom-no-court-finding-has-been-made-pursuant-to-that~~  
20 ~~statute.~~

21 ~~(b)-The-agency-shall-make-grants-to-family-homeless~~  
22 ~~prevention-and-assistance-projects-in-communities-with-a-school~~  
23 ~~or-schools-that-have-a-significant-degree-of-student-mobility.~~

24 ~~(c)-Each-project-must-be-designed-to-reduce-school~~  
25 ~~absenteeism, stabilize-children-in-one-home-setting-or, at-a~~

1 minimum, in one school setting, and reduce shelter usage. Each  
2 project must include plans for the following:

3 (1) targeting of families with children under age 12 who  
4 in the last 12 months have either: changed schools or homes at  
5 least once or been absent from school at least 15 percent of the  
6 school year and who have either been evicted from their housing,  
7 are living in overcrowded conditions in their current housing,  
8 or are paying more than 50 percent of their income for rent;

9 (2) targeting of unaccompanied youth in need of an  
10 alternative residential setting;

11 (3) connecting families with the social services necessary  
12 to maintain the families' stability in their home; and

13 (4) one or more of the following:

14 (i) provision of rental assistance for a specified period  
15 of time, which may exceed 24 months; or

16 (ii) development of permanent supportive housing or  
17 transitional housing;

18 (d) Notwithstanding subdivision 2, grants under this  
19 section may be used to acquire, rehabilitate, or construct  
20 transitional or permanent housing;

21 (e) Each grantee under the project must include  
22 representatives of the local school district or targeted  
23 schools, or both, and of the local community correction agencies  
24 on its advisory committee;

25 (a) The agency must establish and operate a program under  
26 the family homelessness prevention and assistance program to  
27 stabilize housing for children attending elementary or secondary  
28 school. The goal of the program is to eliminate or reduce  
29 change of residence of a student so that both the student's home  
30 and the school of attendance remain stable. The program may  
31 include only elementary school children and may focus on  
32 particular schools.

33 (b) Eligible participants must have a prior history of  
34 school or residence mobility. The agency may contract with  
35 others, including one or more city housing and redevelopment  
36 authorities, to carry out any of its duties under this

1 subdivision.

2 (c) The program must provide additional rental assistance  
3 above any amount for which the recipient is otherwise eligible  
4 to the responsible adult with whom a child resides if the adult  
5 signs an agreement that is also signed by a landlord and the  
6 school district that obligates:

7 (1) the responsible adult to remain in the current  
8 residence until the end of a school year except for conditions  
9 specified in the agreement;

10 (2) the landlord to cooperate with the responsible adult on  
11 housing issues; and

12 (3) the school district to monitor school attendance and  
13 issues affecting school attendance.

14 (d) A family must pay no more than 25 percent of its income  
15 for rent. Rent may not exceed fair market rent for an area.  
16 The rental assistance may be paid directly to a landlord.

17 (e) The program must include the collection of information  
18 from schools related to students' grades and attendance records  
19 so that the program can evaluate its effect on school  
20 performance and attendance. As a condition of receiving a rent  
21 subsidy, the student and responsible adult must consent to the  
22 release of that information for the purpose of the evaluation.

23 Sec. 2. [APPROPRIATION.]

24 §..... is appropriated from the general fund for the  
25 biennium ending June 30, 2007, for transfer to the housing  
26 development fund for the Housing Finance Agency for purposes of  
27 Minnesota Statutes, section 462A.204, subdivision 8.

**HOMELESS/HIGHLY MOBILE STUDENTS**  
**Minneapolis Public Schools**

**Quick Picture for School Year 2003-04**

**How many children and youth are identified as homeless in Minneapolis?**

- 4,376 of school aged children and youth were identified as homeless and highly mobile during school year 2003-04
- Daily average of 600 + school aged children and youth staying in the primary large shelters during school year 2003-04

**Their ages and grade levels?**

- Grade levels of students identified as homeless and highly mobile:
  - Preschool and kindergartners: 1,319 (30.2%)
  - Grades 1-5 students: 1,363 (31.1%)
  - Grades 6-8 students: 898 (20.5%)
  - Grades 9-12 students: 685 (15.7%)
  - 18-21 years 31 (.7%)
  - unknown 8 (1.8%)

**Types of homelessness?**

- Shelter stays: 3248 students (74.2%)
- St. Joseph's Shelter: 637 students ( 14.6%)
- Highly mobile/doubled up: 491 students (11.2%)

**Other important descriptors?**

- 56% students in shelters were current Minneapolis residents; 44% were new to the city (in rank order of frequency: Illinois – primarily Chicago; metro area suburbs; St. Paul; Wisconsin; Indiana)
- 76.4% were African American; 9.3% Native American; 8.5% White; 2.6% Hispanic American; 2% Asian American, 1.2% unknown
- 6.8% are English Language Learners
- 19% had an existing IEP for Special Education services
- 54% of the students attended MPS and alternative schools; 26% attended other suburban, charter, or St. Paul schools or moved from shelter before school started, 20% were not of K-12 school age and enrolled in an MPS program.

**McKinney/Vento-Title 1 Legislation Mandates:**

- expanded definition for homeless/highly mobile children and youth
- district policy affirming educational rights of homeless/highly mobile students
- outreach and information to homeless children and youth
- immediate enrollment
- comparable services, including after school programs
- assurances of school stability and transportation
- more attention to preschool and secondary students
- more direct link between services and student achievement
- opportunity to achieve the same high academic standards as all students

1 To: Senator Anderson, Chair  
 2 Committee on Jobs, Energy and Community Development  
 3 Senator Dibble,  
 4 Chair of the Subcommittee on Housing, to which was referred

5 S.F. No. 1646: A bill for an act relating to housing;  
 6 providing assistance to stabilize housing for children to  
 7 enhance school attendance and performance; appropriating money;  
 8 amending Minnesota Statutes 2004, section 462A.204, subdivision  
 9 8.

10 Reports the same back with the recommendation that the bill  
 11 do pass and be referred to the full committee.

12

13

14   
 15 .....  
 16 (Subcommittee Chair)

14

15

16

17

18

April 7, 2005.....  
 (Date of Subcommittee action)