MHP 2026 Legislative Recap

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Celebrating more than $200 million for housing in the 2026 Session

Despite challenging dynamics, lawmakers achieved bipartisan agreement this session on a housing bill with robust investments in housing stability. The session featured the most closely divided legislature in Minnesota history, a difficult budget outlook, and debates around fraud, gun violence, Operation Metro Surge, and more. Finding agreement on meaningful housing investments and policy is a win for lawmakers and families throughout Minnesota.

What passed in 2026?

Early session win for supportive housing

In March, the first significant housing win crossed the finish line, as the Governor signed into law a bill directing $9 million from the Strengthen Supportive Housing Program to recipients of the federal Continuum of Care Program, which provides permanent supportive housing in many areas of Minnesota (Chapter 43). This was a budget-neutral bill that redirected funds from a 2023 appropriation.

A $165 million bipartisan housing bill

This year's housing bill (Chapter 100) is unique in that, to find bipartisan agreement, it utilized funds that did not impact the state budget, including reallocated interest from 2023 legislative appropriations for housing and leftover funds from settlements for tax-forfeited lands arising from Tyler v. Hennepin County. These funds will assist thousands of families across Minnesota. The increase in FHPAP alone will help ensure approximately 11,000 more households remain stably housed, while the Housing Infrastructure Bonds will help build or rehabilitate up to 500 homes.

The bill provides:

100M	Housing Infrastructure Bonds (HIBs)	Funds affordable housing development and preservation activities.
40M	Family Homeless Prevention Assistance Program (FHPAP)	Provides flexible financial assistance to help people at risk of homelessness remain stably housed.
14.3M	Greater Minnesota Workforce Housing Development Program	Funds market rate rental workforce housing in small to medium cities.
4M	Supportive housing funding for Continuum of Care grantees, bringing total supportive housing funding approved in 2026 to $13 million.	To provide or coordinate housing stability services.
4M	Manufactured Home Park Infrastructure grants and loans	To acquire and improve manufactured home parks, including infrastructure needs.
2M	Debt service for $100M in Housing Infrastructure Bonds	
425K	Statewide Tenant Hotline	To provide free and confidential legal advice for Minnesota renters
150K	Homeownership Education Counseling and Training	Homeownership counseling services for low-to moderate-income home buyers and homeowners, including seniors
150K	Pilot – MN Nice Senior Home Share Program (grant to St. Louis County)	Will match seniors with spare rooms to adults in need of affordable homes, reducing living expenses

Policy provisions in this year's bill include updated reporting requirements for MHFA to the legislature, and new requirements that MHFA distinguish the costs to administer programs funded by state appropriations versus other agency business and detail the unencumbered balance of funds appropriated in a prior fiscal year.

Housing Supported in Bonding, Taxes, and other Bills:
The 2026 Session resulted in agreement on a $1.24 billion bonding bill (Chapters 129 and 130, final spreadsheet), including allocations of:

- $17.5 million for Public Housing rehabilitation
- $10 million for emergency shelter capital grants
- A technical change that unlocks more low-income housing tax credits (LIHTC) that can be used to build affordable homes statewide. The change reduces the

aggregate bond limitation that applies to the allocation of private activity bonds for qualifying residential rental projects.

The Tax Bill (Chapter 128) also included these housing related items:

- Extending Local Homeless Prevention Aid, a $20 million annual appropriation to counties and Tribal governments, from 2028 to 2032
- Providing $125 million in property tax relief for homeowners earning less than $143,000, who can receive a refund of up to $173.

More items of interest approved by the 2026 Legislature:

Homeowners Associations Reform (Chapter 82): Changes within the sweeping bill are aimed at reforming HOAs and common interest communities (CICs) to increase transparency and strengthen homeowner protections.

$90 Million for Technology Modernization for Human Service Delivery (Chapter 120): Funds to modernize information technology systems used by counties to administer SNAP and Medicaid services were approved, as urgency to upgrade the systems has grown with federal mandates to increase oversight of human services programs.

Funding for Hennepin County Medical Center and Hospital Reserve (Chapter 127): The bill allocates $205 million in direct stabilization funding and create a reserve account of up to $500 million that HCMC, and possibly other hospitals can draw from until 2031.

Office of Inspector General (Chapter 92): The Inspector General, which will report directly to the Governor, will have authority to investigate public and private entities receiving state funds, subpoena records, and seek court orders to freeze funds. The inspector general must be approved by a three-fifths vote of the Senate. A law enforcement agency could be created within the office to conduct statewide investigations and to make arrests.

What didn't pass in 2026?

A Big Leap Forward for the Constitutional Amendment for Housing (SF2621/HF3279). The push for a constitutional amendment, led by the Our Future Starts at Home Coalition, made significant progress in a year when our goals were to continue to build support for the amendment, which dedicates a state sales tax increase of 3/8 of one percent, or 38 cents for every $100, to affordable homes. 2026 included four hearings in the Senate and House, connecting with dozens of lawmakers on lobby day, and a coalition of over 80 organizations that continues to grow. We are ready to capitalize on our momentum into the 2027 Session.

State Housing Tax Credit (SF4044/HF3902). Our goals for the State Housing Tax Credit this session were extending the 2028 sunset, providing geographic balance to credit distribution, and allowing it to be paired with the Workforce Housing Development Program, While we made it to conference committee in both the House and Senate bills, unfortunately these provisions were stripped from Tax bill negotiations in the final days of session. We nevertheless made progress in our education efforts and support for the State Housing Tax Credit.

Zoning and Land Use Reform **(SF4123/HF3895).** Despite being one of the top housing issues under discussion in the 2026 Session, lawmakers were unable to come to agreement on a final bill. The Yes to Homes Coalition was successful in building momentum and driving the conversation with lawmakers, media and the public. The coalition also helped broaden public understanding of how outdated land-use rules contribute to rising housing costs and limited housing choices across Minnesota.

Additional issues that did not pass this year, but may return in future years, include:

- Manufactured Home Park Residents' Bill of Rights (SF2691/HF2381)
- Limitations on Corporate Ownership of Single-Family Homes (SF3173/HF2687)
- Rent Control on Senior LIHTC Units
- Preemption of Municipal Rent Control Measures

What Comes Next?

So far, 25 lawmakers have announced their retirements from the legislature, and an additional 18 are seeking a different office. This represents an extraordinary amount of experience and institutional knowledge leaving the legislature. After the 2026 election, Minnesota will have a new Governor, and the legislature will see many new committee chairs. In the face of this significant turnover, we will look for opportunities to build new relationships, seek new ideas, and educate a next generation of leaders on the intricacies, challenges and joys within the world of housing policy.