

# 2026 Minnesota Housing Legislation

Key Bills, Funding, and Policy Changes from the 94th Legislature

May 2026



# Session Context

94th Legislature | 2025-2026 Biennium | Adjourned May 18, 2026

Divided House
67-67 split between Republicans and DFL, requiring bipartisan cooperation on all major legislation

Slim Senate Majority
DFL held a one-vote majority, enabling passage of priority bills with minimal margin

Election Year
All 201 legislative seats on the November ballot, shaping every vote through a constituent-impact lens



# HF 1141: The Omnibus Housing Bill

Chapter 100 | Signed into law May 2026

# \$165M

Total housing package  
No General Fund dollars used



Funded from interest earnings and unspent settlement funds



Expected to create over 2,000 new homes statewide



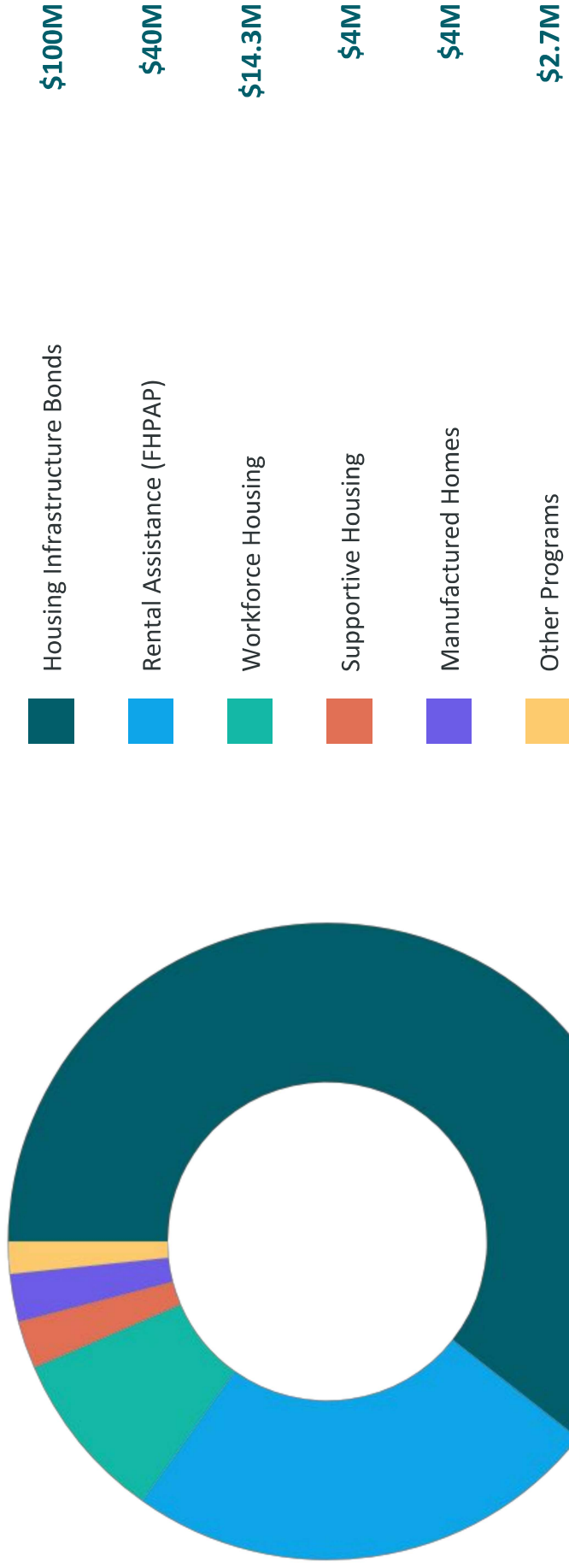
Passed House 105-28, Senate 42-25 on May 13



Bipartisan sponsors: Rep. Howard (DFL), Rep. Igo (R), Sen. Port (DFL)

# Funding Breakdown

\$165 Million Housing Package Allocation



# Housing Infrastructure Bonds **\$100 Million**

- Largest single allocation in the housing package
- Funds creation and preservation of affordable rental housing statewide
- Authorized through the Minnesota Housing Finance Agency (MHFA)
- Conference committee doubled initial Senate proposal of \$50M
- Part of broader \$1.2B infrastructure package passed by the Legislature



# Emergency Rental Assistance

**\$40M**

Family Homeless Prevention  
and Assistance Program

**8,500+**

Minnesotans facing eviction  
as of May 1, 2026

- Distributed through Minnesota Housing via counties and nonprofits
- Eligible households at or below 200% of federal poverty level
- Covers prospective rent, arrears, utility costs, and related fees
- Response to rising evictions amid housing cost pressures and federal enforcement impacts

# Workforce Housing and Greater Minnesota

**\$14.3M**

## Workforce Housing Development

Grants for housing construction in Greater Minnesota communities with labor demand-driven shortages

**\$4M**

## Manufactured Home Rehabilitation

Preserves and improves manufactured home communities while maintaining affordability for residents

**\$4M**

## Supportive Housing

Combines stable housing with services for people experiencing homelessness, disabilities, or chronic instability

# Additional Programs and Provisions

## Tenant Education & Hotline

Funding for renter education programs and a statewide tenant assistance hotline

**\$425K**

## Homeownership Education

Increased funding for homeownership counseling and training programs

**\$150K**

## Minnesota Nice HomeShare

Pilot program in St. Louis, Lake, and Washington counties to pair seniors with adults needing housing

**\$150K**

## Continuum of Care Extension

Extended HUD CoC grantee contracts through December 2027 to prevent funding gaps

**Extended**

# Private Equity Ownership Limits

Provisions Included in HF 1141

## Ownership Cap

Limits private equity firms to 50 single-family homes (1-4 units) in Minnesota

## Landlord Database

Creates a searchable statewide database for public property ownership information

## Deed Tax Revenue

Revenue from increased deed-tax rates on corporate transfers directed to affordable homeownership programs

## Enforcement

Commissioner of Commerce can levy civil penalties up to \$25,000 per property held above the cap

*Authored by Rep. Esther Agbaje (DFL-Minneapolis) and Sen. Liz Boldon (DFL-Rochester)*

# MHFA Reforms and Transparency

Minnesota Housing Finance Agency

- Modified agency authority over the Housing Development Fund and administrative retentions of state appropriations
- New transparency procedures including required reporting on fiscal balances and restrictions on interest spending
- Lived-experience engagement payments excluded from means-testing for state programs
- Modified allocation process for private activity bonds for residential rental projects
- Expanded investment authority for housing and redevelopment agencies
- Modified agency meeting requirements for increased public access

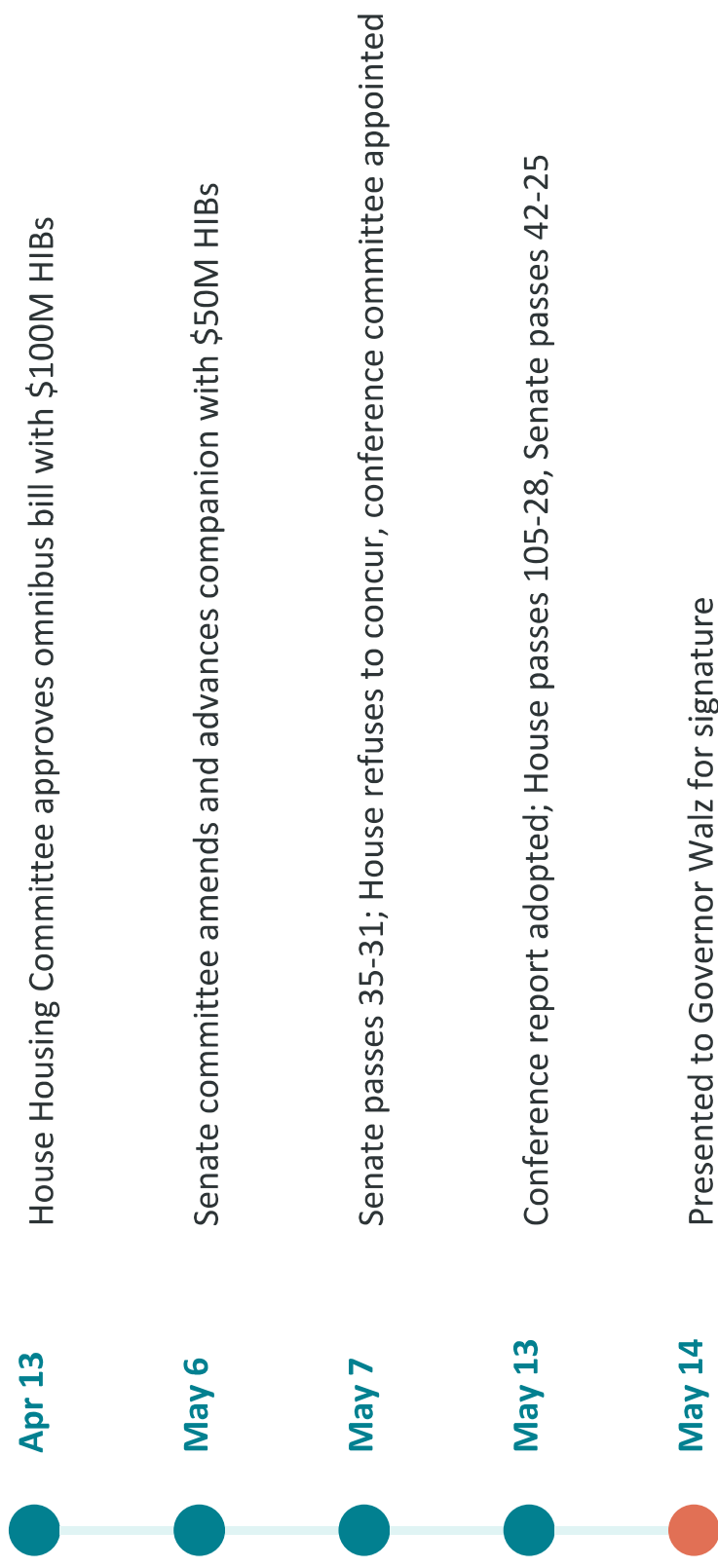
# What Didn't Pass: Zoning Reform

## Starter Homes Act (HF 3895)

## Key Opposition

- Third consecutive year the Yes to Homes coalition attempted statewide zoning reform
  - Would have required cities to allow duplexes, triplexes, and ADUs in more neighborhoods
  - Failed 7-5 in House Elections and Government Operations Committee on March 23
  - Senate companion (SF 4123) removed from consideration before policy deadline
  - Bipartisan authors: Rep. Howard (DFL), Rep. Igo (R), Sen. Port (DFL)
- City officials and League of Minnesota Cities opposed on local control grounds
  - Suburban communities resisted state mandates on zoning decisions
  - Critics argued bill lacked affordability guarantees
  - Local governments spent \$13M lobbying in 2024 — much opposing housing reform

# Legislative Journey of HF 1141



# Key Takeaways

- 1 Bipartisan success in a divided Legislature — HF 1141 demonstrates housing remains a cross-party priority, passing with significant margins in both chambers
- 2 Creative funding avoids General Fund pressure — the \$165M package relies on interest earnings and settlement funds, sidestepping budget constraints
- 3 Zoning reform remains the unfinished business — the Starter Homes Act failed for a third year despite bipartisan authorship, signaling ongoing local-vs-state tension
- 4 Private equity restrictions signal a national trend — Minnesota joins a growing list of states curbing institutional ownership of single-family homes
- 5 Housing affordability will shape 2026 elections — with all seats on the ballot, housing outcomes will be tested at the polls in November

# Capital Investment Bill: Public Housing Funding

HF 719 | \$1.24 Billion Bonding Bill | Passed House 122-11, Senate 60-7

## Public Housing Rehab

\$17.5M in GO bonds for the Publicly Owned Housing Program (POHP) —  
rehabilitating and preserving public housing statewide

## Emergency Shelters

\$10M in GO bonds for emergency shelter capital grants to address homelessness  
infrastructure needs

## POHP Program Details

Zero-interest, deferred, forgivable 20-year loans to PHAs, HRAs, and CDAs for  
capital improvements prioritizing energy efficiency and climate resiliency

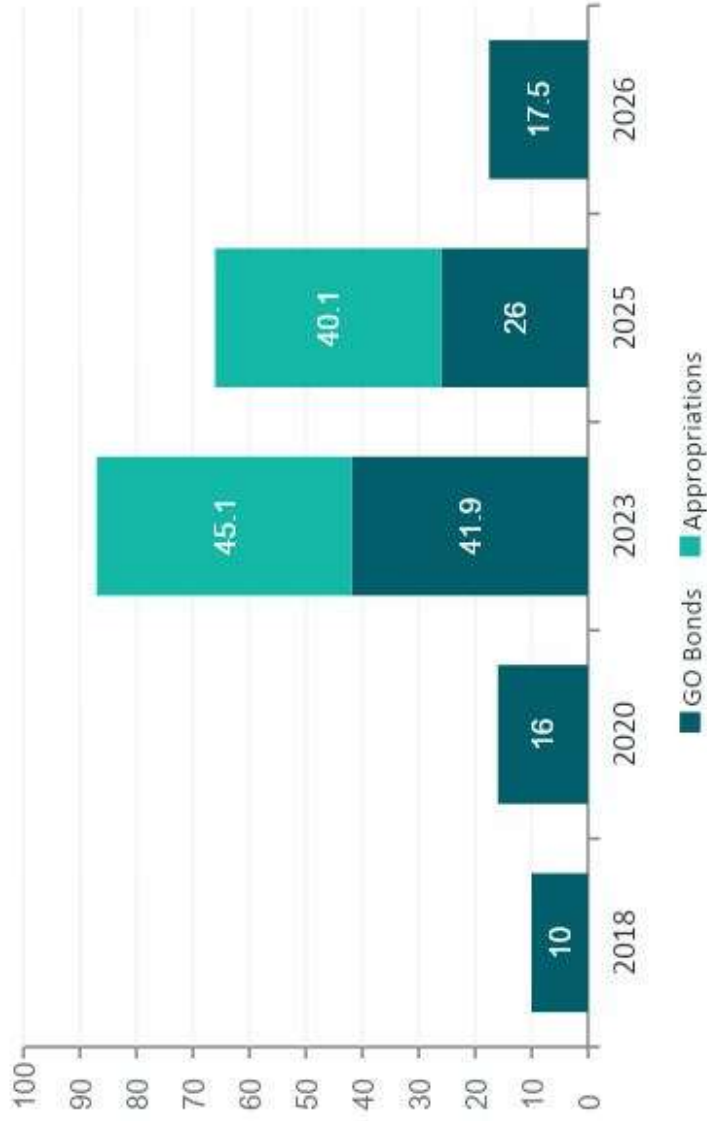
## Demand vs. Funding

2025 POHP round received \$80.7M in requests against \$53.4M awarded —  
Governor initially recommended \$10M for 2026; Legislature provided \$17.5M

*Sponsored by Rep. Mary Franson (R-Alexandria) | Part of the \$1.24B capital investment package (Chapter 100, HF 719)*

# POHP Funding History

Publicly Owned Housing Program | GO Bonds + State Appropriations (\$ in millions)



## Key Milestones

- 2005** POHP established by the Legislature
- 2018** \$10M GO bonds — first major post-recession allocation
- 2023** \$87M landmark investment (GO + appropriations) as part of historic \$1B housing bill
- 2025** \$66M total — \$53.4M awarded to 32 projects preserving 3,220 units
- 2026** \$17.5M GO bonds in \$1.24B capital investment bill

Program serves 36,000+ low-income Minnesotans | 65% are seniors or persons with disabilities | 65% earn under \$15,000/year

# Looking Ahead

The 2026 session delivered meaningful housing investments while leaving zoning reform as unfinished business for future Legislatures.

## Implementation

MHFA begins distributing \$165M in housing funds

## November 2026

All 201 seats in the Legislature are on the ballot in November, we will have a lot of new faces in January

## 2027 Session

Zoning reform expected to return with refined approach, efforts to establish a dedicated funding source for housing, and overall budget work

Sources: MN Session Laws Ch. 100, Minnesota Reformer, MPR News, MN House Session Daily, LegisScan