

**Subject** 2026 Housing Finance Bill

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## Overview

This is the 2026 housing finance bill.

The bill makes supplemental appropriations to the Minnesota Housing Finance Agency (MHFA), funded both with MHFA earnings from investments of state appropriations and with the early return and cancellation of payments made to a claims administrator to settle legal claims against the state and its counties regarding county disposition of tax-forfeited properties.

The bill also authorizes MHFA to issue \$100,000,000 in housing infrastructure bonds (HIBs).

The bill modifies MHFA powers and obligations regarding the housing development fund and its administrative retentions of state appropriations. The bill also provides that certain payments made by MHFA for “lived experience engagements”, as defined, do not count as means for certain state means-tested programs, and the bill modifies how the state allocates private activity bonds for residential rental projects.

## Article 1: Housing Appropriations

This article makes appropriations to MHFA, returns money to the general fund that had been set aside to settle litigation against the state, and transfers money.

### Section Description – Article 1: Housing Appropriations

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| 1 | <b>Total appropriation.</b><br>Increases the total appropriation made to MHFA in fiscal year 2027 in the 2025 housing finance act by \$20,300,000. |
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**Section Description – Article 1: Housing Appropriations**

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**2 Workforce housing development.**

Increases the appropriation made to MHFA in fiscal year 2027 for the workforce housing development program by \$20,000,000. Specifies that the increase is not added to the base.

**3 Homeownership education, counseling, and training.**

Increases the appropriation made to MHFA in fiscal year 2027 for the homeownership education, counseling, and training program by \$150,000. Specifies that the increase is not added to the base.

**4 Minnesota Nice HomeShare.**

Establishes a pilot grant program with MHFA to pair seniors in the counties of Lake, St. Louis, and Washington with adults needing housing. Establishes requirements for the grantee. Makes a onetime \$150,000 appropriation to the program.

**5 Return of unused tax-forfeited settlement appropriation; cancellation; appropriation.**

Returns the amount of payments in the possession of a claims administrator handling settlement of claims against the state to the general fund and appropriates that amount to MHFA for the family homeless prevention and assistance program.

**Subd. 1. Return of funds.** Requires the claims administrator settling legal claims against the state and its counties regarding county disposition of tax-forfeited properties to return state payments on June 29, 2026, one day prior to when current law requires the administrator to return the payments.

**Subd. 2. Cancellation.** Requires Minnesota Management and Budget (MMB) to cancel the amount of payments returned to it under subdivision 1 to the general fund.

**Subd. 3. Appropriation.** Appropriates the amount cancelled under subdivision 2 to MHFA for the purposes of the family homeless prevention and assistance program. Allows MHFA to award the amount appropriated to existing grantees without issuing new requests for proposals.

Effective the day following final enactment.

**6 Transfer.**

Makes a onetime transfer of \$22,300,000 from earnings on investments of state appropriations in the housing development fund to the general fund on or before June 29, 2026. Of this amount, \$20,300,000 is appropriated in sections one to four of

**Section Description – Article 1: Housing Appropriations**

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this article, and \$2,000,000 is for payment of debt service of the HIBs issued in article two.

Effective the day following final enactment.

## **Article 2: Housing Infrastructure Bonds**

This article authorizes MHFA to issue \$100,000,000 in HIBs and appropriates the amount to pay HIBs debt service.

**Section Description – Article 2: Housing Infrastructure Bonds**

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**1 Additional authorization.**

Authorizes MHFA to issue \$100,000,000 in HIBs.

Effective the day following final enactment.

**2 Additional appropriation.**

Appropriates to MMB the amount necessary for it to transfer HIBs debt service payments to MHFA for the HIBs authorized in section one, beginning in 2028 and ending in 2049.

## **Article 3: Housing Policy**

This article modifies the powers and obligations of MHFA. This article also excludes some MHFA payments as counting as means for certain means-tested state programs and modifies how the state allocates its private activity bonds for some housing purposes.

**Section Description – Article 3: Housing Policy**

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**1 Service charges.**

Specifies that MHFA may not retain any portion of state appropriations, unless its aggregate earnings from investments of state appropriations are inadequate to cover administrative costs. Limits the amount that MHFA may retain from state appropriations to the amount by which its costs exceed aggregated investment earnings. Requires notice to chairs and ranking minority members of the legislative committees with jurisdiction over housing before MHFA retains any portion of state appropriations.

**Section Description – Article 3: Housing Policy**

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Effective the day following final enactment.

**2 Separate accounts; transfers; limits.**

Requires MHFA to annually distribute its aggregated earnings from investments of state appropriations as provided in section 4. Requires MHFA to consult with the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy prior to transferring amounts between accounts holding legislative appropriations, which current law allows them to transfer.

Effective the day following final enactment.

**3 Housing development fund report.**

Modifies a requirement that MHFA report on its operating costs to require that it also report on:

- its cost of operating state programs;
- the amount in the housing development fund as of January 1 in the year the report is to be submitted;
- the amount of earnings from investments of state appropriations as of January 1 in the year the report is to be submitted;
- the amount that the agency used pursuant to section 4 of this article in the prior calendar year;
- the amounts of any transfers made between accounts holding state appropriations and the reasons for any transfers in the prior calendar year;
- the amounts of any uses of the housing development fund for the purposes provided in Minnesota Statutes, section 462A.21, which authorizes MHFA to award grants or loans and to make other payments out of the housing development fund for various housing purposes, in the prior calendar year;
- the amounts of any administrative retentions from state appropriations in the prior calendar year;
- the unencumbered balance in the housing development fund as of January 1 in the year the report is to be submitted;
- the amounts of any fees or charges collected by the agency for the purposes of the housing development fund in the prior calendar year; and
- the amount, as of January 1 in the year the report is to be submitted, of the unencumbered balance in the housing development fund that came from appropriations made prior to the current fiscal year, requiring explanations why any amounts remain unspent.

**Section Description – Article 3: Housing Policy**

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- 4 Expenditure of earnings from investments of state appropriations required.**  
Requires MHFA to determine, each year on June 30, how much of the aggregated earnings from investments of state appropriations MHFA would have if it took away the amount that it paid itself during that fiscal year for the costs of administering programs receiving state appropriations. Requires MHFA to use that amount in the next fiscal year. Requires MHFA to use the money for the same purposes of the original appropriations, when practicable. Allows MHFA to use the money for a comparable purpose when it is impracticable to use it for the same purpose.  
  
Effective the day following final enactment.
- 5 Certain appropriations made available until expended.**  
Strikes language related to MHFA’s use of earnings from investments of state appropriations that is inconsistent with the changes in this article and which allow MHFA: (1) to use aggregated earnings from investments only for the same purposes as the original appropriation; and (2) to pay itself for the costs of administering programs authorized under the chapter of law governing MHFA activity.  
  
Effective the day following final enactment.
- 6 Program money transfer.**  
Requires MHFA to notify the chairs and ranking minority members of the legislative committees with jurisdiction over housing before MHFA transfers money between programs receiving state appropriations.  
  
Effective the day following final enactment.
- 7 Lived-experience engagement exemption.**  
Defines “lived-experience engagement” as MHFA engaging MHFA-selected persons either for reviewing proposals responsive to MHFA requests for proposals or for providing feedback on the impact of housing programs. Makes payments to persons engaged through “lived-experience engagement” not count as income, assets, or property for the purposes of listed means-tested state programs, including housing support, general support, and the Minnesota family investment program.
- 8 Repealer.**  
Repeals a provision allowing MHFA to use money in the housing development fund for any agency purpose that state law has given under Minnesota Statutes, chapter 462A.  
  
Effective the day following final enactment.



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