

Chapter 43

2025 Regular Session

Subject Funding for supportive housing

Bill H.F. 3425

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Summary

The United States Department of Housing and Urban Development (HUD) administers the Continuum of Care (CoC) program, which funds housing and supportive services. A significant portion of the CoC program's annual funding has typically gone to renewing the grants of prior CoC grantees.

On November 13, 2025, HUD announced plans to change its prioritization of CoC funding for federal fiscal year 2025. Following the announcement, some questioned whether existing CoC participants could continue to qualify for grant renewals. Lawsuits ensued challenging HUD's ability to depart from its previously announced fiscal year 2024 through fiscal year 2025 prioritizations for CoC funding. On December 23, 2025, a district court issued a preliminary injunction ordering that HUD process eligible grant renewals using the prioritizations that had been previously announced for fiscal years 2024 to 2025. Around the same time, HUD announced new prioritizations for fiscal year 2025 CoC awards, which HUD indicated it will not implement unless a court order relieves it of the preliminary injunction. On February 3, 2026, Congress enacted Public Law No. 119-75, which required that HUD both renew CoC grants expiring prior to March 2026 and continue renewing expiring grants through the end of calendar year 2026 if HUD has not yet issued awards pursuant to a fiscal year 2025 notice of funding opportunity.

In 2023, the state legislature established a supportive housing program within the Minnesota Housing Finance Agency (MHFA) and appropriated \$25,000,000 to the program. In 2024, the legislature reduced the appropriation to \$10,000,000. As of April 2026, no RFPs for the program have been launched.

This act allocates \$9,000,000 of the \$10,000,000 appropriation to MHFA's supportive housing program for CoC grantees whose CoC contracts have expired or will expire which have experienced or will experience funding gaps. The act requires reporting from grantees to MHFA every 90 days until grant funds are exhausted and a recurring compiled report from MHFA to the legislature within ten days after each 90-day period expires.