



Distribution Process for Minnesota Laws 2026, Chapter 43

[Minnesota Laws 2026, Chapter 43](#) redirects \$9M from the Strengthen Supportive Housing Program to address funding gaps among HUD Continuum of Care (CoC) grantees “for fiscal year 2024 whose contracts have expired or will expire before December 31, 2026, and have experienced or will experience funding gaps.” The session law allows for a non-competitive approach to award funds and prioritization by need, as well as expanded eligible uses that include supportive housing, rapid rehousing, transitional housing, and system related activities. The session law also requires the Agency to “coordinate with stakeholders on a distribution process and establish such a process within 30 days of enactment.

Stakeholder Engagement

Over the last 30 days, Agency staff engaged stakeholders including CoC Program grantees, coordinators and advocates in 1:1 meetings and in larger group sessions. These were helpful conversations to exchange ideas, pose questions, raise concerns and identify limitations related to the HUD CoC Program and the session law.

During engagement sessions, some participants emphasized prioritizing projects based on HUD contract expiration dates while others suggested aligning prioritization and decision making CoCs have already completed. Many participants emphasized speed, favored proportional funding options that recognize the importance of supporting priority populations and ensuring culturally specific and transitional housing projects are not overlooked. Overall, most of the feedback supports a “spread but prioritize” strategy focused on maintaining housing stability and alignment with previously established local prioritization and decision making.

Through these collaborative conversations it was clear there was no single solution or distribution method that worked perfectly for every stakeholder. However, centering flexibility and honoring local decision making were common values that emerged repeatedly.

High Level Distribution Process

Using the HUD CoC Program FY 2025 Annual Renewal Demand (ARD) as the basis for a proportional distribution method provides the most reliable and broadly accepted proxy for relative need across CoCs. This distribution process assumes that HUD does not renew contracts for grantees. If HUD does renew contracts and grantees accept that funding, all funding distributed through this process by Minnesota Housing must be repaid.

Allocate \$9 million proportionally across all 10 CoCs

The \$9 million will be allocated proportionally across all 10 CoCs based on each CoC’s FY 2025 ARD. Proportional allocation is an equitable way to distribute resources and ensures statewide coverage and simplicity.

CoC	Total FY25 Amount	% of Total ARD	CoC Proportion of \$9 Million
Dakota, Anoka, Washington, Scott, Carver Counties CoC	\$ 5,145,865	11%	\$ 995,820
Duluth/St. Louis County CoC	\$ 3,510,917	8%	\$ 679,427
Minneapolis/Hennepin County CoC	\$ 20,236,672	44%	\$ 3,916,171
Moorhead/West Central Minnesota CoC	\$ 1,008,022	2%	\$ 195,070
Northeast Minnesota CoC	\$ 426,711	1%	\$ 82,576
Northwest Minnesota CoC	\$ 1,724,271	4%	\$ 333,678
Rochester/Southeast Minnesota CoC	\$ 2,615,337	6%	\$ 506,116
Saint Paul/Ramsey County CoC	\$ 8,159,122	18%	\$ 1,578,941
Southwest Minnesota CoC	\$ 1,611,673	3%	\$ 311,888
St. Cloud/Central Minnesota CoC	\$ 2,068,581	4%	\$ 400,308
Total	\$ 46,507,171	100%	\$ 9,000,000

*Annual Renewal Demand (ARD) of HUD’s Continuum of Care award across the State of Minnesota

CoCs have two options for funding decisions

Option A: CoC-Led Prioritization

The CoC determines the order of priority based on need for all its eligible projects. The CoC must state the criteria used to determine need, to be approved at Minnesota Housing’s sole discretion. Minnesota Housing encourages the CoC to consider how projects with expiration dates in all four quarters may be eligible for funding. The CoC determines both the funding amounts (annual or partial award) and the contract length (6 or 12 months).

Option B: State-Led Prioritization

If a CoC does not choose Option A, Minnesota Housing will allocate funding on behalf of that CoC. If requests exceed available funding, priority will be given to Permanent Supportive Housing and Rapid Re-Housing projects. Projects may be further prioritized by the number of people that benefit from beds within the project and contract expiration dates in all four quarters. As a result, not all that are interested in funding may be funded and some projects may receive partial funding. If the total funding

interest within a CoC is less than the amount available for that CoC, Minnesota Housing may reallocate the remaining funds to support eligible projects in other CoCs, based on overall demand and program priorities.

Minnesota Housing Contracting Process

Regardless of prioritization mechanism employed, documentation will be required for all grantees recommended for funding to contract with Minnesota Housing.

Pre Award Risk Assessment

All grantees recommended for funding will be required to submit the following documents and pass the legislatively required Pre Award Risk Assessment (PARA) review on the [Homeless Response System Supplemental Resources Program](#) webpage:

- Financial documents
- Evidence of good standing with the Minnesota Secretary of State
- Completion of five organizational review questions
- Certification that no Principal has a felony conviction of a financial crime

Due Diligence and Contracting

All awardees that pass the PARA review and are selected for funding must submit the following documents before signing the contract with Minnesota Housing:

- A signed board resolution
- Certificate of Insurance with Workers Compensation and Crime coverage in the amount of at least one-eighth of the total grant amount
- A project work plan
- A project budget
- For grantees without a current contract with the State of Minnesota, additional banking and accounting information may be required.

Once all due diligence items are approved, Agency staff will route the contract for signature via DocuSign.

Only costs incurred by the grantee AFTER the contract is fully signed are eligible for reimbursement. There are no exceptions.

Additional Contracting Considerations

- **Reimbursement payments will be made quarterly** unless the Agency and grantee agree to an alternative payment plan and dependent on the results of the Pre-Award Risk Assessment.
- **Quarterly reporting** of number of households served and use of funds will be required per session law. Additional reporting, including HMIS and Annual Narrative reports, may be required.
- **Repayment** of state grants funds will be required if the grantee later receives HUD FY2025 renewal funds.

Contingencies & Safeguards

These funds are intended to provide supplemental emergency support resources and serve as a bridge to when HUD federal funds become available. They are not intended to supplant HUD CoC renewal funds.

The Governor has recommended an additional \$33 million to address potential HUD CoC Program gaps to maintain housing stability for households across the state currently funded by the HUD CoC Program. If additional eligible dollars are appropriated, the Agency will adjust and modify this distribution process.

This distribution process, including but not limited to proposed award amounts and priorities, is subject to change at Minnesota Housing's sole discretion.