

(\$ in thousands)

| Project Requests for State Funds | | | | | | Gov's Rec | Gov's Planning Estimates | |
|---|------|------|--------|--------|--------|-----------|--------------------------|------|
| Project Title | Rank | Fund | 2026 | 2028 | 2030 | 2026 | 2028 | 2030 |
| Behavioral Health Capacity Building for Tribal Nations and Urban Indian Organizations | 1 | GF | 10,000 | 10,000 | 10,000 | 0 | 0 | 0 |
| Additional Behavioral Health Facility Funds | 2 | GO | 24,369 | 24,369 | 24,369 | 0 | 0 | 0 |
| | | GF | 631 | 631 | 631 | 0 | 0 | 0 |
| Additional Capital Funding for Homelessness | 3 | GO | 15,000 | 15,000 | 15,000 | 0 | 0 | 0 |
| | | GF | 10,000 | 10,000 | 10,000 | 0 | 0 | 0 |
| Total Project Requests | | | 60,000 | 60,000 | 60,000 | 0 | 0 | 0 |
| General Fund Cash (GF) Total | | | 20,631 | 20,631 | 20,631 | 0 | 0 | 0 |
| General Obligation Bonds (GO) Total | | | 39,369 | 39,369 | 39,369 | 0 | 0 | 0 |

AT A GLANCE

- Health Care: In fiscal year 2023, each month an average of 1,384,143 people received healthcare coverage through Medical Assistance and 104,648 through MinnesotaCare
- Long Term Care in the Community: In fiscal year 2023, each month 62,827 received home and community based services through the disability waivers, 27,962 people through the elderly waiver, and 40,264 people received personal care services.
- Nursing Facilities: 11,227 people per month received care in nursing facilities in fiscal year 2023
- Substance Use Disorder Treatment: 52,214 people received treatment for substance use disorder through the Medicaid program in calendar year 2023
- Mental Health: 208,680 Minnesota adults received mental health services through Minnesota Health Care Programs in calendar year 2023
- Economic Support: About 21,777 people received assistance through the General Assistance program and 30,152 people received support through the Minnesota Supplemental Aid program in FY23
- Housing: About 20,218 people received Housing Support services each month in fiscal year 2023
- In FY23 DHS all funds spending was \$24.5 billionⁱ

PURPOSE

The Minnesota Department of Human Services (DHS), working in partnership with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

Our work is guided by the following values:

- We focus on people, not programs.
- We provide ladders up and safety nets for the people we serve.
- We work in partnership with others; we cannot do it alone.
- We are accountable for results, first to the people we serve and, ultimately, to all Minnesotans.

Minnesota has a strong tradition of providing human services for people in need so they can live as independently as possible, and of working to ensure that Minnesotans with disabilities are able to live, work and enjoy life in the most integrated setting desired.

DHS provides oversight and direction for most health and human services programs, making sure providers meet service expectations. Most services are delivered directly to people by counties, tribes, health care providers or other community partners.

Examples of our work include:

- Health care programs purchase medical care for children, older adults, people with disabilities and people with low incomes
- Home and community-based service programs help people with disabilities and older adults to receive support in their own homes and communities
- Mental health and substance use programs assist adults and children needing behavioral health services
- Housing programs assist people experiencing homelessness in finding shelter and securing long term housing stability
- Adult protective services ensure that older adults and people with disabilities are safe

- Grant programs support local delivery of human services for populations in need, including recent refugee immigrant populations, adults and children needing behavioral health services, people who are deaf or hard of hearing, people with disabilities, and older adults.

In fiscal year 2024, DHS began the transition of some programs and services to two new agencies, the Department of Children, Youth, and Families (DCYF), and Direct Care and Treatment (DCT). Beginning in fiscal year 2025, programs related to family economic support, nutrition, child care, child support and child welfare began transitioning from DHS to DCYF. By July 1, 2025, financial functions for these programs will transition to DCYF. Starting in fiscal year 2026, programs within Direct Care and Treatment of DHS will move into its own agency.

STRATEGIES

The 2023-2027 DHS Strategic Plan (<https://mn.gov/dhs/general-public/about-dhs/strategic-plan/>) includes three main outcomes and 14 goals.

Outcome: People in Minnesota thrive.

Goals:

1. Advance policy and programs that support equity, justice and stability in food, housing, income, child care and health care.
2. Promote adult and children's safety and wellbeing with easy access to behavioral health supports and optimal living situations.
3. Champion a service continuum that centers justice, equity and choice supporting people with disabilities and older adults to lead meaningful lives in community.
4. Invest in home, community, and facility-based care workforce and strengthen Minnesota's network of caregiving.

Outcome: People experience high-quality human services.

Goals:

1. Transform and strengthen the service delivery experience to be equitable, accessible, caring, and responsive.
2. Administer programs effectively and efficiently through streamlined processes and reduction of errors, fraud and waste.
3. Build capacity to partner with Tribal Nations and counties to envision a human services system that works for the people in Minnesota.
4. Build capacity to engage with community and amplify voices in decision making processes.
5. Equip partners and providers, with resources and technical assistance to maintain program integrity and deliver better services.

Outcome: People at DHS thrive in an inclusive environment.

Goals:

1. Become an anti-racist/multicultural organization and build equity into everything we do.
2. Create an organizational culture where employees experience inclusion, psychological safety, respect, wellbeing, and joy.
3. Build career pathways and create ways for staff to grow in their job.
4. Be a collaborative partner in the creation of separate state agencies while supporting employees and continuity of operations.
5. Enhance DHS's environmental sustainability.

The Department of Human Services' overall legal authority comes from Minnesota Statutes chapters 245 (<https://www.revisor.mn.gov/statutes?id=245>) and 256 (<https://www.revisor.mn.gov/statutes/?id=256>). We list additional program-specific legal authority at the end of each budget activity narrative.

ⁱ Excludes Fiduciary and Technical Activities

AT A GLANCE

- The Minnesota Department of Human Services (DHS) 2026-2028 Strategic Plan goals are:
 - **Quality:** Continuously improve the clinical quality, safety and outcomes of care as we identify and address risk and health disparities.
 - **Service:** Ensure comprehensive, individualized treatment and support with safety, respect and dignity as we work with community partners for continuity of care.
 - **People:** Recruit, retain and develop a diverse and culturally responsive workforce, improve workplace culture and support equitable leadership development and succession planning.
 - **Financial:** Maintain financial viability and stewardship to operate as in integrated health system.
 - **Technology:** Prepare, maintain and enhance technology platforms and applications to address continuum of care needs, improve service access, ensure staff, patient and public safety, create a fully functioning electronic medical record, and an integrated electronic health record.
- Increase partnerships through creating and advancing relationships with community partners and program participants.
- Continuing to build on historic investments in behavioral health and housing.

Factors Impacting Facilities or Capital Programs

This is the first capital budget cycle since the split of DHS, Direct Care and Treatment (DCT) and the Department of Children, Youth and Families (DCYF). Historically, DCT programs and programs in the former Children and Family Services (CFS) Administration were bundled together with other DHS proposals. This split is not fully complete either – DHS and DCYF still coordinate on certain capital programs and are in the process of aligning respective duties for individual programs. This includes existing contracts related to early childhood facilities and specific one-off, organization-specific appropriations. DHS and DCYF are preparing a final timeline for transitioning responsibilities fully to DCYF.

Currently, DHS operates emergency shelter/transitional housing grant programs, along with additional grant programs related to the expansion of behavioral health facilities across the state. DHS's proposals this year attempt to build upon historic investments over the past few years and identify novel, innovative opportunities to expand access in both areas.

- **Behavioral Health Crisis Facilities Grants** – Facilities that offer mental health or substance use disorder services are needed throughout the state. This grant program offers funding for local units of government – including cities, counties, housing and redevelopment authorities, publicly owned hospitals, or other public entities to apply to receive state general obligation bonds to build or maintain behavioral health crisis facilities in their communities, in accordance with Minnesota Statute [245G.011](#).
- **Emergency Shelter Facilities** — Unsheltered homelessness is an indicator informing this work, the presence of unsheltered homelessness indicates the shortage of emergency shelter for the homeless. Grant funds for emergency shelter facilities allows local service providers to improve and expand overnight emergency shelter options throughout the state, in accordance with Minnesota Statute [256K.49](#)

Self-Assessment of Agency Facilities and Assets**Behavioral Health Capacity Building for Tribal Nations and Urban Indian Organizations**

This proposal would establish a new grant program for Tribal Nations and Urban Indian organizations to build and/or improve brick and mortar facilities to serve their communities. Throughout numerous years of community

feedback, partners have identified critical gaps in culturally appropriate services and expressed the need to expand withdrawal management options specifically tailored to American Indian communities. Currently, Tribal Nations are not eligible for the statutorily based Behavioral Health Facilities Grant program ([245G.011](#)) due to state restrictions on general obligation bonds for Tribal Nations.

\$10 million in general fund cash would assist in the inaugural launch of this program. DHS is eager to partner with Tribal Nations and Urban Indian Organizations to identify projects that would benefit the community. **This request is the agency's #1 priority.**

Behavioral Health Facilities Grant Program

Established in 2018, the Behavioral Health Facilities Grant program provides funding for any publicly owned entity for the acquisition of land, predesign, renovation, construction, furnishing and equipping facilities in which to provide behavioral health crisis programs and services. This funding is meant to be flexible and fit needs of individual communities.

Since 2018, \$50 million has been appropriated for this program. An additional \$25 million in general obligation bonds would assist communities for future projects across the state. **This request is the agency's #2 priority.**

Site Based Transitional Housing Program Facility Grants

Established in 1984, the Transitional Housing Program (THP) provides rental assistance and support services to households who are experiencing homelessness. The current funding level of THP is \$12,638,000, which is allocated based on a competitive RFP process to local units of government, non-profit organizations, and Tribal governments to implement programs. Typically, there are two models of transitional housing, scattered-site transitional housing and site-based transitional housing. This funding request is designated for site-based transitional housing, which is where a household lives independently in a dwelling that is operated by a local unit of government/non-profit organization/Tribal Nation and support services are available on-site to assist households in their goals and to maintain housing.

In August 2021, a Transitional Program Evaluation Report was completed by the Office of Economic Opportunity (MN DHS), which included feedback from THP Grantees, CoC Coordinators, and REN (Regional Expert Network) with the MN Coalition for the Homeless. The site-based transitional housing feedback highlighted that frequent unit damages by tenants and guests, deferred maintenance and repairs, and deterioration of the properties and buildings due to age are unmet needs because capital funding for transitional housing programs has never been funded. An investment in site-based transitional housing capital needs would allow properties to become safe, clean, and comforting to support households to heal, recover, and then move-on to permanent stable housing. In 2023, \$100 million was appropriated for this program and DHS received requests well in excess of that amount.

\$10 million in general fund cash and \$15 million in general obligation bonds for Site-Based Transitional Housing Facilities grants statewide would enable local units of government, non-profit organizations, and Tribal governments to acquire, construct, or renovate site-based transitional housing facilities. **This request is the agency's #3 priority.**

Agency Process for Determining Capital Requests

Given the split between DHS, DCT, and DCYF, the process for DHS capital requests evolved this year. Initial requests for capital proposals went to administrations in DHS in early spring 2025, and subsequently ideas were finalized in the late spring. This process involved administrations proposing new programs or enhancements to current programs, along with individualized meetings by administration to clarify the scope and intent of proposals.

After initial proposal collection, ideas are refined and presented to the DHS executive team. The DHS executive team reviews, selects, and prioritizes projects. Budget and business staff prepare final proposals in line with the department's strategic plan.

Major Capital Projects Authorized in 2024 and 2025

No additional appropriations were authorized to DHS in 2024 or 2025. DHS continues to work through projects approved during the 2023 legislative session. Some appropriations from 2023 have since moved to DCT or DCYF, and other proposals approved by the legislature in 2025 went to those subsequent agencies.

(\$ in thousands)

Behavioral Health Capacity Building for Tribal Nations and Urban Indian Organizations**AT A GLANCE****2026 Request Amount:** \$10,000**Priority Ranking:** 1

Project Summary: \$10 million in general fund cash is requested to provide grants for Tribal Nations and Urban Indian organizations statewide for brick and mortar facilities for behavioral health services and treatment. This would be \$9.369 million devoted to the grants and \$631,000 for program administration.

Project Description

This project aims to create a grant program for Tribal Nations and Urban Indian organizations to build and/or improve brick and mortar facilities to serve their communities. Grants would be awarded based on the unique needs of each Tribal community, which could include: brick and mortar facilities that would enhance access to withdrawal management related services, opioid treatment program (OTP), traditional healing practices, and other mental health and substance use services.

Project Rationale

Community feedback consistently indicates that American Indians are disproportionately impacted by substance use disorders. Partners have identified critical gaps in culturally appropriate services and expressed the need to expand withdrawal management options specifically tailored to American Indian communities. Additionally, community advocates have emphasized the importance of increasing funding for comprehensive support services, including harm reduction programs, wound care services, and assistance with funeral expenses. These holistic support needs reflect the complex challenges faced by Tribal communities in addressing substance use disorders.

Project Timeline

If successful in securing capital dollars, the Department would develop a competitive request for proposal (RFP) in the summer of 2026 and begin solicitation in the fall of 2026. The goal would be to make decisions in late 2026 and begin disbursing funds in early 2027.

Other Considerations

This request has been a top priority in consultation with community partners and Tribal Nations.

Impact on Agency Operating Budgets

DHS anticipates needing one additional full-time equivalent (FTE) to assist in administering this grant. \$631,000 in general fund dollars is needed for program administration, available through the bonding bill's cancellation date.

Description of Previous Appropriations

N/A

Project Contact Person

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Governor's Recommendation

The Governor does not recommend capital funding for this request.

Human Services

Project Detail

(\$ in thousands)

Behavioral Health Capacity Building for Tribal Nations and Urban Indian Organizations

PROJECT FUNDING SOURCES

| Funding Source | Six Prior Years | FY 2026 | FY 2028 | FY 2030 |
|---|-----------------|------------------|-------------|-------------|
| State Funds Appropriated and Requested | | | | |
| General Obligation Bonds | \$ 0 | \$ 15,200 | \$ 0 | \$ 0 |
| State Funds Pending | | | | |
| | | | | |
| Non-State Funds Already Committed | | | | |
| | | | | |
| Non-State Funds Pending | | | | |
| | | | | |
| TOTAL | \$ 0 | \$ 15,200 | \$ 0 | \$ 0 |

TOTAL PROJECT COSTS

| Cost Category | Six Prior Years | FY 2026 | FY 2028 | FY 2030 |
|-------------------------|-----------------|------------------|------------------|------------------|
| Property Acquisition | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Predesign Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Design Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Project Management | \$ 0 | \$ 631 | \$ 631 | \$ 631 |
| Construction | \$ 0 | \$ 9,369 | \$ 9,369 | \$ 9,369 |
| Relocation Expenses | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| One Percent for Art | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Occupancy Costs | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Inflationary Adjustment | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| TOTAL | \$ 0 | \$ 10,000 | \$ 10,000 | \$ 10,000 |

IMPACT ON STATE OPERATING COSTS

| Cost Category | FY 2026 | FY 2028 | FY 2030 |
|-------------------------------|---------|---------|---------|
| IT Costs | \$ 0 | \$ 0 | \$ 0 |
| Operating Budget Impact (\$) | \$ 158 | \$ 315 | \$ 158 |
| Operating Budget Impact (FTE) | 1 | 1 | 1 |

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

| | Amount | Percent of Total |
|----------------|-----------|------------------|
| General Fund | \$ 15,200 | 100 % |
| User Financing | \$ 0 | 0 % |

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

| | |
|--|-----|
| Has the project owner requesting state funds reviewed and agree to meet the applicable capital requirements listed in the “Statutory Requirements” below and in the “Capital Budget Requirements” section of the MMB Capital Budget Instruction documents? | Yes |
| Is this project exempt from legislative review under M.S. 16B.335 subd. 1a? | Yes |
| Predesign Review (M.S. 16B.335 subd. 3): | |
| Does this request include funding for predesign? | N/A |
| Has the predesign been submitted to the Department of Administration? | N/A |
| Has the predesign been approved by the Department of Administration? | N/A |
| Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325? | N/A |
| Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)? | Yes |
| Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6)? | N/A |
| Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)? | Yes |
| Will the project meet public ownership requirements (M.S. 16A.695)? | N/A |
| Will a use agreement be required (M.S. 16A.695 subd. 2)? | Yes |
| Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)? | Yes |
| Will the matching funds requirements be met (M.S. 16A.86 subd. 4)? | No |
| Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2030? | Yes |
| M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required | Yes |
| M.S. 473.4485: Guideway Project | |
| Is this a Guideway Project? | No |
| Is the required information included in this request? | No |

(\$ in thousands)

Additional Behavioral Health Facility Funds**AT A GLANCE****2026 Request Amount:** \$25,000**Priority Ranking:** 2

Project Summary: \$25 million in general obligation bonds and general fund cash are requested to provide additional grant funding for behavioral health facility projects across the state. This includes \$631,000 in general fund cash for administrative costs and \$24.369 million in general obligation bonds for the grants.

Project Description

This request is for additional grant funding for Behavioral Health Facilities as described under Minnesota Statute 245G.011. The grants are for any publicly owned entity for the acquisition of land, predesign, design, renovation, construction, furnishing and equipping facilities in which to provide behavioral health crisis programs and services. Funding is flexible to fit the needs of communities, and may include (but is not limited to):

- The acquisition of land, predesign, design or construction of a new behavioral health facility.
- Additional capital enhancements to existing facilities.
- Creating more capacity for multi-generational caregiver settings. Most existing facilities are built for single adults, typically offering only single or double-occupancy rooms, making them ill-equipped to accommodate caregivers or families seeking to remain together during treatment.
- Developing walk-in crisis centers, designed to function like urgent care clinics for mental health. These centers could provide immediate, walk-in support for individuals experiencing behavioral health challenges, offering an alternative to hospital rooms or law enforcement interventions.
- Supporting the development of a children's residential crisis stabilization benefit by offering the initial capital for communities to build new facilities in Minnesota before the launch of the new MA benefit in 2027.
- Other evidence-based, community-driven ideas to address population needs across different communities.

Project Rationale

Community partners have consistently identified gaps in the current mental health and substance use disorder systems across Minnesota. This includes geographic access issues, lack of culturally specific programming, and other access issues. The flexibility of the behavioral health facility grants would give communities the opportunity to tailor their proposals to fit the unique needs of their respective communities and to directly address the gaps within their communities.

Project Timeline

If successful in securing capital dollars, the Department would develop a competitive request for proposal (RFP) in the summer of 2026 and begin solicitation in the fall of 2026. The goal would be to make decisions in late 2026 and begin disbursing funds in early 2027.

Other Considerations

N/A

Impact on Agency Operating Budgets

DHS anticipates needing one additional full-time equivalent (FTE) to assist in administering this grant. \$631,000 in general fund cash is needed for program administration, available through the bonding bill's cancellation date.

Description of Previous Appropriations

- 2018 - Not included in the Governor's recommendations, \$28.1 million in general obligation bonds were ultimately appropriated.
- 2020 - Not included in the Governor's recommendations, \$10 million in general obligation bonds were ultimately appropriated.
- 2023 - Not included in the Governor's recommendations, \$10 million in general obligation bonds were ultimately appropriated.

Project Contact Person

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Governor's Recommendation

The Governor does not recommend capital funding for this request.

Human Services

Project Detail

(\$ in thousands)

Additional Behavioral Health Facility Funds

PROJECT FUNDING SOURCES

| Funding Source | Six Prior Years | FY 2026 | FY 2028 | FY 2030 |
|---|------------------|------------------|------------------|------------------|
| State Funds Appropriated and Requested | | | | |
| General Obligation Bonds | \$ 20,000 | \$ 24,369 | \$ 24,369 | \$ 24,369 |
| General Fund Cash | \$ 0 | \$ 631 | \$ 631 | \$ 631 |
| State Funds Pending | | | | |
| | | | | |
| Non-State Funds Already Committed | | | | |
| | | | | |
| Non-State Funds Pending | | | | |
| | | | | |
| TOTAL | \$ 20,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |

TOTAL PROJECT COSTS

| Cost Category | Six Prior Years | FY 2026 | FY 2028 | FY 2030 |
|-------------------------|------------------|------------------|------------------|------------------|
| Property Acquisition | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Predesign Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Design Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Project Management | \$ 0 | \$ 631 | \$ 631 | \$ 631 |
| Construction | \$ 20,000 | \$ 24,369 | \$ 24,369 | \$ 24,369 |
| Relocation Expenses | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| One Percent for Art | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Occupancy Costs | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Inflationary Adjustment | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| TOTAL | \$ 20,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |

IMPACT ON STATE OPERATING COSTS

| Cost Category | FY 2026 | FY 2028 | FY 2030 |
|-------------------------------|---------|---------|---------|
| IT Costs | \$ 0 | \$ 0 | \$ 0 |
| Operating Budget Impact (\$) | \$ 158 | \$ 158 | \$ 158 |
| Operating Budget Impact (FTE) | 1 | 1 | 1 |

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

| | Amount | Percent of Total |
|--------------|-----------|------------------|
| General Fund | \$ 24,369 | 100 % |

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

| | Amount | Percent of Total |
|----------------|---------------|-------------------------|
| User Financing | \$ 0 | 0 % |

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

| | |
|--|-----|
| Has the project owner requesting state funds reviewed and agree to meet the applicable capital requirements listed in the "Statutory Requirements" below and in the "Capital Budget Requirements" section of the MMB Capital Budget Instruction documents? | Yes |
| Is this project exempt from legislative review under M.S. 16B.335 subd. 1a? | Yes |
| Predesign Review (M.S. 16B.335 subd. 3): | |
| Does this request include funding for predesign? | N/A |
| Has the predesign been submitted to the Department of Administration? | N/A |
| Has the predesign been approved by the Department of Administration? | N/A |
| Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325? | N/A |
| Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)? | Yes |
| Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6)? | N/A |
| Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)? | Yes |
| Will the project meet public ownership requirements (M.S. 16A.695)? | N/A |
| Will a use agreement be required (M.S. 16A.695 subd. 2)? | Yes |
| Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)? | Yes |
| Will the matching funds requirements be met (M.S. 16A.86 subd. 4)? | No |
| Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2030? | Yes |
| M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required | Yes |
| M.S. 473.4485: Guideway Project | |
| Is this a Guideway Project? | No |
| Is the required information included in this request? | N/A |

(\$ in thousands)

Additional Capital Funding for Homelessness**AT A GLANCE**

| | |
|-----------------------------|---|
| 2026 Request Amount: | \$25,000 |
| Priority Ranking: | 3 |
| Project Summary: | \$15 million in general obligation bonds and \$10 million in general fund cash is requested to assist in building additional capacity for homeless shelters and transitional housing opportunities across the state. This includes \$631,000 in general fund cash for administrative resources and \$24.369 million through a mixture of general fund cash and general obligation bonds for the grants. |

Project Description

Funding would be utilized to assist non-profits, counties, and Tribal Nations pursue capital projects related to homeless/emergency shelter sites, transitional housing sites, and Housing Support sites. This could include renovations to existing sites, or the land acquisition, predesign, design, and construction of new sites. Funding is flexible to fit the needs of communities, and may include (but is not limited to):

- The acquisition of land, predesign, design or construction of a new emergency shelter, Housing Supports, or Transitional Housing sites.
- Additional capital enhancements to existing facilities, such as expansion, HVAC repairs/updates, electrical work, and structural innovations for both safety and energy efficiency.
- To keep up with demand after the initial injection of \$100 million one-time funding for emergency shelter in the 2023 session.
- To assist communities in the remodeling/renovation of hotels, group homes, and apartments into transitional housing.

Project Rationale

The Minnesota Coalition for the Homeless identified critical gaps in the state's current infrastructure for residents experiencing homelessness. While the one-time investment in the 2023 session was a tremendous step forward, that funding has been obligated to numerous projects. The Department received nearly 100 requests amounting to \$365 million in requests for an appropriation of \$100 million, meaning several projects had to be rejected due to limited funds. The \$100 million funded approximately 37 projects statewide.

Project Timeline

If successful in securing capital dollars, the Department would develop a competitive request for proposal (RFP) in the summer of 2026 and begin solicitation in the fall of 2026. The goal would be to

make decisions in late 2026 and begin disbursing funds in early 2027.

Other Considerations

Many of the projects that were not funded in with the 2023 were rejected due to lack of available funds, rather than merit of the project. There are numerous projects across the state that communities are ready to proceed with, but require additional funding.

Impact on Agency Operating Budgets

DHS anticipates needing one additional full-time equivalent (FTE) to assist in administering this grant. \$631,000 in general fund dollars is needed for program administration, available through the bonding bill's cancellation date.

Description of Previous Appropriations

A one-time investment of \$100 million in general fund dollars from the 2023 legislative session for shelter capital.

Project Contact Person

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Governor's Recommendation

The Governor does not recommend capital funding for this request.

Human Services

Project Detail

(\$ in thousands)

Additional Capital Funding for Homelessness

PROJECT FUNDING SOURCES

| Funding Source | Six Prior Years | FY 2026 | FY 2028 | FY 2030 |
|---|-------------------|------------------|------------------|------------------|
| State Funds Appropriated and Requested | | | | |
| General Obligation Bonds | \$ 0 | \$ 15,000 | \$ 15,000 | \$ 15,000 |
| General Fund Cash | \$ 100,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| State Funds Pending | | | | |
| | | | | |
| Non-State Funds Already Committed | | | | |
| | | | | |
| Non-State Funds Pending | | | | |
| | | | | |
| TOTAL | \$ 100,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |

TOTAL PROJECT COSTS

| Cost Category | Six Prior Years | FY 2026 | FY 2028 | FY 2030 |
|-------------------------|-------------------|------------------|------------------|------------------|
| Property Acquisition | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Predesign Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Design Fees | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Project Management | \$ 1,544 | \$ 631 | \$ 631 | \$ 631 |
| Construction | \$ 98,456 | \$ 24,369 | \$ 24,369 | \$ 24,369 |
| Relocation Expenses | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| One Percent for Art | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Occupancy Costs | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Inflationary Adjustment | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| TOTAL | \$ 100,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |

IMPACT ON STATE OPERATING COSTS

| Cost Category | FY 2026 | FY 2028 | FY 2030 |
|-------------------------------|---------|---------|---------|
| IT Costs | \$ 0 | \$ 0 | \$ 0 |
| Operating Budget Impact (\$) | \$ 158 | \$ 315 | \$ 158 |
| Operating Budget Impact (FTE) | 1 | 1 | 1 |

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

| | Amount | Percent of Total |
|--------------|-----------|------------------|
| General Fund | \$ 15,000 | 100 % |

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

| | Amount | Percent of Total |
|----------------|---------------|-------------------------|
| User Financing | \$ 0 | 0 % |

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

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| Has the project owner requesting state funds reviewed and agree to meet the applicable capital requirements listed in the "Statutory Requirements" below and in the "Capital Budget Requirements" section of the MMB Capital Budget Instruction documents? | Yes |
| Is this project exempt from legislative review under M.S. 16B.335 subd. 1a? | Yes |
| Predesign Review (M.S. 16B.335 subd. 3): | |
| Does this request include funding for predesign? | N/A |
| Has the predesign been submitted to the Department of Administration? | N/A |
| Has the predesign been approved by the Department of Administration? | N/A |
| Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325? | N/A |
| Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)? | Yes |
| Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6)? | N/A |
| Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)? | Yes |
| Will the project meet public ownership requirements (M.S. 16A.695)? | No |
| Will a use agreement be required (M.S. 16A.695 subd. 2)? | Yes |
| Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)? | Yes |
| Will the matching funds requirements be met (M.S. 16A.86 subd. 4)? | No |
| Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2030? | Yes |
| M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required | Yes |
| M.S. 473.4485: Guideway Project | |
| Is this a Guideway Project? | N/A |
| Is the required information included in this request? | N/A |