

A Better Building Code

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Areas of Focus

Research | Policy | Community Development



Report includes ...

- Data analysis
- Interviews of residents and property owners/managers
- Synthesis of related research
- Recommendations



A BETTER BUILDING CODE: RECOMMENDATIONS FOR INCREASING HOUSING RESILIENCE & RACIAL EQUITY FOR MINNESOTA RENTERS

In 2021, HF831/SF2077, known as the Better Building Code, was introduced at the Minnesota legislature. The legislation would require new commercial buildings, including multifamily buildings four stories or greater, to have increasingly higher standards for energy efficiency until reaching net zero energy by 2036. Increased energy performance results in healthier homes and higher quality of life, reduced utility costs for residents, and reduced costs for thousands of Minnesota business owners.

We examined data for 4+ story multifamily buildings and interviewed with renters and property owners, developers and managers to determine housing impacts and develop recommendations.

Top Takeaways



The Better Building Code will decrease energy burden and increase livability to meet equity expectations for multifamily 4+ story residential homes. Affordable homes, as well as market rate ones, deserve this increase in quality.



Energy efficient housing is a right that must be paired with sufficient regulatory, compliance, and enforcement resources.



An ecosystem approach is needed coordinating resources, education, and expertise among developers, architects, contractors, and residents.



Accelerated energy codes require intentional inclusion strategies for construction and design industries, ensuring business development and growth opportunities are targeted to Black, Indigenous, people of color, and women entrepreneurs and workforce.



Affordable properties that require major retrofits should be an area of particular policy focus, with goals of preserving homes and retaining affordable rents.

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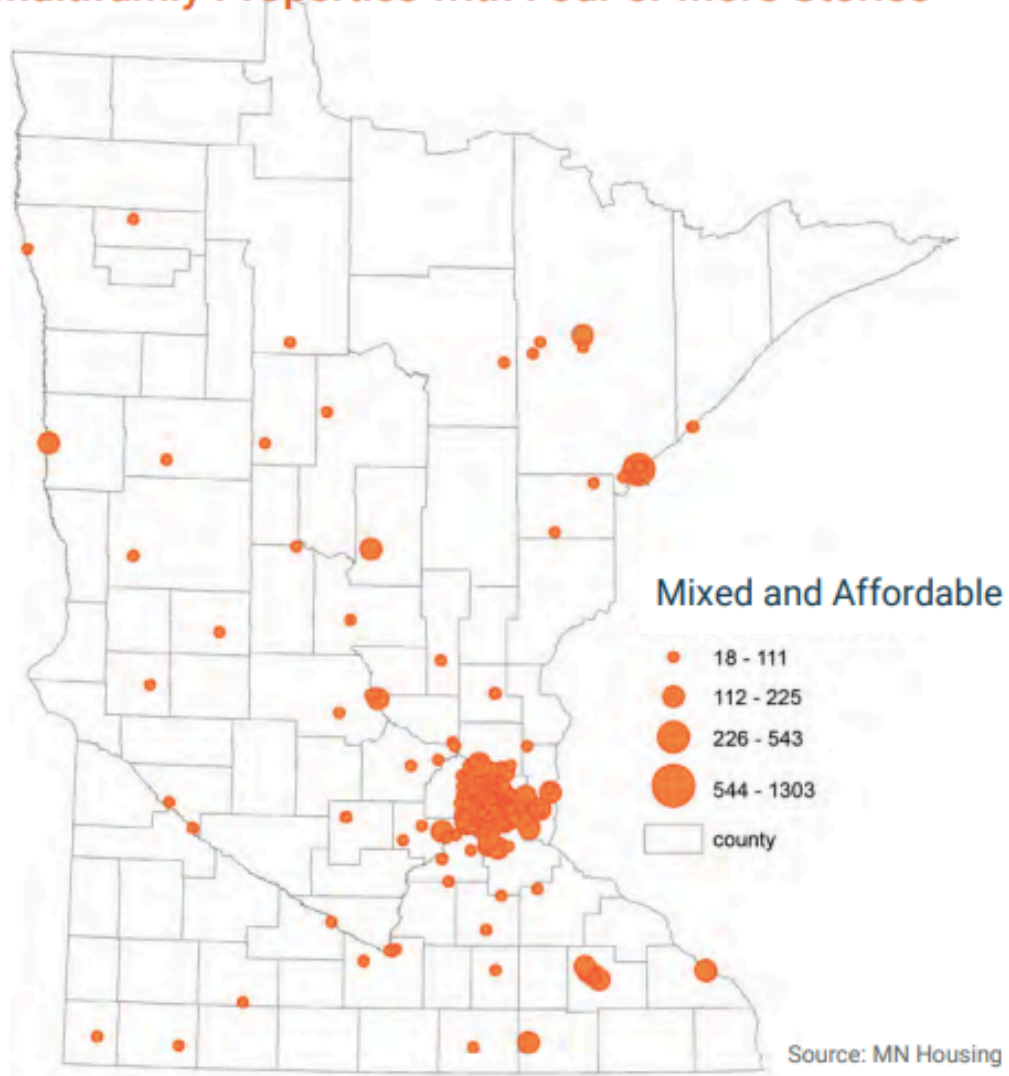
[Read the full report here.](#)



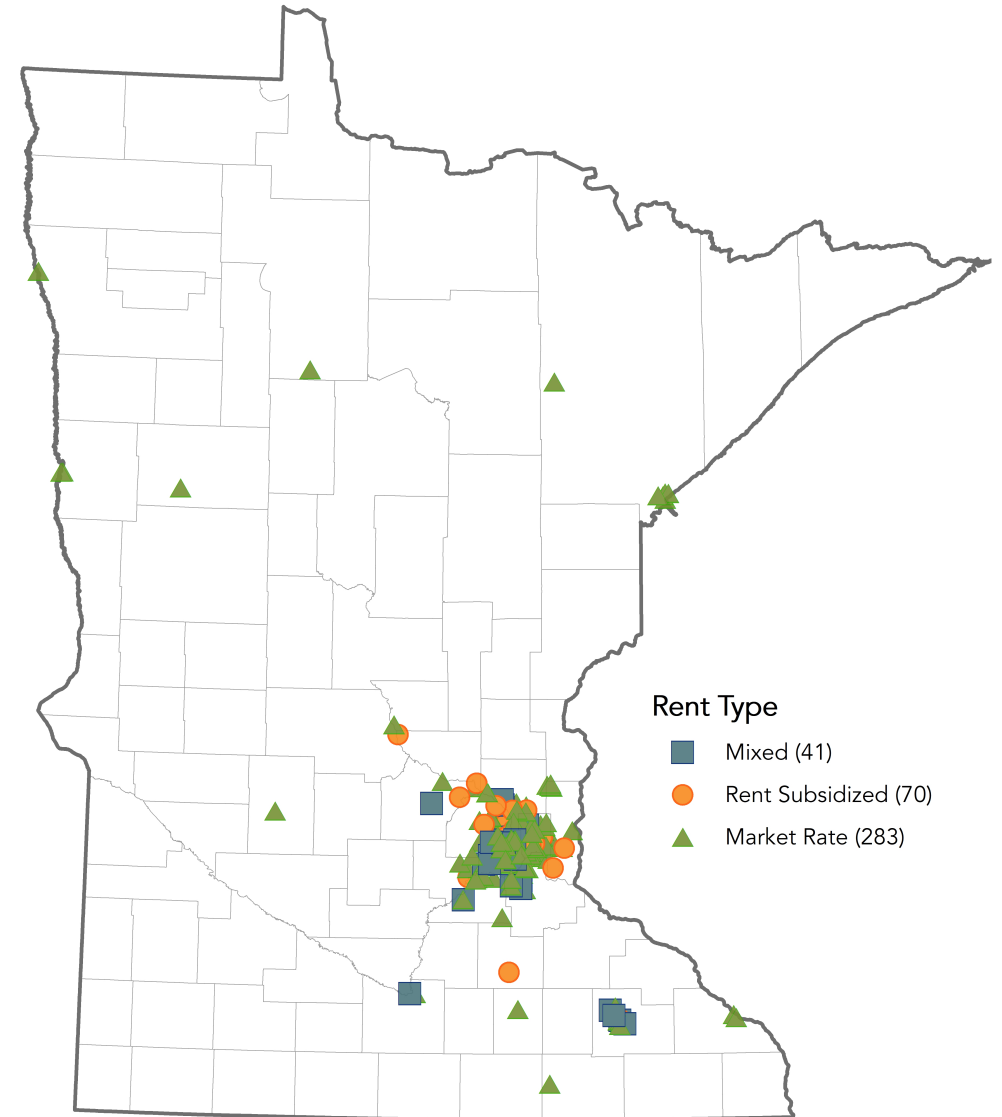
Common Housing Terms

- **Affordable properties:** Affordable refers to those properties with income affordability restrictions, usually due to receipt of a public subsidy.
- **Multifamily housing:** As our data source is CoStar, a commercial real estate database that tracks properties with 4 or more units, multifamily excludes properties smaller than 4 units.

Multifamily Properties with Four or More Stories



New Construction of 4+ Story Multifamily Housing Built 2011-2021



Key Facts: 4+ story multifamily homes

40% of all multifamily affordable homes
8% of market rate multifamily homes

28% of Minnesota's 4+ story buildings are affordable

- In Greater Minnesota 42% of 4+ story buildings are affordable

People of color, particularly Black and Latino households, disproportionately live in areas zoned for multifamily housing.

- Report includes community snapshots for select 4+ story buildings, showing area demographics.



**Minnesota
Cost
Burdened
Renters:
268,764**



Black renter households



white renter households



renters < \$35,000 income

What is affordable? What is cost burden?

Housing costs (rent or mortgage and utilities) are considered affordable if they are **less than 30% of income**.

- **Cost burden:** households that pay 30% or more of income on housing
- **Severe cost burden:** households that pay 50% or more of income on housing.



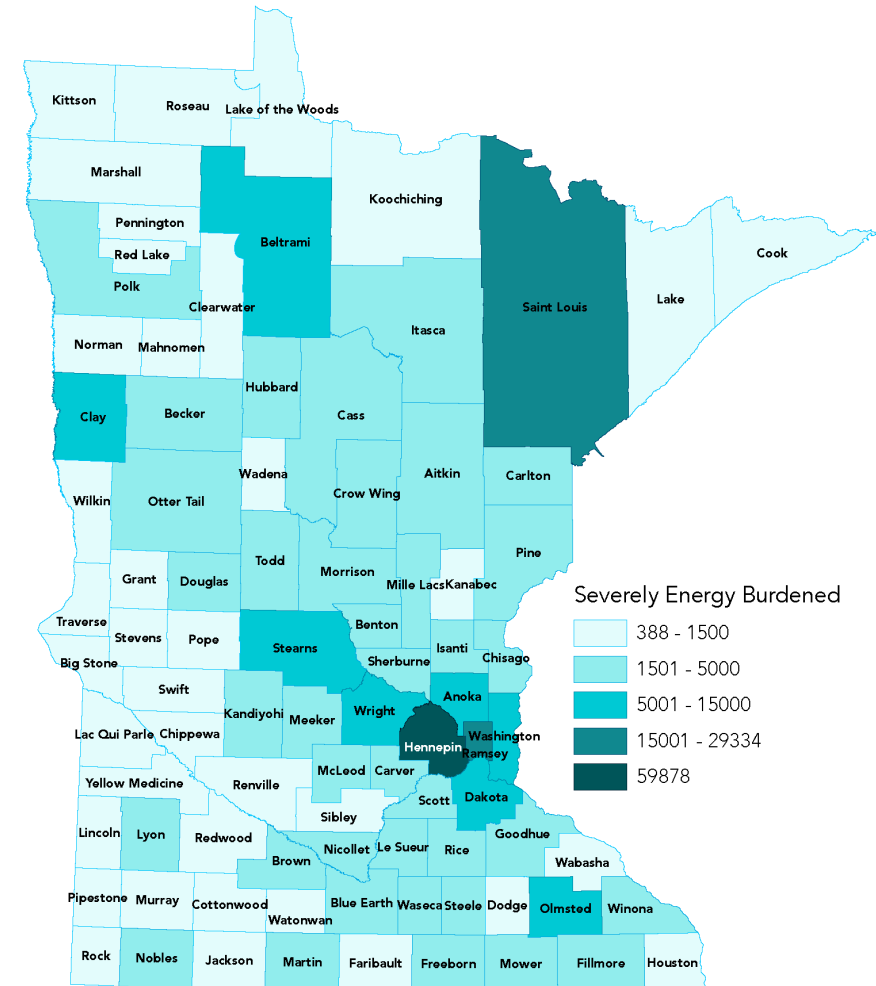
Energy Cost Burden for Minnesotans

Energy burden for Minnesota's ELI households is **13% of income**, while average for Minnesotans is **2%**

- Paying >6% on energy bills is high
- Paying >10% is considered **severe energy cost burden**



Households Experiencing Severe Energy Burden



Quantify direct and indirect benefits

- Utility bill savings
- Building life cycle savings
- Longer building life
- Savings on future retrofits and renovation
- Resilient to extreme weather, expected to worsen in next 30 years
- Physical and mental health and quality of life

My son is allergic to mold; I've had to move out of apartments because of this.

It's just adding up - both the rent and the utilities.

Homeowners can make choices and changes. For renters it is up to the owner to make changes and then you are stuck.

Invest in energy-efficient affordable multifamily homes

- Fewer options to adjust revenues and react to uncertainty
- Minnesota has consistently supported affordable homes
- Identify unique categories of affordable properties, such as buildings in need of major retrofits, with goal to preserve homes and retain affordable rents.

1960s and 70s buildings ... will fail over the next 10-30 years. Galvanized plumbing was the preferred approach up until the 70's, when they realized the useful life was not as long as anticipated.

Coordinate resources, education and expertise

Developers and residents identified a desire to contribute to improved building and energy systems.



Some called this an ecosystem approach, coordinating resources, education and expertise from contractors to building officials to operations and end users.

Architects and engineers get excited about something. But then you need a general contractor and subs that are comfortable with the issues. You also need to think about maintenance people and vendors - do they understand the new system?

Business and job growth present inclusion opportunities



- Accelerated energy codes present business growth opportunities in multiple industries - design, construction, maintenance and more.
- Intentional inclusion strategies needed for Black, Indigenous, people of color and female entrepreneurs and workforce

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