

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 4804

(SENATE AUTHORS: PORT)

DATE	D-PG	OFFICIAL STATUS
03/11/2024	12132	Introduction and first reading
		Referred to Housing and Homelessness Prevention
03/21/2024	12459a	Comm report: To pass as amended
03/20/2024	12526	Second reading

1.1 A bill for an act

1.2 relating to housing; modifying housing provisions; amending Minnesota Statutes

1.3 2022, sections 462A.02, subdivision 10; 462A.05, subdivisions 14a, 14b, 15, 15b,

1.4 21, 23; 462A.21, subdivision 7; Minnesota Statutes 2023 Supplement, section

1.5 462A.05, subdivision 14.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2022, section 462A.02, subdivision 10, is amended to read:

1.8 Subd. 10. **Energy ~~conservation~~ decarbonization and climate resilience.** It is further

1.9 declared that supplies of conventional energy resources are rapidly depleting in quantity

1.10 and rising in price and that the burden of these occurrences falls heavily upon the citizens

1.11 of Minnesota generally and persons of low and moderate income in particular. These

1.12 conditions are adverse to the health, welfare, and safety of all of the citizens of this state.

1.13 It is further declared that it is a public purpose to ensure the availability of financing to be

1.14 used by all citizens of the state, while giving preference to low and moderate income people,

1.15 to assist in the installation in their dwellings of reasonably priced energy conserving systems

1.16 including the use of alternative energy resources and equipment so that by the improvement

1.17 of the energy efficiency of, clean energy, greenhouse gas emissions reduction, climate

1.18 resiliency, and other qualified projects for all housing, the adequacy of the total energy

1.19 supply may be preserved for the benefit of all citizens.

1.20 Sec. 2. Minnesota Statutes 2023 Supplement, section 462A.05, subdivision 14, is amended

1.21 to read:

1.22 Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate

1.23 in the making, and may enter into commitments for the purchase, making, or participation

2.1 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
2.2 deems advisable, to persons and families of low and moderate income, and to owners of
2.3 existing residential housing for occupancy by such persons and families, for the rehabilitation
2.4 of existing residential housing owned by them. Rehabilitation may include the addition or
2.5 rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured
2.6 and may be made with security, or may be unsecured, as the agency deems advisable. The
2.7 loans may be in addition to or in combination with long-term eligible mortgage loans under
2.8 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
2.9 secured by the property, if refinancing is determined by the agency to be necessary to permit
2.10 the owner to meet the owner's housing cost without expending an unreasonable portion of
2.11 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
2.12 determines that the loan will be used primarily to make the housing more desirable to live
2.13 in, to increase the market value of the housing, for compliance with state, county or municipal
2.14 building, housing maintenance, fire, health or similar codes and standards applicable to
2.15 housing, or to accomplish energy ~~conservation-related improvements~~ decarbonization,
2.16 climate resiliency, and other qualified projects. In unincorporated areas and municipalities
2.17 not having codes and standards, the agency may, solely for the purpose of administering
2.18 the provisions of this chapter, establish codes and standards. No loan under this subdivision
2.19 for the rehabilitation of owner-occupied housing shall be denied solely because the loan
2.20 will not be used for placing the owner-occupied residential housing in full compliance with
2.21 all state, county, or municipal building, housing maintenance, fire, health, or similar codes
2.22 and standards applicable to housing. Rehabilitation loans shall be made only when the
2.23 agency determines that financing is not otherwise available, in whole or in part, from private
2.24 lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized
2.25 under this subdivision may be made to eligible persons and families without limitations
2.26 relating to the maximum incomes of the borrowers if:

2.27 (1) the borrower or a member of the borrower's family requires a level of care provided
2.28 in a hospital, skilled nursing facility, or intermediate care facility for persons with
2.29 developmental disabilities;

2.30 (2) home care is appropriate; and

2.31 (3) the improvement will enable the borrower or a member of the borrower's family to
2.32 reside in the housing.

2.33 The agency may waive any requirement that the housing units in a residential housing
2.34 development be rented to persons of low and moderate income if the development consists
2.35 of four or fewer dwelling units, one of which is occupied by the owner.

3.1 Sec. 3. Minnesota Statutes 2022, section 462A.05, subdivision 14a, is amended to read:

3.2 Subd. 14a. **Rehabilitation loans; existing owner-occupied residential housing.** It may
3.3 make loans to persons and families of low and moderate income to rehabilitate or to assist
3.4 in rehabilitating existing residential housing owned and occupied by those persons or
3.5 families. Rehabilitation may include replacement of manufactured homes. No loan shall be
3.6 made unless the agency determines that the loan will be used primarily for rehabilitation
3.7 work necessary for health or safety, essential accessibility improvements, or to improve the
3.8 energy efficiency ~~of~~, clean energy, greenhouse gas emissions reductions, climate resiliency,
3.9 and other qualified projects in the dwelling. No loan for rehabilitation of owner-occupied
3.10 residential housing shall be denied solely because the loan will not be used for placing the
3.11 residential housing in full compliance with all state, county or municipal building, housing
3.12 maintenance, fire, health or similar codes and standards applicable to housing. The amount
3.13 of any loan shall not exceed the lesser of (a) a maximum loan amount determined under
3.14 rules adopted by the agency not to exceed \$37,500, or (b) the actual cost of the work
3.15 performed, or (c) that portion of the cost of rehabilitation which the agency determines
3.16 cannot otherwise be paid by the person or family without the expenditure of an unreasonable
3.17 portion of the income of the person or family. Loans made in whole or in part with federal
3.18 funds may exceed the maximum loan amount to the extent necessary to comply with federal
3.19 lead abatement requirements prescribed by the funding source. In making loans, the agency
3.20 shall determine the circumstances under which and the terms and conditions under which
3.21 all or any portion of the loan will be repaid and shall determine the appropriate security for
3.22 the repayment of the loan. Loans pursuant to this subdivision may be made with or without
3.23 interest or periodic payments.

3.24 Sec. 4. Minnesota Statutes 2022, section 462A.05, subdivision 14b, is amended to read:

3.25 Subd. 14b. **Energy ~~conservation~~ decarbonization and climate resiliency loans.** It
3.26 may agree to purchase, make, or otherwise participate in the making, and may enter into
3.27 commitments for the purchase, making, or participating in the making, of loans to persons
3.28 and families, without limitations relating to the maximum incomes of the borrowers, to
3.29 assist in energy ~~conservation~~ rehabilitation measures decarbonization, climate resiliency,
3.30 and other qualified projects for existing housing owned by those persons or families
3.31 including, but not limited to: weatherstripping and caulking; chimney construction or
3.32 improvement; furnace or space heater repair, cleaning or replacement; central air conditioner
3.33 installation, repair, maintenance, or replacement; air source or geothermal heat pump
3.34 installation, repair, maintenance, or replacement; insulation; windows and doors; and
3.35 structural or other directly related repairs or installations essential for energy ~~conservation~~

4.1 decarbonization, climate resiliency, and other qualified projects. Loans shall be made only
4.2 when the agency determines that financing is not otherwise available, in whole or in part,
4.3 from private lenders upon equivalent terms and conditions. Loans under this subdivision
4.4 or subdivision 14 may:

4.5 (1) be integrated with a utility's on-bill repayment program approved under section
4.6 216B.241, subdivision 5d; and

4.7 (2) also be made for the installation of on-site solar energy or energy storage systems.

4.8 Sec. 5. Minnesota Statutes 2022, section 462A.05, subdivision 15, is amended to read:

4.9 Subd. 15. **Rehabilitation grants.** (a) It may make grants to persons and families of low
4.10 and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14,
4.11 or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied
4.12 by such persons or families. For the purposes of this section, persons of low and moderate
4.13 income include administrators appointed pursuant to section 504B.425, paragraph (d). No
4.14 grant shall be made unless the agency determines that the grant will be used primarily to
4.15 make the housing more desirable to live in, to increase the market value of the housing or
4.16 for compliance with state, county or municipal building, housing maintenance, fire, health
4.17 or similar codes and standards applicable to housing, or to accomplish energy ~~conservation~~
4.18 ~~related improvements~~ decarbonization, climate resiliency, or other qualified projects. In
4.19 unincorporated areas and municipalities not having codes and standards, the agency may,
4.20 solely for the purpose of administering this provision, establish codes and standards. No
4.21 grant for rehabilitation of owner occupied residential housing shall be denied solely because
4.22 the grant will not be used for placing the residential housing in full compliance with all
4.23 state, county or municipal building, housing maintenance, fire, health or similar codes and
4.24 standards applicable to housing. The amount of any grant shall not exceed the lesser of (a)
4.25 \$6,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of
4.26 rehabilitation which the agency determines cannot otherwise be paid by the person or family
4.27 without spending an unreasonable portion of the income of the person or family thereon.
4.28 In making grants, the agency shall determine the circumstances under which and the terms
4.29 and conditions under which all or any portion thereof will be repaid and shall determine the
4.30 appropriate security should repayment be required.

4.31 (b) The agency may also make grants to rehabilitate or to assist in rehabilitating housing
4.32 under this subdivision to persons of low and moderate income for the purpose of qualifying
4.33 as foster parents.

5.1 Sec. 6. Minnesota Statutes 2022, section 462A.05, subdivision 15b, is amended to read:

5.2 Subd. 15b. **Energy ~~conservation~~ decarbonization and climate resiliency grants.** (a)
 5.3 It may make grants to assist in energy ~~conservation rehabilitation measures~~ decarbonization,
 5.4 climate resiliency, and other qualified projects for existing owner occupied housing including,
 5.5 but not limited to: insulation, storm windows and doors, furnace or space heater repair,
 5.6 cleaning or replacement, chimney construction or improvement, weatherstripping and
 5.7 caulking, ~~and~~ structural or other directly related repairs, or installations essential for energy
 5.8 ~~conservation~~ decarbonization, climate resiliency, and other qualified projects. The grant to
 5.9 any household shall not exceed \$2,000.

5.10 (b) To be eligible for an emergency energy ~~conservation~~ decarbonization and climate
 5.11 resiliency grant, a household must be certified as eligible to receive emergency residential
 5.12 heating assistance under either the federal or the state program, and either (1) have had a
 5.13 heating cost for the preceding heating season that exceeded 120 percent of the regional
 5.14 average for the preceding heating season for that energy source as determined by the
 5.15 commissioner of employment and economic development, or (2) be eligible to receive a
 5.16 federal energy conservation grant, but be precluded from receiving the grant because of a
 5.17 need for directly related repairs that cannot be paid for under the federal program. The
 5.18 Housing Finance Agency shall make a reasonable effort to determine whether other state
 5.19 or federal loan and grant programs are available and adequate to finance the intended
 5.20 improvements. An emergency energy conservation grant may be made in conjunction with
 5.21 grants or loans from other state or federal programs that finance other needed rehabilitation
 5.22 work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility
 5.23 for other Housing Finance Agency loan or grant programs.

5.24 Sec. 7. Minnesota Statutes 2022, section 462A.05, subdivision 21, is amended to read:

5.25 Subd. 21. **Rental property loans.** The agency may make or purchase loans to owners
 5.26 of rental property that is occupied or intended for occupancy primarily by low- and
 5.27 moderate-income tenants and which does not comply with the standards established in
 5.28 section 326B.106, subdivision 1, for the purpose of energy ~~improvements~~ decarbonization,
 5.29 climate resiliency, and other qualified projects necessary to bring the property into full or
 5.30 partial compliance with these standards. For property which meets the other requirements
 5.31 of this subdivision, a loan may also be used for moderate rehabilitation of the property. The
 5.32 authority granted in this subdivision is in addition to and not in limitation of any other
 5.33 authority granted to the agency in this chapter. The limitations on eligible mortgagors
 5.34 contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision.

6.1 Loans for the improvement of rental property pursuant to this subdivision may contain
6.2 provisions that repayment is not required in whole or in part subject to terms and conditions
6.3 determined by the agency to be necessary and desirable to encourage owners to maximize
6.4 rehabilitation of properties.

6.5 Sec. 8. Minnesota Statutes 2022, section 462A.05, subdivision 23, is amended to read:

6.6 Subd. 23. **Insuring financial institution loans.** The agency may participate in loans or
6.7 establish a fund to insure loans, or portions of loans, that are made by any banking institution,
6.8 savings association, or other lender approved by the agency, organized under the laws of
6.9 this or any other state or of the United States having an office in this state, to owners of
6.10 renter-occupied homes or apartments that do not comply with standards set forth in section
6.11 326B.106, subdivision 1, without limitations relating to the maximum incomes of the owners
6.12 or tenants. The proceeds of the insured portion of the loan must be used to pay the costs of
6.13 improvements, including all related structural and other improvements, that will reduce
6.14 energy consumption, that will decarbonize, and that will ensure the climate resiliency of
6.15 housing.

6.16 Sec. 9. Minnesota Statutes 2022, section 462A.21, subdivision 7, is amended to read:

6.17 Subd. 7. **Energy efficiency loans.** The agency may make loans to low and moderate
6.18 income persons who own existing residential housing for the purpose of improving the
6.19 ~~efficient energy utilization~~ decarbonization and climate resiliency of the housing. Permitted
6.20 improvements shall include installation or upgrading of ceiling, wall, floor and duct
6.21 insulation, storm windows and doors, and caulking and weatherstripping. The improvements
6.22 shall not be inconsistent with the energy standards as promulgated as part of the State
6.23 Building Code; provided that the improvements need not bring the housing into full
6.24 compliance with the energy standards. Any loan for such purpose shall be made only upon
6.25 determination by the agency that such loan is not otherwise available, wholly or in part,
6.26 from private lenders upon equivalent terms and conditions. The agency may promulgate
6.27 rules as necessary to implement and make specific the provisions of this subdivision. The
6.28 rules shall be designed to permit the state, to the extent not inconsistent with this chapter,
6.29 to seek federal grants or loans for energy ~~purposes~~ decarbonization, climate resiliency, and
6.30 other qualified projects.