

4900.2520 ELIGIBLE PROPERTIES.

Subpart 1. **General.** Eligible properties are to be acquired by the eligible organization for rehabilitation, or for demolition and construction, and sale to at-risk homebuyers with the input of the local neighborhood advisory board for the designated area. The eligible organization may initially acquire up to five properties in a designated area with funds appropriated for the program or may acquire more than five properties if funds other than appropriated funds are used. Mobile homes, townhomes in planned unit developments, and condominium units are not eligible under the program. Upon sale of the property, clear and marketable title subject to the contract for deed described in part 4900.2560 must be provided to the homebuyer.

Subp. 2. **Rehabilitation standards.** Eligible properties are to be rehabilitated, at a minimum, to the Housing Quality Standards as established in Code of Federal Regulations, title 24, section 882.404, and changed from time to time by the United States Department of Housing and Urban Development. Applicants may provide for rehabilitation of properties beyond Housing Quality Standards where it is feasible, and are encouraged to do so. All rehabilitation work must also satisfy the following requirements:

A. Rehabilitation improvements may be made in order to comply with applicable state, county, and municipal health, housing, building, fire prevention, and housing maintenance codes, or other public standards applicable to housing; make the property more desirable to live in; increase the market value of the property; make the property more habitable; make the property more accessible to a person with a disability; or make the property more energy efficient.

B. Each rehabilitation improvement must be a permanent general improvement. Permanent general improvements include additions, alterations, renovations, or repairs upon or in connection with existing structures that materially preserve or improve the basic livability, safety, or utility of the property. Permanent general improvements do not include materials, fixtures, or landscaping of a type or quality exceeding that customarily used in the locality for properties of the same general type as the property to be improved.

C. Each rehabilitation improvement must be made in compliance with all applicable health, fire prevention, building, and housing codes and standards; provided, however, that no requirement may be imposed under the program that will preclude rehabilitation solely because the improvements will not bring the property into full compliance with all codes and standards.

Subp. 2a. **New construction standards.** Newly constructed properties shall comply with the building code standards enforced in the jurisdiction where the property is located. As requested, administrators shall provide the agency with a description of the standards to be followed.

Subp. 3. **Appraisal.** Eligible properties must be appraised after the completion of rehabilitation work or construction by an appraiser approved to conduct appraisal for the Federal Housing Administration, Veterans Administration, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation. The purchase price for the eligible or newly constructed property to be paid by the at-risk homebuyer must be less than or equal to 125 percent of the appraised value of the eligible property after rehabilitation or construction.

Subp. 4. **Acquisition and rehabilitation or acquisition, demolition, and construction costs.** The total cost of the acquisition, rehabilitation, and closing costs must be no greater than an amount equal to 90 percent of the home sale price limitation established for the agency's home mortgage programs for limited unit developments. Acquisition, demolition, and construction projects must comply with these limits; in addition, acquisition, demolition, and construction of a property is only permitted on a case-by-case basis where the demolition and construction is less expensive than acquisition and rehabilitation of the property would be. The maximum may be exceeded if the excess costs are attributed to rehabilitation or improvements to make the property disability accessible.

Statutory Authority: *MS s 462A.057; 462A.06*

History: *14 SR 2632; 22 SR 1402; 26 SR 863; 29 SR 1479; L 2005 c 56 s 2*

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