

Minneapolis Homes: Home Improvement Program Guidelines



Program Goal

The goal of the Minneapolis Homes: Home Improvement Program (HIP) is to provide financing options to low- and moderate-income homeowners to improve the health, safety, sustainability, and comfort of their homes.

Eligible Applicant

- Borrower(s) must be eighteen (18) years of age or older or be declared emancipated by a court having jurisdiction.
- Borrower(s)' household income may not exceed 80% of area median income, as determined by the U. S. Department of Housing and Urban Development when adjusted for household size.
- Borrower(s) must have a qualifying interest in the property as described below in the Eligible Ownership section.
- The Borrower(s) must ~~have occupied~~own and occupy the property ~~for a period of~~ at least six months prior to the date of application.
- Borrower(s) must be current on property taxes and mortgage payments at the time of application.
- All property owners must be checked against the federal suspended and debarred list. Names appearing on that list are not permitted to receive funding until their name is removed from the list.
- Borrower(s) who have previously received home improvement financing through ~~Minneapolis Homes any City~~ offered products are ineligible to receive additional financing for five years from the loan closing date, with exceptions for emergency situations as determined in the sole discretion of the City of Minneapolis and/or Minnesota Housing.
- Borrower(s) using HIP as an interest rate write down of Minnesota Housing's Fix Up ~~Fund Loan~~ product may not have an outstanding Fix Up ~~Fund loan Loan~~ balance that exceeds \$75,000. Balance includes present balance on all outstanding Fix Up ~~Fund loans Loans~~ and current anticipated Fix Up Loan under application.

Eligible Ownership

- Borrower(s) must individually, or in the aggregate, possess at least a one-third fee simple ownership interest in the residence to be improved. For a Manufactured Home taxed as personal property, the Borrower(s) fee simple ownership interest requirement is 100%.
- The Borrower(s) and Accommodation Parties (persons who have ownership interest but do not reside in the property), individually or in the aggregate, must have 100% fee simple ownership interest in the residence to be improved.
- Borrower(s) must provide evidence to the City showing that the Borrower(s) fee simple ownership interest is subject only to certain encumbrances permitted by the City, and without exception from possible mechanic's liens, matters of survey or parties in possession, real property taxes and assessments, federal or state income tax liens, and otherwise as reasonably satisfactory to the City.

Eligible Properties

- Owner-occupied properties consisting of one (1) to four (4) units located within the City of Minneapolis.
- Property to be improved must not be in violation of applicable zoning ordinances.
- Owners of single units within a condo or townhome association or in multi-unit properties of two (2) or more units are eligible but may be restricted to only inside work or building envelopes unless agreed upon by the homeowner association.

Eligible Improvements

~~There are two improvement~~ Improvement types available through HIP include: (i) emergency ~~and~~, (ii) health and safety ~~, and~~ (iii) general renovation

- **Eligible emergency improvements** are repairs to a property damaged because of events beyond the Borrower's control or as necessitated by a systems or structural failure that results in threats to the health and safety of the occupants.

- **Eligible health and safety improvements:** include the following repairs, which will be assessed by City staff and addressed in the following priority order:
 1. Outstanding code compliance repairs
 2. Hazardous materials
 - Lead based paint hazards
 - Friable asbestos anywhere in the home
 - Elevated radon levels
 3. Other outstanding health and safety issues
 4. General ~~improvements~~renovation
- Eligible general renovation: include permanent improvements which improve the basic livability or energy efficiency of the property including structural additions, alterations, renovations, and repair and/or improvements to bring a property into compliance with state, county, municipal health, housing, building, fire, and housing maintenance codes or other public standards applicable to housing.

Ineligible Improvements

Improvements that primarily benefit only rental units, recreational uses, or business uses of an owner-occupied dwelling.

- Improvements that are non-permanent, for example:
 - Non-permanent landscaping
 - Appliances that are not permanently installed. i.e., refrigerator, freestanding range, washer, dryer.
 - Fixtures that are not attached to the wall or ceiling
- Partial funding for a project that does not demonstrate full financing.
- Work initiated prior to the loan being approved and closed, unless due to an emergency or as a part of an amortizing loan as ~~approved~~allowed.
- Payment, wholly or in part, of assessments for public improvements.
- Upgraded materials and Out of Scope Repairs: Separate homeowner agreements with the General Contractor or other third parties for materials and/or labor outside scope of work are not HIP eligible expenses.
- Construction of garages, except when a medical or an accessibility need exists, and in such case, the new garage may not exceed 1,000 square feet.
- Installation of new decorative trim, except when replacement is necessary for lead hazard reduction.
- Hard-wired microwave ovens.
- “Luxury” improvements, which are improvements of a type exceeding that customarily used in the locality for properties of the same type as the property to be rehabilitated (swimming pool, outdoor hot tub, etc.).

Any changes to the Scope of Work must be approved by CPED Staff and the Owner must demonstrate the source and amount of funds when submitting the Change Order.

Financing Available

~~Two types of financing are available~~Financing options through the HIP program are:

~~1) Up to \$25,000 for eligible improvements used as either:~~

- ~~a. **Amortizing loan:** HIP funds as an interest rate write down grant with a Minnesota Housing Fix Up Loan or similar City-approved bank offered amortizing loan product from the market rate to a discount of up to zero percent (0%); or~~

Emergency:

1. ~~Deferred loan: loan issued by the City~~Loan up to \$25,000 with zero percent (0%) interest for 30 years secured with a note and mortgage and payable upon the earlier of sale, transfer, conveyance, or maturity date.

Health and Safety:

2. ~~Deferred Loan up to \$25,000 with zero percent (0%) interest for 30 years secured with a note and mortgage and payable upon~~the earlier of sale, transfer, conveyance, or maturity date.

~~3. Lead hazard interim control grant to~~ **Mitigation Grant up to \$50,000 to** address lead hazards identified in a third-party risk assessment, ~~up to the cost established through two bids or a single bid with cost reasonable review. If a project utilizes,~~

General Renovation:

~~4. Lead hazard interim control grant the cost of lead hazard interim controls will be removed;~~ **Interest Rate Subsidy grant to write down the** interest rate of Minnesota Housing Fix Up Loan or similar City-approved bank offered amortizing loan product up to **\$75,000** from the ~~loan described in item 1 above-~~market rate to a discount of up to zero percent (0%).

~~5. Deferred Loan up to \$25,000 (0%) with zero percent (0%) interest for 30 years secured with a note and mortgage and payable upon the earlier of sale, transfer, conveyance, or maturity date.~~

Application Requirements

- Applications for emergency improvements are reviewed and processed upon receipt.
- All other applications are first come first served during an open application window.
- Availability to apply is posted on CPED website; new application periods are communicated through a listserv.
- Borrower(s) must respond to requests for documentation, signature, site access, or other process required within 14 calendar days or alternative reasonable date proposed by Borrower and agreed to by the City.
- Non-responsive Borrowers will be notified of denial and must reapply.
- Total value of all liens secured against the property may not exceed 110% of the after improved value for projects that are not exclusively emergency or accessibility.

Available Financing Sources

The City of Minneapolis intends to utilize a variety of financing sources through this program. Sources may have requirements that are more restrictive than program guidelines. When there is a conflict between source requirements and program guidelines, the source requirements will apply and will be reflected in the financing contract.