Mayor’s Office of Housing (MOH)
Capital Improvements Policy

The following policy applies to all City Second loan units. In order for MOH to proceed with the Capital Improvements consideration request, homeowner must file the completion of capital improvement projects within 60 days during any twelve (12) month period with a cost of each improvement in excess $2,500.

I. CAPITAL IMPROVEMENTS FOR PROPERTIES WITH CITY SECOND LOANS

1. MOH will review all capital improvements claims and categorize them into three distinct categories: Eligible Capital Improvements, Ineligible Replacement and Repair and Ineligible Costs. Each category is defined below.

   a. **Eligible Capital Improvements** include major structural system upgrades, new additions to the unit and improvements related to increasing health, safety and energy efficiency of the property. Improvements that meet these criteria will be considered for capital improvements credit.

   b. **Ineligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. However, those items will not be considered for capital improvements credit.

   c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. However, those items will not be considered for capital improvements credit.

2. Procedure for Submitting Capital Improvements

   a. Homeowners must submit capital improvements to MOH for review within 60 days of the completion of the project during any twelve month period with a cost for each improvement in excess of $2,500. In order to document the improvements, each homeowner must submit:

      i. List of Capital Improvements with Description.
      ii. Receipt and Invoice for each eligible improvement.
      iii. Proof of Payment for each eligible improvement, such as a cancelled check, bank statement or credit card bill.
      iv. A Copy of Building Permits, if required
      v. Recorded Notice of the Completion
      vi. Contractor’s License Number for Projects exceeding $500
      vii. Estimate of increase in value of the property after improvements.

   b. Upon receipt and review of a complete capital improvements claim, MOH staff will arrange a site visit to inspect the completed project. Once the improvements have been verified, MOH will send a written response to approve or deny the submitted capital improvements within 60 days of original receipt. This information will be placed in the property file at MOH for calculate the loan payoff amount due to City.

3. List of Approved Capital Improvements

   a. **Eligible Capital Improvements** include major structural system upgrades, new additions to the unit and improvements related to increasing the health, safety and energy efficiency of the property. Improvements that meet these criteria will be considered for capital improvements credit.

      i. Major Electrical Wiring System Upgrade
      ii. Major Plumbing System Upgrade
      iii. Installation of Additional Closets and Walls
      iv. Upgrade to Double Paned Windows
v. Upgrade to Energy Star Built-In Appliances, as follows:
   (a) Furnace
   (b) Water Heater
   (c) Stove/Range

b. **Ineligible Replacement and Repair** includes in-kind replacement of existing amenities, repairs and general maintenance that keeps the property in good working condition. The following items will not be considered for capital improvements credit.

   i. Electrical Maintenance and Repair, such as:
      (a) Switches
      (b) Outlets

   ii. Plumbing Maintenance and Repair, such as:
       (a) Faucets
       (b) Supply Line
       (c) Sinks

   iii. Flooring

   iv. Replacement of Appliances, as follows:
       (a) Stove/Range
       (b) Dishwasher
       (c) Microwave Hood
       (d) Garbage Disposal

   v. Window Sash

   vi. Fireplace Maintenance or In-kind Replacement (Gas)

   vii. Heating System

   viii. Lighting System (Recessed)

c. **Ineligible costs** include cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures. The following items will not be considered for capital improvements credit.

   i. Cosmetic Enhancements, such as:
      (a) Fireplace Tile and Mantel
      (b) Decorative Wall Coverings or Hangings
      (c) Window Treatments (Blinds, Shutters, Curtains, etc.)
      (d) Installed Mirrors
      (e) Shelving
      (f) Refinishing of Existing Surfaces

   ii. Non-Permanent Fixtures, such as:
       (a) Track Lighting
       (b) Door Knobs, Handles and Locks
       (c) Portable Appliances (Refrigerator, Microwave, Stove/Oven, etc.)

   iii. Installations with Limited Useful Life Spans, such as:
       (a) Carpet
       (b) Painting of Existing Surfaces
       (c) Window Glass
       (d) Light Bulbs