



Mayor's Office of Housing and Community Development
City and County of San Francisco

Capital Improvements Policy Chart

Staff prepared this chart to clarify the main aspects of Capital Improvements Policy by Program. Please be aware that this chart is for informational purposes only and thus does not represent all requirements nor modify the capital improvements policy. Owners should refer to the Capital Improvements Policy in the City loan documents that govern the individual unit for full details. Additional information about the general capital improvements policy and requirements can be found at <http://sfmohcd.org/capital-improvements-and-special-assessments>.

NOTE: This chart may not contain capital improvements policy for all homeownership programs.

INCLUSIONARY BELOW MARKET RATE (BMR) PROGRAM	Program	Capital Improvements	HOA-Initiated Special Assessments	Governing Documents
	Inclusionary BMR Units Governed by the 2018 Manual	Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories: <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -50% • Ineligible Costs –0% Owners may recover up to 10% of their resale price in approved capital improvements and replacement & repair costs.	Owners may recover special assessment costs at the depreciation rate of 7% per year.	Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2018 (“2018 Manual”)
	Inclusionary BMR Units Governed by the 2013 Manual	Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories: <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -50% • Ineligible Costs –0% Owners may recover up to 10% of their resale price in approved capital improvements.	Owners may recover 100% of special assessments paid.	Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2013 (“2013 Manual”)
	Inclusionary BMR Units Governed by the 2007 Manual	Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories: <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -50% • Ineligible Costs –0% Owners may recover up to 7% of their resale price in approved capital improvements.	Owners may recover 100% of special assessments paid.	Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2007 (“2007 Manual”)
	Inclusionary BMR Units Governed by the 1992 Manual	Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories: <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -0% • Ineligible Costs –0% Owners may recover 100% of their approved capital improvement credits.	Not Applicable	Inclusionary Affordable Housing Program Monitoring and Procedures Manual 1992 (“1992 Manual”) 1993 Capital Improvements Policy

CONDO CONVERSION BELOW MARKET RATE (BMR) PROGRAM	<p>Condo Conversion BMR Units Governed by the 2018 Manual</p>	<p>Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories:</p> <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -50% • Ineligible Costs –0% <p>Owners may recover up to 10% of their resale price in approved capital improvements and replacement & repair costs.</p>	<p>Owners may recover special assessment costs at the depreciation rate of 7% per year.</p>	<p>Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2018 (“2018 Manual”)</p>
	<p>Condo Conversion BMR Units Governed by the 2007 or 2013 Manual</p>	<p>Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories:</p> <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -50% • Ineligible Costs –0% <p>Owners may recover up to 10% of their resale price in approved capital improvements.</p>	<p>Owners may recover 100% of special assessments paid.</p>	<p>Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2007 (“2007 Manual”) & 2008 Condo Conversion BMR Addendum OR;</p> <p>Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2013 (“2013 Manual”)</p>
	<p>Condo Conversion BMR Units Pre-legislation/ Pre-Affidavit Owners</p>	<p>Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories:</p> <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -0% • Ineligible Costs –0% <p>Owners may recover 100% of their approved capital improvement credits.</p>	<p>Owners may recover 100% of special assessments paid.</p>	<p>Below Market Rate Condominium Conversion Program Ordinance #320-08 (“Ordinance”)</p> <p>1993 Capital Improvements Policy</p>

LIMITED EQUITY BMR PROGRAM	LEP BMR Units (purchased approximately after 2019)	<p>Capital improvements claims made 10 or more years after the initial sale of the unit are categorized into three categories:</p> <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -50% • Ineligible Costs –0% <p>Owners may recover up to 10% of their resale price in approved capital improvements and replacement & repair costs.</p>	Owners may recover special assessment costs at the depreciation rate of 7% per year.	Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2018 (“2018 Manual”) & Limited Equity Homeownership Program Loan Disclosure Information
	LEP BMR Units (purchased approx. prior to 2019)	<p>Capital improvements claims made during owner’s ownership of the Property which: (1) has a value greater than 0.5% of the original affordable purchase price; and (2) has a useful life longer than 5 years after the owner sells the unit.</p> <p>The credit for each capital improvement is depreciated by a factor of 7% per year from the date of the capital improvement’s completion. Owners may recover up to 10% of their original purchase price in approved capital improvements.</p>	Not Applicable	Limited Equity Homeownership Program Loan Disclosure Information
CITY SECOND LOAN PROGRAM	Market Rate Units Under Old City Second Loan Program	<p>Capital improvements claims with a cost for each improvement greater than \$2,500 are categorized into three categories:</p> <ul style="list-style-type: none"> • Eligible Capital Improvements -100% • Eligible Replacement & Repair -0% • Ineligible Costs –0% <p>Owners may recover 100% of their approved capital improvement credits that may be deducted from the city loan payoff.</p>	Not Applicable	City Second Loan Units – Capital Improvements Policy