

# Capital Improvement Plan

## Resolution 15138

### REQUIREMENTS

EXHIBIT A,  
SECTION 2 & 6



EXHIBIT A,  
SECTION 2

# 8x

Improvements must:

- Materially add value to the property
- Appreciably prolong the useful life or adapt the property to a new use
- Have a useful life of more than one year and are required to be amortized over 15 years (the useful life of the improvement)

Routine repairs DO NOT qualify (i.e. replacing broken windows, interior painting, etc)

Improvements must cost at least =

- One month's rent
- x # of units improved
- x 8 (value approved by City Council)

**Example**

Number of units: Duplex (2)  
Amount of one month's rent: \$1,000 (each unit)  
**Threshold Cost: 1,000 x 2 x 8 = \$16,000**

### CALCULATION for ALLOWED RENT INCREASE

EXHIBIT A,  
SECTION 5



Annual rent increase amount\* =

- [Total costs of repairs
- + Interest for financing improvements]
- ÷ 15 years (Useful life)
- ÷ # of units improved

	Capital Improvements	Costs	Useful Life	# of Units Improved	Rent Increase
<b>Example</b>	Exterior painting	\$10,000	15 years	2	<b>Monthly: \$60.64</b>
	Major roof repairs	\$10,000			
	Interest on \$20,000 loan, 3.5% financing over 5 years	\$1,830.09			
	Calculation: 21,830.09 (Total costs) ÷ 15 (Useful life) ÷ 2 (Units improved)				

\* The amount calculated by this formula is the allowable maximum rent increase. If the Capital Improvements have not been completed and the costs used to calculate the rent increase are estimates, the rent increase will be conditionally approved. Such conditional approval requires the landlord to demonstrate the actual costs of the improvements when the work is complete. If the actual costs vary from the estimated costs, the Program Administrator will recalculate the allowable maximum rent increase.