Capital Improvements Checklist

The Novato BMR Program allows certain improvements you make to your home to be captured in your home’s restricted resale value. To determine whether your proposed home improvements can be considered as eligible capital improvements which will potentially increase the resale value of your home, please follow the steps listed below.

- **Contact your HOA** to discuss the improvements you plan to make to your home and find out if they are allowed by the HOA.

- **Contact Hello Housing** to find out if the improvements count as eligible capital improvements per the definition in your Affordable Housing Covenants, Resale Restrictions and Option to Purchase Agreement.

- **If requested by Hello Housing, submit a cost estimate** of the work you plan to have done, including materials and labor. Hello Housing will determine if the costs are reasonable based on industry standard.

- **Hello Housing will provide a depreciation schedule** in writing for each approved item.

- **Obtain building permits if necessary** (visit http://novato.org/home/showdocument?id=467 for a list of what requires a permit).

- **Save all receipts and invoices** for the approved capital improvements once the work is complete.

- **Submit receipts to Hello Housing** for the approved capital improvements via mail, email or fax.

- **Hello Housing will provide a letter** with the approved costs and depreciation schedules for each approved item.

- **If you decide to sell your home in the future.** Hello Housing will calculate the depreciated value of the approved capital improvements at the time of sale, and add this to the restricted value of the home.

What counts as a Capital Improvement?

Section 1.12 of the City of Novato Affordable Housing Covenants, Resale Restrictions and Option to Purchase Agreement, defines Capital Improvements as follows: “Capital Improvements” shall mean any capital improvements or upgrades made by Owner to the Unit which significantly increase the value of a Unit and which are pre-approved in writing by City. By way of example, upgrading an appliance shall not be a Capital Improvement, but upgrading all appliances, flooring, countertops and cabinetry in the kitchen could be approved by the City as a Capital Improvement under the particular circumstances presented.

Examples of Eligible Capital Improvements

- Upgrading from carpeting to hardwood or laminate flooring
- Remodels such as upgrading all appliances, flooring, countertops and cabinetry in the kitchen
- Installing an air conditioning system

Examples of Ineligible Capital Improvements

- Replacing a water heater
- Replacing existing carpeting with new carpeting
- Window coverings
- Painting
- Addition of closet shelving

Importance of Permits

Please make sure to check on whether a building permit is required by the City for any improvements you make to your home. If you do not take out a required permit, you may be responsible for paying penalty fees of three times the regular permit fee when you sell your home in the future. Any unpermitted work would also be required to meet current City code at the time of resale.

Please note that the installation of air conditioners DOES require a building permit. You can find out what requires a permit and what does not by visiting http://novato.org/home/showdocument?id=467.