



Citizens' Housing and Planning Association

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(617) 742-0820 | chapa.org

# Capital Improvement Policy

CHAPA defines capital improvement as a necessary improvement, not covered by a condominium or homeowner association fee, that if not done would compromise the value or marketability of the home. CHAPA can also approve the installation of air conditioning or solar panels for homes that currently do not have those systems.

Only *approved* Capital Improvements can be considered when CHAPA calculates your deed restricted affordable Maximum Resale Price. While you are free to complete improvements or upgrades to your home for your own enjoyment, only certain types of investments can be considered for your future resale price.

Please note that the formula in your deed restriction for calculating your Maximum Resale Price may limit how much CHAPA can add to your resale price. Many deed restrictions require the price to stay affordable to an income eligible household *no matter the extent of the Capital Improvements*. The following table provides a list of common capital improvements:

| <b><u>Qualify as Capital Improvements</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b><u>Do Not Qualify as Capital Improvements</u></b>                                                                                                                                                                                                                                            |
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| <ul style="list-style-type: none"><li>• New roof or replacement of windows</li><li>• The replacement of siding, shingles, or exterior painting due to deterioration</li><li>• HVAC or plumbing replacement</li><li>• Structural deficiencies such as pest damage, water damage, or other maintenance</li><li>• Septic tank repairs replacement</li><li>• Appliance replacement (stove, dishwasher, refrigerator)</li><li>• Replacement of flooring</li><li>• Installation of air conditioning</li><li>• Installation of solar panels <i>*see below*</i></li><li>• Any repair or replacement due to normal wear and tear identified by the owner and approved by CHAPA that maintains the value and marketability of the home</li></ul> | <ul style="list-style-type: none"><li>• Outdoor decks</li><li>• Additions</li><li>• Finishing of unfinished spaces</li><li>• Garages</li><li>• Landscaping</li><li>• Premium upgraded flooring</li><li>• Other items that could be considered premium upgrades or luxury improvements</li></ul> |

Do-It-Yourself Improvements: If you plan to do the work on your own, only material costs can be taken into consideration; no labor costs are permitted.

Special Assessments: Special assessments that you paid as a member of your condominium or homeowner's association may also be factored in the Maximum Resale Price. This will be reviewed on a case-by-case basis and will require that you provide additional documentation to CHAPA.

Depreciation: At the time of resale CHAPA will take into consideration the current value of the improvement based on a depreciation schedule. This means the longer the time since your improvement was complete, the smaller its effect on the resale price given the estimated lifespan of the improvement.

Doing Work to Your Home: Please keep in mind that any work done to your home must comply with condominium or homeowners' association rules, as well as local and state building code and zoning ordinances. You are responsible for obtaining any other necessary permissions.

Solar Panels: Solar panels may be a Capital Improvement only if the panels are owned outright. Leased solar panels are not eligible Capital Improvements. Regardless of whether solar panels installed on your home are Capital Improvements or not, *if you sell your home, any lease or financing related to solar panels **cannot** be passed on to the buyer.* You are financially responsible for settling those obligations prior to closing on the sale.

### **Getting Capital Improvements Approved**

All Capital Improvement requests should be submitted as soon as you complete the work. You will need to submit documentation that the work was completed and paid for. You can [submit your Capital Improvement request here](#). Upon receiving your request, CHAPA will review the information and follow up with a determination in writing.

If you wish to inquire whether a particular improvement is eligible before you start work, you may contact us via email with a description of the work to be done and an estimate or other documentation of the anticipated cost.

Questions and follow-up can be directed to:

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