



Town of Telluride

Permitted Capital Improvement Application

FOR QUESTIONS PLEASE CONTACT SMRHA AT 970-728-3034 OR ADMIN@SMRHA.ORG

Permitted Capital Improvements – Unless otherwise defined in the Deed Restriction for an Affordable Housing Unit, a Permitted Capital Improvement is any fixture or improvement approved by THA Staff prior to erection, construction or installation that is not a Luxury Item and is erected, constructed or installed as a permanent improvement to real property or non-recurring expenses for physical improvements that provide a long-term upgrade or improvement to the deed-restricted Affordable Housing Unit.

THA does not wish to discourage Owner improvements to Housing Units, but has a strong interest in maintaining the long-term affordability and targeted Tier of each unit and thus cannot allow Owner to recover costs upon Sale for unnecessary or personal-choice driven improvements. In determining whether an improvement is a Permitted Capital Improvement or a Luxury Item, THA Staff shall consider:

- Whether the improvement is necessary to extend the life of the Housing Unit or to preserve the health and safety of occupants;
- The age and condition of the item to be replaced, and whether current condition was caused by normal wear and tear or the negligence of the Owner or any occupant, with useful life and depreciation as determined by the Marshall & Swift depreciation guidelines;
- Whether the improvement will provide increased water or energy efficiency savings;
- Whether the improvement shows a high degree of customization or personal preference, or if the improvement is sufficiently standard or neutral to be acceptable to a subsequent purchaser; and
- Whether allowing a full or partial increase in MSP for the improvement would make the Housing Unit unaffordable for the established Tier.

Some improvements may qualify in part as a Permitted Capital Improvement and in part as a Luxury Item based upon the criteria above, and thus be subject to only partial recovery of depreciable expenses:

- Example 1: Replacement of furnace or water heater after it has reached the end of its useful life, regardless of the energy efficiency of new model – 100% Permitted Capital Improvement.
- Example 2: Replacement of furnace or water heater 50% into its useful life with a significantly more energy efficient model – 100% Permitted Capital Improvement.
- Example 3: Replacement of laminate Kitchen counters with neutral, durable, builder-grade quartz – 0-100% Permitted Capital Improvements depending upon age and condition of laminate Kitchen counters and current MSP with respect to Tier limit.
- Example 4: Replacement of carpet after dog/child destroyed it 30% into useful life – 30% Permitted Capital Improvement.
- Example 5: Installation of a matching built-in microwave where none previously existed – 100% Permitted Capital Improvement.
- Example 6: Installation of steam shower – 0% Permitted Capital Improvement.

Unless an emergency warrants immediate action, all improvements desirous of being a Permitted Capital Improvement **must be approved by THA Staff prior to construction or installation**, who shall have discretion to require pre/post inspection to ensure work was done properly and has been completed to a professional standard without causing additional issues. Owners

are encouraged to discuss their full renovation/replacement plans with THA Staff so Owners are aware of the limitations that will be placed on cost recovery and what additional standards may apply to the work to achieve actual improvement to the unit. Permitted Capital Improvements 0- 10% of the OPP may be approved by THA Staff, and Permitted Capital Improvements in excess of 10% of the OPP must be approved by the THA Subcommittee through an Exception.

Only the actual out-of-pocket expenses of an Owner may be added to MSP as a Permitted Capital Improvement. Fair market labor costs, including the costs of the Owner’s labor if the improvements are self-performed and the labor is skilled, and the Owner has the required skills and experience to complete the work to a professional standard, may be authorized to constitute up to fifty percent (50%) of the Permitted Capital Improvements. Grant funds credited towards an improvement are not eligible to be added to MSP.

Property Address: _____ **Owner Name(s):** _____

Mailing address: _____ Telephone #: _____

E-mail: _____

Date Built		Date Remodeled (if applicable)	
Original Purchase Price	\$	% Capital Improvements Allowed Per DR	
		Max Capital Improvement (% * OPP)	\$

Quoted Project Cost

Description	Dates of Work	New or replace	Material Cost	Labor Cost	Total Cost

Attach all supporting documentation, such as bids, quotes, invoices and permits for the project. Once work is approved and completed, owner will be required to submit final proof of payment and completed work including photos.

Submit Application To:
 SMRHA
 820 Black Bear Rd. G-17 [Physical]
 P.O. Box 840 [Mailing]
 Telluride, CO 81435
admin@smrha.org

Application received: _____ By: _____

Amount Approved: \$ _____