RONDO
Community Land Trust

Qualified Capital Improvement Policy & Procedure

Qualified Capital Improvement

A "capital improvement" is a permanent improvement to the property made during the homeowner's ownership of the property, for which the homeowner will receive credit at resale if the permanent improvement is one which:

1. Has a cost more than 10% of the initial purchase price originally paid by the homeowner
2. Has a useful life of greater than 10 years after a proposed resale or transfer by the homeowner, and
3. Has been made with all required permits and approvals, including without limitation homeowner's association and governmental approvals obtained prior to the construction or installation of the capital improvement(s).

Rondo CLT must be notified and approve of any plans for Qualified Capital Improvements. If you are planning a capital improvement on your land trust property, contact elizabeth@rondoclt.org (651-333-1590).

Examples of Capital Improvements which need CLT approval

- Adding a deck or porch
- Adding a cover for a porch or deck
- Adding a garage
- Remodeling a kitchen or bathroom
- Build-out or conversion of a basement/attic to a living space

Examples of general maintenance which does NOT need CLT approval

- Repainting (interior or exterior)
- Replacing an existing garage door
- Removing carpeting

Credits for Capital Improvements

Homeowners shall receive credit at the time of transfer for capital improvements made to the property as follows:

- When providing notice of intent to sell, the homeowner shall deliver to Rondo CLT a list of approved capital improvement(s) if any, made to the property. Rondo CLT will determine whether the proposed improvements qualify as capital improvements.
- The value of capital improvements shall be calculated, with depreciation calculated according to market standards.

Please note that a reduction in the value of an improvement over time, due to wear and tear and the housing market, will influence the appraised value of the capital improvement at time of resale.