

## Landlord Schedule A

### CAPITAL IMPROVEMENTS Regulation 1267

A capital improvement is defined as “An improvement which materially adds to the value of a rental property, appreciably prolongs its useful life or adapts it to a new use and which has a useful life of more than one year and a direct cost of \$200.00 or more per unit affected, or \$1500.00 per property, whichever is less.” The Regulation specifically excludes expenditures for routine repair, replacement or maintenance, except for enumerated major repairs.

A qualifying improvement must also meet one or more of the following criteria:

1. be necessary to bring the unit or property into compliance with applicable new code requirements or significantly improve the security of the property or any unit; or
2. have as its primary purpose to significantly improve the seismic safety or increase the energy efficiency of the rental property; or
3. be provided by the landlord in good faith to primarily benefit the tenant; or
4. qualify as one of the following major repairs:
  - a) a new roof;
  - b) a significant upgrade of the foundation;
  - c) a new plumbing, electrical or heating system;
  - d) exterior painting or siding; or
  - e) repairs pursuant to a Termite Report, if the cost exceeds \$6,000 or \$1,000 per rental unit.

Monthly increases under this regulation are permanent and calculated as follows:

1. capital improvements at 1.042% of the cost;
2. exterior painting or siding at 1.187% of the cost;
3. other major repair categories at .927% of the cost.

No increase will be granted for any unit with an initial rent that was set on or after January 1, 1999, if the capital improvement was completed before, or commenced or completed within one year after, the initial rent was set, unless the improvement was not reasonably foreseeable when the initial rent was set. A capital improvement increase that would otherwise be granted will be decreased by the total of the post-January 1, 1999, vacancy increases implemented for the property, except for seismic retrofit work that meets certain conditions.

Regulation 1267 also permits landlords to file a petition for planned capital improvements, improvements that will be completed within the next two years.

To obtain a rent increase for capital improvements and/or major repairs, along with the Landlord Petition for an Individual Rent Adjustment, submit:

1. A completed **Table A** (for completed improvements) or **Table B** (for planned improvements); and
2. A copy of all **supporting documentation**. The supporting documentation must show:
  - a. the type of improvement; b. the cost; and c. payment in full. Documentation may include: invoices, receipts, signed contracts and canceled checks that substantiate the nature, cost and payment for each improvement. Self-labor logs must be submitted to receive increases based on the landlord’s own labor. **Documentation must be page numbered and organized by improvement.**

**Landlord Schedule A**  
**Table A - Completed Capital Improvements**

Please complete the table below. Use additional sheets if necessary.

Column #1- Identify the improvement (example: seismic retrofit). The most common qualifying improvements have been listed.

- 2 - List all the units that benefit from the improvement even if they do not qualify for an increase.
- 3 - Count the number of units listed in Col. 2.
- 4 - Provide the date the improvement was completed.
- 5 - State the out-of-pocket cost of the improvement.
- 6 - State self-labor hours actually worked on the improvement. (You must also submit self-labor logs.) If none, skip Cols. 6 - 8.
- 7 - Fill in the hourly wage rate if self-labor is claimed: \$15.50 for unskilled labor and \$27.00 for skilled labor. (For rates for self-labor performed before 1997, see Regulation 1266.)
- 8 - Multiply self-labor hours by the appropriate self-labor rate: Col. 6 x Col. 7.
- 9 - Fill in the calculation rate: 1.042% for capital improvements; 1.187% for exterior painting or siding; and .927% for the other major repairs.
- 10 - Calculate the increase amount per unit: out-of-pocket cost + self-labor cost x calculation rate ÷ the number of affected units; i.e., ((Col. 5 + Col. 8) x Col. 9 ÷ Col. 3).

1. IMPROVEMENT	2. UNITS BENEFITTED (List)	3. # OF UNITS	4. DATE COMPLETED	5. COST	6. SELF- LABOR HOURS	7. SELF- LABOR RATE	8. SELF-LABOR COST (hours x rate)	9. CALC. RATE	10. INCREASE AMT PER UNIT
Seismic Retrofit								.01042	
New Roof								.00927	
New Plumbing System								.00927	
New Heating System								.00927	
New Electrical System								.00927	
Significant Upgrade of Foundation								.00927	
Termite Report Repairs								.00927	
Exterior Paint/Siding								.01187	
Other capital improvements: (Describe)									

## Landlord Schedule A

**Completed Capital Improvements (continued):** No increase will be granted for any unit with an initial rent set on or after January 1, 1999, if the capital improvement was completed before, or commenced or completed within one year after, the initial rent was set, unless the improvement was not reasonably foreseeable when the initial rent was set. If you believe you are eligible for an increase for an improvement completed before, or commenced or completed within one year after, a post-January 1, 1999 rent was established, explain why the improvement was not foreseeable:

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**Offset for Vacancy Rent Adjustments:** Capital improvement rent increases will be reduced by the total amount of vacancy rent increases for the property since January 1, 1999. This offset does not apply to seismic retrofit work under B.M.C. Chapters 19.38 and 19.39 if the following requirements are satisfied:

1. Work was performed in a timely manner, i.e., completed before the issuance of the second notice of non-compliance.
2. The petitioner owned the property prior to December 12, 2000, for work required by B.M.C. Chap. 19.38, or December 5, 2013, for work required under B.M.C. Chap. 19.39.
3. None of the property owners may hold more than a 10% interest in more than 12 residential units in Berkeley.
4. Incidental work may qualify for the offset exception if mandated by the City as part of the permitting process for the seismic retrofit work. Incidental work includes work that a) is certified by an appropriately licensed professional as necessary for the seismic retrofit work, b) is priced at a commercially reasonable amount, or c) restores or replaces an area damaged or removed as part of the seismic retrofit work.

Complete this table to calculate the sum total of all vacancy rent adjustments (**VRAs**) for the property since January 1, 1999. Historical data may be obtained from the Rent Board. If the total amount exceeds the total capital improvement increase for the property, then no increase can be granted.

Unit #	VRA	VRA	VRA	VRA	VRA	VRA	VRA	Total
<b>Grand Total</b>								

**Table B - Planned Capital Improvements**

Complete this table only if you are seeking preliminary approval for improvements you plan to complete within the next two years. A rent increase cannot be granted until the improvements are completed and documentation of the cost of the improvements has been reviewed and approved by the Hearing Examiner.

- Column # 1 - Identify capital improvements you plan to complete within two years.
- 2 - List each unit that will benefit from the improvement.
- 3 - Provide the date you expect to complete each capital improvement.
- 4 - State the estimated cost of each improvement.

<b>1. PLANNED IMPROVEMENT</b>	<b>2. BENEFITTED UNITS</b>	<b>3. PROJECTED COMPLETION DATE</b>	<b>4. ESTIMATED COST</b>

**Attach written estimates or other justification for the estimated cost.**