



Qualified Capital Improvements Retroactive Credit Policy

Approved by the MACLT Board of Directors June 23, 2022

I. Introduction to the Retroactive QCI Policy

In an effort to continue encouraging MACLT homeowners keep their properties maintained, the organization is offering a retroactive opportunity to receive credit for Quality Capital Improvements (QCI) undertaken since 2017. This retroactive period will cover the time from January 1, 2017 to June 30, 2022. Homeowners who got capital improvement work done at their property in this time period can apply for QCI credit even if they did not originally apply under the QCI Policy before work was completed. The policy below details what items will be considered approvable and the steps in which to go about applying for approval.

II. Retroactive QCI Process & Steps

1. Homeowner submits QCI Retroactive Credit Application (see application below). Communication with staff about intentions to submit an application for retroactive QCI credit must be received by Dec 31, 2022.
2. MACLT receives and reviews application, and reply within 15 days of receipt of application with notice that more information is needed, or to schedule a walkthrough of the property. MACLT staff may request additional information at any time and expect a reply with relevant information within 15 days.
3. If enough information is provided to demonstrate that the project and/or improvements qualify under the policy, staff will schedule a walkthrough with the homeowner. MACLT staff will contact the homeowner and complete a walkthrough with the homeowner within 30 days of the request for a walkthrough. An application may also be denied without a walkthrough if the application was incomplete and the homeowner did not provide additional information as requested, or the project and/or improvements do not qualify under the policy.
4. Within 10 days of post-construction walk-through, MACLT staff will send the homeowner either (a) a letter confirming the QCI is eligible for Credit at the time of resale of the Home (a "**Final Determination of Credit Letter**"); or (b) a revocation letter, indicating that the QCI is not eligible for credit at the time of resale. A revocation letter can be appealed through the appeals process in Section IV.

If at any step along this process the homeowners have any issue with the QCI process or application they should first contact MACLT staff and present their issue. If they feel MACLT staff is not properly addressing their concerns they can follow the appeals process laid out in Section V.

III. What projects qualify for credit?

This retroactive period will cover large projects completed on MACLT homes from January 2017 to June 30, 2022. All applications will be considered, but this policy is not a guarantee that past work will be approved. If items are missing, QCI credit may be denied. These items include but are not limited to: bills/receipts, approval from condo associations, or City of Madison Building permits/records. We ask



that homeowners complete their application to the best of their ability. If a homeowner is missing original documents or information MACLT asks that they provide as much relevant information as possible. If work would have required and did not have a building permit or condo board approval, QCI credit will be automatically denied.

General Categories of proposed capital improvements likely to be approved (from the original QCI policy):

- Improvements that accommodate the changing needs of the household, such as increasing family size
- Improvement of accessibility or usability for handicapped persons
- Improvements that increase efficient use of energy and resources
- Certain general maintenance improvements

Examples of capital improvements likely to be approved:

- Finishing basement or attic, or additions that include bedroom(s) and/or a bathroom
- Adding a garage, carport, or paved off-street parking space
- Wheelchair ramp
- Adding wall/ceiling insulation
- Upgrading to more efficient windows
- Furnace or water heater upgrades (when increasing energy efficiency)
- Central air conditioning
- Deck, porch
- Gut-remodel

Examples of proposed capital improvements NOT likely to be approved:

- Any addition or alteration that would significantly adversely affect long-term affordability
- Improvements that are solely cosmetic in nature, such as some wall painting
- Swimming pool, hot tub
- Luxury items

IV. Credit

At the time of a proposed resale, an appraiser is hired to conduct an appraisal of the Home. If the Homeowner received a Final Determination of Credit Letter from MACLT, the Homeowner must instruct the appraiser to give an "as is" opinion of value, together with an opinion of value assuming the hypothetical condition of the Home without the QCI. To the extent the "as is" value is higher than the hypothetical value, the difference between the two prices will be added, on a dollar-for-dollar basis to the maximum resale price as described below. **Increasing the maximum resale price does not guarantee a homeowner will be able to sell at the higher price.** See below for sample calculations.



EXAMPLE

Initial purchase price:	\$100,000
Appraised value at the time of initial purchase:	\$150,000
Appraised value at time of resale (assuming no QCI):	\$170,000
Appraised value at time of resale (including QCI credit):	\$178,000

Owner's share of appreciation from MACLT resale formula
= $(\$170,000 - \$150,000) \times 25\% = \$5,000$

QCI credit = $(\$178,000 - \$170,000) = \$8,000$

Maximum resale price = $(\$100,000 + \$5,000 + \$8,000) = \$113,000$

V. Appeals Process

Retroactive QCI Application Denial Appeals Process: In the event MACLT has rejected the QCI Application, in part or in whole, the Homeowner may appeal the decision to the MACLT Stewardship Committee (or in its absence, the MACLT Board). The Homeowner must notify MACLT in writing of its decision to appeal within 60 days of MACLT notifying the Homeowner of its initial decision.

- a. If the MACLT Stewardship Committee or Board reverses the MACLT staff decision, the Homeowner may proceed with the following remaining steps of the QCI Process.
- b. If the MACLT Stewardship Committee or Board affirms the MACLT staff decision, the process is final and the Credit will not be awarded. The Homeowner may not re-apply for the same proposed improvements. However, subject to other restrictions on the Home, the Homeowner may be permitted to complete the proposed improvement, irrespective of the Credit decision.



Retroactive Qualified Capital Improvement (QCI) Application

For work between January 1, 2017 and June 30, 2022, if not prior QCI credit was awarded

Name: _____

Date: _____

Address: _____

Contact Phone: _____

Email: _____

Scope / Description of Proposed Improvement: _____

Who completed the work (contractor, homeowner, etc.)? _____

Work Completion Date: _____

BUILDING PERMITS: Building permits are required by law for many home improvements. Permits are applied for in person at the City of Madison Building Inspection Office located in the Madison Municipal Building at 215 Martin Luther King Jr. Blvd., Suite LL 100, Madison, WI 53703. If you have permit-related questions, call the City at (608) 266-4551. Permit search is available online: <https://elam.cityofmadison.com/CitizenAccess/Default.aspx>

Permit(s) applied for: _____ Permit(s) received: _____
(DATE) (DATE)

Items needed to begin application process (please attach)

Note: If items are missing from the application it will still be reviewed but could potentially have an impact on potential approval.

- Copy of Homeowners Association's Letter of Approval (if applicable)
- Detailed Improvement Plans
- Building Permit (If required by local government)
- Pictures of area before improvements were added
- Receipts or invoices from contractors or suppliers for installation of improvements
- Before/After photos if they are available

To submit this Application, you may mail, hand deliver, or e-mail the fully completed version to:

**MACLT
2702 International Lane STE 200
MADISON, WI 53704
admin@maclt.org**