

Attachment C: Table of Allowable Bond Funded Capital Expenses

EXPENSE TYPE	ALLOWED TO BE BOND-FUNDED (USE CAPITAL BOND ACCT)		NOT ALLOWED TO BE BOND-FUNDED (USE OPERATING BUDGET FUNDS)	
	SITUATION	EXAMPLE	EXAMPLE	SITUATION
GENERAL CAPITAL EXPENSES	Materially adds value to the asset.	Repaint entire development envelope. (Note: This is an exception to the otherwise-enforced CPS rule).	Spot painting; interior decorating.	Maintains value of the asset.
	Prolongs useful life by at least 5 years.			Repairs/ replacements to meet or extend useful life.
	Project cost is greater than \$1,000 AND component being replaced is tracked in CPS.			Project cost is less than \$1,000, OR component is not tracked in CPS.
BUILDING SYSTEMS	Replacement of building systems based upon lifecycle.	Replace entire HVAC system.	Replace a section of pipe.	Repair to building systems.
		Roof replacement.	Roof patching.	
		Envelope: replacing more than 20% of siding.	Envelope: spot replacement of worn/damaged siding.	
		Envelope: repointing a building.	Envelope: spot repointing.	
BUILDING COMPONENTS OR EQUIPMENT	Replacement of equipment based upon lifecycle, generally as part of a long term, predictable schedule, OR as part of an overall plan to upgrade equipment (e.g., for energy or water conservation purposes).	Replacement of all kitchen appliances in a building at the end of their useful life, per industry norm.	Replacing one kitchen appliance in a unit because it is broken.	Replacing a broken piece of equipment.
		Replacement of all refrigerators to Energy Star models as part of an overall energy conservation plan.	Installing one Energy Star refrigerator in a unit as replacement for a broken refrigerator.	

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	SITUATION	EXAMPLE	EXAMPLE	SITUATION
UNIT TURNOVER	Primarily consists of replacement of components tracked in CPS, plus associated finish work and other incidental repairs which together are worth less than 15% of the project TDC.	Complete modernization of room(s) in a unit which has not turned over for many years or has been subject to unusually hard use so that capital components have reached ends of useful lives.	Painting; carpet cleaning; replacement of failed or failing individual appliances; cabinet refinishing and repair (as opposed to replacement).	Replace, repair, or refurbish components not listed in CPS; work typically done on unit turnover.
SITE WORK	Heavy site work requiring special equipment and special expertise.	Removal of trees or large tree limbs.	Snow plowing; lawn mowing; regular landscape maintenance.	Routine site maintenance.
STAFF: PLANNING & ADMINISTRATION FOR CAPITAL PROJECTS	With project manager approval, LHA may use up to 10% of its Formula Funding for capital administrative purposes, including paying for staff time. AIMM authorities may use up to 13% of Formula Funding. See p.14 of this guide for detailed instruction.		Capital funds applied toward administration must be recorded in operating budget. Funds are still subject to bond rules for contracts and expenditures.	
STAFF: LABOR FOR CAPITAL PROJECTS	Needs to be a formal, approved budget for the whole project. Wages paid on reimbursable basis at the hourly rate specific to each permanent employee. Capital bond funds cannot be used to pay staff retirement benefit costs. Requires careful record keeping. See p.16 of this guide for detailed instruction		Upon approval, wages paid on a reimbursable basis, for overtime or for temporary or seasonal employees filling in for more skilled permanent employees. Requires careful record keeping. See p.16 of this guide for detailed instruction	