



Montgomery County Department of Housing and Community of Affairs
Office of Rent Stabilization
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CAPITAL IMPROVEMENT PETITION

A landlord may petition to add a surcharge to the annual rent increase allowance to cover the costs of capital improvements. To do so, a landlord must complete and file a Capital Improvement Petition and the required supporting documents. Please ensure rent and fees have been registered for all units prior to the submission of this petition. Only upon approval may the landlord apply the allowable surcharge.

Failure to provide information may result in the delay or rejection of the petition.

SECTION I – FILING STATUS

Please choose one of the following:

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Capital Improvement Petition filed prior to the beginning of any improvements. |
| <input type="checkbox"/> | Capital Improvement Petition filed after the completion of improvements that were immediately necessary to maintain the health or safety of the tenants, and the petition was filed no later than 30 days after the completion of all capital improvements. |

SECTION II – PROPERTY INFORMATION

Address of Property:					
Name of Property, if Applicable:					
Number of Units:		License Number:		Year Built:	
Owner's Name:					
Owner's Phone:		Owner's Email:			
Name of Authorized Agent:					
Authorized Agent's Phone:		Authorized Agent's Email:			

SECTION III - CHECKLIST

You must complete every item on this checklist. Otherwise, your petition will be considered incomplete, which could delay its results or result in a denial.

A. Certifications

I certify:	
	The capital improvements are permanent structural alterations to a regulated rental unit intended to enhance its value.
	The capital improvements include structural alterations to a regulated rental unit required under federal, state, or County law.
	The capital improvements do not include the costs of ordinary repair or maintenance of existing structures.
	The capital improvements would protect or enhance the health, safety, and security of the tenants or the habitability of the rental housing.
	The capital improvements will result in energy cost savings that will be passed on to the tenant and will either result in net savings in the use of energy in the rental housing or are intended to comply with applicable law. ¹
	The basis under the federal Internal Revenue Code for considering the improvements to be depreciable is accurate.
	The estimated costs of the capital improvements, including any interest and service charge, are accurate.
	The calculations (dollar amounts, percentages, and time periods) were computed following COMCOR 29.58.01.04 (f) instructions.
	All regulated units are properly registered and licensed with DHCA.
	If applicable, the phasing schedule is included.

B. Required Attachments

	Comprehensive calculations following the instructions in COMCOR 29.58.01.04 (f). ²
	Documentation of the total capital improvement costs per COMCOR 29.58.01.04 (g). ³
	Documentation for the costs incurred as per COMCOR 29.58.01.04 (i). ⁴
	Documentation of interest incurred as per COMCOR 29.58.01.04(j). ⁵
	Service charges in connection with a loan taken to make capital improvements as listed in COMCOR 29.58.01.04 (l). ⁶
	Any other external documents to substantiate the total cost of capital improvements.
	Copy of a notice to tenants of filing as per COMCOR 29.58.01.04(b)(2). ⁷

¹ Energy cost savings are not required for capital improvements to qualify for a surcharge for capital improvements.

² Complete Sections VIII, IX, and X to satisfy this requirement.

³ Attach documents related to the calculations in Section VIII to satisfy this requirement.

⁴ Attach documents for the costs declared in Section V.

⁵ Any interest that must accrue on a loan taken by the landlord to make the capital improvement. To be declared in Section VI.

⁶ Attach documents of the service charges to be declared in Section VII.

⁷ Upload a copy of the notice of filing as verification in accordance with Section XII.

SECTION IV- ADDITIONAL INFORMATION

Please provide the information requested below.

1. Have prior petitions for capital improvements been filed with DHCA for this housing?

☐ Yes

☐ No

If YES, please provide the petition number, the decision date, and a description of the work completed:

2. The Capital Improvements will affect:

☐ Entire building

☐ One or more rental units

3. Will the capital improvements protect or enhance the health, safety, and security of the tenant(s) or the habitability of the rental housing?

☐ Yes

☐ No

If YES, please explain:

4. Will the capital improvements eliminate outstanding violations of the County housing regulations?

☐ Yes

☐ No

If YES, please describe the nature of the violations, citing the date and case number of the applicable DHCA inspection report:

5. Will the capital improvements result in a net reduction in the energy used by the rental unit(s) or housing?

☐ Yes

☐ No

If YES, please describe the expected reduction in energy consumption and explain the proposed method of passing these energy cost reductions to the tenant(s):

SECTION V – DESCRIPTION AND COSTS

Please list the estimated costs of the capital improvements with supporting documentation.

Description of Improvement	Unit, Common Area, or Facility Improved	Date Work Began or Estimated Start Date	Date Work Completed or Estimated End Date	Estimated Cost
				\$
				\$
				\$
				\$
				\$
Estimated Total Cost of Capital Improvements:				\$

SECTION VI – INTEREST

Itemize below all interest. Interest is defined as all compensation paid or required to be paid by the landlord to a lender for the use of money used to make a capital improvement over the amortization period of the loan. In the absence of any loan agreement, DHCA may apply the average 52-week Wall Street Journal's U.S. Prime Rate, as reported by The Wall Street Journal's bank survey, applied over a seven-year period. The average is calculated as the mid-point between the high and low Prime Rates reported for the 52 weeks immediately before the effective date of the surcharge for capital improvements.

Please choose between option 1 or 2.

1. With evidence of loan commitment or agreement from lender:

- Rate of interest:^{8,9} _____%
- Term of loan: _____ years
- Total interest to be paid: \$ _____

2. Without evidence of loan commitment or agreement from lender:

- Average 52-Week Wall Street Journal's U.S. Prime Rate: _____%
- Date rate published: _____
- Total amount of imputed interest: \$ _____

⁸ If a loan with a variable interest rate was obtained, the total interest payable must be calculated using the actual loan rate over its term.

⁹ If the interest changes over the loan's duration, a *Certificate of Continuation* must list all changes and recalculate the total interest of the loan.

SECTION VII – SERVICE CHARGES

Itemize below all applicable service charges. Attach documentary evidence from the lender clearly showing the amount to be paid for each item.

Points:	\$	Loan Origination Fees:	\$
Loan Processing Fees:	\$	Trustee Fees:	\$
Escrow Set-Up Fees:	\$	Loan Closing Fees:	\$
Lenders' Counsel Fees:	\$	Survey Fees:	\$
Appraisal Fees:		Borrowers' Counsel Fees:	
Lender's Inspection Fees:		Environmental Inspection Fees:	
Other Applicable Charges (Other Than Interest):			\$
			\$
			\$
Total Service Charges:	\$		

SECTION VIII – ESTIMATED TOTAL COST OF CAPITAL IMPROVEMENTS

Estimated Total Capital Improvements (Section V): ¹⁰		\$	
Total Interest (Section VI):	\$	Total Service Charges (Section VII):	\$
Estimated Total Costs of Capital Improvements Plus Service Charges and Interest:			\$

¹⁰ The total cost of the capital improvements cannot include any grant, subsidy, credit, or other funding not required to be repaid that is received by a landlord from or guaranteed by a governmental program for the purposes of making the subject capital improvement.

SECTION IX – SURCHARGE CALCULATION

Please choose between option 1 or 2.

1. The surcharge for improvements affecting less than all units:

- A. Current lowest base rent charge for a unit: \$ _____
- B. Highest surcharge amount allowed (multiply **Line A** by 15%): \$ _____
- C. Total cost of capital improvements (Section VIII): \$ _____
- D. Total # of rental units in the property that will benefit from the improvements: _____
- E. Divide **Line C** by **Line D** to obtain **the total cost per unit**: \$ _____
- F. Divide **Line E** by 60 to obtain the **cost in dollars per unit per month***: \$ _____

*If your monthly surcharge (Line F) exceeds the highest amount (Line B), please recalculate (Line F) using a higher number of months (over 60). The number of months needed to recuperate the surcharge within limits (Line B greater than Line F) equals _____ months.

2. The surcharge for improvements affecting ALL rental units:

- A. Current lowest base rent charge for a unit: \$ _____
- B. Highest surcharge amount allowed (multiply **Line A** by 20%): \$ _____
- C. Total cost of capital improvements (Section VIII): \$ _____
- D. Total # of rental units in the property that will benefit from the improvements: _____
- E. Divide **Line C** by **Line D** to obtain **the total cost per unit**: \$ _____
- F. Divide **Line E** by 96 to obtain the **cost in dollars per unit per month****: \$ _____

**If your monthly surcharge (Line F) exceeds the highest amount (Line B), please recalculate (Line F) using a higher number of months (over 96). The number of months needed to recuperate the surcharge within limits (Line B greater than Line F) equals _____ months.

SECTION X – PROPOSED RENT ADJUSTMENT SCHEDULE

The proposed rent adjustment schedule is based on your responses to the prior sections and will be subject to change upon the department's review.

[illegible]

SECTION XI – CERTIFICATION OF LANDLORD

I hereby certify that I am the owner or authorized representative of the rental facility identified in this Capital Improvement Petition. I further certify, under penalty of perjury and the laws of Montgomery County, Maryland, that the information and every attached document, statement, and form is true and correct.

Signature: _____

Print Name of Person Signing: _____

Title: _____

Date: _____

SECTION XII – DECLARATION OF NOTIFICATION TO TENANTS

The landlord must notify all affected tenants of the filing of the Capital Improvement Petition by first-class mail and electronic mail within five (5) business days of the filing.

Declaration: I declare under penalty of perjury and the laws of Montgomery County, Maryland, that I have served the tenant(s) with a complete copy of the notice within five (5) business days of submission and have attached a separate copy to the Office of Rent Stabilization.

Signature: _____

Date: _____

OFFICE USE ONLY

Petition Number: _____

Submission Date: _____

Rental License Number: _____

Rental License Status: ☐ Licensed ☐ Not Licensed

Code Enforcement Cases: ☐ Yes Open Cases ☐ No Open Cases

Determination: ☐ Approved ☐ Denied

Decision date: _____

Comments: _____