

CalHFA & HCD Combined Replacement Reserve Eligible vs. Ineligible Items

Categories	Eligible expenses to be paid from the Replacement Reserve Account	Expenses that must be paid from the Projects Operating Account
Appliances		
Range, Hood, Refrigerator, Washer & Dryer, Garbage Disposal, Dishwasher, Microwave	Any replacement of a built-in appliance (If Project keeps an inventory of appliances for future repairs/replacement, it should not exceed two each)	Replacing or repairing components (burners, bibs, elements, controls, valves, wiring)
Cabinets & Countertop		
Kitchen & Bathroom	Replacement	Repairs, refinishing, component & hardware replacement
Doors		
Exterior and Interior	Any interior or exterior door replacement	Any door repair or hardware replacement, keys, or locksmith
Electrical		
Fixtures, including lighting	Any replacement of full fixtures (i.e. ceiling fan, built in recessed canned lighting) for an entire unit or building (or an entire exterior area) or as part of Project remodel	Replacement of individual fixtures, repairs, parts replacement, light bulbs, switch plates, etc.
Security and Alarm Systems	New or Replacement System	System Repairs
Wiring and Electric Panels	Major electrical work or rewiring including full electric panel or service upgrades.	Repairs
Elevators		
Elevators	Professional repairs or replacement including modernization packages, replacement of major mechanical/electrical components.	Routine maintenance, minor repairs, and inspections
Fire Prevention		
Fire Extinguishers, Fire Sprinkler Systems, Smoke and CO2 Detectors	Replacement or installation of fire suppression/detection devices and systems including emergency lighting systems (fire exit signs).	Replacement or recharging of fire extinguishers, inspections, and repairs of sprinkler heads and other fire repairs found during inspections
Flooring		
Units and Common Area	Any replacement	Repairs, patching, shampooing & cleaning

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Furniture		
Common Areas and Owner-Furnished Within Units	Replacement in living units if built in or furnished by the owner	Repairs including cleaning, replacement in common areas
HVAC		
- Heating, Ventilation, Air Conditioning, Including Boilers, Furnaces, Water Heaters & Exhaust Systems	Replacement (includes compressor, heat pumps, condensers, furnaces and mini splits) or major overhaul	Repairs, changing filters, replacement of components (such as blower motors, circuit boards, thermostats)
Landscape and Grounds		
Exterior Walls – Retaining/Enclosure	Major replacement	Patching and repairing
Fencing and Metal Security Gates	Major replacement (20% or more), Keypad system and opening mechanism (includes motor) replacement	Patching, repair, board, and/or slat replacement
Fire Hydrants (Installed/Maintained by Project)	Installation of the new fire hydrant, major replacement, or repairs (includes excavation)	N/A
Irrigation System	Replacement of irrigation system or major components (backflow, pipes)	Repairing leaks and broken sprinklers, irrigation timer (controller)
Landscaping and Walkways	Major non-routine landscaping, installation of concrete walkways, rock, rubber bark, and tree replacement (if a tree is removed and the Project is planting another tree, even elsewhere on the property)	Tree removal (if not replaced), sprinkler system repairs, routine grounds maintenance (such as mulch and flowers)
Security and Metal Security Gates	Keypad system and opening mechanism (including motor) replacement	Costs of hiring and maintaining security guard(s).
Signs	Replacement of primary project sign	Minor repairs, repainting, lighting, and other signage replacement (address, parking, smoking and or community signage)
Other Common Areas		
Maintenance Supply Items	Ineligible	Such as batteries, light bulbs, cleaning supplies, maintenance equipment, and tools
Childcare: Non-Commercial (HCD Only)	Replacement of fixtures, major repairs	Routine maintenance and minor repairs

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On-Site Rental/Management Office	Ineligible	Computer and business software (including industry interface), copier, fax machine, small office equipment, and furniture
Recreational Areas, Playgrounds and Pool	Replacement of equipment and fixtures, major repairs, and resurfacing	Routine maintenance and minor repairs and common area furniture.
Painting		
Exterior	Painting an entire building or Project	Touch-up painting; graffiti removal
Interior- common areas	Any complete common area room	All other interior painting
Interior- units	Complete unit paint	Touch up, individual rooms
Paving		
Asphalt or Concrete Sidewalks, Parking Lots, & Driveways	Major repaving, resurfacing, seal coating, striping, or installation	Patching, crack sealing, and concrete grinding
Plumbing		
Bathtubs, Shower Enclosures, Sinks, Toilets, Water Heaters, Water Softeners (when on well water), Pumps	Any replacement listed or if there is a <u>complete</u> bathroom remodel eligible items include faucets, shower curtain rods or doors, toilet paper holders, medicine cabinets, etc.	Repairs, parts replacement (includes faucets, shower curtain rods or doors, toilet paper holder, medicine cabinets)
Water, Sewer Pipes, & Septic Systems	Replacement or major repair (includes trenchless sewer pipe replacement), tree root removal, septic pump, pipes	Fixing leaks, use of cameras, pumping septic tanks, monitoring and maintaining septic tanks, chemicals, clogs and roto-cleanouts, filter replacement, valves
Structures		
Accessibility Features	Extensive accessibility work, ramps, railings, unit conversion	Minor repairs, modifications, and hardware
Biohazard Clean Up (Includes removal of asbestos, mold, lead-based paint, large amounts of standing water, and bodily fluid clean up)	Any removal	N/A
Remediation & Restoration	Eligible if cost is not reimbursed or covered by insurance proceeds.	N/A
Elevated Walkways and Balconies	Major replacement of components	Minor repairs

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Relocation Costs	Costs not covered or eligible by insurance are eligible for payment/reimbursement from the <u>Operating Reserve Account</u> .	Meals are not covered unless it is an overnight situation. See additional guidance on Relocation in the Operating Reserve Account Administrative Notice.
Roofing	Major replacement, including coating, flashing, gutters, downspouts, and eaves	Minor roof repairs, gutter cleaning, downspout, and eaves repair
Siding/Stucco	Extensive replacement	Patching, panel replacement
Solar (Owned System)	Startup costs, if any, panel replacement including replacement of inverters and battery storage.	Maintenance (cleaning of panels) and other maintenance costs are not usually incurred by the Project if leased
Walls- Interior	Major replacement (Full wall/room)	Repairing holes, drywall patches
Windows	Any replacement	Repairs, hardware and glass replacement, caulking, and sealing
Window Screens and Window Coverings	Replacement of window screens or window covering for multiple units or as a project upgrade	Replacement of window screens or window coverings (blinds, shades, curtains) for single units or turnover, any hardware replacement, fixing screens
Bedbug Eradication	Ineligible for Replacement Reserve, but eligible for Operating Reserve	N/A
Insurance Deductible for Losses that pay for major repairs	Eligible	N/A
Other Allowable Costs		
Construction Management Fees.	Eligible if included in the bid approval package for the capital project and does not reduce the reserve account below the required minimum balance. Approval remains at the Agency's discretion.	N/A
Mobile Home Park – HCD Only		
Concrete Pad for mobile home	Preparation of mobile home lot and/or pad replacement	N/A
Meters (Electric, Gas, & Water)	Any replacement (park owned only)	N/A
Mobile Home Installation/ Demolition	Installation (park owned only)	Demolition (resident-owned only)
Pedestals	Installation or replacement	Breakers, minor wiring issues

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Shed (maintenance, resident shed, if required by the park)	Installation of the shed may include a concrete pad (resident-owned sheds ineligible)	Minor repairs
Well	Installation, replacement, or major repair.	Minor repairs