



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY  
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

# Request for Proposals

Contract Administrators for

Project-Based Section 8

Housing Assistance Payments (HAP) Contracts

Amendment No. 2 - November 15, 1999

## **1. Section 3, Statement of Work**

- Section 3.3, Rental Adjustments, A. Budget Based Adjustments. First paragraph, add at the end “and subject to HUD-approval.” Second paragraph, task number 5, delete entire sentence and insert “Recommend approval/disapproval to HUD. HUD will notify CA of decision and CA will provide owners written notification.”

## **2. Section 4.3, Basic Fee**

- Paragraph 2 discusses a table that lists by state, the total number of units by applicable FMRs. We have refreshed this database and you may find this table at <http://www.hud.gov/fha.mfh/rfp/sec8rfp.html>.

## **3. Section 4.8, Performance Requirements Summary**

Delete IBPS Table and insert revised IBPS Table on pages 5, 6, 7 and 8 of this document.

IBPS, Column D, delete “ADM” and insert “BASIC.”

IBPS, Column F, delete “PENALTY FEE” and insert “DISINCENTIVE DEDUCTION.”

IBPS #1, Column 3, AQL, delete “average of” in first sentence.

IBPS #1, Column 4, % of Basic Fee, delete “5%” and insert “8%.”

IBPS #1, Column 6, Disincentive Deduction, delete “monthly average falls” and insert “reports fall.”

IBPS #2, Column 3, AQL, delete “average of” in first sentence.

IBPS #2, Column 6, Disincentive Deduction, delete “monthly average falls” and insert “reports fall.”

IBPS #13, DELETE

IBPS #14, DELETE

IBPS #18, INSERT THE FOLLOWING:

IBPS #	TASK AND SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF BASIC FEE	INCENTIVE FEE (as % of incentive fee pool)	DISINCENTIVE DEDUCTION (as % of basic fee for IBPS)	QA Method	PAYMENT
18.	Monitoring of owner's follow-up efforts on discrepancies identified as a result of tenant income matching initiatives.  Section 3.5	100% of projects with discrepancies are monitored and reported by the first day of each month. AQL: Monitoring report by 1 <sup>st</sup> of every month.	3%	N/A	3% reduction for every day the AQL is exceeded for any report.	On-Site Reviews Systems Data Reports	Monthly

The following is clarification to the IBPS Performance Requirements Summary.

### **DETERMINING THE ADMINISTRATIVE FEE FOR PROJECT-BASED SECTION 8 HAP CONTRACT ADMINISTRATION SERVICES**

This supplement to the RFP is intended to clarify the methodology HUD will use to determine the administrative fee that it pays to Contract Administrators (CA). It offers further definition of key terms, outlines the fee calculation methodology, and summarizes the performance requirements under the Annual Contributions Contract (ACC).

#### **I. Terms**

**Acceptable quality level (AQL).** The required performance level for each IBPS task. The AQL is specified in the Performance Requirements Summary (PRS) (see Section III below).

**Administrative fee.** The monthly fee HUD pays the CA for each covered unit under HAP contract on the first day of the month. The administrative fee is the total of the basic fee plus the incentive fee. (The maximum basic fee and the maximum incentive fee per unit per month are specified in the ACC.)

**Basic fee.** The amount of the basic fee per unit per month as specified in the ACC for each FMR area in the CA service area. The basic fee is the sum of the IBPS fees paid for performance of each of the core IBPS tasks listed in the Statement of Work (Section 3 of the RFP). HUD may reduce the IBPS fee for an IBPS task if HUD determines that the performance of the IBPS task is below the Acceptable Quality Level (AQL). HUD pays the basic fee to the CA for each covered unit under HAP contract as of the first day of the month during the ACC term.

**Disincentive deduction percentage.** Percentage reduction in the maximum IBPS fee for performance below the AQL. The disincentive deduction percentage for each IBPS task is specified in Column F of the PRS.

**IBPS fee.** The fee per unit per month for performance of an individual IBPS task listed in the Statement of Work. Column D specifies the percentage of the maximum basic fee paid for each IBPS task. The maximum IBPS fee equals the maximum basic fee times the IBPS percentage. The IBPS fee earned may be reduced by any disincentive deduction.

**IBPS percentage.** The percentage of the maximum basic fee (as specified in the ACC) that is paid for performance of each IBPS task. Column D of the PRS specifies the IPBS percentage for each IBPS task.

**Incentive fee.** An additional fee beyond the basic fee that the CA may earn for performance of specified Statement of Work tasks that exceeds HUD acceptable quality level for the IBPS associated with that task.

**Disincentive deduction.** Deductions levied against the IBPS fee for CA performance that falls below the acceptable quality level. The ACC states the disincentive for each IBPS task listed in the Statement of Work task. The PRS (Section 4.8) specifies the penalty for each IBPS task as a percentage of the IBPS fee amount.

**Earned basic fee.** The basic fee amount per unit per month for each IBPS task minus any applicable disincentive deduction for any such IBPS task.

**Incentive fee pool.** The amount set-aside for payment of the incentive fee. This amount is equal to 1% of FMRs, specified in ACC, times the number of units at each respective FMR assigned to the CA at the start of the month.

## **II. Fee Calculation**

### **To determine the maximum basic fee for a particular month:**

- a. For each 2 Bedroom FMR in the covered state, multiply the number of units corresponding to that FMR.
- b. Sum each of the products (of the FMRs times the units).
- c. Multiply this number by the agreed upon basic fee percentage.
- d. The resulting number is the maximum basic fee for that particular month.

A CA's performance with regard to the IBPS will determine the actual earned basic fee amount. The Performance Requirements Summary specifies the standards against which HUD will measure the CA's performance to determine the earned basic fee.

**To determine the maximum incentive fee for a particular month:**

- a. For each 2 Bedroom FMR in the covered state, multiply the number of units corresponding to that FMR.
- b. Sum each of the products (of the FMRs times the units).
- c. Multiply this number by 1 percent.
- d. The resulting number is the maximum incentive fee for that particular month

HUD will evaluate a CA's performance regarding earned incentive fees quarterly. The results of the quarterly assessment will determine if the CA has earned an incentive fee.

**III. Performance Requirements Summary**

A	B	C	D	E	F	G	H
IBPS #	TASK and SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF BASIC FEE	INCENTIVE FEE (as % of incentive fee pool)	DISINCENTIVE DEDUCTION (as % of basic fee for IBPS)	QA Method	PAYMENT
1.	Management & Occupancy Reviews  Section 3.2	Each month, 95% of required reports are provided to HUD, and data entry into HUD systems completed, within 30 days of <b>scheduled</b> completion of the review. AQL: 95%	8%	20% of the Incentive fee pool for achieving 100% on time submissions of acceptable reviews	2% reduction for every 1% that the reports fall below the AQL of 95%	On-Site Reviews Systems Data Reports	Monthly
2.	Document Section 8 Owner Compliance  Section 3.2	Each month, 95% of acceptable reports are provided to HUD within 30 days of M&O Review completion AQL: 95%	5%	20% of the Incentive fee pool for achieving 100% on time submissions of acceptable reviews	2% reduction for every 1% the reports fall below AQL of 95%	On-Site Reviews Systems Data Reports	Monthly
3.	Processing Rental Adjustments  Section 3.3	Each month, 100% of owner requests for rent adjustments and all approved rent adjustments are processed, executed and finalized within 30 days of receipt of owner's request or on the anniversary date of the HAP contract (for AAFs) AQL: 100%	5%	N/A	1% reduction for every 1% that performance falls below the AQL of 100%, except that if performance falls below 75%, a 50% reduction shall apply	On-Site Reviews Systems Data Reports	Monthly
4.	Opt-Out and Contract Termination  Section 3.4	Each month, 100% of opt-out or termination notices are provided to HUD within one business day of notice by owner AQL: 1 business day	5%	N/A	1% reduction for every additional business day (partial days are rounded to the lowest whole day) the average notification time exceeds the AQL of 1 day	On-Site Reviews Systems Data Reports	Monthly

A	B	C	D	E	F	G	H
IBPS #	TASK and SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF BASIC FEE	INCENTIVE FEE (as % of incentive fee pool)	DISINCENTIVE DEDUCTION (as % of basic fee for IBPS)	QA Method	PAYMENT
5.	Provide Resident Data to HUD  Section 3.4	100% of complete resident data is provided to jurisdictional HUD office 90 days prior to contract expiration. AQL: 90 days	5%	30% of the incentive fee pool for providing HUD data an average of 100 days or more prior to the contract expiration	50% reduction if average notification time is from 85-90 days (portions of days are rounded to the nearest whole day) 100% reduction if average notification time is less than 84 days	On-Site Reviews Systems Data Reports	Monthly
6.	Review, verify, and authorize monthly Sec 8 vouchers  Section 3.5	100% of monthly vouchers are processed to ensure the monthly payment to the owner is sent no earlier than the first of the month or no later than the first business day of the month. AQL: 100%	15%	N/A	1% reduction for every 1% the processing of vouchers falls below the AQL of 100%, except that if performance falls below 75%, a 50% reduction shall apply	On-Site Reviews Systems Data Reports	Monthly
7.	Notification of Corrective Actions  Section 3.5	100% of all formal written notifications to HUD are completed within 10 calendar days of CA's verifying and certifying of the vouchers and resolution of overpayments is completed within 30 calendar days. AQL: 100%	3%	N/A	1% reduction for every 1% the of the notifications and resolutions combined falls below the AQL of 100%, except that if performance falls below 75%, a 50% reduction shall apply	On-Site Reviews Systems Data Reports	Monthly
8.	Life Threatening Health & Safety Issues  Section 3.6A	100% of all responses and notifications to owner of life-threatening health and safety issues, inquiries or complaints are completed within one hour of receipt of knowledge of the issue. AQL: 100%	7%	N/A	1% reduction for every 1% of responses/notifications that exceed the AQL of 100% notifications within one hour, except that if performance falls below 75%, a 50% reduction shall apply	On-Site Reviews Monthly Invoices	Monthly
9.	Non-life Threatening Health & Safety Issues  Section 3.6B	100% of all non-life threatening health and safety inquiries and/or complaints are responded to within two business days of notification and follow-up every two weeks until final resolution is reached. AQL: Responses performed	5%	N/A	10% reduction of basic fee for every business day, or part thereof, that the average response time exceeds two	On-Site Reviews Monthly Invoices	Monthly

A	B	C	D	E	F	G	H
IBPS #	TASK and SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF BASIC FEE	INCENTIVE FEE (as % of incentive fee pool)	DISINCENTIVE DEDUCTION (as % of basic fee for IBPS)	QA Method	PAYMENT
		within 2 business days.			business days.		
10.	Section 8 Budgets, Requisitions, Revisions  Section 3.7	100% of all Budget & Annual Requisitions for each HAP contract are submitted at least 90 days prior to the beginning of CA's FY. Revised Budget and Annual Requisitions to reduce future payments are submitted no later than the 1 <sup>st</sup> day of the month following identification of overpayments. AQL: 100% on time submissions	8%	N/A	2% reduction for every 1% below the AQL of 100%	Monthly Invoices FMC Status Reports	Monthly
11.	Year-End Statement  Section 3.7	The year-end statement is submitted within 45 calendar days of the end of the CA's fiscal year. AQL: Submission within 45 days.	8%	N/A	4% reduction for every day the submission exceeds the AQL of 45 days.	FMC Status Report	Annually
12.	Contract Administrator's Audit  Section 3.8	For CAs that must comply with OMB's Circular A-133, unaudited financial statements are submitted within 60 days after CA's FYE. Audited financial statements are submitted no later than 9 months after CA's FYE. For CAs that are not required to comply with OMB's Circular A-133, annual unaudited financial statements are submitted to HUD within 60 days of the end of the CA's fiscal year. For-Profit instrumentality entities shall submit audited financial statements to HUD within 60 days of the end of the CAs fiscal year AQL: 100% on time submissions	3%	N/A	2% reduction for every day that any action exceeds the days allowed by the AQL.	100% Review of Audit	Annually
13.	DELETED						
14.	DELETED						
15.	Renewals of Expiring Sec 8 Contracts  Section 3.10	90% of HAP contracts executed and provided to HUD at least 60 calendar days prior to expiration of the contract. AQL: 90%	12%	20% of the incentive fee pool to monitor, process, & execute 95% of HAP contract documents. An additional 10% of the incentive fee if 100% is attained.	3% reduction for every 1% below the AQL that the HAP contracts fail to be submitted at least 60 days prior to expiration.	On-Site Reviews Data Systems Reports Monthly Invoices	Monthly

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IBPS #	TASK and SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF BASIC FEE	INCENTIVE FEE (as % of incentive fee pool)	DISINCENTIVE DEDUCTION (as % of basic fee for IBPS)	QA Method	PAYMENT
16.	General Reporting Requirements  Section 3.11	90% of reports (16 out of 17 total) submitted within required time frames. AQL: 90% of reports (16 of 17)	5%	N/A	10% reduction for every untimely report submitted below the AQL	On-Site Reviews; Data Systems Reports; Review of submitted reports	Monthly
17.	Monitoring of Physical Inspection Results	95% of projects with unacceptable performance and compliance indicators are notified within 30 days of receipt of report and monitoring follow-up reports to HUD by the 1 <sup>st</sup> day of every month until final resolution is reached. AQL: 95% of initial notifications and follow up reports completed within required time frames.	3%	N/A	follow up monitoring reports are untimely	On-Site Reviews Systems Data Reports	Monthly
18.	Monitoring of owner's follow-up efforts on discrepancies identified as a result of tenant income matching initiatives  Section 3.5	100% of projects with discrepancies are monitored and reported by the first day of each month. AQL: Monitoring report by 1 <sup>st</sup> of each month	3%	N/A	3% reduction for every day the AQL is exceeded for any report.	On-Site Reviews Systems Data Reports	Monthly