
CHAPTER 6. PHA PROPOSAL SUBMISSION

Section 1. Introduction

- 6-1. APPLICABILITY. The PHA is responsible for preparing the PHA proposal. This chapter establishes the procedures for a PHA, whether it is located inside or located outside a central city allocation area, to follow when submitting A PHA proposal. The content of a PHA proposal from both types of PHAs is the same except when otherwise stated in this chapter. Upon receipt of an Field Office request for PHA proposals, a PHA shall review the submission requirements in this chapter. If assistance is required, the PHA should contact the designated MHR who will provide guidance and will arrange for any other necessary Field Office technical assistance. The PHA shall also notify the MHR that its representatives will attend the project planning conference scheduled by the Field Office.
- 6-2. DEVELOPMENT-METHODS. A PHA may use one of three different methods to develop a project. The following are brief summaries of these development methods.
- a. Conventional. The conventional method may be used for either new construction or rehabilitation. Under the conventional method, the PHA is responsible for selecting a site or property and designing the project. After Field Office approval of a PHA proposal which identifies a site or property, the ACC is executed, site engineering studies or property inspections are performed, and the PHA contracts with an architect to prepare the project design and construction documents. Following Field Office approval of these documents, the PHA advertises for competitive bids to build or rehabilitate the project on the PHA-owned site and, after Field Office approval, awards a construction contract to the lowest "responsible" bidder. The contractor is required to furnish a one-hundred (100) percent performance and payment bond * or notwithstanding 24 CFR 85.36(h), other assurances approved by * the Field Office. The contractor receives progress payments from the PHA during construction or rehabilitation and a final payment upon completion of the project in accordance with the construction contract.
 - b. Turnkey. The turnkey method may be used for either new construction or rehabilitation. Under the turnkey method, the PHA advertises for turnkey proposals and selects the turnkey developer who submits the best housing "package" for a site or property owned or to be purchased by the developer.

The PHA then submits a PHA proposal, incorporating the turnkey developer's submission, to the Field Office for approval. After Field Office approval of the PHA proposal, the ACC is executed and the developer prepares the design and construction documents. Following PHA and Field Office approval of these documents, the developer and PHA enter into a contract of sale which is approved by the Field Office. The developer is responsible for providing a completed housing project, which includes obtaining construction financing. Upon completion of project construction or rehabilitation in accordance with the contract of sale, the PHA purchases the project from the developer.

- c. Acquisition. The acquisition method may be used only to purchase existing properties that require little or no repair work (i.e., where the cost of the repair work does not exceed in the aggregate 10 percent of the project total development cost). Under the acquisition method, the PHA identifies the specific properties and after an appraisal and Field Office approval, the ACC is executed, and the PHA acquires the properties. Repair work is completed after acquisition, either by the PHA contracting to have the work done or by having the staff of the PHA perform the work.

6-3. STANDARD PROCESSING TIME. After the Field Office request for PHA proposals, a PHA must prepare and submit the PHA proposal within the standard processing time (SPT) established for the selected development method. The SPT is the number of calendar days from the date of the project planning conference to receipt of the PHA * proposal by the Field Office. (See Chapter 3, Section 12 for statutory time-frame requirements). *

- a. Applicability. The PHA will be advised of the applicable SPT in the Field Office request for PHA proposals. The SPT for PHAs located outside a central city allocation area begins on the date of the project planning conference for each specific PHA proposal. The SPT for PHAs located inside a central city allocation area begins on the date of the project planning conference for the first PHA proposal submitted and for any subsequent PHA proposal begins on the date of the previous PHA proposal submission.
- b. Development Method SPTs. The SPTs (calendar days) for PHA preparation and submission of PHA proposals under the various development methods are as follows:
 - (1) Conventional: Ninety (90) days.
 - (2) Turnkey : Ninety (90) days.

(3) Acquisition: Sixty (60) days.

(4) ACC for Front-End Funds (All Development Methods):

(a) Initial submission: Thirty (30) days.

(b) Complete submission: One hundred and twenty (120) days for the conventional or turnkey method or ninety (90) days for the acquisition method.

6-4. PROJECT PLANNING CONFERENCE. A project planning conference shall be held in the Field Office to discuss all aspects of PHA proposal submission and project development.

a. Participants. The MHR shall coordinate the meeting and lead the discussion. A representative designated by each Branch Chief within the Housing Division (Valuation, AE and Cost Mortgage Credit) and a representative of AHM shall attend to address specific technical areas. In addition, representatives from the Labor Relations and EMAD Staffs, and the Legal, CPD, and FHEO Divisions shall be available should questions arise in their areas. The PHA Executive Director, or designee, should be accompanied by any architect or development manager the PHA plans to employ for assistance in project development activities.

b. Discussion Items. The PHA may submit a list of specific discussion items to the MHR prior to the date scheduled for the project planning conference. In addition to the items identified by the PHA, the following should be discussed:

(1) the general processing procedures and major processing stages for the selected development method;

(2) the specific requirements for a complete and approvable PHA proposal;

(3) the development requirements identified in Chapter 3, including a discussion of the special features or facilities to be included in the Turnkey Developer's Packet or the PHA architect's project design;

(4) the site and neighborhood standards, site selection, use of fee appraisers, and, if the conventional or acquisition development methods are involved, PHA site and property options;

(5) any coordination proposed or required with other local agencies including coordination of the Intergovernmental Review process in accordance with 24 CFR Part 52 as described in paragraph 3-72.

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- (6) any proposed PHA modifications to the standard Turnkey Developer's Packet, including agreement-on any deletions or additions;
- (7) the availability and reuse of successful project designs;
- (8) the availability of HUD-owned or HUD-held properties (acquisition, or rehabilitation using the conventional method) and assistance from the Property Disposition Branch;
- (9) the PHA schedule (only for PHAs located inside a central city allocation area) for submitting PHA proposals to the Field Office, including approval of extensions and terminations to the "set-aside";
- (10) the project development schedule, including agreement on the dates scheduled for major processing stages, and the need for all parties to adhere to the scheduled dates to assure that the number of units will be developed with the funds reserved;
- (11) the scope of architectural or development manager services and fees, including the content of the PHA architect's and development manager's contracts (PHAs are encouraged to bring drafts of the proposed contracts);
- (12) procedures for obtaining front-end funds, including ACC execution and advances for preliminary planning expenses, such as for PHA architect or development manager fees, site options, site acquisition and site engineering surveys;
- (13) fair housing and equal opportunity requirements, including the civil rights laws, PHA employment practices, and employment of minority and women-owned business enterprises;
- (14) the PHA architect option to submit preliminary drawings (Chapter 9), instead of schematic drawings, with the PHA Proposal; and
- (15) the need for the PHA to promptly notify the MHR of any problems being encountered so that assistance may be provided by Field Office staff to keep the project on schedule.

c. Letter of Understanding. The MHR, immediately following the project planning conference, shall prepare a letter to the PHA for the Housing Director's signature. The letter shall summarize the agreements reached at the project planning conference and shall notify the PHA that, unless advised otherwise within ten (10) days of the date of the Housing Director's letter, the Area Office will proceed on the basis of the agreements identified in the letter. A copy of the Housing Director's letter shall also be sent to each of the Area Office participants in the project planning conference.

*6-5. PHA REQUEST FOR FRONT-END FUNDS. If the Area Manager authorized execution of an ACC to provide front-end funds to the PHA, the PHA shall submit the documents identified in this paragraph to the Area Office within thirty (30) calendar days of the date of the project planning conference. The Area Office review of these documents shall be performed in accordance with Chapter 7. For a PHA located inside a central city allocation area, reservation and notification procedures in paragraphs 7-123 and 7-124 shall be used upon Area Office approval. Following Area Office approval of this initial submission, the PHA shall submit a complete PHA proposal pursuant to the requirements of this chapter for the applicable development method.

a. All Development Methods. The following shall be submitted:

- (1) architect's and/or development manager's contract (paragraphs 6-22 and 3-19);
- (2) project development schedule (paragraph 6-24);
- (3) demonstration of financial feasibility (paragraph 6-28);
- (4) ACC and related documents (paragraph 6-29);
- (5) requisition for development advances (paragraph 6-30);
and
- (6) the date by which a complete PHA proposal will be submitted to the Area Office. *

b. One to Four Family Properties. A PHA proposing to rehabilitate one to four family properties using the conventional method or proposing to purchase existing one to four family properties using the acquisition method shall also submit the site information identified below:

- (1) Neighborhood map. A map identifying specific neighborhood boundaries (e.g., streets or rivers) within which the PHA proposes to acquire properties;
- (2) Neighborhood description. A narrative description of the structure types, unit sizes (number of bedrooms) and condition of the typical housing in each of the specified neighborhoods; and
- (3) Availability of housing. Evidence demonstrating that the type of housing to be acquired by the PHA is regularly offered for sale and that the price range, including the cost of rehabilitation or repairs, is consistent with the applicable cost limitations.

6-6. EXTENSION OF PHA PROPOSAL SUBMISSION DEADLINE. A PHA may request an extension of up to thirty (30) calendar days from the deadline date for submitting a PHA proposal by providing documentation which justifies Area Office approval of a revised PHA proposal submission date. If a PHA proposal or request for an extension is not received by the deadline date, the contract authority will be automatically recaptured by the Area Office.

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Section 2. PHA Proposal Content

6-21. APPLICABILITY. PHA proposals, regardless of the development method selected, shall contain the documentation identified in this section. Section 3 establishes the procedures for inviting and selecting turnkey proposals on which to base a PHA proposal under the turnkey method.

6-22. PHA ARCHITECT'S CONTRACT. The PHA shall select an architect and prepare a proposed PHA architect's contract in accordance with the requirements of Chapter 3, Section 2, for the applicable development method. The PHA proposal shall include the completed PHA architect's contract based on the agreements reached at the project planning conference. The PHA shall also submit a summary of the designated PHA architect's experience and qualifications. The summary shall identify each housing project, included in the architect's experience, and the project number (applies to HUD assisted or HUD insured projects only), location, number of units, structure type, total project cost, and the extent and nature (e.g., design, inspection) of the architect's services relating to these projects.

6-23. TURNKEY PROPOSAL. PHA proposals under the turnkey method shall contain the PHA selected turnkey proposal and all related documents provided by the turnkey developer. Only the selected turnkey proposal will be submitted to the Area Office and each PHA proposal shall contain a copy of the request for proposals (RFP) and the Turnkey Developer's Packet used by the PHA, and a PHA certification that the turnkey proposal was selected on the basis of the evaluation and rating criteria identified in Section 3 of this chapter and in the Turnkey Developer's Packet.

6-24. PROJECT DEVELOPMENT SCHEDULE. Each PHA proposal shall contain a project development schedule based on the agreements reached at the project planning conference. The schedule shall also reflect the PHA architect or turnkey developer estimates of required time. However, any estimates that exceed the applicable SPTs established in this Handbook shall be accompanied by documentation justifying and requesting Area Office approval of additional time. The project development schedule shall include an estimate of the number of calendar days for each of the following:

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- a. Site Acquisition. For the conventional or acquisition method, the schedule shall state the number of days required from Area Office approval of the PHA proposal to PHA submission of the site or property acquisition documents (Chapter 8) and the anticipated closing date. For projects, involving one to four family properties, the schedule shall demonstrate that all properties will be acquired by the PHA within one year of ACC execution and shall identify the number of units and dates by which the PHA will submit property specific site acquisition documents (Chapter 8).
 - b. Project Design. Construction or Rehabilitation. For the conventional or turnkey method, the schedule shall state the number of days required from:
 - (1) Area Office approval of the PHA proposal to PHA submission of the design documents (Chapter 9) or optional PHA submission of the construction documents (Chapter 10);
 - (2) if applicable, Area Office approval of the design documents to PHA submission of the construction documents (Chapter 10);
 - (3) Area Office approval of the construction documents to PHA submission of the contract award documents (Chapter 11); and

- (4) Area Office approval of the contract award documents to project completion.

6-25. SITE INFORMATION. The PHA or turnkey developer shall select sites or properties that comply with the site and neighborhood standards identified in Chapter 3. The PHA proposal shall contain the following:

- a. Form HUD 52651. The PHA shall submit an original of the Preliminary Site Report (Form HUD 52651) for each site. However, a single Form HUD 52651 may be submitted for sites consisting of several contiguous parcels and having exhibits and information applicable to all parcels.
- b. Site Location. The PHA shall submit a map showing the location of the parcels or sites. The location of the nearest streets, shopping areas, parks, schools, employment areas, recreation areas, community facilities, fire and police stations, emergency medical facilities, and distance to public transportation shall be identified on the map.

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Existing and proposed facilities should be clearly designated as such on the map. The map should also show the percentage of the population by race in the census tract.

- c. Schools. For projects to be occupied by families with children, the PHA shall obtain and submit a letter from the school board which indicates the following:
 - (1) the schools that are near the site;
 - (2) if there is busing in the community, the schools which would serve the project occupants;
 - (3) any future busing plans, including identification of the schools that would be affected; and
 - (4) the current and expected enrollment (minority and non-minority) of these schools and their capacity to absorb the number of school aged children expected to reside in the proposed project.
- d. Facilities and Services. The PHA shall submit a statement addressing the adequacy of existing and proposed facilities and services for the occupants of the proposed project. In the case of proposed facilities or services, the statement shall identify the source of funding and the anticipated availability date.

- e. Housing Opportunities. The PHA shall submit a statement demonstrating that the proposed site complies with the housing opportunities requirements identified in paragraph 3-77.
- f. Environmental. The PHA shall submit a statement addressing The environmental concerns considered by the PHA and demonstrating compliance with the requirements of Chapter 3, Section 7.
- g. Relocation Requirements. If applicable, the PHA shall submit a statement identifying:
 - (1) the name and address of each site occupant on the date the PHA proposal is submitted;
 - (2) the number of persons, indicating the number and sex of adults and children, in each occupant household;

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- (3) the combined monthly gross income of all adults in each occupant household;
 - (4) the tenure (renter or owner) of each occupant household and business and the length of occupancy;
 - (5) the type of notice to be issued to each occupant; and
 - (6) the estimated cost of any required relocation assistance and the extent that CDBG funds are being made available for relocation costs.
- h. Site Control. The PHA shall submit a copy of the option agreement, purchase contract, or other document giving site control for a period of at least sixty (60) days, including extensions, from the date of PHA proposal submission. Options for sites or properties to be developed under the conventional or acquisition method shall be evidenced by an offer of Sale of Land (Form HUD 51971) executed by each owner.
- i. Zoning. The PHA shall submit a statement addressing the adequacy of current zoning for the proposed project. If current zoning does not permit the intended use, the PHA shall identify the proposed action for rezoning, and indicate the likelihood of obtaining the necessary zoning changes or variations without delaying development of the project.

- j. Title Information. The PHA shall submit title information in the form of a title opinion or report and a recordation plat to demonstrate that good title can be obtained and that there will be no encumbrances which would interfere with the development of the proposed project. At the time of transfer, title must be good and marketable, and free of any mortgage, lease, lien or other encumbrances, such as use or building restrictions, zoning ordinances, easements, or rights-of-way which would affect the value or proposed use of the site.
- k. Site Survey. The PHA shall submit a "transit survey" prepared by a surveyor or engineer, drawn to a scale of one inch to forty feet (1" = 40') or larger, showing:
- (1) the North point, property lines, and dimensions;
 - (2) the community, county, and State in which the property is located, and the lot and block number of the property and adjacent properties;

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- (3) the location and dimensions of all rights-of-way or easements;
 - (4) contours indicating current grades;
 - (5) an outline and dimensions of any existing structures;
 - (6) the location and size of utilities; and
 - (7) the location of any known subsurface conditions.
- l. Site Characteristics. The PHA shall submit a statement addressing the following:
- (1) the total square feet of the site and the estimated square foot area available for constructing the proposed project after deducting areas for streets, easements, and unbuildable land;
 - (2) the topographic and physical characteristics of the site, such as slopes and known subsurface conditions.
 - (3) the capacity of existing streets and utilities (e.g., telephone, water, sewerage, gas, and electric) to serve the proposed project;
 - (4) if substantial extension, improvement, or relocation of existing streets or utilities will be required, the PHA

shall submit a written assurance from the responsible local agency that such work will be completed in time to serve the proposed project; and

(5) the adequacy of the site for the intended use.

m. Intergovernmental Review. The PHA shall submit evidence, in the form of the signed and dated SF-424, that it initiated the Intergovernmental Review, where applicable, and as described in * paragraph 3-72.

6-26. PROJECT DESCRIPTION. The PHA proposal shall contain a description of the proposed project concept as required by this paragraph. The purpose of the description is to illustrate the designer's intent, to verify basic compliance with applicable criteria, to estimate costs, and to judge the general qualities of the proposed project. To decrease processing time, the design documents (Chapter 9) may be submitted instead of the minimum requirements stated in this paragraph.

a. Project characteristics. The following project characteristics shall be submitted:

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(1) All Housing Types: A description of the number of:

(a) buildings by structure type;

(b) stories in each building;

(c) units by household type and unit size (number of bedrooms) in each building;

(d) units by structure type;

(e) units in the project; and

(f) the type and amount (square feet) of non-dwelling space.

* (2) One to Four Family Properties: FHA statement of appraised value (Form HUD 92800-5B) for each property.

b. Density. The PHA shall submit a statement as to the proposed density (and basis) for the project. If applicable, the PHA shall submit the required demonstration for the use of high-rise elevator structures (paragraph 3-75).

c. Outline Specifications. For new construction and rehabilitation projects, an Outline Specification (Form HUD 5087) shall be

submitted to describe the materials and methods of construction, finishes, and equipment to be provided.

- d. Work Write-Ups. For projects involving rehabilitation or acquisition of specific properties, preliminary work write-ups shall be submitted to describe the extent and nature of work required to rehabilitate or repair each property.
- e. Photographs. For projects involving rehabilitation or acquisition of specific properties, photographs of typical interior and exterior buildings and units shall be submitted to illustrate the extent of rehabilitation or repairs required.
- f. Site Plan. For new construction projects, the PHA shall submit a site plan (schematic drawing) based on available topographical information and known subsurface soil conditions identifying:
 - (1) the outline and dimensions of each structure (dwelling and non-dwelling);

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- (2) the existing and proposed locations of streets, easements, and utilities (e.g., telephone, water, sewerage, gas, electric);
 - (3) the distance of utilities from the site boundary;
 - (4) proposed foundations, building grades, drainage swales, and extent of grading required; and
 - (5) the proposed placement of trees and shrubs, and primary land uses such as placement of buildings, play fields, tot lots, conversational groupings and parking or other paved areas.
- g. Schematic Drawings. For new construction projects, schematic drawings shall be submitted to identify:
 - (1) typical building elevations;
 - (2) typical building floor plans for each structure type, showing the gross square feet of floor area, and the area for each type of non-dwelling space;
 - (3) typical floor and wall sections, mechanical features and equipment; and

(4) typical unit floor plans for each unit size and structure type.

h. Utility Combination. A Comparative Analysis of Utility Costs (Form HUD 51994) shall be submitted. The PHA may use the Form HUD 51994 prepared by the Area Office or the PHA or turnkey developer may submit a revised Form HUD 51994 prepared in accordance with paragraph 3-148.

6-27. PRELIMINARY COST ESTIMATES. The PHA proposal shall contain a preliminary cost estimate for each of the major development accounts identified below. A detailed description of the cost accounts relating to the development of a public housing project is provided in Chapter 3, Low-Rent Housing Accounting Handbook (HB 7510.1).

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a. New Construction and Rehabilitation. A preliminary cost estimate shall be submitted for each of the accounts specified below. For turnkey projects, the cost estimate shall identify the total amounts for each item and state separately the amounts for the PHA and the turnkey developer. The amounts for Items (2) through (6) shall be based on the current prevailing Davis Bacon wage rates as determined by the Secretary of Labor and provided by the Labor Relations Staff and shall include any applicable social security and sales taxes, insurance and bond premiums, and a pro rata share of the contractor's fee and overhead. The cost estimate shall be based on construction costs as of the PHA proposal submission date (for turnkey projects, the deadline date specified in the RFP) and shall include the following:

- (1) Site (Property): the amount for the land and, if applicable, the amount for existing structures;
- (2) Site Improvements: the amount for normal site improvements (e.g., grading, installation of utility service, streets, parking areas, landscaping) and the amount for any special improvements required because of unusual site conditions (e.g., pilings, caissons, underpinnings);
- (3) Dwelling Construction: the amount attributable to dwelling structures;
- (4) Dwelling Equipment: the amount for refrigerators, ranges, shades and similar equipment provided in dwelling structures;

- (5) Non-dwelling Construction: the amount attributable to management, maintenance and community space or structures;
- (6) Non-dwelling Equipment: the amount for equipment provided in non-dwelling space or structures; and
- (7) Architectural and Engineering Services: the amount for preparing site surveys and maps, special engineering studies and architectural drawings and specifications, and a separate amount for PHA inspection and contract administration services.

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- b. Existing Housing. For projects involving acquisition of specific properties, a preliminary cost estimate shall be submitted, if applicable, for each of the above mentioned accounts based on the minor repair work required. The amount for site (property) shall reflect the owner's "asking price".

6-28. DEMONSTRATION OF FINANCIAL FEASIBILITY. The PHA proposal shall contain a demonstration of financial feasibility.

- a. PHAs Eligible under PFS. In order for a project to be financially feasible, a PHA that is eligible under the Performance Funding System (PFS) must demonstrate that the estimated operating expenses for the proposed project are reasonable and will not exceed the estimated operating income for the first fiscal year of operation. The PHA demonstration shall be based on a 95 percent occupancy level by households having an income in proportion to the broad range of income levels for eligible households (including 20 percent very low-income) prevailing in the community. In preparing the demonstration, consideration may also be given to the amount of operating subsidy that would be made available under PFS for the project under either a separate ACC or a consolidated ACC.
- b. PHAs not Eligible under PFS. One of the following demonstrations shall be used for PHAs in Alaska, Guam, Puerto Rico, or the Virgin islands:
 - (1) The estimated operating expenses for the first fiscal year after the end of the initial operating period (EIOP) will not exceed the estimated operating income (without operating subsidy) for the same period. The estimates of operating expenses and operating income shall be made in accordance with the instructions on

the demonstration of financial feasibility; or

- (2) If the estimated operating expenses exceed the estimated operating income, the project may be considered feasible if it can be demonstrated that the amount of operating subsidy for which the PHA would be eligible, on a per unit month (PUM), is equal to or greater than the annual PUM operating deficit of the proposed project. The amount of operating subsidy for which the project would be eligible shall be determined by the non-PFS formula established for a specific PHA by the Assistant Secretary for Housing for the year in which the PHA proposal is submitted to the Area Office.

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6-29. ANNUAL CONTRIBUTIONS CONTRACT. A PHA located inside a central city allocation area will be submitting ACC documents only after Area Office approval of the PHA proposal (Chapter 7, Section 12). A PHA located outside a central city allocation area will have received the ACC documents with the Area Office request for PHA proposals. A PHA located outside a central city allocation area shall retain one signature copy and submit with its PHA proposal three original signature copies of the following:

- a. Form HUD 53010. Part One of the ACC (Form HUD 53010) dated and signed by the authorized PHA official. Part Two should not be returned.
- b. Forms HUD 274 and HUD 51999. The Designation of Depository for Direct Deposit of Loan or Grant Funds (Form HUD 274) and the General Depository Agreement (Form HUD 51999) dated and signed by the authorized PHA official and bank representative.
- c. Forms HUD 92040 HUD 9201, and HUD 5412. The Project Loan Note (Form HUD 9204), the Permanent Note (Form HUD 9201), and the Note Signature Certificate (Form HUD 5412) dated and signed by the authorized PHA official.
- d. PHA Resolution. A certified PHA Board resolution authorizing the appropriate PHA official to execute the ACC, General Depository Agreement, Project Loan Note and the Permanent Note.

6-30. DEVELOPMENT ADVANCES. A PHA may obtain development advances after ACC execution by the Area Office. A PHA located outside a central city allocation area should submit its Requisition for Funds (Form HUD 5402) and Request for Approval of Advances for Non-Permanently Financed Projects (Form HUD 5216) with the

PHA proposal so that the requisition may be processed immediately after ACC execution. A PHA located inside a central city allocation area will be submitting requisitions for funds with the ACC documents after Area Office approval of the PHA proposal Chapter 7, Section 12).

- a. Eligible Expenses. Funds may be advanced to pay for materials or services related to PHA proposal development and site acquisition. Eligible expenses may also include general PHA administration, such as PHA staff salaries and travel related to project development; architectural

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and development manager services for selection of sites or preparation of invitations and evaluation of turnkey proposals; and site acquisition and related costs such as option fees, and engineering surveys. In addition, certain pre-ACC obligations (paragraph 3-14) may be eligible expenses.

- b. Limitation. The limitation on the amount of development advances is as follows:
 - (1) For projects being developed under the turnkey method, advances prior to execution of the contract of sale shall be limited to one (1) percent of the total development cost stated in the executed ACC.
 - (2) For projects being developed under the conventional or acquisition method, advances prior to recordation of the deed and declaration of trust for sites or properties shall be limited to one (1) percent of the total development cost stated in the executed ACC. However, after approval of the PHA proposal by the Area Office, an additional amount may be advanced for site or property acquisition not to exceed the amount approved by the Area Office for site or property acquisition.
- c. PHA Request. Each PHA request for an advance must be submitted on Form HUD 5402, Requisition for Funds. The initial request should not exceed the amount of funds required for the first calendar quarter after Area Office execution of the ACC and shall be accompanied by the following:
 - (1) a detailed explanation of the nature of each obligation or proposed obligation, the amount, and the reason each obligation is necessary

for the proposed project; and

- (2) a PHA certification that blanket fidelity bond and any other insurance coverage required by Chapter 3, Section 3, is in force.

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Section 3. PHA Selection of Turnkey Developer

6-37. APPLICABILITY. A PHA intending to use the turnkey development method is responsible for selecting the turnkey developer. This section establishes the requirements for preparing a Turnkey Developer's Packet, evaluating and rating turnkey proposals, and selecting a turnkey developer. A PHA proposal submitted to the Area Office pursuant to Section 2 must evidence compliance with the requirements of this section for all turnkey proposals.

6-38. TURNKEY DEVELOPER'S PACKET. The PHA shall prepare a Turnkey Developer's Packet which is consistent with state and local requirements, the public housing program regulation (24 CFR 841) and this Handbook, and the number of units, by housing type, household type, and structure type identified in the Area Office request for PHA proposals. The PHA should review the standard Turnkey Developer's Packet, which identifies the general program requirements, and be prepared to discuss and reach agreement on any PHA modifications to the standard Turnkey Developer's Packet at the project planning conference. The PHA shall prepare the detailed project information to be included in the Turnkey Developer's Packet based on agreements reached at the project planning conference and covered in the letter of understanding (paragraph 6-4) and shall only obtain approval for any modifications not previously approved by the Area Office. If technical assistance is required from the Area Office staff, the PHA should contact the designated MHR.

6-39. REQUEST FOR PROPOSALS. The PHA shall prepare a request for proposals (RFP) inviting developers to submit turnkey proposals to sell a completed housing project to the PHA.

a. Content. The IMP shall identify the following:

- (1) housing type (new construction or rehabilitation);
- (2) structure type (detached, semi-detached, walk-up,

row, elevator);

- (3) the number of units by unit size (number of bedrooms);
- (4) the amounts and types of non-dwelling space to be provided;
- (5) the community for which the housing is proposed;

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- (6) the name, address, and telephone number of the PHA Executive Director;
 - (7) the deadline date and time (close of business) and place that turnkey proposals must be submitted; and
 - (8) a statement that interested developers should obtain a Turnkey Developer's Packet, which provides detailed project information, from the PHA.

b. Publication. Although Area Office approval of the RFP is not required, the PHA shall not have the RFP published until agreement has been reached on the Turnkey Developer's Packet at the project planning conference. The RFP shall be published at least once a week for two consecutive weeks in a local newspaper of general circulation. A copy of the RFP shall also be provided to trade associations and minority media, the local association of minority contractors, and businesses meeting the criteria of 24 CFR 135, Employment Opportunities for Businesses and Lower Income Persons in Connection with Assisted Projects. The PHA shall also extend an invitation to developers who have previously expressed an interest to participate in the housing programs to the PHA or the Area Office. The deadline date for turnkey proposals shall be at least thirty (30) days from the date of the initial publication.

6-40. OPENING OF PROPOSALS. The PHA shall not open turnkey proposals until after close of business on the date specified in the RFP. Turnkey proposals received after the deadline date shall be returned unopened by certified mail.

6-41. CONTENT OF PROPOSALS. Turnkey proposals must comply with all requirements of the Turnkey Developer's Packet to be considered by the PHA. Each turnkey proposal shall include:

a. Site Information. The developer shall provide a

draft Preliminary Site Report (Form HUD 52651) for the PHAs use in evaluating turnkey proposals. The developer shall also provide all of the site information identified in paragraph 6-25. However, the developer shall only be required to identify the schools near the site (paragraph 6-25c), provide a general description of the neighborhood (paragraph 6-25e) and identify any site occupants (paragraph 6-25g).

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- b. Project Description. The developer shall provide the applicable information identified in paragraph 6-26, excluding the PHA justification for use of high-rise elevator structures identified in paragraph 6-26b. The developer also has the option to provide the applicable design documents identified in Chapter 9.
- c. Developer's Price. The turnkey developer's price for the proposed project shall be based on construction costs as of the deadline date specified in the RFP and shall identify the amounts for each of the items specified in paragraph 6-27a, with the following exceptions:
- (1) Dwelling equipment and non-dwelling equipment: the developer's amounts shall not include any amounts for PHA furnished equipment as specified in the Turnkey Developer's Packet; and
 - (2) Other: the turnkey developer shall submit separately stated amounts for construction financing (including the interest rate), title fees, closing costs, developer's fee and overhead, and State or local taxes (excluding real property taxes).
- d. Developer's Experience. The developer and the developer's contractor shall provide the following information relating to their housing construction and development experience in connection with:
- (1) HUD projects: a Previous Participation Certificate (Form HUD 2530), which identifies the project number, location, units, and current development status for all HUD assisted housing projects (e.g., Public Housing, Section 8, Section 202) and HUD insured projects (e.g., Section 221(d)(4), Section 236, Section 207);
 - (2) Other projects: a list of other projects (excluding HUD assisted and HUD insured projects) developed,

identifying the number of units, structure type, community, total project cost and current development status; and

- (3) Financial statement: a Personal Financial and Credit Statement (Form FHA 2417). The PHA will not be authorized to release any financial information, except to the Area Office, without the express written consent of the developer or contractor.

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e. Developer's Certification. The developer shall submit a written certification which indicates that:

- (1) the developer has read and understood the provisions of the turnkey contract of sale; and
- (2) if the developer's turnkey proposal is selected, the developer will comply and assure that any contractors or sub-contractors employed by the developer will comply with the requirements of the contract of sale.

f. Project Development Schedule. The developer shall provide an estimate of the number of days required for each of the processing actions identified in paragraph 6-24b.

6-42. PROPOSAL REVIEW. The PHA shall review each turnkey proposal received by the deadline date to determine that it complies with the RFP and Turnkey Developer's Packet.

a. Non-Responsive Proposals. The PHA shall consider a turnkey proposal to be "non-responsive" if critical information is missing or the turnkey proposal represents a major deviation from the Turnkey Developer's Packet. In such instances, the PHA shall notify the developer that the turnkey proposal is not responsive, shall identify the reason, and shall indicate that it will not be considered by the PHA. Examples of non-responsive turnkey proposals include those where:

- (1) a different structure type, housing type, or number of bedrooms is proposed;
- (2) more units are proposed than were included in the RFP;
- (3) the DC&E portion of the developer's price exceeds 110 percent of the base project prototype cost;
- (4) the MPS or any additional public housing program

design standards have not been substantially satisfied; or

- (5) the developer's price breakdown is omitted.

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- b. minor omissions. In the event of minor omissions (e.g., the developer did not include the Previous Participation Certificate, site maps, or financial statements), the PHA may give the developer additional time to submit such missing information.

6-43. PROPOSAL EVALUATION CRITERIA. The PHA, using the rating system identified in the Turnkey Developer's Packet pursuant to paragraph 6-44, shall evaluate and rate each turnkey proposal objectively on the basis of the following criteria:

- a. Developer's Price: the total developer's price as a percent of the median developer's price for all responsive turnkey proposals;
- b. DC&E Cost: the developer's dwelling construction and equipment cost as a percent of the base project prototype cost;
- c. Developer's Experience: the ability of the turnkey developer and contractor to build a housing project of the type and scale proposed, including the number, complexity and location of construction activities currently underway;
- d. Physical Site Characteristics: the suitability of the site for housing use and freedom from adverse environmental conditions;
- e. Site Plan: the extent that the site is appropriate for the intended use (e.g., occupants, density) and the site plan provides open spaces, outdoor recreation areas, and promotes economical project construction and maintenance, and minimizes displacement of site or property occupants;
- f. Site Location: the proximity and accessibility of the site to transportation, employment, recreation and similar facilities and the adequacy of such facilities;
- g. Housing and Employment opportunities: the absence of low income or assisted housing concentrated in the proposed neighborhood or area of the community and extent that the developer proposes to employ minority or female-owned

businesses in project development activities;

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- h. Architectural Treatment: the degree to which the design, and placement of buildings is aesthetic and complements adjacent development and the building and unit floor plans and layout provide functional housing arrangements;
- i. Special Design Features: the degree to which the design incorporates features that provide for efficient project operations, lower maintenance costs, and the safety and security of the occupants;
- j. Energy Savings: the extent that the design provides for long-term energy savings by incorporating the use of solar energy or other energy conservation features;
- k. Materials and Equipment: the extent that durable, low maintenance, construction material and equipment will be used;
- l. Overall Project Design: the extent that the proposed housing, including non-dwelling facilities, meets the design and functional objectives indicated in the Turnkey Developer's Packet;
- m. Other PHA Criteria: any other objective criteria established by the PHA and specified in the Turnkey Developer's Packet.

6-44. PROPOSAL RATING AND SELECTION. The PHA shall rate each responsive turnkey proposal on the basis of the evaluation criteria identified in the Turnkey Developer's Packet pursuant to paragraph 6-43. The PHA shall select and submit only the highest rated turnkey proposal to the Area Office. However, if the highest rated turnkey proposal was assigned a zero by the PHA for any criterion, the PHA may select the next highest rated turnkey proposal for which no criterion was assigned a zero, and submit both proposals to the Area Office.

- a. Standard Rating System. The standard rating system shall be used if special PHA criteria were not established. The maximum rating under the standard system is 84 points. However, a turnkey proposal must receive a score of at least 50 points to be selected by the PHA based on the following rating procedure:
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- (1) Developer's Price. A turnkey proposal will be considered as average, if the developer's price is between 90 percent and 100 percent of the median developer's price for all responsive turnkey proposals; poor, if the developer's price is more than 100 percent; and superior, if the developer's price is less than 90 percent. Points for developer's price shall be assigned as either superior (10 points), average (5 points), or poor (zero points).
 - (2) DC&E Cost. A turnkey Proposal will be considered as average, if the DC&E portion of the developer's price is between 95 percent and 105 percent of the base project prototype cost; poor, if the DC&E costs is more than 105 percent; and superior, if it is less than 95 percent. Points for DC&B cost shall be assigned as either superior (10 points), average (5 points), or poor (zero points).
 - (3) Developer's Experience. The PHA shall evaluate the previous experience of each developer and contractor in housing construction. Points for developer and contractor experience shall be assigned as either: superior (10 points), average (5 points), or poor (zero points).
 - (4) Site and Design Criteria. The PHA shall evaluate the turnkey proposals for each of the nine (9) criteria identified in paragraph 6-43d thru l and shall assign points as superior (6 points), average (3 points), or poor (zero points).
- b. Optional Rating System. The optional rating system shall be used if special PHA criteria were established. The maximum rating under the optional system is 100 points which provides sixteen (16) discretionary points for use by the PHA. Under this system, a turnkey proposal must receive a score of at least 60 points to be selected by the PHA. The standard rating procedure shall be used to evaluate each criterion 6-43a through l. The sixteen (16) discretionary points shall be distributed among the PHA established criteria and shall be assigned as follows: superior (the number of points, not exceeding 16, assigned to the criterion by the PHA), average (one-half of the number of points assigned to the criterion), or poor (zero points).

c. PHA Documentation. The PHA, upon completion of its evaluation, shall for two years maintain and make available for public inspection the following:

- (1) the Request for Proposals;
- (2) the Turnkey Developer's Packet;
- (3) a copy of each turnkey proposal, the turnkey proposal rating sheet, and any related correspondence, except financial statements unless the written approval of the developer or contractor is obtained; and
- (4) a summary statement identifying the turnkey proposals received; the turnkey proposals determined unresponsive; the rating assigned to each responsive turnkey proposal; and a statement addressing the basis for the ratings assigned to each criterion for the selected turnkey proposal.