


U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING


DAY 2 MODULE 3

**GENERAL PROGRAM REQUIREMENTS AND IMPLEMENTATION
(CHAPTER 6)**

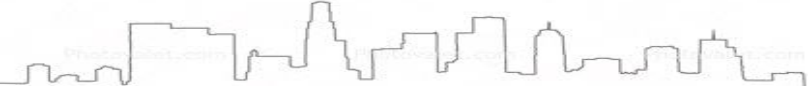
**ENERGY AND PERFORMANCE INFORMATION CENTER
(EPIC)**



CHAPTER 6: TOPICS



- Overview
- Procurement, Contract Administration
- Wage Rates
- Force Account Labor
- Administrative Requirements and Other Compliance
- Real Property Acquisition and Relocation



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PROCUREMENT AND CONTRACT ADMINISTRATION




PROCUREMENT AND CONTRACT REQUIREMENTS

24 CFR Part 85, Replaced with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* found at 2 CFR Part 200:

- **Procurement with Capital Funds, PHAs must:**
 - Comply with 2 CFR 200.317-200.326. (substantially the same as 24 CFR 85.36, except for thresholds for micro/small purchases).
 - A PHA must have its own Procurement Policy consistent with 2 CFR 200 and State law.
 - A PHA have written ethics standards and sanctions. Conduct transactions in a manner that provides, to the extent possible, full and open competition.
 - Perform an independent cost estimate (ICE) for all procurements above micro purchase threshold in 2 CFR Part 200.320.
 - Determine price reasonableness using either:
 - Price Analysis.
 - Cost Analysis.

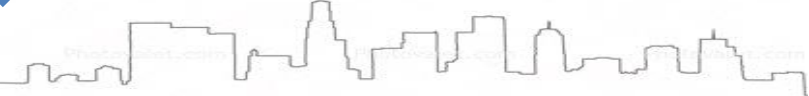


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10 BASIC PROCUREMENT STEPS

- 1 • Develop a Specification or Statement of Work (SOW)
- 2 • **Complete an Independent Cost Estimate (ICE)**
- 3 • Determine rationale for procurement method
- 4 • Solicit & receive quotes/bids/proposals
- 5 • Determine responsive/responsible bidder, as applicable
- 6 • **Determine price reasonableness (Cost vs. Price Analysis)**
- 7 • Award contract
- 8 • Implement contract administration system
- 9 • Close out the contract
- 10 • Maintain records for minimum of 3 years

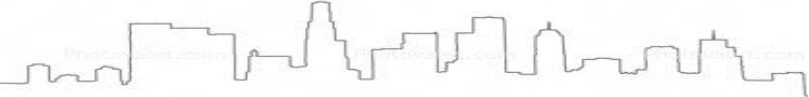



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INDEPENDENT COST ESTIMATE (ICE)

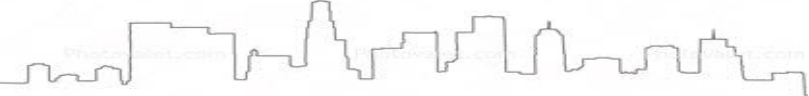

- Required for all procurements of \$3,500 or more (\$2,000 for construction contracts subject to Davis-Bacon).
- Prepared before PHA receives bids or proposals.
- PHA benchmark for evaluating the price reasonableness.
- Assists in determining type of contract




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 **PRICE REASONABLENESS**


- Price analysis – performed when there is adequate competition.
- Cost analysis - performed when an absence of competition (e.g., sole source contracts) or where the PHA requires (e.g., competitive proposals contracts) to facilitate price negotiation.
 - (i) General and Administrative Cost.
 - (ii) Owner Overhead.
 - (iii) Profit.



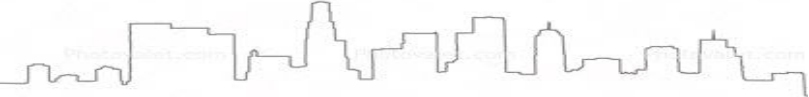
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 **COST ANALYSIS EXAMPLE**

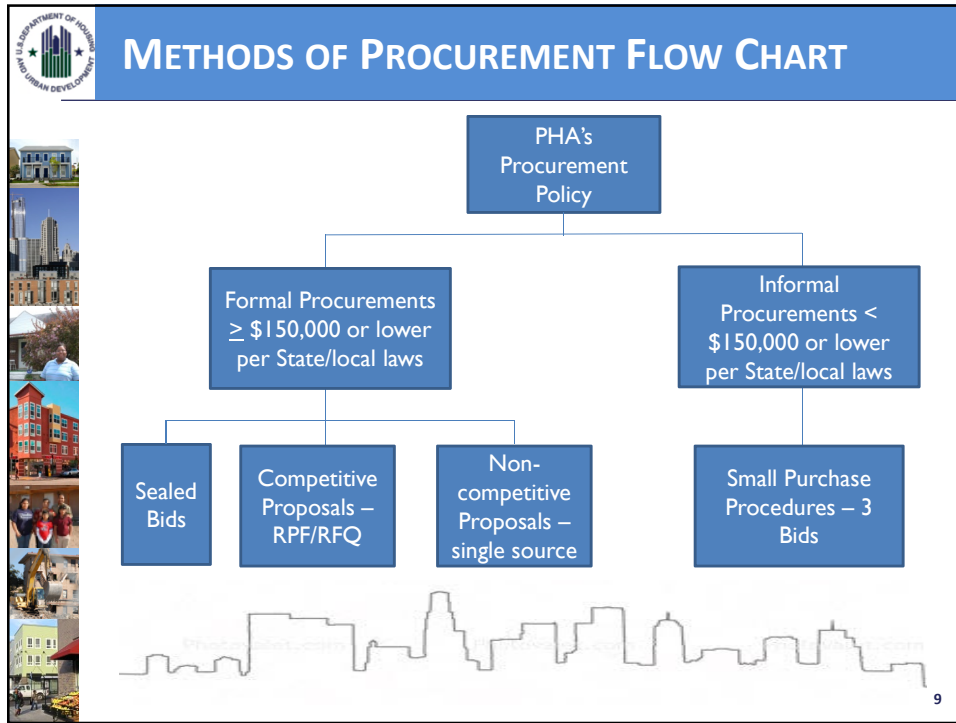
Work Item: Change Order – Roofing Contract




- Break down the change order price into its components of cost.
- Examine each item of cost.
 - **Materials.** Such as plywood, nails, felt, asphalt shingles.
 - **Equipment.** Such as cranes, dump truck.
 - **Labor.** Costs for the size of the job at hand, such as hauling asbestos debris out.
 - **General, Administrative and Overhead.** Contractor costs to administer contract.
 - **Profit.** Based on risk and industry standards.



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The slide features the U.S. Department of Housing & Urban Development logo in the top left corner. The central text, "WAGE RATES", is displayed in a large, bold, blue font. A vertical strip of images on the left side of the slide shows various housing-related scenes.




WAGE RATES

Davis-Bacon	HUD-Determined Prevailing Wage
Davis-Bacon and Related Acts require payment of prevailing wage rates and benefits as determined by the Department of Labor (DOL) on federally-financed or assisted construction.	Contracts for <i>certain</i> professional services are <u>excluded</u> from coverage by HUD-determined prevailing wage rates, including contracts for inspections and service or maintenance of leased equipment, fixtures, or appliances.
Except for non-routine maintenance work, for all construction contracts exceeding \$2,000.	All maintenance (routine and non-routine) contracts in excess of \$2,000.
Includes both on-site and off-site work.	

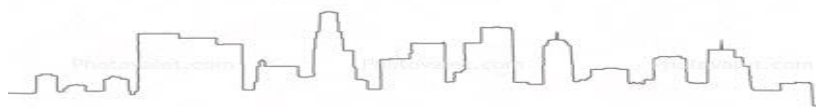


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LABOR RELATIONS – PHA RESPONSIBILITIES

- PHA Contract Administration System Requires the PHA to:
 - Include applicable DOL wage decision in the bid package.
 - Discuss payment of prevailing wages at the pre-bid conference.
 - Require the contractor to submit weekly certified payrolls.
 - Conduct interviews of laborers working under each contract.
 - Initiate corrective actions when violations are found.
 - Maintain full records of all wage rate activities.


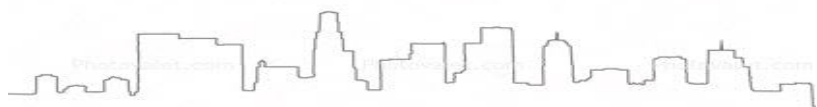


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WAGE RATE RESOURCES


- Table 6.4 in Capital Fund Program Guidebook
- Labor Standards Handbook 1344.1, *Federal Labor Standard Requirements in HUD Programs*
- PHA Procurement Handbook 7460.8, *Procurement Handbook for Public Housing Agencies*
- *A Contractor's Guide to Prevailing Wage Requirements for Federally Assisted Construction Projects* (January 2012)
- *A Practical Guide for States, Indian Tribes, and Local Agencies* (September 2011)




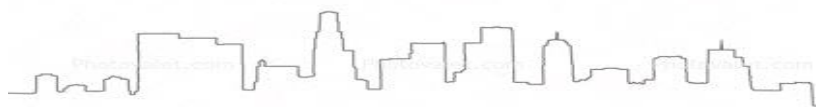
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CONTRACT RELATED REQUIREMENTS



- **Mandatory Contract Clauses** - incorporate by attaching HUD forms and incorporating requirements/clauses into the PHA contract.
- **Assurances of Completion** - For each Capital Fund construction contract greater than or equal to \$150,000
 - A bid guarantee from each bidder equal to 5% of the bid price.
 - At least one of the following:
 - Performance bond and payment bond for 100% of contract.
 - Performance/payment bonds, each for 50% or more of contract price.
 - A 20% cash escrow.
 - **A 10% irrevocable letter of credit with HUD acceptable terms.**
 - Any other payment method acceptable to HUD.



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CONTRACT ADMINISTRATION AND ACCEPTANCE OF WORK



- **Inspection and Acceptance Based on Compliance:**
 - Inspect work in progress and goods delivered
 - Only pay for acceptable work.
- **Guarantees and Warranties:**
 - Specify the guaranty period, amounts withheld and warranties.
 - Inspect 3 months after project guaranty period begins, 3 months before expiration, and as needed.
 - Require repair or replacement of all defective items prior to the expiration of the guaranty or warranty.
- **Notification of Completion**
 - Require all contractors and developers to notify PHA in writing when contract work will be completed and ready for inspection.




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REAL PROPERTY ACQUISITION AND RELOCATION

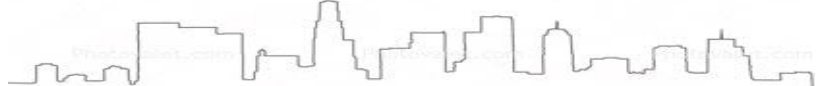





UNIFORM RELOCATION ASSISTANCE (URA)



- Establishes minimum standards with respect to acquisitions of real property and relocation of people resulting from the acquisition, rehabilitation, or demolition of real property for a federally-funded program or project.
- All acquisition or rehab funded by the CFP must comply with URA.
- PHAs should include URA compliance when planning any activity involving land acquisition or tenant relocation.




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URA, CONTINUED

URA/Relocating Residents	URA/Acquisition
Anytown PHA is modernizing Happy Homes in 3 phases	Anytown has RHF grants to develop a new project
Units in Phase 3 will remain vacant	Identified a 5 unit property to acquire and rehabilitate
Residents of Phases 1&2 will be housed in Phase 3 units during modernization	Asking price \$510,000. PHA negotiated price of \$500,000
As each Phase is completed residents will return to their modernized units	Independent appraisal established fair market value at \$475,000
All moving and relocation costs are eligible	PHA and owner renegotiated price to appraisal value of \$475,000

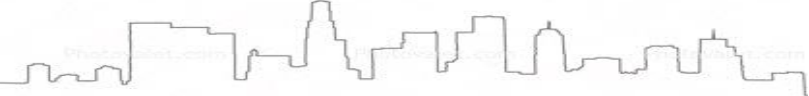


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SECTION 104 (D)

- Part of the Housing and Community Development Act of 1974
- Federal law that applies to PHAs when using CDBG and HOME in conjunction with public housing development or demolition.
- Section 104(d) relocation and one-for-one replacement may apply when CDBG or HOME funds are used in connection with the demolition or conversion of lower-income units.



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REAL PROPERTY ACQUISITION AND RELOCATION RESOURCES



- HUD Handbook 1378, *Real Estate Acquisition and Relocation Policy and Guidance*.
- 24 CFR Part 42 Subpart C – Section 104(d).
- HUD's Real Estate Acquisition and Relocation website: www.hud.gov/relocation



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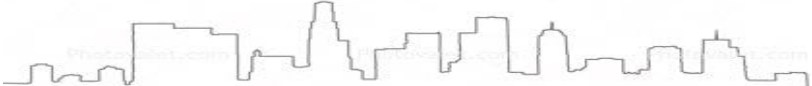
FORCE ACCOUNT LABOR



FORCE ACCOUNT LABOR

Labor employed directly by PHA to do physical work funded by the Capital Fund instead of a contractor.



- Must be included in the approved 5-Year Action Plan
- Must be cost effective and suitable for the PHA.
- High-performing PHAs do not need prior FO approval
- Current employees may become force account workers provided that:
 - Their regular duties are either suspended or reassigned.
 - Maintenance of the properties is not compromised.
 - Employees' regular work assignments are not adversely affected.



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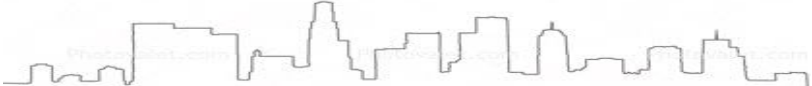


ADMINISTRATIVE REQUIREMENTS AND OTHER COMPLIANCE




PHA ADMINISTRATIVE REQUIREMENTS

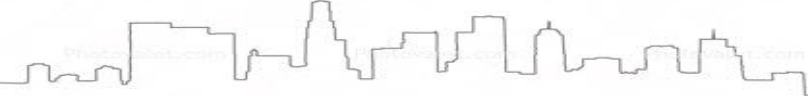
- **Administrative (See Table in Section 6.8 of Guidebook for reference)** – CFR compliance; Nondiscrimination and Equal Opportunity, URA, Section 3 (24 CFR Part 135) and Disposition and Relocation
- **Compliance with Physical Standards – 24 CFR 905.308 (b)(5) and 905.308(b)(6)**
- **Flood Insurance and Flood Plan Requirements – 24 CFR 905.308(b)(7)**
- **Section 18** – authorization for demolition and disposition
- **Section 30** – approval to place a mortgage or other encumbrance on public housing property




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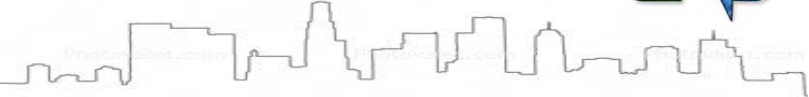
 **PHA ADMINISTRATIVE REQUIREMENTS, CONT.**



- **Affordability** - Operation as Public Housing; Use Restriction Secured by Declarations; Restriction on Transfers
- **24 CFR 905.304 – Declaration of Trust (DOT)**
 - Compliance - when DOTs are recorded in first position against all of their public housing property and is effective until the latest expiration date required by the funds and/or activities at the property.
- **Declaration of Restrictive Covenants (DORC):**
 - A recorded document which assures HUD that the owner entity will maintain and operate the public housing units for the period required by law, and not encumber, demolish, or sell the public housing units without HUD approval.


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 **ENVIRONMENTAL REVIEW**

- Are all CFP work is subject to environmental review requirements? **YES** (even 1410, 1406, and 1408)
- HUD will issue new guidance on the environmental review process for all HUD program areas.
- Updated review procedures will be provided to Field Offices and PHAs.
- Once updated, the guidance will be added Fund Guidebook.




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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAPITAL FUND GUIDEBOOK TRAINING

ENERGY AND PERFORMANCE INFORMATION CENTER (EPIC) TRAINING



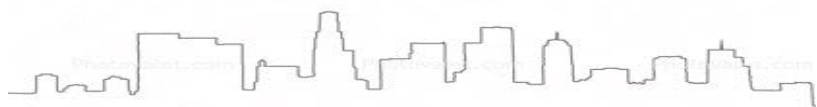
EPIC

Deployed Spring 2012 as an offshoot of the Recovery Act
Management and Performance System (RAMPS)


Core Activity/Energy Module

- Automates currently de-facto paper process
- Simplifies the BLI structure in LOCCS
- EPIC data updates LOCCS BLIs automatically
- Approvals/review minimized

For more information and help, the EPIC Help Desk is:
EPICHelp@HUD.gov




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BACKGROUND - TODAY

➤ Functionality Today:

- Activity Planning Module: 5 Year Action Plan and Annual Statement/Budget (also maybe P&E Report)
- Public Housing Development Module
- EPC Module
- PNA Module



Energy and Performance Information Center (EPIC)
RU107, Welcome back!

RU107
Logout

Home
Core Activity/Energy Module
Development of New Housing
Activity Planning
EPC
PNA
User and Group Tools


Welcome to EPIC

Tab Instructions

PHAs

Welcome to Energy and Performance Information Center (EPIC), a HUD system that collects information on energy certified new developments and energy efficient rehabilitations made with Capital Fund Formula and RHF

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SIMPLIFIED BLIs

1410	Adminstration
1411	Audit Cost
1430	Fees & Costs
1440	Site Acquisition
1450	Site Improvement
1460	Dwelling Structures
1465	Dwelling Equipment
1470	Non-Dwelling Structures
1475	Non-Dwelling Equipment
1485	Demolition
1490	Replacement Reserve
1492	MovingToWorkDemonstration
1495	Relocation Costs
1499	Development Activity
1500	Indian Housing Grants
1501	Collater Exp / Debt Srvc
1502	Contingency
1503	RAD-CFP

Line Item	Name
1406	Operations
1408	Management Improvement
1410	Adminstration
1480	General Capital Activity
1492	MovingToWorkDemonstration
1501	Collater Exp / Debt Srvc
1503	RAD-CFP
1504	RAD Investment Activity
9000	Debt Reserves
9001	Bond Debt Obligation
9002	Loan Debt Obligation
9900	Post Audit Adjustment

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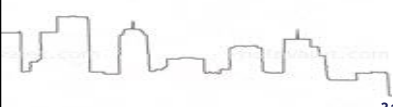
 **WORK CATEGORIES**

Work Categories [\(Click to Expand\)](#)

7. Work Categories:

- + Administration (1410)
- + Contract Administration (1480)
 - Debt Service Bond Payment-Paid by HUD (9000)
 - Debt Service Bond Payment-Paid by PHA (1501)
- + Dwelling Unit (1480)
 - Dwelling Unit - Conversion (1480)
 - Dwelling Unit - Demolition (1480)
 - Dwelling Unit-Development (1480)
 - + Dwelling Unit-Exterior (1480)
 - + Dwelling Unit-Interior (1480)
 - + Dwelling Unit-Site Work (1480)
 - MTW (1492)
- + Management Improvement (1408)
- + Non-Dwelling Construction - Mechanical (1480)

- + Non-Dwelling Construction-New Construction (1480)
- + Non-Dwelling Interior (1480)
 - Operations (1406)
 - RAD (1503)



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 **WRAP UP AND QUESTIONS**



