

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4511-N-01]

Request for Proposals; Contract Administrators for Project-Based Section 8 Housing Assistance Payments (HAP) Contracts

AGENCY: Office of the Assistant Secretary for Housing, HUD.

ACTION: Notice of Request for Proposals.

SUMMARY: The Request for Proposals (RFP) provided in this notice was issued by HUD on May 3, 1999, and is also published in the **Federal Register** to ensure a wider dissemination. Through this RFP, HUD is seeking sources interested in providing contract administration services for project-based Housing Assistance Payment Contracts under Section 8. This solicitation is not a formal procurement within the meaning of the Federal Acquisition Regulations (FAR) but will follow many of those principles. The Request for Proposals follows this Summary.

Dated: May 11, 1999.

William C. Apgar,

Assistant Secretary for Housing-Federal Housing Commissioner.

Request for Proposals; Contract Administrators for Project-Based Section 8 Housing Assistance Payments (HAP) Contracts

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1. Introduction

This is the Department of Housing and Urban Development's (HUD) Request For Proposals (RFP) to provide contract administration services for project-based Housing Assistance Payments (HAP) Contracts under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) (Section 8). Of the approximately 24,200 project-based Section 8 HAP Contracts in effect, Public Housing Agencies (PHAs) currently administer approximately 4,200. These PHAs will generally continue to administer these HAP Contracts until expiration. HUD administers the balance of approximately 20,000. This RFP covers contract administration for most of these HUD administered contracts.

When HUD renews the expired project-based HAP Contracts that PHAs currently administer, HUD generally expects to transfer contract administration of the renewed HAP Contracts to the Contract Administrator (CA) it selects through this RFP for the service area where the property is located. This RFP does not apply to contract administration of Section 8 projects assisted under the Section 8 moderate rehabilitation program (including the Section 8 moderate rehabilitation single room occupancy program) or the Section 8 project-based certificate program, or to contract administration of Section 9 projects to be assisted under the Section 8 project-based voucher program.

The successful offerors under this RFP will oversee HAP Contracts, in accordance with HUD regulations and requirements. The CAs responsibilities will be governed by an Annual Contributions Contract (ACC) entered into with HUD (Attachment III). After execution of the ACC, the CA will subsequently assume or enter into HAP Contracts with the owners of the Section 8 properties. The Contract Administrator will monitor and enforce the compliance of each property owner with the terms of the HAP Contract and HUD regulations and requirements.

Proposals in response to this RFP may cover an area no smaller than an individual State (or U.S. Territory). Proposals may cover one or more HUD Multifamily Hubs or one or more States (or U.S. Territory). Geographic Service Area Jurisdiction (Attachment II) describes the jurisdictions of the Multifamily Hubs. HUD encourages proposals through joint ventures and other public/private partnerships between public housing agencies and other private or non-profit entities.

Under the approximately 20,000 Section 8 HAP Contracts this RFP covers, HUD pays billions of dollars annually to owners on behalf of eligible property residents. HUD seeks to improve its performance of the management and operations of this function through this RFP.

Specifically, HUD seeks through this solicitation to achieve three programmatic and three administrative objectives.

Programmatic Objectives

- Calculate and pay Section 8 rental subsidies correctly.
- Administer project-based Section 8 HAP Contracts consistently.
- Enforce owner obligations to provide decent housing for eligible families.

Administrative Objectives

- Execute ACCs only with entities that have the qualifications and expertise necessary to oversee and manage affordable housing and that have the capacity to perform the required services with requisite personnel and other resources.
- Get the best value for dollars spent for CA services.
- Encourage the development of joint ventures and/or partnerships for contract administration services to obtain the benefit of the best practices of both public and private sectors.

2. Overview of Contract Administrator's Responsibilities

Contract Administrators must administer Section 8 HAP Contracts in accordance with the ACC, Federal law, and HUD regulations and requirements, both current and as amended in the future. The ACC with the CA will specify the area where the CA is required to provide contract administration services (service area). The ACC will specify the Section 8 assisted units under HAP Contracts that HUD assigns to the Contract Administrator for servicing (covered units). From time to time during the term of the ACC, HUD may add or delete covered units for contract administration under the ACC. Some units may be assigned to Participating Administrative Entities (PAE) by the Office of Multifamily Housing Assistance Restructuring (OMHAR) for contract administration. On an annual basis, the CA will request funds from the HUD Financial Management Center (FMC) to cover the Section 8 funds to be disbursed to owners for eligible units under the HAP Contract.

Under this RFP, the offerors will competitively bid to perform contract administration services for properties with project-based Section 8 HAP Contracts. A list of the projects which may be assigned under this RFP is located at www.hud.gov/fha/mfh/rfp/sec8rfp.html.

The Statement of Work details core functions (tasks) that the Contract Administrator must perform.

The major tasks of the Contract Administrator under the ACC and this RFP include, but are not limited to:

- Monitor project owners' compliance with their obligation to provide decent, safe, and sanitary housing to assisted residents.
- Pay property owners accurately and timely.
- Submit required documents accurately and timely to HUD (or a HUD designated agent).
- Comply with HUD regulations and requirements, both current and as amended in the future, governing administration of Section 8 HAP contracts.

2.1 Eligibility for Participation

By law, HUD may only enter into an ACC with a legal entity that qualifies as a "public housing agency" (PHA) as defined in the United States Housing Act of 1937 (42 U.S.C. 1437 *et seq.*). However, that does not preclude joint ventures or other partnerships between a PHA and other public or private

entities to carry out the PHA's contract administration responsibilities under the ACC between the PHA and HUD.

Under the law, a public housing agency is defined as a:

"* * * State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of low-income housing." (42 U.S.C. 1437a(b)(6)).

2.2 Definition of a Public Housing Agency

To qualify as a PHA that may enter into a Section 8 ACC with HUD, the legal entity must be one of the following:

A general or special purpose governmental entity: Such governmental entities include a State, municipality, housing authority, or governmental public benefit corporation.

A multi-state, interstate or regional governmental entity.

An instrumentality entity: Such instrumentality entity must act as an *instrumentality* of a parent governmental entity, or multiple parent governmental entities. The instrumentality entity may be a for-profit or not-for-profit entity.

HUD may require the submission of legal opinions and organizational documents needed to determine whether an entity qualifies as a PHA.

In addition, the PHA and any related entity must obtain clearance under HUD Previous Participation procedures (see Form HUD-2530) prior to execution of the ACC.

2.3 Instrumentality Entity Eligibility

An instrumentality entity may be an entity that already exists when the offeror submits a proposal to HUD under this RFP, or a legal entity specially formed subsequent to proposal submission, and prior to execution of the ACC between the entity and HUD, to carry out contract administration under the ACC.

To qualify as an "instrumentality entity", the relationship between an instrumentality entity and a governmental entity ("parent entity") must include all of the following characteristics:

- The parent entity must have the right to approve the corporate charter or other organic documents of the instrumentality entity, including the right to approve any amendments.
- The parent entity must have the right to control, direct and authorize the execution of the ACC between HUD and the instrumentality entity.

- The parent entity must have the right to directly or indirectly control operation of the instrumentality entity.

- The parent entity must have the right that upon dissolution or termination of the instrumentality entity, title to all real or personal property held by the instrumentality entity must be transferred to the parent entity or an entity designated by the parent entity.

Before execution of the ACC with an instrumentality entity, HUD will, upon submission of appropriate documentation as required by HUD, determine whether the private instrumentality entity has been properly established, possesses the required power and jurisdiction to carry out contract administration in the service area, and qualifies as an instrumentality entity as described above.

The charter or other organic documents of the instrumentality entity (e.g., certificate of incorporation, partnership agreement or certificate) must provide that the instrumentality entity is authorized to "engage in or assist in the development or operation of low-income housing."

Governmental parent entities may partner with private for-profit or non-profit entities that hold an interest, directly or indirectly, in an instrumentality entity so long as such instrumentality entity is otherwise in compliance with the above stated requirements for eligibility of an instrumentality entity. Private entities may contract directly with an instrumentality entity.

As stated in the evaluation criteria, a proposal for contract administration by an instrumentality entity under ACC between HUD and such entity shall specify any services or functions to be provided or performed by the parent entity, or by any other entity which holds a direct or indirect interest in such instrumentality, to carry out or support Section 8 contract administration in accordance with the ACC and this RFP. If the proposal is accepted, such parent or other entity shall enter into a contract with the instrumentality entity, prior to execution of the ACC, that specifies all such services or functions, and the contract shall obligate the parent entity to provide such services or functions. Such contract shall specify that HUD is a third-party beneficiary of such contract and shall be executed by the parent and instrumentality entities and be in the form and substance approved by HUD.

3. Statement of Work

3.1 Overview

3.1.1 Performance Based Contracting

For work performed under ACCs awarded in response to this RFP, HUD will use Performance-Based Service Contracting (PBSC). PBSC is based on the development of a performance work statement, which defines the work in measurable, mission-related terms with established performance standards and review methods to ensure quality assurance. PBSC assigns incentives to reward performance that exceeds the minimally acceptable and assesses penalties for unsatisfactory performance.

The CA must complete all tasks described in this section of the RFP, including both "Requirements" and "Incentive Based Performance Standards." Failure to complete the tasks will result in default of the terms and conditions of the ACC. HUD may terminate the ACC at any time in whole or in part if HUD determines that the CA has committed any default under the ACC.

The specified tasks outlined will provide the offeror with the necessary information to complete the Submission of Proposal Form (Attachment II).

3.1.2 Elements of Core Tasks Descriptions

The description of each core task contains the following elements:

Outcome: The required result of the task.

Requirements: A general description of specific tasks the CA must perform.

Note: CAs must perform each task in accordance with all relevant HUD regulations and requirements in effect during the term of the ACC. The RFP does not set forth the details of such regulations and requirements.

Reference: Current HUD regulations and other HUD requirements related to each task.

Incentive Based Performance Standards: A description of specific elements of each core task. HUD will measure the CA's performance of each such element as the performance standard to determine the CA's earned Administrative and Incentive Fees.

Quality Assurance: A listing of the methods and resources HUD will use to verify the accuracy of CA's reported performance and accomplishments. HUD may use other methods that it deems appropriate to assure quality.

3.1.3 HUD Regulations and Requirements

All references mentioned in the tasks may be obtained through HUD's website

(<http://www.hudclips.org/cgi/index.cgi>) from which interested parties may obtain HUD handbooks and other directives or through the HUD Multifamily Clearinghouse at 1-800-685-8470. It should be noted that the regulations and directives listed are the current instructions and requirements and may be updated from time to time.

HUD does not represent that the references listed in the RFP or on the HUD website are a complete listing of current relevant HUD regulations and requirements. In addition, HUD regulations and other requirements may change from time to time during the term of the ACC.

HUD's codified regulations are issued as Title 24 of the Code of Federal Regulations (CFR). Revisions or additions to HUD regulations are initially published in the **Federal Register**. HUD may also publish Federal Register notices. In addition to publication in the Federal Register and the CFR, HUD issues additional program requirements as HUD "directives", including HUD notices, handbooks and forms.

The CA will be required to carry out the tasks described in this Section, as well as other responsibilities related to contract administration under the ACC, in accordance with all HUD regulations and requirements in effect from time to time, as well as other responsibilities related to contract administration under the ACC.

3.1.4 Core Tasks

The RFP describes eleven core tasks that the CA must perform:

1. Conduct management and occupancy reviews.
2. Adjust contract rents.
3. Process HAP contract terminations or expirations.
4. Pay monthly vouchers from Section 8 owners.
5. Respond to health and safety issues.
6. Submit Section 8 budgets, requisitions, revisions and year-end statements.
7. Submit audits of the CA's financial condition.
8. Monitor owners progress in addressing Annual Financial Statement deficiencies.
9. Renew HAP contracts.
10. Report on CA operating plans and progress.
11. Follow up on results of physical inspections of Section 8 projects.

3.2 Management and Occupancy Reviews
The CA must conduct an on-site management and occupancy review of each Section 8 property, no less than annually. (Some properties may have

multiple HAP contracts.) The review must be a comprehensive assessment of the owner's procedures for directing and overseeing project operations, and the adequacy of the procedures for carrying out day to day, front line activities. Some examples of the areas that the CA must audit are: maintenance, security, leasing, occupancy, certification and recertification of family income, and determination of the family payments, financial management, Management Improvement and Operating (MIO) Plans, and general maintenance practices. The results of the on-site review must provide adequate documentation to support any enforcement actions proposed against the owner by the CA or HUD.

Outcome: Identify and resolve areas of noncompliance with HUD regulations and other requirements.

Requirements

- Schedule and conduct annual reviews of each property, using form HUD-9834 or other appropriate documentation.
- Evaluate the owner's operating policies and procedures following guidance in the appropriate HUD directives.
- Verify compliance with HUD regulations and requirements regarding occupancy issues (e.g., resident eligibility and selection, examination and reexamination of family income and assets, household characteristics) and verify that correct documentation is contained in each resident file to support claims for payment under the HAP contract. Use the following resident file random sampling:

Number of units	Minimum file sample
100 or fewer.	5 files plus 1 for each 10 units over 50.
101-600	10 files plus 1 for each 50 units or part of 50 over 100.
601-2000.	20 files plus 1 for each 100 units or part of 100 over 600.
Over 2,000.	34 files plus 1 for each 200 units or part of 200 over 2,200.

- If the CA's review of the sample indicates a problem, the CA must require the owner/agent to conduct a 100% review of the files and report the results of the review to the CA. The CA will test the review done by the owner/agent to determine its reliability and accuracy.
- Verify owner compliance with civil rights regulations, including Title VI, Title VIII, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.

- Notify the jurisdictional HUD office by close of next business day of any potential fraud or potential violations of law identified during the reviews.

- Prepare and submit to the owner/agent and jurisdictional HUD office a written report, on form HUD-9834, or other appropriate HUD-required documents, within 30 days of review, outlining any findings and recommendations for corrective action.

- Monitor implementation of corrective action. Notify jurisdictional HUD office within one business day when enforcement action is required.

- Enter required information into HUD data systems.

References

HUD Handbook 4350.1

HUD Handbook 4350.3

Incentive Based Performance Standards

1. The CA must conduct annual Management and Occupancy Reviews in accordance with the CA submitted and HUD approved workplan according to HUD requirements, document corrective actions taken against Section 8 owners or families, and monitor implementation of necessary corrective action.

2. CA's review must document on the appropriate form Section 8 owner compliance with civil rights regulations, including Title VI, Title VIII, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973 and forward to the owner and the appropriate jurisdictional HUD office within 30 days.

Quality Assurance

On-Site Reviews

Data Systems Reports

3.3 Rental Adjustments

Contract rent under each Section 8 HAP contract must be adjusted during the HAP contract term in accordance with the HAP contract and HUD requirements.

The CA must process rent adjustments correctly.

Outcome: Contract rent adjustments are timely and correct.

Requirements:

A. Budget Based Adjustments

Where applicable, the budget based rent adjustment method requires owners to submit an operating budget and supporting documentation for CA review.

The CA will determine budget based adjustments for contract rent by performing the following tasks:

- Analyze the property's operating budget and supporting documentation

for a rent adjustment to determine reasonableness according to guidance in HUD Handbook 4350.1.

- Document rent increases on a Rent Schedule (Form HUD-92458)

- Analyze adjustments of the owner utility allowance schedule if applicable.

- Analyze adjustment to the monthly Reserve for Replacement deposit as required and recommend action to HUD.

- Approve/disapprove rent adjustment and provide owners written notification.

- Verify accurate, timely completion and submission of adjusted rent schedule by owners.

- Enter data into the appropriate HUD data system within five business days from completion of action.

B. Annual Adjustment Factor (AAF)/ Operating Cost Adjustment Factor (OCAF)

This rent adjustment method requires the CA to apply the AAF/OCAF to current contract rents to determine which rents are eligible for an adjustment. AAF's are published annually in the **Federal Register** and OCAF's are published annually in a Housing Notice. Refer to the current Notice on the HUD Homepage.

The CA will perform the following tasks:

- Determine the amount annual adjustments in accordance with HUD requirements.

- Analyze adjustments of the owner utility allowance schedule if applicable.

- Analyze adjustment to the monthly Reserve for Replacement Account, if applicable pursuant to the HAP contract and recommend action to HUD.

- Approve/disapprove the amount of rent adjustment and provide owners written notification.

- Validate comparability study if submitted by owners to support rent adjustment request.

- Verify accurate, timely completion and submission of adjusted rent schedule by owners.

- Enter data into the appropriate HUD system within five business days from completion of action.

C. Special Adjustments

For those HAP Contracts with AAF adjusted rents, owners may request special increases in costs for generally applicable increases items such as insurance, taxes and utilities. The appropriate jurisdictional HUD office must approve or deny all special adjustments within 30 days of receipt of properly documented request from CA.

The CA will process the owner's request for a special rent adjustments to

determine if the special adjustment should be granted. To accomplish this the CA will perform the following tasks:

- Analyze owners' requests.

- Recommend action to the appropriate jurisdictional HUD office.

- Based on notification from HUD, notify the owner of rent adjustment approval or disapproval.

- Verify accurate, timely completion and submission of adjusted rent schedule by owners.

- Enter data into the appropriate HUD data system within 5 business days from completion of action.

D. Rent Appeals

Owners may appeal rent adjustment decisions. The first level of appeal is to the CA; the second level of appeal is to the appropriate jurisdictional HUD office. CA will review appeals.

The CA will perform the following tasks:

First Level Appeal

- Analyze owner's rent appeal requests.

- Provide owner with written notification of decision and justification within 30 days of receipt.

If appeal is approved:

- Verify accurate, timely completion and submission of adjusted rent schedule by owners.

- Enter data into the appropriate HUD data system within 5 business days from completion of action.

If appeal is denied:

- Notify owner of Second Appeal rights within 30 days of receipt.

Second Level Appeal

If appeal is approved by HUD:

- Receive approval from jurisdictional HUD office within 30 days after request for second level appeal.

- Verify accurate, timely completion and submission of adjusted rent schedule by owners.

- Enter data into the appropriate HUD data system.

References

HUD Handbook 4350.1

Notice: H-98-34

Notice: H-98-3

Notice: H-98-27

Incentive Based Performance Standards

3. CA completes processing of owner's request for rent adjustments and all CA approved rent adjustments are executed and finalized within 30 days of receipt of owner's request for a budget-based rent adjustment or on the anniversary date of the HAP contract for an AAF-based rent adjustment.

Quality Assurance

On-Site Reviews

Data Systems Reports

3.4 Opt-Out and Contract Termination

Section 8 Contracts may terminate because:

- An owner may choose not to renew an expiring Section 8 contract (opt-out); and
- The contract may be terminated by the CA (with HUD approval).

When Section 8 contracts will be terminated, the CA must work with HUD to obtain tenant-based rental assistance for eligible residents by notifying the appropriate HUD contact. The CA will coordinate efforts with the jurisdictional HUD office to identify a PHA to administer the tenant-based assistance.

Outcome: Provide ongoing rental assistance to eligible residents in occupancy at the time of the opt-out

Requirements*A. Notification Requirements*

- Inform jurisdictional HUD office by close of next business day of notice by owner, that the owner has elected to opt-out of the program.
- Inform jurisdictional HUD office of recommendation to terminate contracts for cause/default under HAP Contract provisions by the close of the next business day.
- Verify owner has complied with HAP and current law on Opt-outs.

B. CA Must Take the Following Actions When Contracts are Terminated

- Obtain resident payment/unit size data from owners of properties.
- Provide resident/unit data to jurisdictional HUD office within 3 business days of receipt from the owner for purpose of obtaining Section 8 vouchers for residents.
- Coordinate efforts with the jurisdictional HUD to identify a local PHA to administer tenant-based assistance and reserve funds to cover such vouchers.
- Assist residents who must be relocated.

References

Notice: H-98-34

Incentive Based Performance Standards

4. CA notifies jurisdictional HUD office, by close of next business day of notice by owner, that the owner has elected to opt-out.

5. CA provides complete resident data to jurisdictional HUD office 90 days prior to contract expiration.

Quality Assurance

On-Site Reviews

Data Systems Reports

3.5 Monthly Vouchers

In Section 108 of 24 CFR, Part 208-Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects (a/k/a the Automation Rule) requires property owners to request HAP payments monthly through the Tenant Rental Assistance Certification System (TRACS). Vouchers are due the 10th day of the month preceding the month for which the owner is requesting payment. CAs may not pay owners until vouchers are received and reviewed for accuracy. The Voucher and Recertification Review (Attachment 1) lists the tasks and tools associated with review of vouchers and certifications/recertifications.

Outcome: Payments of Section 8 vouchers and claims are only authorized on eligible units. Payments are made to owners by the first day of every month.

*Requirements:**A. Verify accuracy of monthly Section 8 vouchers (forms HUD-52670 & HUD-52670-A)*

The CA must verify and provide written documentation of the accuracy of payment requests by the last day of each month before the CA issues payments for the verified request. To accomplish this task, the CA must:

- Monitor owners follow-up efforts on discrepancies identified as a result of any income matching initiatives. HUD will provide discrepancy reports to the CAs.
- Monitor owner's compliance with entry of all resident certification and recertification data in TRACS.
- Verify voucher submissions by owner through TRACS system by the 10th day of the month preceding the month for which the owner is requesting payment.
- Verify through TRACS that the amount of HAP paid on behalf of each resident is accurate.
- Verify that all recertifications are completed by the owner agent in a timely manner and entered into TRACS.
- Verify that payment request does not include any units where Section 8 assistance has been abated.
- Analyze adjustments required to prior month's vouchers to determine accuracy and validity.
- Determine if authorized rent or utility allowance adjustments have been implemented timely and accurately.
- Verify pre-approval of Section 8 Special Claims (see item B).
- Notify the owner, in writing, of any corrections required and track corrections.

- Verify that project owners are complying with current HUD rules and regulations.

B. Verify and Authorize Payment Only on Valid Section 8 Special Claims for Unpaid Rent, Resident Damages and Vacancy Loss

Property owners may claim reimbursement from the CA for unpaid rent, resident damages, and vacancy losses on eligible units. The claims must be pre-approved by the CA before being submitted with the monthly voucher.

- Analyze, verify and approve/disapprove claims using information in handbooks, regulations, Notices, TRACS and information provided by the owner.
- Enter data into monitoring program using a HUD compatible spreadsheet program.
- Approve/disapprove claims, execute forms and return to owner for their submission with next voucher.

C. Disbursement of Section 8 Funds to Owners

Disburse payments to owners through electronic fund transfer (EFT) transaction no earlier than the first of the month or no later than the first business day of the month after approval of Section 8 voucher (see item A)

Reference:

HUD Handbook 4350.3

Incentive Based Performance Standards

6. CA must promptly review each monthly voucher submitted by an owner, and agree with or modify it, so 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.

7. On a monthly basis CAs will provide written formal notification of corrective actions including income verification that results in overpayment to owners within 10 days of CA's verifying and certifying of the vouchers, discrepancies to owners and monitor for adequate resolution. Resolution must be completed within 30 days.

Quality Assurance

On-Site Reviews

Data Systems Reports

3.6 Health and Safety Issues and Community/Resident Concerns

CA must accept resident complaints and follow-up with owners to ensure that owners take appropriate action.

Outcome: Resolved health and safety issues and positive outgoing community/resident relations and communications.

Requirements:

A. Respond to Life Threatening Health and Safety Issues

- Respond to all life threatening health and safety issues immediately.
- Maintain tracking system for inquiries, responses and corrective actions and submit log to jurisdictional HUD office with monthly invoices.
- Notify owner of all concerns and determine appropriate corrective action.
- Monitor owner's response to concerns and implementation of corrective actions.

B. Respond to All Non-Life Threatening Health and Safety and Community/Resident Concerns

- Respond to all non-life threatening health and safety issues within 2 business days of notification during normal business hours.
- Maintain tracking system for community/resident inquiries, responses and corrective actions and submit log to jurisdictional HUD office with monthly invoices.
- Notify owner of all concerns and determine appropriate corrective action.
- Monitor owner's response to concerns and implementation of corrective actions.

References:

HUD Handbook 4381.5 REV-2

Incentive Based Performance Standards

8. Respond, document and notify owner of life-threatening health and safety issues, inquiries/complaints immediately within an hour or prior to close of business day (whichever is sooner).

9. CA documents their initiatives and actions taken to notify the owner of non-life threatening health and safety issues inquiries/complaints and responds to residents within two business days of notification. CA continues to provide follow-up to residents on actions taken every two weeks until final resolution is reached. Documentation of all action is recorded.

Quality Assurance

On-Site Reviews
Monthly Invoice

3.7 Section 8 Budgets, Requisitions, Revisions and Year-end Statements

To receive monthly ACC payments, Section 8 budgets and requisitions (and revisions as required) must be submitted for each HAP contract at least 90 days before the beginning of the fiscal year. Also to receive monthly ACC payments, Year-end settlement statements must be prepared and submitted at least 45 days prior to the beginning of the CA fiscal year.

Outcome: CA submits financial documents to HUD accurately and timely.

Requirements:

- Prepare and submit annually to HUD (FMC) Section 8 budget (HUD Forms 52672 and 52673) at least 90 days prior to the beginning of the CA fiscal year.
- Prepare and submit annually to HUD (FMC) Annual Requisition for Partial Payment of Annual Contributions (HUD Form 52663) 90 days prior to the beginning of the CA fiscal year.
- Perform monthly comparison of HAP payments to owners and monthly ACC partial payments from HUD.
- Prepare and submit to HUD (FMC) revised Budget and Requisition (HUD Form 52663) when/if monthly comparison indicates ACC payments will exceed HAP payments by more than 5%. CAs must complete submissions by their Fiscal Year End date.
- Prepare and submit to the FMC Year-end Settlement Statement (HUD Form 52681) within 45 days of the year end.

Reference:

HUD Handbook 7420.7, Chapter 8

Incentive Based Performance Standards

10. CAs must submit to the FMC, acceptable and accurate Budget and Annual Requisition for each HAP contract 90 days prior to the beginning of CA's FY. Where monthly reviews of HAP payments to owners and ACC payments received from HUD indicate that the CA will be overpaid by more than 5%, the CA must submit a revised Budget and Annual Requisitions to reduce future payments accordingly. The Revisions (revised Budget and Requisition) must be submitted no later than the 1st day of the month following identification of overpayment.

11. CAs must submit to the FMC, the year-end statement within 45 days of the end of the CA's fiscal year.

Quality Assurance

Monthly Invoice
FMC Status Report

3.8 Contract Administrator's Audit

CA is required to maintain complete and accurate financial records covering the CA's contract administration of covered units under the ACC.

Outcome: Contract Administrator's records are complete and accurate.

Requirements:

- Records concerning contract administration under the ACC must be distinct and separate from all other business of the CA.

• Maintain complete and accurate records regarding activities relating to each HAP contract for covered units.

- CAs required to submit separate audited financial statements under OMB's Circular A-133 shall:
 - Provide the FMC with annual financial audit of the CA's activities the earlier of 30 days after receipt of the auditors report or 9 months after the CA's fiscal year end (FYE) (in accordance with OMB Circular A-133). This audit must be performed by an independent public accountant (IPA).
 - The Contract Administrator shall submit audited annual financial statements that fully comply with the requirements of OMB Circular A-133 within the earlier of 30 days after receipt of the auditor's report(s) or nine months after the end of the audit period. However, in cases where a Contract Administrator submits its audited financial statements more than 60 days after the end of its fiscal year, the CA shall submit all financial reports required by the HUD in unaudited form within 60 days after the end of its fiscal year.

• Submission of financial information shall also be in accordance with the requirements of HUD's Uniform Financial Reporting Standards (24 CFR, Part 5, Subpart H). The audit shall be performed by an independent auditor, procured using the standards set forth in Circular A-133 and other referenced documents in Circular A-133.

• In accordance with the ACC, CAs not required to submit separate audited financial statements under OMB's Circular A-133 shall: Submit annual unaudited financial statements within 60 days of the end of the CA's fiscal year. For-Profit instrumentality entities shall submit audited financial statements within 60 days of the end of the CAs fiscal year.

• In the event of audit findings that require corrective actions, the CA shall provide HUD with a proposed plan of corrective actions as part of the audit submission package. By the first day of each month, the CA shall provide HUD with a status report of corrective actions being implemented until all actions are completed. Corrective actions must proceed as rapidly as possible. Failure to provide the required audited financial information and/or timely implementation of corrective actions may result in default of the terms and conditions of the ACC.

Reference:

ACC contract
HUD Handbook 7420.7
OMB Circular A-133

Incentive Based Performance Standards

12. The CAs that are required to comply with OMB's Circular A-133 will provide HUD with unaudited financial statements, including supplemental data, within 60 days after the CA's FYE and audited financial statements no later than 9 months after the CA's FYE. CAs that are not required to comply with OMB's Circular A-133 will submit annual unaudited financial statements 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.

Quality Assurance

100% Review of the Audit

3.9 Deficient Annual Financial Statements (AFS)

HUD regulations require owners of properties with project-based Section 8 contracts to submit Annual Financial Statements to the Real Estate Assessment Center (REAC) when required by the HAP contract.

Outcome: Financial condition of projects is verified.

Requirements: Where REAC's assessment of AFS reflects unacceptable performance and compliance indicators, owners must develop a plan outlining specific actions to correct deficiencies.

CAs must:

- Track the owners' deficiencies and their progress along their plan until resolved.
- Submit monthly reports by the first day of each month that indicate the owners' progress and activities in the previous month.
- Submit a final report to HUD within 30 days of owners' resolution of deficiencies.

Reference

HUD Handbook 2000.04 REV-1
OMB Circular A-133

Federal Register, September 1, 1998

Incentive Based Performance Standards

13. CA provides HUD with documentation by the first day of each month that indicates the owners' progress and activities in the previous month.

14. CA monitors the unacceptable performance and compliance indicators. CA provides documentation to HUD within 30 days of resolution.

Quality Assurance

On-Site Reviews
Data Systems Reviews

3.10 Renewals of Expiring Section 8 Contracts

As HAP contracts come to an end, owners must apply for contract renewals to have units remain with Section 8 project-based assistance. CAs must ensure that owners fulfill their obligations to residents and HUD that are commensurate with owner renewal decisions.

Outcome: Expiring Section 8 contracts are renewed

Requirements:

- Verify that owners provide the required one-year notice to residents of properties with expiring Section 8 contracts.
- Monitor owner actions with regard to providing a minimum of 90 days notice to CA of intent to renew or not renew the expiring contract, according to current Housing Notices.
- If the owner opts not to renew, take the actions described in Task 3.4.
- Maintain copies of owner's notification to residents of expiring contracts.
- If the owner chooses to renew, determine which option (form of renewal) the owner wishes to use and notify the jurisdictional HUD office.
- Prepare HAP renewal contracts.
- After receipt of confirmation of funding for renewal from HUD, ensure the HAP contract is executed (signed) by the owner and the CA.
- Execute and distribute copies of the HAP within one business week to the owner, jurisdictional HUD office, and CA files.

Reference

Notice: H-98-34

Incentive Based Performance Standards

15. Monitor, process and execute HAP contract documents.

Quality Assurance

On-Site Reviews
Data Systems Reports
Monthly Invoice

3.11 General Reporting Requirements

To track the performance of the Section 8 program, monitor and evaluate CA performance, and identify technical assistance needs, HUD requires the CA to regularly report its activities. Consequently, the CA shall provide to jurisdictional HUD offices Monthly, Quarterly, and Annual reports.

Outcome: HUD can monitor and evaluate program and CA performance from CAs accurate, timely reports.

A. Monthly Reports

CAs must submit reports and an invoice to the Government Technical

Representative, or Monitor (GTR/GTM) by the 10th business day of each month for the previous month's activities.

• Hot topics—Projects that required special attention due to such matters as, abatement actions, excessive resident complaints, inquiries from governmental officials or general public.

• Work Plan Status Report that details:

Number of areas reviewed and services performed, including date of review and services; name/s of CA staff performing the review and performing the services.

- Any significant administrative actions that could affect the contract.
- Quality control activities and results
- Major accomplishments, success stories, etc.
- Noteworthy meetings
- Pending issues

B. Quarterly Reports

CAs must submit Work Plan (updated) and status reports to the designated GTR/GTM.

C. Annual Reports

By the close of each contract year, CAs must submit to HUD a report that details its progress against the Work Plan for that year. The report should detail all of the CA actions and services with dates, locations, and employee name for that calendar year. Also at the close of the contract year, CAs must submit a Work Plan for the following year that details its plan to satisfy the ACC's servicing requirements.

Incentive Based Performance Standards

16. HUD receives CA's (a) Monthly Reports by the 10th business day following the end of the month; (b) Quarterly reports by the 10th business day following the end of the quarter; (c) Annual reports by the 20th business day following the end of the CA's contract year.

Quality Assurance

On-Site Reviews
Data Systems Reports
Review of submitted reports

3.12 Physical Inspection

The Department is conducting a baseline physical inspection for every Section 8 property with a HUD-administered HAP contract. The Real Estate Assessment Center's ("REAC") physical inspection software and protocol is being used for all inspections (See <http://www.hud.gov/reac/reaphy.in.html>). Once this baseline is completed, HUD will determine frequency of future inspections. HUD

may issue a task order under the ACC to have the CA perform physical inspections. If such a task order is issued, HUD will negotiate with the CA a fixed-price fee for such services at that time.

Outcome: Verify completion of corrective actions based upon the analysis of the results of the physical inspections conducted on properties included in the ACC. Take legal actions as directed by HUD for enforcement of the HAP contract.

Requirements:

Post Inspection Activities

- Provide follow-up with owner on violations and corrective actions needed.
- Provide owner with time-frame to correct violations.
- Work with owner to eliminate the deficiencies.
- Abate payments when owner fails to correct violations within designated time period.
- Notify jurisdictional HUD office of abatement of payments and specific reasons for the action.
- Notify jurisdictional HUD office of the completion of required actions.
- Take legal action as directed by HUD for enforcement of the HAP contract.

Reference

HUD Handbook 4350.1

Federal Register, September 1, 1998

Incentive Based Performance Standards

17. CA monitors the unacceptable performance and compliance indicators. CA continues to provide follow-up to HUD on actions taken every 30 days until final resolution is reached.

4. Contract Administrator Fee

4.1 Terms

Administrative fee. The monthly fee HUD pays the PHA 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 fee amount is detailed in the ACC.

Basic fee. The basic fee is the agreed fee per unit per month. 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. There is a separate basic fee amount for each FMR area in the CA service area. The ACC will state the agreed basic fee amount for each FMR area.

HUD pays the basic fee for performance of tasks described in the Statement of Work and in accordance with the CA's annual workplan. Such performance is indicated by monthly

invoices (and validated through HUD's quality assurance). The total amount of the basic fee will vary each month depending on the total number of eligible units to which it will be applied each month. Of that total, HUD has allocated each task to be performed a certain percentage of the total fee available. The Performance Requirements Summary (PRS) (see Section 4.8) states the basic fee amounts for all portions of the CA service area.

Incentive fee. An additional fee beyond the basic fee that the CA may earn. As reflected in the PRS, HUD will pay an additional payment to the CA for performance on specified Statement of Work tasks that exceeds HUD acceptable quality level for the IBPS associated with that task (see PRS, Section 4.8). HUD will pay up to a maximum 25% of the total incentive fee pool at the end of each quarter. Each task which has an incentive applied to it also identified the percentage of the incentive fee pool that applies to that task. The amount of the incentive fee payable to the CA is determined by HUD, based on HUD's evaluation of the CA's performance in administration of covered units. The amount of the incentive fee per unit per month may not exceed the maximum incentive fee stated in the ACC.

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

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

4.2 Evaluation of CA Performance

During the ACC term, HUD will conduct a monthly evaluation and rating of the CA's performance in contract administration of the covered units, and shall issue a performance rating based on such performance. As described below, payment of the fees is based on the HUD rating of the CA's performance.

HUD determines the amount of the earned basic fee for each CA per unit month by review of data submitted in the monthly invoice. HUD determines the amount of the incentive fee earned by the CA per unit per month by quarterly scoring of the CA's contract administration performance during the ACC term. The monthly review and quarterly scoring is based on the CA's performance of the task categories used as incentive based performance standards (IBPS), as described in the

Statement of Work of this RFP. Monthly, HUD rates the CA's performance in completion of the IBPS to determine the earned basic fee by calculating a "percentage completed" for each IBPS task. In a similar manner, quarterly HUD rates the CA's performance in completing IBPS task to determine the earned incentive fee.

4.3 Basic Fee

In submitting their proposals, offerors are advised that, during the term of the ACC, the basic fee per unit month for each FMR area in the CA service area shall not exceed two (2) percent of the local two bedroom existing HUD Fair Market Rents (FMR) published in the **Federal Register** on October 1, 1998 (and effective the same date) and any revisions to such FMRs published in the **Federal Register** prior to award of the ACC. The entire national listing of the FMRs is located at <http://www.hud.gov/local/atl/atl42322.html>.

For your information, we have provided a table that lists by state, the total number of units by applicable FMRs. You may find this table with an explanation at <http://www.hud.gov/fha/mfh/rfp/sec8rfp.html>.

In responding to the RFP, the offeror's proposal must specify the proposed basic fee per unit per month (for the initial two year term and for each of three one year renewal terms. See Proposal Submission Form (Attachment II). If the offer is accepted, the ACC with the CA will specify the agreed basic fee amount during the ACC term. The fee will simply be stated as a percentage of the FMR as described above. The amount of fee proposed will be included in the evaluations for acceptability and to determine the price proposed reflects the proposed technical approach. The CA shall also submit supporting cost data as shown on the attachments.

As an example, if the FMR for a covered unit was \$400 and the CA had proposed a price of 1.7%, then the basic fee for each covered unit would be \$6.80. If the CA had an inventory of 10,000 covered units as of the 1st of the month, then the total basic fee available for that month would be \$68,000. Since the PRS indicates that 5% of the fee will be applied to IPBS # 1, then \$3,400 would be allocated to IPBS #1. The CA's performance of IPBS # 1 is evaluated as described to determine if the CA is due the full amount of the basic fee for the month.

4.4 Incentive Fee

In addition to the basic fee, the CA may earn an incentive fee awarded by HUD for CA performance of the contract administration services for designated

IBPS items that exceeds acceptable quality levels of performance. Determination of the amount of the incentive fee payment is specified in the PRS (Section 4.8).

The maximum incentive fee per covered unit per month HUD will evaluate the CA's performance in providing contract administration services for all covered units under the ACC for earned incentive fee quarterly. This evaluation will determine the portion of the incentive fee that the CA has earned for that quarter. As an example, if the FMR for a covered unit is \$400, then 1% would be \$4. If a CA had 10,000 covered units as of the 1st of the month, then the total incentive pool would be \$40,000 for that month. Due to changes in the number of covered units, the subsequent two months may have provided \$38,000 and \$41,000, which would result in a total of \$119,000 for the quarterly incentive pool. If one IPBS item was to cover 25% of the pool, then up to \$29,750 in incentive fees could be earned for that specific IBPS factor.

HUD may add or modify performance standards during the ACC term, may add or modify the factors used to measure performance, and may specify the amount of the incentive fee for a specified level of performance. However, HUD must notify the CA of any such changes before the rating period for which such changes are used to rate CA performance.

4.5 Fee Payment

Each month, the CA shall determine the number of eligible units that were being managed as of the 1st day of the month. The CA shall then apply the accepted basic fee percentage to the covered number of units to establish the total available basic fee and the 1% to determine the amount of the incentive fee pool for that month.

4.5.1 Payment of Basic Fee

For tasks that are indicated as being paid annually, the CA shall apply the

percentage of the IPBS factor to that monthly payment and deduct that from the total available fee. The CA shall then determine their compliance with the acceptable quality levels established in the ACC for tasks to be paid monthly and apply any appropriate reductions to the available fee. The CA must invoice HUD by the 5th day of each month for the amount of the basic fee earned for the month. For tasks for which annual payments of ongoing basic fees apply, the monthly amounts will be pooled into a total amount available for application of the AQL and the CA must invoice HUD by the 5th day of the 12th month of the ACC performance period. Each invoice shall be fully supported by documentation of the CA's achievements relating to the required AQL of each IPBS factor. In the event that subsequent HUD quality assurance reviews determine the CA did not meet the AQL established, HUD may adjust the payments of subsequent invoices to reflect the amounts that should have been withheld.

Notwithstanding the reductions in the fee for failing to meet the AQL, failure to complete the tasks may result in default of the CA for failing to comply with the terms and conditions of the ACC. HUD may terminate the ACC at any time in whole or in part if HUD determines that CA has committed any default under the ACC.

4.5.2 Payment of Incentive Fee

HUD will pay the incentive fee on a quarterly basis. HUD will base the amount of the incentive fee on the CA's performance against the Incentive Based Performance Standards listed in the Statement of Work.

HUD will review the CA's performance relative to its annual work plan and progress reported in the monthly invoices for the applicable quarter. The HUD findings will be compared to the CA invoice for the incentive fee and adjustments may be made to reflect the results of the HUD findings.

4.6 Availability of Funds

The award of the ACC and subsequent performance periods as well as all fee payments are subject to the availability of appropriated funds on an annual basis.

4.7 Use of Fee Income

The CA may use or distribute payments for the monthly on-going administrative fee that they earn under the ACC for any purpose apart from the use of these fees to reimburse, compensate or transfer any fees to the owners or management agents (or their affiliates) of the projects being serviced by the CA. HUD may reduce or request reimbursement of administrative fees paid if subsequent quality assurance indicates the performance indicated by the CA was not attained.

4.8 Performance Requirements Summary

Each task of the Statement of Work has at least one IBPS standard associated with it. These IBPS are central to the determination of earned basic and incentive fees.

The table below details for each performance standard:

- The IBPS number.
- The task and SOW requirement to which the IBPS applies.
- The acceptable quality level.
- The percentage of the basic fee that applies to the standard.
- Any applicable incentive fee and its method of calculation.
- Any applicable disincentive and its method of calculation.
- The method that HUD will use to assure the quality of the CA's reported performance.
- The frequency of payments for the basic fee.

The information in the table below will govern HUD's payment of CAs for all work performed under the ACC.

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IBPS Performance Requirements Summary

IBPS #	TASK and SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF ADM FEE	INCENTIVE FEE (as % of incentive fee pool)	PENALTY FEE (as % of basic fee for IBPS)	QA Method	PAYMENT
1.	Management & Occupancy Reviews Section 3.2	Each month, average of 95% of required reports are provided to HUD, and data entry into HUD systems completed, within 30 days of scheduled completion of the review. AQL: 95%	5%	20% of the Incentive fee pool for achieving 100% on time submissions of acceptable reviews	2% reduction for every 1% that the monthly average falls below the AQL of 95%	On-Site Reviews Systems Data Reports	Monthly
2.	Document Section 8 Owner Compliance Section 3.2	Each month, average of 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 monthly average falls 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
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

IBPS #	TASK and SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF ADM FEE	INCENTIVE FEE (as % of incentive fee pool)	PENALTY FEE (as % of basic fee for IBPS)	QA Method	PAYMENT
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 within 2 business days.	5%	N/A	10% reduction of basic fee for every business day, or part thereof, that the average response time exceeds two business days.	On-Site Reviews Monthly Invoices	Monthly
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 st 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 ensure this coincides with narrative description in SOW 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

IBPS #	TASK and SOW Requirement	ACCEPTABLE QUALITY LEVEL (AQL)	% OF ADM FEE	INCENTIVE FEE (as % of incentive fee pool)	PENALTY FEE (as % of basic fee for IBPS)	QA Method	PAYMENT
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.	Monitoring of Unacceptable Performance & Compliance Indicators Section 3.9	100% of projects with unacceptable performance and compliance indicators are monitored and reported by the first day of every month. AQL: Monitoring report by 1 st of every month	3%	N/A	3% reduction for every day the AQL is exceeded for any report or documentation submission	On-Site Reviews Systems Data Reports Monthly Invoices	Monthly
14.	Monitoring of Unacceptable Performance & Compliance Indicators Section 3.9	100% of projects with unacceptable performance and compliance indicators are reported on and documentation is provided to HUD within 30 days of resolution. AQL: Documentation provided within 30days of resolution.	3%	N/A	3% reduction for every day the AQL is exceeded for any report or documentation submission.	On-Site Reviews Systems Data Reports	Annually
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
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 Section 3.12	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 st 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	2% reduction for every 1% below the AQL that initial notifications and follow up monitoring reports are untimely	On-Site Reviews Systems Data Reports Monthly Invoices	Monthly

5. Guidance for Submitting Proposals

5.1 Service Area Designation

Proposals in response to this solicitation must clearly designate the intended service area. Offerors must bid to provide contract administration services for areas no smaller than an individual State (or U.S. Territory). HUD will accept proposals covering the entire nation, multiple Multifamily Hubs, individual Multifamily Hubs, or any combination of states, but no smaller than an individual State (or U.S. Territory). All multi-state proposals must provide a separate cost proposal for each state within the proposed service area (see Attachment II.B). HUD will evaluate proposals for areas larger than an individual State on a state by state basis.

The information in this section governs the procedures Offerors must follow to submit proposals in response to this RFP. Failure to comply with the guidance of this section will disqualify an Offeror's proposal from consideration by HUD.

5.2 Proposal Organization

Offerors must submit one original and three (3) copies of their proposals. All proposals must contain two volumes: a technical proposal that explains the offeror's technical capacity to perform the tasks of the RFP and a cost proposal that indicates the offeror's price and supporting documents to provide CA services. Submit technical and cost proposals as separately bound volumes. Offerors must divide and tab technical proposal into three sections, limited by the specified number of pages:

1. Understanding and Technical Approach—20 pages
2. Management Capacity and Quality Control—20 pages
3. Past Performance—10 pages (Total)
 - (a) Key Personnel—5 pages
 - (b) Firm—5 pages

Proposals exceeding the allowable page limits will only have the number of pages specified evaluated (e.g. Factor 1 will only have the first 20 pages evaluated; remaining pages will not be reviewed). Page limits refer to one side of an 8½ x 11 piece of paper using standard 10 pitch font.

Offerors shall include with the technical proposal an appendix which includes the following:

- (1) Resumes of the project team.
- (2) A statement of possible conflict of interest in the appendix. This statement should identify properties in the proposed coverage area of the offeror in which the offeror has a financial interest.

(3) A copy of the offerors' (the PHA and all organizations that form the instrumentality entity) most recent audit of the offeror's financial records. The appendix does not count toward the page limitation.

Offerors are advised that different technical evaluation panel teams will review proposals. The Technical proposal shall be divided according to the stated evaluation factors and shall be submitted in physically distinct sections by each evaluation factor. Individual panel members may review only one evaluation factor; therefore, offerors should be careful to fully respond to each factor separately, and not rely on information in another factor to be a part of the response. Pages with each factor shall be numbered consecutively, including any appendixes.

The cost proposal shall include the CA's proposed percentage of the FMR for covered units on the sheet provided herein. The cost proposal shall also provide supporting cost data to ensure the evaluation panel can determine the prices proposed are reasonable for the technical approach proposed. Failure to adequately explain the price proposed may result in a determination the CA is unable to perform at the stated price or that the price is unreasonable based upon the technical approach described. Sample forms for providing cost data are attached and should be supported by a narrative to the extent necessary. Offerors are not required to follow the samples completely, but shall provide the information requested to the extent possible.

5.3 Proposal Due Date

Offerors must submit proposals no later than 5:00 PM EDT, Friday, July 15, 1999. Offerors must submit proposals to: U.S. Department of Housing and Urban Development, 451 7th Street, SW, Office of the Deputy Assistant Secretary for Multifamily Housing Programs, Room 6106, Washington, DC 20410.

Offerors must clearly mark packages containing proposals "Proposal for Section 8 Contract Administration Services."

The Department will not accept proposals that arrive after the above date and time or at any other address. HUD will not be responsible for proposals lost or misdirected due to improper labeling.

5.4 Offeror Questions/Pre-Proposal Conference

HUD will conduct a Pre-Proposal Conference to discuss this request for proposals at length and answer questions. The agenda for the

conference will include time for those potential respondents' interested in forming partnerships with other entities to meet.

Date: June 3, 1999.

Time: 9:30 a.m. to 3:00 p.m. EDT.

Location: To Be Announced at <http://www.hud.gov/fha/mfh/rfp/sec8rfp.html>.

HUD encourages potential Offerors who plan to attend the Pre-Proposal Conference to submit questions in advance, by sending an e-mail to "Prebiddersconf_Sec8rfp@hud.gov". All questions and the responses will be posted at the RFP website, www.hud.gov/fha/mfh/rfp/sec8rfp.html. At the Pre-Proposal Conference HUD will be sure to discuss the questions that have generated the most interest.

If attendees raise additional questions as a result of the discussion at the pre-proposal conference, HUD will respond to the questions at the conference as time permits. However, if time has expired and/or if HUD must obtain additional information to provide an appropriate response, HUD will post a transcript of the conference and the answers to any unanswered questions at the RFP website.

In addition to a copy of the transcript, the RFP web site currently contains a database of current properties with Section 8 assisted units and a description of the Section 8 program. After the conference, the RFP website will provide a tool for offerors to pose and for HUD to answer any further questions.

5.5 Amendments and Additional Guidance

HUD may amend this RFP. All amendments or additional guidance will be posted on the website. Offerors should check the website regularly for any amendments to the RFP.

5.6 Contract Term

HUD will award an ACC pursuant to this RFP for an initial term of two (2) years. The CA is reminded however, that continued performance beyond the first year of the ACC is contingent upon the availability of appropriated funds.

HUD may unilaterally renew the ACC for up to three (3) additional one-year terms. Each such renewal shall be at HUD's sole discretion. The Department will use performance as a paramount factor in renewal determinations.

6. Equal Employment Opportunity Compliance

The CA shall not discriminate against any employee or applicant for employment because of race, color,

creed, religion, sex, handicap or national origin. The CA shall take affirmative action to ensure that applicants and employees are treated without regard to race, color, creed, religion, sex, handicap, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

The CA shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by HUD setting forth the provisions of this nondiscrimination clause. The CA shall assure in all solicitations or advertisements for employees placed by or on behalf of the CA that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, handicap or national origin. The CA will incorporate the foregoing requirements of this paragraph in all of its contracts for project work, except contracts for standard commercial supplies or raw materials, and will require all of its contractors for such work to incorporate such requirements in all subcontracts for project work.

7. Factors for Award

Proposals cannot merely offer to provide services in accordance with the requirements of the RFP, rather, they must provide a detailed and concrete description of how the offeror will perform these requirements in operation under the ACC.

HUD will evaluate proposals according to the following:

7.1 Understanding and Technical Approach—50 Points

Offeror's proposal must include a demonstrated understanding of the role of the CA and the full range of the work to be performed. The proposal also must describe the Offeror's plan and approach to perform the tasks of the statement of work. The proposal shall specify any services or functions to be provided or performed by the parent entity, or by any other entity which holds a direct or indirect interest in such instrumentality, to carry out or support Section 8 contract administration in accordance with the ACC. The proposal should detail the Offeror's automated systems that will support it in the performance of SOW tasks (including information technology (IT) support, accessibility, documentation, security, and

flexibility). In addition, the offeror must describe the automated system that it will use to provide contract administration services for project-based HAP contracts under Section 8.

The proposal must provide a proposed plan for the transfer of responsibility for contract administration from HUD to the CA that includes, but need not be limited to, how the offeror will be prepared to begin operations within 60 calendar days after award of the ACC.

7.1.1 Data Systems

Offerors must demonstrate their ability to comply with all processing and reporting requirements applicable to CA functions contained in this RFP, including requirements for contract administrators outlined in Section 108 of 24 CFR, Part 208)—Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects (a/k/a the Automation Rule). CAs are expected to have Internet Service Provider access for communication with HUD. (At this time, HUD plans for most data entry and data transfer with CAs to occur over the Internet).

CAs must be capable of implementing revisions in processing and reporting, as specified by HUD, to conform to changes in present or future policy and procedures pertaining to CA functions. With respect to data systems and automated reporting requirements, HUD will provide reasonable advance notice of the need for such change a minimum of 90 days before CA compliance will be required.

CAs must provide HUD with data on HAP contracts, rent adjustments, contract renewal processing, management and occupancy reviews, annual financial statements and other documents and information relevant to the tasks and responsibilities outlined in this RFP. Where automated reporting tools do not already exist, HUD intends to develop specifications for receiving a substantial portion of these data electronically. CAs must have the capability to transmit such data to HUD via the Internet as prescribed by HUD.

Offerors must demonstrate that they have the facilities to receive resident certification and recertification data (form HUD 50059) and voucher data (form HUD 52670) electronically from the owners or management agents in a form consistent with reporting requirements specified by HUD for the HUD TRACS System. Offerors must also demonstrate the ability to transmit HUD 50059 data to the HUD TRACS Tenant System and HUD 52670 data to the HUD

TRACS Voucher/Payment System, and to receive the messages transmitted in return from TRACS. As part of these requirements, the CA must have an ability, acceptable to HUD, for communicating errors in HUD 50059 and HUD 52670 submissions to the owners or management agents. CAs are expected to comply with requirements applicable to contract administrators in the Automation Rule (24 CFR 208).

HUD currently receives data submissions to the TRACS Tenant System and the TRACS Voucher/Payment System via SprintMail, but there are plans to accept these transmissions via the Internet. Internet access also provides the CA with the ability to review the resident and voucher data it has transmitted to HUD to ensure that it is correct and consistent with the data maintained in its own files.

CAs will be required to accept and forward to the owners or management agents the Benefit History Reports from HUD that provide confirmation of Social Security and Supplemental Security Income. Alternatively, the CAs may require the owners or management agents to obtain Internet access to retrieve their own Benefit History Reports from HUD.

Resident reporting requirements specified for HUD's TRACS Tenant System and voucher reporting requirements specified for the TRACS Voucher/Payment System are published on the TRACS Documents Page on the world wide web. The CAs are responsible for meeting the requirements specified in these documents. Offerors can access the TRACS Documents Page at <http://www.hud.gov/fha/mfh/trx/html/trxdocs.html>.

Offerors must demonstrate that they have an account with a federally insured financial institution capable of receiving and sending electronic fund transfer (EFT) transactions.

CAs must have facilities acceptable to HUD for making timely and accurate HAP subsidy payments to project owners with HAP contracts under an Annual Contributions Contract (ACC) contract. CAs also will be required to transmit budget, requisition, and year-end settlement data to HUD via the Internet, as specified by HUD.

7.2 Management Capacity and Quality Control Plan—50 points

The offeror shall fully demonstrate a superior detailed quality control program to (1) ensure the contract performance requirements are met, (2) provide specific internal control programs to provide accountability and

separation of duties to detect and prevent potential fraud, waste, and abuse of funds, and (3) identify processes/procedures to prevent, detect, and resolve actual, or appearances of, conflicts of interest of any staff working with the contract or associated with the entity. This QC Plan must include, but not be limited to

1. A Work Plan including all contract administrative services breaking down each task/sub-task. The Work Plan shall:

- Specify all areas and services that the CA will review.
- Include a timeline (duration, start, finish) the CA will review areas/services.

- Depict the resource name/s and task usage for each task/s.
- Include an example of the CA's Work Plan quarterly report Identify the methodology CAs will use to conduct reviews.

2. The name(s) and qualifications of the individual(s) responsible for performing the quality control reviews and the specific areas/services these individuals will inspect.

3. A method to identify performance deficiencies and to take corrective action to ensure against unsatisfactory performance.

4. A means to document all quality control reviews and any required corrective action. The CA shall establish and maintain files for such documentation through the term of this contract. The filing method shall be such that all information relative to quality control inspections is logically grouped together and readily accessible. The files shall be the property of HUD and be made available to HUD upon demand during the CA's regular business hours. The files shall be turned over to HUD within 10 business days after completion or termination of the ACC.

5. Workflow and organizational charts that describe the processes and controls that the offeror will to implement and operate its technical approach and to execute the QC plan.

7.3 Past Performance—30 Points

Offerors' proposals must provide documented evidence that, during the last two years immediately prior to the deadline for receipt of proposals, the Offeror or related entity has successfully performed duties substantially similar

to the core functions that the CA will perform under this RFP. Offerors should give special emphasis to past performance with compliance with and reviews of Multifamily Housing's occupancy requirements, reviews of property physical condition, and problem resolution activities with property owners. ("Related entity" means any entity that will perform services or functions to carry out or support Section 8 contract administration under the ACC, including the PHA, a parent entity of the PHA, or partners who are affiliated with the PHA.)

HUD will give greater weight to proposals that cite recent experience (the past two years) that is most similar to the requirements of the RFP.

The proposal must include sufficient information on the relevant experience, special training and education of proposed personnel related to the tasks of the SOW.

HUD will allocate points based upon the demonstrated record. References of successful past performance of the same or similar work as described in the SOW and in the ACC shall confirm offerors' demonstrated record. HUD will consider available information, such as reviews of PHAs.

Offerors' proposals must provide at least five references (not letters of recommendations) that document past experience. These references must include:

- Project name
- Period of performance
- Description of the work performed
- Contact person information:
 - Name
 - Title
 - Address
 - Telephone numbers
- The relationship of the contact person to the offeror.

Only information that is submitted directly to HUD in the offeror's proposal package will be considered unless HUD seeks additional information during the evaluation process.

HUD reserves the right to review and consider the past performance the offeror may have had with the Department.

8. Proposal Evaluation

HUD will establish one or more panels to review the proposals received.

HUD will only evaluate, rate and rank complete proposals submitted.

HUD will evaluate each proposal based on the factors for award and the proposed fees to determine which offerors represent the best overall value, including administrative efficiency, to the Department. While the cost or price factor has no numerical weight in the factors for award, it is always a criterion in the overall evaluation of proposals. HUD may ask any offeror considered to be among the highest rated technically acceptable for additional information to assist HUD in selecting among proposals submitted. HUD may also negotiate the fee with the highest technically acceptable offerors, one or all, to obtain high quality at a better value.

HUD shall have discretion to determine the process for evaluation, rating and ranking of proposals received and for selection of the contract administrator pursuant to the RFP and for award of ACCs.

Proposals to provide contract administration services for project-based HAP contracts will be accepted on an individual state, combination of states, individual Hubs, multiple Multifamily Hubs, and the entire nation, however, the Department will evaluate proposals state by state. Therefore, the offeror must complete and submit the "Proposal Submission Form" (Attachment II) for each state the CA is offering a bid.

If there are areas of the country for which HUD does not select a CA during the above process, either because there were no proposals covering that area, or none of the proposals were acceptable, HUD may negotiate with one or more selected offerors to expand the service area in which the selected offeror will provide contract administration services.

Before execution of the ACC, each selected PHA must submit a Previous Participation Certification, Form HUD-2530 and any additional documentation required by HUD within 10 calendar days of request by HUD. The PHA and related parties must be cleared through HUD's previous participation procedure.

Attachment I Voucher and Recertification Review

The following lists the tasks and tools associated with voucher and certification/recertification reviews.

TASKS	TOOLS
Record voucher in project logs	Manual Process
Check voucher header information	Manual Process <ul style="list-style-type: none"> • Check the following data: * Project number * Total units * Dates/signed * Voucher month * Usage (declining balance/shortfall)
Check information against previous month's voucher	Manual Process <ul style="list-style-type: none"> • TRACS currently makes no comparisons between HAP requests from one month to the next • Continue to compare HAP amounts for all residents not "changed/added" this month
Check adjustments	Manual Process <ul style="list-style-type: none"> • TRACS is currently not editing or recording adjustments • Check adjustments • Check for unresolved problems from previous month • Make note to notify project of what has to be done
Check voucher calculations	Manual Process <ul style="list-style-type: none"> • TRACS only edits certification calculations • Continue to check the voucher totals (i.e., individual page totals against total subsidy requested on cover)
Review special claims	Manual Process <ul style="list-style-type: none"> • Special claims will not be incorporated until a future release of TRACS • Continue to manually check signatures and totals using current procedures

Attachment II Proposal Submission Form

Section A. (attach this form to the technical and cost proposal)

I propose to provide the services required by this ACC within the geographic area described below. (See description of Multifamily Hubs on the next page).

Offeror	
Date	

_____ 1. The following area which is larger than a Hub:

_____ 2. Entire Hub for Area

_____ 3. The following group of states:

_____ 4. The following individual State (or U.S. Territory):

Multifamily Hubs

AREA #	HUB	GEOGRAPHIC AREA
1	Boston	Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut
2*	Buffalo	All New York State counties except those listed for the New York HUB
3*	New York	The counties of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster, and Westchester
4	Philadelphia	Pennsylvania, New Jersey, Delaware, West Virginia
5	Baltimore	Maryland, District of Columbia, Virginia
6	Greensboro	North Carolina, South Carolina
7	Atlanta	Georgia, Tennessee, Kentucky, Caribbean
8	Columbus	Ohio
9	Jacksonville	Florida, Alabama, Mississippi
10	Chicago	Illinois, Indiana
11	Detroit	Michigan
12	Minneapolis	Minnesota, Wisconsin
13	Kansas City	Kansas, Missouri, Oklahoma, Nebraska, Iowa
14	Fort Worth	Texas, Arkansas, Louisiana, New Mexico
15	Denver	Colorado, Utah, Wyoming, Montana, North Dakota, South Dakota
16	Seattle	Washington, Oregon, Idaho, Alaska
17*	San Francisco	Nevada, Arizona, Hawaii and the 46 California counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humbolt, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba
18*	Los Angeles	California counties not covered by the San Francisco HUB

*For the purpose of this RFP, HUD has combined Hubs 2 & 3 and Hubs 17 & 18. This means that CA must offer a proposal for the entire state, not just the single Hub area.

Section B (attach this form to the cost proposal)

I propose to provide the services required by this ACC within _____
(Name of State or U.S. Territory) for the following fixed price:

Initial 2 Year Term	
Basic Fee	% of the FMR

1st Renewal Year 1 Year Term	
Basic Fee	% of the FMR

2nd Renewal Year 1 Year Term	
Basic Fee	% of the FMR

3rd Renewal Year 1 Year Term	
Basic Fee	% of the FMR

CONTRACT COST ESTIMATE FORM - INSTRUCTIONS**ITEM 1: Direct Labor**

Enter labor by category and skill level (e.g. Project Director, senior analyst, junior architect, statistician, clerical, etc.) in column (a). Enter the estimated total number of hours (i.e., for all tasks, etc. in which the labor will be required) in column (b). Enter the estimated hourly rate for each labor category in column (c). Multiply the amount in column (b) by the amount in column (c), and enter the product in column (d).

[NOTE: If the contract is expected to extend beyond a twelve month period, inflation factors should be included for each additional period. This may require using additional sheets.] Add the amounts in column (d) and enter that total in the row labeled ATOTAL DIRECT LABOR.@

ITEM 2: Labor Overhead and Fringe Benefits

Enter the estimated rates (percentages) for fringe benefits and labor overhead in the blanks in column (c). Multiply these percentages by the amount for TOTAL DIRECT LABOR in 1(e) above and enter the results in column (d). Add the two totals and enter the sum in column (e) of the row labeled ATOTAL LABOR OVERHEAD.@

ITEM 3: Travel

Enter the total estimate and support on a separate worksheet.

ITEM 4: Subcontracts/Consultants

For each type of subcontract/consultant, enter the estimated number of hours/days in column(b). Enter the hourly/daily rate in column (c). Multiply each rate by the number of hours/days and enter the result in column (d). Add the totals in column (d) and enter the sum in column (e) of the row labeled ATOTAL CONSULTANT COSTS.@

ITEM 5: Other Direct Costs

Enter each type of cost in column (a) and its corresponding total cost in column (d). Add the totals in column (d) and enter the sum in column (e) of the row labeled ATOTAL OTHER DIRECT COSTS.@

ITEM 6: Total Direct Cost and Overhead

Add the amounts in 1(e) through 5(e) and enter the sum.

ITEM 7: General and Administrative (G&A)

Enter the estimated rate in column (c) and multiply it by the amount in 7(e) above. Enter the result in column (e).

ITEM 8: Total Estimated Costs

Add the amounts in 6(e) and 7(e) enter the sum in column (e).

ITEM 9: Fee or Profit

Enter the amount calculated or estimated for the fixed fee or profit.

ITEM 10: Total Estimated Cost and Fee/Profit

Add the amounts in 8(e) and 9(e). Enter the sum in column (e). This is the grand total.

Attachment III Annual Contributions Contract*Annual Contributions Contract*

Definitions

ACC. Annual Contributions Contract. This contract between HUD and the PHA.

Administrative Fee. The monthly fee HUD pays the PHA for each covered unit under HAP contract on the first day of the month. The fee amount is determined in accordance with Exhibit E. The administrative fee is the total of the basic fee plus the incentive fee.

Basic Fee. The amount of the basic fee per unit per month as specified in Exhibit E for each FMR area. HUD may reduce the basic fee if HUD determines that the PHA performance of contract tasks is below the minimum acceptable quality level. HUD determines the amount of such reduction. Earned basic fees are paid monthly.

Budget Authority. The maximum amount of funds available for payment to the PHA for each HAP contract. Budget authority is authorized and appropriated by the Congress. The amount of budget authority for each HAP contract is listed on Exhibit C.

Covered Units. Section 8 assisted units under HAP contracts assigned to the PHA for contract administration under the ACC. Covered units are listed on Exhibit B.

Fiscal Year. The PHA fiscal year. Exhibit C states the last month and day of the PHA fiscal year.

Funding Increment. Each commitment of funding (budget authority) by HUD to the PHA for a HAP contract under the ACC. The funding increments are listed on Exhibit C.

HAP Contract. A Section 8 Housing Assistance Payments Contract.

HUD. The United States Department of Housing and Urban Development.

Incentive Fee. A per unit per month administrative fee in addition to the basic fee. The incentive fee is paid if HUD determines that PHA performance of contract tasks is above the minimum acceptable quality level. HUD determines the amount of the incentive fee. The maximum incentive fee per unit per month is specified in Exhibit E for each FMR area. Earned incentive fees are paid quarterly.

PHA. Public Housing Agency.

Portfolio Reengineering. FHA-insured multifamily housing mortgage and housing assistance restructuring of an eligible multifamily project.

Program Expenditures. Amounts which may be charged against program receipts in accordance with the ACC and HUD requirements.

Program Property. Program receipts, including funds held by a depository, and PHA rights or interests under a HAP contract for covered units.

Program Receipts. Amounts paid by HUD to the PHA under the ACC, and any other amounts received by the PHA in connection with administration of the Section 8 program under the ACC.

Project Reserve. An unfunded account established by HUD for a HAP contract from amounts by which the amount of budget authority available for payment under the HAP contract during the owner's fiscal year exceeds the amount actually approved and paid by HUD. HUD may use this account as the source for additional payments under the program.

Public Housing Agency. The agency that has entered the ACC with HUD. Such agency is a "public housing agency" as defined in Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Service Area. The area where the PHA provides contract administration services under the ACC. The PHA service area is described in Exhibit D of the ACC.

ACC

Purpose

This ACC is a contract between the PHA and HUD. The ACC was awarded by HUD pursuant to a proposal submitted in response to HUD's published Request for Proposals for PHAs to provide contract administration services for units receiving project-based Section 8 housing assistance. (The Request for Proposals was published on May 19, 1999. Under the ACC, the PHA will provide contract administration services for dwelling units in the service area receiving project based assistance under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Exhibits. This ACC Includes the Following Exhibits

1. Exhibit A: Request for Proposal
2. Exhibit B: Covered Units
3. Exhibit C: Funding
4. Exhibit D: Service Area
5. Exhibit E: PHA Administrative Fees
6. Exhibit F: ACC Contract Term

HUD Revision of ACC Exhibits

1. HUD may amend Exhibit B:
 - To add covered units.
 - To withdraw covered units for which the HAP contract has expired or been terminated, or for which assistance payments are abated.

—To withdraw covered units in connection with portfolio reengineering.

2. HUD may amend Exhibit C:
 - To add a funding increment, or
 - To remove a funding increment for which the HAP contract has expired or been terminated, or for which assistance payments are abated.
 - To remove a funding increment in connection with portfolio reengineering.

HUD may amend Exhibit B or Exhibit C of the ACC by giving the PHA written notice of the revised exhibit. The HUD notice constitutes an amendment of the ACC.

ACC Term

The ACC term is specified in Exhibit F of the ACC. The PHA shall provide contract administration services for the covered units during the ACC term.

PHA Contract Administration Services Coverage

1. The PHA shall enter into or assume HAP contracts with owners of covered units to make assistance payments to the owners of such units during the HAP contract term.

2. During the ACC term, the PHA shall provide contract administration services for covered units in the service area.

3. HUD will assign to the PHA existing HAP contracts for covered units. Upon such assignment, the PHA assumes all contractual rights and responsibilities of HUD pursuant to such HAP contracts.

PHA Services

1. The PHA shall comply, and shall require owners of covered units to comply, with the United States Housing Act of 1937, applicable Federal statutes and all HUD regulations and other requirements, including any amendments or changes in the law or HUD requirements.

2. The PHA shall perform all the core tasks specified in the Statement of Work contained in the Request for Proposals in accordance with the law and HUD requirements.

3. The PHA shall perform services under the ACC in accordance with the HUD-approved proposal submitted in response to the HUD Request for Proposals, and any HUD-approved modifications of the HUD-approved proposal.

4. The PHA shall require owners to comply with HUD requirements for occupancy of covered units, including requirements governing eligibility for assistance, resident contribution to rent,

and examinations and reexaminations of family income.

5. The PHA shall determine the amount of housing assistance payments to owners in accordance with the terms of the HAP contracts and HUD requirements, and shall pay owners the amounts due under such HAP contracts.

6. The PHA shall require owners to comply with the terms of HAP contracts for covered units, and shall take prompt and vigorous action to enforce the terms of such contracts.

7. The PHA shall take appropriate action, to HUD's satisfaction or as required or directed by HUD, for enforcement of the PHA's rights under a HAP contract. Such actions include requiring actions by the owner to cure a default, termination, or abatement or other reduction of housing assistance payments, termination of the HAP contract, or recovery of overpayments.

Fees and Payments

HUD Payments

1. HUD will make payments to the PHA for covered units in accordance with HUD requirements.

2. For each PHA fiscal year, HUD will pay the PHA the amount approved by HUD to cover:

- Housing assistance payments by the PHA for covered units.
- PHA fees for contract administration of covered units.

3. The amount approved for housing assistance payments shall be sufficient to pay owners the amount of housing assistance payments due to the owners under HAP contracts for covered units.

4. The amount of the HUD payment may be reduced, as determined by HUD, by the amount of program receipts (such as interest income) other than the HUD payment.

Fees

1. HUD may approve administrative fees for either of the following purposes:

- Basic fees.
- Incentive fees.

2. The monthly administrative fee is composed of the basic fee and the incentive fee. The administrative fee shall be paid (subject to availability of appropriated funds) for each covered unit under HAP contract on the first day of the month.

3. The amount of the administrative fee shall be determined in accordance with Exhibit E.

4. For covered units in each FMR area, Exhibit E states the amount of the basic fee and the amount of the maximum incentive fee. Basic fees earned by the PHA shall be paid on the first day of each month. Incentive fees

earned by the PHA shall be paid at the end of each quarter.

5. If HUD determines that the PHA has performed above the minimum acceptable quality level in a quarter, the PHA may award an incentive fee per unit per month in addition to the basic fee. If HUD determines that the PHA has performed below the minimum acceptable quality level in any month, HUD may charge a penalty against the basic fee per unit per month.

6. HUD will not pay an administrative fee for any covered units for which the HAP contract has expired or been terminated.

7. If HUD determines that the PHA has failed to comply with any obligations under the ACC, HUD may reduce the amount of any administrative fee.

Limit on Payments for Funding Increment

The total amount of payments for any funding increment over the increment term shall not exceed budget authority for the funding increment.

Reduction of Amount Payable by HUD

1. If HUD determines that the PHA has failed to comply with any obligations under the ACC, HUD may reduce to an amount determined by HUD:

- The amount of the HUD payment for any funding increment.
- The contract authority or budget authority for any funding increment.

2. HUD shall give the PHA written notice of the reduction.

3. The HUD notice may include a revision of the funding exhibit (Exhibit C) that reduces the amount of contract authority or budget authority for a funding increment. The notice of a revised funding exhibit, or of revisions to the funding exhibit constitutes an amendment of the ACC.

Project Reserve

HUD may establish and maintain a project reserve account for a HAP contract administered by the PHA under the ACC. The amount in the project reserve is determined by HUD. The project reserve may be used by HUD to pay any portion of the payment approved by HUD for a fiscal year.

Budget and Requisition for Payment

1. For each fiscal year, the PHA shall submit to HUD an estimate of the HUD payments for the program and any supporting data required by HUD. The budget estimate and supporting data shall be submitted at such time and in such form as HUD may require, and are subject to HUD approval and revision.

2. The PHA shall requisition periodic payments on account of each annual HUD payment. Each requisition shall be in the form prescribed by HUD. Each requisition shall include certification that:

- Housing assistance payments have only been paid in accordance with HAP contracts for covered units, and in accordance with HUD requirements; and
- Covered units have been inspected by the PHA in accordance with HUD requirements.

3. If HUD determines that payments by HUD to the PHA for a fiscal year exceed the amount of the annual payment approved by HUD in the budget for the fiscal year, the excess shall be applied as determined by HUD. Such applications determined by HUD may include, but are not limited to, application of the excess payment against the amount of the annual payment for a subsequent fiscal year. The PHA shall take any actions required by HUD respecting the excess payment, and shall, upon demand by HUD, promptly remit the excess payment to HUD.

Financial Management

Use of Program Receipts

1. The PHA shall use program receipts in compliance with the U.S. Housing Act of 1937 and all HUD regulations and other requirements.

2. Program receipts may only be used to pay program expenditures, including administrative fees payable to the PHA, and housing assistance payments for covered units. The PHA shall not make any program expenditures, except in accordance with the HUD-approved budget estimate and supporting data.

3. The PHA may use or distribute any earned administrative fee income, including basic fees and incentive fees, for any purpose. However, the PHA may not use or distribute administrative fee income to reimburse compensate or transfer any such income, directly or indirectly, to the owner of covered units, agents or affiliates.

4. If required by HUD, program receipts in excess of current needs shall be promptly remitted to HUD or shall be invested in accordance with HUD requirements.

5. Interest on the investment of program receipts constitutes program receipts.

Depository

1. Unless otherwise required or permitted by HUD, all program receipts shall be promptly deposited with a financial institution selected as

depository by the PHA in accordance with HUD requirements.

2. The PHA shall enter an agreement with the depository institution in the form required by HUD.

3. The PHA may only withdraw deposited program receipts for use in connection with the program in accordance with HUD requirements, including payment of housing assistance payments to owners and payment of ongoing administrative fees to the PHA.

4. The agreement with the depository institution shall provide that if required under a written notice from HUD to the depository:

—The depository shall not permit any withdrawal of deposited funds by the PHA unless withdrawals by the PHA are expressly authorized by written notice from HUD to the depository.

—The depository shall permit withdrawals of deposited funds by HUD.

5. If approved by HUD, the PHA may deposit under the depository agreement monies received or held by the PHA in connection with any contract between the PHA and HUD.

Fidelity Bond Coverage

The PHA shall carry adequate fidelity bond coverage, as required by HUD, to compensate the PHA and HUD for any theft, fraud or other loss of program property resulting from action or non-action by PHA officers or employees or other individuals with administrative functions or responsibility for contract administration under the ACC.

Management Requirements

1. The PHA shall (without any compensation or reimbursement in addition to ongoing administrative fees in accordance with §IV.B of the ACC) perform all PHA obligations under the ACC, and provide all services, materials, equipment, supplies, facilities and professional and technical personnel, needed to carry out all PHA obligations under the ACC, in accordance with sound management practices, Federal statutes, HUD regulations and requirements and the ACC.

2. The PHA shall:

—Maintain telephone service during normal and customary business hours;

—Design and implement procedures and systems sufficient to fulfill all PHA obligations under the ACC.

—Take necessary actions to maintain good relations with owners, residents and their representatives, neighborhood groups, and local government agencies.

—Respond fully and promptly to inquiries from assisted residents, and from Congress or other governmental entities.

Program Records

1. The PHA shall maintain complete and accurate accounts and other records related to operations under the ACC. The records shall be maintained in the form and manner required by HUD, including requirements governing computerized or electronic forms of record-keeping. The accounts and records shall be maintained in a form and manner that permits a speedy and effective audit.

2. The PHA shall maintain complete and accurate accounts and records for each HAP contract.

3. The PHA shall furnish HUD such accounts, records, reports, documents and information at such times, in such form and manner, and accompanied by such supporting data, as required by HUD, including electronic transmission of data as required by HUD.

4. The PHA shall furnish HUD with such reports and information as may be required by HUD to support HUD data systems.

5. HUD and the Comptroller General of the United States, or their duly authorized representatives, shall have full and free access to all PHA offices and facilities, and to all accounts and other records of the PHA that are relevant to PHA operations under the ACC, including the right to examine or audit the records and to make copies. The PHA shall provide any information or assistance needed to access the records.

6. The PHA shall keep accounts and other records for the period required by HUD.

7. The PHA shall comply with Federal audit requirements. The PHA shall engage an independent public accountant to conduct audits that are required by HUD. The PHA shall cooperate with HUD to promptly resolve all audit findings, including audit findings by the HUD Inspector General or the General Accounting Office.

Default by PHA

Occurrence of any of the following events will constitute a default by the PHA in performance of its obligations under the ACC:

1. The PHA has failed to comply with PHA obligations under the ACC, or

2. The PHA has failed to comply with PHA obligations under a HAP contract with an owner, or

3. The PHA has failed to take appropriate action, to HUD's satisfaction or as required or directed by HUD, for

enforcement of the PHA's rights under a HAP contract, or

4. The PHA has made any misrepresentation to HUD of any material fact.

5. HUD's exercise or non-exercise of any right or remedy for PHA default under the ACC is not a waiver of HUD's right to exercise that or any other right or remedy at any time.

6. HUD may terminate the ACC at any time in whole or in part if HUD determines that the PHA has committed any default under the ACC.

7. HUD shall terminate the ACC by written notice to the PHA, which shall state:

—The reason for termination.

—The date of termination.

8. HUD may take title or possession to any or all program property:

—Upon occurrence of a default by the PHA, or

—Upon termination of the ACC in whole or in part, or

—Upon expiration of the ACC term.

Conflict of Interest

1. Neither the PHA, nor any PHA contractor, subcontractor or agent for operations under the ACC, nor any other entity or individual with administrative functions or responsibility concerning contract administration under the ACC, may enter into any contract, subcontract, or other arrangement in connection with contract administration under the ACC in which any covered individual or entity has any direct or indirect interest (including the interest of any immediate family member), while such person is a covered individual or entity or during one year thereafter.

2. "Immediate family member" means the spouse, parent, child, grandparent, grandchild, sister, or brother of any covered individual.

3. "Covered individual or entity" means an individual or entity that is a member of any of the following classes:

—A present or former member, officer or director of the PHA, or other PHA official with administrative functions or responsibility concerning contract administration under the ACC.

—If the PHA is an instrumentality of a governmental body;

—A present or former member, officer or director of such governmental body.

—A present or former member, officer or director of any entity that holds a direct or indirect interest in the instrumentality entity.

—An employee of the PHA.

—A PHA contractor, subcontractor or agent with administrative functions or

responsibility concerning contract administration under the ACC, or any principal or other interested party of such contractor, subcontractor or agent.

—An individual who has administrative functions or responsibility concerning contract administration under the ACC, including an employee of a PHA contractor, subcontractor or agent.

—A public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities concerning contract administration under the ACC.

4. The PHA shall require any covered individual or entity to disclose his, her or its interest or prospective interest to the PHA and HUD.

5. During the term of the ACC, the PHA shall not own or otherwise possess any direct or indirect interest in any covered unit (including a unit owned or possessed, in whole or in part, by an entity substantially controlled by the PHA), and shall not claim or receive any administrative fee for contract administration of a unit in which the PHA has any such interest.

6. HUD may waive the conflict of interest requirements for good cause. Any covered individual or entity for whom a waiver is granted may not execute any contract administration functions or responsibility concerning a HAP contract under which such individual is or may be assisted, or with respect to a HAP contract in which such individual or entity is a party or has any interest.

7. No member of or delegate to the Congress of the United States of

America or resident commissioner shall be admitted to any share or part of the ACC or to any benefits which may arise from it.

Equal Opportunity

1. The PHA shall comply with all equal opportunity requirements imposed by Federal law, including applicable requirements under:

—The Fair Housing Act, 42 U.S.C. 3610–3619 (implementing regulations at 24 CFR parts 100 *et seq.*).

—Title VI of the Civil rights Act of 1964, 42 U.S.C. 2000d (implementing regulations at 24 CFR part 1).

—The Age Discrimination Act of 1975, 42 U.S.C. 6101–6107 (implementing regulations at 24 CFR part 146).

—Executive Order 11063, Equal Opportunity in Housing (1962), as amended, Executive Order 12259, 46 FR 1253 (1980), as amended, Executive Order 12892, 59 FR 2939 (1994) (implementing regulations at 24 CFR part 107).

—Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 (implementing regulations at 24 CFR part 8).

—Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.*

2. The PHA must submit a signed certification to HUD of the PHA's intention to comply with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act.

3. The PHA shall cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to applicable civil rights statutes, Executive Orders, and related rules and regulations.

Communication With HUD

The CA shall communicate with HUD through the official or officials designated by HUD.

Exclusion of Third Party Rights

1. A family that is eligible for housing assistance under the ACC is not a party to or a third party beneficiary of the ACC.

2. Nothing in the ACC shall be construed as creating any right of any third party to enforce any provision of the ACC, or to assert any claim against HUD or the PHA.

Public Housing Agency

Signature of authorized representative

Name and official title (print)

Date

Secretary of Housing and Urban Development

Signature of authorized representative

Name and official title (print)

Date

EXHIBIT A
REQUEST FOR PROPOSALS

**EXHIBIT B
COVERED UNITS**

HAP NUMBER

LOCATION

NUMBER OF UNITS

EXHIBIT C
FUNDING

LAST MONTH AND DAY OF PHA FISCAL YEAR:

HAP NUMBER

CONTRACT AUTHORITY

BUDGET AUTHORITY

EXHIBIT D
SERVICE AREA

EXHIBIT E
PHA ADMINISTRATIVE FEES

AMOUNTS

NAME OF FMR AREA:

BASIC FEE (PER UNIT PER MONTH);

MAXIMUM INCENTIVE FEE (PER UNIT PER MONTH):

[This information must be provided for each FMR area
in the service area.]

FEE CALCULATION

[Insert procedure for determination of administrative
fees in accordance with the RFP.]

EXHIBIT F
ACC CONTRACT TERM

BEGINNING OF TERM:

END OF TERM:

[FR Doc. 99-12502 Filed 5-18-99; 8:45 am]

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