CONSTRUCTION
COST CONTAINMENT POLICY

December 2019
Construction Cost Containment Policy

I. Purpose

A. To ensure that publicly funded housing projects are constructed in a cost effective manner.

B. To ensure that developers competitively bid construction work, except under those circumstances provided for in the policy, thereby creating open competition in pricing.

II. Policy

A. Before approval by the Redevelopment Authority Board, developers of projects as defined in Section III, must submit plans and cost estimates prepared by the project architect to the Philadelphia Housing Development Corporation for approval. Upon approval of the plans:

1. for all projects where the project’s replacement cost estimate is at or below 120% of the 234-Condominium Housing basic mortgage limits, for Elevator-type projects (as established annually by HUD for the Philadelphia region) for the applicable housing unit size and type, the developer may utilize any general contractor of its choice who is willing to meet the architect’s cost estimate;

2. for all projects where the project’s replacement cost estimate exceeds 120% of the 234-Condominium Housing basic mortgage limits, for Elevator-type projects for the applicable housing unit size and type, the developer must utilize a competitive bidding process to procure and select a general contractor. The opportunity to bid on the project must be provided to all contractors on a PHDC maintained list of contractors. Developments may exclude a limited number of contractors from the bidding opportunity only after providing the PHDC written justification, which must be approved by the PHDC.

For purposes of calculating project costs, as measured against the HUD 234-Condominium Housing basic mortgage limits, for Elevator-type projects limits, the costs of environmental remediation, remediation of subsurface conditions, demolition, and meeting requirements of the Philadelphia Historical Commission may be excluded from the total cost calculation. The developer shall provide to the PHDC a detailed description of the conditions and associated costs. In addition, project costs can exceed the construction cost containment limits by ten percent (10%) if a developer meets the Passive House requirements for energy efficiency.

B. All potential bidders must be provided the same bid package and provided identical information about the bid requirements, in order to ensure that all bidders are given equal opportunity, the bid package must include a bid due date and time. Bids must be opened within the hour of the bid deadline. The developer’s cost estimates may not be made public or shared with any bidders prior to the completion of the bidding process.

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1 The PHDC will advertise on an annual basis in order to identify interested contractors for its mailing list. The PHDC makes no representation as to the qualification of firms on its list.
C. After receipt and review of the bids by the developer, and prior to the execution of a binding contract, the developer sponsor shall submit its general contractor selection, along with its justification, to the Philadelphia Housing Development Corporation for review and approval. This submission shall include an affidavit that identifies all firms that were solicited, all the bidders and prices submitted by each bidder, when the bids were opened and by whom. In addition, the developer must submit a certification that the bid process was implemented in accordance with this policy.

Unless otherwise approved by the PHDC, the lowest responsible bidder must be selected. If there are no responsible bidders, the developer shall solicit bids a second time. If no bids are received as a result of the second bid solicitation, the PHDC will make a determination as to how to proceed.

D. In the event a developer has an identity of interest with a construction company, the developer shall request that the competitive bid process be implemented by PHDC staff, in order that the developer’s construction company can bid without the conflict of conducting the bid solicitation.

E. This policy may be waived in extraordinary circumstances only by an action of the Redevelopment Authority Board.

III. Application

A. All rental developments receiving CDBG, HOME or any other type of funding from the Division of Housing and Community Development (DHCD) that requires approval of the Redevelopment Authority Board,

This policy may be waived by the Executive Director when the DHCD subsidy is less than $7,500 per unit.²

B. All homeownership developments of twelve (12) or more units,³ where the DHCD subsidy is greater than $7,500 per unit.

C. Notwithstanding anything to the contrary, this policy shall not apply to rental or homeownership projects developed by the Philadelphia Housing Authority or its subsidiaries.⁴

IV. Implementation

A. This policy shall be effective on the date of its adoption by the Board and shall apply to all projects that have not entered into a contract with a general contractor as of the date the policy is adopted.

² Projects with 202 funding should be exempt from this policy either explicitly or implicitly (typically not provided more than $7,500 per unit subsidy). Practically speaking, HUD approves the project and GC selection prior to the PHDC receiving a subsidy request.

³ This threshold is adopted to be consistent with the Davis-Bacon threshold for HOME-funded homeownership projects.

⁴ Projects developed by Philadelphia Housing Authority (PHA) comply with PHA’s competitive bidding process.
(Project Name)
Affidavit of (Developer’s Name)

(Developer’s name), being duly sworn according to law, certifies to the following with respect to (Project Name) (“Project”):

1. I have received a copy of the Philadelphia Housing Development Corporation’s (“PHDC”) Cost Containment Policy (“Policy”) and PHDC’s list of approved General Contractors/Construction Managers.

2. I am aware of the obligation to comply with the Policy, including the obligation to utilize a competitive bidding process to procure and select a general contractor/construction manager.

3. All contractors on the PHDC’s list of Approved General Contractors/Construction Managers have been notified of this opportunity to bid on this Project. If any contractor was excluded we have provided written justification to the PHDC.

4. All potential bidders were provided equal opportunity to bid on the Project utilizing the same bid package, requirements, due date and time.

5. Attached is a list of general contractors/construction managers who have been notified of the opportunity to bid on this project.

6. Attached is a schedule of all firms who have responded including the bid amount. This schedule must also indicate who conducted the bid opening and the date the bids were opened.

7. The lowest qualified bidder was selected unless otherwise approved by the PHDC.

NAME OF DEVELOPER

By: ____________________________________________
    
    Name

_____________________________________________
    
    Title
Cost Containment Policy
Maximum Per Unit Basis Limits
2019-2020

<table>
<thead>
<tr>
<th></th>
<th>Efficiency</th>
<th>1 Bed</th>
<th>2 Bed</th>
<th>3 Bed</th>
<th>4+ Bed</th>
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<tbody>
<tr>
<td>Non-Elevator/Elevator</td>
<td>202,322</td>
<td>231,932</td>
<td>282,032</td>
<td>364,860</td>
<td>400,500</td>
</tr>
</tbody>
</table>

The above per unit limits have been adjusted to meet the PHDC’s Cost Containment Policy and have been incorporated into the housing finance development *proforma*. 
# 2019-2020 PHDC’s Cost Containment Policy

**Approved General Contractors/Construction Managers**

Developers are responsible to notify each contractor who has a Bond Amount greater than the construction cost estimate.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>Contact Person</th>
<th>Bond Amount</th>
</tr>
</thead>
</table>
| Allied Construction Services II, Inc. | 240 New York Drive, Suite 1 Fort Washington, PA 19034 | Mr. Chris Caggiano  
215-884-0500  
caggiano@altmanco.com | $45,000,000 single  
$90,000,000 aggregate |
| Clemens Construction Company, Inc. | 1435 Walnut Street Philadelphia, PA 19102 | Carol Home Penn  
215-567-5757  
cpenn@clemensconstruction.com | $100,000,000 single  
$250,000,000 aggregate |
| Dale Corporation              | 70 Limekiln Pike Glenside, PA 19038 | Eric D. Lintner  
215-886-6440  
eric@dalecorp.net | $20,000,000 single  
$90,000,000 aggregate |
| Daniel J. Keating Company     | 134 N. Narbreth Avenue Narbreth, PA 19072 | Pierce Keating  
610-664-4550  
pkeating@dkeating.com | $200,000,000 single  
$300,000,000 aggregate |
| Domus, Inc.                   | 346 E. Walnut Lane Philadelphia, PA 19144 | Scott Zuckerman  
215-849-4444  
szuckerman@domusinc.net | $65,000,000 single  
$130,000,000 aggregate |
| Flatiron Building Company     | 5189-91 Ridge Avenue Philadelphia, PA 19128 | Scott Dalinka  
215-508-5100  
info@flatironbuildingco.com | $20,000,000 single  
$40,000,000 aggregate |
| H.C. Pody Company             | 946 Simons Avenue Bensalem, PA 19020 | Bill Messick  
215-639-2027  
billmessick@hcpody.com | $15,000,000 single  
$25,000,000 aggregate |
| Harkins Builders Inc.         | 575 E. Swedesford Road Suite 100 Wayne, PA 19087 | Paul Kraunelis  
610 627-4945  
P.Kraunelis@Harkinsbuilders.com | $200,000,000 single  
$600,000,000 excess of aggregate |
| JPC Group, Inc.               | 1309 Harmony Street Philadelphia, PA 19146 | Joseph Petrongolo  
215-243-9660  
procurement@jpcgroupinc.com | $100,000,000 single  
$250,000,000 aggregate |
| McDonald Building Company LLC | 910 East Main Street, Suite 101 Norristown, PA 19401 | Paul J. McDonald  
610-825-8601  
pmcDonald@mcdonaldbc.com | $15,000,000 single  
$30,000,000 aggregate |
| Shoemaker Construction Co.    | 100 S. Front Street, Suite 365 West Conshohocken, PA 19428 | Maura Hesdon  
610-941-5500  
mh蹭don@shoemakerco.com | $200,000,000 single  
$500,000,000 aggregate |
| Talson Solutions LLC          | 41 N. 3rd Street Philadelphia, PA 19106 | Hadassah Respes  
215-592-9634  
hrespes@talsonsolutions.com  
jsimpson@talsonsolutions.com | $10,000,000 single  
$10,000,000 aggregate |
| T.N. Ward Company             | 129 Coulter Avenue Ardmore, PA 19003 | Michael Weber  
610-649-0400  
mweber@tnward.com | $250,000,000 single  
$350,000,000 aggregate |