Construction Cost Containment Policy

I. Purpose

A. To ensure that housing projects funded by the Philadelphia Housing Development Corporation ("PHDC") are constructed in a cost-effective manner.

B. To ensure that when required by this policy, developers utilize a competitive bidding process, thereby creating open competition in construction pricing.

II. Applicability

This policy applies to:

- All rental developments receiving funding from the Division of Housing and Community Development (DHCD) that require approval of the PHDC Board.
- All homeownership developments of twelve (12) or more units, where the DHCD subsidy is greater than $7,500 per unit.[1]

This policy does not apply to:

- Rental or homeownership projects developed by the Philadelphia Housing Authority or its subsidiaries.[2]
- Projects receiving HUD Section 202 or 811 funding, which are subject to separate federal procurement requirements.

III. Replacement Cost Estimate

For all projects subject to this policy, developers must submit plans and a construction cost estimate prepared by the project architect to PHDC for review and approval. Upon approval, PHDC will calculate a Replacement Cost Estimate as part of its underwriting process. The Replacement Cost Estimate is used to determine whether a project exceeds the Construction Cost Threshold. Acquisition costs are excluded from the Replacement Cost Estimate.

The costs of environmental remediation, remediation of subsurface conditions, demolition, and Philadelphia Historical Commission requirements may be excluded from the Replacement Cost Estimate. The developer must

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

[2] Projects developed by Philadelphia Housing Authority (PHA) comply with PHA's competitive bidding process.

submit a detailed description and cost breakdown for any proposed exclusions. PHDC shall determine whether such costs may be excluded.

IV. Construction Cost Threshold

A project exceeds the Construction Cost Threshold if its Replacement Cost Estimate exceed the following limits:

A. 120% of the applicable HUD Section 234 condominium housing mortgage limits for elevator-type projects, as most recently published by HUD for the Philadelphia region and the applicable unit size. See **Appendix A** for current limits and methodology.

PHDC shall determine whether the project exceeds the Construction Cost Threshold as part of its underwriting process.

V. Competitive Bidding Requirement

Projects that exceed the Construction Cost Threshold must procure a general contractor through a competitive bidding process in accordance with this policy.

Projects that do not exceed the Construction Cost Threshold are not subject to the Competitive Bidding Requirement and may utilize a contractor of the developer's choosing, provided the contractor agrees to meet the approved architect's cost estimate.

VI. Competitive Bidding Process

When the Competitive Bidding Requirement is triggered, developers must utilize the following competitive bidding process:

A. **Pre-Bid Submission Requirements and PHDC Approval**

Prior to starting the competitive bidding process, developers must submit the project's 90% construction documents, specifications, and the scope of work prepared by the architect to PHDC for review and approval.

B. **Bid Solicitation**

The developer must give all firms on the Approved List of General Contractors/Construction Managers (the "Approved List") whose bonding capacity equals or exceeds the PHDC-approved construction cost estimate the opportunity to bid on the project. The developer is responsible for documenting that all such firms were solicited. This documentation shall be submitted to PHDC as part of the contractor selection process. The Approved List for each bonding capacity range can be found in the following Appendices:

- **Appendix D – Approved List by Bond Capacity (Less than $2 Million)**
- **Appendix E – Approved List by Bond Capacity ($2 million to < $10 million)**
- **Appendix F – Approved List by Bond Capacity ($10 million to < $35 million)**
- **Appendix G – Approved List by Bond Capacity (Greater than $35 million)**

C. **Equal Information**

All potential bidders must be provided the same bid package and identical information regarding bid requirements in order to ensure that all bidders are given an equal opportunity to compete. The bid package must include a bid due date and time. Bids must be opened within one (1) hour of the bid deadline. The developer's cost estimates may not be disclosed or shared with any bidder during the competitive bidding process.

D. Contractor Selection

After receipt and review of the bids by the developer, and prior to the execution of a binding contract, the developer shall submit its general contractor selection, along with its justification, to PHDC for review and approval. This submission shall include a PHDC Cost Containment Policy Affidavit (See **Appendix B**) 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 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, PHDC will make a determination as to how to proceed.

E. Identity of Interest

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, so that the affiliated construction company may bid without the conflict of administering the bid solicitation.

VII. Implementation

A. Effective Date

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

B. Development Budget

PHDC shall use its Development Budget to determine whether a project exceeds the Construction Cost Threshold based on the project's Replacement Cost Estimate and whether the Competitive Bidding Requirement applies. PHDC will update the Development Budget template as necessary to implement this policy and will make interim updates to the threshold calculations to reflect HUD-published limits, which are updated annually.

C. Approved List

The mater Approved List is set forth in **Appendix C**, which is further organized by bonding capacity in Appendices D through G.

PHDC shall conduct a request for qualifications ("RFQ") process on an annual basis to identify firms for inclusion on the Approved List. Firms on the Approved List shall be pre-qualified for a period of three (3) years, after which resubmission shall be required.

All firms on the Approved List must execute an Approved General Contractors/Construction Managers Agreement. Failure to comply with the terms of that agreement may result in removal from the

Approved List. PHDC makes no representation regarding the qualifications of firms on the Approved List and reserves the right to remove firms from the Approved List at its sole discretion.

Firms on the Approved List are responsible for ensuring that their contact information is accurate and kept up to date.

VIII. Waivers

A. When the DHCD subsidy is less than $7,500 per unit, this policy may be waived by the President.

B. When the DHCD subsidy is greater than $7,500 per unit, this policy may be waived in extraordinary circumstances only by an action of the PHDC Board.

Appendix A – Construction Cost Threshold Limits & Methodology

PHDC Staff will make interim updates to this Appendix to ensure the Construction Cost Threshold Limits are current. The 120% of Section 234 condominium housing mortgage limits for elevator-type projects as of July 2026 are as follows:

	Efficiency	1 Bed	2 Bed	3 Bed	4+ Bed
Elevator Type Units	**259,164**	**297,092**	**361,273**	**457,653**	**502,767**

Methodology:

1. Identify the current HUD Section 234 condominium housing mortgage limits for elevator-type projects.
    - *Source* - Federal Register :: Annual Indexing of Basic Statutory Mortgage Limits for Multifamily Housing Programs
2. Apply the HUD-approved high-cost adjustment factor for Philadelphia, as published annually by HUD.
    - *Source* - *HOME Program 2025 Final Rule: In Brief*
    - *Source* - Annual Revisions to Base City High Cost Percentage and High Cost Areas - 2026
3. Multiply the resulting adjusted limit by 120% in accordance with PHDC policy.

Appendix B – PHDC Cost Containment Policy Affidavit

(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 the PHDC list of Approved General Contractors/Construction Managers ("Approved List").
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 PHDC's Approved List of General Contractors/Construction Managers whose bonding capacity equals or exceeds the PHDC-approved construction cost estimate have been notified of the opportunity to bid on this Project. If any contractor was excluded, we have provided written justification to 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 responsible bidder was selected unless otherwise approved by PHDC.

_____
Developer Name

_____
Signature

_____
Printed Name

_____
Title

Appendix C – Approved List of General Contractors/Construction Managers

All firms on the Approved List shall execute an Approved General Contractors/Construction Managers Agreement (the "Agreement"). Failure to execute the Agreement by the deadline established by PHDC, or failure to comply with the terms of the Agreement, may result in removal from the Approved List.

PHDC staff shall make interim updates to this Appendix to ensure that contact information is current and may remove any firm that fails to execute or comply with the Agreement.

		Approved Bond Capacity			
Company Name	**Contact Information**	**Less than $2 million**	**$2 million to < $10 million**	**$10 million to < $35 million**	**Greater than $35 million**
ACE of Diamond Construction	Lorenzo Henderson aceofdiamondllc@gmail.com 215-852-2965	✓			
Alliantum Corporation	Haoqi Li service@alliantumcorp.com 215-327-3066	✓	✓		
Alpha to Omega Construction	Regina McWhite TheRMcGrp@gmail.com 267-326-1198	✓			
Camfred Construction	Chris Young cyoung@camfred.com 215-388-3535	✓	✓	✓	✓
Caritas Construction	Jody Arena jarena@caritasconstruction.com 610-637-4892	✓	✓	✓	
Costanza Builders	James J. McBride jjm@costanzabuilders.com 856-630-5363	✓	✓	✓	
Domus Construction	Mark Halstead mhalstead@domusinc.net 215-849-4444	✓	✓	✓	✓
E.P. Guidi, Inc	Steve Cant scant@epguidi.com 215-452-3141	✓	✓	✓	✓
Flatiron Building Company	Mary M Morrison marym@flatironbuildingco.com 215-508-5100	✓	✓	✓	

Company Name	Contact Information	Less than $2 million	$2 million to < $10 million	$10 million to < $35 million	Greater than $35 million
Greenstar Group	Randell Y. Torres rtorres@greenstargrp.com 787-381-0532	✓	✓		
Harkins Builders Inc	Dawn Batzel dbatzel@harkinsbuilders.com 484-243-0147		✓	✓	
J.Meza Construction	Johann Meza info@jmezaconstruction.com 215-275-1515	✓			
JC Excavation Services LLC	Felipe Selva felipe@jcconstllc.com 267-461-3751	✓	✓		
JEM Group	Greg Alt galt@jemgroup.net 717-576-1776			✓	✓
K1 Management LLC	Tiffany Kingwood info@k1management1.com 917-202-2690	✓			
LSN Contractors & Construction Managers	Randy Washington Randy@lsn.construction 610-994-2145	✓			
McDonald Building Co.	Paul McDonald pmcdonald@mcdonaldbc.com 610-930-8630	✓	✓	✓	
MCT Construction Group	Latisha Redmond latishar@mctconstructiongroup.com 267-819-6588	✓			
Metropolitan Property Services	Jacqueline Tobin jtobin@metropolitan-consulting.com 202-910-6690	✓			
MJM Construction & Renovations	Jessica Fernandez mjmconstructionpa@gmail.com 267-708-3191	✓			
Nation Builders LLC	Joshua E. Mathew josh@nationbld.com 267-992-0209	✓			
R.C.Legnini Company LLC	Mitch Handman mhandman@rclegnini.com 610-496-0271	✓	✓	✓	✓

Company Name	Contact Information	Less than $2 million	$2 million to < $10 million	$10 million to < $35 million	Greater than $35 million
Spruce Builders	Michael Tomasetti mike@spruce-builders.com 215-432-3084	✓	✓	✓	✓
TN Ward Company	Ry Taylor rtaylor@tnward.com 215-776-5950	✓	✓	✓	✓
WEBCO Construction	Anthony Weber anthony@webcoconstruction.com 215-768-2601	✓	✓		

Appendix D – Approved List by Bond Capacity (Less than $2 Million)

Company Name	Contact Person	Email	Phone
ACE of Diamond Construction	Lorenzo Henderson	aceofdiamondllc@gmail.com	215-852-2965
Alliantum Corporation	Haoqi Li	service@alliantumcorp.com	215-327-3066
Alpha to Omega Construction	Regina McWhite	TheRMcGrp@gmail.com	267-326-1198
Camfred Construction	Chris Young	cyoung@camfred.com	215-388-3535
Caritas Construction	Jody Arena	jarena@caritasconstruction.com	610-637-4892
Costanza Builders	James J. McBride	jjm@costanzabuilders.com	856-630-5363
Domus Construction	Mark Halstead	mhalstead@domusinc.net	215-849-4444
E.P. Guidi, Inc	Steve Cant	scant@epguidi.com	215-452-3141
Flatiron Building Company	Mary M Morrison	marym@flatironbuildingco.com	215-508-5100
Greenstar Group	Randell Y. Torres	rtorres@greenstargrp.com	787-381-0532
J.Meza Construction	Johann Meza	info@jmezaconstruction.com	215-275-1515
JC Excavation Services LLC	Felipe Selva	felipe@jcconstllc.com	267-461-3751
K1 Management LLC	Tiffany Kingwood	info@k1management1.com	917-202-2690
LSN Contractors & Construction Managers	Randy Washington	Randy@lsn.construction	610-994-2145

Company Name	Contact Person	Email	Phone
McDonald Building Co.	Paul McDonald	pmcdonald@mcdonaldbc.com	610-930-8630
MCT Construction Group	Latisha Redmond	latishar@mctconstructiongroup.com	267-819-6588
Metropolitan Property Services	Jacqueline Tobin	jtobin@metropolitan-consulting.com	202-910-6690
MJM Construction & Renovations	Jessica Fernandez	mjmconstructionpa@gmail.com	267-708-3191
Nation Builders LLC	Joshua E. Mathew	josh@nationbld.com	267-992-0209
R.C.Legnini Company LLC	Mitch Handman	mhandman@rclegnini.com	610-496-0271
Spruce Builders	Michael Tomasetti	mike@spruce-builders.com	215-432-3084
TN Ward Company	Ry Taylor	rtaylor@tnward.com	215-776-5950
WEBCO Construction	Anthony Weber	anthony@webcoconstruction.com	215-768-2601

Appendix E – Approved List by Bond Capacity ($2 million to < $10 million)

Company Name	Contact Person	Email	Phone
Alliantum Corporation	Haoqi Li	service@alliantumcorp.com	215-327-3066
Camfred Construction	Chris Young	cyoung@camfred.com	215-388-3535
Caritas Construction	Jody Arena	jarena@caritasconstruction.com	610-637-4892
Costanza Builders	James J. McBride	jjm@costanzabuilders.com	856-630-5363
Domus Construction	Mark Halstead	mhalstead@domusinc.net	215-849-4444
E.P. Guidi, Inc	Steve Cant	scant@epguidi.com	215-452-3141
Flatiron Building Company	Mary M Morrison	marym@flatironbuildingco.com	215-508-5100
Greenstar Group	Randell Y. Torres	rtorres@greenstargrp.com	787-381-0532
Harkins Builders Inc	Dawn Batzel	dbatzel@harkinsbuilders.com	484-243-0147
JC Excavation Services LLC	Felipe Selva	felipe@jcconstllc.com	267-461-3751
McDonald Building Co.	Paul McDonald	pmcdonald@mcdonaldbc.com	610-930-8630
R.C.Legnini Company LLC	Mitch Handman	mhandman@rclegnini.com	610-496-0271
Spruce Builders	Michael Tomasetti	mike@spruce-builders.com	215-432-3084
TN Ward Company	Ry Taylor	rtaylor@tnward.com	215-776-5950
WEBCO Construction	Anthony Weber	anthony@webcoconstruction.com	215-768-2601

Appendix F – Approved List by Bond Capacity ($10 million to < $35 million)

Company Name	Contact Person	Email	Phone
Camfred Construction	Chris Young	cyoung@camfred.com	215-388-3535
Caritas Construction	Jody Arena	jarena@caritasconstruction.com	610-637-4892
Costanza Builders	James J. McBride	jjm@costanzabuilders.com	856-630-5363
Domus Construction	Mark Halstead	mhalstead@domusinc.net	215-849-4444
E.P. Guidi, Inc	Steve Cant	scant@epguidi.com	215-452-3141
Flatiron Building Company	Mary M Morrison	marym@flatironbuildingco.com	215-508-5100
Harkins Builders Inc	Dawn Batzel	dbatzel@harkinsbuilders.com	484-243-0147
JEM Group	Greg Alt	galt@jemgroup.net	717-576-1776
McDonald Building Co.	Paul McDonald	pmcdonald@mcdonaldbc.com	610-930-8630
R.C.Legnini Company LLC	Mitch Handman	mhandman@rclegnini.com	610-496-0271
Spruce Builders	Michael Tomasetti	mike@spruce-builders.com	215-432-3084
TN Ward Company	Ry Taylor	rtaylor@tnward.com	215-776-5950

Appendix G – Approved List by Bond Capacity (Greater than $35 million)

Company Name	Contact Person	Email	Phone
Camfred Construction	Chris Young	cyoung@camfred.com	215-388-3535
Domus Construction	Mark Halstead	mhalstead@domusinc.net	215-849-4444
E.P. Guidi, Inc	Steve Cant	scant@epguidi.com	215-452-3141
JEM Group	Greg Alt	galt@jemgroup.net	717-576-1776
R.C.Legnini Company LLC	Mitch Handman	mhandman@rclegnini.com	610-496-0271
Spruce Builders	Michael Tomasetti	mike@spruce-builders.com	215-432-3084
TN Ward Company	Ry Taylor	rtaylor@tnward.com	215-776-5950