



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 Philadelphia Housing Development Corporation (“PHDC”) Board, developers of projects as defined In Section III, must submit plans and cost estimates prepared by the project architect to PHDC 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.¹ Developers may exclude a limited number of contractors from the bidding opportunity only after providing PHDC written justification, which must be approved by 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 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.

¹PHDC will advertise on an annual basis in order to identify interested contractors for its mailing list. 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 shall submit its general contractor selection, along with its justification, to PHDC 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 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.

- 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 PHDC 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 PHDC Board,

This policy may be waived by the President 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.

²Projects with HUD Section 202/811 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 PHDC receiving a subsidy request.

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

⁴Projects 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 the PHDC list of approved General Contractors/Construction Mangers.
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 list of Approved General Contractors/Construction Mangers have been notified of this 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 qualified bidder was selected unless otherwise approved by PHDC.

NAME OF DEVELOPER

By: _____
Name

Title

Cost Containment Policy

Maximum Per Unit Basis Limits¹

2025

The 120% of Section 234 condominium housing mortgage limits for elevator-type projects is:

	Efficiency	1 Bed	2 Bed	3 Bed	4+ Bed
Elevator Type Units	253,339	290,414	353,154	456,866	501,494

The above per-unit limits have been adjusted to meet PHDC's Cost Containment Policy and have been incorporated into the housing finance development **budget template**

¹ Methodology: [Section 234 Limits for 2025](#) X [270%](#) X 120%

2022-2023 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

Company Name	Address	Contact Person	Bond Amount
Clemens Construction Company, Inc.	1435 Walnut Street Philadelphia, PA 19102	Carol Horne Penn 215-567-5757 cpenn@clemensconstruction.com	\$100,000,000 single \$250,000,000 aggregate
Dale Corporation	70 Limekiln Pike Glenside, PA 19038	215-886-6440 Fax 215-886-7710 Eric D. Lintner eric@daleco.net Jay Ferraro jayf@daleco.net	\$30,000,000 single \$100,000,000 aggregate
Daniel J. Keating Company	134 N. Narberth Avenue Narberth, PA 19072	610-664-4550 Fax 610-664-4220 Pierce Keating Jr. pkeating@djkeating.com	\$300,000,000 single \$600,000,000 aggregate
Domus, Inc.	101 Limekiln Pike Glenside, PA 19038	215-849-4444 Fax 215-849-1173 Edward Hillis ehillis@domusinc.net Scott Zuckerman szuckerman@domusinc.net	\$75,000,000 single \$200,000,000 aggregate
Flatiron Building Company	5189-91 Ridge Avenue Philadelphia, PA 19128	215-508-5100 Vince Lombardi vincl@flatironbuildingco.com info@flatironbuildingco.com	\$25,000,000 single \$60,000,000 aggregate
H.C. Pody Company	946 Simons Avenue Bensalem, PA 19020	215-639-2027 Fax 215-639-2028 Hugh Pody hughpody@hcpody.com Bill Messick billmessick@hcpody.com	\$15,000,000 single \$35,000,000 aggregate
Harkins Builders Inc.	575 E. Swedesford Road Suite 100 Wayne, PA 19087	410-750-2600 Dawn Batzel dbatzel@harkinsbuilders.com	\$400,000,000 single \$1,000,000,000 aggregate
JPC Group, Inc.	1309 Harmony Street Philadelphia, PA 19146	215-243-9660 Joseph Petrongolo Stacy Giordano sgjordano@jpcgroupinc.com procurement@jpcgroupinc.com	\$120,000,000 single \$250,000,000 aggregate
McDonald Building Company LLC	910 East Main Street, Suite 101 Norristown, PA 19401	610-825-8601 Fax: 610-825-1169 Paul J. McDonald pmdonald@mcdonaldbc.com	\$30,000,000 single \$60,000,000 aggregate

Shoemaker Construction Co.	110 Washington Street,Suite 530 Conshohocken, PA 19428	610-941-5500 Fax 610-941-5525 Maura Hesdon maura.hesdon@butz.com	\$200,000,000 single \$500,000,000 aggregate
Talson Solutions LLC	41 N. 3 rd 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	610-649-0400 Fax 610-649-1790 Karla Wursthorn kwursthorn@tnward.com Gary Pergolini gpergolini@tnward.com	\$200,000,000 single \$350,000,000 aggregate