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IN REPLY PLEASE REFER TO:
19:CPO/311

November 26, 2019

TO: Interested Parties

FROM: Rick T. Sogawa
Procurement Officer

SUBJECT: Request for Proposals No. CO-2019-30, Addendum No. 5
Various Consulting Services

This Addendum No. 5 is to: 1) amend the RFP and 2) provide clarification as follows:

Part I – Amendments to the RFP:

1. Subparagraph A. 1. on page 24 of the RFP, related to Section 8 Performance-based Contract Administration Services is hereby deleted in its entirety and replaced with the following:

   "1. The Successful Offeror shall perform Section 8 Performance-Based Contract Administration (PBCA) Services in compliance with the current HPHA Annual Contributions Contract, as amended by HUD, to include without limitation:

   a) Incentive-Based Performance Standards (IBPS) Task #3 ("Processing 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. If applicable, the Successful Offeror must analyze adjustments of the owner utility allowance schedule.

   The Successful Offeror shall complete processing of owner's request for rent adjustment, and all PHA 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 to include:

   1) Budget-based Adjustments.

Budget-based rent adjustment method requires a Section 8 owner to submit an operating budget and supporting documentation for PHA review. The rent adjustment is subject to HUD approval.

The Successful Offeror shall determine budget-based adjustments of contract rent by performing the following tasks:

i. Analyze the project's operating budget and supporting documentation for a rent adjustment to determine reasonableness according to guidance in HUD Handbook 4350.1;

ii. Document contract rent increases on a rent schedule (Form HUD-92458);

iii. Analyze adjustments of the owner utility allowance schedule, if applicable;

iv. If the HAP contract requires the owner to maintain a reserve for replacement, analyze adjustment to the monthly reserve for replacement deposit as required and recommend action to HUD;

v. Recommend approval or disapproval to the HPHA. Upon approval or disapproval, the Successful Offeror shall provide written notification to the owner;

vi. Verify accurate, timely completion and submission of the adjusted rent schedule by the owner; and

vii. Enter data into the appropriate HUD data system within five (5) business days from completion of action.

2) Annual Adjustment Factor (AAF).

The Successful Offeror shall perform the following tasks:

i. Determine the amount of annual adjustment in accordance with HUD requirements;

ii. Analyze adjustments of the owner utility allowance schedule, if applicable;

iii. If the HAP contract requires the owner to maintain a reserve for replacement, analyze adjustment to the reserve for replacement, and recommend action to the HPHA;

iv. Approve or disapprove the amount of rent adjustment and provide written notification to the owner;

v. Validate comparability study if submitted by the owner to support a rent adjustment request;

vi. Verify accurate, timely completion and submission of adjusted rent schedule by the owner; and

vii. Enter data into the appropriate HUD data system within five (5) business days from completion of action.

3) Special Adjustments.

For HAP contracts which provide for AAF-adjusted rents, the Section 8 owner may request a special adjustment for cost increases generally applicable to housing in the locality, such as increases in cost items such as insurance, taxes or utility rates.

The Successful Offeror shall process the owner's request for a special rent adjustment to determine if the special adjustment should be approved by the HUD. To accomplish this, the Successful Offeror must perform the following tasks:

i. Analyze a special adjustment request from the owner;

ii. Recommend action to the HPHA;

iii. Based on notification from the HPHA, notify the owner of rent adjustment approval or disapproval;

iv. Verify accurate, timely completion and submission of an adjusted rent schedule by the owner; and

v. Enter data into the appropriate HUD data system within five (5) business days from completion of an action.

4) Rent Appeals.

A Section 8 owner may appeal the rent adjustment decision. The first level of appeal is to the HPHA; the second level of appeal is to the appropriate jurisdictional HUD office. The Successful Offeror shall review owner appeals.

The Successful Offeror shall perform the following tasks:

i. First level appeal.

(1) Analyze the owner's rent appeal request and submit recommendation to the HPHA within seven (7) business days;

(2) Provide the owner with written notice of the HPHA's decision and justification within 30 business days of receipt of the owner's request.

(3) If the appeal is approved, verify accurate, timely completion and submission by the owner of the adjusted rent schedule and enter data into the appropriate HUD data system with five (5) business days after completion of action.

(4) If the appeal is denied, notify the owner of opportunity for second level appeal with notice of the Successful Offeror's decision and justification.

ii. Second level appeal. If the appeal is approved by HUD:

(1) Verify accurate, timely completion and submission of adjusted rent schedule by the owner; and

(2) Enter data into the appropriate HUD data system.

b) IBPS Task #6 ("Review, verify, and authorize monthly Section 8 vouchers).

The "Automation Rule" (24 CFR Section 108, Part 208 – Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects) requires Section 8 project owners to request housing assistance payments by vouchers submitted monthly through the Tenant Rental Assistance Certification System (TRACS). Vouchers are due the 10th day of the month proceeding the month for which the owner is requesting payment.

The Successful Offeror shall promptly review and verify each month payment voucher submitted by an owner, and either approve or modify the voucher, so the monthly payment to the owner is sent no earlier than the first of the calendar month for which payment is due to owner, and no later than the first business day of the calendar month.

The Successful Offeror shall perform the following tasks:

1) Verify and certify accuracy of monthly Section 8 vouchers (form HUD-52670 & HUD-52670-A) to include:

   i. Monitor owner follow-up efforts on discrepancies identified as a result of any income matching initiatives as provided by the HPHA;

   ii. Monitor compliance by owners with requirements for entry of all resident certification and recertification data in TRACS;

   iii. Verify voucher submission by owner through the TRACS system by the 10th day of the month proceeding the month for which the owner is requesting payment;

   iv. Verify through TRACS that the amount of the housing assistance payment paid on behalf of each resident family is accurate.

   v. Verify that all recertifications are completed by the owner in a timely manner and entered into TRACS;

   vi. Verify that the owner's payment request does not include any covered units for which Section 8 assistance has been abated;

   vii. Analyze required adjustments prior month's vouchers to determine accuracy and validity;

   viii. Determine if authorized rent or utility allowance adjustments have been implemented timely and accurately;

   ix. Verify pre-approval of Section 8 Special Claims (see paragraph 2 of this section);

   x. Notify the owner, in writing, of any corrections required and track corrections; and

   xi. Verify that owners are complying with current HUD rules and other requirements.

2) Verify and authorize payment only on valid Section 8 Special Claims for unpaid rent, resident damages or vacancy loss to include:

i. Analyze, verify and approve or disapprove owner claims in accordance with HUD regulations and other requirements (including program requirements in HUD directives such as handbooks, notices or forms); and using TRACS and information provided by the owner;

ii. Enter data into a spreadsheet program for monitoring payments. The program must comply with HUD standards and requirements; and

iii. Return the HUD-approved claim to the owner for owner submission with the next owner voucher.

3) Disburse Section 8 payments to owners to include:

After the Successful Offeror has approved the owner's Section 8 voucher (see paragraph 1 of this section), the HPHA shall disburse housing assistance payments to the owner by an electronic fund transfer;

c) IBPS Task #9 ("Life-threatening health & safety issues").

The Successful Offeror shall respond, document and notify owner of life-threatening health and safety issues within an hour of receipt of complaint or inquiry or other knowledge of the issue, or before close of business day (whichever is sooner).

The Successful Offeror shall perform the following tasks:

1) Response immediately to all life-threatening health and safety issues;

2) Maintain tracking system for inquiries, responses and corrective actions and submit log to the HPHA with monthly invoice;

3) Notify owner of all concerns and determine appropriate corrective actions; and

4) Monitor owner response to concerns and implementation of corrective actions.

d) IBPs Task #10 ("Non-Live-threatening health & safety issues").

The Successful Offeror shall document initiatives and actions taken to notify the owner of non-life threatening health and safety issues, inquiries or complaints, and respond to residents within two (2) business days after notification to the owner. Until final resolution of issue, the Successful Offeror shall continue to provide follow-up information to residents every two (2) weeks. Documentation of all action is recorded.

The Successful Offeror shall perform the following tasks:

1) Respond to all non-life threatening health and safety and community/resident concerns;

2) Respond to all non-life threatening health and safety issues within two (2) business days of notification during normal business hours;

3) Maintain tracking system for community and resident inquiries and complaints, PHA responses, and corrective actions by owner. Submit log to jurisdictional HUD Office with monthly invoices;

4) Notify owner of all concerns and determine appropriate corrective action; and

5) Monitor owner response to concerns and owner implementation of corrective actions.

e) IBPS Task # 14 ("Renewal of expiring HAP contracts").

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

The Successful Offeror shall perform the following tasks:

1) Ensure that owners fulfill their obligations to residents and HUD that are consistent with owner renewal decisions;

2) Verify that owners of projects with expiring Section 8 HAP contracts provide required notice to the HPHA and project residents;

3) If the owner opts not to renew, the Successful Offeror shall take actions to notify HUD and must work with HPHA to obtain tenant-based voucher assistance for eligible residents. The Successful Offeror shall:

   i. Inform the jurisdictional HUD office by close of next business day after notice by the HPHA that the owner has elected to opt-out of the HAP contract.

ii. Inform the jurisdictional HUD office of the Successful Offeror's recommendation to terminate a HAP contract because of owner default.

iii. Verify that the owner has complied with the HAP contract and current law on opt-outs.

iv. Obtain resident payment and family unit size data from the owner.

v. Provide resident payment (family income and total tenant payment) and family unit size data (family size and composition, and size of Section 8 unit currently occupied by family) to jurisdictional HUD office within three (3) business days after receipt of such information from the owner, and at least 90 days before HAP contract termination, for the purpose of obtaining Section 8 vouchers for residents.

vi. Help residents who must move from the project arranging to receive tenant-based voucher assistance from the PHA that will administer such assistance.

4) Maintain copies of owner's notice to PHA and project residents;

5) If the owner chooses to renew, determine which available option (form of renewal authorized by HUD) the owner wishes to use and notify the jurisdictional HUD office;

6) Prepare renewal HAP contract in the form required by HUD;

7) After receipt of confirmation of funding for renewal from HUD, ensure the HAP contract is executed (signed) by the owner and the PHA; and

8) Execute and distribute copies of the HAP contract within one (1) business week to the owner; jurisdictional HUD Office, and the PHA files.

f) IBPS Task # 15 ("General reporting requirements").

The Successful Offeror shall perform the following tasks:

1) Submit monthly reports and an invoice to the HPHA by the 5th business day after the end of each month, or as agreed upon by the HPHA, for the previous month's activities to include Work Plan Status Report detailing the following:

i. Areas reviewed and services performed, including date of review and services; names of the Successful Offeror's staff performing the review and performing the services;

ii. Any significant administrative actions that could affect administration of the contract;

iii. Quality control activities and results;

iv. Major accomplishments, success stories, etc.;

v. Noteworthy meetings; and

vi. Pending issues.

2) Submit quarterly reports by the 5th business day after the end of the quarter, or as agreed upon by the HPHA, to include an updated Work Plan and Work Plan status reports to the HPHA; and

3) Submit annual reports by the 10th business day after the end of the HPHA's fiscal year (June 30th), or as agreed upon by the HPHA, to include a report detailing all of the actions and services (including dates, locations, and employee names) for that fiscal year. Also at the close of each fiscal year, the Successful Offeror must submit a Work Plan for the following year that details its plan to satisfy the ACC contract administration requirements.

g) Management and Occupancy Reviews.

The Successful Offeror shall:

1) Conduct an on-site Management and Occupancy Review (MOR) of each assigned Section 8 project in compliance with the HUD handbooks and Rent and Income Determination Quality Control Guide for Multifamily Housing Programs. The review must evaluate, analyze, or assess the owner's operating policies, procedures, and practices related to compliance with the HAP Contract as set forth in regulations, handbooks, forms, notices, and guidance issued by HUD to identify and resolve areas of noncompliance with HUD regulations and requirements, as amended or revised from time to time.

2) Schedule and conduct reviews of each project in the assigned portfolio annually during the term of the ACC, using Form HUD 9834. Evaluate the owner's operating policies, procedures, and practices related to compliance with the HAP Contract.

3) Transmit the Form HUD-9834 Summary Report to the owner within 30 calendar days of completion of the on-site MOR. The Form HUD-9834 Summary Report utilizes HUD's written rating policy and shall be substantiated by the appropriate supporting documentation (HUD form 9834 and tenant file review forms).

4) Review and respond to owner response to the Form HUD-9834 and report findings within thirty (30) calendar days of receipt.

5) Respond to owner appeal within forty-five (45) calendar days of receipt.

6) Verify compliance with HUD regulations and requirements, as amended or revised from time to time, 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 2200

If the Successful Offeror's review of the sample indicates a pattern of deficient owner or management agent performance in one (1) or more of areas of income and rent determination or process, the Successful Offeror must inform the owner to conduct a 100% review of the files and report the results of the review to the Successful Offeror. The Successful Offeror must evaluate the review done by the owner to determine its reliability and accuracy.

h) PBCA Training Services.

1) The Successful Offeror shall provide a total of four (4) training sessions throughout the duration of the initial 12-month period and each 12-month extension period to designated HPHA staff as follows:

i) An annual training session, to be conducted within the first three (3) months from issuance of the Notice to Proceed, will focus on ACC Compliance Monitoring & Management, to include without limitation, the following:

(1) Managing Bank Accounts for HAP Disbursements & Administrative Fees;

(2) Fidelity Bond Requirements;

(3) Depository Agreement;

(4) Agency & Staff Conflict of Interest Statements;

(5) Staff Training Plan;

(6) TDDY & EEO Compliance;

(7) HUD's Communication Protocol; and

(8) Review Quality Control Workflow between the Successful Offeror and the HPHA.

ii) The annual training session shall be conducted on-site at the HPHA. The Successful Offeror shall be responsible for their travel-related expenses, to include without limitation, airfare, transportation and lodging.

2) The Successful Offeror shall provide a series of three (3) remote training sessions to be conducted on a quarterly basis with focus on the HPHA Staff's Quality Control (QC) steps for each task performed by the Successful Offeror, to include without limitation:

i) Session I, to be conducted between months four (4) and six (6) from issuance of the Notice to Proceed, to include:

(1) Review QC Workflow between the Successful Offeror and the HPHA; and

(2) Invoicing and Reporting to HUD.

ii) Session II, to be conducted between months seven (7) and nine (9) from issuance of the Notice to Proceed, to include:

(1) Voucher Processing QC;

(2) Special Claims QC;

(3) Life Threatening Health & Safety Complaints QC; and

(4) None Life Threatening Health & Safety Complaints QC.

iii) Session III, to be conducted between months 10 and 12 from issuance of the Notice to Proceed, to include Rent Adjustments & Contract Renewals QC.

The three (3) remote training series will be conducted and hosted by the Successful Offeror.

3) Should the Successful Offeror conduct a Master Class training session in Honolulu, HI, up to three (3) HPHA staff may attend the training session at no cost to the HPHA."

2. All other terms and conditions of the RFP, as previously amended, shall remain the same.

Part II – Clarifications to the RFP:

Clarifications is hereby provided as follows:

1. Compensation for Rental Assistance Demonstration (RAD) services shall be based on the actual quantity of hours of services rendered at the hourly rate(s) as accepted in the Offeror's proposal. The hourly rates shall be the all-inclusive unit price to the HPHA, including all overhead and applicable taxes for delivery of the services.

2. Dependent on the Offeror's management plan/staffing pattern for the proposed RAD services, the Offeror may submit different rates for various personnel in his/her proposal.

Please contact Ms. Tammie Wong, RFP Coordinator, at (808) 832-6071 should you have any questions. Thank you.