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Instructions for Preparing Development Cost Budgets

A. General.

1. Prepare an original and two copies for all Development Cost Budgets required by the Indian Housing Handbook under the grant program. Submit to the HUD Field Office.

a. For the first budget (Planning Budget), complete only columns (4) and (5) of Subparts I & II.

b. For subsequent budgets, complete as described below.

c. Round off all amounts to the nearest dollar.

d. Where descriptions or supplementary data are required, use an attached sheet, identifying the applicable item.

2. Budgets should cover all of the housing to be built under a single project number, whether on one or several sites.

a. Show in the block at the top of page 1 of the Budget under "Budget Sub. No." the sequential number of the Budget being submitted.

b. For any project, the Planning Budget is "budget No. 1" the next and succeeding budget submissions would be 2,3, etc.

c. Show in the block at the top of page 1 of the Budget under "Elderly", the total of all units designed specifically for the elderly including any such units which have more than one bedroom.

3. For descriptions of the cost accounts to be used, see HUD Handbook 7510.1, Low-Rent Housing Accounting Handbook. The HUD Field Office will assist IHAs upon request in the distribution of costs of individual accounts.

B. Subpart I. Budget

1. Column Entries.

a. For the initial Planning Budget, complete columns (4) and (5) and leave other columns blank.

b. For subsequent budgets, use column (3) to show the latest readily available figures from the books of accounts for Accounts 1410 through 1440, and Account 1495. In the heading of column (3), show the date as of which figures were taken. Use column (4) to show additional costs for completing the development work (Account 1410 through 1440 and 1495).

2. **Site Improvements; Construction and Equipment.** Enter, as applicable, in lines 2 through 5 and/or 41 through 45 the amounts stated for site improvements construction and equipment including related (MH) contributions from Subpart II and as further described below.

3. Turnkey and Conventional Projects.

a. **Turnkey.** The account classifications for Developer's Price, lines 1 through 8, are to be completed only for projects being developed under the Turnkey method. Where the developer is not providing the site, no entry will be made in line 1, Account 1440; instead, just as for conventional projects, lines 31 through 40 will be completed. For a developer-provided site, entries will be made for site acquisition costs to the IHA, e.g., appraisals (line 33) where required

(see paragraph 9 below). The Total Developer's Price will be the price agreed upon at the Feasibility Conference by the developer, the IHA, and HUD. The amounts entered for site, architectural and engineering services should be the amounts to be included with the Preliminary Contract of Sale for the eventuality of separate purchase by the IHA. The amount entered for Other should be the sum of (1) the Developer's Fee and Overhead, (2) Interim Financing, and (3) Closing Costs. In the case of turnkey projects, planning costs approved by the HUD Field Office will allow for entries in lines 24 and 25 as well as in line 6, in addition to the required services for which entry will be made in line 27.

b. **Conventional.** For conventional projects, lines 1 through 8 will remain blank and instead, those accounts will be completed utilizing lines 24 through 45. For lines 41 through 45, the Schematic Design Documents and Architect's Estimate of Project Construction Cost will provide a basis for reasonable estimates for costs of Site Improvements - Account 1450, Dwelling Structures - Account 1460, and Nondwelling Structures - Account 1470. Any comments from the HUD Field Office as a result of the prior submission of these documents shall be incorporated into the Budget. Close attention shall be given to the amounts for Dwelling Construction and Dwelling Equipment to be included in the Budget. The HUD Field Office may be requested to assist in preparing appropriate estimates for Dwelling and Nondwelling Equipment - Accounts 1465 and 1475. The estimate shall be accompanied by supporting data showing items and the cost of each.

4. **1410. Administration (lines 9 through 19).** IHAs with experience in the development and management of low-income housing should estimate administration costs on the basis of such experience, as applicable, for the current development method. For turnkey projects, there will be less administration activity normally than for conventional projects. The amounts for the various subaccounts shall be the costs of the items of expense which are directly traceable to and essential in the planning, construction and completion of the project, and the prorata amounts of the IHA's total administration costs in respect to the items which are not wholly traceable to the project. Administration (1410) and Planning (1430) Costs ordinarily terminate with the End of the Initial Operating Period. After this date only costs of personnel employed in development work specifically applicable to the particular project (e.g., employee or architect engaged in warranty inspections) may be charged to these accounts.

a. **1410.3. Work - MH Contribution (line 11).** This account shall be charged with that portion, if any, of the MH contribution attributed to work furnished to the IHA (for which the contractor is not responsible) for administrative purposes by or on behalf of the Homebuyer Families.

b. **1410.1 and 1410.2 (lines 9 and 10).** The following supporting data shall accompany the estimates for Non-technical and Technical Salaries: List, by job title, each IHA employee whose salary, or portions thereof, will be chargeable to these accounts. For each, show