
CHAPTER 4. SUPPLEMENTAL COST ESTIMATES

- 4-1 PURPOSE. To complete the basic estimate, additional detailed estimates are necessary. These supplemental cost estimates will vary depending on the program and specifics of the project.
- 4-2 UNUSUAL LAND IMPROVEMENTS are the work to cure project site conditions not common to competitive sites.
- A. Design Representative and Appraiser determine existence of condition.
- 1) Excessive excavation.
 - 2) Cuts and fills.
 - 3) Rock excavation.
 - 4) High water table.
 - 5) Problem soils.
 - 6) Special foundation.
 - 7) Other similar conditions.
- B. Make a site visit if necessary to determine the extent to the condition.
- C. Describe and calculate the cost for each identified unusual condition on a worksheet.
- D. Enter the total cost of unusual land improvements on Form HUD-92264, Section G, line 36a and file the worksheet.
- 4-3 DEMOLITION is the work to remove existing structures, footings, foundations, and utilities to prepare the site for new construction. Include the removal and disposal of debris, fill and compaction of excavations, and salvageable material or equipment.
- A. Describe and calculate the cost of each demolition item on a worksheet, deduct value of salvageable material or equipment. Include general overhead and profit for all demolition work as lump sum.
- B. Make entries on Form FHA 2326, tinter "demolition," and Form HUD-92264, Section O, for the use of the Appraiser, or interline as part of Section G, line 36 if in the drawings and specifications. File the worksheet.

4-4 COST NOT ATTRIBUTABLE TO DWELLING USE (CNA) include structure and land improvement items not specifically for dwelling use, whether or not income producing.

A. The CNA categories (underlined below) from Form HUD-92264, Section M, and items to consider as not attributable to dwelling use are:

- 1) Parking areas and the walks and driveways leading to them not including roads and streets.
- 2) Garages or garage spaces and covered parking for the use of the dwelling unit occupants, and the walks and driveways leading to them not including roads and streets.
- 3) Commercial areas or buildings and improvements directly attributable to the commercial use.
 - a) Include only the basic and permanent structure improvements typical in vacant commercial space. Do not include equipment, fixtures, movable partitions, special finishes, etc., for a special business.
 - b) Include central dining rooms and kitchens if the dwelling units contain cooking and eating facilities. Also include integrated, built-in or attached kitchen equipment.
- 4) Special Exterior Land Improvements are features unusual or in excess of those typical in projects for similar occupancy.
 - a) Include such items as gazebos, sitting areas or patios for the use of all occupants, specimen trees and shrubs, fountains and pools, and ornamental lighting and fencing.
 - b) Always include exterior works of art.
 - c) Do not include earthwork, roads and streets, lawns, typical plantings, private balconies and patios, utility lines, retaining walls, and security lighting and fencing.

- (4-4) 5) Other improvements are:
- a) Project administrative and maintenance spaces, such as: offices, repair shops, employees' toilets, and janitor or cleaning closets.
 - b) Community space, such as: lounges, multi-purpose rooms, game rooms, libraries, and hobby or craft rooms.
 - c) Storage facilities not for occupant use.
 - d) Recreational facilities, such as: swimming pools, tennis courts, basketball courts, and tot lots, with related and necessary equipment and appurtenances.
 - e) Interior works of art.
- B. Do not consider entrances, lobbies, halls, corridors, stairs, and elevators used by the occupants to enter or leave dwelling units in CNA. A proration of such circulation elements between dwelling use and any category in CNA is not permitted.
- C. Prepare a worksheet describing by category each item considered in CNA, showing calculation of cost of each item or category, the basis of measurement, and unit price. Summarize the categories and total.
- D. To determine the percentage of CNA to that attributable to dwelling use (the B over A ratio) divide the total CNA by the total cost of land improvements and structures.
- NOTE: The B over A ratio may not exceed 15 percent (less any commercial CNA) without prior approval of Headquarters', Office of Insured Multifamily Development.
- E. Make entries on Form HUD-92264, Section M, and file the worksheet.

- 4-5 OFFSITE REQUIREMENTS are improvements which serve the project but are outside the property lines.
- A. Include utilities, walks, curbs, gutters, streets, drainage structures, landscaping, and similar improvements.
 - B. Do not include extensions of utilities, walks, curbs, and drainage structures beyond the property lines to connect with those adjacent to the project site. Consider these short extensions, and the public sidewalk and similar improvements next to the property lines, as on site.

- (4-5) C. Describe and calculate the cost of each offsite improvement on a worksheet. Include the cost of labor, materials, equipment, job and general overhead, profit, and applicable taxes.
- D. Make entries on Form FHA 2326, Offsite Costs, and Form HUD-92264, Section M. File the worksheet.
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