

(m) *Occupancy and operation policies.* Statement of all PHA policies and practices that will be used in occupancy and operation that contribute to an overall objective of ending the social and economic isolation of low income people and promoting their economic independence;

(n) *New construction certification.* If a PHA's proposal involves new construction, evidence of compliance with section 6(h) of the Act in one of the following two ways:

(1) Submission of a PHA comparison of the cost of new construction in the neighborhood where the PHA proposes to construct the housing and the cost of acquisition of existing housing (with or without rehabilitation) in the same neighborhood; or

(2) Certification by the PHA, accompanied by supporting documentation, that there is insufficient existing housing in the neighborhood to develop public housing through acquisition; and

(o) *Additional HUD-requested information.* Any additional information that may be needed for HUD to determine whether it can approve the proposal pursuant to § 941.305.

EFFECTIVE DATE NOTE: At 61 FR 38018, July 22, 1996, § 941.304 was added. This section contains information collection and record-keeping requirements and will not become effective until approval has been given by the Office of Management and Budget. When approval is obtained, HUD will publish notice of the effective date in the FEDERAL REGISTER.

§ 941.305 Technical processing and approval.

(a) *Standards.* HUD shall review the full proposal, submitted in accordance with § 941.304, and the site acquisition proposal, submitted in accordance with § 941.303, to determine whether each proposal complies with all statutory, executive order, and regulatory requirements applicable to public housing development including, if applicable, the comments received as a result of Intergovernmental Review. In addition, HUD shall carry out any necessary statutory and executive order reviews with respect to the proposal under review. If HUD determines that the proposal under review is acceptable, it shall notify the PHA in writing and shall forward to it for execution an

ACC (or ACC amendment). If the PHA already has executed an ACC (or ACC amendment) for the entire reserved amount, HUD shall notify the PHA that it is authorized to draw down funds in accordance with § 941.302.

(b) *Approved proposal.* Units developed under this part shall be developed only in accordance with an approved proposal.

(c) *Approved amendments.* Material changes in the approved proposal, including any increase in the budget or any change in the payment schedule, require an amendment to the proposal, which must be approved by HUD. The determination of what constitutes a material change will be made by HUD.

§ 941.306 Maximum development cost.

(a) *Limit on approved HUD funds to Total Development Cost.* No funds provided by HUD pursuant to the Act may be used to pay costs in excess of the TDC without the written approval of HUD. Approval of a higher project cost will only be given upon the following demonstration by the PHA:

(1) That the excess costs are reasonable and necessary to develop a modest non-luxury project consistent with the standards set forth in this part, providing for efficient project design, durability, energy conservation, safety, security, economical maintenance, and healthy family life in a neighborhood environment; and

(2) That the PHA has the funds available to pay for such excess costs.

(b) *Determination of maximum TDC.* HUD will determine the maximum total development cost (TDC) in accordance with section 6 of the Act. The maximum TDC for a development is calculated by multiplying the number of units for each bedroom size and structure type in the project times the applicable unit TDC limit for the bedroom size and structure type and adding the resulting amounts for all units in the project.

(c) *Donations.* Donations from other funding sources may be obtained by the PHA to supplement project costs which otherwise could not be included, provided that the added funds are not used for items that would result in substantially increased operating, maintenance or replacement costs, and the