

This information is required as a supplement to the form HUD-52860 for all inventory removal actions that involve the disposition of public housing units or other public housing property under Section 18 of the U.S. Housing Act of 1937 and in accordance with 24 CFR part 970PIH Notice 2012-7 or any replacement notice) and PIH Notice 2017-XX. Public reporting burden for this collection of information is estimated to average 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. HUD will use this information to determine whether to approve a SAC application for demolition and/or disposition, as well as to track removals for other record keeping requirements. Responses to this collection of information are regulatory and required to obtain a benefit. The information requested does not lend itself to confidentiality. PHAs are required to submit this form as an attachment to the SAC application (HUD-52860) that they are required to submit electronically through the Inventory Removals Submodule of the Inventory Management System/PIH Information Center (IMS/PIC) system.

**Section 1. Demolition**

<p>1. Does the removal action include the demolition of all or a portion of a development (units) or other public housing property?</p> <p>If yes, complete questions 2-6 of this section. If no, move on to section 2.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes:</p> <p><input type="checkbox"/> All units at a development site</p> <p><input type="checkbox"/> A portion of units at a development site</p> <p><input type="checkbox"/> Non-dwelling property at a development site</p> <p><input type="checkbox"/> Non-dwelling property not at a development site (e.g. central PHA administrative building)</p>
<p>2. What is the estimated demolition cost?</p>	<p>\$</p>
<p>3. What is the anticipated source of funds for the demolition cost?</p>	<p><input type="checkbox"/> Capital Funds <input type="checkbox"/> CDBG</p> <p><input type="checkbox"/> Operating Funds</p> <p><input type="checkbox"/> Non-Public Housing Funds (describe: _____ )</p>
<p>4. What is the justification for the demolition?</p> <p><i>*Attach a narrative statement describing the justification for demolition, along with other supporting documentation, in accordance with 24 CFR part 970 and PIH Notice 2012-7 (or any successor notice). If the demolition is for a portion of a development, the narrative statement must specifically address how the demolition will help to ensure the viability of the remaining portion of the development.</i></p>	<p><input type="checkbox"/> Obsolete-Physical Condition</p> <p><input type="checkbox"/> Obsolete-Location</p> <p><input type="checkbox"/> Obsolete-Other Factors</p> <p><input type="checkbox"/> De Minimis Demolition (the lesser of 5 units or 5 percent of the total public housing units in any 5-year period)</p>
<p>5. Cost-test: The PHA must certify and present</p>	

<p>supporting evidence that no reasonable program of modifications is cost-effective to return the public housing development (or portion thereof) to useful life</p> <p><i>*Attach a completed HUD-52860-B, narrative statement, or other supporting documentation as described in the instructions.</i></p>	
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**Section 2. Disposition**

<p>1. What is the justification for the disposition?</p> <p><i>*Attach a narrative statement describing the justification for disposition, along with other supporting documentation, in accordance with 24 CFR part 970 and PIH Notice 2012-7 (or any successor notice). If disposition is based on physical obsolescence in accordance with the demolition criteria, complete Section 1 (Demolition) of this form.</i></p>	<p><input type="checkbox"/> Conditions in Surrounding Area: 24 CFR 970.17(a)</p> <p style="padding-left: 40px;"><input type="checkbox"/> Health and/or Safety</p> <p style="padding-left: 40px;"><input type="checkbox"/> Infeasible Operation</p> <p><input type="checkbox"/> More Efficient/Effective Low-Income Housing: 24 CFR 970.17(b)</p> <p><input type="checkbox"/> Best Interests of PHA and Residents &amp; Consistent with PHA Plan &amp; 1937 Act: 970.17(c)</p> <p><input type="checkbox"/> The non-dwelling structure or land exceeds the needs of the development (after DOFA) (NON-DWELLING PROPERTY ONLY)</p> <p><input type="checkbox"/> The disposition is incidental to, or does not interfere with, the continued operation of the remainder of the development (NON-DWELLING PROPERTY ONLY)</p>
<p>2. Method of Disposition</p> <p><i>*Attach description of the method of disposition (e.g. describe sale or ground lease terms and if disposition is proposed or below fair market value and through negotiation nor public bid)</i></p>	<p>a. <input type="checkbox"/> Public Bid FMV Sale</p> <p>b. <input type="checkbox"/> Negotiated Sale at FMV</p> <p>c. <input type="checkbox"/> Negotiated Lease or other Transfer at FMV</p> <p>d. <input type="checkbox"/> Negotiated Sale or other Transfer at FMV</p> <p>e. <input type="checkbox"/> Negotiated Sale at below FMV</p> <p>f. <input type="checkbox"/> Negotiated Lease or other Transfer at below FMV</p> <p>g. <input type="checkbox"/> Land-Swap</p>
<p>3. Is the proposed acquiring entity the PHA's instrumentality as defined by 24 CFR 905.604(b) (3)?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
<p>4. Commensurate Public Benefit: If the method of disposition at below FMV or involve seller-financing, the PHA must demonstrate a commensurate public benefit. This will generally apply if the PHA selected (d), (e) or (f) in the above question 2.</p> <p><i>*If applicable, attach narrative description of</i></p>	

commensurate public benefit in accordance with 24 CFR 970.19 and PIH Notice 2012-7(or any successor notice).

**Section 3. Proceeds**

1. Will the PHA realize proceeds from this disposition?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. If PHA answered yes to question #1, indicate the estimated amount of gross and net proceeds	Gross \$                      Net \$
3. Is the PHA requesting to use gross proceeds for relocation costs?	<input type="checkbox"/> Yes \$                      (estimated amount) <input type="checkbox"/> No
4. Is the PHA requesting to use gross proceeds for reasonable costs of disposition?  <i>*If yes, attach a brief narrative, budget, or other supporting documentation describing the reasonable costs of disposition</i>	<input type="checkbox"/> Yes \$                      (estimated amount) <input type="checkbox"/> No
5. If the PHA will realize proceeds from this disposition, how does the PHA propose to use the proceeds?  <i>*Attach a brief narrative, budget, or other supporting documentation describing the proposed use of proceeds.</i>	<input type="checkbox"/> Public Housing Capital Fund (CFP) Uses <input type="checkbox"/> Section 8 PBV Unit Development <input type="checkbox"/> Supportive Services for Residents <input type="checkbox"/> Costs of Converting Public Housing Units to Project-Based Section 8 under the Rental Assistance Demonstration (RAD) Program <input type="checkbox"/> Section 8 HCV Shortfalls <input type="checkbox"/> Modernization of Section 8 Units <input type="checkbox"/> Other Statutorily Eligible Uses: (describe) <input type="checkbox"/> To Be Determined (TBD) (PHA must request approval from HUD when it determines a proposed use)

**Section 4. Offer of Sale to Resident Organization (Disposition Only)**

1. If this action is for a disposition, is the PHA exercising any of the exceptions to the offer of sale requirements?  <i>*If exercising an exception, attach a narrative statement or other documentation supporting the exception.</i>  <i>*If not exercising an exception, complete questions #2-6 of this Section 4.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> 970.9(b)(3)(i): local government requests to acquire vacant land less than 2 acres in order to build or expand public services <input type="checkbox"/> 970.9(b)(3)(ii): PHA seeks disposition to develop a facility to benefit low-income families <input type="checkbox"/> 970.9(b)(3)(iii): the units have been legally vacated (HOPE VI, 24 CFR part 971 or
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	<p>972)</p> <p><input type="checkbox"/> 970.9(b)(3)(iv): the units are distressed units subject to Section 33 required conversion</p> <p><input type="checkbox"/> 970.9(b)(3)(v): property proposed for disposition is non-dwelling</p>
<p>2. Name(s) of all established eligible organizations as defined by 24 CFR 970.11 (e.g. resident organizations, eligible resident management corporations as defined in 24 CFR part 964, and nonprofit organization acting on behalf of residents at a development.</p> <p><i>*Attach a narrative explanation of how the PHA determined the entities identified</i></p>	
<p>3. Date(s) the PHA sent an initial written notification to each established eligible organization in accordance with 24 CFR 970.11</p> <p><i>*Attach a copy of the initial written notification to each established eligible organization</i></p>	
<p>4. Did the PHA receive a written expression of interest in accordance with 24 CFR 970.11 by an established eligible organization?</p> <p><i>*If yes, attach a copy of the expression of interest by any eligible established organization</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>5. Did the PHA receive a proposal to purchase from an established eligible organization within 60-days of receiving the established eligible organization's expression of interest?</p> <p><i>*If yes, attach a copy of the proposal to purchase from an established eligible organization</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>6. Did the PHA accept the proposal to purchase?</p> <p><i>*Attach a narrative explanation of why the PHA accepted or rejected the proposal to purchase</i></p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (PHA did not receive a proposal to purchase)</p>

**Section 5. PHA Certification**

**For SAC applications submitted under 24 CFR part 970:**

- 1) If this SAC application includes a demolition action, I certify that the proposed development (units or other property) meets the obsolescence criteria of 24 CFR 970.15 as specifically described in this SAC application. I further certify that such obsolescence makes any units proposed for demolition unsuitable for housing purposes and that no reasonable program of modification is cost-effective to return the development to its useful life;
- 2) If this SAC application includes a demolition action a demolition action for only a portion of the buildings/units at a development and/or contiguous site, the PHA certifies that the partial demolition will help to ensure the viability of the remaining portion of the development;
- 3) If this SAC application includes a disposition action for public housing units, the PHA is justified in disposing of the development or other public housing property in accordance with the specific criteria of 24 CFR 970.17, as specifically described in this SAC application;
- 4) The PHA will comply with all applicable relocation requirements of 24 CFR 970.21; and
- 5) The PHA will use gross and net proceeds it receives from the disposition in accordance with the requirements of 24 CFR 970.19 and the HUD approval.

**For De Minimis Demolitions:**

- 1) The units proposed for demolition meet the criteria of Section 18 because they are beyond repair or the space occupied by the units will be used for meeting the service or other needs of public housing residents; and

The units proposed for demolition do not exceed the statutory maximums of five percent of my PHA's total housing stock, or five dwelling units, whichever is less, in any 5-year period.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	
Title	
Signature	
Date	

This form is required when a PHA proposes a demolition or disposition under 24 CFR part 970 and when a PHA proposes a de minimis demolition under Section 18 of the 1937 Act. This form supplements and is required in addition to the main HUD-52860 form. PHAs complete this form and upload it as part of their electronic SAC application (along with all requested supporting documentation). PHAs refer to 24 CFR part 970 and all applicable PIH Notices in completing this form, including PIH Notice 2012-7 (or any successor notice), and PIH Notice 2017-XX. All defined terms not defined in this form have the meaning in those regulations and notices.

## **Section 1: Demolition**

Justification (Question 4). In completing their narrative statements describing the justification for demolition, PHAs should refer to the guidance at 24 CFR part 970 and PIH Notice 2012-7 (or any successor notice). In the case of a SAC application for demolition of portion of a development (e.g. SAC application is for less than all units on a contiguous site) the PHA's narrative must describe how the demolition will help to ensure the viability of the remaining portion of the development. This requirement shall not apply for demolitions of units on scattered non-contiguous sites.

Obsolete-Physical Condition: 24 CFR 970.15(b)(1)(i). A PHA must demonstrate serious and substantial physical deterioration of the buildings/units at the development. HUD strongly encourages PHAs to submit a physical needs assessment (PNA), government inspection, or independent architect or engineer's report as supporting documentation.

Obsolete-Location: 24 CFR 970.15(b)(1)(ii). A PHA must demonstrate that the location of the units causes obsolescence. HUD may consider the physical deterioration of the neighborhood; change in neighborhood from residential to industrial or commercial development; or environmental conditions which jeopardize the suitability of the site or a portion of the site and its housing structures for residential use.

Obsolete-Other Factors: 24 CFR 970.15(b)(1)-(iii). A PHA must generally demonstrate that factors at the development have impacted the marketability, usefulness, or management of the units so seriously that, notwithstanding due diligence and its best efforts in marketing and leasing the units, the PHA is unable to operate the development for residential purposes for an extended period of time (generally more than 5 years). HUD may consider factors such as turnover rate, historic vacancy rate, access to transportation, crime rates, site plan and density issues, neighborhood infrastructure, and unit size. HUD strongly encourages PHAs to submit third party documentation.

De Minimis Demolition: 24 CFR 970.27. In any 5-year period, a PHA may demolish not more than the lesser of 5 dwelling units or 5 percent of the total public housing dwelling units owned by the PHA without the need to obtain HUD approval under 24 CFR part 970 provided the PHA can meet one of the following criteria: (a) The PHA will use the space occupied by the unit(s) for meeting the service or other needs of the residents (e.g. laundry facility; community center; child care center); or (b) the PHA has determined the unit(s) are beyond repair.

Cost-Test (Question 5). HUD generally shall not consider a program of modifications to be cost-effective if the costs of such program exceed 62.5 percent of total development cost (TDC) for elevator structures and 57.14 percent of TDC for all other types of structures in effect at the time the SAC application is submitted to HUD. This

Obsolete-Physical Condition: 24 CFR 970.15(b)(1)(i). PHAs must also complete and submit the HUD-52860-B form.

Obsolete-Location: 24 CFR 970.15(b)(1)(ii). HUD will consider the PHA's cost of curing the cause of the obsolescence (e.g. nearby industrial or commercial development, environmental conditions).

Obsolete-Other Factors: 24 CFR 970.15(b)(1)(i)(iii). HUD will consider the PHA's cost of curing the cause of the obsolescence (e.g. site plan, crime, turnover). In some cases, there may be no way to "cure" the obsolescence,

regardless of the funds that the PHA is willing to contribute (e.g. units are undesirable and can't be rented notwithstanding aggressive marketing), and in these cases, HUD will generally find that the cost-test is automatically met. In other cases, where the obsolescence may be curable, HUD will consider the PHA's cost (e.g. cost to add a second bathroom to units with a high number of bedrooms).

De Minimis Demolition. Cost-test requirements are not applicable.

## **Section 2: Disposition**

Justification (Question 1). In completing their narrative statements describing the justification for disposition, PHAs should refer to the guidance at 24 CFR part 970 and PIH Notice 2012-7 (or any successor notice).

Conditions in Surrounding Area: 24 CFR 970.17(a). A PHA must demonstrate the location of the units (e.g. industrial or commercial development) jeopardizes the health and/or safety of the residents and/or the feasible operation of the units by the PHA based on external conditions outside the control of the PHA; and the condition is beyond the scope of the PHA to mitigate or cure in a cost-effective manner. To support a SAC application based on health and/or safety, PHAs must generally provide relevant third party documentation that evidences the external conditions that present serious obstacles to the PHA maintaining the units as healthy and/or safe housing. To support a SAC application based on infeasible operation, PHAs must generally provide evidence that the units are vacant and there is no waiting list (for applicable bedroom sizes of the units at issue) (e.g. the PHA is "right-sizing" its inventory) and must support their SAC applications with documentation that shows why their units have long-term vacancy issues notwithstanding due diligence in marketing (e.g. census track data on declining population in the jurisdiction; units are located in an isolated area with limited access to transportation and infrastructure; units are located in an area close to a competing LIHTC project; units comprise extremely small efficiencies that no one wants to rent; high turnover rates).

More Efficient/Effective Low-Income Housing: 24 CFR 970.17(b). A PHA must demonstrate the retention of the units is not in the best interests of the residents or the PHA because the disposition allows the acquisition, development, or rehabilitation of units that will be more efficiently or effectively operated as other low-income housing units. PHAs must generally demonstrate why other low-income units are preferable (e.g., more energy efficient, better unit configuration, better location for resident in terms of transportation, jobs, schools or racial or economic concentration). See PIH Notice 2012-7 (or any successor notice).

Best Interests of PHA and Residents & Consistent with PHA Plan & 1937 Act: 970.17(c). See PIH Notice 2012-7 (or any successor notice).

Non-Dwelling Property: 970.17(d). A PHA must demonstrate that the non-dwelling structure or land exceeds the needs of the development (after DOFA); or the disposition is incidental to, or does not interfere with, the continued operation of the remainder of the development.

Method of Disposition (Question 2). In completing this section, PHAs should refer to the guidance at 24 CFR part 970 and PIH Notice 2012-7 (or any successor notice). PHAs may propose different methods of disposition in their SAC applications, including:

- (a) Public Bid Fair Market Value (FMV) Sale (Cash). The PHA lists the public housing property on the open and competitive market and solicits bids. Actual FMV may be more or less than the appraised value, depending on the market and may reflect negotiations during the due diligence period.
- (b) Negotiated Sale at FMV (Cash). The PHA negotiates a sale with an identified buyer based on the appraised value of the public housing property. The PHA receives cash for the sale.
- (c) Negotiated Lease or other Transfer at FMV (Cash). The PHA negotiates a lease (e.g. ground lease, capital lease) with an identified entity based on the appraised value (leasehold and/or fee value) of the public housing property. The PHA receives cash for the lease payments.
- (d) Negotiated Sale or other Transfer at FMV (Seller-Financing). The PHA negotiates a sale with an identified buyer but instead of receiving cash proceeds, the PHA receives a promissory note and/or mortgage or deed of trust. Payments are generally made from deferred loan payments.
- (e) Negotiated Sale at below FMV. The PHA negotiates a sale with an identified buyer for below FMV (often nominal value).
- (f) Negotiated Lease or other Transfer at below FMV. The PHA negotiates a lease with an identified entity for below FMV (often nominal value).
- (g) Land-Swaps. The PHA negotiates a “land swap”. In addition to meeting the requirements for a Negotiated Sale at FMV in B above, the PHA must generally evidence that HUD has approved the acquisition of the property to be acquired in the “land-swap” under 24 CFR part 905. If the property that PHA is proposing to acquire is valued less than public housing property proposed for disposition, the PHA receives cash proceeds to make up the difference.

Commensurate Public Benefit (Question 3). In completing this section, PHAs should refer to the guidance at 24 CFR part 970 and PIH Notice 2012-7 (or any successor notice). HUD determines commensurate public benefit on a case-by-case basis. However, generally the public housing property must be developed for one of the following purposes: (a) housing affordable to low-income families (e.g., families with incomes at or below 80% of area median income (AMI) with rents or mortgage payments generally not to exceed 30% of 80% of AMI); or (b) to allow for a non-dwelling use that primarily serves or supports the service of low-income families (e.g., community centers, playgrounds, job training facilities, and administrative buildings). These non-dwelling uses may serve the general public, but must include a preference, target, and/or be reserved for use by low-income families. HUD does not consider general public benefits (e.g., schools, libraries, fire stations, police stations and bridges) to be approvable non-dwelling uses that primarily serve low-income families.

If applicable, PHAs may, but are not required, to complete the following table and submit with their SAC applications in order to evidence the proposed commensurate public benefit:



Project Name and Number # of Buildings; Units; and Acres			
Total Units to be Redeveloped: XX	Less than 80% of Area Median Income		
	ACC	Non-ACC	Market Rate
Rental	X	X	X
For Sale	X	X	X
Acquiring Entity	X		
Method of Disposition	(e.g. negotiated sale or ground lease)		
Disposition Price	\$xx.		
Purpose	(e.g. development of LIHTC, Section 8 project-based voucher (PBV) or other affordable housing)		

### Section 3: Proceeds

In completing this section, PHAs should refer to the guidance at 24 CFR part 970, PIH Notice 2012-7 (or any successor notice) and the PIH Notice 2017-XX. In accordance with 24 CFR 970.19, PHAs describe their proposed use of estimated proceeds (gross and net) in the SAC application.

Relocation Costs (Question 2). PHAs shall pay for the actual and reasonable relocation costs for all residents who will be displaced from their public housing units as a result of a demolition and/or disposition action. The following are eligible relocation costs: counseling and advisory services to residents (including mobility counseling), moving expenses (including housing search costs), payment of a security and/or utility deposit (directly to a landlord or utility company), and costs of providing any necessary reasonable accommodations to residents.

Reasonable Costs of Disposition (Question 3). Reasonable costs of disposition are costs that a PHA incurs as a direct result of the SAC application or disposition action, consistent with local market conditions, and may include: (i) costs that PHAs incur in preparing the SAC application (e.g. environmental studies, engineering costs of rehab estimates under 24 CFR 970.15, appraisal fees); and (ii) transactional (seller) closing costs (e.g. brokerage fees, appraisal fees, survey costs, tax certificates fees, fees for recording the DOT/DORC release, notary fees, title insurance fees, title company document preparation and closing fees, mailing and wire transfer fees, and reasonable attorney fees), provided such costs are listed on the HUD-1 or other applicable disposition document. Reasonable costs of disposition generally do not include seller credits (e.g. for repairs and buyer closing costs) agreed upon during sale contract negotiations or costs for repairs. Instead, these credits should be reflected in the fair market value (FMV) amount that the PHA receives for the property during the public bid process. In addition, reasonable costs of disposition generally do not include repair improvements to make the units more marketable, unless the PHA describes a compelling reason to include these costs based on local market conditions.

Net Proceeds (Question 4). Net proceeds means proceeds realized after deducting eligible costs. Unless waived by HUD, PHAs must repay any outstanding obligations issued to finance the project's original development or modernization, and next, repay any modernization debt from the Capital Fund Financing Program (CFFP), Energy Performance Contracting (EPC) program, or Operating Fund Financing Program (OFFP) that HUD determines must be repaid in connection with the disposition. If any net proceeds remain, PHAs may use proceeds in accordance with the guidance at PIH Notice 2012-7 (or any successor notice).

**Section 4: Offer of Sale to Resident Organizations**

In completing this section, PHAs should refer to the guidance at 24 CFR part 970 and PIH Notice 2012-7 (or any successor notice). PHAs are eligible to exercise the exception at from the offer of sale described at 970.9(b)(3)(ii) only in cases where the PHA has firm plans to replace substantially all of the units proposed for disposition with the housing units for low-income families (even if those housing units are not low-income housing units as defined by Section 3 of the 1937 Act). Note that a PHA cannot forgo giving applicable resident entities an offer of sale based on speculation or general plans to build a facility to benefit low-income families.

**Section 5: Certification**

The Executive Director, Board Chairperson, or other authorized agent of the PHA, should sign and date this Certification and submit it (as a scanned PDF file) as part of its SAC application.