

Public reporting burden for this collection of information is estimated to average 6 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. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to the Reports Management Officer, Office of Policy Development and Research, REE, Department of Housing and Urban Development, 451 7th St SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2577-0075. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. Do not send this form to the above address. Responses to the collection are necessary for HUD to review applications for removals of public housing property proposed through demolition and disposition under Section 18 of the U.S. Housing Act of 1937 (1937 Act) and 24 CFR part 970. HUD will use this information to review Public Housing Agency (PHA) requests, as well as to track removals for other record keeping requirements. Please refer to the instructions for guidance on completing this form. There is no personal information contained in this application. Information on activities and expenditures of grant funds is public information and is generally available for disclosure. Recipients are responsible for ensuring confidentiality when disclosure is not required.

<b>Section 1. Demolition</b>	
1. Does the removal action include the demolition of all or a portion of a development (AMP) or other public housing property?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes: (specify demolition action) <input type="checkbox"/> All units at a development site <input type="checkbox"/> A portion of units at a development site <input type="checkbox"/> Non-dwelling property at a development site <input type="checkbox"/> Non-dwelling property not at a development site (e.g., central PHA administrative building)
<i>If yes, complete questions 2-6 of this section. If no, move on to section 2.</i>	
2. What is the estimated demolition cost?	\$
3. What is the anticipated source of funds for the demolition cost?	<input type="checkbox"/> Capital Funds <input type="checkbox"/> CDBG <input type="checkbox"/> Other (describe: _____)
4. What is the justification for the demolition?	<input type="checkbox"/> Obsolete - Physical Condition <input type="checkbox"/> Obsolete - Location <input type="checkbox"/> Obsolete - Other Factors <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)
Attach a narrative statement describing the justification for demolition, along with other supporting documentation, in accordance with 24 CFR part 970 and PIH Notice 2021-07 (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.	
5. Cost-test:	The PHA must certify and present supporting evidence that no reasonable program of modifications is cost-effective to return the public housing development (or portion thereof) to useful life.
See instructions and PIH Notice 2021-07. For physical obsolescence, complete and attach a HUD-52860-B.	

**Section 2. Disposition**

<p>1. What is the justification for the disposition?</p> <p><b>SELECT ONE</b></p>	<p>Conditions in Surrounding Area: 24 CFR 970.17(a)</p> <p><input type="checkbox"/> Health and/or Safety</p> <p><input type="checkbox"/> Infeasible Operation</p> <p><input type="checkbox"/> More Efficient/Effective Low-Income Housing (off-site): 24 CFR 970.17(b)</p> <p>Best Interests of PHA and Residents &amp; Consistent with PHA Plan &amp; 1937 Act: 24 CFR 970.17(c)</p> <p><input type="checkbox"/> Physical obsolescence</p> <p><input type="checkbox"/> Very Small PHA (50 and under) and Closeout of Public Housing Program</p> <p><input type="checkbox"/> Efficiency/Effectiveness Through On-Site Development Low-income Housing</p> <p><input type="checkbox"/> Scattered Site Units</p> <p><input type="checkbox"/> Other</p> <p>Non-Dwelling Structure and/or Vacant Land: 24 CFR 970.17(d)</p> <p><input type="checkbox"/> Exceeds the Needs of the Development (after Date of Full Availability "DOFA")</p> <p><input type="checkbox"/> The Disposition is Incidental to, or does not Interfere with, the Continued Operation of the Remainder of the Development.</p>
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*Attach a narrative statement describing the justification for disposition, along with other supporting documentation, in accordance with 24 CFR 970 and PIH Notice 2021-07(or any successor notice). If disposition is based on physical obsolescence under the demolition criteria, complete Section 1 (Demolition) of this form.*

<p>2. Method of Disposition</p> <p><b>SELECT APPLICABLE</b></p>	<p><input type="checkbox"/> Public Bid FMV Sale</p> <p><input type="checkbox"/> Negotiated Sale at FMV</p> <p><input type="checkbox"/> Negotiated Ground Lease at FMV</p> <p><input type="checkbox"/> Negotiated Sale at below FMV</p> <p><input type="checkbox"/> Negotiated Ground Lease at below FMV</p> <p><input type="checkbox"/> Land-Swap</p> <p><input type="checkbox"/> Other Transfer</p> <p><input type="checkbox"/> Seller Financing will be used with the above method of disposition</p>
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*Attach a description of the method of disposition (e.g., sale or ground lease terms; name of acquiring entity). If the disposition is proposed via negotiation, attach a Certificate of Good Standing (under applicable State law) of the proposed acquiring entity, or other evidence that the entity is recognized under State law.*

<p>3. Commensurate Public Benefit:</p> <p>If the method of disposition is below FMV, the PHA must demonstrate a commensurate public benefit</p> <p><i>Attach a narrative description of commensurate public benefit in accordance with 24 CFR 970.19 and PIH Notice 2021-07 (or any successor notice).</i></p>	
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**Section 3. Proceeds**

<p>1. Will the PHA realize proceeds from this disposition?</p>	<p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>		
<p>2. If PHA answered yes to question #1, indicate the estimated amount of gross and net proceeds</p>	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">Gross \$</td> <td style="width: 40%; border: none;">Net \$</td> </tr> </table>	Gross \$	Net \$
Gross \$	Net \$		
<p>3. Is the PHA requesting to use gross proceeds for relocation costs?</p>	<p><input type="checkbox"/> Yes \$ (estimated amount)</p> <p><input type="checkbox"/> No</p>		
<p>4. Is the PHA requesting to use gross proceeds for reasonable costs of disposition?</p>	<p><input type="checkbox"/> Yes \$ (estimated amount)</p> <p><input type="checkbox"/> No</p>		

*If yes, attach a brief narrative, budget, or other supporting documentation describing the reasonable costs.*

<p>5. If the PHA will realize net proceeds from this disposition, how does the PHA propose to use the proceeds?</p>	<p><input type="checkbox"/> Modernization and Development of Public Housing</p> <p><input type="checkbox"/> Section 8 Project-Based Voucher (PBV) Projects (Costs to PBV Project Owner)</p> <p><input type="checkbox"/> Rental Assistance Demonstration (RAD) Program</p> <p><input type="checkbox"/> Operation of Public Housing</p> <p><input type="checkbox"/> Commercial Uses</p> <p><input type="checkbox"/> Other Eligible Uses: _____ (describe)</p>
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Attach a brief narrative, budget, or other supporting documentation describing the proposed use of both gross and net proceeds consistent with PIH Notice 2020-23 (or successor notice).

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

<p>If this action is for a disposition, is the PHA exercising any of the exceptions to the offer of sale requirements?</p> <p><b>SELECT ONE</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No, the following exception applies under 24 CFR 970.9 (b)(3)(i)-(v) (select one):</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> local government requests to acquire vacant land less than 2 acres in order to build or expand public services</li> <li><input type="checkbox"/> PHA seeks disposition to develop a facility to benefit low-income families</li> <li><input type="checkbox"/> the units have been legally vacated (HOPE VI, 24 CFR 972)</li> <li><input type="checkbox"/> the units are distressed units subject to Section 33 required conversion</li> <li><input type="checkbox"/> the property proposed for disposition is non-dwelling</li> </ul>
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*If exercising an exception, attach a narrative statement or documentation supporting the exception in accordance with 24 CFR 970.9(b)(4). If not exercising an exception, complete questions #2-6 of this Section 4.*

<p>1. 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 964, and nonprofit organization acting on behalf of residents at a development).</p>	
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*Attach a narrative explanation of how the PHA determined the entities identified.*

<p>2. Date(s) the PHA sent an initial written notification to each established eligible organization in accordance with 24 CFR 970.11.</p>	
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*Attach a copy of the initial written notification to each established eligible organization.*

<p>3. Did the PHA receive a written expression of interest in accordance with 24 CFR 970.11 by an established eligible organization?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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*If yes, attach a copy of the expression of interest by any eligible established organization.*

<p>4. 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><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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*If yes, attach a copy of the proposal to purchase from an established eligible organization.*

<p>5. Did the PHA accept the proposal to purchase?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> N/A (PHA did not receive a proposal to purchase)</p>
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*Attach a narrative explanation of why the PHA accepted or rejected the proposal to purchase.*

**Section 5. PHA Certification**

**For Special Applications Center (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 for only a portion of the buildings/units at a development on a 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, PIH Notice 2020-23 (or any successor notice) 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
- 2) 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/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. **WARNING:** Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802).

Name of Authorized Official	
Title	
Signature	
Date	

## Form HUD-52860-A Instructions

This form is required when a PHA proposes a demolition or disposition application under 24 CFR part 970 and when a PHA proposes a de minimis demolition under Section 18 of the 1937 Act. This information is required as a supplement to the HUD-52860 form. PHAs must complete this form and upload it as an attachment to the IMS/PIC SAC application. PHAs must also upload the supporting documentation required by this form as part of the IMS/PIC SAC application (labeled by section number of this form and/or name (e.g., use of proceeds)). See 24 CFR part 970, PIH Notice 2021-07, and PIH Notice 2020-23 (or any successor notices). All defined terms not defined in this form have the meaning in 24 CFR part 970 and those notices.

### **Section 1: Demolition**

Justification and Cost-Test (Questions 4 and 5). In completing their narrative statements describing the justification for demolition, PHAs should refer to the guidance at 24 CFR part 970 and PIH Notice 2021-07 (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 submit documentation that demonstrates serious and substantial physical deterioration of the buildings/units. Documentation will generally include a narrative describing the obsolescence and a physical needs assessment (PNA), a government inspection, and/or an independent architect or engineer's report. To show that no cost of rehabilitation is cost-effective in accordance with 24 CFR 970.15, PHAs must also complete the HUD-52860-B for all applications proposing the demolition and/or disposition of dwelling buildings based on physical obsolescence. If the PNA or other supporting documentation does not describe the obsolescence of each individual unit, but is based on a sampling, a PHA should describe the sampling method and rationale—and if any units are occupied, the PNA must include a balanced number of vacant and occupied units in its PNA sampling. PHAs are encouraged to inspect at least 25% of a development's units to provide a complete understanding of its needs.

To evidence physical obsolescence of a non-dwelling building, a PHA must submit documentation that demonstrates serious and substantial physical deterioration of the buildings/units. Documentation will generally include a narrative describing the obsolescence, a physical needs assessment (PNA), a government inspection, and/or an independent architect or engineer's report. Because HUD's Total Development Costs (TDC) limits do not apply to non-dwelling buildings, PHAs are not required to submit the HUD-52860-B, but must provide other supporting documentation evidencing that rehabilitation is not cost-effective. For instance, a PHA could include third-party documentation of the estimated development cost of a replacement non-dwelling building and/or an estimation under RS Means' Commercial New Construction "Square Foot Estimator" to calculate an equivalent TDC by inputting the prototype building, the square footage, height, and interior/exterior building materials used.

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. The cost test for obsolescence based on location is the PHA's cost to cure the obsolescence (e.g., buffering nearby industrial or commercial development; mitigating environmental conditions). The PHA is not required to submit a HUD-52860-B but must submit third-party documentation evidencing the cost to cure exceeds applicable TDC percentages. In some cases, there may be no way to cure the obsolescence, regardless of cost. See PIH Notice 2021-07 (or successor notice).

Obsolete-Other Factors: 24 CFR 970.15(b)(1)(iii). A PHA must demonstrate factors impacting the marketability, usefulness, or management of the units that seriously impede operations for residential use. The PHA is not required to submit a HUD-52860-B but must submit third-party documentation evidencing that the cost to cure exceeds applicable TDC percentages. In some cases, there may be no way to cure the obsolescence, regardless of cost. See PIH Notice 2021-07 (or successor notice). The cost test for obsolescence based on other factors is the PHA's cost to cure the obsolescence. The PHA is not required to submit a HUD-52860-B but must submit documentation evidencing the cost to cure exceeds applicable TDC percentages. See PIH Notice 2021-07 (or successor notice).

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 requirements are not applicable to De Minimis Demolition.

## 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 2021-07 (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 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. See PIH Notice 2021-07 (or any successor notice)

More Efficient/Effective Low-Income Housing: 24 CFR 970.17(b) (off-site). 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 demonstrate why other low-income units are preferable. See PIH Notice 2021-07 (or any successor notice).

Best Interests of PHA and Residents & Consistent with PHA Plan & 1937 Act: 24 CFR 970.17(c). Provide supporting documentation to justify the specific disposition justification (i.e., scattered site, very small PHA, more efficient/effective on-site low-income housing). See PIH Notice 2021-07 (or any successor notice). Do not complete this form or submit this application for RAD/Section 18 blends. Instead, submit a RAD application.

Third-Party Agreement. Certain third-party agreements may require HUD review and approval under 24 CFR part 970. In this case, the PHA must submit a SAC disposition application under this form to obtain HUD approval for the third-party agreement (including completing and attaching a justification narrative of the agreement under 24 CFR 970.17(c) or other applicable section of 24 CFR 970). In the SAC application, the PHA must clearly indicate it is requesting HUD approval of a third-party agreement and attach the draft form of third-party agreement to the application. If the PHA is not requesting that HUD release the Annual Contributions Contract (ACC) or Declaration of Trust/Declaration of Restrictive Covenant (DOT/DORC) from the property, it should put "0" in all fields for units, buildings and acreage. See PIH Notice 2017-24 (or any successor notice).

Non-Dwelling Property: 24 CFR 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 2021-07 (or any successor notice). PHAs may propose different methods of disposition in their SAC applications, including:

Public Bid Fair Market Value (FMV) Sale. 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.

Negotiated Sale at FMV. 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.

Negotiated Lease at FMV. 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.

Negotiated Sale at below FMV. The PHA negotiates a sale with an identified buyer for below FMV (often nominal value).

Negotiated Ground Lease at below FMV. The PHA negotiates a lease with an identified entity for below FMV (often nominal value).

Land-Swaps. The PHA negotiates a "land swap". In addition to meeting the requirements for a Negotiated Sale at FMV 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 the 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.

Other Transfer. The PHA should describe any alternative to the aforementioned options in sufficient detail to allow HUD to determine that the Method of Disposition is acceptable .

Describe any Seller-Financing that is proposed (i.e., 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.). If the disposition is proposed via negotiation, the PHA must evidence the entity is a valid entity under State law and is in good standing.

Commensurate Public Benefit (Question 3). In completing this section, PHAs should refer to the guidance at 24 CFR 970.19 and PIH Notice 2021-07 (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 affordable housing purposes serving low-income families (as such term is defined by the 1937 Act.). 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. A PHA may propose a preferred form of use restriction (e.g., LIHTC extended use agreement, HOME agreement, reversion clause in transfer documents, provision in ground lease, separate use agreement).

HUD encourages PHAs to complete and submit the following tables with their SAC applications in order to evidence the proposed commensurate public benefit (if applicable) and other disposition details:

Include this table for ALL dispositions (e.g., public bid, negotiated, FMV, below FMV). If phased, make a separate chart for each phase:

Include this table disposition based public benefit:

<b>Development Name, Development Number</b>					
<b>Proposed for Disposition: XX dwelling buildings (XX dwelling units and XX non-dwelling units); XX non-dwelling buildings; XX acres</b>					
<i>Delete this line if N/A (not phased) Phase #1, 2, 3, 4, etc. DDAXXXXX</i>					
<b>Proposed Method of Disposition</b>		<i>e.g., Public bid (auction or MLS); Negotiated Sale (Below FMV); Negotiated Ground Lease for XX Years (FMV); Seller (PHA) financing</i>			
<b>(Anticipated) Future Use (Commensurate, Public Benefit)</b>					
<b>Acquiring Entity</b>		<i>24 CFR 970.19(a) public bid, state N/A</i>			
<b>Disposition Amount</b>		<i>e.g., \$XXX via sale; \$1/year ground lease for XX years</i>			
<b>Total Units</b> (Preserved or to be developed) <b>XX</b>	<b>Proposed Building Affordable Housing for families at 80% and below AMI</b>		<b>Proposed Building Affordable Housing for families at description for dispositions of a</b>		
	<b>Lot Information: (if vacant lot(s) or partial disposition of underlying land in PHA's AMP)</b>				
	<b>Mixed-Finance Public Housing (MF ACC)</b>	<b>PBV*</b>	<b>Other Affordable</b>	<b>Market Rate (Manager)</b>	<b>Market Rate (Other)</b>
<b>Rental</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>
<b>Non-Dwelling Uses of Property</b>	<i>e.g., community building</i>				
	<b>COMPLETE SUMMARY:</b> <i>e.g., FOR RENTAL DWELLING UNITS: existing units will be maintained as Affordable Housing, existing units will be substantially rehabbed using LIHTC, existing units will be demolished and new construction of LIHTC units</i> <i>e.g., FOR NON-DWELLING, Property will primarily serve families at or below 80% of AMI as...</i>				

for below FMV on commensurate

\*PHA has indicated this as the number of units that it plans to attach Project Based Voucher (PBV) assistance to at the property. However, this chart is not a HUD approval of the PBV assistance to the units. PHA and/or PBV Project Owner must independently and separately comply with all applicable PBV program requirements including section 8(o)(13) of the 1937 Act (as amended by HOTMA, Public Law 114-201, 130 Stat.782), HUD regulation at 24 CFR part 983, and other applicable HUD guidance. These include, but are not limited to, HOTMA Federal Register (FR) Implementation Notice at 82 FR 5458 (January 18, 2017), 82 FR 32461 (Jul. 14, 2017) (HOTMA Correction), 85 FR 12001 (Feb. 28, 2020) (SLR), PIH Notice 2017-21 (HA), and environmental requirements outlined in PIH Notice 2016-22 (HA) (or subsequent notices).

### Section 3: Proceeds

In completing this section, PHAs should refer to the guidance at 24 CFR part 970, PIH Notice 2020-23 (or any successor notice) and any other HUD guidance on proceeds. In accordance with 24 CFR 970.19(e), PHAs shall describe their proposed use of estimated proceeds (gross and net) in the SAC application.

Relocation Costs (Question 3). Pursuant to 24 CFR 970.21(e)(2), PHAs must pay for the actual and reasonable relocation expenses for all residents who will be displaced from their public housing units as a result of a demolition and/or disposition action. HUD considers

the following to be eligible costs of relocation that can be deducted from gross proceeds: counseling and advisory services to residents (including mobility counseling), moving expenses (including housing search costs), payment of a security and/or utility deposits at a comparable housing, and costs of providing any necessary reasonable accommodations to residents in accordance with Section 504 of the Rehabilitation Act of 1973 and other HUD guidance.

Reasonable Costs of Disposition (Question 4). Reasonable costs of disposition may include the following (although HUD may disapprove any costs it deems unreasonable): (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., local customary split of any 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 settlement statement document.

Net Proceeds (Question 5). Net proceeds means proceeds realized after deducting relocation and disposition costs.

#### **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 2021-07 (or any successor notice). PHAs are eligible to exercise the exception from the offer of sale described at 24 CFR 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.