

Public reporting burden for this collection of information is estimated to average 8 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 for required conversion under Section 33 of the U.S. Housing Act of 1937 (1937 Act) and 24 CFR part 972. HUD will use this information to review Public Housing Authority (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. The information collected will not be held confidential.

(1) Project Subject to Required Conversion

Attach the PHA's rationale for why the project is subject to required conversion based on the criteria of 24 CFR 972.124 - 24 CFR 972.127 and PIH Notice 2019-10 (or any successor notice).

This usually takes the form of:

- *the results of the Cost Analysis (HUD Conversion Calculation Rule) in the form of the HUD-approved Excel Spreadsheet available on the HUD website at:
<http://www.hud.gov/offices/pih/centers/sac/docs/costcomparison.xls>; or*
- *a narrative description (and any other relevant supporting documentation) as to why the PHA cannot assure the long-term viability of a distressed project.*

(2) Future Use: How does the PHA propose the project will be used after conversion?

Attach a narrative of the planned future use of the project proposed for required conversion (including all real property), and the means and timetable for accomplishing any planned demolition, disposition, or redevelopment.

(3) Does the PHA have any modernization, reconstruction, or other capital funds pending for the project proposed for required conversion?

☐ **Yes** ☐ **No**

If Yes, attach a narrative identifying the funds and the obligation status of those funds. Indicate the PHA's recommendations concerning the transfer of these funds to Housing Choice Voucher (HCV) based assistance or other public housing uses.

Instructions: Required Conversion Addendum Form HUD-52860-D

Refer to SAC website at www.hud.gov/sac for more information

PHAs applying for Section 33 required conversion are required to complete this Addendum (HUD-52860-D) as part of their Inventory Removals Application (HUD-52860) and submit it (as an attachment) with their SAC application. Pursuant to 24 CFR 972.106, PHAs are required by Section 33 of the 1937 Act to annually review their public housing stock and identify public housing that may be subject to required conversion based on the criteria of 24 CFR 972.124 through 24 CFR 972.127. Once projects have been identified as meeting the criteria for required conversion, the PHA generally must develop a required conversion plan (up to 5 years) for removal of the affected units from its inventory. If the PHA determines it must submit a required conversion plan to HUD, that plan must be submitted through the HUD-52860 and this HUD-52860-D form. Between these two forms, and supporting uploaded documentation, the required conversion plan must include all the submission requirements outlined in Section 8 of PIH Notice 2019-10, including: unit description, PHA Annual Plan requirements, resident consultation, board approval, local government consultation, status of Capital Funds, future use of the units, environmental requirements, and relocation activities.

Item 1:

The cost methodology that PHAs must use to compare the costs of continuing to operate a project as public housing for the remainder of its useful life to the cost of providing tenant-based HCV assistance to the residents of that project was published as a final rule on March 21, 2006 (Appendix to 24 CFR part 972) (“Conversion Calculation Rule”). In order to assist PHAs in completing the calculations and comparisons required by the Rule, a downloadable spreadsheet calculator is available on the HUD website. HUD will look for completed cost calculations in reviewing the PHA’s cost comparison of providing tenant-based HCV assistance with the cost of operating the project as public housing.

Note: The cost methodology for required conversion is different from that for Voluntary Conversion. When comparing the cost of tenant-based HCV assistance versus public housing, PHAs should consider, as essential, the length of the remaining useful life for the public housing project that may be a 20, 30, or 40-year period. Typically, a 40-year period is used when rehabilitation is performed equal to new construction. A 30-year period is used when a PHA plans a modernization effort that addresses all backlog needs and any redesign that is necessary to keep a property viable and cost-effective for an ongoing useful life in accordance with the useful life of the building and its systems. PHAs must use this calculation tool (spreadsheet) to compute the PHA’s information on the project’s operating, modernization, and accrual costs, as well as information on costs of HCV for required conversion.

Item 2

In the narrative describing the intended future use for the affected project, PHAs must provide their specific plans for the project after conversion (e.g., whether the property will be demolished, disposed of for other housing, retained and utilized to house low-income residents, etc.). Section 18 of the 1937 Act does not apply to demolition of a project removed from the inventory of a PHA pursuant to a required conversion. However, Section 18 of the 1937 Act, does apply to a disposition of a project removed pursuant to a Required Conversion. Therefore, to dispose of a PHA property, as part of a required conversion, the PHA must meet all of the disposition requirements of Section 18 of the 1937 Act (and complete the HUD-52860-A).