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**Section 1. Demolition**

1. Does the removal action include the demolition of all or a portion of a development (AMP) or other public housing property?

☐ Yes ☐ No

If yes:

- ☐ All units at a development site  
☐ A portion of units at a development site  
☐ Non-dwelling property at a development site  
☐ Non-dwelling property not at a development site (e.g. central PHA administrative building)

*If yes, complete questions 2-6 of this section. If no, move on to section 2.*

2. What is the estimated demolition cost?

\$

3. What is the anticipated source of funds for the demolition cost?

- ☐ Capital Funds ☐ CDBG  
☐ Operating Funds  
☐ Fiscal Year: \_\_\_\_\_  
☐ Non-Public Housing Funds (describe: \_\_\_\_\_)

4. What is the justification for the demolition?

- ☐ Obsolete - Physical Condition  
☐ Obsolete - Location  
☐ Obsolete - Other Factors  
☐ 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 2018-04 (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.

*Attach a completed HUD-52860-B, narrative statement, and other supporting documentation as described in the instructions*

<b>Section 2. Disposition</b>	
1. What is the justification for the disposition?	<input type="checkbox"/> Conditions in Surrounding Area: 24 CFR 970.17(a) <input type="checkbox"/> Health and/or Safety <input type="checkbox"/> Infeasible Operation <input type="checkbox"/> More Efficient/Effective Low-Income Housing: 24 CFR 970.17(b) <input type="checkbox"/> Best Interests of PHA and Residents & Consistent with PHA Plan & 1937 Act: 970.17(c) <input type="checkbox"/> The Non-Dwelling Structure or Land Exceeds the Needs of the Development (after Date of Full Availability "DOFA") <input type="checkbox"/> The Disposition of the Non-Dwelling Property is Incidental to, or does not Interfere with, the Continued Operation of the Remainder of the Development
<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 2018-04(or any successor notice).</i> <i>If disposition is based on physical obsolescence under the demolition criteria, complete Section 1 (Demolition) of this form.</i>	
2. Method of Disposition	a. <input type="checkbox"/> Public Bid FMV Sale      TO BE DETERMINED b. <input type="checkbox"/> Negotiated Sale at FMV c. <input type="checkbox"/> Negotiated Lease or other Transfer at FMV d. <input type="checkbox"/> Negotiated Sale or other Transfer at FMV e. <input type="checkbox"/> Negotiated Sale at below FMV f. <input type="checkbox"/> Negotiated Lease or other Transfer at below FMV g. <input type="checkbox"/> Land-Swap
<i>Attach a description of the method of disposition (e.g. sale or ground lease terms; below FMV disposition).</i> <i>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.</i>	
3. Is the proposed acquiring entity the PHA's instrumentality as defined by 24 CFR 905.604(b)(3)?	<input type="checkbox"/> Yes <input type="checkbox"/> No      TBD
4. Commensurate Public Benefit: If the method of disposition is at or below FMV, the PHA must demonstrate a commensurate public benefit <i>Attach a narrative description of commensurate public benefit in accordance with 24 CFR 970.19 and PIH Notice 2018-04 (or any successor notice).</i>	

<b>Section 3. Proceeds</b>	
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 \$ 1 , 3 0 0 , 0 0 0 (estimated amount) <input type="checkbox"/> No
4. Is the PHA requesting to use gross proceeds for reasonable costs of disposition?	<input type="checkbox"/> Yes \$ TBD (estimated amount) <input type="checkbox"/> No
<i>If yes, attach a brief narrative, budget, or other supporting documentation describing the reasonable costs</i>	
5. If the PHA will realize net proceeds from this disposition, how does the PHA propose to use the proceeds?	<input type="checkbox"/> Public Housing Capital Fund (CFP) Uses <input type="checkbox"/> Loan for development of Public Housing Units <input type="checkbox"/> Section 8 PBV Unit Development <input type="checkbox"/> Loan for development of PBV units <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"/> Operation of Section 8 program <input type="checkbox"/> Operation of Public Housing program <input type="checkbox"/> Modernization of Section 8 Units <input type="checkbox"/> Loan for modernization of PBV 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)
<i>Attach a brief narrative, budget, or other supporting documentation describing the proposed use of proceeds.</i> <i>If loan is checked, include the loan term, interest rate, and type (i.e. permanent, bridge, construction).</i>	

**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?

- ☐ Yes ☐ No
- ☐ 970.9(b)(3)(i): local government requests to acquire vacant land less than 2 acres in order to build or expand public services
- ☐ 970.9(b)(3)(ii): PHA seeks disposition to develop a facility to benefit low-income families
- ☐ 970.9(b)(3)(iii): the units have been legally vacated (HOPE VI, 24 CFR part 971 or 972)
- ☐ 970.9(b)(3)(iv): the units are distressed units subject to Section 33 required conversion
- ☐ 970.9(b)(3)(v): property proposed for disposition is non-dwelling
- ☐ Other: PHA requests that HUD consider another exception to 970.9(b)(1)

*If exercising an exception, attach a narrative statement or documentation supporting the exception in accordance with 970.9(b)(4). If not exercising an exception, complete questions #2-6 of this Section 4.*

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.

*Attach a narrative explanation of how the PHA determined the entities identified*

3. Date(s) the PHA sent an initial written notification to each established eligible organization in accordance with 24 CFR 970.11

*Attach a copy of the initial written notification to each established eligible organization*

4. Did the PHA receive a written expression of interest in accordance with 24 CFR 970.11 by an established eligible organization?

☐ Yes ☐ No

*If yes, attach a copy of the expression of interest by any eligible established organization*

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?

☐ Yes ☐ No

*If yes, attach a copy of the proposal to purchase from an established eligible organization*

6. Did the PHA accept the proposal to purchase?

☐ Yes ☐ No  
☐ N/A (PHA did not receive a proposal to purchase)

*Attach a narrative explanation of why the PHA accepted or rejected the proposal to purchase*

## 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 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 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 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	

## **Form HUD-52860-A Instructions**

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 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. Also, PHAs must upload the supporting documentation requested by this form as part of the IMS/PIC SAC application. PHAs must label that supporting documentation by section number of this form and/or by name (e.g. use of proceeds). PHAs refer to 24 CFR part 970 and all applicable PIH Notices in completing this form, including PIH Notice 2018-04 (or any successor notice). PHAs must label 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.

Obsolete-Physical Condition: 24 CFR 970.15(b)(1)(i). PHAs must 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).

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 2018-04 (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.

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 2018-04 (or any successor notice).

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 justification narrative of the agreement under 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 ACC or Declaration of Trust (DOT) or DORC from the property, it should put “0” in all fields for units, buildings and acreage. See PIH Notice 2018-04 (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 2018-04 (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.

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 2018-04 (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 (incomes at or below 80% of area median). 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).

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, purpose and other disposition details:

<b>Development Name</b>		<b>Development Number</b>		
<b>Proposed for Disposition:</b> Building/s: _____, Units: _____, Acres: _____				
Total number of units to be developed (or preserved) on property:	Less than 80% of Area Median Income			
Total number of non-dwelling buildings to be developed (or preserved) on property:	ACC	Non-ACC	PBV	Market Rate
Rental				
For Sale				
Name of Acquiring Entity (Rental Units)				
Name of Acquiring Entity (initial developer) (For Sale Units)				
Method of Disposition	(e.g. 99-year ground lease; fee simple sale; Fair Market Value)			
Lease Price	\$ _____ per year			
Sale Price	\$ _____			
Purpose and or summary of Commensurate Public Benefit (short description of units and non-dwelling property to be developed/preserved)				

### Section 3: Proceeds

In completing this section, PHAs should refer to the guidance at 24 CFR part 970, PIH Notice 2018-04 (or any successor notice) and any other HUD guidance on proceeds. 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 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 2018-04 (or any successor notice). PHAs are eligible to exercise the exception 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.