## Required Conversion Addendum HUD-52860-D

### U.S. Department of Housing and Urban Development Office of Public and Indian Housing

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This information is required as a supplement to the HUD-52860 for all inventory removal actions that involve a required conversion action based on requirements of Section 33 of the United States Housing Act of 1937 and 24 CFR part 972, subpart A. HUD will use this information to determine whether, and under what circumstances, to permit PHAs to remove from their inventories all or a portion of a public housing development through required conversion, as well as to track removals for other record keeping requirements. Responses to this collection of information are statutory and regulatory to obtain a benefit. All capitalized terms not defined in this form have the meanings of 24 CFR part 972, except all references to development in that regulation are referred to project in this form. The information requested does not lend itself to confidentiality.

(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 through 24 CFR 972.127. This usually takes the form of:	
<ul> <li>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:</li> </ul>	
<ul> <li>https://apps.hud.gov/offices/pih/centers/sac/docs/costcomparison.xls; or</li> <li>a narrative description (and any other relevant supporting documentation) as to why the PHA cannot assure the long-term viability of a distressed project</li> </ul>	
(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 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 this form. In addition, the PHA must comply with the PHA Annual Plan requirements for the required conversion (see PHA Plan requirements in HUD-52860).

### <u>Item 1</u>:

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 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 PHAs 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 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 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).