
CHAPTER 8. SITE (PROPERTY) ACQUISITION

Section 1. PHA Preparation of Site Acquisition Documents

- 8-1. APPLICABILITY. This chapter establishes the procedures for PHA acquisition of sites (including improved properties) under either the conventional or acquisition method. These procedures do not apply to projects being developed under the turnkey method since the turnkey developer has exclusive responsibility for acquiring sites identified in a turnkey proposal.
- 8-2. GENERAL. The PHA is responsible for preparing and submitting the site acquisition documents to the Field Office for approval. If Field Office assistance is required, the PHA should contact the designated MHR who will provide guidance to the PHA and will arrange for any other necessary Field Office technical assistance.
- 8-3. STANDARD PROCESSING TIME. The PHA shall prepare and submit the site acquisition documents to the Field Office within the established standard processing time (SPT). The SPT for the PHA to prepare and submit the site acquisition documents is forty-five (45) calendar days from the date of the Field Manager's PHA proposal approval letter to receipt of the site acquisition documents by the Field Office. For projects involving one to four family properties, the SPT is the date established in the PHA project development schedule approved by the Field Office for submission of specific property acquisition documents. (See Chapter 3, Section 12 for statutory time-frame requirements). *
- 8-4. PREREQUISITES FOR PHA SUBMISSION. Upon receipt of the Field Manager's PHA proposal approval letter, the PHA shall take the following actions, if applicable, to ensure that the site acquisition documents will be submitted to the Field Office within the established SPT. The PHA shall not make payment for any services relating to site acquisition until written authorization is obtained from the Field Office.
- a. Legal Services. The PHA shall retain an attorney (Chapter 3, Section 2) to perform any required title or settlement services.

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- b. Architectural Services. The PHA shall execute the PHA architect's contract and request that the design documents be prepared. For projects involving rehabilitation of

one to four family properties, the project description and preliminary cost estimates must be submitted for the specific properties to be acquired if the required information was not previously submitted and approved by the Area Office.

- c. Purchase Agreement. The PHA shall execute Part II of the Offer of Sale of Land (Form HUD 51971) for each site and shall submit it for the owner's acceptance prior to the expiration of the site option. The procedures to be followed by the PHA in executing the Form HUD 51971 are provided in paragraph 8-5.
- d. Site Studies. The PHA shall employ a qualified architectural or engineering firm to perform and submit a report to the PHA for any site engineering studies identified in the Area Manager's letter.
- e. Fee Appraiser. For one to four family properties (rehabilitation and existing housing) the PHA shall employ a single family fee appraiser (Chapter 3, Section 2) to prepare and submit an appraisal report to the PHA for each specific property to be acquired.

8-5. PURCHASE AGREEMENT. The site acquisition documents shall contain a copy of the Offer of Sale of Land (Form HUD 51971), for every parcel or property to be acquired for the project, as executed by the PHA and evidenced by the owner's acceptance. The executed Form HUD 51971 shall comply with the following:

- a. Purchase Price. The purchase price to be inserted by the PHA shall be:
 - (1) if Title III of the Uniform Act is not applicable, the owner's "asking price" provided that it does not exceed the appraised value established by the Area Office;
 - (2) if Title III of the Uniform Act is applicable, the appraised value established by the Area Office; or
 - (3) in the case of one to four family properties, the owner's "asking price" subject to the appraised value to be established by the Area Office.

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- b. Conditions. The PHA shall include in Part II of the Offer of Sale of Land (Form HUD 51971) any special conditions identified in the Area Manager's letter that must be satisfied prior to closing on the site. Generally, these conditions

will be limited to the completion of any site engineering studies required by the Area Office to determine whether the site is suitable for development of the proposed project.

- c. Closing Date. The PHA letter, transmitting the PHA executed Form HUD 51971 to the owner, shall indicate that the PHA will schedule a day (within 90 days of the owner's acceptance of the PHA offer) and place for closing the sale.
- d. Relocation Notices. If applicable, the PHA shall prepare "notices of displacement" or "notices of right to continue in occupancy" pursuant to Chapter 3, Section 9. The PHA shall issue such notices to each eligible occupant within thirty (30) calendar days (or such later date approved by the Area Office) of PHA execution of Part II of the Offer of Sale Land (Form HUD 51971).

8-6. SITE STUDIES. The PHA architect shall review any engineering studies to determine whether design modifications will be required to overcome unusual site conditions and whether the engineering report is sufficient for a final determination as to the suitability of the site for the proposed project. The PHA site acquisition documents shall include a copy of any engineering report and shall identify the fee for the professional services, including preparation of the engineering report.

8-7. MAPS. The PHA shall provide a site map clearly designating the parcels for which the PHA is submitting site acquisition documents. If applicable, the PHA shall also submit the following:

- a. Property Line Map. A property line map shall be submitted for sites consisting of two or more contiguous parcels. The property line map shall clearly designate the owners and the parcels to be acquired.
- b. Neighborhood Map. For projects involving acquisition of one to four family properties, a copy of the neighborhood map shall be submitted. The map shall clearly designate the properties previously approved by the Area Office and acquired by the PHA and the properties currently being submitted for Area Office approval.

8-8. ONE TO FOUR FAMILY PROPERTIES. This paragraph applies only to PHAs for which an ACC was executed to provide front-end funding for acquiring one to four family properties involving rehabilitation or existing housing. The PHA, in addition to the other site acquisition documents identified in this section shall submit the following for each specific property:

- a. Appraisal. A copy of the appraisal report prepared by the fee appraiser shall be submitted. The appraisal report should contain a copy of the owner's site plat, a statement concerning any zoning restrictions governing the re-use of the property for housing, photographs of exterior and interior views, a list of the work required and the estimated cost of such work.
- b. Work Write-Ups. For properties involving rehabilitation, the PHA shall submit preliminary work write-ups and related documents (paragraph 6-26) and preliminary cost estimates (paragraph 6-27). For existing properties, the PHA shall prepare a brief description (and cost estimates) of the required minor repairs.

8-9 thru 8-20. RESERVED.

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Section 2. Processing Control and Reports Unit Review

- 8-21. STANDARD PROCESSING TIME. The standard processing time (SPT) for the PCR Unit is three (3) calendar days from receipt of the site acquisition documents by the PCR Unit to initiation of the Area Office staff reviews.
- 8-22. SITE FILE. The original of all PHA site acquisition and review documents shall be maintained by the PCR Unit in a project site file. This file should include a copy of the PCR Supervisor's memorandum establishing the site document receipt date and the site document review date, and the names of the Divisions and Housing Division Branches requested to review the site acquisition documents. In addition, all completed review checklists, recommendations and any accompanying memoranda shall be date stamped and retained in the project site file.
- 8-23. SITE DOCUMENT DISTRIBUTION. The PCR Unit shall make copies of the site acquisition documents for each reviewing Division or Branch. The PCR Supervisor shall immediately send a form memorandum transmitting the site documents and the applicable review checklist to each reviewer and establishing the:
- a. Site Document Receipt Date. The date the PHA site acquisition documents were received by the PCR Unit.
 - b. Site Document Review Date. The date the completed review checklists, comments and recommendations are due in the PCR Unit from each Division or Branch.

8-24. SITE DOCUMENT TRACKING. The PCR Unit shall monitor Area Office processing actions to determine that the reviews will be completed by the site document review date.

- a. Periodic Status. The PCR Supervisor shall contact each Division Director or Housing Division Branch Chief periodically to ensure that their review recommendations will be submitted by the site document review date. The PCR Supervisor shall immediately notify the MHR of any missing information noted by the reviewers and any problems observed that would delay completion of the Area Office review.

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- b. Final Recommendations. The PCR Supervisor shall forward the completed review checklists, comments and recommendations to the MHR immediately upon receipt. The PCR Supervisor shall also advise the MHR of any reviewers that have not submitted their recommendations by the established site document review date so that follow-up action may be initiated.

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Section 3. Legal Division Review

8-31. STANDARD PROCESSING TIME. The standard processing time (SPT) for the Legal Division review of the site acquisition documents is ten (10) calendar days from the site document receipt date to submission of the Area Counsel's recommendations and completed review checklist to the PCR Supervisor.

8-32. PURCHASE AGREEMENT. The Legal Division shall review the Offer of Sale of Land (Form HUD 51971) to determine that it has been properly signed by the authorized PHA official and owner. In order to recommend approval, the Area Counsel must determine that the executed Form HUD 51971 is consistent with the terms of the ACC and that any special conditions established by the Area Office have been included. Special attention shall be given to any other modifications to the standard form or

special attachments.

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Section 4. Architectural and Engineering Branch Review

8-41. STANDARD PROCESSING TIME. The standard processing time (SPT) for the AE Branch review of the site acquisition documents is ten (10) calendar days from the site document receipt date to submission of the AE Chief's recommendations and completed review checklist to the PCR Supervisor, the Valuation Chief and, if applicable, to the Cost Chief.

8-42. SITE STUDIES. If site studies were required by the Area Manager's PHA proposal approval letter, the AE Branch shall review the site engineering reports submitted by the PHA.

- a. Acceptability of Engineering Firm. The design representative shall review any site engineering report to ascertain whether it is sufficient for a final determination by the AE Branch. If additional or clarifying information is required, the design representative shall immediately contact the PHA or the PHA architect and request that the additional information be provided by the engineering firm to permit a final determination by the AE Branch.
- b. Suitability of Site. The design representative shall review any site engineering report to determine whether the site is suitable for the proposed project. In making this determination consideration shall be given to:
 - (1) whether the schematic drawings submitted with the PHA proposal adequately address any subsurface soil conditions (Chapter 7, Section 8);
 - (2) whether reasonable design modifications may be made to correct any unusual site conditions; or
 - (3) whether the decision on the site must be made in conjunction with the design document review (Chapter 9).
- c. Payment of Engineering Firm. If a site engineering report is acceptable, the AE Chief shall indicate on the review checklist that the PHA is authorized to make payment for the engineering services. This authorization shall be indicated regardless of the AE Chief's recommendation concerning the suitability of the site for the proposed project.

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8-43. WORK WRITE-UPS. For one to four family properties if not previously approved the AE Branch shall review the work write-ups for projects involving rehabilitation or the description of minor repairs for existing housing. The AE Branch review shall be performed in accordance with the requirements of Chapter 7, Section 8.

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Section 5. Cost Branch Review

8-51. STANDARD PROCESSING TIME. The standard processing time (SPT) for the Cost Branch review of the site acquisition documents is fifteen (15) calendar days from the site document receipt date to submission of the Cost Chief's recommendations and completed review checklist to the PCR Supervisor and the Valuation Chief.

8-52. PROJECT CONSTRUCTION COST (IMPROVEMENTS). The Cost Chief shall review the PHA cost estimates for projects involving rehabilitation or minor repairs to one to four family properties. The Cost Branch review shall be completed in accordance with paragraph 7-84. The purpose of this review is to determine whether the cost for the specific properties to be acquired and rehabilitated or repaired is reasonable. In making this determination, consideration shall be given to the cost of any specific properties previously approved by the Area Office and the effect that approval of the properties currently being considered will have on the PHA's ability to acquire and rehabilitate or repair the total units approved in the PHA proposal.

8-53. TOTAL DEVELOPMENT COST. If the Cost Chief, based on the PHA's cost estimates, determines there will be a change in the number of one to four family properties to be rehabilitated or acquired with minor repairs, the Cost Chief shall prepare a revised TDC for a hypothetical project in accordance with paragraph 7-85. The revised estimate for use by the

Valuation Branch shall be based on the cost of any properties previously approved by the Area Office and shall reflect the total number of units that are likely to be developed with the remaining funds.

8-54 thru 8-60. RESERVED.

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Section 6. Valuation Branch Review

8-61. STANDARD PROCESSING TIME. The standard processing time (SPT) for the Valuation Branch review of the site acquisition documents is ten (10) calendar days from the site document receipt date to submission of the Valuation Chief's recommendations and completed review checklist to the PCR Supervisor. However, the SPT for projects involving site engineering studies or rehabilitation of one to four family properties is twenty (20) calendar days to permit completion of the AE Branch and Cost Branch reviews.

8-62. PURCHASE AGREEMENT. The Valuation Branch shall review the Offer of Sale of Land (Form HUD 51971) to determine that the purchase price is consistent with the requirements of paragraph 8-5 and does not exceed the appraised value established by the Valuation Chief. The Valuation Chief shall also consider any comments provided by the AE Chief and Cost Chief to determine whether their findings would have any effect on the appraised value.

8-63. FEE APPRAISALS. The Valuation Branch shall review the appraisal reports prepared by fee appraisers for one to four family properties to determine that the value conclusions are acceptable to the Valuation Chief. The fee appraisal reports shall be reviewed in accordance with Chapter 7, Section 10. If the appraisal report is acceptable, the Valuation Chief shall indicate on the review checklist that the PHA is authorized to pay the fee appraiser. This is not necessary for other than one to four family properties, since the appraisal was completed during PHA proposal review (Chapter 7, Section 10).

8-64. SITE LOCATION. The Valuation Branch shall review the PHA's site map to determine that site acquisition documents have been submitted for all parcels, sites, and properties identified on the map. In addition, the Valuation Branch shall complete the following:

- a. One to Four Family Properties. The neighborhood map shall be reviewed to determine whether the identified properties are within the neighborhoods previously approved by

the Area Office.

- b. All Other Properties. The site map and, if applicable, the property line map shall be reviewed to determine that:

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- (1) the sites identified on the site map are consistent with the approved Preliminary Site Report (Form HUD 52651); and
- (2) site acquisition documents were submitted for all sites identified on Form HUD 52651.

8-65. TOTAL DEVELOPMENT COST. The Valuation Branch shall review the TDC (including any relocation costs) for rehabilitation and existing housing projects to determine that it does not exceed ninety (90) percent of the Cost Branch estimate for a comparable newly constructed project (paragraph 8-53).

- a. One to Four Family Properties. The following procedure shall be used:

- (1) estimate the TDC for the properties being reviewed using the approved purchase price (appraised value), a pro rata share of the other allowable costs identified on the latest approved Development Cost Budget (Form HUD 52484), and:
 - (a) for existing housing, the cost estimate of minor repairs (provided that it does not exceed ten (10) percent of the TDC); or
 - (b) for properties involving rehabilitation, the cost estimates prepared by the Cost Branch (paragraph 8-52);
- (2) if the estimated TDC for properties being reviewed as well as the properties previously acquired is ninety (90) percent or less, no further review of the TDC is required;
- (3) if the finding is not as stated in subparagraph (2), the following procedure shall be used since the ninety (90) percent limitation is binding on a project basis rather than on a unit-by-unit basis:
 - (a) if applicable, combine the TDC for the properties being reviewed with the TDC for the properties previously approved to determine to what extent

the combined TDC is greater or less than ninety (90) percent; and

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(b) if greater, determine whether it is likely that the PHA will stay within the ninety (90) percent limitation after considering the number of units still to be acquired, and the availability of lower cost housing in the approved neighborhoods.

b. All Other Properties. The Valuation Branch shall verify that the Valuation Chief's earlier findings (paragraph 7-103) are still valid.

8-66 thru 8-70. RESERVED.

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Section 7. Multifamily Housing Programs Branch Review

8-71. STANDARD PROCESSING TIME. The standard processing time (SPT) for the MHP Branch review of the site acquisition documents is fifteen (15) calendar days from the site document receipt date to preparation of a site approval (or disapproval) letter for the Housing Director's signature. However, the SPT for projects involving site engineering studies or rehabilitation of one to four family properties is twenty-five (25) calendar days to permit completion of the AE Branch and Cost Branch reviews.

8-72. EVALUATION OF REVIEW COMMENTS. The MHR shall evaluate the recommendations and findings submitted by all reviewers to determine that there are no recommendations for disapproval. The MHR shall, to the extent possible, reconcile any differences and if this cannot be done submit the MHP Branch recommendations to the Housing Director.

8-73. PHA NOTIFICATION. The MHR, after completing an evaluation of the Area Office review recommendations, shall prepare a letter for

the Housing Director's signature notifying the PHA of the Area Office decision.

a. Site Approval Letter. The site approval letter shall:

- (1) identify the project number;
- (2) identify each parcel, site, or property approved by the Area Office (a copy of the approved site acquisition documents shall be attached);
- (3) identify any changes to the purchase price (appraised value) resulting from Area Office review of any fee appraisal report or site engineering reports;
- (4) identify any conditions, based on site engineering studies, that must be incorporated by the PHA architect in the design documents (or construction documents);
- (5) as applicable, authorize the PHA to take title to the site or initiate condemnation proceedings;
- (6) for projects involving one to four family properties and exceeding the ninety (90) percent limitation, advise the PHA that approval is conditioned on the PHA submission of additional site acquisition documents for lower cost properties in order that this requirement can be achieved; and

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- (7) advise the PHA to submit the closing documents identified in Section 8 immediately after settlement.

b. Site Disapproval Letter. The site disapproval letter shall:

- (1) identify the project number;
- (2) identify each parcel, site, or property not approved by the Area Office;
- (3) identify the reasons for disapproval; and
- (4) for projects involving one to four family properties, advise the PHA to submit a revised project development schedule (paragraph 6-24).

8-74 thru 8-80. RESERVED.

Section 8. PHA Acquisition of Sites

8-81. CLOSING PROCEDURES. The PHA shall take title in accordance with the following requirements:

- a. Title Insurance. The PHA must obtain a title insurance policy, or other title guarantee acceptable to the Area Office, at closing. The title policy shall guarantee that the title is good and marketable and is free of any mortgage, lease, lien or other encumbrances, such as use or building restrictions, zoning ordinances, easements or rights-of-way which would affect the value or proposed use of the site. In those instances where several contiguous parcels are being acquired, a blanket title insurance policy should be obtained for the entire site.
- b. Curing Title Defects. The PHA attorney shall ensure that any outstanding mortgages, leases, or liens have been cleared.
- c. Settlement Record. The closing details for each transaction shall be recorded in triplicate on the Real Estate Settlement Record (Form HUD 51975) or a similar locally used and accepted settlement record.
- d. Deed Recordation. The PHA shall ensure that the deed is promptly recorded by its attorney.

8-82. CONDEMNATION PROCEDURES. The PHA, upon approval by the Area Office, shall immediately submit petitions for condemnation. If the "quick taking" provisions are being used, the PHA shall deposit with the court an advance payment in the amount suggested or required by state law. The PHA shall subsequently take title and make payment to the owner as prescribed by the court and in accordance with the closing procedures in paragraph 8-81.

8-83. LAND ACQUISITION REPORT. The PHA, upon taking title to all Sites identified in the Housing Director's site approval letter shall prepare and submit to the Area Office a Final Report on Completed Land Acquisition (Form HUD 5922) which certifies possession of all sites. The Form HUD 5922 shall be accompanied by a copy of the recorded deed, title insurance policy, or other title guarantee, and settlement record for each site.

8-84. DECLARATION OF TRUST. The Area Counsel shall review the Final Report on Completed Land Acquisition (Form HUD 5922) and accompanying documents to determine that they are legally acceptable. Upon completing this review, the Area Counsel shall prepare a letter for the Housing Director's signature transmitting the Declaration of Trust (Form HUD 52190) to the PHA. The letter shall instruct the PHA to execute and record the Declaration of Trust and to provide a copy to the Area Office as soon as it has been recorded.
