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(1) Cost Analysis:

Attach the results of the Cost Analysis in the form of the HUD-approved Excel Spreadsheet available on the HUD website at <https://apps.hud.gov/offices/pih/centers/sac/docs/costcomparison.xls>.

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

- ☐ Public Housing, including:
 - ☐ Elderly
 - ☐ Family
 - ☐ Disabled
 - ☐ Mixed
- ☐ Other Assisted Housing, including:
 - ☐ Project-Based Vouchers
- ☐ Rent-Controlled or Rent-Capped Housing
 - ☐ LIHTC Housing
- ☐ Market-Rate Housing
- ☐ Other Housing:
- ☐ Other Non-Housing Purposes:

Attach a narrative of the planned future use of the project indicated above and the means and timetable for accomplishing any planned demolition, disposition, or redevelopment

(3) Complete the information requested below based on the appraisals/market analyses required by 24 CFR part 972 and any applicable HUD Notice on appraisals for voluntary conversions.

Market Valuation	Approach Used	Value
1. Current Value "As Is" Public Housing	<input type="checkbox"/> Income <input type="checkbox"/> Comparable Sale <input type="checkbox"/> Tax-Assessment <input type="checkbox"/> Cost Approach	\$
2. Future Value "Post-Rehab" Public Housing	<input type="checkbox"/> Income <input type="checkbox"/> Comparable Sale <input type="checkbox"/> Tax-Assessment <input type="checkbox"/> Cost Approach	\$

3. Current Value “As Is” (depends on proposed future use) Select One: <input type="checkbox"/> Other Assisted Housing <input type="checkbox"/> Rent-Controlled or Rent-Capped Housing <input type="checkbox"/> Market-Rate Housing <input type="checkbox"/> Other Housing	<input type="checkbox"/> Income <input type="checkbox"/> Comparable Sale <input type="checkbox"/> Tax-Assessment <input type="checkbox"/> Cost Approach	\$
4. Future Value “Post-Rehab” (depends on proposed future use) Select One: <input type="checkbox"/> Other Assisted Housing <input type="checkbox"/> Rent-Controlled or Rent-Capped Housing <input type="checkbox"/> Market-Rate Housing <input type="checkbox"/> Other Housing	<input type="checkbox"/> Income <input type="checkbox"/> Comparable Sale <input type="checkbox"/> Tax-Assessment <input type="checkbox"/> Cost Approach	\$
5. “Highest and Best Use” Value or “Market Value” (*Insert this value at Section 5(c) of the Cost Analysis Excel Spreadsheet as the “market value of property”. Also insert this value whenever the “market value” of the property is requested in the calculation.)	<input type="checkbox"/> Income <input type="checkbox"/> Comparable Sale <input type="checkbox"/> Tax-Assessment <input type="checkbox"/> Cost Approach	\$

(4) Attach the “Executive Summary” of the appraisal/market analyses used for Box #5 in the above reference chart

PHA Certification for Section 22 Voluntary Conversion Applications:

My PHA specifically authorized this conversion action in its annual PHA Plan or in a Significant Amendment to that Plan and HUD approved the Plan or Significant Amendment and otherwise complied with all applicable PHA Plan requirements described at 24 CFR part 972 for this conversion action. If my PHA is a Qualified PHAs under the Housing and Economic Recovery Act of 2008 (HERA), my PHA described the proposed conversion at its required annual public hearing (or a second public hearing if it is submitting this Application between its annual public hearings). If my PHA is a Moving to Work (MTW) entity, it has authorized and described this conversion action in its MTW Plan.

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	

Instructions: Voluntary Conversions Addendum Form HUD-52860-E

This information is required as a supplement to the HUD-52860 for all inventory removal actions that involve a Voluntary Conversion based on the requirements of Section 22 of the 1937 Act and 24 CFR part 972, Subpart B. 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 project under this authority, 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.

PHAs applying for Section 22 Voluntary Conversion are required to complete this Addendum (HUD-52860-E) as part of their Inventory Removals Application (HUD-52860) and submit it (as an attachment) with their application.

PHA applying for Voluntary Conversion must fulfill two primary requirements:

- (1) Perform a conversion assessment in accordance with 24 CFR 972.218 - 24 CFR 972.224 (“Conversion Assessment”); and
- (2) Prepare a conversion plan in accordance with 24 CFR 972.227- 24 CFR.233 within one year of performing the Conversion Assessment (“Voluntary Conversion Plan”). Both the Conversion Assessment and Voluntary Conversion Plan must be approved by HUD as part of the PHA’s Plan. HUD will not accept any application for Voluntary Conversion until the PHA has completed a Conversion Assessment and Voluntary Conversion Plan; and included them in its PHA Plan.

Item 1:

Voluntary Conversions are permitted only if they are cost-effective. The cost methodology that PHAs must use to compare the costs of continuing to operate a development as public housing for the remainder of its useful life to the cost of providing tenant-based Housing Choice Voucher Assistance to the residents of that development 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 Housing Choice Voucher Assistance with the cost of operating the development as public housing. Note: The cost methodology for Required Conversion is different from that for Voluntary Conversion. When comparing the cost of tenant-based Housing Choice Voucher Assistance versus public housing, PHAs should consider, as essential, the length of the remaining useful life for the public housing development that may be a 20 or 30-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, 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 development’s operating, modernization, and accrual costs, as well as information on voucher costs for Voluntary Conversion.

PHAs must have an appraisal performed for the “Highest and Best Use” (as a commercial or residential use) value or potential market value of the public housing development and whether any residual value may be

generated from the sale of the development or the land (after demolition). The information from this appraisal is required to complete the HUD Cost Analysis. Specifically, the value that must be inserted into Section 5(c) of the Cost Analysis Spreadsheet Calculator is the “Highest and Best Use” value or (“Market Value”) (See applicable HUD Notice on appraisal guidelines for Voluntary Conversions).

Item 2:

“Public Housing” means low-income housing, and all necessary appurtenances thereto, assisted under the 1937 Act, other than assistance under Section 8 of the 1937 Act. “Other Assisted Housing” is housing with some form of non-public housing subsidy provided for under the 1937 Act. “Rent-Controlled or Rent-Capped Housing” has no subsidy, but provides for a rental cap such as with property with rent controls consistent with state regulated Low Income Housing Tax Credits or other statutory or regulatory cap such as rent control. The income levels of tenants in such properties may be regulated or limited by state or local regulations. “Market Rate Housing” has no restrictions on rental rates, operating costs, profits, rental rate increases, or improvements that can be made to the property. “Other Housing” is housing that does not fall into the options above but may include other subsidized housing (e.g., state subsidized housing, rural development agency), or other sources. In the narrative describing the intended future use for the development, PHAs must provide details of their specific plans for the public housing development after conversion (e.g., whether the property will be demolished, disposed of for other housing, retained and utilized to house low-income residents, etc.). The narrative should provide credible evidence of the capacity and capability of the PHA and its partners, if applicable, to complete the proposed future use of the property, especially in case where the PHA sells its property for Fair Market Value (FMV) and receives significant sales proceeds, or a PHA leases or sells its property for less than FMV and collaborates with a joint venture partner to develop other types of low-income housing or housing for low-income families.

Items 3 and 4:

Refer to PIH Notice 2014-14 (or any replacement notice) for additional guidance.