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Section 1. Demolition	
<p>1. Does the removal action include the demolition of all or a portion of a development (AMP) or other public housing property?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes:</p> <p><input type="checkbox"/> All units at a development site</p> <p><input type="checkbox"/> A portion of units at a development site</p> <p><input type="checkbox"/> Non-dwelling property at a development site</p> <p><input type="checkbox"/> Non-dwelling property not at a development site (e.g. central PHA administrative building)</p>
<p><i>If yes, complete questions 2-6 of this section. If no, move on to section 2.</i></p>	
<p>2. What is the estimated demolition cost?</p>	<p>\$ 0 - The BHA hope to dispose of the property in order to execute the needed renovations .</p>
<p>3. What is the anticipated source of funds for the demolition cost?</p>	<p><input type="checkbox"/> Capital Funds <input type="checkbox"/> CDBG</p> <p><input type="checkbox"/> Operating Funds</p> <p><input type="checkbox"/> Fiscal Year: _____</p> <p><input type="checkbox"/> Non-Public Housing Funds (describe: _____)</p>
<p>4. What is the justification for the demolition?</p>	<p><input checked="" type="checkbox"/> Obsolete - Physical Condition</p> <p><input type="checkbox"/> Obsolete - Location</p> <p><input type="checkbox"/> Obsolete - Other Factors</p> <p><input type="checkbox"/> De Minimis Demolition (the lesser of 5 units or 5 percent of the total public housing units in any 5-year period)</p>
<p><i>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.</i></p>	
<p>5. Cost-test:</p>	<p>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.</p>
<p><i>Attach a completed HUD-52860-B, narrative statement, and other supporting documentation as described in the instructions</i></p>	

Included in application is HUD-5260-B. Please see Attachment 2.1 Justification for Disposition for the obsolescence threshold test.

Section 2. Disposition	
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 checked="" 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 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 checked="" 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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>	

Section 3. Proceeds					
1. Will the PHA realize proceeds from this disposition?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
2. If PHA answered yes to question #1, indicate the estimated amount of gross and net proceeds	<table style="width:100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">Gross \$</td> <td style="width: 50%; text-align: center;">Net \$</td> </tr> </table>	Gross \$	Net \$		
Gross \$	Net \$				
3. Is the PHA requesting to use gross proceeds for relocation costs?	<table style="width:100%; border: none;"> <tr> <td style="width: 60%;"><input type="checkbox"/> Yes \$</td> <td style="width: 40%; text-align: right;">(estimated amount)</td> </tr> <tr> <td><input type="checkbox"/> No</td> <td></td> </tr> </table>	<input type="checkbox"/> Yes \$	(estimated amount)	<input type="checkbox"/> No	
<input type="checkbox"/> Yes \$	(estimated amount)				
<input type="checkbox"/> No					
4. Is the PHA requesting to use gross proceeds for reasonable costs of disposition?	<table style="width:100%; border: none;"> <tr> <td style="width: 60%;"><input type="checkbox"/> Yes \$</td> <td style="width: 40%; text-align: right;">(estimated amount)</td> </tr> <tr> <td><input type="checkbox"/> No</td> <td></td> </tr> </table>	<input type="checkbox"/> Yes \$	(estimated amount)	<input type="checkbox"/> No	
<input type="checkbox"/> Yes \$	(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)

<p>1. If this action is for a disposition, is the PHA exercising any of the exceptions to the offer of sale requirements?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> 970.9(b)(3)(i): local government requests to acquire vacant land less than 2 acres in order to build or expand public services</p> <p><input checked="" type="checkbox"/> 970.9(b)(3)(ii): PHA seeks disposition to develop a facility to benefit low-income families</p> <p><input type="checkbox"/> 970.9(b)(3)(iii): the units have been legally vacated (HOPE VI, 24 CFR part 971 or 972)</p> <p><input type="checkbox"/> 970.9(b)(3)(iv): the units are distressed units subject to Section 33 required conversion</p> <p><input type="checkbox"/> 970.9(b)(3)(v): property proposed for disposition is non-dwelling</p> <p><input type="checkbox"/> Other: PHA requests that HUD consider another exception to 970.9(b)(1)</p>
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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.

<p>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.</p>	<p>N/A</p>
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Attach a narrative explanation of how the PHA determined the entities identified

<p>3. Date(s) the PHA sent an initial written notification to each established eligible organization in accordance with 24 CFR 970.11</p>	<p>N/A</p>
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Attach a copy of the initial written notification to each established eligible organization

<p>4. Did the PHA receive a written expression of interest in accordance with 24 CFR 970.11 by an established eligible organization?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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If yes, attach a copy of the expression of interest by any eligible established organization

<p>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?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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If yes, attach a copy of the proposal to purchase from an established eligible organization

<p>6. Did the PHA accept the proposal to purchase?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> N/A (PHA did not receive a proposal to purchase)</p>
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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	Thomas G. Thibeault
Title	Executive Director
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:

<i>Development Name</i>		<i>Development Number</i>		
Proposed for Disposition: Building/s: 2 , Units: 398 , Acres: x.xx				
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	398			
For Sale				
Name of Acquiring Entity (Rental Units)	BHA Campello LLC			
Name of Acquiring Entity (initial developer) (For Sale Units)				
Method of Disposition	(e.g. 99-year ground lease; fee simple sale; Fair Market Value) 99-year ground lease at less than FMV			
Lease Price	TBD through updated appraisal			
Sale Price	\$			
Purpose and or summary of Commensurate Public Benefit (short description of units and non-dwelling property to be developed/preserved)	Renovation and preservation of low-income housing using project-based voucher (PBV)			

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.

HUD 52860-a: Demolition and Disposition
Addendum: Section 2, Line 1
Justification for the Disposition of Campello High-Rise

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).

The disposition of the Campello High-Rise Apartments (Campello) buildings, a development in AMP 2 consisting of 398 elderly/disabled public housing units, is in the best interest of the residents and the Brockton Housing Authority (BHA), as it is the only feasible way for the BHA to preserve and protect the units as affordable housing. The disposition of Campello is consistent with the goals of the BHA, the BHA's Annual Plan, and the United States Housing Act of 1937.

The BHA has come to the conclusion that, based on its existing conditions summarized in the Property Conditions Report (January 2021), Campello is obsolete as to its physical condition and other factors, making it unsuitable for its intended purpose; and that regrettably no reasonable program of modification or public housing resource from HUD is available, including Rental Assistance Demonstration, to restore the development to its useful life, other than the Housing Choice Vouchers that could become available through the disposition process. The lack of adequate capital funding has prevented the BHA from undertaking needed comprehensive modernization work at Campello in a timely manner, resulting in many assemblies, systems, and finishes being assessed as in failing or poor condition.

Built in 1970-72, Campello is nearly 50 years old and possesses most of the original fixtures, finishes, and systems many of which are in poor physical condition. It is an obsolescent development and unable to adequately provide housing that is decent, safe, sanitary, and in good repair for its residents. Without a substantial renovation of the property, all of the elderly/disabled units are at risk of permanent loss as large-scale capital needs become more frequent, urgent, and disruptive, and could possibly result in the units being taken off-line.

Annual capital funds are inadequate to meet the substantial renovation needs of Campello. The only viable means of funding Campello's needs is a combination of a permanent loan supported by Tenant Protection Vouchers (TPVs) coupled with Low Income Housing Tax Credit Equity. The required renovations cannot be funded through other public housing funding resources or programs managed by the U.S. Department of Housing and Urban Development (HUD), including the Rental Assistance Demonstration (RAD) program (see Appendix A for an analysis on the availability and effectiveness other funding sources) or other programs. The BHA intends to apply for Tenant Protection Vouchers (TPVs) if the Section 18 Disposition application is approved. Given how critical the TPVs are to being able

to fund the renovations needed at Campello, the BHA intends to move forward with the disposition only if there is a high likelihood that it will be able to obtain the vouchers.

The disposition of Campello is critical to ensuring the well-being and safety of residents. Leaks in occupied units is a recurring problem for Campello residents due to the property's corroded plumbing and deficient façade elements, including transite panels and balcony connections, which are failing to keep the building waterproof. In addition, the building's ventilation system is in decrepit condition and not functioning as designed and needs to be replaced to ensure that residents have access to adequate fresh air supply. The way in which the ventilation system is currently configured – with make-up air being drawn into units from shared corridors – represents health hazard given the risk of smoke migration in a fire event as well as airborne transmission of COVID-19. Critical fire safety related retrofits are also required, including the creation of smokeproof enclosures in emergency exit stairwells, the replacement of the building's fire alarm system, and the replacement of the main electrical distribution system, which present a fire hazard. Worn-out and often asbestos-containing finishes (including flooring components and the joint compound used in the drywall) and fixtures also need to be replaced to restore the building to its original condition.

If the disposition application is approved, the BHA will convey the property to a tax credit LLC, BHA Campello LLC, in order to access the Low Income Housing Tax Credits (LIHTC) needed to help fund a comprehensive modernization of the property. BHA Campello LLC will be managed by the BHA or an entity under the control of the BHA and the property will continue to be operated, managed, and maintained by the BHA. To maintain control of the underlying land, the BHA will ground- lease the land and improvements to the LLC.

The BHA will ensure that the disposition of Campello does not negatively impact existing residents and that the tenant protections that are currently available to residents under the public housing program remain in place after the disposition. In addition, to minimize any impact on Campello residents, the BHA will continue to use existing leases, which will be modified to meet LIHTC requirements, and current rent calculations. Unless residents choose to relocate, none will be displaced from Campello as part of this disposition, though the BHA is budgeting for the relocation costs of approximately 40 people, in case there are any residents who may wish to move to another BHA property. However, it is likely that a necessary comprehensive modernization will be phased and will require some on-site relocation. The BHA will work closely with residents to collectively develop a Tenant Relocation Agreement, which will outline tenant relocation options and relocation assistance. Any relocation will comply with the Uniform Relocation Act and other applicable HUD requirements.

Meeting the Obsolescence Threshold

The conditions at the Campello High-Rise (Campello) development meet the obsolescence threshold as described in HUD Notice PIH 2018-04 (the “Notice”). The determination that Campello is obsolete is supported by a Capital Need Assessment (CNA) prepared by a team of professional firms led by BWA Architecture, Inc. (BWA). BWA also relied on the services of professional engineers focusing on the structure of the building as well as the mechanical, plumbing, fire-protection, and electrical systems and assemblies. The investigation work included several site visits, selective demolition to expose structural and plumbing elements, video scoping of sanitary lines, pressure testing of fire supply risers, sampling and testing of suspected asbestos-containing materials, document review, interviews with BHA development and maintenance staff. The report finds that Campello suffers from substantial deficiencies in major systems, including HVAC supply and venting, building envelope, plumbing, fire safety, and electrical; deterioration caused from wear and tear, and other factors, and the extensive presence of asbestos in building materials.

In making the determination that Campello is obsolete, BHA followed the direction outlined in the Notice, including:

- Replacement items include only items necessary to address the project’s immediate needs within three years of 2020.
- No new amenities are included in the replacement items and the identified work is designed to restore Campello to an average quality (it does not include luxury items).
- Except for mitigating floods which threaten the habitability of the development, rehabilitation costs only include hard construction costs to repair the dwelling units, building systems, and site work within five feet of the exterior walls. It does not include site improvements beyond five feet of the building.
- Any work related to abating hazardous materials and addressing structural defects is supported by reports from licensed environmental professionals and engineers.
- Accessibility upgrades are consistent with requirements under Section 504 of the Rehabilitation Act of 1973 (including the Uniform Federal Accessibility Standards, Fair Housing Act, Americans with Disabilities Act, other applicable federal authorities, state or local requirements that exceed federal baseline requirements, and accessibility requirements in remedial agreements or orders).
- Code upgrades are included when they are triggered by the rehabilitation/repair.
- The costs included for the replacement items are 2020 costs and have not been escalated.
- As outlined in the notice, the following fees were used to establish acceptable soft costs and construction contingency for the renovation of Campello: 7.5% for construction contingency; 5.5% for A&E design and construction monitoring fees; 10% for overhead and profit fees; 5% for General Condition fees; and 2% for PHA

administrative costs.

Using the guidance above, BHA and the third-party architectural and engineering team analyzed the existing conditions at Campello and determined that renovating the buildings to an average quality will cost approximately \$92,532,904. These numbers represent Total Development Costs. Whether using the lower or higher estimate, the total capital needs of Campello exceeds the 62.5% of Total Development Cost (TDC) obsolescence threshold set in the Notice for an elevator building, based on the following calculation:

Item	Lower Estimated Amount
Construction per PIH 2018-04 Guidelines	\$71,179,157
Contingency (7.5%)	\$5,338,437
Architectural Engineering (5.5%)	\$3,914,854
General Conditions (5%)	\$3,558,958
Overhead and Profit (10%)	7,117,916
PHA Administration (2%)	\$1,423,583
Total Capital Needs:	\$92,532,904
^a	
2020 HUD TDC for Elevator Building in Boston	\$94,680,244
Obsolescence Threshold for Elevator Building	62.5%
Capital Needs as % of TDC	97.73%

A copy of form HUD-52860-B that includes the calculation of the 2020 TDC for Campello is included in the application. The third-party property conditions report and cost estimate, which break out the construction items that are included and allowable per PIH 2018-04 guidelines, are also included with the application.

As mentioned above, the total capital needs at Campello, given the condition of the building, exceed the 62.5% of TDC threshold for obsolescence and the property therefore meets HUD's definition of obsolescence as described in 24 CFR 970.15(b)(1)(i) and 4.A.1: Physical Condition of PIH 2018-04.

The renovation of Campello is the best option for the BHA to preserve its affordable units and it is more cost effective than demolishing the building and constructing new units, because of several reasons:

- The cost of demolishing the building and constructing new units exceeds the costs of renovating the existing units, especially in a competitive construction market like the greater Boston area.
- A redevelopment of the building would likely not obtain zoning relief to capture the current number of units in a ten-story high-rise building.
- A redevelopment of the property would likely be highly disruptive to residents

and vacating the building would be challenging, given the low vacancy rates in the BHA portfolio.

- It is unlikely these buildings would be permitted in this location given the proximity to existing water courses.
- The existing units are 470SF or about 70% the size if what HUD would require by new construction standards; with a building of similar size the number of units would be reduced by about 120 units.

DESCRIPTION OF CONDITIONS

The Campello development is comprised of two (2) ten-story steel-frame high-rise building with 396 one- and 2 two-bedroom apartments, for a total of 398 units serving elderly and disabled residents in Brockton, MA. The ground floor of each building has 12 apartments plus other accessory and supportive spaces such as a lobby, resident community room, maintenance and utility space, management office space. 20 are located on the second floor with a laundry room; Floors 3 thru 10 in each building contain 21 apartments. Constructed in 1970-72, the buildings are located on a 5.26-acre site which abuts the Salisbury Plain River and French Brook: one-half of the site is in a Type AE Flood Zone. Campello has not been comprehensively renovated since it was built almost 50 years ago and most building systems are original to the building.

Despite minor improvements such as new elevators, renovations of first floor common areas, and kitchen cabinets on resident turnovers, Campello needs extensive and comprehensive modernization and repairs, which are described in detail in the third-party property conditions report that is included with the application and summarized below:

Siting in Flood Plain

The first and perhaps most significant issue concerns the siting of the development. Most of the property, including the entire footprint of Building B and about half of Building A, is within the 100-year flood plain (Zone AE) associated with the adjacent Salisbury Plain River. This determination is found in the property flood map published by FEMA in 2012, a map which is now out of date and probably understates the flooding risk. Zone AE indicates a high probability of annual flooding, and management reports that much of the site floods regularly during high rainfall events. The buildings' siting in the flood plain creates risks to their viability that are not currently protected against through resiliency measures.

Most notably, the power transformer and main electrical switchgear serving both buildings is at grade level and within in the flood elevation, as are all first floor services, including property management and maintenance facilities. A severe storm could render both buildings uninhabitable for months. Major resiliency measures need to be undertaken to

improve the sustainability of the building and to ensure that critical infrastructure such as the electrical system and elevators are protected from the flooding danger.

Building Structure

A major building deficiency concerns the quality control and integrity of the initial construction: selective demolition exposed key building connections and revealed numerous issues in the framing that suggest the structures were not adequately inspected at the time of construction. Furthermore residents and BHA staff report building movement during high-wind events. Since most of the framing is concealed by covering construction, the exact extent of the problem could not be determined. As with the flood risk, this creates a conundrum for the Authority: without extensive exploratory demolition and then significant structural upgrades, any capital improvements are at risk.

Exterior Envelope Assemblies

Roof The roof is in very poor condition, permits water infiltration which has damaged substrate and interior finishes. It is in immediate need of replacement and will require added insulation. A portion of the roof was severely damaged in a recent storm and has not been comprehensively repaired or replaced.

Siding The exterior face of the building is skinned in 3' x 9' transite (ACM) panels secured to the frame at each level. Each of these panels are a sandwich of two-1/4" thick transite panels enclosing 2-1/2" polystyrene insulation. The inside of the panel facing the interior of the building is smooth and painted; the exterior of the panel coated with a stone aggregate. 20% of the panels show deformities and delamination.

Balconies According to the BHA, the balconies were added to the original design as a condition of the permit required by the Brockton Fire Department. The design and details are not appropriate for cold climates as exposed structural components are subject to leaks, corrosion. Precast slabs show evidence of cracking and damage due to rust jacking and freeze-thaw cycles. Numerous units exhibit mold growth above balcony doors caused by water infiltration at balcony-wall through-wall connections. Primarily in the past two years, maintenance reports reflect increase failure of the balcony components including water damage, railing failure, and falling railing panels.

Exterior Doors 50% of the remaining exterior egress and access doors are either in poor conditions or are equipped with obsolete hardware.

Building Systems

Fire Suppression/Sprinklers

The original fire suppression main infrastructure was upgraded in 1982 to add sprinklers in apartments, offices, and common areas. Common area renovations in 2001 included upgrades to these areas. The deficiencies include lack of a required fire department connection at each building, post-indicator valves being damaged or buried, and the absence of a double-check back flow prevention. Although water pressure in the main sprinkler line was tested to satisfy adequate pressure concerns, one would also expect to find fire pumps in these buildings to augment service a high-rise building. Plastic (CPVC) piping has been used in most areas and left exposed within some limited locations which is a code violation; other areas were observed to have no sprinkler coverage including apartment closets and stairwells. All original sprinkler heads must be replaced.

Plumbing Infrastructure

The condition of the plumbing is best documented by the building management reports of frequent and increasing number of leaks on all piping systems (waste and vent, water supply, roof drainage). The increasing frequency of clogging and back-up are requiring jetting and snaking to remove blockages caused by scale and corrosion. Moreover, it was observed that most cast-iron waste stacks and rain leaders exhibit heavy corrosion and staining from leaks, and that copper supply risers showed pitting and corrosion.

HVAC Heating

Apartments are heated using electric resistance base-board heating most of which is damaged, rusted, and/or in poor condition. Common areas are heated using a number of electric resistance devices including baseboard, cabinet fan coils, and radiant panels in stair vestibules and three furnaces services offices, the community rooms and other first floor areas. An underground duct serves the Community Room in Bldg B (what about Building A) and is lined with transite (asbestos containing material). All common area heating elements in the residential areas are in poor condition and must be replaced in the near future.

HVAC Ventilation

The hallways in each building receive air supply from two fresh make-up air units (MAUs) that are located on each roof (each one serves half of the corridors on each floor). They are in poor condition and not operating as intended. What air is available in the common corridors is drawn under apartment entry doors by bathroom fans. Essentially, the corridors are used as a plenum for providing fresh air to dwelling units. This is not allowed today as it is a violation of current codes. Replacing the

malfunctioning roof-top MAUs will require the system to meet current codes. Furthermore, this creates significant health risks for residents as the potential to direct smoke from the hallways into the apartments, as well as other contaminants such as COVID. As mentioned previously, the stair wells also are not pressurized which compromises resident safety in the event of a fire or smoke emergency.

Electrical

The existing electrical systems for each building consist of two independent services; they power different components of the building. This creates a safety concern as a complete shut-off by fire personnel in an emergency is not possible. Also, each building has 13.8kV transformers located on the roof: this poses a fair safety concern as it would be very difficult to fight a fire on the roof. The main switch board at building B is located within the flood zone (first floor level) and is extremely vulnerable to flooding.

First floor switchboards are in poor condition and have been damaged by periodic overflows from the laundry room above. There was no evidence that that switches had been serviced periodically to keep them in good repair, and we find that they may not provide the overcurrent protection for which they were designed.

Fire Alarm in the buildings is relatively new (2018) but may not comply with current code in several respects. Many features required by current code are not present and these would have to be addressed as an integral part of any comprehensive modernization. Of most concern is the incomplete coverage for detection in required locations such as the lack of smoke alarms in sleeping rooms. Other concerns include the lack of survivability in the event of a fire, and inadequate functionality (e.g lack of paging systems in the stairwells to provide direction in the event of an emergency).

Emergency Power The main switchboard feeds an automatic transfer switch (ATS) which connects to the emergency generator and provides a parallel standby power supply system (SPSS) which serves emergency life-safety loads such as stair and corridor lighting. This system is not adequate to satisfy current code requirements for an emergency power supply system (EPSS). Furthermore, the generator, ATS, and SPSS are installed in the rooftop mechanical penthouses, which is a code violation.

Both generators are in poor condition, are poorly vented and exhausted, and lack code-required components. With other emergency power improvements required by any renovation, the generators are significantly undersized and must be replaced.

Apartment Units Load Centers are fifty years old and many have been damaged by plumbing leaks and are a mix of aging 15A and 20A circuit breakers. Arc-fault circuit breakers will be required as part of any electrical improvements. Kitchen and baths also lack 20A power circuit. Branch circuit wiring is aluminum and at risk for overheating. Devices are obsolete and should be replaced as part of any modernization.

Telephone and Data system is outdated and obsolete and should be replaced with new CAT6e cabling for improved transmissivity.

Apartment Unit Interiors

Except for a number of recently renovated accessible units, most of the apartments are an identical 1BR layout. In 48 years, there have been no comprehensive repairs or modernizations to the units.

The units are approximately 470 gross (~450NSF) square feet in area. This alone suggests obsolescence in that HUD standards for 1BR units are posted at 700SF. Thus, these unit are approximately two thirds the area of what would be built today.

Kitchens are small and inefficient with inadequate food preparation space and do not meet HUD minimum property standards. Although the BHA has been able to replace some original kitchens on unit turnover, most of these improvements have been cosmetic. In general the observed kitchens are in very poor condition.

Bathroom conditions vary due to isolated miscellaneous improvement in unit turnover; they are generally in poor condition and require modernization work in the near future. Combined with failing plumbing systems, there is urgency for accomplishing this work as soon as possible.

Wall and Ceiling Finishes are painted gypsum wallboard except for exterior walls (transite panel) and generally are in fair condition. Typical for the era in which this building was constructed, asbestos was added to the joint compound to extend and strengthen the mud. Thus, maintenance and repairs become belabored with abatement methods. More importantly, this is health hazard to residents.

Flooring Finish is vinyl asbestos tile (VAT) as part of the original construction; some units have received an overlay of vinyl composition tile (VCT). VAT was observed lifting and separating which causes breakage and exposing adhesives that themselves contain asbestos. This conditions requires replacement in the near term.

Doors and Carpentry As noted previously, unit entry doors are unrated with regard to fire protections and separation from the common corridor. They also do not have smoke gasketing. Doors interior to the units are inferior quality hollow cores in fair conditions but without appropriate lever hardware. Closet doors are either missing or in poor condition.

Lighting is poor and inefficient with old fluorescent fixtures.

Common Interiors

Common areas include the residential corridors and egress stairs on the upper floors; a common room, common laundry, restrooms, and kitchen; small management office and maintenance storage room; and various mechanical equipment spaces; all on the first floor. Most spaces on the first floor are in generally good condition except as noted below.

Common Kitchen used for food warming is in poor condition and does not meet accessibility regulations.

Common Bathrooms are in poor conditions with cracked sanitary tiling, partitions are rusted from water supply leaks

Residential Corridors show evidence of wall damage and plumbing leaks. The suspended ceilings in the corridors conceal piping and wiring and act as a plenum which is a code violation; they are constructed incorrectly and need to be removed and replaced to be compliant. It was observed that the check valve assembly for the sprinkler standpipe is in the corridors and creates an accessibility safety hazard.

Building B Entrance Vestibule (west) is assessed to be in poor conditions given evidence of water leaks and staining; the intercom does not meet accessibility requirements.

Trash Rooms Each building is served by a first floor trash room connected to a vertical trash chute from upper levels. First floor residents deposit their trash through a hopper door in the hallway that is an unrated separation and permits odors directly into the common corridor. One trash room has been renovated; the other trash room requires reconfiguration in the very near term. Upper floor trash rooms are not accessible and no accommodation is made for recyclables. Trash is often left outside of the upper floor trash rooms.

Elevators two traction elevators serve each building and are in good condition.

Regulatory Compliance

General Since building codes are often updated periodically, most buildings could be considered “non-compliant” and code non-compliance is not by itself a justification for obsolescence: however systems and assemblies that are altered and/or replaced must generally comply with current building codes. For example: building envelope as it relates to the energy code or the replacement of plumbing or electrical systems it must meet respective requirements. If the repairs required at Campello were cosmetic and limited to flooring and cabinetry, other untouched or moderately repaired systems often may remain compliant with previous code requirements.

Since major systems and assemblies at Campello have been assessed to be in poor condition, replacement of these systems will require compliance with modern codes. It is likely that any major modernization project will trigger dozens, if not hundreds, of code compliance upgrades that will increase the renovation budget. For this reason, the report identifies code compliance as a top priority as an urgent and immediate need. Some of these considerations are as follows:

- Structural reinforcement of a defective building systems and seismic upgrades if weight is added to the frame.
- Egress improvements such as railings, fire suppressions and smoke exhaust

- Accessibility improvements: providing the required number of accessible and sensory impaired apartments and other common area improvements.
- Energy code requirements in the roof and facade elements
- Fire suppression compliance
- Fire Alarm compliance
- Emergency systems

Life-Safety Concerns

Relative to the physical deficiencies noted above, there are overall concerns regarding the safety of residents in emergency situations.

Fire resistance-rated separations do not meet current code requirements especially for senior high-rise buildings. It is likely that any substantial modernization will trigger compliance with regard to entry door openings to dwelling units, door to fire egress stairs, and doors separating mechanical rooms within the building. Similarly most door hardware is also unrated.

Fire-stopping between floor and ceiling assemblies is completely missing, never installed, or significantly compromised or damaged from many years of repairs. Fire and smoke spread risk between units and floors is concerning.

Elevator lobbies on each floor are not separated from egress corridors; although this is typical of these buildings' era, it creates a hazard with regard to fire and smoke control within an egress system. This is particularly a concern for senior and disabled residents.

Egress Stairs and Exits require significant modifications. Although three stairs serve each building, their efficacy and safety is compromised by alterations to the original construction, original design decisions, and code requirements in 1972 that are wholly inadequate for current safety considerations. The stairs will require pressurization, door and hardware replacement, and augmentations to safety rails and guards.

Projected Construction Cost and Cost Estimating Methodology

As part of the Physical Needs Assessment, BWA Architects Inc. produced a cost estimate of the proposed work needed to restore Campello to average conditions. Based on their analysis, and the expert opinions of additional third-party engineers specializing in plumbing, fire protection, HVAC, electrical, envelope, and structural systems, the projected construction costs to restore Campello based on the requirements outlined in the Notice is approximately between \$92,532,904 and \$102,000,000.

The estimates include costs associated with various replacement items, such as demolition, cutting, and patching. In addition, they incorporate federal Davis-Bacon prevailing wage rates and public bid requirements under Massachusetts General Law c. 149 §§44A-H (public construction). They do not include contingency, soft costs, general conditions, general requirements, and overhead and profit as shown above. The replacement scope items and estimated construction costs assume that the construction will begin in 2020 and will be phased, which is likely to be the case given that the BHA has low vacancies across its portfolio and may not be able to fully vacate the building. (Did BWA assume phased construction?)

BWA Architects is the architectural firm that produced the Campello property conditions report, estimated the construction costs (before allowable mark-ups) at \$71,179,157; this cost estimate was used to calculate the obsolescence threshold for Campello. BWA drew on the firm's extensive experience on other comparable renovation construction projects in a public bid environment in Massachusetts that is subject to Davis-Bacon wage rates. They also drew on RS Means for the cost of materials and cost of construction.

AM Fogarty is a cost estimating firm that has extensive experience estimating the costs of renovating distressed public housing developments in a public bid environment in Massachusetts. They estimated the construction costs at \$xxxxxx AM Fogarty has demonstrated consistent accuracy and expertise in their work and has staff with particular experiences in various trade divisions with regard to building systems.

UEC: environmental engineering firm that was hired by the BHA to produce a hazardous materials report for Campello and provide cost estimates for the abatement scope included in property conditions report and the cost estimate. UEC provided a cost estimate of \$xxxxxx (note: this estimate is underway). for abating hazardous materials at Campello. They have extensive experience scoping, sampling, managing testing procedures, and pricing, and have a clear understanding of the processes involved in the abatement of hazardous materials.

Additional considerations that increase construction costs:

There are three factors that increase construction costs for the MHA: the competitive construction market in the Boston area, the added costs of Massachusetts public bidding requirements, and the added complexity of phased construction.

Market Despite the economic downturn associated with the Coronavirus pandemic, construction in the Boston area remains at an all-time high and workers are in short supply, thus resulting in less competition and higher costs in the form of the bids by general contractors and sub-contractors.

Public Bidding In addition, as a public agency, the BHA is required to follow public bidding requirements and procedures under M.G.L. c. 149 §§44A-H (public construction). It is estimated that the costs associated with public bidding requirements, which require separate bidding for general and specific trade contractors, increase construction costs on average by 20-25%. This is due to the inefficiencies associated with filed subcontractor bids, which create smaller pools of potential bidders and result in a less competitive process.

Phased Construction Minimizing disruption to elderly and disable residents is a high priority. Phasing the renovations by floor that would allow the BHA to minimize relocations and thereby stabilize the resident needs. Phasing increases the complexity of the construction management process and prolongs the construction period. Both of these factors result in attendant and unavoidable cost premiums.

CONCLUSION

The disposition of Campello is in the best interest of the BHA and existing and future Campello residents. As outlined above, Campello's building systems are deficient and the property meets the obsolescence threshold of HUD Notice PIH 2018-04 due to the extensive modernization needs resulting from design deficiencies, failing systems, worn out finishes, and the presence of hazardous materials. Through the disposition of Campello, the BHA will use the additional funding to the project, in the form of TPVs and LIHTC equity, to fund the much needed comprehensive renovations of the building, eliminating health and safety concerns, improving the lives of residents, and ensuring that Campello can be successfully managed and maintained as affordable housing for many years to come. As such, the disposition of Campello is consistent with the BHA's mission, its annual plan, and the United States Housing Act of 1937.

HUD 52860-a: Demolition and Disposition Addendum

Attachment: Section 2, Line 2

Method of Disposition

Attach a description of the method of disposition (e.g. sale or ground lease terms; below FMV disposition).

If the disposition application is approved, the BHA is proposing to dispose of the property through a negotiated lease below Fair Market Value (FMV) as described below.

Within 360 days of the disposition approval, the BHA will transfer the ownership of Campello from the BHA to a Limited Liability Company (LLC), BHA Campello LLC. The LLC will be owned 99.99% by the tax credit investor member and 0.01% by the managing member, which will be under the control of the BHA, which will continue to operate and manage the property. The conveyance of the property will be through a 99-year ground lease between the MHA as the lessor and the LLC as the lessee. The BHA proposes that the building portion of the ground lease be secured by a Seller Note provided by the BHA and that the land portion of the ground lease be subject to annual payments, only if cash flow is available. The Tax Credit LLC will be managed by a Managing Member that is controlled by a non-profit affiliate of the BHA, which will continue to manage and maintain Campello.

Given that the lease will be below FMV, there are no expected proceeds to the housing authority.

Below is a table describing the disposition of Campello:

Campello (AMP 2)				
Proposed for Disposition: Building(s): 2; Units: 398 Acres: 5.26				
Total number of units to be developed (or preserved) on property:	398 units, 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	398			
For Sale				
Name of Acquiring Entity (Rental Units)	BHA Campello LLC			
Name of Acquiring Entity (initial developer) (For Sale Units)	N/A			
Method of Disposition	99-year ground lease at less than FMV			
Lease Price	TBD through updated appraisal			
Sale Price	N/A			

BHA Campello LLC will be a newly-created LLC for the disposition and tax credit closing of Campello and is therefore in good standing, having had no previous history.

HUD 52860-a: Demolition and Disposal Addendum

Attachment: Section 2, Line 4

Commensurate Public Benefit

Attach a narrative description of commensurate public benefit in accordance with 24 CFR 970.19 and PIH Notice 2018-04 (or any successor notice).

The BHA has determined that there are several commensurate public benefits that are generated by the below-FMV disposition of Campello, including:

- Preserving the continued affordability of Campello's 398 units for households earning 80% of Area Median Income or less.
- Restoring a valuable affordable housing resource in a City that relies on such housing.
- Improving resident quality of life and building longevity by addressing deficient building systems, bringing the 48 year old building into compliance with health and safety codes, and addressing items that have suffered from deferred maintenance.
- Improving building maintenance and management by avoiding disruptive and costly emergency repairs.
- Leveraging private funding to address capital needs through the use of 4% Low Income Housing Tax Credits and a permanent mortgage.

HUD 52860-a: Demolition and Disposition Addendum

Attachment: Section 4, Line 1

Offer of Sale to Resident Organization

If exercising an exception, attach a narrative statement or documentation supporting the exception in accordance with 970.9(b)(4).

The BHA is electing to exercise an exception to the offer of sale requirement to a resident organization outlined 970.9(b)(4). Under section 970.9(b)(3), the requirement that a PHA shall initially offer the property proposed for disposition a resident organization shall not apply if “a PHA seeks disposition outside the public housing program to privately finance or otherwise develop a facility to benefit low-income families (e.g., day care center, administrative building, mixed-finance housing under 24 CFR part 941 subpart F, or other types of low-income housing).”

The BHA is seeking to dispose of Campello outside of the public housing program in order to raise the funding needed – through Tenant Protection Vouchers, 4% Low Income Housing Tax Credits, and private financing – to comprehensively renovate the property and ensure that it remains a resource for low-income residents needing affordable housing. As such, it is exempt from the requirements under 970.9(b)(4).