other activities proposed in the conversion plan that do not require environ-
mental review (such as certain activi-
ties related to the relocation of resi-
dents), as long as the buildings in ques-
tion are adequately secured and main-
tained.

(c) For purposes of determining oper-
ating subsidy eligibility, the submitted
conversion plan will be considered the
equivalent of a formal request to re-
move dwelling units from the PHA’s in-
ventory and Annual Contributions Con-
tract (ACC). Units that are vacant or
are vacated on or after the written no-
tification date will be treated as ap-
proved for deprogramming under §990.108(b)(1) of this title, and will also
be provided the phase down of subsidy
pursuant to §990.114 of this title.

(d) HUD may require that funding for
the initial year of tenant-based assis-
tance be provided from the public hous-
ing Capital Fund, Operating Fund, or
both.

§ 972.215 Applicability of the Uniform
Relocation Act.

To the extent that tenants are dis-
placed as a direct result of the demoli-
tion, acquisition, or rehabilitation of
federally-assisted property converted
under this subpart, the requirements of
the Uniform Relocation Assistance and
Real Property Acquisition Policies Act
of 1970 (42 U.S.C. 4601) (URA), and the
implementing regulations issued by the
Department of Transportation at 49
CFR part 24, apply.

CONVERSION ASSESSMENTS

§ 972.218 Conversion assessment com-
ponents.

The conversion assessment contains
five elements, as described below:

(a) Cost analysis. A PHA must con-
duct a cost analysis comparing the cost
of providing Section 8 tenant-based as-
sistance with the cost of continuing to
operate the development as public hous-
ing for the remainder of its useful
life. The cost methodology necessary
to conduct the cost comparisons for
voluntary conversions has not yet been
finalized. PHAs may not undertake
conversions under this subpart until
the effective date of the cost method-
ology, which will be announced in the
FEDERAL REGISTER. Once effective, the
cost methodology will be codified as an
appendix to this part.

(b) Analysis of the market value. (1) A
PHA must have an independent ap-
praisal conducted to compare the mar-
ket value of the development before
and after rehabilitation. In both cases,
the market value must be based on the
use of the development as public hous-
ing.

(2) In addition, the appraisal must
compare:
(i) The market value of the develop-
ment before rehabilitation, based on
the use of the development as public hous-
ing, with the market value of the
development after conversion; with
(ii) The market value of the develop-
ment after rehabilitation, based on the
use of the development as public hous-
ing, with the market value of the de-
velopment after conversion.

(3) A copy of the appraisal findings
and the analysis of market value of the
development in the conversion assess-
ment must be provided in the conver-
sion assessment.

(c) Analysis of rental market conditions.

(1) A PHA must conduct an analysis of
the likely success of using tenant-
based assistance for the residents of
the public housing development. This
analysis must include an assessment of
the availability of decent, safe, and
sanitary dwelling units rented at or
below the applicable Section 8 payment
standard established for the jurisdic-
tion or designated part of the FMR
area in which the development is lo-
cated.

(2) In conducting this assessment, a
PHA must take into account:
(i) Its overall use of rental certifi-
cates or vouchers under lease and the
success rates of using Section 8 tenant-
based assistance in the community for
the appropriate bedroom sizes, includ-
ing recent success rates for units rent-
ing at or below the established pay-
ment standard; and
(ii) Any particular characteristics of
the specific residents of the public hous-
ing which may affect their ability
to be housed (such as large household
size or the presence of an elderly or dis-
abled family member).

(d) Impact analysis. A PHA must de-
scribe the likely impact of conversion