



CDBG Crosscutting Issues: Acquisition and Relocation

Date
Trainer



Prepared by Abt Associates for the U.S. Department of Housing and Urban Development



Purpose of the Workshop

To Ensure That Every Participant:

- Is familiar with the applicable Federal laws and regulations.
- Understands the requirements and procedures that govern acquisition and relocation.

Key Statutes

- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended
- Section 104(d) of the Housing and Community Development Act of 1974, as amended
- 42 USC Sec. 3537c, Prohibition of Lump Sum Payments

Key Regulations

- 49 CFR Part 24, Uniform Relocation and Real Property Acquisition for Federal and Federally-Assisted Programs
- 24 CFR Part 42, Displacement, Relocation Assistance and Real Property Acquisition for HUD and HUD-Assisted Programs
- 24 CFR 570.606, Displacement, Relocation, Acquisition and Replacement Housing (CDBG regulations)

HUD Handbook

- Handbook 1378.0, Tenant Assistance, Relocation and Real Property Acquisition Handbook
- Provides HUD policy and guidance on the implementation of acquisition, relocation and related requirements for HUD funded programs and projects

HUD Brochures

- When a Public Agency Acquires Your Property (HUD 1041-CPD)
- Relocation Assistance to Persons Displaced from Their Homes (Section 104(d)) (HUD-1365-CPD)
- Relocation Assistance to Tenants Displaced from Their Homes (HUD-1042-CPD)
- Relocation Assistance to Displaced Businesses, Nonprofit Organizations and Farms (HUD-1043-CPD)
- Relocation Assistance to Displaced Homeowner Occupants (HUD-1044-CPD)

Spanish language versions available for all

Acquisition

1. Project planning is key to a successful project
2. Keep all parties informed
3. Before beginning a project, determine if real property acquisitions are subject to URA voluntary acquisition requirements, or if they are subject to the full acquisition requirements of 49 CFR 24 Subpart B.
4. Ensure real property is appraised in accordance with URA appraisal requirements

Acquisition (cont.)

5. Understand that a three-step process is used to determine the just compensation
6. Ensure that the written purchase offer is complete and contains all required supporting documentation
7. Successful negotiations are based on clear and precise information
8. Ensure that all of the components of the offer are well coordinated.

Planning

- Plan for budget implications
- Paying for Relocation
 - Impact on feasibility
 - Public or private funds
- Coordinate actions
- New URA requirements emphasize planning, especially for business moves[§24.205]
- Consult with property owners and residents

Planning (cont.)

- Determining resource needs
 - Workload identification
 - Policies & strategies to minimize displacement and hardship
 - Determine supply/cost of comparable
 - Determine costs
- Keep All Parties Informed!
 - Public meetings
 - Notice requirements
 - General Information Notice
 - Notice to Owner
 - Relocation Notices

Basic Voluntary Acquisition Requirements

- Voluntary Acquisition (with power of Eminent Domain)
 - No particular site is needed
 - Not part of intended, planned or designated project area
 - Owner notified in writing of market value
 - Owner notified in writing that property will not be acquired through condemnation
- Voluntary Acquisition (without Power of Eminent Domain)
 - Owner notified in writing of market value
 - Prior notification that amicable settlement necessary
- Owner-occupants NOT eligible for relocation assistance
- Tenant-occupants ARE eligible for relocation assistance

Involuntary Acquisition

- Acquisitions under threat or use of eminent domain
- Acquisitions which do not satisfy URA voluntary acquisition criteria
 - More stringent requirements in these instances
- Owner-occupants ARE eligible for relocation assistance
- Tenant-occupants ARE eligible for relocation assistance

Appraisals

- Appraisals must meet requirements of 49 CFR 24.103
- Agencies must develop an appraisal scope of work
 - (See HUD Handbook 1378 – Appendix 19)
- Identify and resolve personal property/realty issues for businesses
 - (Coordination of appraisers and relocation staff)
- Uniform Standards of Professional Appraisal Practice (USPAP)
 - URA appraisal requirements are consistent with USPAP

Three Step Process Determining Compensation

1. Appraiser estimates property's Fair Market Value
2. Review appraiser evaluates appraisal; used as basis for Estimate of Just Compensation
3. Agency establishes the Estimate of Just Compensation to be offered (may not be less than the approved fair market value)

Written Purchase Offer

- Just Compensation Amount
- Summary Statement
 - Amount of offer
 - Description and location
 - The interest acquiring (fee simple, easement)
 - List of buildings, improvements, and property
 - Usually included in appraisal

Successful Negotiations

- Cannot begin until written purchase offer is made
- Owner provided reasonable opportunity to consider offer
 - Given opportunity to request modification if item not addressed in appraisal
- Administrative settlements must be supportable and well documented
- Administrative settlement can be approved if:
 - Reasonable
 - Prudent; and
 - In the public interest

Coordination of Offer

- Just Compensation
- Reasonable expenses related to title transfer
 - Recording fees, transfer taxes, mortgage penalty costs, etc.
- Relocation Payments

Case Study

“The Case of the Unwanted Land”

Relocation of a Business

1. There are Federal regulations governing the relocation of a business, nonprofit organization, or farm operation
2. Timing is Everything!
3. Specific Procedures for Delivering Notices
4. Eligible moving costs for displaced businesses, nonprofit organizations or farms (49 CFR 24.301(g))
5. Some costs for moving and reestablishing a business, nonprofit organization or farm are not eligible (49 CFR 24.301(h))

Relocation of a Business (cont.)

6. Related expenses are available to a business that has to relocate (49 CFR 24.303)
7. Reestablishment expenses are available to a “small business”, nonprofit organization or farm (49 CFR 24.304)
8. Fixed Payment Option available for a business or farm (49 CFR 24.305)
9. Fixed Payment Option available for a nonprofit organization (49 CFR 24.305(d))

Relocation of a Business (cont.)

10. Determining the Average Annual Net Earnings of a Business or Farm (49 CFR 24.305(e))

11. Temporary Relocation of a Business

Case Study

“What to Do When You Can’t Agree”

Discussion Questions

1. Under what circumstances do the provisions of Section 104(d) apply?
2. Planning is a key component to the acquisition and relocation processes. What elements should be reviewed during the planning stage?
3. Place the required relocation notices in the correct order
Notice of Eligibility for Relocation Assistance
90 Day Notice
General Information Notice
4. What document(s) describes the requirements for a voluntary acquisition under the URA?
5. What website provides grantees with the most up-to-date information on relocation requirements and changes?