

Federal Highway Administration
Every Day Counts
Innovation Initiative



Incentive Payments Questions and Answers

What is the purpose of an incentive payment?

Incentive payments were originally designed to reduce overall project costs and delivery time in the right-of-way (ROW) phase of project delivery by encouraging early settlement and minimizing potential litigation as well as other associated project costs. FHWA first used incentive payments after an international scan in 2000.

What is the authority for incentive payments?

The authority for the FHWA to participate in incentive payments is found in 23 CFR 710.203(b)(2)(ii). The regulation allows Federal participation in relocation assistance and payments provided under the law of the State that may exceed the requirements of 49 CFR Part 24.

How is the incentive payment implemented?

The incentive payment is implemented on a program or project specific basis and approved for use of Federal aid through request transmittal to the FHWA Division Office. Safeguards are to be used to ensure coercion is not employed [49 CFR 24.102(h)] and consistency shall be maintained in project selection and payment.

Must property owners accept an incentive payment?

No. Property owners and those being relocated may opt out of the incentive program and choose to precede with otherwise normal acquisition procedures.

How can offering an additional payment help reduce total project costs?

The early acquisition of ROW can reduce future costs related to acquisition, construction, and unforeseen project delays. Bypassing delays and delivering a project sooner could result in a reduction in safety risks and improvement in public opinion.

Since an incentive payment program is only an option, the acquiring agency is charged with designing a program that is both attractive and cost effective with respect to overall project delivery. A PIF or (Public Interest Finding) will be developed as part of the request transmittal to the Division Office. The PIF helps ensure that cost effectiveness is reached and proper stewardship of the public investment is maintained.

More Information

For more information about functional replacement or other types of flexibilities in ROW, visit FHWA's Every Day Counts website (www.fhwa.dot.gov/everydaycounts/projects/toolkit/row.cfm) or contact Virginia Tsu, FHWA Office of Real Estate Services, at (202) 366-2042 or virginia.tsu@dot.gov.