

Office of Real Estate Services – Project Development Guide

Chapter 10

Relocation Assistance

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646), as amended (42 U.S.C. 4601 et seq.)

Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs (49 CFR 24)

Sometimes land needed for a highway is occupied. In such instances it may be necessary to relocate the occupants. These occupants may be families, individuals, businesses, farms, non-profit organizations, or personal property only. **The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646), as amended** (Uniform Act) and the regulation titled **Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs** ([49 CFR Part 24](#)) contain the benefits and protections for persons displaced by highway projects which are funded, at least in part, with Federal funds. In this chapter, we will examine the requirements of the Uniform Act and what this means for the displaced person and the displacing agency.

The United States Constitution and the constitutions and laws of the states have long prescribed certain requirements when governmental bodies acquire private property. However, until the 1930s little attention was given to the effects of acquisition on the *people* who owned or occupied the property being acquired.

Benefits such as moving expense payments and housing payments were gradually added to various Federal programs, but these remained at minimal levels and differed widely from one Federal program to another. During the 1960s, Congress addressed these problems and, in January 1971, passed the Uniform Act. It was a response to the need to unify, increase protections provided to private persons affected by government projects, and address the needs of the people, especially people displaced by a public project.

Among other benefits the Uniform Act provides relocation payments for residential occupants, businesses, farms, non-profit organizations, and personal property. These payments include moving expense payments and certain supplementary payments for replacement housing for residential occupants. In addition, the Uniform Act provides certain protections such as requiring the availability of replacement housing for displaced

This Chapter addresses the application of the relocation assistance portion of the Uniform Act. You will find the methods used to determine eligibility for

persons, minimum standards for such housing, and required notices and information to be provided to all property occupants. Also, the law requires the provision of advisory services to project occupants to help them move successfully. We will discuss these items in the sections below.

services and benefits, including monetary benefits, among other aspects of the program.

SUMMARY

The Uniform Act proved to be highly successful, but eventually it required updating. In 1987, as part of the Surface Transportation and Uniform Relocation Assistance Act (STURAA), Congress amended the Uniform Act to increase payment levels, to add benefits for small businesses, and to designate the Department of Transportation as the lead agency for the Uniform Act for all Federal and federally-funded programs and projects. The Federal Highway Administration (FHWA) has the responsibility to act for the U.S. Department of Transportation. The Uniform Act was once again amended on November 21, 1997, to add Public Law 105-117, "alien not lawfully present in the United States."

The provisions of the Uniform Act concerning relocation are found in Title II. **The purpose of Title II is to assure fair and equitable treatment of displaced persons so that such persons do not suffer disproportionate injury from projects designed to benefit the public as a whole.** It is important to keep this purpose in mind. It will serve as a valuable guide when making decisions on difficult questions.

It also is important to understand that successful relocation is essential not only to the welfare of those to be displaced but to the progress of the entire highway project. Without the relocation of those on site, the project cannot proceed to actual construction and the highway will not be built.

10.1. RELOCATION PLANNING AND ADVISORY SERVICES (49 CFR [24.205](#))

Successful relocation requires planning. Housing resources must meet the needs of displaced residents in terms of size, price, rental, location, and timely availability. Advisory services and various notices, some with specific timing requirements, must be provided. Businesses must be given assistance in relocating with a minimum of disruption to their operations. Payments must be made available to displaced persons at the time they are needed to obtain replacement housing or to move. Often coordination with other displacing programs or agencies is necessary. These things do not happen automatically; they require planning.

The FHWA has long stressed the value of relocation planning, but Congress gave new emphasis to planning in the 1987 amendments to the Uniform Act. Section 205 of the Uniform Act was amended to explicitly require such planning:

"Programs or projects undertaken by a Federal agency or with Federal financial assistance shall be planned in a manner that (1) recognizes, at an early stage of the planning of such programs or projects and before the commencement of any actions which will cause displacements, the problems associated with the displacement of individuals, families,

businesses, and farm operations, and (2) provides for the resolution of such problems in order to minimize adverse impacts on displaced persons and to expedite program or project advancement and completion." [42 U.S.C. 4625](#)

In a sense, planning for relocation begins with planning for the project, since the relocation of occupants is one of the major potential impacts of any project and must be considered at an early juncture. The earlier problems are identified, the easier it will be eventually to minimize or mitigate them.

As a project proceeds, the focus on relocation becomes sharper. By the time the general area to be affected has been identified, relocation planning becomes more formalized. At this stage generalized information concerning the potential relocation impact of the project is gathered and the differing impacts of alternative locations are compared. For new highways (as opposed to widening or realigning existing roads), this and other information will assist in narrowing potential project corridors to the relatively few from which the final alignment will be chosen. It also may have a major role in the selection of that alignment.

While obtaining relocation information is important for the selection process, it has another, more direct role in project management. The information obtained in the planning process will form the basis for actions the state must take to conduct the actual relocation of project occupants.

Essentially, the acquiring agency must be able to match up project occupants with appropriate relocation resources. The nature of these resources will vary, depending on the characteristics of the displaced persons. Will there be large families, low-income elderly, or persons with disabilities displaced? Will there be a shortage of available dwellings for such persons?

When a project appears to include persons who cannot readily be moved using the regular relocation program benefits and/or procedures, i.e., when there is a unique housing need or when the cost of available comparable housing would result in payments in excess of the statutory payment limits (\$22,500 or \$5,250), you should consider using Housing of Last Resort (HLR). Of particular concern are large families, low-income persons (especially families), the elderly or handicapped, other persons with physical, social or emotional problems, tight or volatile housing markets, large older dwellings, a large number of substandard dwellings within the project area, and similar situations. As the preceding list makes apparent, the need for HLR cuts across economic lines and is not limited to displaced persons with low incomes.

Using HLR effectively requires planning. The acquiring agency may wish to develop a plan delineating the needs of displaced persons, the proposed method(s) of providing necessary housing, and consideration of the needed level of funding. The plan is a guide for action. Early advance planning will provide sufficient time for the agency to consider a broad range of possible HLR alternatives and to avoid costly delays in construction.

Every effort should be made to identify potential HLR cases early. Some relocation agents have a tendency to postpone contacts with displaced persons with difficult housing needs.

Knowing that HLR is a possibility may focus attention on a case early enough to enable the agency to resolve the problem by the use of intensified but routine (non-HLR) relocation services. HLR should be used only when all regular relocation benefits and services are inadequate. The use of HLR to backstop an inefficient relocation operation is wasteful and, in addition, may be perceived as inequitable by persons who do not receive HLR benefits. **HLR should not be a substitute for adequate lead time or appropriate relocation advisory services.**

The state must plan for providing the advisory services displaced persons will need to satisfy the requirements of the Uniform Act, Title VI of the Civil Rights Act of 1964 and Title VIII of the Civil Rights Act of 1968. Providing these services may make the difference between a successful relocation and one which delays the progress of project activities. The services to be provided and eligibility requirements are discussed in chapter [10.3.2](#).

One effective way to obtain the information needed is to conduct a relocation survey. A relocation survey or study may include the following from 49 CFR [24.205](#)(a):

- (1) An estimate of the number of households to be displaced including information such as owner/tenant status, estimated value, and rental rates of properties to be acquired, family characteristics, and special consideration of the impacts on minorities, the elderly, large families, and persons with disabilities when applicable.
- (2) An estimate of the number of comparable replacement dwellings in the area (including price ranges and rental rates) that are expected to be available to fulfill the needs of those households displaced. When an adequate supply of comparable housing is not expected to be available, the agency should consider HLR actions.
- (3) An estimate of the number, type, and size of the businesses, farms, and nonprofit organizations to be displaced and the approximate number of employees that may be affected.
- (4) An estimate of the availability of replacement business sites. When an adequate supply of replacement business sites is not expected to be available, the impacts of displacing the businesses should be considered and addressed. Planning for displaced businesses which are reasonably expected to involve complex or lengthy moving processes or small businesses with limited financial resources and/or few alternative relocation sites should include an analysis of business moving problems.
- (5) Consideration of any special relocation advisory services that may be necessary from the displacing agency and other cooperating agencies.

As the project progresses, the agency should obtain information about the needs, preferences, and intentions of the displaced person through in-depth personal interviews before displacement begins. The minimum interview requirements for both residential and nonresidential displaced persons may be found in chapter [10.3.2](#), and 49 CFR [24.205](#)(c)(2).

10.2. INFORMATION AND NOTICES

While the displacing agency needs information about potential displaced persons and their needs to conduct relocation in a successful manner, the displaced person has an equal or greater need for information about the displacement process. After all, it is the displaced person who will have to make a major readjustment in his or her daily life, i.e., to move to a new home or business location. In such a situation, people need to know what is going to happen to them and they need to know it in time to plan and in time to act.

The Uniform Act and the implementing regulation require that persons to be displaced be provided the information they will need to minimize the disruption of moving and maximize the likelihood of a successful relocation. Much of this information is contained in a series of notices from the displacing agency to the displaced person. These notices must be delivered either in person or by certified mail. There are three basic notices. We will discuss each one in turn.

10.2.1. GENERAL INFORMATION NOTICE (49 CFR [24.203\(a\)](#))

At an early stage of the project, the displacing agency must provide general information about the project and the relocation program to persons who may be displaced. This information must be in writing using easily understood language. Sometimes, the information may need to be provided in a foreign language.

One of the most effective ways to convey this information is in a relocation brochure. Providing the brochure gives the relocation field worker the opportunity to meet potential displaced persons and to begin to establish a personal relationship which may prove crucial later. A well-written brochure contains the basic relocation information a displaced person needs to know, is small enough not to be intimidating, and is easy to refer back to later. You should hand out relocation brochures at all related public meetings to all persons you think may have to move.

We encourage agencies to prepare a brochure of their own or to use the brochure the FHWA has developed. We believe this brochure is written broadly enough to be used in all Federal-aid or Federal programs or projects. This brochure is titled **Relocation: Your Rights and Benefits as a Displaced Person under the Federal Relocation Assistance Program**. It is available for download and duplication from the FHWA Website at: <http://www.fhwa.dot.gov/realestate/rights/index.html>.

A. CONTENT OF THE GENERAL INFORMATION NOTICE

The General Information Notice provides a general description of the displacing agency's relocation program. It should include all of the following and any appropriate additional elements:

- Notification to the person that he or she may be displaced by the project.

- Instruction that he or she should not move until advised by the agency, the agency will assist them in moving and locating a replacement dwelling or business site, and moving without the assistance of the agency could jeopardize potential benefits.
- Assurance that he or she will not be required to move unless the agency has made comparable, decent, safe, and sanitary housing available.
- Assurance that he or she will not be required to move without at least 90 days notice in writing.
- Information concerning the kinds of advisory services that the agency will provide to assist in the move, including referrals to replacement housing and business sites, transportation to view such sites, help in filing claims, and other assistance.
- A description of the kinds of relocation payments which will be available to assist with the costs of the move, eligibility requirements for the payments, and information on how to obtain them.
- Information that aliens not lawfully present in the United States are ineligible for advisory services and payments except in extremely unusual hardship situations.
- Information about the person's right to appeal the agency's determinations concerning his or her benefits under the relocation program.

10.2.2. NOTICE OF RELOCATION ELIGIBILITY (49 CFR [24.203\(b\)](#))

The Notice of Relocation Eligibility is a major step in the relocation process. Prior to this notice the displacing agency should have provided general relocation information to all those persons who *might be displaced* by the project. The Notice of Relocation Eligibility informs particular persons that they *will be displaced* by the project and thus will be eligible for relocation benefits appropriate to their situation (homeowner, tenant, business, or non-profit organization).

The trigger for this notice is the initiation of negotiations to acquire the real property where the person lives or conducts a business. The date on which this occurs generally is the date on which the property owner receives the agency's initial offer to buy the property for the amount it has determined to be "just compensation."

The regulations require that the notice be provided "promptly" in writing to persons to be displaced. Therefore, it should be issued on the same day as the offer to acquire the property or as soon thereafter as possible. The Notice of Relocation Eligibility should be delivered within seven and, in no case, later than fourteen days. Otherwise, the requirement of promptness will not be satisfied.

In unusual circumstances, where there is a need to vacate property or relocate persons before the initiation of negotiations, the agency may issue a *Notice of Intent to Acquire* prior to the initiation of negotiations to the current occupant.

10.2.3. NINETY-DAY NOTICE (49 CFR [24.203\(c\)](#))

The General Information Notice contains assurances for persons to be displaced. No one will have to move from a dwelling without at least 90 days written notice. This is one of the most important protections that the Uniform Act and the regulations provide. And a 90-day Notice is not effective for a residential occupant unless a comparable replacement dwelling has been made. Realistically, a residential occupant does not have to move until at least 90 days after receipt of notice of replacement housing availability. The clock does not begin on the 90-day Notice until at least one comparable dwelling is made available.

The regulation, 49 CFR [24.203\(c\)](#), requires that:

No lawful occupant shall be required to move unless he or she has received at least 90 days advance written notice of the earliest date by which he or she may be required to move.

The regulations provide two basic approaches to the content of the 90-day Notice. Under the first approach, the agency includes in the 90-day Notice a specific date, at least 90 days away, by which the displacee may have to move – say, July 15. Under the second approach, the 90-day Notice does not state a specific date, but informs the displacee that (in not less than 60 days) the agency will provide a second notice which *will* state a specific date by which a move *will* be required, and that this latter notice will provide no less than 30 days advance notice. Under both approaches, the earliest date by which the agency may require a move must be at least 90 days after the 90-day Notice is given. The agency must acquire the property in question prior to issuing the 90-day Notice under either approach.

In practice, it may turn out that the agency does not need the property until August. The agency may elect to provide more than 90 days advance notice intentionally, by notifying the displacee, in writing, on March 1. In either case, the displacee is not required to move before July 15, and the 90-day Notice requirement has been met. The requirement for the 90-day Notice applies to situations in which the agency *requires* an occupant to move. Where occupants move on their own before receiving a notice, it is not necessary for the agency to provide the notice.

In rare situations, an agency may require the displacee to move with less than 90 days notice. Examples include health or safety reasons which make a 90-day Notice impracticable. However, agency need for the property or project schedules are not sufficient reason for failing to provide a 90-day Notice. In exceptional instances, where less than 90 days notice is appropriate, the agency should document the reason in the case file.

10.2.4. NOTICE OF INTENT TO ACQUIRE (49 CFR [24.203\(d\)](#))

A Notice of Intent to Acquire may be used in rare and unusual circumstances. This notice establishes eligibility for relocation benefits and services prior to the initiation of negotiations. Commitment of Federal financial assistance will depend on the circumstances. Always obtain a Federal authorization to proceed if seeking Federal reimbursement for relocation advisory services or payments.

10.2.5. ADDITIONAL INFORMATION TO DISPLACED PERSONS

While much of the information the agency will provide to displaced persons is contained in the three notices described above, some information of great importance to them will be provided through other channels. For example, the regulations require the agency to give the person to be displaced information about the specific dwelling unit used as the comparable dwelling, its location, the price, or rent used to set the upper limit of the replacement housing payment, and the basis for the determination (§[24.205\(c\)\(2\)\(ii\)\(B\)](#)). This information must be provided in writing.

A. ALIENS NOT LAWFULLY PRESENT IN THE UNITED STATES (49 CFR [24.208](#))

Each person seeking relocation payments or relocation advisory assistance shall, as a condition of eligibility, certify:

1. In the case of an individual, that he or she is either a citizen or national of the United States, or an alien who is lawfully present in the United States.
2. In the case of a family, that each family member is either a citizen or national of the United States, or an alien who is lawfully present in the United States. The certification may be made by the head of the household on behalf of other family members.
3. In the case of an unincorporated business, farm, or nonprofit organization, that each owner is either a citizen or national of the United States, or an alien who is lawfully present in the United States. The certification may be made by the principal owner, manager, or operating officer on behalf of other persons with an ownership interest.
4. In the case of an incorporated business, farm, or nonprofit organization, that the corporation is authorized to conduct business within the United States.

A certification shall suffice in determining whether such person is either a citizen or national of the United States, or an alien who is lawfully present in the United States.

In computing relocation payments under the Uniform Act, if any member(s) of a household or owner(s) of an unincorporated business, farm, or nonprofit organization is (are) determined to be ineligible because of a failure to be legally present in the United States, no relocation payments may be made to him or her. Any payment(s) for which such household, unincorporated business, farm, or nonprofit organization would otherwise be eligible shall be computed for the household, based on the number of eligible household members and for the unincorporated business, farm, or nonprofit organization, based on the ratio of ownership between eligible and ineligible owners.

Any review by the displacing agency of the certifications provided shall be conducted in a nondiscriminatory fashion. Each displacing agency will apply the same standard of review to all such certifications it receives, except that such standard may be revised periodically.

If, based on a review of an alien's documentation or other credible evidence, a displacing agency has reason to believe that a person's certification is invalid (for example a document reviewed does not on its face reasonably appear to be genuine), and that, as a result, such person may be an alien not lawfully present in the United States, it shall obtain the following information before making a final determination.

1. If the agency has reason to believe that the certification of a person who has certified that he or she is an alien lawfully present in the United States is invalid, the displacing agency shall obtain verification of the alien's status from the local Bureau of Citizenship and Immigration Service (BCIS) Office. A list of local BCIS offices is available at <http://www.uscis.gov/graphics/fieldoffices/alpha.htm>. Any request for INS verification shall include the alien's full name, date of birth, alien number, and a copy of the alien's documentation. If an agency is unable to contact the BCIS, it may contact the FHWA in Washington, DC, Office of Real Estate Services, or Office of Chief Counsel, for a referral to the BCIS.
2. If the agency has reason to believe that the certification of a person who has certified that he or she is a citizen or national is invalid, the displacing agency shall request evidence of United States citizenship or nationality from such person and, if considered necessary, verify the accuracy of such evidence with the issuer.

No relocation payments or relocation advisory assistance shall be provided to a person who has not provided the certification described in this section or who has been determined to be not lawfully present in the United States, unless such person can demonstrate to the displacing agency's satisfaction that the denial of relocation benefits will result in an exceptional and extremely unusual hardship to such person's spouse, parent, or child who is a citizen of the United States, or is an alien lawfully admitted for permanent residence in the United States.

"Exceptional and extremely unusual hardship" to such spouse, parent, or child of the person not lawfully present in the United States means that the denial of relocation payments and advisory assistance to such person will directly result in:

1. A significant and demonstrable adverse impact on the health or safety of such spouse, parent, or child;
2. A significant and demonstrable adverse impact on the continued existence of the family unit of which such spouse, parent, or child is a member; or
3. Any other impact that the displacing agency determines will have a significant and demonstrable adverse impact on such spouse, parent, or child.

B. SITE OFFICES

Perhaps one of the most effective means of communicating with potential displaced persons is to open a local relocation office on or near the project site. Of course not every project has a workload large or difficult enough to merit a site office, but for those which do, it can be of great assistance. Opening an office early in the project's life will show occupants that the agency is interested in communicating with them. Keeping the office open at hours that are

convenient for occupants demonstrates that they will not be treated in a "business as usual" fashion.

The office should be readily accessible to occupants and it should be a resource for the kinds of information and assistance occupants need, especially those to be displaced. At a site office occupants should be able to find information about what the project proposes to do, basic relocation requirements, benefits, available replacement housing and business locations, community resources such as parks, schools, churches, shopping, transportation, financial requirements relating to the cost of obtaining replacement housing or business sites, local codes, and other useful information as well. If a local office is not merited the relocation agent will have to provide this type of information to occupants.

10.3. RELOCATION ASSISTANCE ADVISORY SERVICES (49 CFR [24.205\(c\)](#))

A relocation agent must be able to work with many different people and situations. Consider the following:

A displaced person whom you have been helping to search for a replacement dwelling hurries into your office. She has found just the apartment for her family. It is available at a rent she can afford. But there is a problem. The rental agent is requiring a deposit of first and last month's rent and she doesn't have that kind of cash to spare from her family's budget. She is afraid she will lose the apartment. You can explain to her that if the apartment meets the requirements for replacement housing (decent, safe, and sanitary), you can arrange for an advance on her replacement housing payment to make the required deposits and provide a letter to the rental agent explaining her status and benefits. In the end, there will be three happy people: the displaced person who has a place to move, you because you will not have to find a comparable, and the rental agent who hopes to have rented to a good tenant.

An elderly man cannot look for replacement housing because of a disability which prevents him from driving or even using public transportation. You offer to drive him around to view a number of homes and to give him the names of several local contractors who have done remodeling work to make houses accessible and useful to people with disabilities. When he requests it, you agree to be present when he meets with a contractor.

A man comes into your office several months after a public meeting announcing a highway project and informs you that, since the meeting, the same person has visited him twice and each time tried to convince him to sell his home "before the floor falls out from under the value of his home." You counsel him not to panic and to wait for the state to contact him about the impact of the project on his dwelling. You emphasize that if his home eventually is acquired for the project, he could jeopardize substantial benefits by moving before official notice.

You help a family complete an application for public housing. You refer a frightened wife to a program which will help her to deal with her husband's alcohol problem. You patiently explain to a skeptical young legal immigrant couple that, yes, they can use their relocation payment as a downpayment on their first home.

In all of these cases you are providing relocation assistance advisory services. These services are provided in every phase and in connection with every aspect of a highway project. They involve providing information, counseling, advice, and encouragement and often require repeated and intense personal contact. Perhaps no other assistance, not even relocation payments, is more important to persons who are being displaced.

Some displaced persons will require minimal advisory services; others will need extensive services. A project in an area with a large concentration of the latter will require more relocation "advisors" than one with out such problems. There simply is no substitute for knowing the area the project is impacting and for knowing the people who are to be displaced. Sometimes this knowledge must go beneath the surface to special problems or needs of the displaced person and sometimes acquiring such knowledge may require skilled interviewing and repeated contacts.

The goal is to assure that all displaced persons are relocated successfully. Your advisory assistance goal is to address all problems that prevent the displaced persons from relocating successfully.

10.3.1. WHO IS ELIGIBLE FOR ADVISORY SERVICES

There are four categories of persons eligible to receive advisory services:

1. **Persons occupying real property to be acquired for the project.**
Most of the people to whom you will provide advisory services will fall in this category. These are people who are occupants of the project site. This group may include owners and tenants of residences, owners and tenants of businesses and farms, and non-profit organizations.
2. **Persons occupying real property adjacent to that being acquired who are caused substantial economic injury by the acquisition.**
The acquisition of property adjacent to a business may reduce its clientele significantly, limit accessibility, or affect it in other ways which cause it substantial harm. While such businesses are not displaced persons and, therefore, not entitled to business relocation payments, the agency must make available relocation assistance advisory services to them. Examples of such services might include consultation with the business on space needs, current market conditions, or traffic patterns or transportation as they relate to relocating the business; information regarding the availability of relocation sites; or, information about and referral to the Small Business Administration.
3. **Persons who, as a result of the project, move or move personal property from real property not being acquired for the project.**
For example, the owner of a business lives across the street from his or her business location. When it is relocated across town, the owner chooses to move his or her residence also, in order to remain close to the business location.

4. **Persons who move into property after acquisition and are aware that they will have to move due to the project.**

In such cases, the tenant moves in with the knowledge that they will have to move out when the project requires and that they will not receive relocation payments to assist with the move. Such "short-term occupants" are entitled to advisory services.

10.3.2. WHAT SERVICES MUST AGENCIES PROVIDE (49 CFR [24.205\(c\)\(2\)](#))

While a relocation agent may sometimes have to provide unusual types of assistance, there is a group of services which forms the core of a typical advisory services program. These are the basic, minimal services which the agency must make available to all displaced persons.

Determine, for nonresidential (businesses, farm and nonprofit organizations) displacements, the relocation needs and preferences of each business (farm and nonprofit organization) to be displaced and explain the relocation payments and other assistance for which the business may be eligible, the related eligibility requirements, and the procedures for obtaining such assistance. This shall include a personal interview with each business. At a minimum, interviews with displaced business owners and operators should include the following items:

1. The business' replacement site requirements, current lease terms and other contractual obligations and the financial capacity of the business to accomplish the move.
2. Determination of the need for outside specialists in accordance with 49 CFR [24.301\(g\)\(12\)](#) that will be required to assist in planning the move, assistance in the actual move, and in the reinstallation of machinery and/or other personal property.
3. For businesses, an identification and resolution of personalty/realty issues. Every effort must be made to identify and resolve realty/personalty issues prior to, or at the time of, the appraisal of the property.
4. An estimate of the time required for the business to vacate the site.
5. An estimate of the anticipated difficulty in locating a replacement property.
6. An identification of any advance relocation payments required for the move, and the agency's legal capacity to provide them.
7. Provide, for nonresidential moves, current and continuing information on the availability, purchase prices, and rental costs of suitable commercial and farm properties and locations. Assist any person displaced from a business or farm operation to obtain and become established in a suitable replacement location.
8. Minimize hardships to persons in adjusting to relocation by providing counseling, advice as to other sources of assistance that may be available, and such other help as may be appropriate.
9. Supply persons to be displaced with appropriate information concerning disaster loan and other programs administered by the Small Business Administration, and other Federal and state programs offering assistance to displaced persons, and technical help to persons applying for such assistance.

Determine, for residential displacements, the relocation needs and preferences of each person to be displaced and explain the relocation payments and other assistance for which the person

may be eligible, the related eligibility requirements, and the procedures for obtaining such assistance. This shall include a personal interview with each residential displaced person.

1. Provide current and continuing information on the availability, purchase prices, and rental costs of comparable replacement dwellings, and explain that the person cannot be required to move unless at least one comparable replacement dwelling is made available as set forth in [§24.204\(a\)](#).
2. As soon as feasible, the agency shall inform the person in writing of the specific comparable replacement dwelling, and the price or rent used for establishing the upper limit of the replacement housing payment, and the basis for the determination, so that the person is aware of the maximum replacement housing payment for which he or she may qualify. See [§24.403\(a\)](#),
3. Where feasible, housing shall be inspected prior to being made available to assure that it meets applicable standards. See [§24.403\(b\)](#) and [§24.2\(a\)\(8\)](#). If such an inspection is not made, the agency shall notify the person to be displaced that a replacement housing payment may not be made unless the replacement dwelling is subsequently inspected and determined to be decent, safe, and sanitary.
4. Whenever possible, minority persons shall be given reasonable opportunities to relocate to decent, safe, and sanitary replacement dwellings, not located in an area of minority concentration, that are within their financial means. This policy, however, does not require an agency to provide a person a larger payment than is necessary to enable a person to relocate to a comparable replacement dwelling. See [Appendix A, §24.205\(c\)\(2\)\(ii\)\(D\)](#).
5. The agency shall offer all persons transportation to inspect housing to which they are referred.
6. Any displaced person that may be eligible for government housing assistance at the replacement dwelling shall be advised of any requirements of such government housing assistance program that would limit the size of the replacement dwelling, as well as of the long term nature of such rent subsidy, and the limited (42 month) duration of the relocation rental assistance payment. See [§24.2\(a\)\(6\)\(ix\)](#).
7. Minimize hardships to persons in adjusting to relocation by providing advice on other sources of assistance that may be available and other help, as may be appropriate.
8. Supply persons to be displaced with appropriate information concerning Federal and state housing programs, other Federal and state programs offering assistance to displaced persons, and technical help to persons applying for such assistance.

10.3.3. WHAT SPECIAL SERVICES ARE AVAILABLE

There is a variety of social services available from a number of public and private agencies. It is important for each agency to determine the services available to the residents of the project area and the methods to obtain the services for the displaced persons.

10.4. RELOCATION ASSISTANCE PAYMENTS

One of the main purposes of the Uniform Act is to prevent affected persons from bearing an unfair share of the burden of public projects. In addition to the relocation assistance advisory

services discussed above, the Uniform Act and its regulations provide relocation assistance payments to help accomplish this. Relocation assistance payments are designed to compensate displaced persons for costs which are the result of acquisition of the property on which they reside. These payments fall into two broad categories, residential and nonresidential, that is, businesses, farms, and non-profit organizations. These two broad categories are made up of several subcategories.

OVERVIEW RELOCATION PAYMENTS	
<p>Residential</p> <ul style="list-style-type: none"> • Moving Expenses <ul style="list-style-type: none"> - Actual OR - Schedule • Replacement Housing <ul style="list-style-type: none"> - 180-Day Homeowner/Occupant - Rental Assistance - Downpayment Assistance • Housing of Last Resort 	<p>Non-Residential</p> <ul style="list-style-type: none"> • Moving Expenses <ul style="list-style-type: none"> - Actual Cost OR - In-Lieu • Reestablishment Expenses (cannot be used in conjunction with an "In-Lieu" payment)

10.4.1. RESIDENTIAL RELOCATION PAYMENTS

Residential relocation payments are intended for persons who move (or move personal property) from a dwelling as a result of a highway project receiving Federal-aid. As the chart above shows, these payments may be subdivided into three types: moving expense payments, replacement housing payments, and last resort housing payments. There are several different levels of eligibility, each with its own set of specific requirements.

A. RESIDENTIAL MOVING EXPENSE PAYMENTS

Residential moving expense payments are designed to compensate for the moving and related costs which a person incurs as a result of having to move from his or her dwelling or to move personal property for a Federal or federally-assisted project. They include items such as the cost of transporting household goods, packing and unpacking those goods, the cost of storage,

if necessary, and other related costs (see the end of this sub-section for a list of eligible moving and related costs).

Residential moving expense payments may be computed in two ways, the actual cost method and the schedule method. The latter method, as the name indicates, involves the use of a schedule of moving costs approved and published in the Federal Register regularly by the FHWA. For each state the schedule establishes fixed amounts to be paid for moving expenses based on the number of rooms of furniture in the dwelling from which the move occurred. The schedule also provides for moves from dwellings with either little or no furniture. In some cases a displaced person will have an unusually large amount of furniture in one or more rooms, e.g., in a basement or attic. You may adjust the number of rooms and hence the schedule payment to reflect this situation. The key is to establish the number of rooms of possessions that must be moved regardless of the location in the dwelling or outside the dwelling.

The advantage of the schedule method is that it minimizes paperwork for both the agency and the displaced person. The current Fixed Residential Moving Cost Schedule is available on the FHWA Website at <http://www.fhwa.dot.gov/realestate/fixsch96.htm>.

The actual cost method also is true to its name. It is based on the actual, reasonable cost of moving and related costs. Eligible residential moving expense costs are listed following this section. While there is no fixed dollar ceiling on payments for actual moving expenses as there is for the schedule payments, there are limits on what may be paid. First, the payment may not exceed the actual cost of the moving and related expenses. This amount will be based on receipts for the costs claimed. Second, the charges which make up the payment must be reasonable, i.e., typical of the amounts charged for a similar move. Third, the items of cost which are included in the claim for reimbursement must be necessary to accomplish the move. When making determinations concerning reasonableness and necessity, the agency should use common sense and good judgment.

An actual cost move may be carried out by a commercial mover or by the displaced person, as a self-move. If the displaced person elects to use a commercial mover, it is necessary to obtain bids or estimates. Good business practice would consist of obtaining two, if possible. The agency is responsible for obtaining the bids, not the displacee. Payment will be limited to the amount of the lowest acceptable bid. If necessary, the agency may pay the mover directly for the services.

The costs claimed for reimbursement of an actual cost move are supported by appropriate receipts or other records. A displaced person may elect to make an actual cost self-documented move if he or she wishes. Reimbursement will be made for the necessary costs of moving and placing all possessions in the new dwelling and necessary utility charges. A record must be maintained of activities and time spent on move related items; all costs of supplies and services purchased; and the persons performing the move. If someone elects to make a self-documented move, the agency should provide them with the hourly rate that will be paid for the moving activities.

Self-moves based upon the lower of two bids or estimates are not eligible for reimbursement.

ELIGIBLE RESIDENTIAL MOVING EXPENSES (49 CFR [24.301\(g\)\(1-7\)](#))

It is up to the agency to determine which of these expenses are necessary for each move.

1. Transportation of the displaced person and personal property up to 50 miles, unless the agency determines that relocation beyond 50 miles is justified.
2. Payment to a commercial mover for completing all or part of the move.
3. If a self-move, payment for rental vehicles or equipment such as trucks, pads, dollies, etc.
4. Packing, crating, and unpacking of personal property.
5. Payment for the storage of personal property not to exceed 12 months if justified unless the agency determines that a longer period is necessary.
6. Insurance premiums to cover the value of personal property for damage or loss during the move or during necessary storage.
7. Replacement value of personal property lost, stolen, or damaged under certain circumstances when insurance is not reasonably available.
8. Compensation paid to persons employed to help conduct the move.
9. Special services, such as an ambulance to transfer persons who are physically disabled.
10. Payments to disconnect, dismantle, reassemble, and reinstall household appliances and equipment, such as a washer, dryer, telephone, etc.
11. Other moving-related expenses the agency determines to be reasonable and necessary, except those listed as ineligible under 49 CFR [24.301\(h\)](#).

B. REPLACEMENT HOUSING PAYMENTS (49 CFR [24, Subpart E](#))

In addition to the moving expense payments discussed above, the Uniform Act and the implementing regulation provide another set of payments for persons displaced from their homes by Federal or federally-assisted projects. These replacement housing payments are designed to help eligible displaced persons occupy housing which is **decent, safe, and sanitary (DSS), adequate for their needs, and comparable** to what they had before the project required the move. The precise meaning of the terms in bold will be discussed below. These payments are available to persons who occupied dwellings as their primary place of residence only.

There are three categories of replacement housing payments (RHPs): purchase supplements, rental assistance, and downpayment assistance. Sometimes these payments are not sufficient

(using the limits set out in the Uniform Act) to meet the objectives of the law and regulations and it is necessary to provide housing of last resort (HLR) payments and procedures.

C. REPLACEMENT HOUSING PAYMENTS: COMMON REQUIREMENTS

Each category of RHPs has specific requirements for eligibility and computation. However, all RHPs have features in common. Let's look at those common elements first.

1. OCCUPANCY

RHPs may be made only to *occupants* of the dwelling from which displacement occurs. This means that the dwelling was their usual place of residency or abode.

2. DISPLACEMENT

RHPs may be made only to displaced persons. A displaced person is one who moved or moved personal property from real property as a direct result of the Federal or Federal-aid program or project. This includes a person who does not meet the length of occupancy requirements of the Uniform Act as described in 49 CFR [24.401](#) and [24.402](#).

3. REPLACEMENT HOUSING STANDARDS

RHPs may be made only if the housing to which the displaced person moves meets the standards for DSS dwellings adequate in size to meet the needs of the displaced person(s). These standards concern the size and physical condition of the replacement dwelling, its utility, and cost within the financial means of the displaced person. See chapter [10.4.1.D](#) for a full discussion of these standards.

4. TIME LIMIT FOR PURCHASE/RENTAL OF REPLACEMENT DWELLING

RHPs may be made only if the displaced person purchases or rents (as appropriate) *and* occupies the replacement dwelling within one year. For displaced homeowners, the year begins on the *later of* (1) the date the person receives final payment for the displacement dwelling or, in the case of condemnation, the date the required amount is deposited with the court, or (2) the date the person is offered comparable replacement housing. A displaced tenant must rent or purchase and occupy a DSS replacement dwelling within one year of the date he or she moves from the displacement dwelling. See [10.5](#) for exceptions to these requirements.

5. TIME LIMIT FOR FILING CLAIMS

RHPs may be made only if the displaced person files a claim for the payment within 18 months of the beginning of the one year period established under item 4 above. However, the displacing agency may waive this limit for good cause.

6. PAYMENT LIMITED TO ACTUAL COST

RHPs are intended to assist displaced persons in obtaining comparable replacement housing and to compensate for the increased housing-related costs due to relocation. Thus, the payment computed under an RHP, with certain exceptions specified below, is based on the cost of either a comparable replacement dwelling or the replacement dwelling actually occupied, whichever is less.

D. REPLACEMENT HOUSING STANDARDS

A basic requirement of the relocation program is to make replacement housing available to displaced persons that meets certain qualitative standards. These standards are contained in the interrelated concepts of **DSS** and **comparable replacement housing**.

1. DECENT, SAFE, AND SANITARY HOUSING (49 CFR [24.2\(a\)\(8\)](#))

The term DSS refers to the physical condition of the replacement dwelling and its effect on the health and safety of the occupants. Basically, a dwelling which meets the requirements of a local housing and/or occupancy code will be DSS.

It is important to understand the distinction between housing/ occupancy codes and building codes. Building codes set standards for construction and apply only to new construction and certain additions and alterations. Housing/occupancy codes set standards for habitability and apply to all dwellings in a community. If an occupancy code changes to require smoke detectors, for example, all dwellings would be required to comply. Housing/occupancy codes are narrower in scope than building codes. They are concerned only with those elements which influence health and safety. Building codes are concerned with conformance to current building standards. Most local housing and occupancy codes are adaptations of one of the national model codes promulgated by code setting organizations.

2. MINIMUM DSS STANDARDS (49 CFR [24.2\(a\)\(8\)](#))

In places where there are no local housing and occupancy codes, such as rural areas or small towns, or where the codes are less stringent, the regulations apply the following minimum standards to replacement housing:

- a. **WATER (§[24.2](#))(a)(8)(v))**
The unit must have an adequate supply of potable (drinking) water.
- b. **KITCHEN (§[24.2](#))(a)(8)(v))**
In the case of a housekeeping unit, there shall be a kitchen area containing a fully usable sink properly connected to potable hot and cold water and to a sewage drainage system. Adequate space and utility service connections for a stove and refrigerator must also be provided.
- c. **HEATING SYSTEM (§[24.2](#))(a)(8)(iii))**
The unit must contain a heating system capable of sustaining a healthful temperature of approximately 70 degrees, except in those areas where local climatic conditions do not require such a system.
- d. **BATHROOM (§[24.2](#))(a)(8)(v))**
The unit must have a separate, well-lighted and ventilated bathroom affording privacy to the user, containing a sink, bathtub or shower stall, and a toilet, all in

good working order and properly connected to appropriate sources of water and a sewage drainage system.

e. **ELECTRICAL SYSTEM (§24.2)(a)(8)(ii))**

The unit must have an adequate and safe electrical wiring system for lighting and other electrical services.

f. **STRUCTURALLY SOUND (§24.2)(a)(8)(i))**

The unit must be structurally sound, weather tight, and in good repair.

g. **EGRESS (§24.2)(a)(8)(vi))**

The unit shall have a safe, unobstructed means of egress to safe, open space at ground level. If the unit is located on a second story or above, it must have access directly from or through a common corridor which has at least two means of egress.

h. **ADEQUATE IN SIZE (§24.2)(a)(8)(iv))**

The unit must be adequate in size with respect to the number of rooms, bedrooms, and living space needed to accommodate the displaced person. The number of bedrooms normally will be given first consideration. There must be an adequate number of bedrooms for the occupants. A decision concerning adequacy normally would involve the correlation of the age and sex of adults and children sharing the unit and the appropriateness of sharing bedroom space.

i. **ACCESSIBILITY for PERSONS WITH DISABILITIES (§24.2)(a)(8)(vii))**

For a displaced person who is disabled, the dwelling shall be free of any barriers which would preclude reasonable ingress, egress, or use of the dwelling by such displaced person.

3. COMPARABLE REPLACEMENT DWELLING (49 CFR 24.2(a)(6) and §24.403(a))

The regulations require that no person may be required to move from a dwelling unless he or she has been offered a comparable replacement dwelling. In carrying out this requirement, the agency must offer every displaced person at least one comparable replacement dwelling and, if possible, three. This is a crucial part of the displacement process since the comparable replacement dwelling will form the basis for the computation of the RHP.

Many of the elements of comparability deal with the specific needs of displaced persons, e.g., financial means, access to employment, and access to public and commercial facilities. This reemphasizes the critical importance of what was stressed in the section on planning and advisory services, the need for the agency to determine the displaced person's needs and circumstances. This can be accomplished only by personal contact with each displaced household early in the process.

The term **comparable replacement dwelling** means a dwelling which meets the following criteria:

a. **DECENT, SAFE, AND SANITARY (§24.2(a)(i))**

See discussions above at [10.4.1.D.1](#) and [10.4.1.D.2](#).

b. **FUNCTIONALLY EQUIVALENT (§24.2(a)(ii))**

The term **functionally equivalent** means that the replacement dwelling should be generally similar to the displacement dwelling, substantially similar with regard to the number of rooms and area of living space, and capable of contributing to a comparable style of living. This does not mean that a replacement dwelling must meet a tape-measure comparison to the acquired property.

The emphasis is on function. The replacement dwelling, when compared with the acquired dwelling, should perform the same function and provide the same utility. This requires that the principal features of the acquired dwelling be present in a comparable. Space should be available for comparable purposes as used in the acquired dwelling. For example, a workshop in an over-sized garage instead of a basement and vice versa; ample kitchen cupboards could substitute for a pantry, and out-of-season storage could be provided either in an accessible attic or a basement area. Physical inspection of the interior as well as of the exterior of selected comparable is necessary for the agent to determine the actual functional equivalency of dwellings.

c. **ADEQUATE IN SIZE TO ACCOMMODATE THE DISPLACED PERSON (§24.2(a)(iii))**

In general, this requirement relates to the occupancy standards in the local housing/occupancy code. However, the particular composition of the displaced household must be taken into consideration. A family with a teenage son and daughter would require an additional bedroom, as opposed to a family with two teenage boys. Similarly, special health-related needs of a household member could affect the size of the replacement dwelling needed.

d. **NOT SUBJECT TO UNREASONABLE ADVERSE ENVIRONMENTAL CONDITIONS (§24.2(a)(iv))**

Unreasonable adverse environmental conditions may have a serious negative effect on the habitability of a replacement dwelling. Proximity to environmental influences such as sewage treatment plants, factories dispensing smoke or other pollution, salvage yards, dump sites, and similar unhealthful or unsafe conditions may make a dwelling unsuitable to be used as a comparable.

e. **COMMERCIAL AND PUBLIC FACILITIES (§24.2(a)(v))**

The adequacy of access to commercial and public facilities is a case-by-case judgment. It is important to determine the access needs of each displaced person to various institutions and facilities. **The displacing agency must make housing available that is generally not less desirable than the displacement dwelling with regard to those institutions and facilities.** A family with children would be

concerned with schools. An elderly retired couple without a car would consider it important to be near a grocery store. This does not mean that the displaced person's personal desires as to *particular* schools or shopping areas have to be met, but a sincere attempt should be made to accommodate the displaced person's preference. The agency must consider both needs and availability. In the real world, personal desires and tastes almost always have to be balanced and compromised.

f. **ACCESS TO EMPLOYMENT (§[24.2\(a\)\(v\)](#))**

Continued access to the displaced person's place of employment is an important consideration for replacement housing. The objective is that such housing be reasonably accessible to the person's place of employment. Referrals need not be limited to housing equally distant from employment as the displacement dwelling, but travel time or distance from the referral should not endanger continued employment. Ultimately, this is a consideration of reasonableness and practicality.

g. **TYPICAL RESIDENTIAL SITE (§[24.2\(a\)\(vi\)](#))**

A typical residential site is one that is typical for the area in which it is located in terms of square footage and which contains normal site improvements, including customary landscaping. The replacement site need not include special improvements such as outbuildings, swimming pools, and greenhouses, also referred to as "major exterior attributes/appurtenances." This distinction is important for computing certain replacement housing payments for 180-day homeowners.

h. **CURRENTLY AVAILABLE TO THE DISPLACED PERSON (§[24.2\(a\)\(vii\)](#))**

The displacing agency may refer displaced persons only to housing that has recently been confirmed as being available. Similarly, in making payment determinations, only currently available listings may be utilized. Sale or rental dwellings that are no longer on the market may not be used to determine the sale or rental price of a comparable replacement dwelling. This requires close contact with sources of housing market information and a willingness to research the market for currently available housing. If housing is in short supply, innovative measures may be required to assure the availability of a comparable when an offer is made.

i. **FINANCIAL MEANS (§[24.2\(a\)\(6\)\(viii\)](#))**

The Uniform Act requires that comparable replacement housing must be within the financial means of the displaced person. The regulation defines this concept differently for displaced homeowners than for renters. These different definitions are based on different assumptions. It is assumed that owners can afford replacement housing if they are not required to pay more for the mortgage payment on their replacement dwelling than they paid for the displacement dwelling. For tenants the assumption is that a replacement dwelling is within their financial means if it does not exceed the person's base monthly rental (rent and utilities) for the displacement dwelling, as described at 49 CFR [24.402\(b\)\(2\)](#). The tests for financial means are as follows:

1. Owner-occupant of 180 days or more: the cost of the comparable replacement dwelling does not exceed the total amount of the acquisition price for the displacement dwelling plus the replacement housing payment.
2. Tenant of 90 days or more, or short-term owner-occupant: the monthly rent plus utilities for the replacement dwelling does not exceed the base monthly rent. This is the lesser of the actual average rent including utilities, or 30% of the displaced person's average gross household income, if that amount is classified as low income by the Federal Housing and Urban Development's (HUD) "Annual Survey of Income Limits for the Public Housing and Section 8 Programs" (<http://www.fhwa.dot.gov/realestate/ua/ualic.htm>), at the displacement dwelling, plus the amount of the rental assistance payment.

If replacement housing is not within the financial means of a displaced person, a HLR payment may be necessary.

4. MINIMUM STANDARDS SUMMARY

In summary, a great deal of judgment is required in applying the minimum standards for replacement housing. The criteria sometimes become subjective in application and an attitude of reasonableness must prevail. In implementing comparability and DSS standards for replacement housing, it is important to remember the overall objective of the program: fairness and equity to displaced persons.

E. ELIGIBILITY FOR REPLACEMENT HOUSING PAYMENTS

In addition to the common elements discussed above, each replacement housing payment has particular rules and requirements governing eligibility and computation. The following chart illustrates the payments for which the different occupant classifications are entitled and the following paragraphs discuss the requirements for eligibility and explain specifically how to compute each payment. Remember the requirement to use HLR when replacement housing cannot be made available within the limits stated in the following paragraphs.

REPLACEMENT HOUSING PAYMENT ELIGIBILITY

Payment	Maximum Amount	180-Day owner/occupant	90-179-Day owner/occupant	90-Day Tenant
Replacement Housing Payment for Homeowners	\$22,500	Yes	No	No
Rental Assistance	\$5,250	Yes	Yes	Yes
Downpayment Assistance	\$5,250	No	Yes	Yes

1. REPLACEMENT HOUSING PAYMENTS FOR 180-DAY HOMEOWNER-OCCUPANTS (49 CFR [24.401](#))

A displaced homeowner must have occupied the dwelling from which he or she moved for at least 180 days immediately prior to the initiation of negotiations to be eligible for this category of payments. Persons within this category may be eligible for either a purchase supplement or a rental assistance payment.

A. PURCHASE SUPPLEMENT

A payment, not to exceed \$22,500, to assist in the purchase of replacement housing. It includes a price differential, incidental expenses, and a mortgage interest differential payment. The purchase supplement is the sum of these three elements.

1. PRICE DIFFERENTIAL (49 CFR [24.401\(c\)](#))

The difference between the price actually paid by the displaced person for a replacement dwelling and the price paid by the acquiring agency for the displacement dwelling. The price of the comparable dwelling sets the upper limit of payment computation for the price differential.

The cost of a comparable replacement dwelling must be determined to compute a price differential. The agency must analyze the characteristics of the displacement dwelling (number of rooms, bedrooms, utility, square footage, etc.) and the displaced persons (number of persons, age, and gender of household members) to determine replacement needs.

The real estate market is searched and analyzed thoroughly, and the three properties best meeting the requirements of comparability, as discussed in replacement housing standards, are selected. To aid in this real estate market analysis, many agencies subscribe to local multiple-listing services and/or maintain close relationships with local real estate brokers. The real estate want ad section of local newspapers also may prove useful.

After the three most comparable properties have been selected, an in-depth comparison should be made to select the one property which, in the opinion of the acquiring agency, is most comparable to the displacement dwelling. We recommend the use of a comparison grid like the one below for the analysis.

	Displacement Dwelling	Comparable Number 1	Comparable Number 2	Comparable Number 3	Comparable Number 4	Comparable Number 5
Number of Bedrooms						
Number of Rooms						
Price/Rent						
Condition						

Age						
Basement						
Garage						
etc.						

COMPUTATION OF PRICE DIFFERENTIAL

1. Maximum Payment

Cost of a Comparable Replacement Dwelling	\$150,000
Acquisition Price, Displacement Dwelling	<u>-\$142,000</u>
Price Differential	\$ 8,000

2. Actual Payment

Cost of a Comparable Replacement Dwelling	\$150,000
Actual Replacement Cost	\$150,000 (or more)
Acquisition Price, Displacement Dwelling	<u>-\$142,000</u>
Price Differential	\$ 8,000

If the displaced person spends less than the cost of the comparable dwelling, the price differential is less.

Cost of a Comparable Replacement Dwelling	\$150,000
Actual Replacement Cost	\$148,000
Acquisition Price, Displacement Dwelling	<u>-\$142,000</u>
Price Differential	\$ 6,000

2. INCIDENTAL EXPENSES (49 CFR [24.401\(e\)](#))

Incidental expenses are those reasonable expenses actually incurred by the displaced person incident to the purchase of a replacement dwelling and customarily paid by the buyer. Certain of these expenses are limited as indicated below. Eligible incidental expenses include:

- a. Legal, closing, and related costs, including those for title search, preparing conveyance instruments, notary fees, preparing surveys, and plats, and recording fees.
- b. Lender, FHA, or VA appraisal and loan application fees.

- c. FHA mortgage insurance fees.
- d. Loan origination or assumption fees that do not represent prepaid interest (limited to amount necessary for balance of existing mortgage for homeowners).
- e. Professional home inspection, certification of structural soundness, radon and termite inspection when required or when customary for the community in which the displacement occurs.
- f. Credit report.
- g. Owner and/or mortgagee evidence or assurance of title, e.g., title insurance (not to exceed the costs for a comparable replacement dwelling).
- h. Escrow agent fee.
- i. State revenue or documentary stamps, sales or transfer taxes (not to exceed the costs for a comparable replacement dwelling).
- j. Such other costs the agency determines to be incidental to the purchase.

3. MORTGAGE INTEREST DIFFERENTIAL (49 CFR [24.401\(d\)](#))

This payment is intended to compensate the displaced owner-occupant for increased interest costs which he/she is required to pay for financing the replacement property. In order to qualify for this payment, the mortgage on the displacement property must have been a bona fide and valid lien in existence for at least 180 days prior to the initiation of negotiations. More than one qualifying mortgage may be considered.

The payment computation is based on the unpaid balance of the existing mortgage on the displacement dwelling, its remaining term, and the current prevailing interest rate charged by lending institutions in the area of the replacement dwelling. If there is more than one mortgage outstanding on the displacement dwelling, a separate computation will be required for each mortgage.

This element of the purchase supplement requires access to financial tables, a computer, or a financial calculator. If you are going to compute many increased mortgage interest payments, it may be useful to acquire a computer program for this purpose or a financial calculator. The typical payment can be computed quickly and simply using these tools

2. RENTAL ASSISTANCE PAYMENT FOR 180-DAY OWNER-OCCUPANT

A payment, not to exceed the price differential amount that could have been received under 49 CFR [24.401\(b\)\(1\)](#), to assist in the rental of a replacement dwelling. The payment is premised on the concept that rental, rather than purchase, of a replacement dwelling is a decision that is unrelated to the acquisition of the acquired property.

This payment is based upon a determination of market rent for the acquired dwelling compared to a comparable rental dwelling available on the market. The difference, if any, is computed in accordance with 49 CFR [24.402](#)(b)(1) but is not limited to the \$5,250 rental assistance limit. Such payment shall be 42 times the amount obtained by subtracting the base monthly rental for the displacement dwelling (market rent) from the lesser of:

- a. The monthly rent and estimated average monthly cost of utilities for a comparable replacement dwelling; or
- b. The monthly rent and estimated average monthly cost of utilities for the DSS replacement dwelling actually occupied by the displaced person.

3. REPLACEMENT HOUSING PAYMENTS FOR TENANTS AND FOR HOMEOWNER-OCCUPANTS OF 90 TO 179 DAYS (49 CFR [24.402](#))

A displaced residential tenant who occupied the dwelling from which he or she was displaced for at least 90 days immediately prior to the initiation of negotiations and a displaced homeowner who occupied the dwelling from which he or she moved for at least 90 but less than 180 days prior to the initiation of negotiations is eligible for this category of payments. Persons within this category may be eligible for either a rental assistance payment or downpayment assistance.

A. RENTAL ASSISTANCE PAYMENT

A payment, not to exceed \$5,250, to assist in the rental of a replacement dwelling. The payment is based on the difference between the monthly rent plus utilities necessary to rent a comparable replacement dwelling, as determined by the agency, and the monthly rent plus utilities for the displacement dwelling. The utilities to be considered for computation purposes include heat, light, water, and sewer.

Computation of the rental assistance payment is completed using the following formula:

**Monthly rent of comparable replacement dwelling plus utilities,
MINUS
Base monthly rent of displacement dwelling, including utilities,
TIMES 42 (months),
Equals the *maximum* rental assistance payment**

If \$5,250 is exceeded, HLR must be used. See chapter [10.5](#). In all instances, the cost of utilities must be included with the rent of the displacement dwelling as well as the rent of the replacement dwellings when computing the rental assistance payment.

The formula uses the term "base monthly rent." Base monthly rent is the lesser of:

1. The average (including utilities) monthly rent actually paid by the displaced person for the displacement dwelling for a reasonable period prior to displacement. Actual monthly rent means the typical rent paid over a representative period and, under most circumstances, this would be used. However, there are some situations when the "fair market rent", i.e., the probable rent that the property normally would command in the local rental market, should be substituted for actual rent.

For an owner-occupant, use the fair market rent for the displacement dwelling, since he had no rent per se as a homeowner. For a tenant who pays little or no rent for the displacement dwelling, use the fair market rent, unless it would result in a hardship because of the person's income or other circumstances. It is the displacing agency's responsibility to determine why the property is renting for less than market rent. If it is solely because the tenant performs a service for the landlord, such as making minor repairs and collecting rents from the other tenants, or because the tenant is a relative of the owner, the market rent may be used in the computation. If the rent is less because the displaced person is a long-term or good tenant, the contract rent should be used; or

2. 30% of the displaced person's average monthly gross household income, if the amount is classified as "low income" by HUD's Annual Survey of Income Limits for the Public Housing and Section 8 Programs, available on the FHWA Website at <http://www.fhwa.dot.gov/realestate/ua/ualic.htm>. The base is reduced to 30% of income so that a displaced person can afford the comparable replacement dwelling; or
3. The total amounts designated for shelter and utilities if the displaced person is receiving a welfare assistance payment with designated amounts for such.

COMPUTATION OF RENTAL ASSISTANCE PAYMENT

1. Maximum Payment

Rent* for comparable dwelling	\$400
Contract Rent* for displacement dwelling	<u>-350</u>
Difference	50
Multiply by 42 months (\$50 x 42)	2,100
The maximum Rental Assistance payment	2,100

2. Actual Payment

Rent* for comparable dwelling	\$400
Actual rent*/replacement dwelling	400
Contract Rent*/displacement dwelling	<u>-350</u>
Difference (\$400 - 350)	50
Multiply by 42 months	2,100
Actual payment	2,100

If the rent for the replacement dwelling actually occupied is less than the rent for the comparable dwelling, the payment is less.

Rent* for comparable dwelling	\$400
Actual rent*/replacement dwelling	380
Contract rent*/displacement dwelling	<u>-350</u>
Difference (380-350)	30
Multiply by 42 months	1,260
Actual payment	1,260

*Monthly rent, including utilities.

F. UTILITY ADJUSTMENT

Utilities are a necessary cost of housing and a part of the computation of the RHP. As noted above, the utility services to be considered are heat, light, water, and sewer. Some or all utility services may be included as a part of the monthly rent for the acquired dwelling, the comparable, or the actual replacement dwelling occupied. If any of these rents do not include all utilities, those not included must be added in order to make the elements of the computation comparable.

If such an adjustment is necessary, you must determine the cost of utility services not included in the rent. You may obtain this information from the tenant (who should have utility receipts)

or from local utility companies to establish either the actual utility costs for the dwelling or the average utility costs for similar dwellings. Most utility companies will cooperate in providing this information if given sufficient time to research their records.

To use this information in a RHP computation it is necessary to set up a comparison between the displacement and replacement dwellings:

	Utility Adjustment	
	Displacement	Replacement
Rent	\$250	\$400
Adjustments:		
Sewer	\$40	\$50
Water	included in rent	included in rent
Lights	\$65	\$30
Heat	<u>\$75 included in rent</u>	
Rent plus utilities	\$430	\$480

Compute the Rental Assistance Payment as discussed above.

ADJUSTMENT OF BASE MONTHLY RENTAL	
1. 30% of Income	
Rent*/comparable dwelling	\$400
Actual rent*/replacement dwelling	400
Contract rent*/displacement dwelling	350
Income of displaced person	1,000
30% of Income	<u>-300</u>
Difference (\$400 - 300)	100
Multiply by 42 months (\$100 x 42)	\$4,200
2. Relationship	
Similarly, when the contract rent is less than the market rent because the displaced person is a relative of the landlord:	
Rent*/comparable dwelling	\$400
Actual rent*/replacement dwelling	400
Contract Rent*/displacement dwelling	250
Market Rent*/displacement dwelling	<u>- 350</u>
Difference (\$400 - 350)	50
Multiply by 42 months (\$50 x 42)	\$2,400
*Monthly rent, including utilities	

G. DISBURSEMENT OF RENTAL ASSISTANCE PAYMENT (49CFR [24.402\(b\)](#) (3))

Usually rental assistance payments are made in a lump-sum amount. Occasionally, the agency

may determine, on a case-by-case basis, that there is good cause for the payment to be made in installments. However, even if the payment is being disbursed in installments, the total amount of the payment vests in the displaced person when he occupies a DSS dwelling and he need do nothing further to qualify to receive the full computed payment.

H. RENTAL ASSISTANCE PAYMENTS AND HOUSING OF LAST RESORT

When the RHP needed to provide comparable replacement housing exceeds the statutory maximum of \$5,250 it is necessary to use the payments and benefits discussed under chapter [10.5](#), Replacement Housing of Last Resort.

I. DOWNPAYMENT ASSISTANCE (49 CFR [24.402](#)(c))

Downpayment assistance, not to exceed \$5,250, is intended to assist a displaced person with a downpayment on the purchase of a replacement dwelling. The payment generally is limited to the amount the displaced person would have received for a rental assistance payment (computed in accordance with the procedures for renters and/or short-term owners discussed above). Thus, an RHP will be computed for all tenants and short-term homeowners, whether or not they intend to rent replacement housing. However, the agency may adopt a policy of making a payment of up to \$5,250. If the agency chooses this option, it must pay the same amount in all downpayment assistance cases.

Eligible expenses include the required downpayment and all incidental costs necessary for purchase. The items of incidental costs are the same as those listed above for homeowners.

Only tenants of 90 days or more and 90-179 day owner-occupants are eligible for downpayment assistance. Owner-occupants of 180 days or more are not eligible for this payment.

If a displaced tenant elects to purchase, it is not necessary to locate comparables for them to purchase, only to compute and advise the tenant of the potential rental assistance payment as discussed above. Of course the replacement dwelling eventually purchased must meet DSS standards for the agency to make the payment.

Downpayment assistance for a 90-179 day owner-occupant requires an additional step to establish payment eligibility and limitations. The downpayment assistance payment cannot exceed the amount that would have been received under the RHP computation for a 180-day owner. Therefore, a RHP must be computed as if the displaced person were a 180-day owner-occupant. The computed amount would include estimates of a price differential, incidental expenses, and an interest differential payment, as appropriate.

4. DECENT, SAFE, AND SANITARY INSPECTION (49 CFR [24.403](#)(b))

It is Federal policy not to make RHP for replacement housing which is not DSS. Before an RHP may be made, the displacing agency must inspect the actual replacement dwelling to assure that it meets the criteria discussed in chapter [10.4.1.D.1](#). Replacement housing must be inspected to determine its acceptability before referring it to displaced persons. When inspecting potential replacement housing you should examine it carefully for DSS problems.

Areas meriting particular attention include:

- Porches, stoops, and exterior stairs
- Roofs
- Electrical System
- Foundations
- Plumbing

In order to avoid problems, the agency should caution displaced persons not to become financially obligated to purchase (or rent) a replacement dwelling unit until the inspection has been performed. Often sales or rental agreements may be written subject to a DSS inspection by the displacing agency. If the dwelling is found not to be DSS, the displaced person should be informed of the specific deficiencies noted.

The agency's records should contain documentation of the DSS inspection. Most agencies have developed and use a pre-established form for this purpose.

Sometimes a dwelling with DSS deficiencies is still desirable to the displaced person and the agency. Such dwellings may be used as replacement housing if the deficiencies are corrected. The cost to correct DSS deficiencies may be included as a part of the price differential payment to the extent that they do not bring the cost of the dwelling above the price of the comparable. Care should be taken that the cost of repairs or improvements undertaken for the desires of the displaced person but are *not necessary* to correct DSS deficiencies are *not included* in the RHP computation.

Price Differential Repairs To Non-DSS Replacement Dwelling	
Cost of Comparable Replacement Dwelling	\$46,000
Cost of Actual, Non-DSS Replacement Dwelling	\$40,000
Cost to Make Actual Dwelling DSS	\$ 5,000
Acquisition Price of Displacement Dwelling	\$38,000
Price Differential (\$40,000 plus \$5000 minus \$38,000)	\$ 7,000
SAMPLE COMPUTATION	

5. OCCUPANCY REQUIREMENTS - SPECIAL CIRCUMSTANCES (49 CFR [24.403\(d\)](#))

Sometimes special circumstances make it impossible for a displaced person to satisfy the occupancy requirements of an RHP. The Uniform Act regulations provide that no displaced person shall be denied eligibility for a replacement housing payment solely because he or she

is unable to meet occupancy requirements *due to reasons beyond their control*. This includes special circumstances such as a disaster, an emergency, or an imminent threat to public health or welfare, as determined by the President or the Federal agency funding the project or other reasons, such as military service or hospitalization. When failure to meet the occupancy requirement is as a direct result of the special circumstance, the occupancy requirement may be considered to be satisfied.

Similarly, if a displaced person fails to occupy an otherwise satisfactory replacement dwelling within one year because of being in the hospital for three months, RHP eligibility should not be affected.

6. DISASTER RELATED INSURANCE PROCEEDS (49 CFR [24.403\(g\)](#))

To the extent necessary to avoid duplicate compensation, the amount of any insurance proceeds received by a person in connection with a disaster related loss to the displacement dwelling shall be included in the acquisition cost of the displacement dwelling when computing the price differential.

7. CONVERSION OF PAYMENT (49 CFR [24.403\(e\)](#))

A displaced person who initially rents a replacement dwelling and claims and receives a rental assistance payment retains eligibility for a purchase supplement or downpayment assistance payment, if applicable, provided the displaced person purchases and occupies a DSS replacement dwelling during the 1-year eligibility period. Such a purchase supplement or downpayment assistance payment shall be computed in the usual manner but shall be reduced by the amount of the rental assistance payment already received.

8. PAYMENT AFTER DEATH (49 CFR [24.403\(f\)](#))

A RHP is personal to the displaced person. If he or she lived alone and dies and the complete payment has not been made, there will be no additional payments to heirs or assigns, except:

- a. The amount attributable to the displaced person's period of actual occupancy of the replacement housing shall be paid.
- b. The full payment should be disbursed in any case in which a member of a displaced family dies and the other family member(s) continue to occupy the replacement dwelling selected in accordance with these regulations.
- c. Any portion of a RHP necessary to satisfy the legal obligation of an estate in connection with the selection of a replacement dwelling by or on behalf of a deceased person shall be disbursed to the estate.

10.5. REPLACEMENT HOUSING OF LAST RESORT (49 CFR [24.404](#))

The Uniform Act requires that comparable DSS replacement housing within a person's financial means be made available before that person may be displaced by a Federal or

federally-assisted program or project. When such housing cannot be provided under the provisions for replacement housing payments, the Uniform Act provides for HLR. **HLR involves the use of payments in excess of statutory maximums or the use of other unusual methods of providing comparable housing.**

Some agencies have used HLR since the early 1970s, but many others have not. With the issuance of the government-wide common rule in 1986, HLR provisions became a part of the regulations for all covered agencies.

In the 1987 amendments to the Uniform Act, Congress strengthened the HLR provisions but required case-by-case justification for the use of payments in excess of the statutory maximums. This requires the agency to make a determination that there is a reasonable likelihood that the project cannot proceed to construction in a timely manner because a comparable replacement dwelling(s) will not be available to a person(s) to be displaced.

High replacement housing costs have been encountered more frequently in recent years. The statutory payment limits, unchanged until 1987, were sufficient to re-house almost all displaced persons in the early 1970s, but became increasingly inadequate thereafter.

10.5.1. METHODS FOR PROVIDING HOUSING OF LAST RESORT

The agency should obtain information about the needs, preferences, and intentions of the displaced person through in-depth interviews before planning housing solutions. There may be several possible solutions for each displaced person or group of displaced persons. Whatever the method, it should be cost-effective.

Agencies have broad latitude in how to use HLR authority. HLR may be provided on an individual basis (often a single case on a project), for an entire project, or anything in-between. Innovative methods are encouraged. HLR is a tool which is intended to respond to difficult or special needs and, in many cases, the best solution may be the one that does not fit a common mold. Do not make assumptions about the acceptability of a particular housing proposal until all the options have been explored with the displaced person.

After discussing HLR housing proposals with the displaced person and receiving their concurrence, the agency should obtain their written consent before implementing the chosen solution. In the absence of a displaced person's written agreement, the potential exists for a substantial expenditure on a proposal (for the construction of a house, for example) which the displaced person later may prove unwilling to accept.

Do not limit consideration of housing solutions to those that minimize the agency's administrative involvement. People who are displaced often have unique needs and housing solutions may have to be creative and individualized in order to meet those special needs. Merely providing the displaced person with more money to spend on housing may be administratively simple but more expensive than other housing solutions and may not address housing needs other than affordability.

In addition, try to plan a solution that will accommodate a displaced person's long-term housing needs. Persons receiving last resort assistance often are in tenuous positions and may find it difficult to maintain their situation after some period of time passes. One way of providing greater stability for some persons is to assist them to become homeowners. We encourage this approach when it is appropriate and concurred in by the displaced person.

The displaced person likely will need assistance in obtaining financing. For example, special counseling may be necessary in order to help the displaced person qualify for a mortgage. Perhaps the agency itself will have to provide financing or structure a solution allowing the displaced person to later qualify to purchase, e.g., to offer the dwelling initially for rent with an option to purchase agreement that would apply a portion of the rent to a downpayment. A number of other arrangements are conceivable.

Coordination with other agencies may be helpful and opportunity for cooperative agreements should be explored. Local agencies with programs involving housing such as Public Housing Authorities may be in a better position to provide and manage housing than the displacing agency. HLR projects may be contracted out to other agencies for construction as well as management. However, the displacing agency always retains responsibility for the outcome of the relocation.

We have identified below some methods of providing HLR:

1. PAYMENTS IN EXCESS OF THE STATUTORY LIMITS

You may make payments in excess of the statutory limits of \$22,500 and \$5,250 if comparable replacement housing is not available within the statutory limits.

2. REHABILITATION OF AND/OR ADDITIONS TO AN EXISTING REPLACEMENT DWELLING

The displacing agency may purchase an existing house and add a bedroom or make any repairs necessary to bring the house up to DSS standards. The agency may also remove barriers to the handicapped and construct special physical structures such as wheelchair ramps. The agency then may rent or sell the house to the displaced person.

3. NEW CONSTRUCTION

The agency may contract for the construction of new housing to be rented or sold to displaced persons for amounts within their financial means. There have been few projects that have necessitated large scale construction of new homes.

4. PROVISION OF A DIRECT LOAN OR USE OF OTHER FINANCIAL TECHNIQUES

This includes a wide range of financing instruments to assist a displaced person with the purchase of an existing dwelling, for example:

a. MORTGAGE ASSISTANCE

A mortgage may be secured by the displaced person and the agency may pay a monthly amount to the mortgage holder to make up the difference between the normal P&I payment and the monthly payment the displaced person can afford.

b. **MORTGAGE ORIGINATION**

The agency may take back a mortgage from the displaced person at an interest rate and terms the displaced person can afford. The loan may bear interest or it may be interest free, depending upon the circumstances and the policies of the agency.

c. **DOWNPAYMENT ASSISTANCE**

The agency may contribute an amount toward the purchase price of a dwelling that will enable the remainder to be financed at a payment the displaced person can afford.

d. **ANNUITY**

The agency may negotiate with a financial institution such as a bank or an insurance company to deposit an amount which will generate a monthly payment by the institution to subsidize the rent or mortgage payment of a displaced person.

5. **PHYSICAL RELOCATION OF A DWELLING**

The agency may move or pay for the move of an existing dwelling to the replacement site.

6. **PURCHASE OF EXISTING HOUSING**

The agency may purchase an existing dwelling which is to be rented or sold to the displaced person.

7. **REMOVAL OF BARRIERS TO THE HANDICAPPED**

The agency may pay for the removal of barriers to the handicapped.

There are many variations and combinations of techniques and methods that can be used to provide housing. HLR should be considered a useful administrative tool which invites innovation and creativity in solving unique or difficult replacement housing problems.

10.5.2. USE OF SOUND BUSINESS PRACTICES IN HOUSING OF LAST RESORT

HLR is a mechanism utilizing extraordinary funding or other actions to provide comparable, DSS housing. It is essential that all such actions be conducted in a cost-effective manner and in conformance with sound business practices. In particular, you should make every effort to assure that funds are utilized for the intended purpose (housing) to the maximum extent feasible.

For example, if the agency uses HLR to subsidize rent, an escrow account may be established, payable on a periodic basis to the displaced person, jointly to the displaced person and the landlord, or to some other appropriate person, as agreed to by the displaced person. Do not set up accounts to be paid to landlords or other persons without their written agreement to continue to provide the selected housing, maintained in accordance with DSS standards, for the displaced person for the entire 42 months. Of course, such accounts should be established only with the full knowledge and concurrence of the displaced person.

Also be aware that the personal circumstances of a displaced person can change after relocation into HLR. A subsequent move may be necessary due to a job opportunity in a distant location, a family illness, loss of employment, or other similar reasons. The HLR method should not freeze a person into a dwelling. On the other hand, the agency cannot incur additional costs to subsidize a subsequent move which is not project related. To the extent feasible, the agency should be willing to make benefits transferable if necessary.

Sometimes a displaced renter may move or the dwelling may no longer be available. In the event of such changes, the escrow agent should be instructed to promptly notify the agency. Since the full amount of the HLR rental subsidy vested with the displaced person when he or she occupied DSS replacement housing, the remainder can be paid to him or her, or the agency can assist in locating other housing.

10.6. MOBILE HOMES ([49 CFR 24 Subpart F](#))

Mobile homes present one of the most complex and difficult situations with which displacing agencies must cope. Mobile homes differ from conventional housing in that their status as real or personal property varies from state to state. Also, in a mobile home situation, there may be a separation between the dwelling and the site it occupies which is not present with a conventional dwelling. For example, one may own a mobile home but rent its site or vice versa.

These differences present the displacing agency with two general problems. The first involves a decision it does not have to make with conventional housing -- whether to acquire or move the dwelling from which displacement occurs. The second is a major increase in the complexity of determining the relocation payments for which the displaced person is eligible.

In addition, mobile homes typically will have a disproportionate number of low income, elderly, and other occupants who are difficult to move successfully. For all these reasons, dealing with mobile home moves will require the maximum in planning, preparation, patience, and assistance.

10.6.1. THREE BASIC MOBILE HOME FACTORS

As noted above, moves from mobile homes present two special problems, a decision on whether to acquire or move the mobile home and increased complexities concerning relocation payments. These problems, in turn, are affected by three basic considerations:

- Realty versus Personalty,
- Mobile Home versus Site, and
- Owner versus Tenant.

1. REALTY VERSUS PERSONALTY

The first consideration when dealing with mobile home moves is to determine the status of the mobile home as realty or personalty.

If the acquiring agency is a state or local agency, or any other entity, the status of the mobile home is determined in accordance with the laws of the state in which it is located. Some state laws allow mobile homes to be considered as either realty or personalty; others do not address the issue. Some state laws provide that mobile homes are considered realty if the wheels have been removed and the mobile homes have been attached in a permanent fashion to the site. Other state laws consider mobile homes as personalty regardless of how they are attached to the land.

The status of mobile homes as realty or personalty is important because, depending on state law, it may affect the agency's decision whether to acquire the mobile home or move it.

In general there are fewer problems associated with acquiring a mobile home as realty, especially if the site is owned by the owner-occupant of the mobile home. If acquisition is permitted under state law, we recommend that you acquire.

Whatever its requirements, state law concerning the status of mobile homes should be considered at the time the appraisal is made.

2. MOBILE HOME VERSUS SITE

As discussed above, mobile homes, unlike their conventional counterparts, may be separated from their sites, i.e., one may own a mobile home but rent its site, or vice versa. Thus it is useful to think of a mobile home move as consisting of two parts, one that deals with the mobile home itself, and one that deals with the site. Fortunately, in terms of the decision whether to acquire or move, one part is simple to think about. The site is always acquired.

However, for the mobile home (dwelling) part of the move, the matter becomes somewhat more complicated because a mobile home may be either acquired or moved. This decision will be influenced by a number of factors, including state law and the owner's (also, sometimes the tenant's) wishes. There are four distinct possibilities:

Mobile Home (Dwelling): Acquire or Move

Mobile Home Status	Situation	Decision
Realty	Owner wants to/can move it	Move it
	Owner doesn't want to/cannot move it	Acquire it
Personalty	Owner wants to/can move it	Move it
	Owner doesn't want to/cannot move it	Acquire it if state law allows; Move it if state law doesn't allow

Since a mobile home move often has two distinct parts, the mobile home itself and the site, it often is necessary to compute two separate replacement housing payments. For example, these payments might each reflect a different status (owner or tenant), since a person might own the mobile home but rent the site or vice versa.

3. OWNER VERSUS TENANT

As in conventional homes, replacement housing payments for persons displaced from mobile homes differ, based on their status as a homeowner or tenant. For RHP purposes, the occupant's status as an owner or a tenant is determined by his/her ownership or tenancy of the mobile home itself, not of the site on which it is located. Thus, an occupant of a mobile home who owns the mobile home and its site and an occupant who owns the mobile home but not the site, are both homeowners for RHP purposes and are potentially eligible for an RHP of \$22,500. Conversely, an occupant who owns the site but rents the mobile home is a tenant for RHP purposes and is eligible for an RHP not to exceed \$5,250. The computation of actual payments is discussed below.

Eligibility for RHPs also is affected by the length of time the displaced person has occupied the mobile home and the displacement site prior to the initiation of negotiations. This parallels the requirements for occupants of conventional dwellings.

10.6.2. MOVING COSTS AND RELATED EXPENSES

Any displaced person who owns and/or occupies a mobile home located within the required acquisition site is entitled to reimbursement of moving costs and related expenses for moving the mobile home if it is considered personal property, and/or for moving the contents of the mobile home.

There are many possible variations in payment computations for mobile home owners and occupants. These computations normally apply only to mobile homes. However, they also may apply to boats or other "detachable" structures used as dwellings. In order to facilitate payment computations, some, though not all, of the mobile home situations which may occur are discussed below.

1. MOVING EXPENSES FOR MOBILE HOMES OCCUPIED BY OWNERS

An owner-occupant of a displaced mobile home classified as personal property and not acquired by the displacing agency may be reimbursed for moving and related expenses on an actual cost basis, providing the agency determines the costs are reasonable and necessary. If an owner-occupant is reimbursed for the cost of moving the mobile home and any necessary related expenses, he/she is not eligible to receive a RHP for the mobile home itself. However, he/she may be eligible for a RHP in connection with the rental or purchase of a replacement site, depending upon the length and type of occupancy on the displacement site.

2. MOVING EXPENSES FOR MOBILE HOMES WITH NON-OCCUPANT OWNERS

A non-occupant owner of a displaced mobile home that is not acquired may be reimbursed for the actual cost of moving the mobile home from the site based on moving cost findings or estimates, documented self-move, or a commercial move. The use of business move procedures is proper in such a case because the mobile home is personally used for a business.

Since the owner in this case is not an occupant, there is no eligibility for a replacement housing payment.

3. MOVING EXPENSES FOR MOBILE HOMES OCCUPIED BY TENANTS

A tenant of a displaced mobile home may be reimbursed for moving his/her personal property on an actual cost basis or on the basis of a moving expense schedule. The latter payment depends on the number of rooms of furniture and whether the mobile home is rented furnished or unfurnished. The Fixed Residential Moving Cost Schedule is available at <http://www.fhwa.dot.gov/realestate/fixsch96.htm>.

You should note that for a mobile home there may be two moving expense payments, one for the owner to move the mobile home, and one for the tenant to move furnishings and other personal property. This also may occur for a conventional dwelling (e.g., when a non-occupant owner has personal property to be moved), but much less frequently.

10.6.3. ELIGIBLE MOVING EXPENSES (49 CFR [24.301\(g\)\(1-10\)](#))

The following are the moving and related expenses eligible for reimbursement:

1. Moving the mobile home and other personal property. Moving expenses are generally limited to a 50 mile radius unless the agency determines that a move in excess of 50 miles is justified.
2. Packing, crating, moving, and unpacking personal property. If these services are performed by the mobile home owner-occupant, the agency may, at its discretion, pre-establish a reasonable amount for reimbursement of these expenses instead of requiring documentation. The agency should have a policy in place to support any pre-established amounts.
3. Storage of the personal property for a period not to exceed 12 months, unless the agency determines that a longer period is necessary.
4. Disconnecting and reconnecting household appliances.
5. The reasonable cost of disassembling, moving, and reassembling any attached appurtenances such as porches, decks, skirting and awnings which were not acquired, plus the cost of leveling the mobile home, anchoring the mobile home, and normal utility hook-up charges.
6. The cost of repairs or modifications to enable a mobile home (that is considered personalty under state law) to be moved and/or the costs necessary to make the mobile home DSS providing the agency determines the cost is reasonable and economically feasible.
7. The cost of insurance for the replacement value of the mobile home and other personal property during the move.
8. The replacement value of the mobile home and other personal property lost, stolen, or damaged during the moving process, which is not the fault of or due to the negligence

of the displaced person, his/her agent, or employee(s), when insurance covering such loss, theft, or damage is not reasonably available.

9. A non-returnable mobile home park entrance fee is also reimbursable as part of the moving cost benefit providing the fee does not exceed the fee charged at a comparable mobile home park. The agency must also make the determination that payment of the entrance fee is necessary in order to relocate the mobile home.
10. Temporary lodging (including meals) for displaced mobile home occupants while a mobile home is being relocated and reestablished at a replacement site. Temporary lodging is to be used only for a short period of time and payment should be based on a determination that the costs involved are reasonable and necessary.
11. Other related moving expenses that the agency determines to be reasonable and necessary which are not listed as ineligible under the Uniform Act regulations.

Cost of Comparable Mobile Home	\$18,000
Acquisition Price of Displaced Mobile Home	<u>-14,000</u>
Price Differential	\$ 4,000
Cost of Comparable Mobile Home Site	\$ 5,000
Acquisition Price of Displaced Mobile Home Site	<u>- 4,000</u>
Price Differential	\$ 1,000
Sum of Price Differentials for Mobile Home and Site (\$4000 plus \$1000)	\$ 5,000
Interest Differential	\$ 2,000
Incidental Expenses	<u>\$ 500</u>
Maximum Replacement Housing Payment	\$ 7,500
<p>If comparable mobile homes and sites are not available it may be necessary for the agency to compute the RHP offer using a larger or more expensive mobile home and site or a conventional dwelling on a lot.</p> <p style="text-align: center;">SEPARATE MOBILE HOME AND SITE COMPUTATION (PURCHASE)</p>	

10.6.4. REPLACEMENT HOUSING PAYMENTS

A RHP for a person displaced from a mobile home usually is comprised of a computation for a comparable mobile home and a computation for a comparable mobile home site, or a combination of the two.

If the displaced person owns both the mobile home and the mobile home site, the agency should endeavor to locate a mobile home on a site, as a unit for comparison purposes, similar to the comparison of conventional dwellings.

The first step is to compare the value or the rent of the displacement mobile home to the cost or the rent of a comparable replacement mobile home and compute a price differential offer or a rental assistance offer, depending upon the ownership or tenancy status of the mobile home

occupant. The second step is to compare the displacement site to a comparable replacement site and compute a price differential offer or a rental assistance offer depending upon the ownership or tenancy of the mobile home site.

1. 180-DAY OWNER-OCCUPANTS (49 CFR [24.502](#))

A displaced person who owned and occupied a mobile home on the displacement site for at least 180 days immediately preceding the initiation of negotiations for the acquisition of the mobile home and/or the site is eligible for a purchase supplement payment (composed of a price differential, incidental expenses, and, if applicable, a mortgage interest differential) not to exceed \$22,500. The payment is computed using a replacement mobile home and site. If a comparable mobile home and site is not available, you may use an appropriate conventional dwelling. The total payment for both the replacement mobile home and site may not exceed \$22,500, unless HLR is required.

If the mobile home is realty and is to be acquired, it will be appraised to determine its value and the acquisition price for the mobile home and its site may be used as the basis for computing the price differential portion of the payment.

Sometimes the mobile home is considered personalty, but the acquiring agency determines it cannot be moved because:

- a. The mobile home is not and cannot economically be made DSS because it is structurally unsound, inadequate in size to accommodate the displaced person(s), or does not meet code requirements.
- b. The mobile home cannot be moved without substantial damage or unreasonable cost.
- c. There are no available comparable replacement sites for the mobile home.
- d. The mobile home is DSS but mobile home park entrance requirements require extensive modifications that are not economical.
- e. The mobile home cannot be relocated because it does not meet mobile home park entrance requirements.

If the mobile home is owner-occupied, and if state law permits, the agency may acquire the mobile home and use the purchase price as a base for determining the RHP. If the agency cannot purchase the mobile home under state law because it is considered personalty, the agency should use the salvage value or trade-in value of the mobile home, whichever is higher, as the acquisition cost of the mobile home for purposes of computing the RHP. However, title to the mobile home does not pass to the agency and the displaced owner remains responsible for moving the unit off the acquired land. If the mobile home is abandoned in place, the agency may remove it in accordance with state law.

Mobile Home is Personalty - Not Being Acquired - No Site Available

Comparable Price: Cost of Conventional Dwelling	\$25,000
Less Acquisition Price: Salvage Trade-In Value (whichever is greater)	4,000
Less Acquisition Price Displacement Site	5,000
Replacement Housing Payment	\$16,000

SAMPLE COMPUTATION

2. TENANTS AND 90-179 DAY OWNER OCCUPANTS (49 CFR [24.503](#))

A displaced tenant or short-term owner-occupant is eligible for a RHP if: the tenant occupied a mobile home on the displacement site for at least 90 days immediately preceding the date of initiation of negotiations for the acquisition of the mobile home and/or site; or the short-term owner-occupant owned and occupied a mobile home on the displacement site for at least 90 days but less than 180 days immediately preceding the date of initiation of negotiations for the acquisition of the mobile home and/or site. This payment may not exceed \$5,250 for either rental assistance or downpayment assistance.

The displaced person is a 90-Day Tenant and rents the mobile home and site. The agency will be acquiring both the mobile home and site from the owner. The mobile home is considered realty under state law.

While the displaced person may elect to rent either a replacement mobile home and site or a conventional dwelling, the rental assistance computation will be based on a comparable mobile home and site.

Separate Mobile Home and
Site Computation (Rental)

Rent for a comparable mobile home	\$ 400
Rent for displacement mobile home	\$ <u>350</u>
Difference	\$ 50
Difference times 42 months (42 x \$50)	\$2,100
Rent for a comparable mobile home site	\$ 200
Rent for displacement mobile home	\$ <u>150</u>
Difference	\$ 50
Difference times 42 months (42 x \$50)	\$2,100
Sum of rental differences for mobile home and site	\$4,200
Total Payment (\$2100 plus \$2100)	

MOBILE HOME AND SITE BOTH RENTED

The RHP for both the 90-day tenant and the 90-179 day owner-occupant will be based on a rental assistance payment for a comparable replacement mobile home and site, or for a conventional dwelling if no comparable mobile homes and sites are available. If the 90-179 day owner-occupant decides to purchase, a downpayment assistance payment would be computed in accordance with 49 CFR [24.402\(c\)](#). The computed payment plus estimated incidental expenses and increased mortgage interest (if any) will set the upper limits for assistance in purchasing a replacement mobile home and site. The total may not exceed \$5,250 (unless HLR is required).

If a tenant elects to remain a tenant in the subject mobile home at a replacement site, he/she may be eligible for a rental assistance payment (for the site), providing the relocated mobile home is DSS and there is an increase in the rent at the replacement site. However, the payment may not exceed the agency's computation based on a comparable mobile home and site.

Tenant Rental Assistance Payment Site Only	
Rent*, Comparable Replacement Site	\$300
Less Market Rent*, Displacement Site	250
Difference	50
Times 42 months (50 X 42): = Payment	\$2,100
*Monthly rent, including utilities	
SAMPLE COMPUTATION	
Short-Term Owner/Occupant Rental Assistance Payment Site Only	
The displaced person is a 90-Day Owner-Occupant and owns the mobile home and the site, but only the site is being acquired. The mobile home is considered personalty and will be moved to a replacement site.	
Rent,* Comparable Replacement Site	\$300
Less Market Rent, Displacement Site	250
Difference	50
Times 42 months (50 X 42): = Payment	\$2,100
*Monthly rents, including utilities	
SAMPLE COMPUTATION	

At his/her option, a displaced tenant also may be eligible for downpayment assistance to assist in the purchase of a replacement mobile home and site, or a conventional dwelling. The total downpayment may not exceed \$5,250 or the computed rental assistance payment whichever is in accordance with the displacing agency's regulations for RHPs for tenants (49 CFR [24.402\(c\)](#)).

Another example:

The displaced person is a 90-179 Day Owner-Occupant who owns the mobile home but rents the site. The mobile home cannot be acquired because it is considered to be personal property. Also, due to its age and deteriorated condition, the agency has determined that the mobile home cannot be relocated without substantial damage or unreasonable cost.

The displaced person is eligible for a payment for a replacement dwelling and a payment for a replacement site. For the dwelling portion, he or she may elect either downpayment assistance to purchase replacement housing or a rental assistance payment if he/she chooses to rent. Similarly, for the site part of the payment, he/she may elect either downpayment or rental assistance.

The displaced person is a 90-Day Owner-Occupant and owns the mobile home and the site. The agency will be acquiring both the mobile home and the site. The mobile home is considered realty.

The displaced person may be eligible for a downpayment to purchase a comparable replacement mobile home and site or a conventional dwelling plus any incidental expenses involved in the purchase. The payment may not exceed the amount that he/she would have received as a 180-day owner or \$5,250, whichever is less.

If the displaced person elects to rent a comparable replacement mobile home and site or a conventional dwelling instead of purchasing, the rental assistance payment will be based on the market rent of the displacement mobile home and site, and computed in the usual manner for a 42 month period. If the computations for the mobile home and site combined exceed \$5,250, replacement housing of last resort must be used.

90-DAY OWNER-OCCUPANT

No matter which of these options the displaced person chooses, the maximum RHP for which he/she may be eligible is \$5,250. Payment may exceed \$5,250 if housing of last resort is needed.

The RHP computation should be based on a replacement mobile home and site, or on a conventional dwelling if there are no mobile homes available.

If the displaced person elects to purchase a replacement mobile home and purchase or rent a replacement site, the maximum payment for downpayment assistance would be limited to the amount he or she would have received as a 180-day owner up to \$5,250, whichever is less. Salvage value or trade-in value (whichever is higher) would be used as the acquisition price in the computation.

Since the mobile home is considered personal property, it cannot be acquired. If the displaced person elects to receive a downpayment or a rental assistance payment, he/she will still own the mobile home and must remove it from the project at his/her own expense (unless there is

an agreement with the displacing agency to abandon the mobile home in place). The displaced person cannot receive both a RHP for the mobile home and a moving cost payment to relocate the mobile home.

A 180-day mobile home owner-occupant who also owns the site purchases a conventional single family dwelling:	
Computation	
Cost of Comparable Mobile Home	\$18,000
Acquisition price of Subject Mobile Home -	<u>-10,000</u>
Price Differential Offer for Mobile Home	\$ 8,000
Cost of Comparable Mobile Home Site	\$ 8,000
Acquisition Price of Subject Mobile Home Site -	<u>-6,000</u>
Price Differential Offer for Mobile Home Site	\$ 2,000
Maximum Price Differential Offer	\$10,000
(Price Differentials for Mobile Home and Site)	\$45,000
Actual cost of Replacement Property	
(Conventional Single Family Residence)	\$10,000
Price Differential Payment	

Note: The subject mobile home and site would probably be appraised as a unit for a total acquisition price of \$16,000. Ideally the comparable would be for sale for a unit price of \$26,000 which would make the computation much easier; however unit priced comparables are not always available and a separation of values may be necessary.

**MOBILE HOME OWNER
TO CONVENTIONAL DWELLING**

10.6.5. MOVES BETWEEN A MOBILE HOME AND A CONVENTIONAL DWELLING

There will be some cases when a displaced mobile home owner-occupant will prefer to purchase and relocate to a conventional dwelling. In this case the maximum price differential computation will be based on a comparable mobile home and site.

A 180-day owner-occupant of a conventional dwelling purchases a mobile home and a site as a replacement.

Asking Price of Comparable Replacement Property	\$40,000
Acquisition Price of Acquired Dwelling and Site	<u>\$35,000</u>
Maximum Price Differential Offer	\$ 5,000
DSS Mobile Home Purchased	\$28,000
Set-up Charges	\$ 1,500
Replacement Site	\$ 8,000
Site Improvements (Water/Septic)	<u>\$ 4,000</u>
Total (Purchase Price plus Set-up Charges plus Replacement Site plus Site Improvements)	\$41,500
	\$41,500
Cost of Replacement Mobile Home and Site	<u>-\$35,000</u>
Acquisition Price of Subject Property	\$ 6,500
Difference	\$ 5,000
Price Differential payment (lesser of maximum offer or computation)	

Note: generally, an owner-occupant of a conventional dwelling who elects to purchase a mobile home and site would not be eligible for a price differential payment. Usually the acquisition price of the acquired property would exceed the cost of a replacement mobile home and site. Even so, there may be eligibility for the other two elements of the RHP, the interest differential and/or incidental expenses payments.

**CONVENTIONAL DWELLING
TO A MOBILE HOME**

Similarly, a 180-day owner who occupies a conventional dwelling may decide to purchase a mobile home and site, or perhaps rent a replacement site. The purchase supplement would be computed in the usual manner using a conventional dwelling. If the displaced person purchases a DSS mobile home and a mobile home site, he or she can receive a purchase supplement up to the amount of the computed offer plus incidental expenses and an increased interest payment if applicable. This total amount may not exceed \$22,500.

10.6.6. REPLACEMENT HOUSING PAYMENT FOR A SITE ONLY

An owner-occupant of a mobile home may be eligible for a RHP for a replacement site even though the mobile home was moved and moving costs were reimbursed. The computation for 180-day owner-occupants cannot exceed \$22,500 for a purchased site comparable to the acquired site. The computation for a short-term owner-occupant cannot exceed \$5,250 for a replacement rental site.

10.6.7. REPLACEMENT HOUSING OF LAST RESORT

Replacement HLR is available to displaced owner occupants and tenants of mobile homes. See Chapter [10.5](#). and 49 CFR [24.404](#) for the HLR methods available.

10.7. NON-RESIDENTIAL RELOCATION PAYMENTS

Non-residential relocation payments are intended to compensate a business, farm, or a non-profit organization (NPO) caused to move by a highway project receiving Federal financial assistance. Payments may be made to owners, owner/occupants, and tenants. These payments may be subdivided into two types: moving expense payments and reestablishment expense payments. As with residential payments, each payment has its own set of specific requirements.

10.7.1. NON-RESIDENTIAL MOVING EXPENSE PAYMENTS

Non-residential moving expense payments are designed to compensate for the moving and related costs which a person incurs as a result of having to move his or her business, farm, or a NPO (or to move personal property) for a Federal or federally-assisted project. They include items such as the cost of transporting personal property from the displacement to the relocation site, packing and unpacking, the cost of storage, if necessary, and other related costs.

There are two methods for computing non-residential moving expense payments, the actual cost payment method and the in-lieu payment method. A displaced business which chooses the actual cost method also may be eligible for a separate reestablishment payment; however, a business choosing the in-lieu payment method is not eligible for a reestablishment payment. The in-lieu payment is just that, in lieu of all other moving costs, and has special requirements and not all displaced businesses will be eligible. A displaced business which is eligible may choose either of these payment methods.

1. ELIGIBLE NON-RESIDENTIAL MOVING EXPENSES (49 CFR [24.301\(g\)](#))

- a. Transportation of personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless the agency determines that relocation beyond 50 miles is justified.
- b. Packing, crating, and unpacking of the personal property.
- c. Disconnecting, dismantling, removing, reassembling, and reinstalling relocated machinery, equipment, and other personal property, including substitute personal property described at §[24.301\(g\)\(16\)](#). This includes connection to utilities available nearby. It also includes modifications to the personal property necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property. Expenses for providing utilities from the right-of-way (ROW) to the

building or improvement are excluded under this section but may be eligible under reestablishment costs.

- d. Storage of the personal property for a period not to exceed 12 months, unless the agency determines that a longer period is necessary.
- e. Insurance for the replacement value of the personal property in connection with the move and necessary storage.
- f. Any license, permit, or certification required of the displaced person at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit, or certification.
- g. The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available.
- h. Professional services necessary for:
 1. Planning the move of the personal property. If a professional move planner is used, be sure the method of payment and the estimated amount is clear before authorization for such services is approved.
 2. Moving the personal property, and
 3. Installing the relocated personal property at the replacement location.
- i. Re-lettering signs and replacing stationery, on hand at the time of displacement, that became obsolete as a result of the move.
- j. Actual direct loss of tangible personal property incurred as a result of moving or discontinuing the business or farm operation. The payment shall consist of the lesser of:
 1. The fair market value of the item for continued use at the displacement site, less the proceeds from its sale. To be eligible for payment, the claimant must make a good faith effort to sell the personal property, unless the agency determines that such effort is not necessary. When payment for property loss is claimed for goods held for sale, the fair market value shall be based on the cost of the goods to the business, not the potential selling price; or
 2. The estimated cost of moving the item, but with no allowance for storage. If the business or farm operation is discontinued, the estimated cost shall be based on a moving distance of 50 miles.
- k. The reasonable cost incurred in attempting to sell an item that is not to be relocated.
- l. Purchase of substitute personal property. If an item of personal property which is used as part of a business or farm operation is not moved but is promptly replaced with a substitute item that performs a comparable function at the replacement site, the displaced person is entitled to payment of the lesser of:
 1. The cost of the substitute item, including installation costs at the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or

2. The estimated cost of moving and reinstalling the replaced item but with no allowance for storage. At the agency's discretion, the estimated cost for a low cost or uncomplicated move may be based on a single bid or estimate.

m. COMPUTATION OF SUBSTITUTE EQUIPMENT PAYMENT	
n. Cost of Substitute Item	o. \$10,000
Plus: Installation Cost	<u>+ 1,000</u>
	\$11,000
Minus: Proceeds of the Sale	<u>- 2,500</u>
Equals: Substitute Equipment Payment*	\$ 8,500
p. *May not exceed estimated cost to move	

- q. Searching for a replacement location. A displaced business or farm operation is entitled to reimbursement for actual expenses, not to exceed \$2,500, as the agency determines to be reasonable, which are incurred in searching for a replacement location, including:
 1. Transportation.
 2. Meals and lodging away from home.
 3. Time spent searching, based on reasonable salary or earnings.
 4. Fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase of such site.
 5. Time spent obtaining permits and attending zoning hearings.
 6. Time spent negotiating the purchase of a replacement site based on a reasonable salary or earnings.
- r. Low Value/High Bulk property. A displaced business or farm operation may own property, such as stockpiles of sand, gravel, etc. The agency may determine that the cost of moving this property would be disproportionate to its value. The agency must use extreme caution in making this determination because the property may be contaminated and cost the agency more in the long run. If the agency determines the property is high bulk with low value, the displaced business or farm operation is entitled to a payment equal to the lesser of:
 1. The amount which would be received if the property were sold at the site.
 2. The replacement cost of a comparable quantity delivered to the new business site.
- s. Other moving-related expenses that are not listed as ineligible below, as the agency determines to be reasonable and necessary.

2. INELIGIBLE MOVING AND RELATED EXPENSES (49 CFR [24.301\(h\)](#))

- a. The cost of moving any structure or other real property improvement in which the displaced person reserved ownership.
- b. Interest on a loan to cover moving expenses.
- c. Loss of goodwill.
- d. Loss of profits.
- e. Loss of trained employees.
- f. Any additional operating expenses of a business or farm operation incurred because of operating in a new location except for eligible reestablishment expenses.
- g. Personal injury.
- h. Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the agency.
- i. Expenses for searching for a replacement dwelling.
- j. Physical changes to the real property at the replacement location of a business or farm operation, except for eligible reinstallation expenses and eligible reestablishment expenses.
- k. Costs for storage of personal property on real property already owned or leased by the displaced person.
- l. Refundable security and utility deposits.

3. ACTUAL COST PAYMENT

The non-residential actual cost payment, like its residential counterpart, is based on the actual, reasonable cost of moving and related costs. This means that to be reimbursed costs must be actually incurred and must be reasonable, i.e., typical of the amounts charged in the area for similar moves. In addition, the items of cost which are included in the claim for reimbursement must be necessary to accomplish the move. When making determinations concerning reasonableness and necessity, the agency should use common sense and good judgment.

There is no fixed dollar ceiling on payments for actual moving expenses, but the payment may not exceed the actual cost of the moving and related expenses. An actual cost move may be carried out by a commercial mover or by the displaced person, that is, a self-move. In either case, to be certain that the move takes place at a reasonable cost, an inventory (a detailed itemization of personal property to be moved) should be prepared. The relocation agent should verify the accuracy of the inventory and use it as a basis of comparison with bids or estimates and eventual requests for payment.

Many business moves are quite simple and straight-forward, but some may be very complicated. If appropriate in the agency's estimation, the move should be based on written

specifications. Specifications are detailed instructions concerning how and when the move is to be carried out and ensure that the displaced person, the agency, and the mover all agree on what is to take place. The relocation agent should observe the move as it takes place (full-time if large or complex enough to warrant it) to insure conformance with the specifications and reasonableness of cost.

If the displaced person elects to use a commercial mover and the agency concurs, it is desirable to obtain bids or estimates, two if possible. This is the agency's responsibility! The agency may pay a reasonable amount for bid preparation, if it is necessary to do so to obtain adequate and reasonable bids. If necessary, the agency may pay the mover directly for the services. In any case, the costs claimed for reimbursement of an actual cost move must be supported by appropriate receipts or other records.

Often a self-move is advantageous to both the displacing agency and the displaced person because of specialized knowledge or skills possessed by the latter. This knowledge or skill may be difficult to find in the local moving industry or available only at great expense, whereas the displaced person's employees may be able to carry out the move more efficiently and at their regular rates of pay, which may well result in lower costs.

Reimbursement for a self-move is based on the actual cost incurred by the business for equipment and labor. Labor is to be charged at the actual rates paid by the business but not to exceed the rate charged by local moving firms for the same services. Charges for equipment owned by the business and used in the move should be prorated against its usual operating cost. It also is acceptable to pay for management time for overseeing the move.

10.7.2. RELATED NONRESIDENTIAL ELIGIBLE MOVE EXPENSES (49 CFR [24.303](#))

The following expenses, in addition to those provided by 49 CFR [24.301](#) for moving personal property, shall be provided if the agency determines that they are actual, reasonable and necessary:

- a. Connection to available nearby utilities from the ROW to improvements at the replacement site.
- b. Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for the displaced person's business operation including but not limited to, soil testing, feasibility and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such site). At the discretion of the agency a reasonable pre-approved hourly rate may be established.
- c. Impact fees or one time assessments for anticipated heavy utility usage, as determined necessary by the agency.

1. REESTABLISHMENT EXPENSES PAYMENTS (49 CFR [24.304](#))

A payment in addition to the payments mentioned above and specifically in 49 CFR [24.301](#) and §[24.303](#), may be made to small businesses for expenses in connection with reestablishing

at a relocation site. This payment may not exceed \$10,000. Farms and non-profit organizations also are eligible for this payment. This payment may not be made to a displaced business, farm, or non-profit organization which receives a fixed payment set out in 49 CFR [24.305](#).

A small business is one with not more than 500 employees working at the site being acquired or displaced by the project, which site is the location of economic activity. Sites operated solely by outdoor advertising signs, displays, or devices do not qualify as a business for purposes of the reestablishment expense payment.

ELIGIBLE REESTABLISHMENT EXPENSES (49 CFR [24.304\(a\)](#))

The following is a list of the expenses which are included under this payment. All such expenses must be reasonable and necessary for reestablishment in the judgment of the agency:

1. Repairs or improvements to the replacement real property as required by Federal, state or local law, code, or ordinance.
2. Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
3. Construction and installation costs for exterior signing to advertise the business.
4. Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling, or carpeting.
5. Advertisement of replacement location.
6. Estimated increased costs of operation during the first 2 years at the replacement site, for such items as:
 - a. Lease or rental charges,
 - b. Personal or real property taxes,
 - c. Insurance premiums, and
 - d. Utility charges, excluding impact fees.
7. Other items that the agency considers essential to the reestablishment of the business.

2. FIXED PAYMENT IN-LIEU OF ACTUAL MOVING EXPENSES (49 CFR [24.305](#))

This payment, as the name indicates, takes the place of the actual moving and related expenses payment. It provides a payment of from \$1,000 to \$20,000, equal to the average annual net earnings of the business (average gross revenue for a displaced NPO). It has several advantages. First, it is simple to administer and relieves the agency and displaced person of having to detail actual moving costs. Second, it provides flexibility for the displaced business (for ease of usage the term business as used here includes farm operations and non-profit organizations, unless specified otherwise) which may use it to cover those costs it deems most important; this is especially useful for the business which chooses not to reestablish and may have to cover loss of income or the cost of discontinuing operations.

A displaced business which meets the specific criteria (set out below) for a fixed payment may choose either the fixed payment or the actual expense payment, but not both! In addition, a displaced business receiving a fixed payment may not receive a reestablishment expenses payment.

Case 1 - Full 2 years income:	
Annual income Year 1=	\$10,000
Annual income Year 2=	\$14,000
Total income for 2 years=	\$24,000
Average income/ In-Lieu Payment=	\$12,000
Case 2: Partial period income:	
Annual income Year 1=	\$10,000
Year 2 (Six months)=	\$ 8,000
Total income for 18 months=	\$18,000
Ratio of 24/18 months= 4/3	\$24,000
4/3 X \$18,000 (2 years)=	\$24,000
\$24,000/2 years (Payment)=	\$12,000
COMPUTATION OF IN-LIEU PAYMENT	

Not all displaced businesses will be eligible for the fixed payment. In order to be eligible for the fixed payment, a displaced business or NPO must meet specific criteria:

1. The move causes the business to suffer a substantial loss of existing patronage (clientele or net earnings). This loss is presumed to occur but the agency may determine otherwise. Such a determination could occur if a displaced business did not depend on its location for its clientele or revenue, e.g., a mail order business.
2. The business owns or rents personal property at the displacement site which it must move at its own expense, and the business, itself, must move from the displacement site. However, the business need not reestablish at another location in order to be eligible for the fixed payment.
3. The business is not a part of a commercial enterprise which has more than three other entities engaged in the same or simpler business and not being acquired for the project.
4. The business is not operated at a displacement dwelling or displacement site solely for the purpose of renting such dwelling or site (including structures) to others.
5. The business must contribute materially to the income of the displaced person during the two taxable years prior to displacement. If the agency determines that the two years immediately prior to displacement are inequitable or inappropriate for another

reason, it may select another more appropriate period. **Contribute materially** means that the business:

- a. Had average annual gross receipts of at least \$5,000; or
- b. Had average annual net earnings of at least \$1,000; or
- c. Contributed at least one-third of the owner/operator's average annual gross income from all sources.

If, in the agency's judgment, the application of these criteria creates a hardship, the agency may use other more appropriate criteria.