



# Property Acquisition, Demolition, Rehabilitation & Relocation

The Uniform Act, and Section  
104(d) – What you need to know  
for NSP



# Why are URA and Section 104(d) important in NSP?

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- Statutory protections for property owners & occupants
- Triggered by the use of Federal Financial Assistance
- Acquisition Requirements
- Relocation Requirements



# Best Case Scenario

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- BUY VACANT PROPERTY!
- Buy/demo/rehab with NSP funds ONLY!
  - Mixing funds can undo NSP alternative requirements
- Buy residential property ONLY!
  - Businesses have protections too
  - Avg. business relocation costs \$23,852
    - 2007 Avg. in Oklahoma \$85,800, Texas \$49,600, Florida \$59,700



# Uniform Act

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- Purpose
- Who does it protect?
- Triggers: Acquisition, demolition, or rehabilitation
- What does it involve?
  - Planning
  - Manpower (44 hours per household)
  - Money



# Section 104(d)

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- Purpose
- Who does it protect?  
(CDBG/HOME/NSP)
- Components:
  - RARAP (Residential Antidisplacement and Relocation Assistance Plan)
  - One-for-one replacement
  - Relocation for Lower Income tenants
- Triggers: Demolition or conversion



# Section 104(d) Cont'd

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- What does it involve?
  - TWO calculations of assistance payments
  - Planning
  - Manpower
  - Money



# URA & 104(d) in NSP

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- NSP = CDBG funding
- Both may apply to any NSP funded activity
- Plan your activities/projects wisely!



# NSP Alternative Requirements

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- Acquisition of property at a discount from Fair Market Value (URA)
- Appraisal of property required (URA)
- "One-for-one" replacement (104(d))
  - Action plan goals & reporting
  - # expected to be demolished or converted
  - # affordable units to be made available
  - # unit for persons at or below 50% of median



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# **URA**

# **Real Property Acquisition**



# URA Acquisition Requirements

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## Different requirements for:

- Acquisitions under threat of eminent domain (involuntary)
- Voluntary acquisitions



# Involuntary Acquisition

(49 CFR 24.102 - .108)

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- Basic Acquisition Policies
- Appraisal
- Appraisal Review
- Payment of Incidental Expenses
- *More*



# Involuntary Acquisition & Relocation

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- Displaced owner-occupants eligible for relocation assistance and payments
- Displaced tenant-occupants eligible for relocation assistance and payments



# Voluntary Acquisition

49 CFR 24.101(b)(1)-(5)

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## Different requirements for different situations

- Acquisitions by agencies with the power of eminent domain (49 CFR 24.101(b)(1))
- Acquisitions by agencies without the power of eminent domain (49 CFR 24.101(b)(2))
- Acquisitions from Federal\* (\*eg. FHA) & State agencies (49 CFR 24.101(b)(3))



# Agencies with Power of Eminent Domain

Must satisfy **all** requirements of 49 CFR 24.101(b)(1)(i)-(iv)

- No specific site needs to be acquired
- Not part of project where all property to be acquired
- Inform owner in writing will not acquire if agreement not reached
- Inform owner in writing of property's market value



# Agencies without Power of Eminent Domain

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Must satisfy all requirements of 49 CFR 24.101(b)(2)

- Prior to offer, inform owner unable to acquire if agreement not reached
- Inform owner in writing of property's market value



# Voluntary Acquisition & Relocation

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- Displaced owner-occupants not eligible for relocation assistance and payments
- Displaced tenant-occupants eligible for relocation assistance and payments



# NSP Acquisitions and the URA

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- Most acquisitions covered by 49 CFR 24.101(b)(1) or (b)(2)
- Requirement for an appraisal
- Appraisal must meet requirements of 49 CFR 24.103
- Offer must be less than current appraised value



# NSP Acquisition and the URA

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## CHALLENGES

- Abandoned and blighted properties
- Eminent Domain
- Mixed finance projects



# URA and 104(d)

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## Relocation Requirements



# URA Relocation Requirements

- Early, common sense planning
  - Agency staff resources needed (44 hrs / household)
  - Time and experience
  - Estimating costs
    - Nationwide avg. \$22,000 per household
    - Low Income households: \$71,000 NY, \$52,000 Atlanta, \$33,000 Chicago
  - Relocation survey of occupants



# URA Relocation Requirements Cont'd

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- Available comparable housing for relocation \*
- Business relocation assistance
- Special services needs (translation, accessibility issues)
- Contracting out relocation services ?



# URA Relocation Requirements Cont'd

- Consultation with occupants is crucial!
  - Family size
  - Income
  - Work, School, Transportation needs
  - Existing overcrowded conditions
  - Moving elderly or persons with disabilities
  - Avoid "economic displacement" (CDBG/HOME)
    - Same monthly rent in new project
    - Or 30% of avg. monthly gross income



# URA Relocation Requirements Cont'd

- Staff or contractor resources needed to:
  - Provide advisory services
  - Locate replacement housing
  - Estimate moving costs
  - Verify income and current housing costs (rent & utilities)
  - Estimate replacement housing payments (based on 42 months)
  - Receive, process and pay claims
  - Handle appeals, court actions



# URA Relocation Requirements Cont'd

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- All occupants must be provided with appropriate:
  - Notices
    - General Information Notice
    - Notice of Eligibility or Ineligibility
    - 90 day Notice to move



# URA Relocation Requirements Cont'd

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- Advisory Services
  - Personal interview
  - Determine relocation needs and preferences
  - Explain payments & other assistance
  - Explain eligibility requirements
  - Process for receiving payments
  - Information on availability and cost of replacement housing



# URA Relocation Requirements Cont'd

- Advisory Services
  - Assist minorities to relocate out of areas of concentration
  - Provide transportation to look at replacement housing
  - Inspect replacement housing (DSS)
  - Counseling on community services available
  - Information on government assistance programs
  - Housing counseling key to NSP



# URA Relocation Requirements Cont'd

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- Relocation Payments
  - Moving expenses
    - Pack
    - Transport
    - Unpack
  - Replacement housing payments
    - To rent or
    - To buy (downpayment)



# URA Relocation Requirements

## Cont'd

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- Assistance for households not to be displaced
  - Referrals to suitable unit if temporary relocation is required
  - Remember avoid “economic displacement”
    - Same monthly rent in new project
    - Or 30% of avg. monthly gross income
  - Reimbursement for out-of-pocket expenses in connection with temporary move, if required
    - Moving/storage expenses
    - Utility connections



# 104(d) Relocation Requirements

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- Must have in place a Residential Antidisplacement and Relocation Assistance Plan (RARAP)
- 104(d) Assistance Applicable only to lower-income tenants (LI = at or below 80% of median)
- Same general requirements as URA: Providing notices, advisory services
- Payment for moving costs



# 104(d) Relocation Requirements Cont'd

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- Must offer 104(d) replacement housing assistance (rent or downpayment)
  - Calculated based on Section 8 income definition
  - Based on 60 months vs. 42 months under URA
  - Replacement housing payment may be offered in form of a Housing Choice Voucher for eligible households



# 104(d) Relocation Requirements Cont'd

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- Security deposits paid
- Downpayment assistance limited to cooperative housing and mutual housing \*
- Displaced LI tenant has option of selecting URA assistance instead



# Acquisition/Relocation Resources

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- [www.HUD.gov/relocation](http://www.HUD.gov/relocation)
  - Laws & Regulations
  - Policy & Guidance
  - Contacts
  - Forms
  - HUD RAP Newsletter
  - Publications
  - Training
  - MAILING LIST! Sign up for Listserve
- NSP Website & Q&As