**CHAPTER 25**

**RELOCATION AND REAL PROPERTY ACQUISITION**

25-1 PURPOSE. The purpose of this Chapter is to provide guidance for conducting monitoring for compliance with relocation assistance and real property acquisition requirements in Community Planning and Development (CPD) programs.

25-2 ROLES AND RESPONSIBILITIES. This Chapter is to be used primarily by HUD Regional Relocation Specialists and, to a lesser degree, by CPD Representatives. Regional Relocation Specialists have primary responsibility for monitoring program participant compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), section 104(d) of the Housing and Community Development Act of 1974, and related program-specific requirements in CPD programs.

25-3 APPLICABILITY. Relocation and real property acquisition in Federally-assisted programs and projects are subject to the requirements of the URA and the applicable program regulations. In addition, the displacement of any lower-income person as a direct result of the demolition of any housing unit or the conversion of a lower-income dwelling unit to a use other than lower-income housing in connection with an activity or series of activities funded, in whole or in part, through the Community Development Block Grant (CDBG) program [including the State, Entitlement, and Section 108 Loan Guarantee Program] or HOME Investment Partnerships (HOME) program is subject to section 104(d) requirements. Section 104(d) also has a one-for-one replacement requirement that applies to demolition or conversion of occupied and vacant occupiable lower-income dwelling units in connection with a CDBG- or HOME-funded activity.

A non-exhaustive list of HUD programs subject to the requirements of the URA and/or section 104(d) is found in Attachment 25-1.

25-4 PREPARING FOR MONITORING. In preparing for a monitoring review, the HUD reviewer should:

1. Examine available information. Notes and records of prior contacts and monitoring reviews, if any, should be checked to determine whether particular cases need to be re-examined, whether any follow-up actions from a prior monitoring need to be reviewed, and to identify problem areas. The reviewer should check program files, audit reports and other relevant data sources such as citizen and administrative complaints.
2. Select the project(s) and program(s) to be reviewed. The review sample should cover the applicable programs and applicable activity types (e.g., acquisition, demolition, rehabilitation, conversion, or any combination of these activities).
3. Determine eligibility dates. The reviewer should determine the “initiation of negotiations” date, a milestone in determining a person’s eligibility for relocation assistance (e.g., dates of program approval, contract execution, and other actions that may establish eligibility in accordance with the URA, section 104(d) and HUD program regulations).
4. Consult with appropriate staff. The reviewer should consult with CPD and other HUD staff who have been in the jurisdiction recently or who may have pertinent observations or suggestions to make. As appropriate, the reviewer should also consult with program participant staff.
5. Follow the pre-monitoring procedures described in Chapter 2 of this Handbook. At least two weeks before the review, the reviewer must send a formal, written letter to the program participant with the specific dates of the monitoring and logistics, as described in Section 2-7.A.
6. Complete applicable monitoring Exhibits. Exhibits 25-9, 25-11 and 25-14 should be completed for all reviews. Exhibits 25-10, 25-12 and 25-13 should be used as applicable.

25-5 SELECTION OF CASE FILES TO BE REVIEWED. The program or project being reviewed may include a single activity (i.e., acquisition, rehabilitation, or demolition) or any combination of these activities. Therefore, the caseload may contain acquisition files, as well as files for persons displaced. Paragraph 25-5.A outlines the basic criteria for selecting areas to be reviewed. Paragraphs 25-5. B, 25-5.C, and 25-5.D provide guidance for determining which specific files in an area should comprise the review sample for the monitored program or project.

The review sample must be large enough to be representative of the size and nature of the workload and should be adjusted to reflect the reviewer's knowledge of program participant performance and the other factors listed below. Generally, the cases shall be selected at random and cover the period since the last monitoring review, if applicable. Emphasis should be placed on more recent projects, which can be expected to give the best indication of current performance. If this is an initial monitoring review for a new program, the reviewer should select a representative sample of all cases since the beginning of the program.

1. Basic Criteria. Factors to be considered in selecting cases to be reviewed:
2. Number and type of projects and programs receiving HUD funding and the organization of program participant staff. A project or program may involve relocation, real property acquisition, or both. Those functions may not necessarily be managed by the same staff and, therefore, coordination is required among the various staff which contribute to the relocation and acquisition process. The sample of cases should be representative of the various property types the program participant has assisted with HUD funding (e.g., residential and commercial).
3. Date of last monitoring review. Unless monitoring is targeted to addressing potential issues raised through complaints or other mechanisms, programs least recently and/or never reviewed should receive priority.
4. Size of the project’s acquisition/relocation workload (i.e., number of persons to be displaced, number of occupants to remain, number of units to be rehabilitated or demolished, and/or number of parcels to be acquired).
5. Type and complexity of workload (e.g., residential displacement of persons receiving housing assistance; acquisition and relocation of owner-occupied commercial structures; large commercial and/or industrial displacement; temporary moves; displacement of persons with reasonable accommodations for disabilities, live-in aides, medical equipment, and assistance animals).
6. The experience and training of the program participant's staff. Activities carried out by new or inexperienced staff should receive a priority.

1. The seriousness of previous monitoring findings that required corrective action. As appropriate, specific cases involved in prior findings should be reviewed.
2. CPD’s most recent risk assessment score for the program participant.
3. URA and section 104(d)-related complaints and appeals filed with the program participant or HUD.
4. The income levels of persons in the caseload. The formula for calculating replacement housing payments may be different for low-income persons, and, if applicable, case files for both low-income persons and persons that are not low-income should be included in the sample.

1. Acquisition Sample. For all projects except homebuyer assistance programs, complete a separate Exhibit 25-10 for each property acquired (100% of the acquisitions for that project should be examined). For homebuyer assistance programs, review the lesser of five or all acquisitions.
2. Displacement Sample. The sample should provide a basis to determine not only whether payments were computed properly and made promptly, but also whether displaced persons received the full range of relocation notices, payments and services to which they were entitled. Cases in which an appeal has been filed or the program participant has determined that a person is ineligible for relocation assistance should be given a high priority. The sample of cases should include tenants and owners, both residential and nonresidential cases, with particular emphasis on low-income persons and persons with disabilities.

25-6 REVIEWING CASE FILES. One Exhibit 25-9 (Policies) should be completed for each monitored grant recipient. Exhibits 25-11 (Occupancy) and 25-14 (Section 104(d)) should be completed for each reviewed activity. For all reviewed activities except homebuyer assistance programs, a separate Exhibit 25-10 should be completed for each acquired property (100% of the acquisitions for that project should be examined). For homebuyer assistance programs, an Exhibit 25-10 should be completed for the lesser of five or all acquisitions. Where displacement is identified, at least one Exhibit 25-12 (Residential Displacement) and/or Exhibit 25-13 (Nonresidential Displacement) should be completed as applicable. The Exhibits should be used to assist the reviewer in thoroughly examining the program participant’s records and files for each of the cases in the selected sample and determine whether the person received the full level of payments and services to which the person was entitled under the URA, section 104(d), and applicable program regulations. The reviewer should complete the applicable monitoring Exhibit(s) for each of the activities reviewed. If feasible, following the case file review, a representative sample of persons should be interviewed and their housing or business inspected as described in Paragraph 25-7.

1. Case Files on Persons Displaced. The reviewer should examine displacement records for compliance with the URA, section 104(d) and applicable program regulations and complete Exhibit 25-12 or 25-13. For each person displaced, there should be a separate case file. The reviewer shall determine whether:
2. The person received a General Information Notice (GIN), which provides early written notice of the possible displacement and a general description of the relocation payments and advisory services for which the person may become eligible, a description of basic eligibility conditions and the procedures for obtaining payments, information on the displaced person’s entitlement to 90 days advance written notice, a statement that persons not lawfully present in the United States are generally ineligible for relocation assistance under the URA, and a description of the person’s appeal rights. The person may have received the pertinent HUD information booklet as a means of satisfying most of the GIN requirements.
3. The program participant personally interviewed displaced persons to identify relocation needs and preferences and explain the relocation payments and other assistance for which each person may be eligible.
4. The person received timely written notice of his or her eligibility for relocation assistance and, for those displaced from a dwelling, notice of the specific comparable replacement dwelling and the related cost to be used to establish the upper limit of the replacement housing payment.
5. The program participant provided other services, as appropriate, including referrals to other replacement properties. For residential displacement, the files should indicate the rent/utility costs or sales price of each dwelling, date of availability, and reason(s), if any, the person declined the referral.
6. The program participant provided all lawful occupants with at least 90 days advance written notice of the earliest date by which move-out was required.
7. The files contained identification and an address for the actual replacement property, the date of relocation and, for residential relocation, the rent/utility costs or sale price.
8. For residential relocation, the replacement dwelling was inspected. At a minimum, the replacement dwelling must be decent, safe and sanitary. A copy of the replacement dwelling inspection report showing the condition of the unit and the date of inspection should be reviewed.
9. Payment computations were accurate. A copy of each approved claim form and related documentation should be reviewed.
10. The person actually received the payment(s) and, if applicable, Section 8 Housing Choice voucher assistance or a similar government housing subsidy.
11. An appeal or complaint was filed and if the program participant responded in accordance with the requirements of 49 CFR 24.10(g).
12. Acquisition Case Files. The reviewer shall complete Exhibit 25-10 for all reviewed activities to determine compliance with the acquisition requirements of the URA (49 CFR part 24, subpart B). For each parcel that was acquired and reviewed, the reviewer shall determine whether the acquisition met either the voluntary acquisition requirements of 49 CFR 24.101(b)(1)-(5) or the basic acquisition requirements of Subpart B.
13. Section 104(d) Case Files. The reviewer shall utilize Exhibit 25-14 for each reviewed activity to determine whether the activity is subject to section 104(d) and whether:

1. Lower-income persons were permanently displaced as a direct result of the demolition of a dwelling unit or conversion of a lower income dwelling.
2. Displaced persons were provided a choice to receive assistance under the URA or section 104(d).
3. Displaced tenants’ relocation assistance was calculated correctly.
4. Dwelling units that were not replaced did not meet the definition of vacant occupiable dwelling unit (see 24 CFR 42.305). “Standard condition” and “substandard condition suitable for rehabilitation’ are to be defined in the local Consolidated Plan.
5. Identified replacement units met the criteria of 24 CFR 42.375(b) (acceptable replacement units).
6. The information required by 24 CFR 42.375(c) was made public before the CDBG or HOME contract committing funds was executed.
7. Any appeal or complaint was filed and whether the program participant's response was in accordance with the requirements of 24 CFR 42.390.

25-7 INTERVIEWS.

The following factors should be used to determine whether personal interviews are warranted as part of the review:

1. Documentation in the case file is not sufficient to permit the reviewer to clearly judge whether the person received the full range of assistance.
2. File documentation indicates the person may have had difficulty representing his or her best interests.
3. An appeal was filed and full relief was not granted.
4. A person’s case file has remained open for an extended period of time.
5. Personal interviews are determined to be necessary in consultation with the relevant HUD Field Office.

When conducted, interviews should be face-to-face, when feasible. Alternative formats should be used to accommodate any person needing or requesting a reasonable accommodation. Interpretive services are to be arranged for any persons who have limited English proficiency.

Before interviewing a person, the reviewer must provide the person with a copy of a HUD-approved "Privacy Act Statement" (see Attachment 25-2, Privacy Act Statement) and assure that the person understands that the decision to respond to questions is entirely voluntary. No penalty will result from a decision to respond or to not respond. A copy of the Privacy Act Statement may be retained by the person, whether or not the person elects to respond to questions. Distribution of the Privacy Act Statement is mandatory. No change may be made in the language of a HUD-approved statement without prior Headquarters Relocation Manager approval.

25-8 INSPECTIONS OF REPLACEMENT HOUSING. Where complaints or appeals raise housing quality or unit accessibility concerns, the reviewer should consider inspecting replacement housing units.

When inspecting housing units, the reviewer shall consider whether the unit was inspected before or after initial occupancy by the displaced person; whether the program participant's housing inspector was qualified to perform the inspection; and whether any housing deficiencies found by such inspector were considered and addressed.

Housing inspections should include an interior and exterior inspection of the replacement dwelling. If it is not possible to make an interior inspection, the reviewer shall explain the circumstances in the monitoring letter to the program participant.

If possible, a local housing inspector should accompany the reviewer on the inspection. If the replacement dwelling is determined not to be decent, safe and sanitary, the inspector shall be asked for his or her best judgment as to whether the deficiencies found resulted from inadequate maintenance by the present occupant(s) or could have existed at the time the property was initially occupied. Any housing deficiencies identified during the inspection that present a threat to the health and/or safety of the occupant which did not result from inadequate maintenance by the present occupant must be reported immediately to the program participant and appropriate follow-up actions taken to correct the deficiency. Where it is found that the displaced person was initially relocated to a replacement unit that was not decent, safe and sanitary, the program participant shall be required to take steps to correct the deficiencies or relocate the occupant to other replacement housing that is decent, safe and sanitary.

25-9 DETERMINATION OF SPECIFIC CASE FINDINGS AND CONCERNS.

A Finding is identified as a deficiency in program performance based on a statutory, regulatory or program requirement for which sanctions or other corrective actions are authorized. The reviewer will monitor compliance and identify findings and concerns consistent with paragraph 2-8 in Chapter 2.

NOTE: When making findings, the reviewer should cite not only the URA and/or section 104(d) regulations, but also the appropriate program regulation. See Attachment 25-1 for a list of programs covered by the URA and their program-specific relocation citations.

1. Preparation of Findings. Where completion of a monitoring Exhibit identifies a regulatory or statutory violation, that violation must be noted as a Finding in the monitoring letter.

**If you are unable to answer a review question because sufficient records are not available to make a determination, answer as if the requirement has not been met, describe the insufficient documentation under “Basis for Conclusion”, and make a recordkeeping finding under 49 CFR 24.9 (where applicable) and the applicable program regulation (e.g. HOME: 24 CFR 92.508, CDBG: 24 CFR 570.506).**

Corrective actions should seek to obtain sufficient information to establish compliance.

It is important that the reviewer's judgment reflect an analysis of all available information and that any Findings of noncompliance are well-documented. Statements made by a person interviewed must be weighed against the information available in the program participant's records and the comments of program participant staff. Supporting information shall be attached to the monitoring Exhibit, as appropriate.

Findings related to noncompliance with the URA and/or section 104(d) should cite both the applicable regulation (49 CFR part 24 and 24 CFR part 42, respectively) and the HUD program regulations that make these requirements applicable (see Attachment 25-1).

1. Concerns: Concerns are defined in Chapter 1 of this Handbook (see Paragraph 1-6.B). For purposes of this Chapter, an example of a Concern would be an individual case file for a displaced residential occupant that contains a claim form for a replacement housing payment which is not properly completed nor signed by a program participant official.

25-10 EXIT CONFERENCE WITH PROGRAM PARTICIPANT STAFF. At the close of the monitoring, the reviewer shall follow the process described in Chapter 2, Paragraph 2-7.D, of this Handbook and conduct an exit conference with appropriate representative(s) of the program participant to explain the preliminary review Findings, Concerns, and observations and provide the program participant with the opportunity to respond. This approach should minimize misunderstandings that might otherwise occur when the program participant receives the follow-up letter explaining the results of the monitoring. The reviewer shall explain potential violations of statute and/or HUD regulations and corrective actions identified to remedy the noncompliance, after consultation with HUD program staff. Specifically, the reviewer should discuss the following items with the program participant:

1. Specific case files reviewed.
2. Noted URA and section 104(d) violations.
3. Number of dwellings inspected, if any.
4. Number of persons interviewed, if any.
5. Reviewer Findings, Concerns, and recommendations.
6. Program participant needs for training and/or technical assistance.

25-11 POST MONITORING ACTIONS.

1. Monitoring Letters. Monitoring letters shall follow the processes outlined in Sections 2-10 and 2-11 in Chapter 2 of this Handbook. Relocation and Real Property Acquisition monitoring can be conducted one of three ways:

1. By a Regional Relocation Specialist;
2. By a Regional Relocation Specialist as part of a CPD monitoring team; or
3. By a CPD Representative.

Once drafted by the HUD reviewer, monitoring letters are to be routed as follows:

* 1. For monitoring performed by a Regional Relocation Specialist, letters will be forwarded to a Headquarters Relocation Manager for concurrence and then signed by the HUD official with delegated authority over the monitored program (or his/her designee) (e.g., the CPD Field Office Director).
  2. For monitoring performed by a Regional Relocation Specialist as part of a CPD monitoring team, letters will be forwarded to both a Relocation Manager and to a CPD Program Manager (if the field office has one) for concurrence and then signed by the CPD Field Office Director.
  3. Where relocation/real property acquisition is monitored by a CPD Representative, the letter will be forwarded to both a Regional Relocation Specialist and to a CPD Program Manager (if the field office has one) for concurrence and then signed by the CPD Field Office Director. (Note: if monitoring findings are identified, the Regional Relocation Specialist should contact a Headquarters Relocation Manager for concurrence purposes).

B. Monitoring Letter Issuance. Monitoring letters are to be dispatched to the program participant within 60 calendar days from the completion of the review. Documentation of monitoring results is to follow the requirements of Section 2-14 in Chapter 2 of this Handbook.

C. Corrective Actions/Sanctions. As with any other program violation, HUD has the authority to take remedial or corrective actions permitted under the applicable program statute, regulations, and/or grant agreement.

Sanction authority rests with the HUD program office. The Headquarters program office that has the delegated authority over the program found to be non-compliant with relocation and real property acquisition provisions is to be consulted when Field Office attempts to correct identified deficiencies have not been successful and more progressive sanctions may be needed. The Regional Relocation Specialist plays only a consultative role in sanctions.

25-12: CHAPTER ATTACHMENTS AND EXHIBITS. This Chapter contains three Attachments and six Exhibits.

1. Attachments.

1. Attachment 25-1 is a list of HUD-assisted programs subject to the requirements of the URA and/or section 104(d).

2. Attachment 25-2 is a Privacy Act Statement, which is to be used when the reviewer interviews displaced persons, occupants permitted to remain in occupancy, and/or former property owners (see Paragraph 25-7).

3. Attachment 25-3 contains Guidelines for HUD Monitoring Review of Appraisals.

1. Exhibits. The Exhibits described below are to be used to document the review of individual cases. These Exhibits are designed to assist the reviewer in carrying out the review and promote consistency in the reviews. The Exhibits should be supplemented with supporting information, as necessary, to document findings and to facilitate the preparation of the report.
2. Exhibit 25-9: *Guide for Review of Relocation and Real Property Acquisition Policies and Procedures*. This Exhibit is to be used to review overall program participant compliance with policies and procedures.
3. Exhibit 25-10: *Guide for Review of Real Property Acquisition*. This Exhibit is used to determine compliance with URA acquisition requirements. NOTE: The Exhibit will guide the reviewer to use Attachment 25-3, as appropriate, to review appraisals. If the review discloses anything which, in the judgment of the reviewer, raises sufficient questions as to warrant further review by a HUD staff person more qualified to assess the acceptability of the appraisals, the reviewer shall notify his or her supervisor.
4. Exhibit 25-11: *Guide for Review of Project Occupancy*. This Exhibit is to be used to review project occupancy for compliance with URA relocation requirements.
5. Exhibit 25-12*: Guide for Review of Relocation of Residential Displaced Person – Individual Case File*. This Exhibit is to be used to document review of cases where a residential occupant has been displaced.
6. Exhibit 25-13: *Guide for Review of Relocation of Nonresidential Displaced Person – Individual Case File*. This Exhibit is to be used to document review of cases where nonresidential occupants have been displaced.
7. Exhibit 25-14: *Guide for Review of Section 104(d) Relocation Assistance and One-for-One Replacement*. This Exhibit is to be used to determine compliance with section 104(d) on applicable CDBG- and HOME-funded program activities.