

The following examples illustrate the meaning of the term “project” or “development project” in differing circumstances and the applicability of the URA and section 104(d):

Example 1. To assemble a site for construction of a new shopping mall, the grantee acquires 14 contiguous parcels. All structures on the 14 parcels will be demolished. **CDBG** funds are used to pay part of the cost of one parcel. Non-Federal funds are used to purchase the other 13 parcels. Determination: The acquisition of the 14 parcels, demolition of any improvements on the parcels and construction of a shopping mall are considered a single undertaking. They are “connected” to each other in a single “project.”

- The acquisition of each parcel included in the project is subject to the acquisition requirements of the URA, 49 CFR part 24, subpart B.

All occupied or vacant occupiable lower-income dwelling units which were demolished on any of the 14 parcels must be replaced one-for-one under section 104(d) in accordance with 24 CFR 42.375.

All persons required to move (or move personal property) from any of the 14 parcels as a direct result of the acquisition and/or demolition are eligible for URA relocation assistance.

- Any lower-income tenant who is displaced from housing on any of the 14 parcels due to the demolition or conversion to a non-housing purpose is also eligible to choose relocation assistance under section 104(d) as described under 24 CFR 42.350, in lieu of URA relocation assistance.

Example 2. The grantee purchases and clears a site for a neighborhood center. There are six (6) lower-income dwelling units on the site. Four (4) are occupied by lower-income tenant families. Local funds are used to acquire the site and demolish the improvements. **CDBG** funds are used to partially finance the construction of a neighborhood center. Determination: The acquisition of the site, demolition of the improvements, and construction of the neighborhood center comprise a single “project.”

- The acquisition of each parcel included in the project is subject to the acquisition requirements of the URA, 49 CFR part 24, subpart B.
- All occupied or vacant occupiable lower-income dwelling units which were demolished must be replaced under section 104(d) in accordance with 24 CFR 42.375. In this example, four (4) must be replaced because we are told they are occupied. The grantee must determine whether the other two (2) are vacant occupiable units as defined in 24 CFR 42.305. The market rent of a vacant unit may be determined by appraisal.
- All persons required to move (or move personal property) from the site are eligible for URA relocation assistance.
- The four (4) lower-income tenant families who occupy units to be demolished for this project are also be eligible to choose section 104(d) relocation assistance as described under 24 CFR 42.350 in lieu of URA assistance.

Example 3: Using local funds, the Participating Jurisdiction (PJ) acquires and clears a site for a planned lower-income housing project where **HOME** funds will be used to pay part of the cost of construction of the new building. Determination: The acquisition of the site, demolition of the improvements, and construction of the building comprise a single “project.”

- The acquisition of the site is subject to the acquisition requirements of the URA, 49 CFR part 24, subpart B.
- All occupied or vacant occupiable lower-income dwelling units on the project site which are demolished for the project must be replaced one-for-one under section 104(d) in accordance with 24 CFR 42.375.
- All persons required to move (or move personal property) from the project site as a direct result of the acquisition and/or demolition are eligible for URA relocation assistance.
- Due to the demolition/clearance, any lower-income tenant who was required to move from housing as a direct result of the project is eligible to choose relocation assistance under section 104(d) as described in 24 CFR 42.350, in lieu of URA assistance.

Example 4: The PJ acquires eight single-family owner-occupied dwellings on contiguous lots to provide a site for a multi-family housing project. **HOME** funds are used to purchase one lot. Non-Federal funds are used to acquire the other seven lots, clear all eight lots and construct the housing. Determination: The “development project” includes the acquisition and clearance of the entire site and the construction of the new multi-family housing. Therefore, each of the eight acquisitions and each of the eight displacements is part of a single “project.”

- The acquisition of each parcel included in the project is subject to the acquisition requirements of the URA, 49 CFR part 24, subpart B.
- Any occupied or vacant occupiable lower-income units demolished for the project must be replaced one-for-one under the section 104(d) in accordance with 24 CFR 42.375. The market rent for each owner-occupied unit must be determined before a decision can be made whether or not the unit is subject to one-for-one replacement under section 104(d). Similar to vacant units, the market rent of an owner-occupied unit may be determined by appraisal.
- All persons required to move (or move personal property) from any of the parcels as a direct result of the acquisition and/or demolition are eligible for URA relocation assistance.
 - Due to the demolition/clearance, any lower-income tenant who was required to move from housing as a direct result of the project is eligible to choose relocation assistance under section 104(d) as described in 24 CFR 42.350, in lieu of URA relocation assistance. Replacement housing assistance under 24 CFR 42.375 is not available to owner-occupants. (Eligible owner-occupants would be assisted under the URA.)
 - A determination must be made regarding the actual number and status of the occupants of each dwelling (including shared housing arrangements where a

tenant may occupy a room or the basement rented in a single-family residence).

Example 5: A contract is executed covering the rehabilitation of one 12-unit multi-family building. All 12 units are occupied by lower-income persons and qualify as lower-income dwellings (market rents do not exceed the FMR). The Participating Jurisdiction (PJ) uses **HOME** funds to finance the rehabilitation of five (5) units to be occupied by lower-income families. Non-Federal funds are used to finance the rehabilitation of the other seven (7) units. Determination: The “development project” is the rehabilitation of the entire building (all 12 units).

- All persons required to move (or move personal property) from the building as a direct result of rehabilitation are eligible for URA relocation assistance.
- Any tenant who is not required to move, but moves permanently due to a rent increase after the rehabilitation (i.e., economic displacement) may be eligible for URA relocation assistance if he/she is a “displaced person” based on HOME program regulations at 24 CFR 92.353(c)(2)(C).
- If any of the units after rehabilitation will not meet the definition of lower-income dwelling unit under section 104(d), these units would be considered converted. The PJ is responsible for ensuring one-for-one replacement in accordance with 24 CFR 42.375.
- Any lower-income tenant who is displaced by conversion of these units (if the after-rehabilitation market rents exceed the FMR) is eligible to choose relocation assistance under section 104(d) as described under 24 CFR 42.350, in lieu of URA relocation assistance.
 - NOTE: The five (5) HOME units would meet the definition of lower-income units and would not need to be replaced. The PJ would need to determine if the other seven (7) units in this example qualify as lower-income dwellings, since no information is provided on the after-rehabilitation rents of these units.

Example 6: Six (6) months ago, as part of its regular housing code enforcement program, the City inspected an eight-unit apartment building for code violations. The salaries of the housing inspectors were paid for, in full or in part, with CDBG funds. Based on his inspection of the property, the housing inspector determined the property was uninhabitable. Furthermore, following the inspection, the owner did not take any action to correct or alleviate the property’s deteriorating condition. Following its usual condemnation procedures, the City informed the tenants of the property that they must vacate their leased units. The owner retained fee simple title to the condemned property and decided to demolish the building rather than correct the code violations. The owner received no federal financial assistance. There is no evidence of any joint undertaking between the City and the owner for a development project.

- Neither the URA nor section 104(d) relocation assistance is applicable to the former tenants who had to move as a result of the condemnation. The City, however, may consider assisting tenants displaced by code enforcement under an optional relocation policy in accordance with 24 CFR 570.606(d).

- Using CDBG funds solely to pay the costs of code enforcement under 24 CFR 570.202 or to pay for relocation assistance does not trigger section 104(d) requirements.

Example 7: A Public Housing Authority (PHA) obtains approval to demolish a 20 unit public housing project from the HUD Special Applications Center (SAC) under Section 18 of the United States Housing Act of 1937. The PHA plans to construct lower-income housing on the site using various assistance programs including HOME. Section 18 approval exempts the public housing demolition projects from the URA. The PHA obtains CDBG funds from the City to assist in the demolition. The City also provides HOME funds to construct some lower-income housing on the site. While the demolition and reconstruction as planned may constitute one “project,” the use of federal funds for demolition in this project would not cause the URA to apply because of the statutory exemption from the URA provided under Section 18.

- The URA is not triggered by the use of CDBG or HOME funds in this project because of the Section 18 exemption.
- The PHA must provide relocation assistance to the tenants who are required to move for the demolition under the relocation provisions of Section 18.
- In addition, because of the use of CDBG and HOME funds in this project, section 104(d) requires that lower-income tenants who are required to move for this demolition project must also be offered the choice of relocation assistance payments calculated under either section 104(d) or the URA.
 - Tenants must be offered relocation payments as calculated under the URA (because of the section 104(d) requirement to do so).
 - Since the displaced tenants occupied subsidized housing under the public housing program, comparable replacement housing offered under both the URA and section 104(d) may be other public or assisted housing (including Housing Choice Vouchers), which may result in no cash payments to the affected tenants, if their rent/utility burden remains the same.
- The CDBG/HOME recipient (the City) is responsible for assuring compliance with the one-for-one replacement requirements of section 104(d) as described in 24 CFR 42.375.