

Louisiana Disaster Recovery and Mitigation Grant Implementation Manual

Chapter 9: Acquisition and Relocation



Louisiana Division of Administration

**Office of Community Development –
Disaster Recovery**

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1. Introduction

In executing Community Development Block Grant – Disaster Recovery (CDBG-DR) and Community Development Block Grant – Mitigation (CDBG-MIT) projects, subrecipients may need to acquire real property to complete specific activities. Prior to acquiring real property or attempting to undertake a relocation project, a determination must be made as to whether the requirements of the [Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended \(URA\)](#), apply. This regulation was amended, effective June 3, 2024. Since 1989, when the regulation was last updated, there have been only a few amendments made to the rule.

The revisions are prompted by the enactment of the [Moving Ahead for Progress in the 21st Century Act \(MAP-21\)](#), which increased statutory relocation benefits and reduced the length of occupancy requirements. This final rule updates existing regulations on the use of those provisions. The U.S. Department of Housing and Urban Development (HUD) is currently developing implementation guidance for its programs.

Requirements for acquisition and relocation activities are described in HUD Handbook 1378: Real Estate Acquisition and Relocation Policy and Guidance.

[Tenant Assistance, Relocation and Real Property Acquisition Handbook](#)

HUD works closely with the U.S. Department of Transportation’s Federal Highway Administration (FHWA), the designated Federal Lead Agency for the URA. Additional information concerning the URA is available on the [FHWA website](#).

The URA also intends to establish a uniform policy for fair and equitable treatment of persons displaced as a result of federal and federally assisted programs. Whether the particular requirements of the URA pertain is dependent upon, among other factors, determining whether the proposed acquisition and/or relocation activity(ies) is voluntary or involuntary. Additionally, HUD has approved waivers that modify the URA and the [Housing and Community Development Act of 1974 \(HCDA\), Section 104\(d\)](#) requirements. See Subsection 3.2.

2. Definitions

Refer to these definitions of terms used within this chapter:

1. **Appraisal:** A written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of the defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.
2. **Expropriation:** The confiscation of private property for public use.
3. **Housing and Community Development Act of 1974 (HCDA):** Authorizes the Secretary of Housing and Urban Development to make grants to States and Units of general local government to help finance Community Development programs.
4. **HUD Handbook 1378:** The U.S. Department of Housing and Urban Development's Handbook 1378: Real Estate Acquisition and Relocation Policy and Guidance, located at https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/13780.
5. **Lawful Presence Requirement:** To be eligible for relocation assistance, at least one person from the household must be a U.S. citizen or a lawful resident in accordance with [49 Code of Federal Regulations \(CFR\) 24.208](#). A person who is not lawfully present in the United States refers to someone who has not been officially allowed to enter or stay in the United States by the U.S. Department of Homeland Security.
6. **Profit:** The element of the potential total remuneration that contractors may receive for contract performance over and above allowable costs. It does not necessarily represent net income to contractors. This potential remuneration element and the government's estimate of allowable costs to be incurred during contract performance together equal the government's total pre-negotiation objective.
7. **Review Appraisal:** A secondary appraisal that is performed to ensure a reasonable property valuation.

8. **Tenant-Based Rental Assistance (TBRA):** Provides rental subsidies to low-income individuals and families, allowing them to rent housing at market rates.
9. **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA):** Provides important protections and assistance for people affected by federally funded projects. It requires that displaced persons have decent, safe and sanitary housing made available to them.
10. **Waiver:** Granted by HUD to alter typical CDBG regulations and activities.

3. Overview

3.1 Applicable Regulations

There are three major regulations that cover relocation and acquisition activities in CDBG-DR and CDBG-MIT programs:

1. URA regulations, **effective June 3, 2024**, implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.¹
2. [Section 104\(d\) of the Housing and Community Development Act \(HCDA\) of 1974](#) and the implementing regulations.²

Federal Regulations:

¹ [49 CFR 24](#)

² [24 CFR 42](#)

³ [24 CFR 570.606](#)

Note: HUD has waived portions of Section 104(d) of the HCDA of 1974; see Section 3.2: Waived Requirements below.

3. [24 CFR 570.606](#)³ of the regulations requires compliance with the regulations listed above.

An overriding principle when implementing a CDBG-DR or CDBG-MIT program and the URA is that the subrecipient shall ensure that it has taken all reasonable steps to minimize displacement.

3.2 Waived Requirements

To speed the recovery effort and simplify the administration of disaster recovery projects, HUD has waived requirements of Section 104(d) of the HCDA dealing with one-for-one replacement

of lower income dwelling units demolished or converted in connection with the CDBG-DR or CDBG-MIT-assisted development project for housing units damaged by one or more disasters. HUD has also waived the relocation assistance requirements contained in Section 104(d) of the HCDA to the extent that they differ from the URA ([42 United States Code \(U.S.C.\) 4601, et seq.](#)), and HUD has approved waivers that modify the URA requirements. As a result of these waivers, the URA does not apply to the following:

1. To an arm's length voluntary purchase carried out by a person who does not have the power of eminent domain, in connection with the purchase and occupancy of a principal residence by that person
2. To the extent that a tenant has been paying rent in excess of 30% of household income without demonstrable hardship, rental assistance to reduce the tenant's costs to 30% would not be required
3. To the extent necessary to permit a subrecipient to meet all or a portion of a subrecipient's replacement housing financial assistance obligation to a displaced renter by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy (e.g., Section 8 rental voucher or certificate), provided that the tenant is also supplied with referrals to a suitable, available rental replacement dwelling where the owner is willing to participate in the TBRA program and the period of authorized assistance is at least 42 months
4. To the extent that they require a subrecipient to offer a person displaced from a dwelling the option of receiving a "moving expense and dislocation allowance" based on the current schedule of allowances prepared by the Federal Highway Administration, provided that the subrecipient establishes and offers the person a moving expense and dislocation allowance under a schedule of allowances that is reasonable for the jurisdiction and takes into account the number of rooms in the displaced dwelling, whether the person owns and moves the furniture, and, at a minimum, the kinds of expenses described in [49 CFR 24.301](#).¹ Persons displaced from a dwelling remain entitled to choose

Federal Regulations:

¹ [49 CFR 24.301](#)

a payment for actual reasonable moving and related expenses if they find that approach preferable to the locally established moving expense and dislocation allowance.

3.3 Timing of the URA Coverage

It is important for subrecipients to know that the timing of an acquisition can trigger the URA requirements. Regardless of the source of funds, any acquisition of property made by a state agency, on or after the date of submission of the individual project application for financing of an activity using that property, is subject to the URA.

If an acquisition took place prior to project application submission, it can be subject to the URA if the Louisiana Office of Community Development – Disaster Recovery (LOCD-DR) finds clear evidence that the purchase was done in anticipation of obtaining CDBG-DR or CDBG-MIT funds for an activity.

The URA also applies if an agency has reimbursed itself for the acquisition with non-federal funds (i.e., general funds) if the end result of the purchase is a federally assisted project.

Table 1: Timing of Required Notices

URA TIMEFRAMES FOR NOTICES			
ACTIVITY	Approval of Project	Site Selection	Appraisal Property Closing
ACQUISITION NOTICES SENT		↑ Notice to Owner or Notice of Intent to Acquire	↑ Notice of Just Compensation
RELOCATION NOTICES SENT		↑ General Information Notice to Occupants	↑ Notice of Eligibility for Relocation Benefits

4. Voluntary versus Involuntary

Subrecipients must understand the critical difference between voluntary and involuntary sales to ensure compliance with all applicable rules. There are protections for sellers in both voluntary and involuntary sales. The key difference between the two types of acquisition is that when a voluntary sale occurs, there can be no threat of eminent domain.

4.1 Voluntary Acquisition

Voluntary acquisition occurs when the subrecipient acquires real property at fair market value from an owner who has submitted a proposal to the community for the purchase of their property in response to a public advertisement. The subrecipient may undertake a voluntary acquisition when a site needed for a CDBG-DR or CDBG-MIT project can be satisfied by more than one property. Property owners can voluntarily respond to the advertisement, inform the subrecipient of their property's availability, and enter negotiations for its sale. Voluntary acquisition is not subject to the URA.

4.1.1 Voluntary Acquisition Policy

The subrecipient must have or prepare a formal, written policy that authorizes voluntary acquisition. **The policy in Exhibit 9-1 should be used.** The public invitation or solicitation should include a description of what the subrecipient wants to buy and all other conditions of which a seller should be aware, as stated in Exhibit 9-1. The solicitation must also indicate that if a mutually satisfactory agreement cannot be reached, the subrecipient will not condemn the property for the same purpose.

Relocation eligibility for tenants that need to move only becomes effective when a binding written agreement has been negotiated between the subrecipient and the owner of the property. The tenant becomes eligible when the subrecipient is obligated to purchase the property. Options to purchase are not considered binding for this purpose. The subrecipient needs to notify an owner-occupant that they are not eligible for relocation assistance as a condition of voluntary acquisition. All pertinent information should be included in the public solicitation and should be included in the written purchase offer (see Exhibit 9-1).

4.1.2 Voluntary Acquisition Property Valuation

Valuation of parcels of property will need to be established and may be completed by the appraisal process or by a knowledgeable person. If the appraisal process is used, a review appraisal is not mandatory because voluntary acquisition is not subject to the URA. If a knowledgeable person does a valuation of the property, it must be in writing. The valuation does not need to be complicated or detailed. The written opinion is not required to be based on a selection of chosen “comparables” as is often the case with a formal appraisal. The knowledgeable person should state at least three items in the written opinion: (1) his or her qualifications in one short paragraph, (2) a brief description (but not an official legal description) of the location of the property, and (3) an estimate of the value of the property.

4.1.3. Caution

It is important to note that voluntary acquisition is a valuable technique in specific situations. However, it should not be used to circumvent the URA. The LOCD-DR can provide guidance early in the planning phase to help structure the subrecipient’s policy and any public solicitations, which can prevent the need for the challenging “clean-up” that becomes necessary if involuntary acquisition is ultimately required.

4.1.4 Non-Profit Organizations

The acquisition activities of non-profit organizations (NPOs) are subject to the URA if such activities are for a federal or federally assisted program or project. Pertinent considerations in determining whether an acquisition is “for” a program or project include, but are not limited to, (1) when HUD assistance was requested, and (2) whether the acquisition is integrally related to the program or project.

4.2 Involuntary Acquisition

Involuntary transactions are those that do not meet the requirements previously described for voluntary transactions. In accordance with the requirements of the URA, for involuntary transactions, the subrecipient must follow the steps outlined in Subsection 6.1: General URA Acquisition Process (see Exhibit 9-33).

5. Acquisition Types Not Applicable to the URA

Five types of acquisition are not subject to the requirements of the URA; however, these types of acquisition are still subject to Louisiana law and specific CDBG-DR or CDBG-MIT requirements. These five types are listed within the following table:

Table 2: Types of Acquisition Not Subject to URA

Not Subject to the URA	
Type	Example
Acquisition from Another Public Agency	A municipality acquires a water well site from a parish for a CDBG-DR funded project. This acquisition is not subject to the URA.
Temporary Construction Servitudes/Easements	42 CFR 24.101(c)(2) stipulates that temporary construction servitudes/easements or permits needed solely to perform work for the benefit of the property owner, which may not be done if agreement cannot be reached, is not subject to the URA.
Short-Term Leases (fewer than 15 years)	A sewer lift station must be installed on an emergency basis due to an unexpected chain of events. The lift station is needed for only five more years, at which time a new force main system will be installed that will render the lift station obsolete. The subrecipient chooses to obtain a 10-year lease, which is not automatically renewable, from an appropriate property owner. Acquisition of the 10-year lease would not be subject to the URA.
Voluntary Acquisition	A parcel is needed for a CDBG-DR funded fire station. The fire station could be placed on many different parcels located in the northern part of the municipality. The subrecipient adopts a voluntary acquisition policy. The subrecipient chooses to advertise in the local newspaper for a parcel of property for the fire station. Acquisition of the parcel for the fire station is not subject to the URA.
Acquisition of Streets Under Louisiana Revised Statute (LRS) 48:491	LRS 48:491 provides ownership status to subrecipients that provide evidence of subrecipient or state maintenance of respective streets for a period of three years. In order to document street ownership on a CDBG-DR project, the three-year period should have been completed by the date that the CDBG-DR application was submitted to LOCD-DR.

5.1 Procedures Required for Acquisition Not Subject to the URA

The subrecipient must ensure compliance for all types of acquisition, regardless of whether they are subject to the URA. The minimum requirements for the acquisition of property that is not subject to the URA include the following steps:

1. Determination of ownership
2. Valuation of the property
3. Offer and acceptance
4. Act of sale, donation, or transfer
5. A statement of settlement costs
6. Recordation
7. In general, any documentation of acquisition activity from start to finish

6. Acquisition Types Applicable to the URA

Specific types of acquisition require additional steps to ensure compliance with the URA. All involuntary acquisitions are subject to the URA. Examples of these types of acquisitions are outlined in the following table:

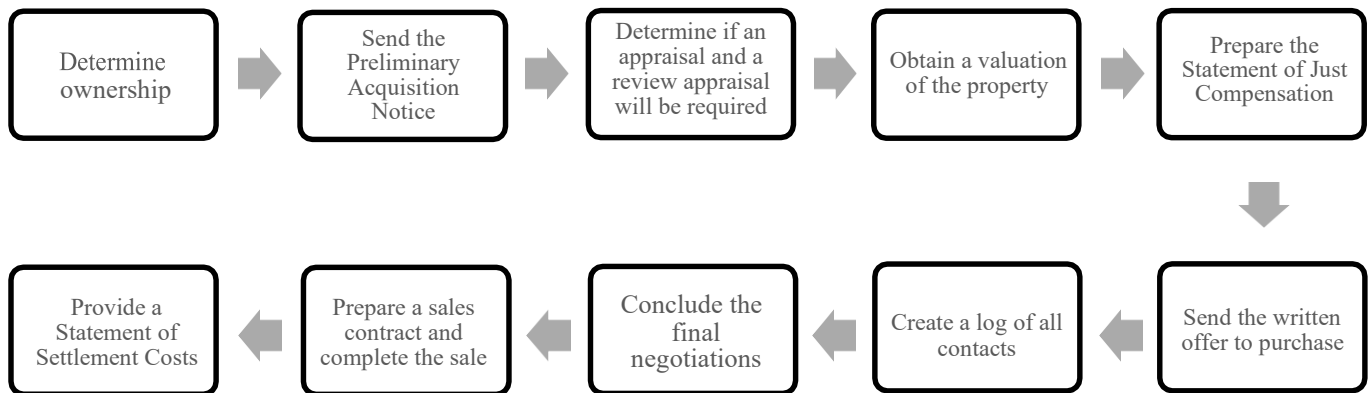
Table 3: Types of Acquisition Subject to URA

Subject to the URA	
Type	Example
Acquisition of Specific Parcels of Property by Purchase	<p>A certain parcel of property owned by John Doe, a citizen of the community, is needed by the subrecipient for a fire station. It has been determined by the subrecipient that this specific parcel is the best location for the fire station. CDBG-DR funding has been awarded for the project. The acquisition of this parcel by the subrecipient would be subject to the URA.</p> <p>A parcel of property owned by Private Enterprise, Inc. is needed for the installation of a water well involving a CDBG-DR funded project. The life expectancy of the water well is estimated to be as much as 40 years. Private Enterprise, Inc. is willing to enter a lease with the subrecipient for the long-term use of the parcel for a water well. Acquisition of a</p>

Subject to the URA	
Type	Example
	<p>leasehold agreement by the subrecipient would be subject to the URA.</p> <p>The subrecipient needs to obtain permanent roadside rights of way for sewer lines that are part of the installation of a new sewer system, which is funded, in part, with CDBG-DR funding. Some of the rights of way are expected to be donated, while others are expected to be purchased. Acquisition of such rights of way, whether by donation or purchase, would be subject to the URA.</p>
Acquisition by Private Entities	<p>The subrecipient, on behalf of Widget, Inc., has been funded for an economic development project. A parcel, now privately owned and located next to the widget plant, is to be acquired by Widget, Inc. LOCD-DR will provide funds for infrastructure associated with the expansion; however, Widget, Inc. will be the entity that acquires the parcel of adjacent land. Such an acquisition would be subject to the URA.</p>
Purchases, Donations, and Partial Donations	<p>John Doe, a citizen of the community, donates his property to the subrecipient to build a fire station. The fire station is being constructed using CDBG-DR funds. This donation is subject to the URA.</p>
Additional Rights of Way – Street Projects	<p>The subrecipient must obtain land for Widget, Inc., an entity that does not have eminent domain, to widen the road.</p>
Leases That Are for a Duration of 15 Years or Longer or Less Than 15 Years But Are Automatically Renewable	<p>A sewer lift station must be installed on an emergency basis due to an unexpected chain of events. The lift station is the community’s permanent solution and will be needed for at least 15 years. The subrecipient chooses to obtain a 15-year lease, which is automatically renewable, from an appropriate property owner.</p> <p>Acquisition of the lease is subject to the URA.</p>

6.1 Steps for Meeting the URA Requirements

Certain steps regarding the acquisition of property are necessary to meet the CDBG-DR or CDBG-MIT, and URA requirements. The steps for the purchase of property under the URA and the order in which they should occur are outlined in the following diagram:



Notices, letters, and other documents regarding acquisition sent by the subrecipient must be sent by certified or registered mail, return receipt requested, or hand delivered with receipt documented.

If the owner or occupant does not read or understand English, the subrecipient must provide translations and assistance. Each notice must give the name and telephone number of a person who may be contacted for further information.

NOTE: The subrecipient must keep a log of any conversations or contact with anyone involved in the acquisition process, from the time the offer letter is sent to the completion of the acquisition (refer to Exhibits 9-15ii and 9-15iii).

6.1.1 Determine Ownership

The subrecipient is responsible for determining the ownership of the property that may be needed for a CDBG-DR or CDBG-MIT project. A title search to determine ownership is often necessary.

6.1.2 Send the Preliminary Acquisition Notice

As soon as possible after the subrecipient decides to acquire property, a Preliminary Acquisition Notice must be sent to the owner (Exhibit 9-2).

The Preliminary Acquisition Notice:

1. Explains that it is not a notice to vacate
2. Does not establish eligibility for relocation payments or assistance
3. Must be accompanied by the brochure, “When a Public Agency Acquires Your Property”
4. Must be accompanied by the subrecipient’s Acquisition Policy if different but more stringent than the guidance in the brochure

6.1.3 Determine if an Appraisal and a Review Appraisal Are Required

Either of these two conditions will trigger an appraisal:

1. The value of the property is estimated to be more than \$15,000, or
2. The owner of the property wants an appraisal. If an appraisal is required, the owner of the property must be invited to accompany the appraiser.
3. When an appraisal is required, a review appraisal will automatically be required (see Subsection 6.1.4).

6.1.4 Obtain a Valuation of the Property

Regardless of whether an appraisal is required, it will be necessary to obtain valuation of the property to prepare the Statement of Just Compensation as discussed in Subsection 6.1.5.

If an appraisal and review appraisal are required, then the valuation will be based on the appraisals. However, if the review appraisal is higher in monetary valuation than the first appraisal, it is considered to be the controlling document.

If an appraisal and a review appraisal are not required, then a knowledgeable person may provide a written opinion as to the value of the property (“written valuation”). A knowledgeable person may be a real estate broker, salesperson, banker, or some other type of locally recognized authority on the value of local property. In all cases, the scope of the service and the cost of the service to provide a written valuation should be substantially lower than the cost of an appraisal and a review appraisal.

The written valuation does not need to be complicated or detailed. The written valuation is not required to be based on a selection of chosen “comparables,” as is often the case with a formal appraisal. The knowledgeable person should state at least three items in the written valuation:

1. His or her qualifications in one short paragraph
2. A brief description (but not an official legal description) of the property
3. An estimate of the value of the property: The written valuation should be signed and dated, but does not have to be notarized, and should be made part of acquisition records.

6.1.5 Prepare the Statement of Just Compensation

After valuation of the property, the Statement of the Basis for the Determination of Just Compensation (Statement of Just Compensation) must be prepared. The amount determined to be just compensation must be based on the fair market value as determined in the valuation. A sample Statement of Just Compensation is included as Exhibit 9-3. It must contain the following elements:

1. Legal description and location of the property
2. Description of the interest to be acquired (e.g., full ownership, servitude)
3. Inventory identifying the building, structures, fixtures, and so forth, which are considered to be a part of the real property
4. The amount of the offer
5. A statement to the effect that the amount offered is the full amount believed by the subrecipient to be just compensation, is not less than the fair market value of the property, disregards any increase or decrease in the fair market value attributable to the project for which the property was acquired, and does not include any consideration or allowance for relocation costs
6. Definition of *fair market value*
7. Explanation of the method used to value the property

8. In the case of tenant-owned improvements, the amount determined to be just compensation for the improvement and the basis as set forth in [Handbook 1378](#)
9. In the case of owner retention of the improvements, the amount determined to be just compensation for these improvements and the basis as set forth in [Handbook 1378](#)
10. Any purchase option agreement should be attached
11. If only a part of the parcel is to be acquired, a statement apportioning the just compensation between the actual piece to be acquired and an amount representing damages and benefits to the remaining portion

6.1.6 Send the Written Offer to Purchase

The subrecipient should send the owner a written Offer to Purchase (Exhibit 9-4), along with the written Statement of Just Compensation. The Offer to Purchase must specify the date on which negotiation for the sale of the property will begin (initiation of negotiations). As with all notices, it should be sent certified or registered mail, return receipt requested.

The initiation of negotiations is the trigger date for issuance of the Notice of Eligibility for Relocation Assistance (Exhibit 9-5). For more details on Relocation Procedures and Anti-Displacement under Section 104(d) of the Act, refer to [HUD Handbook 1378](#).

6.1.7 Conclude Final Negotiations

The sale is negotiated on the date specified within the Offer to Purchase. The owner may accept the fair market value, and the subrecipient can enter into an agreement with no further action necessary by LOCD-DR. The owner must be provided with an opportunity to discuss the offer, propose a higher value, and document that higher value. There may be occasions when an owner proposes or insists on more than the fair market value. If this occasion arises, the subrecipient may:

1. Obtain a new valuation.
2. Initiate expropriation proceedings (see Subsection 6.5).
3. Decide not to acquire.

4. Request approval from LOCD-DR to proceed with the purchase at a price higher than the fair market value.
5. The use of CDBG-DR and CDBG-MIT funds, which are more than the fair market value and are not approved prior to disbursement by LOCD-DR, will be disallowed.
6. Documentation of negotiation proceedings should be placed in the project acquisition file.

6.1.8 Prepare a Sales Contract and Complete the Sale

Following successful negotiations, an act of sale must be prepared and executed, and the transfer of documents secured. The subrecipient must also reimburse the owner to the extent deemed fair and reasonable for incidental costs associated with the transfer of title (e.g., recording fees, transfer taxes, penalty costs, or other charges for prepayment of any pre-existing recorded mortgages).

6.1.9 Provide a Statement of Settlement Costs

The subrecipient must give the owner a Statement of Settlement Costs (see Exhibit 9-6) that identifies all settlement costs, regardless of whether they are paid at, before, or after closing, and must clearly separate the charges paid by the owner. If a title or escrow company is used, their standard form is acceptable. The Statement of Settlement Costs must be dated and certified as true and correct by the closing attorney or other person handling the transaction.

The subrecipient must also be able to prove the payment of the purchase price by retaining a copy of the canceled check and the Act of Sale.

6.2 Appraisals Under the Uniform Act

6.2.1 Selecting Appraisers

The subrecipient must select an independent appraiser. The appraiser should have no interest in the property and not be related to, or in business with, anyone having any interest in the property to be acquired. The appraiser should be qualified, reputable, and professional.

Generally, only people who obtain at least 50% of their income from doing appraisals and who belong to a professional association that has a code of ethics should be considered. Look for appraisers who have had experience doing the types of appraisals you need. An appraiser who

usually establishes values for vacant, unimproved land may not be appropriate to establish the accurate values of houses. State-certified or licensed real estate appraisers eligible to perform appraisals for federally related transactions are now listed on the Internet at the National Registry of State-Certified or Licensed Appraisers' website.

[National Registry of State-Certified or Licensed Appraisers](#)

Subrecipients should request statements of qualifications from several local appraisers, review those qualifications, and employ only qualified appraisers. A minimum of one appraisal is required; however, if the project is potentially controversial (as with an unwilling seller or a conflict of interest involving a public official) or where property values exceed \$100,000, it is recommended that two independent appraisals be conducted. A review appraisal must be prepared for each appraisal conducted.

6.2.2 Procuring Appraisal Services

Subrecipients must execute a professional services contract with the independent appraiser. See Section 4: Procurement Methods and Contractual Requirements for the steps required to be followed when procuring these professional services. Exhibit 4-15 contains an appraisal contract that has the required elements for use in CDBG-DR and CDBG-MIT programs. This contract may be used, or another prepared, which contains the elements found in Exhibit 4-15. Subrecipients should go over the contents of this contract with their appraiser. The contract must require the appraiser to invite the property owner, or their designated representative, to accompany the appraiser during the property inspection. The contract must also prohibit the appraiser from considering race, color, religion, or the ethnic characteristics of a neighborhood in estimating the value of residential real property. Compensation for an appraisal shall not be based on the amount of the valuation.

Exhibit 9-8, which states the Uniform Appraisal Standards for Federal Land Acquisition, sets forth standard requirements for appraisals involving federally funded acquisitions. Standard Federal Housing Administration appraisal forms may be used if they cover all of the requirements of the appraisal contract covered in Exhibit 4-15.

1. Property Valued at \$250,000 or More

A contract (fee) appraiser making a “detailed appraisal” on property valued at \$250,000 or more must be certified and licensed in accordance with state law implementing [Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 \(FIRREA\), P.L. 101-73](#) and must be currently active on the Louisiana State Certified Appraisers General Appraisal list. The review appraiser must also be on the state’s General Appraisal list.

[State’s General Appraisal List](#)

2. Property Valued at Less Than \$250,000

As of September 6, 2001, for property valued below \$250,000, the subrecipient may use a general appraiser or a residential appraiser. This is also applicable to the review appraisal.

6.2.3 Owner Invitation

Before the first appraisal is undertaken, the subrecipient or the appraiser, on behalf of the subrecipient, must formally invite the property owner or their designated representative to accompany the appraiser during inspection of the property (Exhibit 9-9). This notice should be in writing and a copy placed in your property acquisition file, along with evidence of receipt by the owner. The requirement to invite the property owner to accompany the appraiser is optional for the review appraisal.

6.2.4 Servitude Appraisal Forms

Exhibit 9-10 is an example of a short form that can be accepted for an appraisal establishing the value of servitude. This form summarizes complete documentation, which the appraiser must have on file.

6.2.5 The Review Appraisal

Once the appraiser has prepared and submitted the appraisal, a review appraisal must be obtained. The review must be completed by a qualified staff appraiser or an independent fee appraiser. The review appraiser should be required to visit the property. The review must be written, signed, and dated. It should assess the adequacy of the appraiser’s supporting data, the appraisal procedures used, and the soundness of the appraiser’s opinion of the fair market value.

The review appraisal must also include the reviewer’s recommendation of the fair market value of the property. Exhibit 9-11, the Sample Review Appraisal Report, contains the required elements needed in a review appraisal. If the review appraiser disagrees with the fair market value of the original appraisal, the locality can request that the original appraiser modify and document any changes in the original report. When judging between differences in the first appraisal and the review appraisal, and if the differences are not resolved by the modification of the first appraisal, then the review appraisal is to be considered authoritative. Subrecipients will also have the option of obtaining another “first appraisal” and review appraisal.

6.2.6 Acquiring Property Without an Appraisal

If subrecipients can determine that the valuation of a parcel of land or servitude is uncomplicated and that the fair market value of the property does not exceed \$15,000, and if the owner does not desire an appraisal, then an offer can be made to the owner(s) of the property without a formal appraisal; however, a written valuation of the property by a knowledgeable person will be required. If an appraisal is not required, then a review appraisal will not be required.^{1,2}

Federal Regulations:

¹ [42 U.S.C. 4651\(2\)](#)

² [49 CFR](#)

An option to increase the \$15,000 valuation amount to \$35,000 may be requested in writing from LOCD-DR.

6.3 Deciding Not to Acquire

If the subrecipient decides not to buy or expropriate a property at any time after the Preliminary Acquisition Notice has been sent to the property owner, written notification must be sent to the owner and any tenants occupying the property that the subrecipient does not intend to acquire the property and that any person moving from the property thereafter will not be eligible for relocation payment and assistance. This Notice of Intent Not to Acquire (Exhibit 9-12) must be sent within 10 days of the decision not to acquire.

6.4 Donations

If a property is to be fully donated, the subrecipient should inform the owner of his or her rights under the URA and obtain a signed acknowledgment. A sample Property and/or Servitude Acquisition Acknowledgment is included as Exhibit 9-13. The owner must be given a copy of the HUD brochure, [When a Public Agency Acquires Your Property](#). If property is to be partially donated, the subrecipient must follow the procedures of the URA as detailed in the steps herein and the property owner must acknowledge that their right to just compensation is waived for the donated portion of the property. If donations are being made by elderly, very poor, functionally illiterate, or non-English-speaking persons, the subrecipient should carefully document the efforts made to ensure that the owner-occupant understands their rights in order to demonstrate that the owner is not persuaded or coerced into donating their property.

6.5 Expropriation

If the subrecipient cannot negotiate the sale, expropriation proceedings may be instituted. Inexperienced localities sometimes think that expropriation is cheaper than negotiated sales. When the owner is an individual, especially elderly or infirm, courts may be very generous and expropriation can be substantially more expensive than negotiation. The subrecipient is required to pay the amount established by the court.

6.5.1 Initiation of Expropriation Proceedings

Expropriation is a legal action and must be carried out by the subrecipient's attorney. The local governing body should authorize the proceedings by resolution. Copies of surveys and maps related to the subject property in the parish are recorded. Expropriation proceedings can then be initiated in the district court of the parish in which the property is located. The subrecipient will have to deposit the amount determined to be "just compensation" in escrow with the court.

The court will establish compensation to be paid for the property. The judgment of the court will vest full ownership title to the property to the subrecipient. Once the title is vested and the subrecipient takes possession of the property, it may enter, secure, and dispose of existing or remaining improvements.

6.5.2 Quick Take

The 2003 Louisiana Legislature authorized the expropriation of property by “quick take,” which authorizes a municipality with a population in excess of 450,000 to expropriate abandoned or blighted property by a declaration of taking (quick take) and provides for notification to the landowner by certified mail of the intention to expropriate:

- Requires the filing of a petition and resolution regarding the public purpose, depositing an amount equal to the estimated value of the property with the court, and vesting of the title in the municipality.
- Grants the defendant an opportunity to contest the validity of the taking, applicable only to blighted property within a federally designated census tract in which 10% or more of the property is blighted, and an equal opportunity for all natural and juridical persons and business entities to purchase expropriated blighted property from the governing authority.

7. General URA Policy Requirements

The URA covers the temporary or permanent displacement of resident and business occupants in federally assisted projects. The subrecipient shall develop, adopt, and make public a statement of local policy indicating the steps that will be taken, consistent with the other goals and objectives of the CDBG program, to minimize the displacement of persons from their homes and neighborhoods and to mitigate the adverse effects of any such displacement on low- and moderate-income persons¹

(see [URA, Section 104\(d\), and Related CDBG Program](#)

[Requirements](#)). The subrecipient’s Relocation Policy must contain, at a minimum, the provisions within the recommended local relocation policy/grievance procedure policy (Exhibit 9-14).

Federal Regulations:

¹ [24 CFR 570.606](#)

8. Displacement

8.1 Displaced Person

As property is acquired that is subject to the URA (see Subsection 6.0), the subrecipient is responsible for ensuring that all displaced persons receive proper URA benefits.

8.1.1 URA Definition

Under the URA, the term *displaced person* is defined as:

1. Any person who moves permanently from the real property or moves his or her personal property from the real property as a direct result of a written notice of intent to acquire, rehabilitate, and/or demolish, the initiation of negotiations for, or the acquisition of such real property
2. Any person whose displacement is a direct result of rehabilitation or demolition for a project
3. A tenant when the displacement is a direct result of a written notice of intent to acquire, or the acquisition, rehabilitation, or demolition of, in whole or in part, other real property on which the person conducts a business or farm operation for a project
4. A person who is required to move temporarily. A person who is required to move or moves his or her personal property from the real property as a direct result of the project, but is not required to relocate permanently
5. **Voluntary acquisitions:** A tenant who moves as a direct result of a voluntary acquisition is eligible for relocation assistance when there is a binding agreement between the agency and the owner that obligates the agency, without further election, to purchase the real property
6. **Lack of Notice of Nondisplacement:** A person who moves permanently and was not issued a Notice of Nondisplacement (Exhibit 9-32) after the application for CDBG-DR or CDBG-MIT funds is approved

Even if there was no intent to displace the person, if a Notice of Nondisplacement was not provided, HUD considers the move to be a permanent, involuntary move for the project because the person was not given timely information essential for making an informed decision about moving from the project.

The URA also protects the following *displaced persons*:

1. **Tenants Required to Move Within the Project:** A tenant-occupant of a dwelling who receives a Notice of Nondisplacement but is required to move to another unit in the building/complex may be considered displaced if the tenant moves from the building/complex permanently or temporarily, and either:
 - a. The tenant was not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move within the project, or
 - b. Other conditions of the move within the project were not reasonable
2. **Change in the Use of the Building:** A tenant who moves permanently or temporarily after the building changes from residential use to public use as a direct result of a CDBG-DR or CDBG-MIT-assisted project (e.g., the building now leases units to serve persons who were homeless or require supportive housing). Under the CDBG-DR and CDBG-MIT programs, leases of 15 years or more are considered to be acquisitions for the purposes of the URA.
3. **Nonresidential Tenants:** A nonresidential tenant who receives a Notice of Nondisplacement but moves permanently from the building/complex if the terms and conditions under which the tenant may remain are not reasonable.

8.1.2 CDBG Definition

The CDBG regulations define a *displaced person* as someone who moves after a specific event occurs:

1. **Event Triggering Displacement:** This event establishes a presumption that a project may begin (e.g., date of submission of an application). It is presumed that displacement before this date did not occur “for the project” and is not covered by the URA unless rebutted by convincing evidence to the contrary.
2. **Presumption of an Involuntary Move:** It is also presumed that a permanent, involuntary move on or after that date is a displacement “for the project” unless the subrecipient or state determines otherwise.

CDBG regulations also define a *displaced person* as:

1. **Economic Displacement:** A tenant who moves permanently after the CDBG-DR or CDBG-MIT funded acquisition or rehabilitation, and the increased rent is not affordable (they are “economically displaced”).
2. The CDBG program regulations cover “economic displacement” while the URA is silent on this issue. If rents are increased after the CDBG-DR or CDBG-MIT project is completed and the new rent exceeds 30% of the tenant’s monthly income, the tenant would be “economically displaced.”

8.1.3 Persons Not Considered a “Displaced Person”

The following is a nonexclusive listing of persons who do not qualify as displaced persons under this part:

- A person who moves before the initiation of negotiations,¹ unless the subrecipient determines that the person was displaced as a direct result of the program or project.
- A person who initially enters into occupancy of the property after the date of its acquisition for the project.
- A person who has occupied the property for the purpose of obtaining assistance under the URA.
- An owner-occupant who moves as a result of an acquisition of real property as described in [24.101\(a\)\(2\) or \(b\)\(1\) or \(2\)](#),² or as a result of the rehabilitation or demolition of the real property.
- A person whom the agency determines is not displaced as a direct result of a partial acquisition.
- A person who, after receiving a notice of relocation eligibility, is notified in writing that they will not be displaced for a project. Such written notification shall not be issued unless the person has not moved.

Federal Regulations:

¹ [24 CFR 24.403\(d\)](#)

² [24 CFR 24.101\(a\)\(2\) or \(b\)\(1\) or \(2\)](#)

- An owner-occupant who voluntarily conveys his or her property, after being informed in writing that if a mutually satisfactory agreement on the terms of the conveyance cannot be reached, the agency will not acquire the property.
- A person who retains the right of use and occupancy of the real property for life following its acquisition by the agency.
- An owner who retains the right of use and occupancy of the real property for a fixed term after its acquisition by the U.S. Department of the Interior under [Public Law 93–477](#), Appropriations for National Park System, or [Public Law 93–303](#), Land and Water Conservation Fund, except that such owner remains a displaced person for the purposes of Subpart D of this part.
- A person who is determined to be in unlawful occupancy prior to or after the initiation of negotiations, or a person who has been evicted for cause, under applicable law.
- A person who is not lawfully present in the United States and who has been determined to be ineligible for relocation assistance.
- Temporary, daily, or emergency shelter occupants are, in most cases, not considered displaced persons. However, agencies may determine that a person occupying a shelter is a displaced person due to factors that could include reasonable expectation of a prolonged stay, or other extenuating circumstances.

8.2 Permanent and Temporary Relocation

Depending on the nature of the activity causing the displacement and the duration of displacement from the property, tenants and homeowners can be either permanently or temporarily displaced.

A person is considered permanently displaced if the property that they have been occupying becomes unavailable due to an action funded, in whole or in part, with federal funds. If the tenant or homeowner must leave the property temporarily (i.e., for less than a year) and can return after the federally funded project has ended, they are considered to be temporarily displaced.

URA advisory services and moving expenses are provided equally to those who are permanently or temporarily displaced.

8.3 Denial of Relocation Benefits

HUD must concur with a determination to deny a person relocation benefits to a person based on the following:

1. When an owner either evicts a tenant or fails to renew a lease to sell a property as “vacant” to a subrecipient for a HUD-funded project, HUD will generally presume that the tenant was displaced “for the project.” (Evictions for serious or repeated violations of the lease are permissible; however, the owner must follow state tenant-landlord laws governing eviction.)
2. In cases where the tenant was wronged, the subrecipient is responsible for finding the displaced tenant and providing appropriate relocation assistance, unless the subrecipient can demonstrate that the move was not attributable to the project.

9. Section 104(d) and Demolition

9.1 Section 104(d) Waiver – Period of Assistance

The requirements under Section 104(d) are similar to those required by the URA; however, there are differences that apply to the CDBG-DR and CDBG-MIT programs. One difference between the laws is the period of time used to calculate a rental assistance payment; Section 104(d) uses 60 months versus 42 months for the URA. In order to eliminate the disparity for disaster-affected households assisted by other federal agencies, such as the Federal Emergency Management Agency, HUD has waived the requirement to use 60 months when determining the relocation assistance for displaced persons.

9.2 Section 104(d) Waiver – One-for-One Unit Replacement

For each unit demolished to complete a project funded by CDBG-DR funds, the subrecipient, however, must comply with the requirements under Section 104(d) regarding one-for-one unit replacement. While HUD has issued limited waivers that permit a subrecipient not to replace units that are “substandard damaged not suitable for rehabilitation,” a subrecipient will need to

address any vacant occupiable unit that was purchased for an infrastructure or buyout program. Additionally, [Louisiana Revised Statute 33:476, et seq.](#) requires that prior to demolishing a unit, the subrecipient must ensure that the unit was not able to be rehabilitated in a cost-efficient manner and that the unit was vacant.

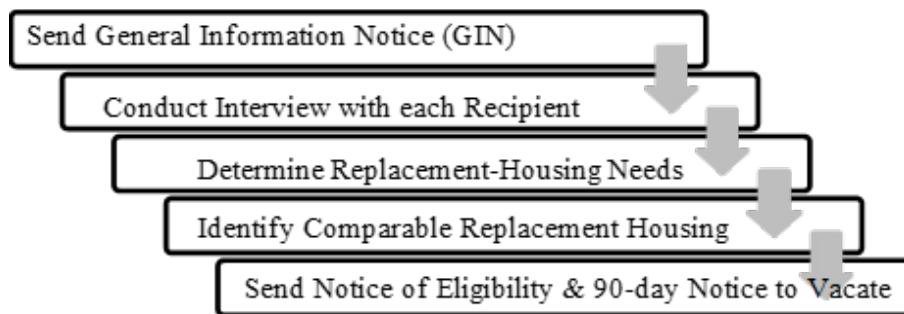
NOTE: For the CDBG-DR grants for Hurricanes Katrina and Rita, as well as all CDBG-MIT funds, the HUD waiver removes the one-for-one unit replacement requirement entirely.

The use of other HUD funds, such as CDBG or HOME, for a mixed-financed project will eliminate these waivers or alternative requirements for the CDBG-DR or CDBG-MIT funds.

See Chapter 3: Records Management for documents that are required to be maintained for projects that involve demolition.

10. URA Process

Displaced persons who are eligible for relocation benefits should be identified as soon as possible, and the URA relocation steps must be implemented. The following diagram shows the process that must occur for each recipient:



10.1 Tenant Notices

As part of advisory services, the URA requires that all occupants, including permanently and temporarily displaced persons, receive notices informing them of their various rights.

The notices must:

1. Be written in plain, understandable language

2. Be hand delivered with receipt documented, sent certified mail, return receipt requested, or electronically delivered with electronic signatures
3. Contain the name and phone number of a person who may be contacted for answers to questions or other assistance needed
4. Be made available in appropriate translations if the relocatees do not speak or read English

General Information Notices

A General Information Notice is a written notice that informs the person that they may be permanently or temporarily displaced. It must include the following:

1. Inform the person that they may be permanently or temporarily displaced and generally describe the payments, basic conditions of eligibility, and procedures for obtaining payments
2. Inform the person that they will be given advisory services, referrals, assistance in filing claims, and other assistance to successfully relocate
3. Inform the person that they will not be required to move without at least 90 days' advance written notice
4. Inform the person that if they are an alien not lawfully present in the United States, they are ineligible unless they can present proof of an exceptional and unusual hardship
5. Inform the person that they have a right to appeal the agency's determination for assistance

This notice must be accompanied by a copy of [HUD-1044-CPD: Relocation Assistance to Displaced Homeowner Occupants](#) or [HUD 1042-CPD: Relocation Assistance to Tenants Displaced from Their Homes](#), whichever one is applicable for the displaced household. A copy of the Grievance Procedure taken from the subrecipient's local Relocation Policy should be sent with these materials.

[Relocation Assistance to Displaced Homeowner Occupants](#)

[Relocation Assistance to Tenants Displaced from Their Homes](#)

Notice of Eligibility

Under the URA, a Notice of Eligibility (NOE) is a formal written notification provided to individuals or entities who are eligible for relocation assistance due to displacement caused by a federally funded project. The NOE serves to:

1. Define the effective date of eligibility.
2. Outline the benefits and services they are entitled to receive.
3. Remind that the notice is not a notice to vacate the premises immediately but provides information about the date by which they will be required to move, which will be no less than 90 days from the date of the NOE. The notice refers the person to a separate notice that details the move-by date.
4. Provide details about the right to appeal the agency's determination if the person feels that their application for assistance was not properly considered.

90-Day Notice to Vacate

Under the URA, this notice is a formal written notification provided to occupants who are required to move due to a federally funded project. This notice ensures that no person is required to move without receiving at least 90 days' advance written notice of the required move-by date.

10.2 Intake and Eligibility

As soon as these initial notices are sent out, each recipient must be interviewed in person to determine their need for assistance. A sample interview format, the first section of a Sample Household Case Record (Exhibit 9-15), is provided to show the type of information that is required.

The primary purpose of the household survey is to provide the information needed to determine replacement-housing needs. All replacement housing must be "decent, safe, and sanitary" and be "functionally similar" to the acquired unit with respect to the number of rooms and living space. See Subsection 10.3.

While the interviewers are conducting the family survey, the relocation process should be reviewed with the relocatee. Special attention must be given to the following:

1. The assistance to be provided
2. The benefits available
3. The fact that replacement housing payments cannot be made unless the household relocates into a standard unit
4. The importance of consistent communication with the subrecipient
5. The need to notify the subrecipient before they move

It is important that all significant contacts with displacees be logged into Exhibit 9-15: Household Case Record.

Lawful Presence Requirement

In order to be eligible for relocation assistance, at least one person from the household must be a U.S. citizen or a lawful resident. This does not include anyone who stays in the United States longer than they were allowed or breaks the rules of their stay.

To be eligible for relocation payments or advisory assistance, each applicant must certify:

1. **For an individual:** They must confirm they are either a U.S. citizen or an alien who is lawfully present in the United States.
2. **For a family:** The head of the household must confirm that each family member is either a U.S. citizen or an alien who is lawfully present in the United States.
3. In the case of an unincorporated business, farm, or non-profit organization, each owner is a citizen or an alien who is lawfully present in the United States. This 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 non-profit organization, the corporation is authorized to conduct business within the United States.

If there is reason to believe a person's certification is invalid and as a result the person may not be lawfully present in the United States, then lawful presence must now be verified using the [Systematic Alien Verification for Entitlements \(SAVE\) system](#).

Relocation payments or advisory assistance cannot be given to someone who has not provided the required certification or who is not legally allowed to be in the United States. However, a person not lawfully present in the United States can claim extreme hardship if denying them relocation help would directly cause:

1. A serious negative impact on the health or safety of their spouse, parent, or child
2. A serious negative impact on keeping their family together
3. Any other significant negative impact on their spouse, parent, or child

90-Day Occupancy Requirement: To be eligible for replacement housing payments, the displaced person must lawfully occupy the dwelling as their primary residence for at least 90 days before the start of negotiations. They are then eligible for full relocation advisory services and rental assistance payments. They must rent or purchase a comparable replacement dwelling within 1 year of the time of displacement. The subrecipient may allow an extension for good cause.

10.3 Locating Comparable Replacement Housing

The subrecipient must inventory available housing resources to meet the replacement housing needs of the displaced person. In doing this, the subrecipient must be aware of affirmative action criteria that must be met when relocating low-income and minority persons. The regulations require the following:

1. The community makes comparable replacement housing available to low-income or minority relocatees in areas that do not have concentrations of either low-income or minority households if such opportunities are available.
2. If there are vacant, standard, affordable units available in middle-/upper-income areas or predominantly white areas of the community, low-income or minority relocatees

must be given at least one replacement housing choice in those areas before the subrecipient can give such relocatees a 90-day notice to vacate.

3. The subrecipient is required to make available special counseling and related services (e.g., transportation and escort services) to low-income and minority families. These services may be secured through fair housing or civil rights groups.

The following provides guidance for inventorying available resources:

1. Contact landlords, realtors, and movers; read the classified ads; and tour neighborhoods looking for “For Rent” and “For Sale” signs.
2. When a landlord puts a vacancy sign on their building, those most likely to learn about the vacancy sign are neighborhood residents interested in moving out of their current quarters.
3. Depending on the timing of the displacement, these listings can be inspected and, if found to be decent, safe, and sanitary, placed on a list to be used for referrals.
4. Public housing resources may prove to be less helpful than anticipated.
5. Displacees may refuse to apply for public housing, either because they simply do not want to live in it or because they resent the investigation necessary to qualify them (the investigation of their incomes, in particular).
6. Also, there have been cases in which the public housing authority has failed to cooperate by refusing to disclose the number and size of vacancies that it has, or by refusing to grant preference to displacees.

The process of finding comparable housing will involve continuous contact with displacees to solicit information, establish rapport, provide referrals to rehousing resources, and accompany displacees to inspect possible dwellings. Up-to-date information on the availability and prices of comparable sales and rental housing must be provided. All units must be inspected and certified as meeting local housing and occupancy codes, and fair housing and civil rights laws before being placed on a referral list.

The regulations stipulate that no person is to be displaced unless at least one, and preferably three, comparable dwellings are made available to the potential displacee. However, LOCD-DR requires the subrecipient to document the case file if three comparable dwellings are not identified.

Prior to making a referral to comparable replacement housing units, the subrecipient must ensure the following of the comparable replacement housing units:

1. Inspected and found to be decent, safe, and sanitary.
2. Functionally equivalent to the displacement dwelling. The term *functionally equivalent* means that it performs the same function and provides the same utility.
3. While a comparable replacement dwelling need not possess every feature of the displacement dwelling, the principal features must be present.
4. Generally, functional equivalency is an objective standard, reflecting the range of purposes for which the various physical features of a dwelling may be used.
5. In determining whether a replacement dwelling is functionally equivalent to the displacement dwelling, the subrecipient may consider reasonable trade-offs for specific features when the replacement unit is equal to or better than the displacement dwelling.
6. Adequate in size to accommodate the occupants.
7. In an area not subject to unreasonable adverse environmental conditions.
8. In a location generally not less desirable than the location of the displaced person's dwelling with respect to public utilities and commercial and public facilities, and reasonably accessible to the person's place of employment.
9. On a site that is typical in size for residential development with normal site improvements, including customary landscaping.
10. Currently available to the displaced person on the private market (unless they are displaced from subsidized housing as described below).

11. Within the financial means of the displaced person.
12. A replacement dwelling is considered to be within the person's financial means if a subrecipient pays the appropriate replacement housing payment.

For a person receiving government housing assistance before displacement, relocation is to be to a dwelling that may reflect similar government housing assistance. For example, a comparable unit for a tenant who had a Housing Choice Voucher prior to displacement must be offered another unit where the voucher could be used or is accepted. When the government housing assistance program has requirements related to the size of the replacement dwelling, the rules for that program apply.

Subrecipients may use Exhibit 9-16: HUD Form 52580: Section 8 Existing Housing Program Inspection Checklist to determine whether a comparable unit is decent, safe, and sanitary. Because replacement housing units must meet all local codes and housing standards, an inspector must be familiar with these requirements to ensure that displaced persons move to standard housing.

Exhibit 9-17: HUD Form 40061 may be used to identify the most representative comparable replacement dwelling units for the purposes of computing a replacement housing payment.

The subrecipient should then provide the potentially displaced household with a Notice of Eligibility for Relocation Assistance (Exhibit 9-5). The notice must identify the cost and location of the comparable replacement dwelling(s).

10.3.1 Last Resort Housing Measures

When undertaking relocation activities, subrecipients must be sure to provide a comparable replacement dwelling in a timely manner. If the subrecipient cannot identify comparable replacement housing, they must seek other means of assisting displacees under the Last Resort Replacement Housing provisions of the regulations. This situation can occur in communities where there is a limited supply of available comparable units.

The Last Resort sections of the URA require subrecipients to take alternate measures to assist displaced persons to be able to afford to move to a decent, safe, and sanitary comparable unit.

Such alternatives include rehabilitation of, and/or additions to, an existing replacement dwelling; a replacement housing payment in excess of the regulatory limits; the construction of new units; relocation of a replacement dwelling; and removal of barriers to disabled persons in a replacement dwelling.

10.3.2 Early Movers: Relocation Prior to Notice of Eligibility

Some relocatees will not wait for the subrecipient to locate comparable units. They will search for their own units and relocate themselves. Self-relocations can prove to be a problem. Occupants who relocate themselves risk not receiving the compensation to which they are entitled.

This can occur because of the following:

1. The occupants do not know that they are entitled to money and fail to apply.
2. The locality is unable to trace them to their new quarters.
3. The new quarters are substandard (in which the relocatees still receive moving expenses).

Self-relocatees who do not inform the subrecipient of their plans forego a pre-move inspection of their new quarters. An inspection after a move is often ineffective in securing the needed repairs. The subrecipient has little leverage with the landlord at this point. Neither does the occupant unless they initiate code enforcement proceedings. However, actions of this kind can result in a tenant's eviction, either as a result of retaliation by the landlord or because the required repairs are so extensive that they cannot be made until the building is vacated.

10.3.3 Self-Relocation into a Substandard Unit

If an individual locates or moves into a replacement unit that is not decent, safe, and sanitary, the subrecipient must make efforts to upgrade the unit to minimum code in order to entitle the relocatee to benefits. This can include providing any assistance for which the unit is eligible with CDBG-DR or CDBG-MIT funds or securing comparable assistance from other sources. In the event that the subrecipient cannot get the unit brought up to code, the subrecipient must inform such relocatees that if they remain in or move to another substandard unit, they will not

be eligible for replacement housing payments, although they will be eligible for moving expenses.

The subrecipient must also inform them that if they move into a standard dwelling within one year from the date that they received payment for their acquired dwelling or from the date that they moved from the acquired dwelling, whichever is later, and file a claim within 18 months, they will be eligible for a replacement housing payment. A sample letter to relocate to a substandard unit is included as Exhibit 9-18.

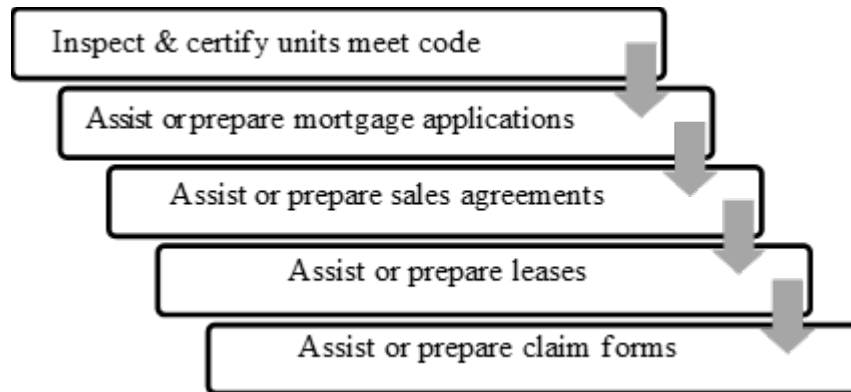
10.4 90-Day Notice to Vacate

When the subrecipient has made a reasonable choice of comparable replacement housing opportunities available to the relocatee, the subrecipient may issue the 90-day Notice to Vacate (Exhibit 9-19). **This notice cannot be issued before the Notice of Displacement has been issued or before a reasonable choice of comparable replacement housing has been made available that meets HUD's decent, safe, and sanitary standards.**¹ The notice must state the date by which the property must be vacated and indicate that a second notice will be issued at least 30 days in advance of the date that the property must be vacated. The date on which the property must be vacated **cannot** be less than 30 days after the subrecipient has obtained title to the property or legal right of possession, whichever comes earlier. This means that if negotiations for acquisition continue for six months, the occupant cannot be required to move until at least 30 days after the subrecipient has obtained the title. Thus, the timing of the notices is very important.

Federal Regulations:

¹ [24 CFR 24.2\(a\)\(8\)](#)

Prior to and following sending the notices, the subrecipient should continue to work with the relocatees to perform the following tasks, as appropriate:



11. Permanent Relocation Benefits Under the URA

Residential occupants who will be displaced are entitled to receive a range of benefits under the URA. These include the following:

1. Advisory services
2. Offer of a comparable replacement unit
3. Replacement housing payments
4. Moving expenses

11.1 Advisory Services for Displaced Households

The subrecipient should work with the household that will be displaced throughout the process to ensure that the household is provided the appropriate and required advisory services.

1. Subrecipients must provide counseling and appropriate referrals to social services agencies, when appropriate.
2. Subrecipients must offer or pay for transportation (e.g., taxi, rental car) to inspect housing for all displaced persons.
3. When a displacee is a minority, every effort should be made to ensure that referrals are made to comparables located outside of areas of minority concentration, if feasible.
4. The subrecipient must provide current and continuing information on the availability, purchase price, or rental cost, and the location of “comparable replacement dwellings”

(see Subsection 11.2 below for more information on comparable replacement dwellings).

11.2 Replacement Housing Payments

In some instances, a comparable replacement dwelling within the budget limits for owners or tenants may not be possible. This is where the purpose of the replacement housing payments come in. It is important to note that relocation payments are not considered “income” by the IRS or the Social Security Administration.

The revised regulations state that a subrecipient cannot encourage or ask a displaced person to waive their relocation assistance. However, if a person is fully informed, they may choose not to apply for financial benefits and must acknowledge this decision in writing and clearly describe the assistance they are choosing not to accept.

11.2.1 90-Day Homeowner Eligible for a Replacement Housing Payment

This person must have owned and occupied the displacement dwelling that they are living in at least 90 days prior to the initiation of acquisition negotiations and purchased and occupied a decent, safe, and sanitary comparable replacement house. The maximum payment is \$41,200.

The 90-day replacement housing payment is calculated by summing the following:

Full price differential between the displacement home and the replacement home	
Replacement dwelling purchase price:	\$131,500
Less Displacement dwelling purchase price:	- \$101,500
Differential	= \$30,000
Plus, all increased mortgage interest costs, necessary to retain the same monthly mortgage payment and based on the buy-down method (e.g., mortgage buy-down and other debt service costs), if applicable:	+ \$2,000
Plus, all incidental expenses (e.g., recording fees, prorated taxes, appraisal fees, notary fees, boundary surveys, termite inspection, title insurance, deed preparation):	+ \$1,300
Total Housing Replacement Payment	= \$33,300

A 90-day claim form must be filed with the subrecipient by the displaced family before the subrecipient may process the replacement housing payment.

11.2.2 90-Day Tenants Eligible for a Replacement Housing Payment

This person must have:

1. Occupied the dwelling from which they will be displaced for no less than 90 days immediately prior to the initiation of the acquisition negotiations,
2. Rented or purchased and occupied a decent, safe, and sanitary replacement unit within one year, and
3. Filed their relocation assistance claim form with the subrecipient within 18 months of moving to their replacement dwelling.

The 90-day tenant is eligible to choose between one of the following two forms of payment: rental assistance or down payment assistance.

Rental Assistance Payment (not to exceed \$9,570)

Payment must be disbursed in installments (other than a lump sum) over several months. Payments are calculated by adding the monthly rent and estimated utilities cost of the lesser of either the comparable replacement unit or the actual replacement unit and then subtracting the same monthly costs of the displaced dwelling. A claim form for a rental assistance payment must be approved by the subrecipient and maintained in their relocation file.

Example:

Replacement unit monthly rent	\$377.00
Replacement unit average monthly utilities	<u>+ \$100.00</u>
Replacement unit base monthly cost	\$477.00
Less displaced dwelling base monthly cost	<u>- \$250.00</u>
Average monthly differential	\$227.00
X 42 months	<u>x 42</u>
Rental Assistance Payment	\$9,534.00

The replacement rental unit selected by the displaced person must be inspected by the subrecipient and found to be decent, safe, and sanitary, as evidenced by inspection.

NOTE: Down Payment Assistance Payment (also limited to \$9,570)

Relocation assistance payment is available in a lump sum if a tenant purchases a replacement home. The following requirements must be met:

1. This dwelling must be decent, safe, and sanitary, as evidenced by inspection.
2. This payment is calculated in the same manner as the above rental assistance payment.
3. The displaced family must file a down payment assistance claim form with the subrecipient.
4. A claim form must be processed before the subrecipient can make payment.

11.3 Moving Expenses

Displaced homeowners and tenants may choose to receive payment for moving and related expenses either by:

1. Commercial mover selected through competitive bids obtained by the subrecipient paid directly to the mover or reimbursed to the household, or
2. Reimbursement of actual expenses for a self-move, or
3. Receipt of a fixed payment based on a schedule established by the U.S. Department of Transportation, FHWA.
4. The updated regulations¹ clarified that subrecipients now allow residential self-moves based on the lower of two bids. If the reimbursement of actual expenses for a self-move is chosen, the subrecipient must determine that the expenses are reasonable and necessary and include only eligible expenses. See Exhibit 9-20 for a list of eligible moving expenses.

Federal Regulations:

¹ [49 CFR 24.301\(b\)\(iv\)](#)

If the displaced homeowner/tenant chooses a fixed payment, the amount is based on the FHWA's [Fixed Residential Moving Cost Schedule](#). It provides a one-time payment to help cover moving expenses. The following apply:

1. A person displaced from a dwelling, or a seasonal residence, may, at their discretion, choose to receive a fixed moving expense payment as an alternative to a payment for actual reasonable moving and related expenses.
2. This payment is determined according to the applicable schedule published by FHWA. The most current schedule was published in August 2021.
3. The payment is based on the number of rooms in the displacement dwelling and whether the displaced person owns and must move the furniture. If a room or an outbuilding contains an unusually large amount of personal property (e.g., a crowded basement), the agency may increase the payment accordingly (i.e., count it as two rooms). HUD's website will contain the latest version.
4. **Occupant of Dwelling with Congregate Sleeping Space (Dormitory):** The moving expense for a person displaced from a permanent residence with congregate sleeping space ordinarily occupied by three or more unrelated persons is \$100.
5. **Homeless Persons:** A displaced "homeless" person (e.g., the occupant of an emergency shelter) is not considered to have been displaced from a permanent residence and, therefore, is not entitled to a fixed moving expense payment. (Such a person may, however, be eligible for payment for actual moving expenses.)

In addition to the moving expenses, the updated regulations¹ added professional home inspection to the list of eligible incidental expenses for displaced owner-occupants only.

Federal Regulations:

¹ [49 CFR 24.401\(f\)\(4\)](#)

The URA also allows subrecipients to pay for non-refundable security deposits but clarifies that refundable security and utility deposits are ineligible.

12. URA Process – Temporary Relocation

Agencies administering housing rehabilitation programs should establish written policies for temporary relocation of both owner-occupants and tenants. These policies should be incorporated into the subrecipient’s URA policy. Any temporary relocation must be for a 12-month period or less (no longer than one year) or the household is considered permanently displaced. Agencies must administer temporary relocation consistently and provide equitable treatment for all individuals under similar circumstances. All terms must be “reasonable,” as failure to do so may result in the household qualifying as a “displaced person.”

12.1 Determining Whether Temporary Relocation Is Required

The Lead Safe Housing Rule¹ outlines the conditions under which occupants (both tenants and owners) must be temporarily relocated before and during hazard reduction activities.

Federal Regulations:

¹ [24 CFR 35](#)

Under the lead regulations, temporary relocation is not required if any of the following conditions are met:

1. Treatment will not disturb lead-based paint or create lead-contaminated dust.
2. Interior treatment is completed within one period within eight daytime hours; the site is contained; and no additional safety, health, or environmental hazards are created.
3. Only the building’s exterior is treated with all windows, doors, ventilation intakes, and other openings near the work site sealed during hazard reduction activities and cleaned afterward, while a lead-free entry is provided.
4. The treatment is completed within five calendar days; the work area is sealed; debris within 10 feet of the contaminated area is cleared daily; occupants have safe access to sleeping areas, bathrooms, and kitchen facilities; and no additional safety, health, or environmental hazards are created.

If these above conditions are not met, temporary relocation of the household *is required*.

NOTE: Elderly residents living in units undergoing lead hazard reduction activities may waive the relocation requirement, provided the subrecipient obtains a written and signed waiver (see Exhibit 9-21 for a sample Elderly Waiver).

Additionally, the Lead Safe Housing Rule requires that temporary dwellings must be free of lead-based paint hazards. Therefore, subrecipients must ensure that all temporary housing units are safe from lead. This means that temporary housing units were built after 1978 or have undergone a visual assessment and dust wipe sampling to ensure that no lead hazards are present.

12.2 Optional Relocation of Owner-Occupants in Rehabilitation Projects

An owner-occupant who is participating in a CDBG-DR or CDBG-MIT subrecipient's housing rehabilitation program is not eligible under the URA for relocation assistance because they have enrolled voluntarily unless code enforcement was used to induce an owner-occupant to participate. If a subrecipient chooses to provide temporary relocation assistance to owner-occupants, the subrecipient must adopt an Optional Temporary Relocation Assistance Policy.

12.2.1 Guidance for Owner-Occupant Temporary Relocation in Rehabilitation Projects

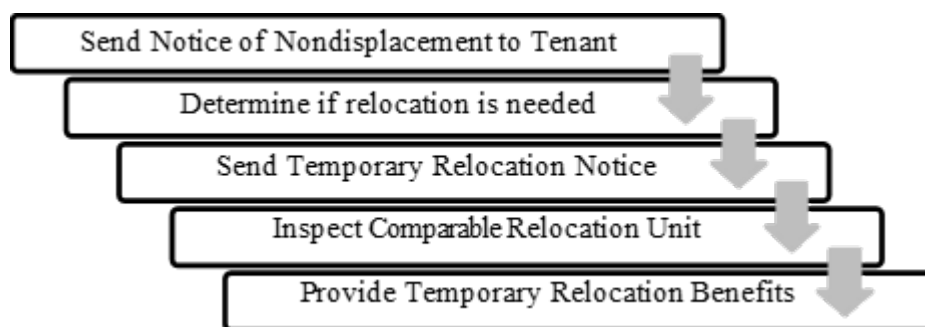
Because the URA does not cover owner-occupants who voluntarily participate in housing rehabilitation programs, the subrecipient has broad discretion regarding payments to owners during the period of temporary relocation. The subrecipient must outline the conditions for providing temporary relocation payments within their URA policy (see Section 7). Owner-occupants should be notified of temporary relocation policies as early as possible during the application phase to allow for suitable arrangements with minimal disruption.

The owner-occupant may be encouraged to stay with family or friends provided that these units meet decent, safe, sanitary, and lead-safe standards. If no suitable alternatives are available and hardship would result, the agency may define what constitutes a *hardship* within their URA policy (Section 7) and provide a certain level of financial assistance.

Subrecipients may negotiate discounted rates with hotels and pay the negotiated rate on behalf of the owner-occupants, ensuring that these accommodations meet the safety and lead-free requirements. Before signing agreements, subrecipients should inspect hotel units for compliance. If the temporary housing lacks cooking facilities, agencies may also provide a meals stipend.

12.3 Temporary Relocation of Tenants in Rehabilitation Projects

Tenants are protected by the URA during temporary relocation. HUD Handbook 1378 recommends providing at least 30 days' advance notice before a temporary move. The following illustrates the process for providing URA benefits for temporary relocation:



12.3.1 Notices

The tenant must receive a Notice of Nondisplacement (Exhibit 9-32) informing them that they may be or will be temporarily relocated. Once relocation becomes necessary, the subrecipient must issue a Temporary Relocation Notice to inform tenants who will be relocated of their rights and the conditions of their temporary move. (See Exhibit 9-22 for a sample Temporary Relocation Notice.)

The Notice of Nondisplacement is important when dealing with temporary relocation because it helps prevent temporary moves from becoming permanent.

12.3.2 Inspection of Temporary Relocation Property

The temporary unit need not be comparable to the original unit but must meet the tenant's needs and be decent, safe, sanitary, and lead-safe. The subrecipient should document inspections using Exhibit 9-16: HUD Form 52580: Section 8 Existing Housing Program Inspection

Checklist. If a tenant pays rent to a friend or family member, the subrecipient should document that rent was paid and the housing met the suitability standards.

12.3.3 Temporary Relocation Benefits

Temporarily relocated tenants must receive the following:

1. **Reimbursement for reasonable out-of-pocket expenses**, including moving costs to and from the temporary unit and any increase in rent/utility costs. Tenants remain responsible for their share of the rent in the original unit undergoing renovation.
2. **Appropriate advisory services**, including reasonable advance written notice of the following:
 - a. The date and approximate duration of the temporary relocation
 - b. The address of the temporary unit
 - c. The terms and conditions of returning to the rehabilitated unit
3. **Provisions of reimbursement for all reasonable out-of-pocket expenses.**

12.4 Guidance on Tenant Temporary Relocation

To assist with the temporary relocation of tenants, a subrecipient may encourage tenants to identify their own housing (within the established guidelines). However, the agency ultimately remains responsible for securing suitable shelter. If necessary, hotel accommodations may be used until rehabilitation is completed. In addition, the agency could use hotel rooms and provide a meal stipend if there are no cooking facilities. The stipend could vary depending on the age of the children in the household (if any).

The terms and conditions of the temporary move must be reasonable, or the tenant may become “displaced.” The tenant must be provided with adequate advance notice to move out of their unit and return when rehabilitation work is completed. Anything more than one year is considered permanent displacement, and the steps outlined in Section 12 must be followed. If the owner of the property is planning to raise the rent or offer a different unit in the property (which exceeds the greater of either their former rent or 30% of their gross monthly income),

the tenant must be notified of these changes before returning. If the cost of rehabilitation, including lead hazard control work, causes the rent to be increased and creates a rent burden (“economic displacement”), the tenant is protected by the URA and could be eligible for relocation assistance.

The term *economic displacement* is used to cover households that have lived in the project prior to the federally funded activity (acquisition or rehabilitation) and whose rent is raised, resulting in a move because they can no longer afford to remain. If the rent is increased and the household can no longer afford to stay, the subrecipient should treat the household as a displaced person and provide them with all of the assistance outlined under Section 12, including notices, a replacement housing payment, offer of a comparable unit, and moving expenses.

A nonresidential tenant who receives a Notice of Nondisplacement but moves permanently from the building or complex due to the terms and conditions under which the tenant may remain in the property, are deemed not reasonable.

13. Business Relocation Under the URA

The URA provides coverage for business owners (whether or not they are on-site) for owner/occupants of a business, and for tenants operating a business in rented space. To qualify for assistance, the business must meet the definition of a *displaced person* and must be required to move temporarily or permanently as a direct result of an assisted project involving acquisition, rehabilitation, or demolition.

Displaced businesses are entitled to advisory services and relocation assistance under the URA.

A *business* is defined as any lawful activity, except a farm operation, which is conducted:

1. Primarily for the purchase, sale, lease, and/or rental of personal and/or real property, and/or for the manufacture, processing, and/or marketing of products, commodities, and/or any other personal property;
2. Primarily for the sale of services to the public;

3. Primarily for outdoor advertising display purposes, when the display must be moved as a result of the project; or
4. By a non-profit organization that has established its non-profit status under applicable federal or state law.

NOTE: Refer to Subsection 3.2: Waived Requirements and the applicable allocation federal registration notice to determine whether a waiver applies.

13.1 Business versus Residential

URA coverage for moving expenses is similar for residential and non-residential displacees as qualified businesses may choose between a fixed payment or actual moving expenses. Owners or tenants who have paid for improvements will be compensated for their real property under acquisition rules. A complete, thorough appraisal is essential for making these decisions.

A displaced business is eligible to choose a fixed payment if the subrecipient determines that:

1. The business owns or rents personal property that must be moved, and an expense will be incurred.
2. The business either (a) discontinues operations, or (b) it relocates but is likely to incur a substantial loss of its existing patronage.
3. The business is not part of a commercial enterprise, having more than three other entities that are not being displaced by the subrecipient, and which are under the same ownership and engaged in the same or similar business activities.
4. The business contributed materially to the income of the displaced person.
5. The business operation at the displacement property is not solely for the rental of that real property to others.
6. The business contributed materially to the income of the displaced person for the two taxable years prior.

Actual moving expenses provide for the reimbursement of limited re-establishment expenses.

There are differences between coverage for residential and non-residential displaced:

1. A 90-day Notice to Move may be issued without a referral to a comparable site.
2. Businesses are entitled to temporary moving expenses; however, displaced businesses are not eligible for 104(d) assistance.
3. Owners or tenants who have paid for improvements will be compensated for their real property under the acquisition rules. A complete, thorough appraisal is essential to making these decisions.

13.2 Notices and Inspections

The subrecipient must provide a business to be displaced with written information about their rights and provide them with a General Information Notice (GIN) tailored to the situation when a Notice of Interest (Notice to Owner) is issued to the property owner. See Exhibit 9-23 for a sample GIN to use for businesses (non-residential tenants). The GIN should include the following:

1. An explanation that a project has been proposed and caution the business not to move until they receive a Notice of Eligibility for Relocation Assistance. (See Exhibit 9-24 for a sample of this notice.)
2. A general description of relocation assistance payments they could receive, the eligibility requirements for these payments, and the procedures involved. The HUD information booklet, [Relocation Assistance to Displaced Businesses, Nonprofit Organizations, and Farms \(HUD 1043-CPD\)](#) includes this general information and should be given to the business.
3. Information that they will receive reasonable relocation advisory services to help locate a replacement site, including help to complete claim forms, and information that they will not be required to move without at least 90 days' advance written notice.
4. A description of the appeal process available to businesses.

[Relocation Assistance to Displaced Businesses, Nonprofit Organizations and Farms](#)

If a business must be displaced, a tailored Notice of Eligibility must be provided as soon as possible after the initiation of negotiations (see Exhibit 9-24 for a sample notice).

This notice should:

1. Inform the business of the effective date of their eligibility.
2. Describe the assistance available and the procedures.
3. If necessary, a 90-day Notice to Move may be sent after the initiation of negotiations.
4. The business must be told as soon as possible that they are required to:
 - a. Allow inspections of both the current and replacement sites by the subrecipient's representatives, under reasonable terms and conditions;
 - b. Keep the subrecipient informed of their plans and schedules;
 - c. Notify the subrecipient of the date and time that they plan to move (unless this requirement is waived); and
 - d. Provide the subrecipient with a list of the property to be moved or sold.

Subrecipients need to be aware of when a property will be vacated. In many situations, the subrecipient must be on-site during a business move to provide technical assistance and represent the subrecipient's interests. In accordance with state law, any property not sold, traded, or moved by the business becomes the property of the subrecipient.

To be certain that the move takes place at a reasonable cost, an inventory containing a detailed itemization of personal property to be moved should be prepared and provided to the subrecipient. The subrecipient should verify this inventory and use it as a basis of comparison with bids or estimates and eventual requests for payment.

13.3 Business Relocation Benefits

13.3.1 Advisory Services

1. Non-residential moves are often complex. Subrecipients must interview business owners to determine their relocation needs and preferences. Displaced businesses are entitled to the following:

- a. Information about the upcoming project and the earliest date that they will have to vacate the property;
- b. A complete explanation of their eligibility for relocation benefits and assistance in understanding their best alternatives;
- c. Assistance in following the required procedures to receive payments;
- d. Current information on the availability and cost to purchase or rent suitable replacement locations;
- e. Technical assistance, including referrals, to help the business obtain an alternative location and become re-established;
- f. Referrals for assistance from state or federal programs, such as those provided by the Small Business Administration, which may help the business re-establish, and help in applying for funds; and
- g. Assistance in completing relocation claim forms.

13.3.2 Personal Property Left or Replaced

A business is eligible for either a Direct Loss or Substitute Equipment payment if the displacee will leave or replace personal property. A business can accept either of these (but not both) for an item.

Payment Type:	Can be made:	Payment based on the lesser of:
Direct Loss	For personal property that will not be moved or as a result of discontinuing the business of the non-profit or farm.	The fair market value of the item for continued use at the displacement site, minus the proceeds from the sale, or The estimated cost to move the item, with no allowance for the following: storage or reconnecting a piece of equipment if the equipment is in storage or not being used at the acquired site. If the business is discontinuing, the cost to move is based on a moving distance of 50 miles.
Substitute Equipment	When an item used by the business, non-profit, or farm is left in place, but is promptly replaced with a substitute item that performs a comparable function at the new site.	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 The estimated cost to move and reinstall the item, but with no allowance for storage.

13.3.3 Replacement Location Search Expenses

Certain costs incurred while searching for a replacement location are also eligible:

1. Businesses are entitled to reimbursement up to \$5,000. Subrecipients can pay more than this if they believe it is justified.
2. Costs may include reasonable levels of items such as the following:
 - a. Transportation
 - b. Meals and lodging away from home

- c. Time spent while searching, based on a reasonable salary or earnings
 - d. Fees paid to a real estate agent or broker while searching for the site (note that commissions related to the purchase are not eligible costs)
 - e. Time spent obtaining permits and attending zoning hearings
 - f. Expenses for negotiating the purchase of a replacement site, including actual, reasonable, and necessary attorney fees
3. Subrecipient may allow a one-time payment of \$1,000 for search expenses with minimal or no documentation as an alternative to the documented costs detailed above.

13.3.4 Reimbursement of Actual Moving Expenses

Any displaced business is eligible for the reimbursement of reasonable, necessary actual moving expenses:

1. Only businesses that choose actual moving expenses—versus a fixed payment—are eligible for a re-establishment expense payment.
2. Subrecipients should not place additional hardships on businesses; however, they can limit the amount of payment for actual moving expenses based on a least cost approach.
3. Businesses may choose to use the services of a professional mover or perform a self-move. Eligible expenses include the following:
 - a. Transportation of personal property
 - b. Packing, crating, uncrating, and unpacking of personal property
 - c. Disconnecting; dismantling; removing; reassembling; and reinstalling machinery, equipment, and personal property
 - d. Storage of personal property
 - e. Insurance for the replacement value of personal property in connection with the move and/or storage
 - f. Any license, permit, or certification required at the new location

- g. Professional services to plan the move, move the personal property, or install the personal property at the new location
- h. Provision of utility service from the right of way to the business
- i. 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 a site)
- j. Impact fees or one-time heavy utility use assessments
- k. Re-lettering signs and replacing existing stationery that are obsolete due to the displacement
- l. Reasonable costs are incurred while attempting to sell items that will not be relocated

13.3.5 Other Moving and Related Expenses

The subrecipient may pay other moving and related expenses that the subrecipient determines are reasonable and necessary and are not listed as ineligible. Payment of other reasonable and necessary expenses may be limited by the subrecipient to the amount determined to be least costly without causing the business undue hardship.

There may be instances where a person is required to move personal property from real property but is not required to move from a dwelling (including a mobile home), business, farm, or non-profit organization. Eligible expenses for moving the personal property are listed above.

Businesses may have personal property that is considered low value and high bulk, such as stockpiled sand, gravel, minerals, metals, or other similar items in stock. When the personal property to be moved is of low value and high bulk, and the cost of moving the property would be disproportionate to its value in the judgment of the subrecipient, the allowable moving cost payment shall not exceed the lesser of:

1. The amount that would be received if the property were sold at the site, or
2. The replacement cost of a comparable quantity delivered to the new business's location.

13.3.6 Ineligible Expenses

The following are ineligible for payment as an actual moving expense, as a re-establishment expense, or as “other reasonable and necessary expenses”:

- Loss of goodwill
- Loss of profits
- Personal injury
- Interest on a loan to cover any costs of moving or re-establishment expense
- Any legal fees or other costs for preparing a claim for a relocation payment, or for representing the claimant before the subrecipient
- The cost of moving any structure or other real property improvement in which the business reserved ownership
- The cost for the storage of personal property on real property already owned or leased by the business before the initiation of negotiations
- The costs of physical changes to the replacement site beyond that required to move and re-establish the business
- The purchase of capital assets, manufactured materials, production supplies, or product inventory, except as permitted under “moving and related costs”
- Interior and exterior finishes solely for aesthetic purposes, except for the redecoration or replacement of soiled or worn surfaces described in Subsection 13.3.7: Re-Establishment Expenses
- Refundable security and utility deposits

See Exhibit 9-26 for a sample claim form for moving and related expenses for businesses.

13.3.7 Re-Establishment Expenses

Only certain small businesses are eligible for re-establishment expenses up to \$33,200. *Small businesses* for this purpose are defined as those with at least one, and no more than 500

people, working at the project site. Businesses displaced from a site occupied only by outdoor advertising signs, displays, or devices are not eligible for a re-establishment expense payment.

Eligible items included in the \$33,200 maximum figure are:

1. Repairs or improvements to the replacement site, as required by codes or ordinances
2. Modifications to the replacement property to accommodate the business
3. Modifications to structures on the replacement property to make it suitable for conducting the business
4. Construction and installation of exterior advertising signs
5. Redecoration or replacement at the replacement site of soiled or worn surfaces, such as paint, paneling, or carpeting
6. Other licenses, fees, and permits not otherwise allowed as actual moving expenses
7. Feasibility surveys, soil testing, and market studies
8. Advertisement of the replacement location
9. Estimated increased costs of operation for the first two years at the replacement site for such items as:
 - a. Lease or rental charges
 - b. Utility charges
 - c. Personal or property taxes
 - d. Insurance premiums
10. Other re-establishment expenses as determined by the subrecipient to be essential to re-establishment

13.3.8 Fixed Payments

A displaced business may select a fixed payment instead of actual moving expenses (which includes re-establishment expenses) if the subrecipient determines that the displacee meets the following eligibility criteria:

1. The nature of the business cannot solely be the rental of property to others.
2. The business discontinues operations, or it will lose a substantial portion of its business due to the move. (The latest regulations state that a business is presumed to meet this test unless the subrecipient can demonstrate that it is not “location sensitive.”)
3. The business is not part of an operation with more than three other entities where:
 - a. No displacement will occur, and
 - b. The ownership is the same as the displaced business, and
 - c. The other locations are engaged in similar business activities.
4. The business contributed materially to the income of the displaced business.
5. The term *contributed materially* means that during the two taxable years prior to the taxable year in which the displacement occurred (or the subrecipient may select a more equitable period), the business or farm operation:
 - a. Had average gross earnings of at least \$5,000, or
 - b. Had average net earnings of at least \$1,000, or
 - c. Contributed at least one-third of the owner’s or operator’s average annual gross income from all sources.
6. If the subrecipient determines that the application of these criteria would cause an inequity or hardship, it may waive these criteria.

13.3.9 Fixed Payment Amount

The amount of the fixed payment is based on the average annual net earnings for a two-year period of a business or farm operations. To calculate the amount of the fixed payment, the following steps should be taken:

1. Calculate any compensation obtained from the business that is paid to the owner, the owner’s spouse, and dependents **before** federal, state, and local income taxes for a two-year period:

- a. The two-year period should be the two tax years prior to the tax year in which the displacement is occurring, unless there is a more equitable period of time that should be used.
 - b. If the business were not in operation for a full two-year period prior to the tax year in which it would be displaced, the net earnings should be based on the actual earnings to date and then projected to an annual rate.
 - c. If a business has been in operation for a longer period of time, and a different two-year period of time is more equitable within reason, the fixed payment should be based on that time period.
2. Divide this figure in half.

The minimum payment is \$1,000; the maximum payment is \$53,200.

When income or profit has been adjusted on tax returns to reflect expenses or income not actually incurred during the base period, the amount should be adjusted accordingly.

13.3.10 Entities Entitled to Fixed Payments

When two or more entities at the same location are one business, they are only entitled to one fixed payment. This determination should be based on the following:

1. Shared equipment and premises
2. Substantially identical or inter-related business functions and financial affairs that are co-mingled
3. Entities that are identified with the public and their customers as one entity
4. The same person or related persons own, control, or manage the entities
5. Businesses must furnish subrecipients with sufficient documentation of income to justify their claim for a fixed payment. This might include the following:
 - a. Income tax returns
 - b. Certified or audited financial statements
 - c. W-2 forms

- d. Other financial information accepted by the subrecipient

13.3.11 Required Form

Optional Form HUD-40056: Claim for Fixed Payment in Lieu of Payment for Actual Reasonable Moving and Related Expenses (Exhibit 9-27) may be used to claim the fixed payment. If another form is used, it should provide the same information in at least the same level of detail as described within HUD Form 40056 (Exhibit 9-27).

14. Owners of Manufactured Housing Units

Mobile homeowners who lease a homepad or private lot and who must relocate to a new location as the result of the acquisition of their pre-disaster homepad or lot are entitled to URA relocation benefits and replacement housing payments, regardless of whether the land owner voluntarily participates in the purchase of a homepad or land. A person who rents both the mobile home and homepad or private lot is considered a tenant and would be compensated using assistance outlined for tenants.

Displaced mobile homeowners who rent their homepads are entitled to assistance detailed below in Subsection 14.1 and either 14.2 or 14.3. However, only in rare cases may the combination of the two types of URA assistance exceed \$41,200.

14.1 Homepad Rental Assistance

The displaced mobile homeowner and homepad renter is entitled to compensation for rental and utility increases resulting from renting a comparable homepad and moving expenses as detailed in the section for tenants. Compensation for homepad rent increases is also 42 times the amount that is obtained by subtracting the “base monthly rent” for the displacement homepad from the monthly rent and average monthly cost of utilities for a comparable replacement homepad. The rental increase payment may not exceed a total of \$9,570.

14.2 Replacement Housing Assistance

For URA purposes, the displaced mobile homeowner is considered to be involuntarily displaced from his or her residence due to the homepad owner (landlord) selling that property.

Therefore, if the mobile home is purchased, the displaced mobile homeowner is also entitled to replacement housing assistance to compensate for his or her need to find replacement housing.

Compensation for mobile home replacement is equivalent to the amount that is obtained by subtracting the value of the displacement mobile home from the cost of a new replacement mobile home. For acquisition projects where the mobile homes are intact and are being relocated to new homepads, there is no difference. The replacement housing payment may not exceed a total of \$41,200.

If the owner is also being compensated for a homepad rental increase, not to exceed \$9,570, then the combination of rental and relocation assistance may not exceed a total of \$50,770.

14.3 Costs to Move a Manufactured Home

If the owner of a manufactured home wishes to move their existing home to a new location rather than sell it, those moving costs are eligible. The reasonable cost of disassembling, moving, and reassembling any attached appurtenances, such as porches, decks, skirting and awnings, anchoring the unit, and utility hook-up charges are included.

14.4 Completion of Relocation

The subrecipient should make every effort to expedite relocation because claims may be filed up to 18 months following the completion of the move. This means that claims can be filed months, perhaps years, after the conclusion of the program.

Therefore, if the subrecipient has unsettled relocation cases at the time of project close-out, the subrecipient should show the maximum payments for each potential claimant as unpaid costs on the close-out form.

Otherwise, LOCD-DR may cancel the funds remaining in the subrecipient's Letter of Credit and the subrecipient would be financially liable for relocation costs. For more details on close-out procedures, refer to Chapter 13: Close-Out. Claim forms for relocation payments are included in the exhibits. They include Claim for Moving Costs (Exhibit 9-28), Claim for Replacement Housing Payment for Homeowners (Exhibit 9-29), and Claim for Rental Assistance or Down Payment Assistance (Exhibit 9-30). Instructions for completing each claim form are provided.

14.5 Timely Payment

The subrecipient is responsible for ensuring that all payments are made in a timely manner. Payments should be issued within 30 days following the submission of sufficient documentation to support the claim. The regulations further state that advance payments must be made where they would avoid or reduce hardship. When advance payments are made, the subrecipient must document that the payment was used for the purpose intended. The subrecipient should have the recipient sign a letter acknowledging receipt of relocation payments (Exhibit 9-31).

14.6 Use of Relocation Payments

Rental assistance payments may be used for down payment assistance for the purchase of a replacement dwelling and related incidental expenses. Payments for rental assistance to owners or renters to assist with increased housing costs must be made in “other than a lump sum.” The subrecipient shall determine the frequency of payments, provided that they are not in a single disbursement.

15. Recordkeeping

15.1 Acquisition

For each project, the subrecipient’s files shall include a list identifying all parcels to be acquired for the project. An Acquisition Composite List (Exhibit 9-7) must be completed on CDBG-DR and CDBG-MIT projects having any acquisitions.

Acquisition notices, letters, and other documents that are mailed are required to be sent by registered or certified mail, return receipt requested. If hand-delivered, the delivery should be evidenced by a signature and date.

For additional acquisition recordkeeping requirements, refer to Chapter 3: Records Management and HUD Handbook 1378: Tenant Assistance Relocation and Real Property Acquisition Handbook.

NOTE: Refer to Exhibit 9-34: Sample Real Estate Acquisition Checklist.

15.2 Relocation

The subrecipient must maintain a separate case file on each displaced household for three years after final project close-out or after the relocation payments, whichever is later.

In addition, the following information, at a minimum, shall be maintained for at least three years after each owner of the property and each person displaced from the property have received the final payment to which they are entitled.

For each project, the subrecipient's files shall include a list or lists identifying the name and address of the following:

1. All persons occupying the real property at the beginning of the project. Generally, this is the date of the initial submission of the application for assistance by the property owner to the subrecipient or by the subrecipient to HUD; however, if site control is not obtained until after submission of the application, the date of site control is usually considered the beginning of the project.
2. All persons moving into the property on or after the date on which the project begins but before the completion of the project.
3. All persons occupying the property upon completion of the project.

NOTE: Refer to Exhibit 9-35: Sample Relocation File Checklist.

For additional relocation recordkeeping requirements, refer to Chapter 3: Records Management.

16. Acquisition and Relocation Resources

- HUD Handbook 1378
<https://www.hud.gov/hudclips/handbooks/cpd-1378-0>
- FHWA's URA Website
<https://www.fhwa.dot.gov/pgc/index.cfm?ddisc=100&dsub=1212>

- HUD Fair Market Rents
<https://www.huduser.gov/portal/datasets/fmr.html>
- National Registry of State-Certified or Licensed Appraisers
<https://www.asc.gov/appraiser>
- Louisiana General Appraiser License Search
<https://portal.lrec.gov/public/search>

17. LOCD-DR Exhibits

Exhibit	Description
Exhibit 9-1	Sample Voluntary Acquisition Policy
Exhibit 9-2	Preliminary Notice, Acquisition Notice, Form, and Brochure
Exhibit 9-3	Sample Statement of the Basis for the Determination of Just Compensation
Exhibit 9-4	Sample Written Offer to Purchase
Exhibit 9-5	Guideform Notice of Eligibility for Relocation Assistance – Residential Tenant
Exhibit 9-6	Sample Statement of Settlement Costs
Exhibit 9-7	Acquisition Composite List
Exhibit 9-8	Uniform Appraisal Standards for Federal Land Acquisition
Exhibit 9-9	Sample Invitation to Accompany an Appraiser
Exhibit 9-10	Sample Short Appraisal Form for Servitude Takings
Exhibit 9-11	Sample Review Appraisal Report
Exhibit 9-12	Sample Notice of Intent Not to Acquire
Exhibit 9-13	Sample Property and/or Servitude Acquisition Waiver
Exhibit 9-14	Recommended Local Relocation Policy
Exhibit 9-15	Sample Household Case Record
Exhibit 9-16	HUD Form 5280 Inspection Checklist – Housing Choice Voucher Program
Exhibit 9-17	HUD Form 40061: Selection of Most Representative Comparable Replacement Dwelling for Computing a Replacement Housing Payment
Exhibit 9-18	Sample Letter to Relocate in a Substandard Unit

Exhibit	Description
Exhibit 9-19	Sample 90-/30-Day Notice to Vacate
Exhibit 9-20	List of Eligible Moving Activities
Exhibit 9-21	Sample Elderly Waiver for Relocation
Exhibit 9-22	Sample Temporary Relocation Notice (Tenant)
Exhibit 9-23	Sample Displaced Tenant General Information Notice
Exhibit 9-24	Sample Notice of URA Eligibility (Nonresidential)
Exhibit 9-25	HUD Notice: Relocation Assistance to Displaced Businesses
Exhibit 9-26	HUD Form 40055: Claim for Actual Reasonable Moving and Related Expenses – Nonresidential
Exhibit 9-27	HUD-40056: Claim for Fixed Payment in Lieu of Payment for Actual Nonresidential Moving and Related Expenses
Exhibit 9-28	HUD Form 40054: Residential Claim for Moving and Related Expenses
Exhibit 9-29	HUD Form 40057: Claim for Replacement Housing Payment for 180-Day Homeowner-Occupant
Exhibit 9-30	HUD Form 40058: Claim for Rental Assistance or Down Payment Assistance
Exhibit 9-31	Sample Letter of Acknowledgement: Services and Payments Rendered
Exhibit 9-32	Guideform Notice of Nondisplacement to Residential Tenant
Exhibit 9-33	General URA Acquisition Process Checklist
Exhibit 9-34	Sample Real Property Acquisition Checklist
Exhibit 9-35	Sample Relocation File Checklist