



# HUD RAP

## (Relocation & Acquisition Policies)

Policy Newsletter of the Relocation and Real Estate Division  
Department of Housing and Urban Development  
Community Planning and Development

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Office of Affordable Housing Programs

**Q1:** When is an appraisal not required for an acquisition subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA)?

**A1:** The URA statute requires real property to be appraised, except in cases involving acquisition by sale or donation of real property with a low fair market value (Section 301(2)).

- This provision of the law is further defined and implemented by the URA regulations at 49 CFR 24.102(c), which in part sets forth that an appraisal is not required when the “...Agency determines the appraisal is unnecessary because the valuation problem is uncomplicated and the anticipated value of the proposed acquisition is estimated at \$10,000 or less, based on a review of available data.” If these criteria are met, the Agency may prepare a waiver valuation, provided the person performing the waiver valuation has sufficient understanding of appraisal principles and the local real estate market to be qualified to prepare it. The term “Waiver Valuation” is defined at 49 CFR 24.2(a)(33).

Written procedures for use of a waiver valuation should be established by an Agency prior to its use. When a waiver valuation is determined to be appropriate, adequate documentation of the valuation data used must be maintained in the acquisition file for HUD monitoring purposes.

If the anticipated amount of a waiver valuation is expected to exceed \$10,000 but is less than \$25,000, the Agency may request a waiver from HUD to exceed the \$10,000 regulatory limit (see Q/A 3 below).

- In the case of a property donation covered under 49 CFR 24.108, an appraisal is not required if the property owner releases the Agency from its obligation to appraise the

property and is informed of his/her right to receive just compensation. All releases must be signed by the property owner and must be maintained in the Agency's file for monitoring purposes.

- An appraisal is not required for “voluntary” acquisitions which meet the requirements and criteria of 49 CFR 24.101(b)(1)-(5). However, although an appraisal is not required under these circumstances, Agencies should consider having an appraisal prepared and reviewed for commercial/industrial properties and for properties with high anticipated values.

**Q2:** When is a “waiver valuation” not appropriate?

**A2:** A waiver valuation is not appropriate when: 1) The anticipated value of the proposed acquisition is expected to exceed \$10,000 (unless waived by HUD, see Q/A 3 below); 2) possible damages to the remainder property exist; 3) questions on highest and best use exist; 4) the valuation problem is complex; 5) the use of eminent domain is anticipated; 6) hazardous material/waste may be present; or 7) for other reasons, the agency determines an appraisal is required.

If the property owner elects to have the Agency appraise the property, the Agency must obtain an appraisal and shall not use the waiver valuation procedures provided in the cited regulations.

**Q3:** In 49 CFR 24.102(c)(2)(ii)(C) it says that the Federal Agency funding a project may approve exceeding the \$10,000 threshold for uncomplicated acquisitions which do not require an appraisal, up to a maximum of \$25,000, if the Agency acquiring the real property offers the property owner the option of having the Agency appraise the property. In HUD-funded projects, how would an Agency request approval of a threshold above \$10,000?

**A3:** A request for approval of a threshold above \$10,000 (not to exceed \$25,000) for a HUD-funded project should be submitted to the appropriate HUD Regional Relocation Specialist who has responsibility for the State in which the project is located. A list of the HUD Regional Relocation Specialists located in the Office of Community Planning and Development (CPD) can be found on HUD's relocation website at: [www.HUD.gov/relocation](http://www.HUD.gov/relocation) under “Contacts.”

The Agency request must include its written waiver valuation operating procedures and documentation to supporting the waiver request including: Identification of the project or projects for which a higher threshold is requested, the threshold amount requested, identification of the person or persons who will be authorized by the Agency to perform the waiver valuation in lieu of an appraisal, a description of the qualifications of each named person to perform such a valuation based on sufficient understanding of the local real estate market, and agree that the Agency will offer the property owner the option of having the Agency appraise the property.

The Regional Relocation Specialist will review the request and consult with appropriate staff from the HUD program area(s) funding the project (CPD, Public and Indian Housing, and/or Housing). The Regional Relocation Specialist will prepare a memorandum addressed to the General Deputy Assistant Secretary for CPD either recommending approval or disapproval of the request with appropriate justification. This memorandum is to be signed by the Field Office CPD Director in whose jurisdiction the project is located. Copies will be provided to the appropriate HUD program areas.

The Assistant Secretary for CPD, or her designee, will approve or disapprove requests for higher thresholds.

If an increase in the waiver valuation threshold is granted by HUD, it is strongly recommended that the Agency secure the property owner's agreement to accept a waiver valuation (in lieu of an appraisal) in writing, prior to preparation of the waiver valuation. In any event, the property owner's signature acknowledging the agency's offer of an appraisal and the property owner's acceptance of a waiver valuation must be included in the Agency's acquisition file whenever the waiver valuation amount exceeds \$10,000.