



# DEVELOPING PROJECTS WITH HOME FUNDS: TEN THINGS YOU NEED TO KNOW ABOUT RELOCATION AND THE UNIFORM ACT (URA)\*

*\*But Might Have Been Afraid to Ask*

## Introduction

When you receive HOME Program funds from a participating jurisdiction (PJ) to develop affordable housing, with those funds come a variety of federal requirements. Although many program-specific federal requirements are contained within the HOME Program regulations – such as requirements for serving low-income households or maximum subsidy limits – other federal requirements also apply. One such example is a federal law entitled the **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA)**.

The Uniform Act, passed by Congress in 1970, establishes minimum standards for federally-funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally-funded projects.

[49 CFR Part 24](#) are the government-wide regulations which implement the URA.

### The URA's main objectives are:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally-funded projects.
- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement.
- To ensure that no individual or family is displaced unless Decent, Safe and Sanitary (DSS) housing is available within the displaced person's financial means.
- To help improve the housing conditions of displaced persons living in substandard housing.
- To encourage and expedite acquisition by agreement and without coercion.

This booklet briefly highlights ten key URA relocation requirements and concepts. However, it does not contain everything you need to know about relocation, or for that matter, real estate acquisition requirements under the URA or other applicable federal rules (Section 104(d)) for U.S. Department of Housing and Urban Development (HUD) programs.



In addition to the statutory and regulatory requirements of the URA and Section 104(d), it is important to note that HUD grant recipients should also be guided by HUD Handbook 1378 (Tenant Assistance Relocation and Real Property Acquisition) when conducting real estate acquisition and relocation activities for HUD-funded programs and projects.

HUD Handbook 1378, the URA statute and regulations, and other helpful materials may be found on HUD's Real Estate Acquisition and Relocation Web Site at <http://www.hud.gov/relocation>.

If you have questions about real estate acquisition or relocation, contact the PJ agency staff member responsible for your project. Check the back of this booklet for the name of the person to contact at the PJ. Ask your questions before you begin a project. Afterwards, it may be too late.

*(NOTE: The term Agency as used in this booklet means the federal, state, local government agency or person that acquires real property or displaces a person.)*

### **#1: Does the URA Apply to My Project?**

The URA is a government-wide rule that is not only specific to HUD programs and grant recipients, but applies to all federally-funded programs and projects which require the acquisition of real property and/or displace persons from their homes, businesses and farms.

For HUD, the URA requirements apply to HUD-provided grants, loans, or contributions, including HOME, CDBG, or Section 108 loan guarantees. There are, however, a few exceptions to this general rule.

One exception is the American Dream Downpayment Initiative (ADDI). ADDI was signed into law on December 16, 2003 under the American Dream Downpayment Act (Public Law 108-186) (ADDI statute). ADDI funds are used for downpayment assistance towards the purchase of single family housing by low-income families who are first-time homebuyers. ADDI is not subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and its implementing regulations, 49 CFR Part 24. (\*FY 2003 ADDI funds are subject to URA and 49 CFR Part 24 requirements.)

With the exception of ADDI, the URA will apply to most development activities that are funded with HOME dollars. This is true whether or not HOME actually funded the acquisition, demolition or rehabilitation itself. For example, assume that local dollars were used for acquisition and demolition and HOME was used for new construction of units. Even though HOME did not directly pay for the acquisition or demolition, it was a part of the overall project and thus, URA applies.

So, before you apply for or begin your HOME-assisted project, it is important that you evaluate when and how the URA might be triggered.

### **Where can you go to find more information about URA applicability?**

You should consult Chapter 8 of [HUD Handbook 1378](#) for more guidance.



## #2: **Why Plan?**

Planning can “make” or “break” your project. A well planned project may be completed on time and on schedule, whereas, a poorly planned project can result in delays, funding shortfalls, bad publicity, and even legal action.

Planning for acquisition and relocation activities should begin early in the project planning process.

Section 205 of the URA requires that, “Programs or projects undertaken by a federal agency or with federal financial assistance shall be planned in a manner that (1) recognizes, at an early stage in the planning of such programs or projects and before the commencement of any actions which will cause displacements, the problems associated with the displacement of individuals, families, businesses, and farm operations, and (2) provides for the resolution of such problems in order to minimize adverse impacts on displaced persons and to expedite program or project advancement and completion.”

It is critical for developers to plan their projects to ensure adequate **time, funding and staffing** is available to carry out their responsibilities under the URA. This means that when you are considering applying for HOME funds you must carefully evaluate the costs and time implications of URA.

The financial obligations of providing relocation assistance under the URA can be costly, but it is required by law. It’s also the right thing to do. Under the URA, residential displaced persons may be eligible for relocation assistance and payments including, advisory services, moving cost reimbursement and replacement housing payments; Nonresidential displaced persons (businesses, farms and non-profits) may also be eligible for relocation assistance and payments including, advisory services, moving cost reimbursement and reestablishment expenses.

In some projects, permanent displacement or temporary relocation will be necessary. It is important that the development budget for the project include an accurate estimate of these costs so that they can be considered within the underwriting and funding analyses. Failure to accurately budget relocation costs may mean financial difficulties down the road.

It is also important to accurately estimate the time implications of providing relocation assistance. In addition to the time required to provide relocation advisory services throughout the moving process, no person shall be required to move without a minimum of 90 days written notice of the required date of the move. The 90-day notice is a key requirement of the URA which we will discuss in more detail later; however, developers need to consider this minimum time period in their project schedule.

### **Where can you go to find more information about relocation planning?**

You should consult [49.CFR.24.205](#) and Chapter 2 of [HUD Handbook 1378](#) for more guidance.



### #3: **Who is a Displaced Person? / Who is Not a Displaced Person?**

#### **Who is a Displaced Person?**

Generally, a displaced person under the URA is an individual, family, partnership, association, corporation, or organization, which moves from their home, business, or farm, or moves their personal property, as a direct result of acquisition, demolition or rehabilitation for a federally funded project. Displaced persons are eligible for relocation assistance under the URA.

#### **Who is Not Displaced?**

Generally, persons not displaced are not eligible for relocation assistance under the URA. Examples of persons not displaced include the following:

- Persons displaced temporarily from their dwelling for less than 12 months while it is being rehabilitated
- Illegal aliens – the URA prohibits providing relocation assistance to persons not lawfully present in the U.S.

The URA contains specific definitions of a “displaced person” and “persons not displaced”. These definitions in addition to the HUD handbook should be used when making any determinations of relocation eligibility. When in doubt, you should contact a [HUD Regional Relocation Specialist](#) in your area for further assistance.

#### **Where can you go to find more information about displaced persons?**

You should consult [49 CFR 24.2\(a\)\(9\)](#) and Chapter 1 of [HUD Handbook 1378](#) for more guidance.

### #4: **What Notices are Required?**

The URA regulations require three notices to be issued to eligible persons. These notices provide important information about the project, the affected persons’ resulting rights, their protections, and their eligibility for relocation assistance and payments under the URA. It is critical for agencies to issue appropriate notices to affected persons at the appropriate time.

One of the most important URA notices is the **90-Day Notice**. No person shall be required to move without a minimum of 90 days written notice of the required date of the move.

HUD has specific requirements relating to the three URA notices and also requires additional notices be issued when conducting acquisition and relocation activities for HUD-funded programs and projects. You should refer to the HUD handbook for more information on this topic.

#### **What notices are required under the URA?**

- **General Information Notice (GIN):** Informs affected persons of the project and that they may be displaced by the project.



- **Notice of Relocation Eligibility:** Informs persons that they will be displaced by the project and establishes their eligibility for relocation assistance and payments.
- **90-Day Notice:** Informs displaced persons of the earliest date by which they will be required to move. This notice may not be issued unless a comparable replacement dwelling is available and the displaced person is informed of its location and has sufficient time to lease or purchase the property.

### **Where can you go to find more information about required notices?**

You should consult [49 CFR 24.203](#) and Chapter 2 of [HUD Handbook 1378](#) for more guidance.

### **#5: What are Relocation Advisory Services?**

In addition to being required by law, relocation advisory services are the single most important part of a successful relocation program. Relocation advisory services are required to be provided to all eligible displaced persons including nonresidential displaced persons.

### **What are some key relocation advisory service requirements?**

- Determine the needs and preferences of displaced persons
- Explain available relocation assistance
- Explain a person's right to appeal if they are not satisfied with agency decisions
- Offer and provide transportation to locate replacement housing
- Offer other assistance (e.g. social services or financial referrals, housing inspection, etc.)
- Provide current and ongoing listings of comparable dwellings for residential displacements and replacement sites for businesses
- Supply information on other federal and state programs offering assistance
- Provide counseling and other assistance to minimize hardship in adjusting to relocation
- And other required and appropriate assistance

### **Where can you go to find more information about relocation advisory services?**

You should consult [49 CFR 24.205](#) and Chapter 2 of [HUD Handbook 1378](#) for more guidance.

### **#6: What Relocation Payments Does the URA Require for Residential Relocation Assistance? (Permanent Displacement)**

In addition to relocation advisory services, residential displaced persons may be eligible for other relocation assistance including relocation payments for moving expenses and



replacement housing payments for the increased costs of renting or purchasing a comparable replacement dwelling.

### **What types of moving payment options are available to displaced persons?**

The URA provides the following moving payment options:

- Payment for the actual, reasonable moving costs and related expenses, or
- Payment based on a fixed schedule
- Or a combination of both based on circumstances

In cases where a displaced person's move is performed by the agency at no cost to the person, the displaced person should receive a \$100 expense and dislocation allowance.

### **What types of replacement housing payments are available to displaced persons?**

The URA provides for different replacement housing payments (RHP) based on a displaced person's occupancy status and length of occupancy. Tenant occupants may be eligible for a rental assistance payment to supplement the costs of leasing a comparable replacement dwelling, or downpayment assistance payment to purchase a replacement dwelling. Owner occupants may be eligible for a price differential payment, mortgage interest differential payment, or incidental payments to supplement the costs of purchasing a comparable replacement dwelling.

- **For tenant occupants of 90 days or more.** A rental assistance payment is based on the difference, if any, between the cost of the monthly rent and utilities of the displacement dwelling and a comparable decent, safe, and sanitary replacement dwelling, as determined by the agency. The URA established a 42-month period for supplementing this payment difference, for a total amount up to \$5,250. (See [Question # 7: Housing of Last Resort](#) for additional information.)

**It is important to note that a rental assistance payment should be based on income for low-income persons.** (Please see [49 CFR 24.402\(b\)](#))

Furthermore, tenant occupants may be eligible to use their rental assistance payment as a downpayment for the purchase of a replacement dwelling.

- **For owner occupants of 180 days or more.** A price differential payment is based on the difference, if any, between the acquisition price of the acquired dwelling and the purchase price of a comparable decent, safe, and sanitary replacement dwelling, as determined by the agency. The URA established a maximum amount of \$22,500 for a RHP for 180-day owner occupants (See [Question # 7: Housing of Last Resort](#) for additional information).
- **For owner occupants of 90 to 180 days.** Short-term owners may be eligible for similar assistance as tenant occupants listed above.



### **Where can you go to find more information on moving expense payments?**

You should consult [49 CFR 24.301-.302](#) and Chapter 3 of [HUD Handbook 1378](#) for more guidance.

### **Where can you go to find more information on replacement housing payments?**

You should consult [49 CFR 24.401-.404](#) and Chapter 3 of [HUD Handbook 1378](#) for more guidance.

### **#7: What is Housing of Last Resort?**

The URA requires that comparable decent, safe, and sanitary replacement (DSS) housing within a person's financial means be made available before that person may be displaced. When such housing cannot be provided by using replacement housing payments, the URA provides for "housing of last resort." **Housing of last resort may involve the use of replacement housing payments that exceed the URA maximum amounts.** Housing of last resort may also involve the use of other methods of providing comparable decent, safe, and sanitary housing within a person's financial means.

Agencies have broad flexibility in the use of housing of last resort. It is intended to enable agencies to respond to difficult or special displacements, but it should **not** be used as a substitute for lack of time or lack of relocation advisory services.

Remember that it is crucial to identify potential housing of last resort situations early so that they may be addressed in a proper manner.

### **Where can you go to find more information on housing of last resort?**

You should consult [49 CFR 24.404](#) and Chapter 3 of [HUD Handbook 1378](#) for more guidance.

### **#8: What are My Obligations for Temporary Relocations?**

Sometimes a project may require persons to be displaced from their dwellings for only a short period of time. Although temporarily displaced persons do not receive the same relocation assistance and payments as persons permanently displaced under the URA, they do have certain rights and protections.

### **What are the requirements for temporary relocation?**

When necessary or appropriate, residential tenants who will not be required to move permanently may be required to relocate temporarily for the project. **Temporary relocation should not extend beyond one year before the person is returned to his or her previous unit or location.** Any residential tenant who has been temporarily relocated for more than one year must be offered all permanent relocation assistance which may not be reduced by the amount of any temporary relocation assistance previously provided.



All conditions of temporary relocation must be reasonable. At a minimum, the tenant shall be provided the following:

- Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent or utility costs at such housing.
- Appropriate advisory services, including reasonable advance written notice of the following:
  - Date and approximate duration of the temporary relocation;
  - Address of the suitable decent, safe, and sanitary dwelling to be made available for the temporary period;
  - Terms and conditions under which the tenant may lease and occupy a suitable decent, safe and sanitary dwelling in the building/complex upon completion of the project; and
  - Provisions of reimbursement for all reasonable out of pocket expenses incurred in connection with the temporary relocation as noted above.

#### **Where can you go to find more information about temporary relocation?**

You should consult [49 CFR 24.2\(a\)\(9\)\(ii\)\(D\)](#) and Chapter 2 of [HUD Handbook 1378](#) for more guidance.

#### **#9: Are Nonresidential Displacements (*businesses, farms and nonprofit organizations*) Eligible for Relocation Assistance and Payments?**

Yes. Nonresidential relocation can also be extremely complex and expensive. Agencies should be cautious when conducting nonresidential displacements under the URA. It is recommended for agencies to seek guidance and assistance from knowledgeable persons with this expertise early in the process.

In addition to relocation advisory services, nonresidential displaced persons may be eligible for other relocation assistance including relocation payments for moving expenses and reestablishment.

#### **What types of moving options are available to nonresidential displaced persons?**

The URA provides the following moving options:

- Payment for the actual, reasonable moving costs and related expenses, and
- Payment for actual, reasonable reestablishment expenses, **or**
- A fixed payment “in lieu of” moving and reestablishment costs.



### **Where can you go to find more information about nonresidential relocation?**

You should consult [49 CFR 24.301, 24.303-305](#) and Chapter 4 of [HUD Handbook 1378](#) for more guidance.

### **#10: Are There Other Federal Laws Like the URA Which May Apply to My Project?**

Yes. Section 104(d) of the Housing and Community Development Act (HCD) provides minimum requirements for federally-funded programs or projects when units that are part of a community's low-income housing supply are demolished or converted to a use other than low- or moderate-income dwellings.

#### **What are the Section 104(d) requirements?**

- Replacement, on a one-for-one basis, of all occupied and vacant occupiable low- or moderate-income dwelling units that are demolished or converted to a use other than low- or moderate-income housing in connection with an activity assisted under the HCD Act, and
- Provision of certain relocation assistance to any lower-income person displaced as a direct result of the following activities in connection with federal assistance:
  - Demolition of any dwelling unit, or
  - Conversion of a low- or moderate-income dwelling unit to a use other than a low- or moderate-income residence.

#### **What triggers Section 104(d)?**

Section 104(d) requirements are triggered by the use of HOME, CDBG, Section 108 Loan Guarantee, or UDAG funding in a project involving the demolition or conversion of low- or moderate-income housing. Please note that CDBG funding used only for relocation assistance or project administration does not trigger Section 104(d) requirements.

#### **What are the relocation requirements under Section 104(d)?**

The relocation assistance and payments for eligible persons under Section 104(d) are similar to those required for the URA but there are a number of differences. One significant 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. Section 104(d)-eligible displaced persons may choose to receive relocation assistance under Section 104(d) or relocation assistance under the URA.

#### **What are the guiding regulations for Section 104(d) relocation requirements?**

- Section 104(d) Regulations: [24 CFR Part 42](#) are the regulations that implement Section 104(d) of the Housing and Community Development Act.



**Where can you go to find more information about Section 104(d) requirements?**

You should consult [24 CFR Part 42](#) and Chapter 7 of [HUD Handbook 1378](#) for more guidance.



If you have further questions after reading this booklet, contact your PJ and discuss your concerns with a city or State representative.

City or State HOME Program Office: \_\_\_\_\_

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Office Hours: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

Person to Contact: \_\_\_\_\_