

096341

73-0499

3.52.30



REPORT TO THE SUBCOMMITTEE
ON INTERGOVERNMENTAL RELATIONS
COMMITTEE ON
GOVERNMENT OPERATIONS
UNITED STATES SENATE

23
30
21



LW096341

Differences In Administration Of The
Uniform Relocation Assistance And
Real Property Acquisition
Policies Act Of 1970

B-748044

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

096341

704556

JUNE 7, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-148044

The Honorable Edmund S. Muskie
Chairman, Subcommittee on
Intergovernmental Relations
Committee on Government Operations
United States Senate

Dear Mr. Chairman:

As you requested, we are reporting on differences in administration of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

This report discusses the progress made to implement the act, the major differences between the agencies' relocation programs, and Federal agencies' actions to improve their programs and achieve greater uniformity in their procedures and practices.

As agreed with your office, we obtained and incorporated in our report, as appropriate, the written comments of the Office of Management and Budget and the Departments of Transportation and the Army. We also requested written comments from the Department of Housing and Urban Development on January 16, 1973, but as of April 26, 1973, had not received a reply; however, we discussed the contents of the report with the Department in February 1973 and recognized its views.

We believe that the contents of this report would be of interest to committees, other Members of Congress, and the agencies included in our review; however, we do not plan to

B-148044

distribute the report further unless you agree or publicly
announce its contents.

Sincerely yours,

A handwritten signature in cursive script, reading "James B. Stewart". The signature is written in dark ink and is positioned above the typed name and title.

Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	5
Provisions of the act	5
2 FEDERAL AND STATE ACTIONS TO IMPLEMENT THE ACT	8
Implementation at the Federal and State level	8
Actions of the interagency task force	9
Actions of the Relocation Assistance Advisory Committee	10
Federal efforts to obtain complying State legislation	11
Effects of delays in State imple- mentation	12
3 DIFFERENCES IN RELOCATION PAYMENTS	15
Differential housing payment for homeowners	16
Differences in computation methods	16
Differences in payments for increased finance costs	19
Differential rental payments	21
Determining reasonable rental costs	21
Rental payment adjustments	22
Rental payments not limited to actual rent paid	23
Different methods used in determining downpayments	24
4 RELOCATION ASSISTANCE ADVISORY SERVICES	26
Assurances of available replacement housing	26
FHWA	26
HUD	27
Corps	28
Coordination of housing resources	28
Advisory services provided	30
Informing relocatees of benefits	30

CHAPTER		<u>Page</u>
	Compiling and disseminating housing information	32
	Referrals to other Federal and State assistance programs	33
5	CONCLUSIONS AND PROPOSED AGENCY ACTIONS	34
6	SCOPE	35

APPENDIX

I	Letter dated April 24, 1972, from the Chairman, Subcommittee on Intergovernmental Relations, United States Senate	37
II	Letter dated March 22, 1973, from the Office of Management and Budget to the General Accounting Office	39
III	Agency, location, and project selected for review	41
IV	Relocation data by agency	42

ABBREVIATIONS

FHWA	Federal Highway Administration
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
Corps	U.S. Army Corps of Engineers
OMB	Office of Management and Budget

COMPTROLLER GENERAL'S REPORT
TO THE SUBCOMMITTEE ON
INTERGOVERNMENTAL RELATIONS
COMMITTEE ON GOVERNMENT OPERATIONS
UNITED STATES SENATE

DIFFERENCES IN ADMINISTRATION OF THE
UNIFORM RELOCATION ASSISTANCE AND
REAL PROPERTY ACQUISITION POLICIES
ACT OF 1970 B-148044

D I G E S T

WHY THE REVIEW WAS MADE

This act provides for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs. It also establishes uniform and equitable land acquisition policies for such programs.

The Chairman of the Subcommittee on Intergovernmental Relations asked GAO to review Federal, State, and local agencies' progress in implementing the act in Missouri, California, Wisconsin, and Pennsylvania.

Agencies selected for review were the Corps of Engineers, the Department of Housing and Urban Development (HUD), and the Federal Highway Administration (FHWA). GAO also reviewed actions of the Office of Management and Budget (OMB) to implement the act.

During fiscal year 1972 the three agencies accounted for about 99 percent of all Government-wide displacements affecting about 119,000 persons at a cost of about \$106 million. Agency estimates indicate relocation costs will increase in fiscal years 1973 and 1974.

FINDINGS AND CONCLUSIONS

Since the act was passed on January 2, 1971, OMB and the agencies

have (1) assisted the States in enacting legislation authorizing their participation in federally assisted programs causing relocation and (2) made progress in identifying and resolving agencies' differences in the way relocation payments and services were being provided.

Although progress was being made, major differences still existed. GAO noted that, although the agencies' advisory services programs were, for the most part, adequate, opportunities existed to improve the administration of the relocation program and to make payments more uniform.

Federal efforts to implement the act

On January 4, 1971, the President directed OMB to establish and head an interagency task force to develop guidelines for all agencies in preparing procedures covering each agency's specific programs. OMB also was directed to establish and head a relocation assistance advisory committee to continually review agencies' relocation programs to recommend improvements and, if needed, proposals for legislation.

The task force issued interim guidelines in February 1971 and revised guidelines in May 1972. As of January 1973 a subcommittee of the relocation advisory committee had identified 12 major differences in agency guidelines and obtained agreements from the agencies to

resolve the majority of them. (See p. 10.)

As of July 1972 all States had enacted legislation to comply with federally assisted highway programs, eight States needed legislation for certain housing programs, and five States needed legislation for certain Corps programs.

Some legislatures of States lacking enabling legislation will not reconvene until sometime in 1973. As of July 1972, the four States included in the GAO review were legally able to provide relocation assistance for FHWA, HUD, and Corps federally assisted programs. (See p. 12.)

Effects of delays in State implementation

GAO noted instances in which displaced persons did not receive timely information on relocation benefits available under the new act because of

--delays in enacting enabling State legislation and/or

--a lack of timely actions by local displacing offices.

As of September 1972 about 500 persons displaced from January 1971 to June 1972 by several housing projects in Philadelphia relocated themselves and did not receive written information explaining the relocation assistance program.

Unless these displacees are located, they may lose relocation benefits.

Differences in relocation payments

The act provides that a displacee may receive

--a reimbursement for actual moving expenses or a fixed moving expense payment up to \$500,

--a replacement housing payment up to \$15,000,

--a 4-year rental assistance payment up to \$4,000, or

--a downpayment up to \$4,000 on the purchase of a house.

Other payments are authorized for displaced businesses and farms. A displacee may receive more than one payment depending on whether he purchases a house, rents, or replaces a farm or business.

Relocation payments generally were computed according to OMB guidelines. However, because more than one method is permitted and the same method was not used by local displacing offices in a given area, displacees with similar housing needs did not receive similar payments. For example, the agencies differed in determining:

--Differential housing payments for homeowners. Local displacing offices in the same area used different methods to establish the reasonable cost of a replacement house comparable to the one being acquired by the Government.

In Kansas City 30 FHWA relocatees would have received from \$240 to \$10,288 more by using the HUD method for computing replacement housing payments. (See p. 18.)

--Differential rental payments. Local displacing offices differed in how much, if any, of a displaced person's income should be considered in computing the payment and whether the payment

should be based on actual rent paid for the replacement house or the rental amount for comparable replacement housing.

Consequently, some persons received the maximum payment from one agency while others relocated by a different agency received considerably less. (See p. 23.)

--Downpayments. Some local displacing offices limited payment to the amount needed for a conventional loan on a comparable house while other offices paid the amount needed for a conventional loan on the house purchased.

Because of the difference, displacees with similar housing needs sometimes received more from an agency than they would have if displaced by another agency. (See p. 25.)

Relocation assistance
advisory services

The three agencies' advisory services to displacees were, for the most part, adequate. Generally, agency projects involved long leadtimes which allowed sufficient time to advise and assist them.

In some instances, however, (1) studies made to determine that replacement housing would be available for persons to be displaced were not in sufficient detail to support such a determination and (2) advisory services provided differed in degree and timing.

AGENCY ACTIONS

OMB generally concurred with GAO's findings and conclusions and said the agencies would give special attention to resolving the payment differences.

OMB advised GAO that the agencies agreed, in principle, with the major differences reported and were now developing detailed instructions to implement the agreement. In addition, OMB said the interagency task force responsible for resolving agencies' legal and procedural differences was making excellent progress in identifying and resolving differences.

The agencies also advised GAO of their actions being taken in response to matters discussed in the report.

10

.

10

CHAPTER 1

INTRODUCTION

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601), enacted on and effective as of January 2, 1971, provides for uniform and equitable treatment of persons (displacees) displaced from their homes, businesses, or farms by Federal and federally assisted programs. The act also established a uniform policy for acquiring real property for such programs.

At the April 24, 1972, request of the Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations (see app. I), we reviewed (1) the Federal actions implementing the act, (2) the major differences between the Federal agencies' relocation activities, and (3) States' actions to implement procedures consistent with the act. We were requested also to compile data showing the number and cost of relocations resulting from Federal and federally assisted programs.

The agencies selected for review were (1) the Department of Housing and Urban Development (HUD), (2) the Federal Highway Administration (FHWA), Department of Transportation, and (3) the Corps of Engineers, Department of the Army.

We made our review at selected locations in California, Missouri, Pennsylvania, and Wisconsin. (See app. III.) The information in this report, therefore, may not represent agency programs or offices at locations not selected.

For FHWA and HUD federally assisted programs, the State highway departments and local public agencies, respectively, carry out relocation activities in each State. Because most Corps programs are not federally assisted, the Corps administers its own relocation functions. Since all relocation activities are carried out at the local level, we will refer to such offices as local displacing offices.

PROVISIONS OF THE ACT

The act provides that a displacee may receive (1) reimbursement for actual moving expenses or a fixed moving expense payment up to \$500, (2) a replacement housing payment up to

\$15,000, (3) a 4-year rental assistance payment up to \$4,000, or (4) a downpayment up to \$4,000 to purchase a house. In addition to receiving a moving expense allowance, displaced businesses and farms can receive reimbursement for direct losses of tangible personal property and reasonable expenses in searching for a replacement business or farm. A displacee may receive more than one of the above payments depending on the circumstances; that is, whether the displacee purchases a house, rents, or relocates a business or farm.

The act requires that each agency with programs displacing persons or businesses establish a relocation assistance advisory services program. This program is designed to provide displacees with information on available replacement housing, advice on eligibility requirements for relocation benefits, guidance in obtaining financial assistance, and other services as necessary to minimize the hardship of relocation.

The act became effective as soon as each State enacted authorizing legislation. All States were to have authorizing legislation by July 1, 1972, to receive Federal financial assistance for programs displacing people. The first \$25,000 of payments made by a local displacing office to a displaced person were reimbursed by the Federal Government through July 1, 1972. Payments exceeding that amount were shared in the same ratio as the cost-sharing formula of the program causing the displacement, and after July 1, 1972, all relocation costs were to be shared.

The 92d Congress considered several bills extending the date for State compliance and continuing the extent of Federal participation provided before July 1, 1972. Although no action was taken on these bills, similar bills have been introduced in the 93d Congress.

During fiscal year 1972 Federal and federally assisted projects of FHWA, HUD, and the Corps accounted for about 99 percent of all Government-wide displacements. About 119,000 people were relocated, at a cost of about \$106 million, by programs administered by the three agencies. Estimates prepared by the three agencies indicate that relocation costs will increase for fiscal years 1973 and 1974. Displacements during these 2 years are estimated to cost about \$316 million.

BEST DOCUMENT AVAILABLE

Appendix IV shows the number of displacees and the relocation costs for Federal agencies reporting relocation activities during fiscal year 1972 and estimates of their relocation costs for fiscal years 1973 and 1974.

CHAPTER 2

FEDERAL AND STATE ACTIONS TO IMPLEMENT THE ACT

Before the act was passed, many Federal agencies did not have relocation programs and, for those that did, major differences existed. Some of these differences were resolved when, under the new act which applied to all Federal programs, the Office of Management and Budget (OMB) and the agencies reviewed the existing relocation programs and, within the limits of the new act, incorporated applicable provisions into the OMB interim guidelines. Since the act was passed, an interagency working group headed by OMB has identified and is acting to resolve differences in agencies' procedures.

At the time the act was passed, the majority of the States needed legislation to authorize their participation in the federally assisted programs causing relocation. OMB, the three agencies, and certain public interest groups assisted in developing such legislation. As of July 1, 1972, the date the act required the States to have authorizing legislation, the majority of States, including the four in our review, had passed enabling legislation. Some legislatures of those States lacking enabling legislation will not reconvene until sometime in 1973.

IMPLEMENTATION AT THE FEDERAL AND STATE LEVEL

On January 4, 1971, the President directed OMB to establish and head an interagency task force which would establish guidelines for all Federal agencies to follow in developing and issuing regulations and procedures covering their programs. The objective of the OMB guidelines was to insure uniform administration of the act. The interagency task force included representatives from HUD; the Departments of Transportation, Justice, and Defense; and the General Services Administration.

The President's letter also directed OMB to form and chair a Relocation Assistance Advisory Committee to continually review agencies' relocation programs and recommend improvements to the OMB guidelines and, if necessary,

proposals for legislation. This Committee, formed in December 1971, included representatives from the Departments of Transportation; the Interior; Justice; Agriculture; Defense; Health, Education, and Welfare; and HUD; the General Services Administration; the Office of Economic Opportunity; and the United States Postal Service.

Actions of the interagency task force

The President directed Federal agencies to immediately instruct local displacing officials to advise all persons displaced after enactment of the act of the act's benefits but to withhold payments until agencies' procedures were issued according to OMB guidelines. The task force determined that the most expeditious method to implement the mandate issued by the President would be to issue interim guidelines to the agencies and revise them later. Between passage of the act and issuance of agency regulations, displacees were paid relocation benefits in accordance with previously existing Federal legislation; these benefits were later adjusted, if needed, for additional benefits provided by the act.

OMB issued interim guidelines on February 27, 1971, and urged each Federal agency to issue conforming interim regulations and procedures by March 1971. OMB requested the agencies, in developing their regulations and procedures, to withhold comments on problem areas noted in the OMB interim guidelines because the interagency task force would consider such matters in developing revised guidelines. OMB expected that the task force would develop its revised guidelines and that all agencies would issue revised regulations and procedures by December 31, 1971.

FHWA, HUD, and the Corps did not meet the OMB March 1971 target date. Interim procedures were issued by FHWA on April 30, 1971, and by the Corps on May 10, 1971. HUD issued interim regulations on May 13, 1971, and interim procedures implementing the regulations on July 30 and October 29, 1971. Officials of the three agencies informed us that they could not meet the OMB target date primarily because of the time required within each agency to develop, review, and obtain approval of the procedures. They said also that, because the OMB interim guidelines were too general, they were required to develop detailed procedures for implementing the act.

In September 1971 the task force began revising the OMB interim guidelines. The revised guidelines were issued to all agencies on May 1, 1972, about 4 months later than expected and about 16 months after the act was passed. OMB officials informed us that more time than anticipated was needed for reviewing and obtaining comments from public interest groups and appropriate congressional committees. The task force was then disbanded and its members became part of the Relocation Assistance Advisory Committee.

Actions of the Relocation Assistance Advisory Committee

The Advisory Committee established by OMB is responsible for continually reviewing agencies' relocation programs to recommend improvement to OMB guidelines and new legislation. The Committee held its first meeting in December 1971 and has met quarterly since. While each agency is represented at the Committee meetings, designated key agency members do not regularly attend meetings. As of December 1972 only 3 of the 10 designated key agency members had attended as many as 2 meetings.

At the December 1971 meeting OMB directed the Committee to form a working group. The working group was established in January 1972 primarily to review and, when possible, resolve agency problems and differences impeding the effective implementation of the act. The working group held its first meeting in February 1972 and has met monthly since.

At the February 1972 meeting the group established four subcommittees and later in the year established two more. One, the Subcommittee on Legal and Procedural Differences, identifies differences in the agencies' guidelines and recommends solutions to the working group. As of January 1973 the Subcommittee had identified about 12 differences and had resolved 2: 1 on the dislocation allowance and the other on the advance replacement housing payment for property acquired by condemnation. In commenting on a draft of this report, FHWA, whose representative heads the Subcommittee, pointed out that 10 differences will be resolved when the agencies' regulations are further revised.

Federal efforts to obtain
complying State legislation

The act provides for States to make relocation payments and to provide services to persons and businesses displaced by federally assisted projects, except in those States unable to participate because of a lack of authorizing legislation. At the time the act was passed, some States had legislation which permitted participation in all federally assisted programs; a few States had legislation for some programs; but the majority of States did not have any of the needed legislation.

To assist the States in introducing the necessary legislation, the Council of State Governments and certain other public interest groups, in consultation with the President's interagency task force, developed model State legislation. The task force stated that the model legislation, if enacted, would permit State participation in all federally assisted programs causing relocation. On March 3, 1971, the Council of State Governments sent copies of the model legislation to each State. OMB officials informed us that they maintained continual liaison with the officials of the public interest groups to monitor the States' progress.

Although the agencies were not required to independently develop model legislation, an FHWA headquarters official informed us that, before the public interest groups contacted the interagency task force concerning the model State legislation, FHWA had developed and was printing model State legislation which, if enacted, would permit participation in all federally assisted programs. The FHWA model legislation was sent to all States on March 30, 1971. On April 30, 1971, HUD sent a letter to each State emphasizing the need for passing enabling legislation. The Corps relied on its field offices to assist those States having legal compliance problems.

The Vice President of the United States, on February 2, 1972, wrote a letter to each State legislature emphasizing the need for enacting comprehensive State legislation. Following this action, on February 14, 1972, the National Governor's Conference sent a copy of the Vice President's letter and a copy of the model State legislation to all Governors and State legislatures.

On February 18, 1972, OMB sent a memorandum to all Federal agencies emphasizing the need to assist the States in enacting comprehensive legislation. Since April 1972 OMB has required the Federal agencies to provide a monthly progress report showing the States that complied with the act and the actions taken by each agency to assist those States that did not comply.

As of July 1972 all States had enacted legislation to comply with federally assisted highway programs, eight States needed legislation for certain HUD programs, and five States for certain Corps programs. Some legislatures of those States lacking enabling legislation will not reconvene until sometime in 1973. The following table shows the dates on which the four States included in our review were legally able to provide relocation assistance for FHWA, HUD, and Corps federally assisted programs.

	<u>FHWA</u>	<u>HUD</u>	<u>Corps</u>
California	^a August 1971	January 1971	^b March 1972
Missouri	January 1971	January 1971	^a January 1971
Pennsylvania	^a December 1971	^a December 1971	^a December 1971
Wisconsin	^a November 1971	^a November 1971 ^c March 1972	^a November 1971

^aRetroactive to January 1971.

^bEffective July 1972.

^cAmended to correct deficiencies in the November 1971 legislation.

Effects of delays in State implementation

Because of delays in enacting enabling State legislation and/or a lack of timely action by local displacing offices in informing relocatees of benefits and assistance available under the act, some may lose benefits or have to wait a long time for additional benefits. For example:

--In Los Angeles, California, 2,239 FHWA displacees who relocated between January 2, 1971, the effective date

of the act, and August 10, 1971, when the State passed enabling legislation, were identified as possible claimants for increased benefits under the new act. Because of the additional workload placed on the local displacing office by the State's retro-active legislation, about 740 such claimants had not received administrative reviews as of December 1972 to determine their eligibility for increased benefits under the act.

--In Chester, Pennsylvania, about 13 displacees were relocated by an FHWA project after January 2, 1971, but before enactment of State enabling legislation on December 29, 1971, and, at August 1, 1972, had not been advised of any additional supplemental payments which may have been available to them under the act. FHWA officials told us that, because of the retro-active provision contained in the State legislation, an increased workload was placed on the local displacing office.

--In Philadelphia, Pennsylvania, an estimated 3,500 displacees who were relocated by several HUD projects between January 2, 1971, and June 30, 1972, did not receive written information from the local displacing office explaining the relocation assistance and benefits available. As of September 1972, the local displacing office had not located about 500 displacees who had relocated by themselves. Unless these 500 displacees are found, they may lose their entitled relocation benefits. Local displacing office officials attributed the delay in providing relocation assistance to (1) HUD's failure to give written approval to make payments under the act until June 1, 1972, and (2) the lack of adequate guidance from HUD on the local office's responsibility for advisory services. HUD headquarters officials advised us that part of the problem was the time needed to amend contracts between HUD and the local displacing office to provide for the act's increased benefits.

In commenting on a draft of this report, FHWA stated that, in Los Angeles as of January 26, 1973, (1) 1,611 claims

were reviewed and claimants, if eligible, were paid additional benefits and (2) 119 claims were reviewed but claimants had not received payments. Of the remaining 509 claimants, 140 tenants were notified by letter of possible additional benefits; 92 homeowners were contacted and their claims were being reviewed; and 277 homeowners were not yet contacted. FHWA further stated that, as of December 31, 1972, the benefits for the 13 relocatees in Chester were computed and offered to them.

CHAPTER 3

DIFFERENCES IN RELOCATION PAYMENTS

The act provides for payments to homeowners and tenants displaced by Federal or federally assisted projects to assist displacees in obtaining replacement housing. OMB guidelines prescribed the methods to be used by the agencies in computing relocation payments, and the agencies were generally following the OMB methods. However, because more than one method was permitted and local displacing offices did not use the same method, displacees with similar housing needs did not receive similar payments. The agencies differed in:

1. Differential housing payments for homeowners. Local displacing offices in the same area used different methods to establish the reasonable cost of a replacement house comparable to the one being acquired by the Government. Under each method, the cost of comparable housing was a basis for determining the differential housing payment; however, because the manner of selecting comparable housing varied and was subject to considerable discretion, displacees in the same area and with similar housing needs did not receive similar payments.
2. Differential rental payments. Local displacing offices differed in how they determined (1) the reasonable cost of comparable replacement rental housing and (2) the rental payments.
3. Downpayments. The three agencies' guidelines contain uniform provisions for determining the amount of payment and limiting the payment to the amount needed for a conventional loan on comparable housing. In practice, however, HUD based the payment on the amount needed for a downpayment for a conventional loan on the house purchased.

DIFFERENTIAL HOUSING PAYMENT FOR HOMEOWNERS

The act authorizes a differential housing payment, not to exceed \$15,000, to assist any eligible displaced homeowner who purchases a replacement house. An eligible displacee must have owned and occupied the property to be acquired a minimum of 180 days before the initiation of negotiations for acquisition of the property.

The amount of the payment is the difference between the agency's acquisition price and the reasonable cost of a comparable replacement house. If the displaced homeowner buys a replacement house which costs less than the amount established for a comparable house, the local displacing offices reduce the payment to the actual price difference. The payment also covers increased interest costs, other debt service costs, and closing costs incident to obtaining a mortgage loan on the replacement house.

HUD, FHWA, and the Corps each issued guidelines to local displacing offices to use in determining differential housing payments under their programs. The guidelines provide, under normal circumstances, the following two methods for establishing the reasonable price of comparable replacement housing.

- The schedule method is based on a schedule showing the average prices of houses comparable to the various types of dwellings to be acquired and available on the private market.
- The comparative method is based on the asking price of one or more houses available for the displacee and determined to be most representative of the house acquired by the local displacing office.

Differences in computation methods

Local offices of the three agencies can use either method to establish the reasonable price of comparable replacement housing. As a result, relocatees in the same city and with similar replacement housing needs were paid different amounts depending upon which method was used by the local offices of the agencies. The methods used by the agencies at the locations we visited are shown below.

<u>Location</u>	<u>Corps</u>	<u>FHWA</u>	<u>HUD(note a)</u>
California:			
Los Angeles	(b)	Compara- tive or schedule	Compara- tive or schedule
San Diego	(b)	(b)	Compara- tive or schedule
Oakland	Schedule	(b)	(b)
Missouri:			
Kansas City	Compara- tive	Compara- tive	Compara- tive or schedule
Pennsylvania:			
Philadelphia	(b)	(b)	Compara- tive or schedule
Delaware County	(b)	Compara- tive	(b)
East Stroudsburg	No method estab- lished	(b)	(b)
Wisconsin:			
Milwaukee	(b)	Compara- tive	No method estab- lished
La Farge	Compara- tive	(b)	(b)

^aHUD guidelines state that the relocatee may select either the comparative or the schedule method.

^bNot reviewed.

Even when the same method was used, the local displacing offices were not consistent in selecting locations for comparable housing. For example, some local displacing offices for HUD programs established schedules as follows:

Los Angeles--from a similar but broad section of the metropolitan area of the city.

San Diego--from moderately priced houses throughout the city.

Kansas City--from the entire metropolitan area of the city.

Philadelphia--from throughout the city, excluding undesirable or deteriorating neighborhoods.

In Kansas City, the local displacing office for FHWA used the comparative method and based the cost of a replacement home on the price of comparable houses in the vicinity of the project or in a similar neighborhood. The local office for HUD used the schedule method primarily and based the cost of a replacement house on the average price of comparable housing throughout the metropolitan area. However, when the replacement house cost more than the amount allowed by the schedule, HUD procedures allowed displacees to select the comparative method, which resulted in higher payments. For the FHWA and HUD housing payments we reviewed in Kansas City, the HUD displacees generally received higher payments.

Corps procedures were about the same as FHWA, but its projects were not located within the metropolitan area. Because of factors peculiar to rural areas, Corps relocation practices cannot be readily compared with those of FHWA and HUD.

From April 1 through June 30, 1972, 32 relocatees displaced by an FHWA highway project in Kansas City were paid differential housing payments under the comparative method. If these relocatees were displaced under a HUD program in Kansas City using the schedule method, differential housing payments would have increased as follows:

<u>Number of relocatees</u>	<u>Comparable houses determined by FHWA</u>	<u>Greater amount that would have been paid by HUD</u>
10	Two-bedroom	\$240 to \$ 4,264
^a 13	Three-bedroom	684 to 6,850
7	Four-bedroom	250 to 10,288

^aExcludes two relocatees whose payments would have been the same under either agency.

Considerable differences in housing payments can occur between agencies at the same location, even though they are using the same method to determine the reasonable cost of a replacement dwelling. For example, in the Los Angeles metropolitan area, local displacing offices of both FHWA and HUD use the schedule method, but different schedules, to establish differential housing payments, as shown below.

Number of bedrooms	Number of square feet	Schedule method		
		FHWA	HUD (note a)	FHWA
2	1,136	\$22,970	\$24,242	\$-1,272
2	1,286	23,900	24,242	-342
2	815	23,180	18,025	5,155
2	816	22,340	18,025	4,315
3	1,061	23,900	20,695	3,205
3	931	22,900	20,695	2,205

^aIf the HUD relocatee elects to use the comparative method, a different amount may be established.

The HUD schedules are based on asking prices for houses in a much larger section of the city than for those in the FHWA schedule. These schedules were not coordinated between the two agencies, although OMB guidelines provide that two or more agencies displacing persons in an area are to establish a uniform schedule for replacement housing payments.

Differences in payments for increased finance costs

The act provides that persons eligible for the differential housing payments may also receive, as a part of that payment, reimbursement for increased interest costs and other debt-service costs incident to obtaining a mortgage on the replacement house. The reimbursement for increased interest costs is limited to such costs on an amount equal to the unpaid balance on the old mortgage. Increased interest costs which the relocatee is to pay in the future are discounted to present value.

To discount such future costs, local displacing offices of FHWA and the Corps compute on the basis of annual amounts while local displacing offices of HUD compute on the basis of monthly amounts. The HUD method is more consistent with the way mortgages are paid, and, because of the compounding effect, using monthly amounts is more favorable to the relocatee. In commenting on a draft of this report, FHWA and the Corps stated that they will revise their procedures to be consistent with the HUD method.

Other debt-service costs are identified as finance charges by the Truth in Lending Act (Public Law 90-321) and the regulations issued by the Federal Reserve Board. These finance charges include the loan fee, the finder's fee, or other similar charges. Although guidelines issued by the three Federal agencies do not define other debt-service costs, FHWA headquarters officials informed us that the regulations issued by the Federal Reserve Board were provided to their local displacing offices.

Our review showed that the local displacing offices of the Corps in Kansas City disallowed loan fees while the displacing offices of FHWA paid the loan fees. In commenting on a draft of this report, the Corps stated that it would reconsider the disallowances. The HUD payments we reviewed in Kansas City did not involve other debt-service costs.

DIFFERENTIAL RENTAL PAYMENTS

The act authorizes a differential rental payment for 4 years, not to exceed \$4,000, to help eligible displacees obtain decent, safe, and sanitary replacement rental housing. The payment generally is the difference between the monthly rental previously paid and the monthly rental for a comparable replacement dwelling.

Significant differences existed between agencies at the same location and within agencies at different locations in determining (1) the reasonable rental cost for replacement housing, (2) the adjustments to a displacee's income considered in computing a rental differential payment, and (3) the need to consider the actual rental of replacement housing. As a result of these differences, some displacees received the maximum rental differential payment from one agency while displacees with similar circumstances, but relocated by a different agency or by the same agency at a different location, received considerably less.

Determining reasonable rental costs

The three agencies' guidelines provide, under normal circumstances, that the schedule or comparative method will be used for determining the reasonable cost of comparable replacement rental housing.

Because of the differences between agencies in determining the reasonable cost of comparable rental replacement housing, the amount of a displacee's payment depends on which Federal agency's office caused the displacement. For example, in Kansas City, where FHWA and HUD have projects located near each other, the local displacing office for HUD established a schedule based on the cost of available rental dwellings throughout the metropolitan area while the displacing office for FHWA used three rental dwellings in the same or similar neighborhoods that were comparable to the acquired dwelling. The two methods result in different costs for rental replacement housing.

Our review showed that persons displaced by the FHWA project would have received larger payments under the HUD schedule. For example, the average monthly rental paid by about 20 relocatees before being displaced by an FHWA project

for one- and two-bedroom dwellings was \$49 and \$86, respectively. The local displacing office for FHWA determined that one- and two-bedroom replacement rental dwellings would cost \$81 and \$112, while the HUD schedule showed that similar replacement rental dwellings would cost \$125 and \$150, respectively. The different methods would result in average rental payments for a 4-year period of \$1,536 and \$1,248 using the FHWA method and \$3,648 and \$3,072 using the HUD method.

Rental payment adjustments

FHWA and HUD guidelines require that, in computing the differential rental payment, the rent paid by a relocatee on his old dwelling must be reduced to 25 percent of the relocatee's income. Corps guidelines did not provide for any such adjustment. However, in commenting on a draft of this report, Corps stated that its guidelines were revised to conform to the adjustments made by FHWA.

FHWA and HUD guidelines differ, however, in how a relocatee's income should be determined. FHWA guidelines provide that the percentage be based on the relocatee's monthly gross income, excluding supplemental rent received from any public agency. HUD guidelines provide that the percentage be based on the relocatee's adjusted annual income. In computing the adjusted income, HUD provides for certain allowances, such as a reduction of 5 percent of annual gross income for a head of household and his spouse, except that, when the head of household or spouse is elderly, the amount is 10 percent plus a \$300 a year reduction for each dependent. HUD guidelines state also that the base monthly rental amount for the new location should include the cost of utilities, if previously provided.

As a result of the differences, agencies' rental payments vary under similar circumstances. For example, FHWA displaced a head of household with two dependents and a monthly gross income of \$186. The displacee had paid \$60 monthly rent at the acquired property and FHWA determined that comparable replacement housing would cost \$103 monthly. The payment he received and the amounts he might have received from the other agencies on the basis of their guidelines are shown below.

<u>Item</u>	<u>Federal guidelines</u>		
	<u>Corps</u>	<u>FHWA</u>	<u>HUD</u>
Gross monthly income of relocatee	\$ 186	\$ 186	\$ 186
Less HUD allowances for head of household and dependents	-	-	59
Adjusted monthly gross income	<u>\$ 186</u>	<u>\$ 186</u>	<u>\$ 127</u>
Comparable replacement dwelling rental cost, including water	\$ 103	\$ 103	\$ 103
Plus HUD utilities allowance-- GAO estimate	-	-	10
Adjusted comparable replacement dwelling rental cost	103	103	113
Less prior rent	60	-	-
Less 25 percent adjustment of gross monthly income	-	47	-
Less 25 percent adjustment of adjusted monthly gross income	-	-	32
Monthly differential rental payment	<u>\$ 43</u>	<u>\$ 56</u>	<u>\$ 81</u>
Differential rental payment for 4 years	<u>\$2,064</u>	<u>\$2,688</u>	<u>\$3,888</u>

Rental payments not limited to actual rent paid

At the time of our field review, neither the act nor OMB and the agencies' guidelines limited rental payments to the lesser of the difference between the rent previously paid and either the actual replacement rental cost or the rental amount for a comparable replacement house.

Our review showed differences between and within the three agencies. For example, HUD and the Corps in Wisconsin limited payments to actual replacement rental costs, while FHWA did not. In California the Corps, FHWA, and HUD often made rental payments which, combined with the amount of prior rent, exceeded the rent paid by relocatees on the replacement dwellings.

Our review of 16 rental payments at a HUD project in San Diego, California, showed that 13 exceeded the actual increased rental costs by \$12 to \$83 monthly. Although seven of the relocatees paid less rent for their replacement dwelling than they paid for their prior housing, they received differential rental payments ranging from \$948 to \$1,000 a year.

In August 1972 HUD remised its guidelines to limit the amount of rental payments on the basis of the lesser of actual rent paid for the replacement housing or the rental amount for comparable replacement housing. FHWA and the Corps, in commenting on a draft of this report, stated that their regulations would also be appropriately revised.

DIFFERENT METHODS USED IN DETERMINING DOWNPAYMENTS

The act authorizes a payment, not to exceed \$4,000, to assist eligible displacees who desire to purchase rather than rent replacement housing. The purpose of this payment is to enable the displacee to make a downpayment on the purchase of a decent, safe, and sanitary housing adequate for his needs.

To be eligible, a displaced person must have occupied the dwelling acquired by the local displacing office for at least 90 days before initiation of negotiations for acquisition of the dwelling. In addition, homeowners who occupied an acquired dwelling for less than 180 days are eligible for this payment. As presented earlier in this report eligible homeowners of 180 days or more are authorized a differential housing payment not to exceed \$15,000.

The guidelines for the three agencies contain uniform provisions for determining the amount of the payment. The guidelines state that the payment should be limited to the amount required for a downpayment for a conventional loan on comparable housing. In practice, however, HUD based the payment on the amount required for a conventional loan on the house purchased by the relocatee. All three agency guidelines require that the payment be applied to a downpayment and to expenses incident to the purchase.

Because of the HUD practice, relocatees receive

--more from HUD than from the other agencies if they purchase houses more expensive than comparable replacement houses but

--less from HUD than from the other agencies if they purchase houses less expensive than comparable houses.

We reviewed FHWA and Corps payments to 18 relocatees. Nine would have received from \$278 to \$1,198 more if relocated by HUD, but five would have received from \$40 to \$1,790 less from HUD. The other four would have received about the same amount.

HUD, in commenting on a draft of this report, said that it was considering modifying its procedures to limit the amount of the payment to that needed to purchase a house adequate in size to meet the needs of the displacee.

CHAPTER 4

RELOCATION ASSISTANCE ADVISORY SERVICES

Advisory services provided to displacees by the three agencies included in our review were, for the most part, adequate. Generally, projects undertaken by the agencies involved long leadtimes which allowed sufficient time to advise and assist relocatees. We noted some instances, however, in which (1) studies made to determine that replacement housing would be available for potential displacees were not in sufficient detail to support such a determination and (2) advisory services differed in degree and timing.

ASSURANCES OF AVAILABLE REPLACEMENT HOUSING

The act states that, within a reasonable period of time before displacement, Federal agencies must obtain assurances that replacement housing is available to meet the needs of persons displaced by Federal or federally assisted projects. Further, in local areas with several projects, the Federal agencies should coordinate their relocation activities to minimize competing demands on available housing.

While each agency requires that assurances be made on the availability of replacement housing to meet the needs of displacees, we noted differences in the methods used by the agencies in making such determinations. Projects were delayed because the determinations of available housing were inadequate to assure available replacement housing.

FHWA

FHWA procedures require that assurances on the availability of replacement housing be based on an analysis and correlation of the needs of displacees and an estimate of available replacement housing. In practice, the housing needs of the displacees were determined by interviewing and ascertaining the displacees' preference to purchase or rent housing within certain areas and price ranges. This information was then matched with the available housing, first in a neighborhood near the project area and then, if housing was not available, with the nearest comparable area.

In Los Angeles, a housing availability study made in connection with the Century Freeway project was inadequate because data was lacking on the number of rooms available in rental and sales units and the number of decent, safe, and sanitary units. Unless such data is compiled and correlated, determinations cannot be made as to whether sufficient quantities of various-sized residences are available to meet displacees' needs.

A class action suit was filed in early 1972 to halt work on the Century Freeway project. On July 7, 1972, the U.S. District Court, Central District of California, issued a preliminary injunction partially halting work on the project until Federal and State authorities took certain actions, including conducting additional housing availability studies. FHWA officials informed us that as of January 31, 1973, the project was still being held up by the court.

HUD

HUD procedures require that local displacing offices furnish HUD with information on available housing resources when they apply for Federal assistance. In addition, HUD procedures require consideration of (1) local vacancy rates in suitable standard housing, with particular emphasis on low- and moderate-cost housing, (2) concurrent displacement by other government activities in the locality, and (3) availability of relocation resources for all programs causing displacement in the locality.

According to our review, local displacing offices sometimes developed data that was incomplete or inadequate to support assurances that replacement housing was available. For example:

- The application submitted by the local displacing office in Kansas City did not have supporting data to identify (1) the vacancy rates in appropriate size and cost levels of low- and moderate-income rental or sales housing, (2) the potential substandard housing in the total resources available, and (3) an assessment of competing demands on available housing.
- For the project we reviewed, the local displacing office in Philadelphia used a statistical method to determine the availability of replacement housing. A HUD area

office official advised us that the data submitted for the project was crude and of little practical value.

Corps

Corps procedures require a localitywide survey to determine and certify the availability of comparable, decent, safe, and sanitary housing.

The Corps had not prepared these surveys for the projects we reviewed; however, the projects were started before the act was passed. Assurances of available replacement housing for such projects were not made for the following reasons.

--A Corps official in California advised us that because of an oversight a housing availability study was not made for a project. However, he said that no one was being displaced until the Corps was assured of suitable, decent, safe, and sanitary housing for relocatees.

--A Corps official in Wisconsin stated that it was not appropriate to prepare these assurances in midstream for ongoing projects. However, a Corps official in Pennsylvania stated that the assurances should have been made for ongoing projects.

Coordination of housing resources

The act requires Federal agencies to coordinate relocation activities with project work and other planned or proposed governmental actions in the community or nearby areas which may affect the administration of relocation assistance programs.

OMB guidelines require two or more Federal agencies contemplating displacement in a community or area to coordinate planned relocation activities and use of available housing resources. The agencies are also required to consult with HUD about the availability of housing resources. No agency, however, has the authority to require coordination of relocation activities.

While FHWA, HUD, and Corps guidelines incorporated the coordination requirement, no such formal implementing

mechanism or procedure had been established. Cooperative efforts between the local displacing offices were infrequent, informal, and generally limited to exchanging lists of available housing or contacts for potential additional housing.

ADVISORY SERVICES PROVIDED

The three agencies have issued guidelines that generally provide for (1) informing relocatees of benefits and available assistance, (2) compiling and disseminating housing information, and (3) furnishing information on other Federal and State assistance programs.

Informing relocatees of benefits

Each agency generally informs the public of impending displacement projects by public hearings and public notices. At the hearings, written information is distributed outlining the benefits and assistance available to potential displacees. Subsequently, agency representatives may give potential displacees similar or additional material during preacquisition surveys, property appraisals, and/or negotiation visits. Relocation benefits and assistance may be explained during these visits or agency personnel may schedule additional visits.

The three agencies have procedures for notifying tenants of relocation benefits as early as possible after initiation of negotiations with property owners. FHWA guidelines require such contacts within 15 days after initiation of such negotiations; the other agencies do not specify a time limit.

Some officials of local displacing offices stated that tenants should not be contacted before the Government acquires the property. A local relocation official for a Corps project in Oakland stated that landlords made it difficult for the agency to effectively work with tenants because they misadvised tenants of their relocation benefits and ordered local relocation personnel off the property. Therefore, Oakland tenants to be displaced were not contacted before the Corps acquired the property because of resistance and possible legal action by landlords to recover income lost from tenants moving before the Government acquired the property.

The FHWA in Harrisburg, Pennsylvania, suggested to its regional office that the requirement to contact tenants be changed to within 15 days after the Government had acquired the property. According to the Harrisburg office, the 15 days after initiation of negotiations requirement was placing the acquiring agency in the position of luring tenants out of properties, thereby reducing gross income to the property

owner before the agency acquired the property and creating a situation which could be interpreted as coercive action prohibited by the act.

FHWA

Each of the four State highway departments included in our review had procedures for contacting displacees after a highway route was established. Usually the relocation specialists delivered informational brochures and explained the relocation program to property owners when the acquisition agents contacted them and made the first offer to purchase the properties.

One difference was noted in the procedures adopted by the four State highway departments. In Kansas City, Philadelphia, and Milwaukee, relocation assistance specialists accompanied the acquisition agents, provided relocatees with brochures, and explained relocation benefits when they made the initial negotiation contacts. In Los Angeles the acquisition agent explained relocation benefits.

HUD

HUD guidelines require local displacing offices to fully inform eligible persons at the earliest possible date through brochures and personal contacts about relocation payments and assistance and the procedures for obtaining them. For example, in San Diego, relocation specialists interviewed displacees and distributed informational letters before any property negotiations took place, but detailed discussions of an individual's benefits were usually not held until the property was acquired.

The Kansas City and San Diego informational brochures included general advisory information and summaries of types of relocation payments pertaining to homeowners and tenants. Milwaukee's brochure, however, presented bold section headings, such as "A Place to Live," which lists possible housing alternatives; "Financial Assistance"; "For Tenants"; "For Owners"; and "A Moving Expense Payment." Milwaukee's brochures may help displacees to more easily understand and readily locate the sections applicable to them. As of September 1972 the HUD office in Philadelphia had not prepared an informational brochure explaining relocation benefits under the act.

HUD, in commenting on a draft of this report, stated that the OMB working group was considering a brochure to be used by all Federal agencies. HUD pointed out that such a brochure would insure that displacees receive the same basic information on relocation benefits and assistance.

Corps

Corps guidelines state that before acquisition is initiated, property owners should be furnished with a brochure or pamphlet outlining the benefits and assistance to which they may be entitled under the act. After the brochures are distributed, the Corps staff appraisers, negotiators, or relocation specialists are responsible for explaining the relocation program to displacees.

Most of the displaced persons we interviewed in the three States acknowledged that they had received the informational brochures. However, several said that they did not fully understand what benefits they were entitled to. One displacee filed a revised claim after he learned in discussions with us that he was eligible for a downpayment to purchase a replacement house.

Compiling and disseminating housing information

The act requires the agencies to provide displacees with current and continuing information on the availability of comparable, decent, safe, and sanitary sales and rental housing. The three agencies' guidelines provide for maintaining and disseminating such information. The agencies obtain housing information from multiple-listing services, newspaper advertisements, Federal housing referrals, real estate brokers, and agency solicitations.

Our review showed that housing information was generally provided to displacees upon request, except that FHWA in Pennsylvania provided a list of comparable available replacement housing to displacees when contacted by the agency's relocation specialists. Through interviews with displacees we learned that most of them neither requested nor used the housing information but preferred to locate replacement housing themselves.

With the exception of the HUD office in Philadelphia and two Corps relocation offices in Missouri, displacing offices maintained and updated housing data. In Philadelphia, the local HUD offices kept housing information data on only seven Federal repossessed houses because of a heavy workload.

Referrals to other Federal and State assistance programs

The act requires that each agency supply relocatees with information on other Federal and State housing and assistance programs. Our review showed that the local displacing offices for the three Federal agencies did not always provide information to displacees on the availability of other assistance programs, such as HUD housing subsidy programs, Small Business Administration loan guarantee programs, and local public housing programs.

For example, the three agencies' brochures, except FHWA's in Kansas City and HUD's in Philadelphia, mentioned the availability of these programs. We noted, however, that only HUD consistently attempted to determine whether relocatees needed such assistance.

CHAPTER 5

CONCLUSIONS AND PROPOSED AGENCY ACTIONS

In a draft of this report we concluded that the Federal agencies had made progress in identifying and resolving significant differences in relocation services and payments but that differences still existed. Although we recognized that the agencies' advisory services programs were, for the most part, adequate, opportunities existed to improve the administration of the relocation programs and to make relocation payments more uniform.

In commenting on a draft of this report, OMB generally concurred with our findings. OMB stated that (1) it will give special attention to resolving the payment differences pointed out in our report, (2) it has requested the internal audit staff of each agency involved in relocation activities to evaluate the progress in implementing the act, and (3) such audits, together with GAO's review, should assure improved implementation of the act.

OMB advised us that HUD, FHWA, and the Corps agreed in principle on the major differences in administering relocation programs reported by us and that the agencies were now developing detailed instructions for the regulations to implement the agreement.

CHAPTER 6

SCOPE

We conducted our review at the Washington, D.C., headquarters offices of FHWA, HUD, and the Corps; State and local offices responsible for implementing the relocation programs in selected locations in California, Missouri, Pennsylvania, and Wisconsin; and the field offices of FHWA, HUD, and Corps having jurisdiction over the locations visited. The selection of Federal agencies and their programs, locations, and scope of our review was determined through consultation with the Subcommittee staff. The agencies and location of projects selected for audit are shown in appendix III.

We examined guidelines and procedures for administering relocation programs. We interviewed officials of OMB, public interest groups, the Federal agencies selected for audit, State and local agencies having relocation responsibilities, and a number of families displaced by agency programs.

* JOHN L. MCCLELLAN, ARK., CHAIRMAN
 HENRY M. JACKSON, WASH.
 SAM J. ERVIN, JR., N.C.
 EDWARD S. MUSKIE, MAINE
 ABRAHAM RIBICOFF, CONN.
 FRED R. HARRIS, OKLA.
 LEE METCALF, MONT.
 JAMES B. ALLEN, ALA.
 HUBERT H. HUMPHREY, MINN.
 LAWTON CHILES, FLA.

CHARLES M. PERCY, II,
 JACOB K. JAVITS, N.Y.
 EDWARD J. GURNEY, FLA.
 CHARLES MCC. MATHIAS, JR., MD.
 WILLIAM B. SAXBE, OHIO
 WILLIAM V. ROTH, JR., DEL.
 BILL BROCK, TENN.
 KARL E. MUNDT, S. DAK.

SUBCOMMITTEE:
 EDMUND S. MUSKIE, MAINE, CHAIRMAN
 SAM J. ERVIN, JR., N.C.
 LEE METCALF, MONT.
 JOHN L. MCCLELLAN, ARK.
 LAWTON CHILES, FLA.

EDWARD J. GURNEY, FLA.
 WILLIAM B. SAXBE, OHIO
 WILLIAM V. ROTH, JR., DEL.
 BILL BROCK, TENN.

ALVIN FROM, STAFF DIRECTOR

JAMES R. CALLOWAY
 CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON
 GOVERNMENT OPERATIONS
 SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
 (PURSUANT TO SEC. 4, S. RES. 229, 92D CONGRESS)
 WASHINGTON, D.C. 20510

April 24, 1972

Honorable Elmer B. Staats
 Comptroller General of the United States
 General Accounting Office
 Washington, D.C.

Dear Mr. Staats:

Last year, Congress passed the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646).

The act authorized relocation payments to over 100,000 families displaced by Federal or federally assisted programs every year, and established, for the first time, a single national policy governing the relocation of people displaced by these programs. The passage of the act held out the promise of more enlightened and more humane relocation policies, more generous relocation assistance, fairer administrative practices, and better relocation advisory services.

As the author of the Uniform Relocation Act, I am vitally concerned that the promise of the act be translated into concrete policies, and that the act's provisions be fully and fairly carried out. It is one thing to welcome the passage of this landmark legislation, but it is quite another to see that its provisions are made to work, and to work fairly and effectively.

Since the act was passed last year, disturbing evidence has come to light suggesting that progress in implementing the act has been slow, at both the Federal and state levels. There are indications that many families forced to move from their homes are still not receiving the full benefits provided by the act. The first annual reports sent to the Congress

APPENDIX I

Honorable Elmer B. Staats
April 24, 1972
Page Two

by the President reveal that many Federal agencies have taken only the most tentative and preliminary steps to implement the act. A year after the passage of the act, there are still no comprehensive statistics on the number of people who have been displaced by Federal or federally assisted programs.

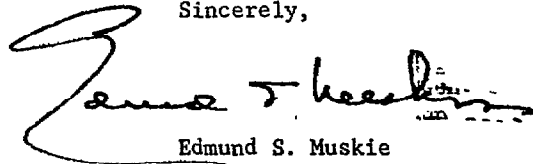
Many of these problems came to light during recent hearings before the Subcommittee on Intergovernmental Relations. Accordingly, as Chairman of the Subcommittee on Intergovernmental Relations, I am requesting that your office undertake a review and furnish the Subcommittee with a report on the following:

1. A history of Federal executive actions to implement the act including, if any, the differences between the various agencies' implementing procedures.
2. Actions taken by the various states to implement procedures consistent with the objectives of the act.
3. A comprehensive compilation of appropriate statistical data, such as the number of people being displaced by Federal or federally aided programs, and the costs of relocating them.
4. The compliance by Federal and state agencies with provisions of the act in several important states. This part of the investigation should include an inquiry into the type and nature of advisory services being furnished to displaced persons, the adequacy of the inventory of replacement housing, and the propriety of payments made to relocatees.

Should you or your representatives desire any additional information, you may contact members of my Subcommittee staff.

With best wishes, I am

Sincerely,

A handwritten signature in dark ink, appearing to read "Edmund S. Muskie". The signature is fluid and cursive, with a large initial "E" and "M".

Edmund S. Muskie
Chairman

BEST DOCUMENT AVAILABLE

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 22 1973

Mr. Henry Eschwege
Director, Resources and
Economic Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

Reference is made to your letter to the Director requesting comments on a draft report entitled "Implementation of Certain Aspects of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970."

The Office of Management and Budget welcomed the early review by the General Accounting Office of the implementation of the law by Federal, State, and local displacing agencies. As you may know, I have requested the internal audit staff of each of the agencies involved in implementing the Uniform Relocation Assistance Act to conduct early audits to check progress. The agencies' audits together with the General Accounting Office's review should have a salutary affect in assuring improved implementation of the law.

In general we concur in the findings of the revised draft report. While significant progress has been made by the various Federal agencies toward uniform implementation of the Uniform Relocation Assistance Act, there is much work yet to be done and many opportunities remain for improvement. In this connection we are giving special attention to the differences in agencies' procedures pointed up in the audit report as the cause for different payments to displacees.

We are pleased to advise that the Department of Housing and Urban Development, the Federal Highway Administration of the Department of Transportation and the U.S. Army Corps of Engineers have come into agreement in principle concerning the major differences noted in the report. The agencies are now in the process of developing the detailed instructions for their regulations to implement the agreement.

APPENDIX II

We have not yet resolved all of the legal and procedural differences. The task group assigned to this problem area is making excellent progress identifying these differences and bringing the agencies into agreement.

We will continue to have a number of legal problems. In some cases we may need to obtain opinions from the Attorney General or Comptroller General, or to seek clarifying legislation. We are hopeful, however, that an interagency group working in this area will be able to resolve these problems administratively.

We appreciate the efforts of your office in performing the review and assisting us in more effectively implementing the Uniform Relocation Assistance Act. We believe the procedure followed in this review proved to be very beneficial. The opportunity to discuss the purpose and scope of the review before the audit was initiated was especially helpful. During the period of the audit, members of the review staff were ex officio members of our Relocation Assistance Implementation Committee's working group and kept us aware of their findings. This enabled the agencies to initiate corrective action when such need was uncovered without waiting for the audit to be completed. We would endorse a continuation of this procedure in future audits.

Sincerely,



Dwight A. Ink
Assistant Director

APPENDIX III

AGENCY, LOCATION, AND PROJECT SELECTED FOR REVIEW

<u>State</u>	<u>Agency</u>	<u>Location</u>	<u>Project description</u>
California	FHWA	Los Angeles	A segment of Interstate Route 105
	HUD	San Diego	City College expansion project
	Corps	Oakland	Parking facilities for U.S. Postal Service
Missouri	FHWA	Kansas City	South Midtown Freeway
	FHWA	Kansas City	A segment of Interstate Route 435
	HUD	Kansas City	Neighborhood Development Program areas
	Corps	Warsaw	Harry S. Truman Dam and Reservoir
	Corps	Blue Springs	Blue Springs Lake
Pennsylvania	Corps	Kansas City	Longview Lake
	FHWA	Delaware County	A segment of Interstate Route 95
	HUD	Philadelphia	Haddington Project Nos. 2 and 3
	HUD	Philadelphia	Model Cities
	HUD	Philadelphia	Grays Ferry
Wisconsin	Corps	East Stroudsburg	Tocks Island Dam and Reservoir
	Corps	East Stroudsburg	Delaware Watergap National Recreation Area
	FHWA	Milwaukee	A segment of Interstate 94, the Park Freeway, and the Stadium Freeway
	FHWA	Milwaukee	Model Cities
Wisconsin	HUD	Milwaukee	Midtown Conservation Project No. R-24
	HUD	Milwaukee	La Farge Lake and Channel Improvement Project
	Corps	La Farge	

BEST DOCUMENT AVAILABLE

APPENDIX IV

RELOCATION DATA BY AGENCY

Agency	Number of displacees		Relocation costs		
	Direct Federal programs	Federally assisted programs	Total fiscal year 1972	Estimated fiscal year 1973	Estimated fiscal year 1974
Corps (Civil Works)	1,952	4	\$ 2,634,477	\$ 7,362,750	\$ 8,209,010
FHWA	-	53,858	47,376,822	56,000,000	60,500,000
HUD	-	62,749	56,432,911	109,017,101	74,436,845
Total	1,952	116,611	\$106,444,210	\$172,379,851	\$143,145,855
Agriculture	78	42	201,823	932,497	1,157,043
Commerce	-	14	10,800	1,459,000	1,168,000
Defense:					
Air Force	3	(b)	10,765	93,700	193,500
Army (Military Works)	-	(b)	-	113,400	126,300
Navy	39	(b)	49,009	-	-
Environmental Protection Agency	(b)	(a)	440,405	3,583,000	3,583,000
Federal Reserve Bank	78	(b)	4,612,963	551,700	-
General Services Administration	624	(b)	676,851	2,634,848	(a)
Health, Education, and Welfare	(b)	8	17,000	1,025,000	1,020,000
Interior	321	7	479,752	13,755,182	17,695,168
International Boundary and Water Commission	(b)	-	-	5,500	68,300
Justice	-	-	-	2,000,000	500,000
U.S. Postal Service	91	(b)	126,322	880,000	1,050,000
Tennessee Valley Authority	114	(b)	62,090	470,000	375,000
Transportation (excluding FHWA)	54	77	1,594,986	16,752,340	17,152,340
Washington Metropolitan Area Transit Authority	(b)	78	553,826	694,980	693,800
Total	<u>3,354</u>	<u>116,837</u>	<u>\$115,280,802</u>	<u>\$217,330,998</u>	<u>\$187,928,306</u>

^aData not reported by agency

^bNot applicable

Source: Data supplied by Federal agencies whose programs cause displacement.

BEST DOCUMENT AVAILABLE



