per SD 9/11/79

Sept 5, 1979

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Summary of Statement
by the Comptroller General of
the United States before the
Senate Subcommittee on Intergovernmental
Relations on S.1108

Mr. Chairman, we are pleased to be here to present our views on Senate Bill 1108, which amends the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. I understand that you face a tight schedule this morning, so in the interest of time, I will summarize my statement.

In March 1978, we issued a report entitled "Changes Needed in the Relocation Act to Achieve More Uniform Treatment of Persons Displaced by Federal Programs". In that report, we concluded that the Federal Government had not completely met its goal of providing uniform treatment to people displaced from their homes and businesses. We feel the root cause of this situation is the President's lack of authority to promulgate uniform rules and regulations to replace the multiple sets of regulations that now exist. We also reported that some people displaced by federally assisted projects were not covered by the act. Our recent informal contacts with Federal agencies indicate that the conditions described in our report remain essentially unchanged.

S.1108 does three important things: (1) it gives the President authority to designate one agency to establish a single uniform set of regulations and procedures applicable to all relocation activity supported by Federal funds;

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(2) it provides the designated agency authority to assure the uniform application and interpretation of the regulations; and (3) it attempts to clarify the coverage of the present act.

We strongly endorse the amendments to section 213 which are designed to improve the administration of the act. It is our belief that these amendments, if adopted, would go far toward more completely achieving the basic purpose of the act--a uniform, fair and equitable treatment of people uprooted as a result of Federal, or federally assisted programs.

The act's requirement for agency heads to consult on the establishment of uniform regulations has not overcome the desire of individual agencies to go their own way. During our review, we examined the relocation regulations of 13 Federal agencies. Our analysis revealed a confusing array of different formats, wordings, and degrees of detail. Because of these differences, which were often very subtle, relocated persons and businesses received different payments. The multiple regulations also caused administrative difficulties for local relocation agencies which work with more than one Federal agency.

However, adopting one set of regulations will not be enough. The administration of the act needs to be centralized and improved. Because of the lack of an effective process for resolving agency differences, obtaining coordination, and exercising oversight, we found that issues and problems

associated with the act's administration were not being completely addressed and resolved.

In addition to recommending legislative action to authorize a single set of regulations, our report suggested that the act be amended to require the President to designate a central organization to direct and oversee relocation activities Government-wide. Although not agreeing on which agency should have the responsibility, both OMB and GSA supported the recommendations as being needed to more completely achieve the objectives of the act.

S.1108 addresses this problem by directing that the agency designated by the President to establish a uniform set of regulations also take appropriate action to assure uniform application and interpretation of the regulations. We would suggest that section 213 be expanded to provide the designated agency with authority to waive the regulations. This would provide for unforeseen situations where application of the uniform regulations might produce inappropriate results.

Our report raised several issues for consideration by the Congress concerning the coverage of the act. Some people displaced by federally assisted projects are receiving little or no relocation assistance. Persons relocated by entities other than a State or its political subdivisions, such as non-profit organizations, are not covered by the act, even though Federal programs are involved.

Also, certain HUD supported activities are no longer covered and business relocation costs are not fully covered.

The amendments proposed by S.1108 address most of these issues; however, we believe the amendments should be clarified to better define the boundaries of intended coverage and the nature of the benefits intended. I have included some suggested language in the attachment to my full statement for the Subcommittees' consideration. For example, we believe the amendment designed to provide benefits under HUD community renewal activities needs language to establish a direct relationship between the move and the project causing the displacement. Otherwise, it may be hard to limit spurious claims.

In our report we described issues in one area that the amendments do not address--relocation benefits provided to businesses. Unlike the situation when people are moved from their homes, replacement facilities are not required to be available before a business is displaced, and displaced businesses do not receive financial assistance to help pay for the higher costs of rent or purchase at the new location. We encourage the Subcommittee to consider the issue of providing additional benefits to businesses during its deliberations on S.1108.

Mr. Chairman, you asked us to comment on the adjustments to payment schedules to bring them to 1979 levels. Basically, the amendments call for doubling the present payment schedules, and then using the Consumer Price Index (CPI) to annually update the payment amounts. The CPI between January 1971 and July 1979 has almost doubled.

We believe the rent component of the CPI, which has not risen as rapidly as the overall CPI, is a more specific indicator of the changing costs of rental housing than the overall CPI. We suggest, therefore, that the amendments be changed to use the rent component to adjust the $4,000 limit for tenants to current levels and for future annual updates.

The amendments provide for increasing the minimum and maximum payments made to businesses in lieu of actual moving expenses. Federal agencies have advised us that the present minimum occasionally results in windfall payments. Therefore, we see no need for the proposed increase in the minimum.

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In closing, I think it appropriate to give credit to those agency personnel who have worked diligently to administer the act. We believe their efforts would have been even more productive had there been someone who could make a decision, and see that it was carried out.

The central management authority which we recommended in our report and which would be established if S.1108 is enacted, should not result in the creation of a large administrative bureaucracy. Expertise in administering relocation activities rests, and should remain, in the line agencies. A very small staff could fulfill the needed leadership, conflict resolution, and decisionmaking role envisioned by the proposed amendments.

That concludes my summarization of the main points covered in my statement. We would be happy to respond to any questions the Subcommittee might have.

11357

United States General Accounting Office
Washington, D.C. 20548

FOR RELEASE ON DELIVERY
Expected at 9:30 a.m.
Wednesday, September 5, 1979

STATEMENT OF

ELMER B. STAATS

COMPTROLLER GENERAL OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

COMMITTEE ON GOVERNMENTAL AFFAIRS SEN06602

UNITED STATES SENATE

ON

PROPOSED AMENDMENTS TO THE UNIFORM

RELOCATION ASSISTANCE AND REAL PROPERTY

ACQUISITION POLICIES ACT OF 1970

Mr. Chairman, we are pleased to be here this morning to present our views on Senate Bill 1108, which amends the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. You specifically asked us to comment on the amendment's proposals:

--to establish a central authority to create a set of uniform regulations for the agencies to implement;

--to clarify the coverage of the act; and

--to adjust payment schedules to 1979 levels.

My testimony is drawn primarily from the report we issued in March 1978 entitled "Changes Needed in the Relocation Act to Achieve More Uniform Treatment of Persons Displaced by Federal Programs." In that report, we concluded that the Federal Government had not completely met its goal of providing uniform treatment to people displaced from their homes and businesses. We feel the root cause of this situation is the President's lack of authority to promulgate uniform rules and regulations to replace the multiple sets of regulations that now exist. We also reported that some people displaced by federally assisted projects were not covered by the act. Our recent informal contacts with Federal agencies indicate that the conditions described in our report remain essentially unchanged.

S 1108 does three important things: (1) it gives the President authority to designate one agency to establish a single uniform set of regulations and procedures applicable

to all relocation activity supported by Federal funds; (2) it provides the designated agency authority to assure the uniform application and interpretation of the regulations; and (3) it attempts to clarify the coverage of the present act.

We strongly endorse the amendments to Section 213 which are designed to improve the administration of the act. It is our belief that these amendments, if adopted, would go far toward more completely achieving the basic purpose of the act--a uniform, fair and equitable treatment of people uprooted as a result of Federal, or federally assisted programs.

As you know, Mr. Chairman, relocation assistance is an extremely complex and technical subject. The courts and the executive branch have wrestled with many difficult problems of interpreting and applying the act--very often reaching different conclusions. I am sure you will be hearing more about many of these problems later from the agencies who are confronted with them each day, and the displaced people affected by the decisions. The bill addresses a number of these problems and I will comment on some of them in my statement. I have also attached to my statement some technical comments on the amendments for the Subcommittee's consideration (see attachment I).

A SINGLE SET OF REGULATIONS IS NEEDED

The Congress considered and rejected the idea of giving the President authority to make rules and regulations to carry out the act's provisions when it passed the legislation. The administration sought this authority, arguing that vesting regulation authority in the head of each Federal agency would likely result in different and inconsistent administration. The act allowed Federal agencies to write their own regulations in order to prevent unnecessary interference with agency programs. The Congress anticipated that the agency consultation process required by the act would assure uniform policies.

The requirement for agency heads to consult on the establishment of uniform regulations has not overcome the desire of individual agencies to go their own way. Because of this individualism, the Federal Government has not provided uniform and equitable treatment of persons displaced from their homes, their businesses, or their farms, when they are required to move for the common good.

During our review, we examined the relocation regulations of 13 Federal agencies. Our analysis revealed a confusing array of different formats, wordings, and degrees of detail. Because of these differences, which were often very subtle, relocated persons and businesses received different payments. Some of the major differences in agency regulations and practices are outlined in the second attachment to my statement.

For example, Department of Housing and Urban Development (HUD) regulations allowed professional service costs incurred by businesses in securing a replacement site. Federal Highway Administration (FHWA) regulations, however, did not discuss whether or not such costs were allowed. The following case illustrates the differences that can result.

A Baltimore business relocated by a HUD project used professional services for (1) preparing, reviewing, and executing a contract of sale, (2) complying with Occupational Safety and Health Administration requirements, and (3) reviewing insurance coverage for the new site. The services cost about $5,500, and the business applied to HUD for reimbursement.

HUD agreed to pay for most of the costs because it believed the services were necessary to reestablish the business at the replacement site. According to an FHWA relocation official, the cost of these services would not have been approved on an FHWA project.

The varying Federal agency regulations, in addition to causing inconsistent payments to relocated persons, also cause administrative difficulties for local relocation agencies which work with more than one Federal agency. For example, a Federal Regional Council chairman cited reports that some local acquiring agencies work with as many as five different sets of Federal regulations.

The proposed amendment giving the President authority to establish a uniform set of regulations and procedures should significantly improve the chances of uniform treatment and ease administrative burdens at the local level.

ADMINISTRATION OF THE ACT

This brings me to my second point. Adopting one set of regulations will not be enough. The administration of the act needs to be centralized and improved.

When the act was passed, the Congress anticipated that the Executive Office of the President would participate in discussions with Federal agencies and would review agency regulations and procedures before they were issued. The President directed OMB to establish and chair an interagency committee--known as the Relocation Assistance Implementation Committee--to (1) provide guidelines for the agencies to use when developing their regulations and (2) continually review agencies' relocation programs and recommend improvements and necessary legislation. In 1973, the President transferred OMB's responsibilities to GSA. OMB was to maintain broad policy oversight and to offer assistance in resolving major policy issues.

This approach worked only when there was unanimous agreement. The Committee was a good forum for agency officials to exchange information and provide assistance to each other. On the whole, however, the Committee has proven an inappropriate

vehicle for resolving agency differences and obtaining interagency coordination of relocation activities. Because the Committee is composed of peers, agreements among agencies have to be unanimous, and no one organization is empowered to ensure consistent and uniform implementation of the act.

GSA and OMB have not pushed the Federal agencies to identify and resolve differences. We pointed out in our report that the Committee and its working group have met only sporadically. Under GSA's leadership, the Committee met only once (in August 1973), and the working group last met on a regular basis in October 1975. We understand that since the issuance of our report the Committee and its working group have not met.

As a result of the lack of an effective process for resolving agency differences, obtaining coordination, and exercising oversight, problems were not being effectively addressed and resolved. For example,

--differences in regulations and practices identified by the Federal Regional Councils remained unresolved;

--agreements reached and incorporated into agency regulations still contained differences which could result in different payments; and

--new Federal programs and court decisions were not studied to determine their effect on the act's administration.

In addition to recommending legislative action to authorize a single set of regulations, we suggested that the act be amended to require the President to designate a central organization to direct and oversee relocation activities Government-wide. Although not agreeing on which agency should have responsibility, both OMB and GSA supported the recommendations as being needed to more completely achieve the objectives of the act.

S.1108 addresses this problem by directing that the agency designated by the President to establish a uniform set of regulations also take appropriate action to assure uniform application and interpretation of the regulations. We would suggest that section 213 be expanded to provide the designated agency with authority to waive the regulations. This would provide for unforeseen situations where application of the uniform regulations might produce inappropriate results.

CLARIFYING THE INTENT OF CONGRESS

Mr. Chairman, you asked for our comments on the amendments clarifying the intent of Congress on payments of benefits to persons displaced as a result of Government subsidized ventures, regardless of whether they are privately sponsored. Our report presented several issues in this area for consideration by the Congress.

The amendments proposed by S. 1108 address most of these issues. We have reviewed the amendments and do have some observations for the Subcommittee's consideration.

Persons displaced by community renewal activities do not receive benefits

The act originally provided relocation benefits to persons displaced by projects that did not involve acquisition of real property, such as code enforcement, rehabilitation, and demolition, funded under the Housing Act of 1949 or the Demonstration Cities and Metropolitan Development Act of 1966. These two acts were superseded by the Housing and Community Development Act of 1974, but the Relocation Act was not amended. As a result, persons displaced by similar projects funded under the 1974 act are not eligible for relocation benefits.

The proposed amendments to Section 217 remove the reference to superseded legislation, and are intended to extend relocation benefits to displacements resulting from activities under the Housing and Community Development Act of 1974 and any other similar legislation. The proposed amendments, however, drop the reference to direct cause and effect between a displacement and a Federal project. They also remove the reference to specific types of activities that do not require acquisition of real property in order for displacement to occur. We believe the proposed amendments are vague and could expand coverage beyond the purposes intended. Page 4 of attachment I contains suggested language for the Subcommittee's consideration.

Persons displaced by non-State agencies do not receive benefits

Our report pointed out that the Relocation Act is applied only to displacement caused by Federal agencies or by a State and its political subdivisions operating federally assisted programs. Even though federally assisted programs are involved, persons displaced by entities other than a State or its political subdivisions, such as nonprofit organizations, are not entitled to relocation benefits.

The amendments to section 101(3) and 101(6) seek to provide benefits to those individuals who are forced to move by a private individual or entity carrying out a federally assisted program or project. The amendments would extend benefits to two new classes of displaced persons. The first are all owners and tenants who are displaced by an entity having the power of condemnation. The second class consists of tenants whose property owners require them to move so the owners themselves may undertake a project with Federal financial assistance.

Tenants are not covered, however, if the owner of the property displaces them in order to sell the property to an entity without condemnation powers, even though the property is to be used in pursuit of a federally assisted purpose. Unless the entity acquiring property has power of condemnation, a property owner is not forced to sell and can negotiate a price which will provide adequate compensation for the expenses and attendant disruptions associated

with a move. Tenants do not have the same degree of leverage. In view of the implicit social goals of the Relocation Act--that displaced persons be provided comparable decent, safe and sanitary housing--the Subcommittee may wish to consider extending coverage of the act to them.

Benefits not provided to persons displaced by loan foreclosure

The courts have reached different opinions on similar cases where the Department of Housing and Urban Development has become the owner of a property through loan foreclosure, and then evicted the tenants at a later date. The Supreme Court recently held that in such cases, tenants are not eligible for benefits under the act because the property was not acquired for a Federal project. The proposed amendments are intended to provide relocation benefits to such tenants. We believe these amendments need clarification and have provided suggested language on page 5 of attachment I.

Benefits to businesses

In our report we described issues in one area that the amendments do not address--relocation benefits provided to businesses. Unlike the situation when people are moved from their homes, replacement facilities are not required to be available before a business is displaced, and displaced businesses do not receive financial assistance to help pay for the higher costs of rent or purchase at the new location.

Federal Regional Council task forces have indicated that a significant number of businesses are being closed because of financial burdens they face when forced to move. Particularly vulnerable are the "Mom and Pop" type small businesses.

During our review, we found two States which have authorized payments over and above the Federal payment to reduce additional costs incurred by businesses at new locations. A city official said these payments had probably kept a number of businesses from closing.

We encourage the Subcommittee to consider the issue of providing additional benefits to businesses during its deliberations on S. 1108. Two possible approaches would be to require that replacement facilities be available or acquire the business as a going concern.

ADJUSTING BENEFIT LEVELS

Mr. Chairman, you also asked us to comment on the adjustments to payment schedules to bring them to 1979 levels. Basically, the amendments call for doubling the present payment schedules, and then using the Consumer Price Index (CPI) to annually update the payment amounts. The CPI between January 1971 and July 1979 has almost doubled.

The act provides replacement housing payments of up to $4,000 over 4 years to displaced tenants and up to $15,000 to displaced homeowners to compensate the displaced person for increased costs of acquiring comparable housing that

is decent, safe, and sanitary. The proposed amendments increase the $4,000 limit to $8,000 for tenants, and remove completely the $15,000 limit. We believe the rent component of the CPI, which has not risen as rapidly as the overall CPI, is a more specific indicator of the changing costs of rental housing than the overall CPI. We suggest therefore, that the amendments be changed to use the rent component to adjust the $4,000 limit for tenants to current levels and for future annual updates.

The amendments provide for increasing the minimum and maximum payments made to businesses in lieu of actual moving expenses. Federal agencies have advised us that the present minimum occasionally results in windfall payments. Therefore, we see no need for the proposed increase in the minimum.

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In closing, I think it appropriate to give credit to those agency personnel who have worked diligently to administer the act. They identified the differences in agency procedures--the Federal Regional Councils were especially effective in this regard. Agency staffs also worked to develop--in the interagency committee--alternative solutions to identified differences. We believe their efforts would have been more productive had there been someone who could make a decision, and see that it was carried out.

The central management authority which we recommended in our report and which would be established if S. 1108 is enacted, should not result in the creation of a large administrative bureaucracy. Expertise in administering relocation activities rests, and should remain, in the line agencies. A very small staff could fulfill the needed leadership, conflict resolution, and decisionmaking role envisioned by the proposed amendments.

That concludes my prepared statement. We would be pleased to respond to any questions.

ATTACHMENT I

TECHNICAL COMMENTS

We have a number of specific comments on various sections of the amendments. These are detailed below by Section of S. 1108.

Section 2(b) - p. 2, lines 7, 8, 9, 10

This amends Section 101(3) of the act to include any entity which has eminent domain authority under State law. By using the term "entity" as opposed to "person", which is defined in Section 101(5) of the act, the amendment raises a question as to the intended coverage. The term "person" is defined in Section 101(5) of the act to include any individual, partnership, corporation, or association. If the term "entity" is broader than "person", Section 101(5) should be amended to add the language ". . . or any other entity cognizable under State law" after the work "association".

Section 2(c), p. 2, lines 11-13

This amends Section 101(4) to include the terms "state, state agency, or person" to cover non-governmental agencies. In our opinion, Federal financial assistance does not include projects undertaken with funds provided by the General Revenue Sharing Program or other Federal funds deemed the equivalent of recipient raised or generated funds. If the Subcommittee intends these funds to be included, it should specifically include them in the language of the act.

Section 2(d), p. 2, lines 16-25

This amends Section 101(6) of the act to better define the term "displaced person". However, the amendment drops the requirement that the displacement be caused by acquisition of real property, or a written order to vacate. We believe such specific actions are necessary to remove any ambiguity about when a displacement occurs subject to the act, and should be reinstated. See also our comment on Section 7, pg. 6, lines 7-16 of the proposed amendments.

Section 4(a), p. 3, lines 11-22

This amends Section 202(a) of the act to make clear that all persons displaced by projects awarded Federal financial assistance are to be given relocation assistance. The reference to projects or programs undertaken directly by a Federal agency in the current law is dropped.

A reference to direct Federal projects should be reinserted by adding the words "Federal agency or a" before

the word "state". This would also make this section of the act consistent with Section 101(6), where a displaced person is defined as one who moves directly or indirectly as a result of a project. We also believe that the use of the term "forced displacement" may create confusion, and the word "forced" should be defined or deleted.

Section 5(3) p. 4, lines 24-25

This adds a new Section 203 (a)(1)(c) to permit compensation for increased real property taxes on a replacement house over similar taxes on the acquired property. As the amendment is written, this payment is to be computed over the life of the mortgage on the replacement dwelling. We believe a more stringent time or dollar limit should be placed on this compensation. One approach would be to make the dollar limit equal to the difference between the old and new real estate taxes that exists at the time of acquisition of the acquired dwelling, times the average length of homeownership as determined by the designated agency established under Section 213 of the proposed amendments.

Section 6(1) and (2), p. 5, lines 11-15

This amends Section 204(1) and (2) of the act to eliminate the requirement that a tenant wishing to buy a house match any payment above $2,000 in replacement housing compensation. The amendment thus removes the present impediment to home ownership discussed in our report.

Section 6(3), p. 5, lines 18-25 and p. 6, lines 1-2

Under the act, Federal agencies now can only pay benefits if the person relocated purchases a home that meets the decent, safe, and sanitary (DSS) criteria of the act. This amendment changes Section 204(2) of the act to allow Federal agencies to provide benefits even when the tenant being relocated chooses to purchase a house that does not meet this criteria. The amendment still requires the Federal agencies to meet their obligations to relocate all displaced persons into DSS housing.

We believe added protection to the displaced individual will be provided if the Federal agencies are specifically required to make available a DSS dwelling to each person, and the relocated person is required to turn down this dwelling, before benefits could be provided for a non-DSS dwelling. The following language is suggested to be added to the end of the proposed amendment. . ." "In all displacements a decent, safe, and sanitary dwelling must be offered to the displaced person."

Section 7 p. 6, lines 7-16

This amends Section 205(a) of the act to define as displaced persons people other than on the site of the program or project who are determined to be adversely affected by that program or project.

This amendment could broaden coverage of the act by changing the current language on geographical location relative to a project site, and the criteria used to establish injury. The amendment would cover "persons other than at the site of the program or project". Also, the criteria for determining if such persons suffer damage is changed from "substantial economic injury" to "adversely affected."

We believe that the amendments need to be clarified. We do not know if the intent is to extend full payment benefits to adversely affected persons off-site or to extend only the advisory services of Section 205 of the act. In the latter case the last sentence of Section 205(a) should read "* * *shall be treated as a displaced person for the purposes of this section." If the intent, however, is to offer the payment benefits of the act to these persons, we believe this definition of a displaced person belongs in Section 101(6), which defines displaced persons for coverage of the act.

Section 7(d), p. 6, lines 21 ff

This amends Section 205(d) of the act by dropping the current coordination requirements among Federal agencies, and substituting detailed requirements for providing relocation assistance services to displaced persons. We believe the current coordination requirements should be retained. The total requirements in a given locality for replacement housing may not be developed otherwise.

Section 8, p. 7, lines 13 ff

This amends Section 206(a) of the act. It gives the Federal agency authority to provide housing from project funds for Federal or federally assisted programs if comparable replacement sale or rental housing is not accessible or available at reasonable prices.

In a decision to the Corps of Engineers, we considered the relationship between the replacement housing assistance of up to $15,000 provided in section 203 and the last resort housing provisions of section 206. We held that where homeowners displaced by Government action are financially unable

to purchase comparable decent, safe and sanitary replacement housing, rental housing may be considered appropriate replacement housing under section 206. We also held that agencies may not provide direct assistance in excess of $15,000 (the section 203 maximum) to enable displaced homeowners to purchase replacement housing under section 206. Both of these rulings, which remain controversial, are based on our review of the legislative intent behind the $15,000 maximum and the last resort housing provisions.

This bill would remove the $15,000 maximum, eliminating any statutory restriction on the amount of assistance which could be provided to any one displaced person. Its effect could be to overrule both holdings in our decision.

While we understand that use of the last resort housing provision has been infrequent, elimination of the dollar limitation on this benefit could be quite expensive and result in sizeable benefits being paid in individual cases. On the other hand, the present $15,000 limitation, or some other limit, applied in accordance with our decision can produce an anomaly. Application of the act's requirements that comparable decent, safe and sanitary housing be made available to displaced persons can lead to a computed replacement housing payment which exceeds the limitation.

Section 11(3), p. 9, lines 22 ff

This amends Section 210(3) of the act to require the Federal agency to receive assurance that relocation housing discussed in Section 205(c) will be available no less than six months prior to displacement. We believe six months is too long a lead time, given the ever changing mix of housing on the market. Also, this requirement may be unnecessary because Section 205(c)(3) and 210(3) currently require such housing to be available a reasonable time prior to displacement.

Section 15, p. 12, lines 11-19

This amends Section 217 of the act to remove the reference to superseded legislation. It is intended to extend relocation benefits to displacements resulting from activities under the Housing and Community Development Act of 1974 and any other similar legislation. The proposed amendments, however, drop the reference to a direct cause and effect between a displacement and a Federal program. They also remove the reference to specific types of activities that do not require acquisition of real property in order for displacement to occur. We believe the proposed amendments are vague, and could expand coverage beyond the purposes intended. We suggest the following language as an alternative:

"Sec. 217. A person who moves or discontinues his business, or moves other personal property, or moves from his dwelling as a direct result of a code enforcement, rehabilitation or demolition project or program undertaken by a Federal agency or with Federal financial assistance, shall, for the purposes of this title, be deemed to have been displaced as the result of the acquisition of real property."

The following amendments are presented for consideration by the Subcommittee on subjects not now specifically included in S.1108:

Amendment (1) Tenants moved as a result of federally guaranteed or insured loans

This amends Section 217 of the act to add a new subsection (b) to specifically cover persons displaced after foreclosure by a Federal agency. If the Subcommittee desires to make the benefits of the act available to such persons, we suggest that the following language should be added:

(b) A tenant who, within one year after the Federal Government acquires his dwelling as a result of the owner's default on a federally insured or guaranteed loan, is required by the Federal agency to move from his dwelling so it can be rehabilitated or demolished, shall be deemed to be a displaced person.

Amendment (2) Non-DSS housing purchased by displaced persons

This amends Section 203(a)(2) to provide a similar privilege to homeowners that the proposed amendment to Section 204(2) gives to tenants. The proposal would permit displaced persons to purchase a house that does not meet the criteria for a decent, safe, and sanitary dwelling.

If the Subcommittee desires to do this, we suggest the following language:

"The additional payment authorized by this section shall be made to a displaced person who purchases and occupies a replacement dwelling within one year of the date of receipt of the final Federal agency payment for the acquired dwelling or the date of moving from the acquired dwelling, whichever is later. A person who refuses to purchase available decent, safe and sanitary housing shall not be denied benefits under this section due to the condition of the dwelling

purchased. However, nothing in this section relieves any agency or person from its obligation under this title to relocate all displaced persons to decent, safe and sanitary housing. In all displacements a decent, safe, and sanitary dwelling must be offered to a relocated person."

DIFFERENCES BETWEEN FEDERAL AGENCIES IN IMPLEMENTING THE UNIFORM RELOCATION ACT

The following summarizes differences in Federal agency practices and regulations described in our March 1978 report.

INCONSISTENT PAYMENTS TO PERSONS DISPLACED FROM THEIR RESIDENCES

The act provides replacement housing payments of up to $15,000 to displaced homeowners and rental assistance payments of up to $4,000 over a 4-year period to displaced tenants. These payments compensate the homeowner and tenant for the increased cost of acquiring a comparable replacement dwelling that is decent, safe, and sanitary.

Because Federal agency regulations and instructions were not uniform or specific, displaced homeowners and tenants received differing payments for replacement housing, for rental assistance, and in situations where comparable replacement housing was not available

Different methods used to compute replacement dwelling costs

FHWA and HUD permit State and local displacing agencies to select one of two primary methods for determining the cost of comparable replacement dwellings. While these two methods are designed to produce similar values for a replacement dwelling, differences do occur The use of one method for FHWA programs and the other method for HUD programs in the same city resulted in different payments to displaced persons.

Because of the different payments that would result, HUD and FHWA central office officials agreed to use the same method on their projects in one city. This agreement, however, was not used in other geographic areas where both HUD and FHWA projects existed HUD officials have advised us that under their new regulations, the difference in methods will be eliminated after September 26, 1979

Payments to sleeping room occupants differed

FHWA and HUD regulations differed in the method used for computing rental assistance payments for sleeping room occupants. HUD regulations allowed higher benefits if the monthly rental of a replacement dwelling exceeded 25 percent of an individual's monthly income, FHWA regulations did not. Therefore, low-income sleeping room occupants could receive higher payments from a HUD project than they would receive from an FHWA project.

FHWA contended that its regulations provided for the same benefits as HUD's. While this may have been FHWA's intent, we as well as the responsible relocation official in one city did not so interpret the regulations. This illustrates the problems which can result from each agency preparing its own unique regulations. FHWA officials acknowledged that the regulations as written could be misread.

The appendix to our report contained a detailed analysis of various agency regulations and provided additional illustrations of the types of subtle differences that result from multiple regulations.

Application of the last resort housing provision not uniform

Homeowners or tenants are sometimes faced with acquiring comparable replacement housing where costs are so high that the maximum assistance payments specified in sections 203 and 204 of the relocation act ($15,000 and $4,000) are not sufficient to cover the costs. When this happens, some Federal agencies, such as HUD, generally make the maximum payment only. FHWA, however, treats this situation as falling within the scope of the last resort housing provision (section 206)

FHWA interprets this section to mean that if comparably priced replacement housing is not available, assistance payments over the limits can be made for the benefit of displacees to compensate for higher cost replacement housing.

Payments to tenants differed for other reasons

Other Federal agency regulations and procedures differed, causing tenants to receive different rental assistance payments For instance, not all agencies considered increased utility costs at the replacement site when determining the comparable housing costs and computing the rental assistance payment.

PAYMENTS TO BUSINESSES DIFFERED

In addition to the fair market value of the real property, displaced businesses are paid either actual costs for moving and related expenses or an in-lieu-of-moving expense payment of up to $10,000. However, Federal agency regulations differed on how to compute payment amounts. As a result, businesses relocated by different agencies received different payments.

Physical changes to replacement business sites

Replacement facilities available to a displaced business may not meet all of the business' requirements. Electrical service, plumbing, and floor layout may need to be improved or changed. At the time of our review, HUD regulations allowed payments of up to $100,000 for improvements necessary to make the structure or equipment suitable for the displaced business. In contrast, FHWA regulations and procedures were generally more restrictive.

FHWA officials believe this difference is currently being resolved by proposed changes in HUD regulations. However, an earlier change in HUD regulations did not resolve this problem.

Payments for professional services

Some displaced businesses need professional assistance when planning to move their operations, preparing for the move, or during the actual move itself. Professional services include consultation with architects, attorneys, engineers, and others. Federal agencies' regulations differed as to allowing these expenses, and, as a result, some businesses were paid for some or all professional services while others were not.

Payments to new businesses

The act authorizes payments to displaced businesses in lieu of actual moving expenses. The payments range between $2,500 and $10,000 depending on the business' earnings HUD and FHWA regulations, however, treated differently those businesses that have been in operation for less than 1 year. HUD regulations allowed for the in-lieu-of payments to such businesses, FHWA regulations did not.

OTHER DIFFERENCES

The following are some additional differences which were not discussed in our report, but have been identified by Federal agencies.

Maintenance of ownership status in replacement dwelling

In some instances comparable housing is not available for purchase by displaced homeowners who wish to buy a replacement dwelling. FHWA believes that a displaced owner has a legal right, as well as an equitable right, of preservation of ownership status. If the displaced homeowner wishes to purchase replacement housing, FHWA utilizes section 206 to alleviate such situations.

HUD follows the FHWA policy unless it cannot reasonably do so because of the $15,000 limit of section 203. HUD will relocate homeowners into rental units or postpone relocation until replacement housing is available for purchase.

Loss of existing patronage for payments to businesses "in-lieu-of" actual moving expenses

Rather than receive moving expenses, displaced businesses may be paid from a minimum of $2,500 to a maximum of $10,000 for "loss of existing patronage." This is based on average net earnings during the 2 years prior to displacement. Problems have arisen with the definition of "loss of existing patronage."

HUD interprets the "loss of existing patronage" to mean the loss of present, specific clientele. No consideration is given to the possible increase or decrease in the net dollar volume of the business after relocation. FHWA interprets "loss of existing patronage" to mean the loss of net dollar volume of income. The only consideration given to loss of specific clientele is when this loss would directly affect the net income of the business due to its being relocated.

HUD places responsibility on the displacing agency to demonstrate that a business will not suffer a substantial loss of existing patronage in order to deny an "in lieu of" payment whereas FHWA requires the displacing agency to determine that a substantial loss will occur before the business is entitled to such payment.

In addition, HUD allows businesses to have another outlet as long as business volume in the remaining property is below certain limitations. FHWA requires that in order to be eligible for an "in lieu of" payment, the business must not be part of a commercial enterprise having at least one other establishment not being acquired