

The Uniform Relocation Assistance and Real Property Acquisition Policies Act

URA



Leslie Leager, Division Coordinator
515-348-6206
Leslie.leager@iowaeda.com

URA: Foundations

- » The Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA): Establishes uniform policies among federal agencies and funding recipients when acquiring real property and relocating person for federally funded projects
- » Created to ensure fair and consistent treatment
- » A person is eligible for assistance if their home or business is displaced by land acquisition programs, code enforcement activities, or housing rehabilitation programs
- » The act requires the displacing agency to provide notices, advisory assistance and financial benefits to those effected
- » Passed in 1971 without debate

Section 104 (d): Foundation

- » Section 104(d) of the Housing and Community Development Act of 1974: Establishes requirements governing conversion, demolition, and one-for-one replacement of lower-income housing
 - For all CDBG projects a Residential Anti-Displacement and Relocation Assistance Plan (RARA) must be adopted and followed
 - 104 (d) is triggered when owner-occupied or rental housing is demolished as part of a CDBG project that would rent (even if it is owner-occupied) at or below the applicable HUD Fair Market Rent (FMR) regardless of if it is vacant or occupied at the time of demolition.
 - A replacement unit must be *identified* or *built* that would rent at or below HUD Fair Market Rent (FMR). Rental units must be replaced with rental units. Must remain a lower income unit for 10 years.

Today's Training

- » The training today will focus on Acquisition which means:
 - » Permanent easements
 - » Temporary easements
 - » Purchase of real property
- » *Most important thing to remember:* Once you have an anticipated federal project, URA applies regardless of *who* purchases (recipient, friend, or non-profit) and the source of funds (private, state, or federal)
- » The training today **WILL NOT** focus on *relocation* of individuals or businesses as a result of *acquisition* or *housing* projects. Call IEDA if *acquisition* will result in relocation.

- » CDBG Management Guide: <https://www.iowaeconomicdevelopment.com/Community/downloads>
- » HUD Handbook 1378: Tenant Assistance, Relocation, and Real Property Acquisition: <https://www.hudexchange.info/resource/310/hud-handbook-1378-tenant-assistance-relocation-and-real-property-acquisition/>
- » HUD Webinars: <https://www.hudexchange.info/trainings/ura-the-hud-way/>
- » The Regulation (49 CFR 24): https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title49/49cfr24_main_02.tpl

Voluntary vs. Involuntary Acquisition

» Voluntary acquisitions:

- transactions with no threat or use of eminent domain
- Never means “willing seller”
- No owner-occupied relocation paid (don’t confuse with temporary relocation due to rehab projects)

» Involuntary acquisitions:

- acquisitions subject to threat or use of eminent domain

» Notices:

- Personally served or sent by certified or registered first class mail, return receipt requested with documentation kept in the file

» Donations:

- An owner whose real property is being acquired may, after being fully informed by the recipient of the right to receive just compensation for such property, donate the property.
- The recipient is responsible for ensuring that an appraisal of the real property is obtained unless the owner releases the recipient from such obligation.

Voluntary Acquisition: City or County Recipient

- » When a **city or county recipient** (Agency) wants to purchase the property: Since they have the power of eminent domain, in order for an acquisition to be voluntary the recipient must satisfy applicability requirements of 49 CFR 24.101(b)(1)(i-iv):
- (i) No specific site or property needs to be acquired, although the Agency may limit its search for alternative sites to a general geographic area. Where an Agency wishes to purchase more than one site within a general geographic area on this basis, all owners are to be treated similarly.
 - (ii) The property to be acquired is not part of an intended, planned, or designated project area where all or substantially all of the property within the area is to be acquired within specific time limits.
 - (iii) The Agency will not acquire the property if negotiations fail to result in an amicable agreement, and the owner is so informed in writing.
 - (iv) The Agency will inform the owner in writing of what it believes to be the market value of the property.

Voluntary Acquisition: Non-profit Sub Recipient

- » When a **non-profit sub-recipient** (Agency) wants to purchase the property: Since they do not have the power of eminent domain, in order for an acquisition to be voluntary the recipient must satisfy applicability requirements of 49 CFR 24.101(b)(2)(i-ii):
 - (i) Prior to making an offer for the property, clearly advise the owner that it is unable to acquire the property if negotiations fail to result in an agreement; and
 - (ii) Inform the owner in writing of what it believes to be the market value of the property.

- » A non-profit child care center wants to purchase land for a new building. They have just submitted a CDBG application. They have a donor that will buy the land for them. Do they need to follow URA?

- » A City has just received a CDBG award to add a third cell to their lagoon system. The adjacent buyer says they will sell to them.
 - Which acquisition process do they follow involuntary or voluntary?
 - Bonus Question: Do they need an environmental release of funds before they transfer ownership?

- » A County has just submitted a CDBG application to construct a county owned health clinic. They can construct the clinic anywhere in the county and the clinic is not part of an overall plan for expansion in the future.
 - Do they need to follow URA?
 - Which acquisition process do they follow involuntary or voluntary?
 - When can they purchase the property?

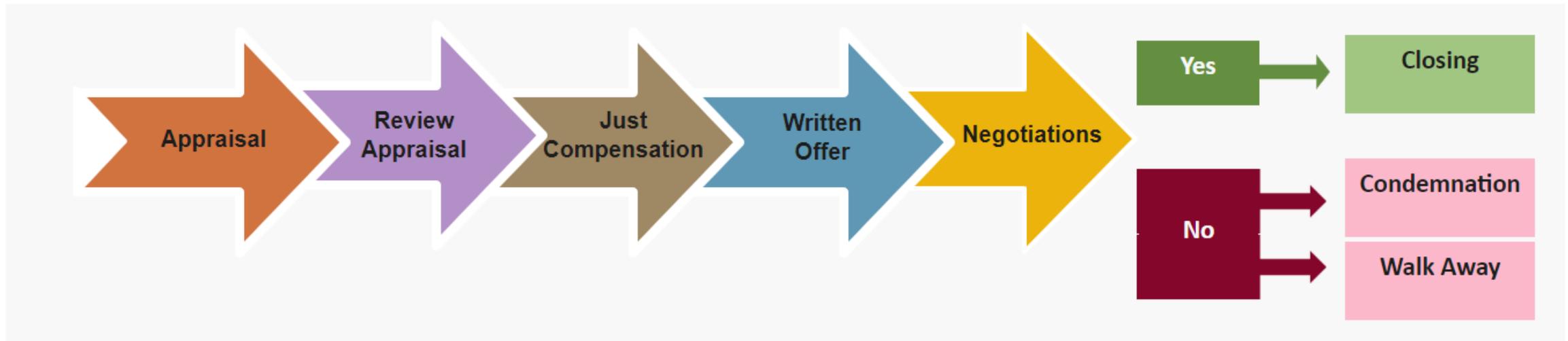
Voluntary Acquisition: Estimates of Market Value

- » Must inform the property owner in writing of what it believes to be the market value of the property
- » An appraisal is not required to determine market value
- » If an appraisal is not prepared, the estimate of market value must be prepared by a person familiar with real estate values
- » Do not need to offer market value
- » Can negotiate on final price at, below, or above market value
- » Should *not* pay the cost to clear a title

Voluntary Acquisition: Property Owner Notification

- » Sample letters are in Appendix 2: CDBG Management Guide:
 - City or County Letter:
 1. Describe the entity that is interested in acquiring the property and the project
 2. Describe that the entity has the power of eminent domain, but will not use it
 3. State the offer amount
 4. Ask them to tell you if they are interested in selling
 5. Remind them that owner-occupants are not eligible for relocation assistance as a result of voluntary acquisition
 6. Name and contact information of the person they can contact with questions.
 - Non-profit letter has everything above except for #2: they do not have the power of eminent domain

Involuntary Acquisition: Overview



- » Very formalized process: Notifications, Standards, Certified Mail, Documentation
- » Most acquisition for CDBG projects will follow the involuntary URA process

Involuntary Acquisition: Notice to Owner

- » First notice to the property owner: it is the formal, written notification to owner that their property will be acquired for a federally-funded project under the threat of eminent domain
- » Sets forth minimum rights and protections for property owners
- » Use “When a Public Agency Acquires Your Property” found in the CDBG Management Guide in Appendix 2
- » If relocation will be a part of the acquisition, a *Notice of Intent to Acquire* is required. It establishes eligibility for relocation assistance prior to the initiation of negotiations and/or prior to the commitment of Federal financial assistance. Call IEDA for more information if relocation is necessary.

Involuntary Acquisition: Appraisal

Appraisal

The URA specifies a process to accomplish the standard of paying just compensation as set out in the Fifth Amendment to the U.S. Constitution. The URA requires that a qualified appraiser estimate the fair market value of the property through the appraisal process.

Appraisal

Review
Appraisal

Just
Compensation

Written
Offer

Negotiations

Yes

Closing

No

Condemnation

Walk Away

- » An appraisal is not necessary when the value is estimated at \$10,000 or less, the valuation is uncomplicated, and condemnation is not anticipated
- » Instead the recipient will prepare a waiver valuation

Involuntary Acquisition: Appraisals

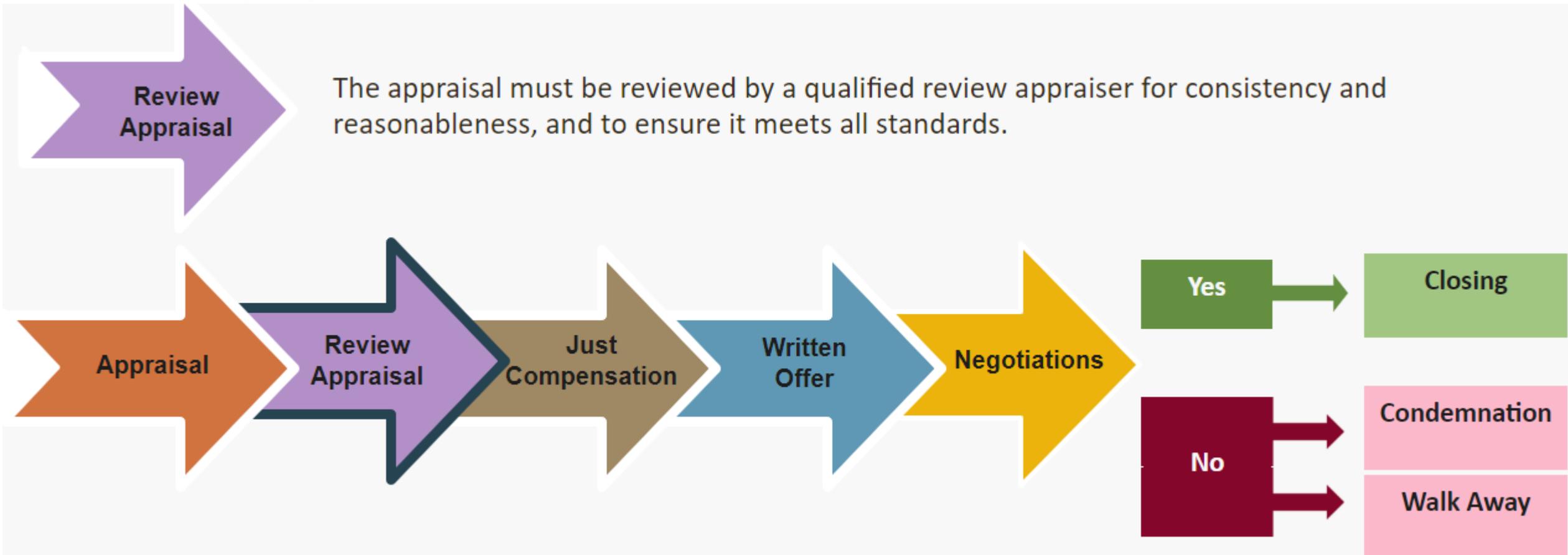
» More on Appraisals:

- Appraisals must follow the *Uniform Appraisal Standards for Federal Land Acquisition*:
<https://www.justice.gov/file/408306/download>
- A summary of the minimum requirements are found in the CDBG management guide in appendix 2: Helpful Acquisition Information
- The recipient must provide the owner an opportunity to accompany the appraiser during the inspection of the property. Put this requirement in your agreement with the appraiser
- No specific requirement to provide a copy of the appraisal to the property owner
- Data used to determine value must come from factual information supported by market data

Involuntary Acquisition: Waiver Valuation

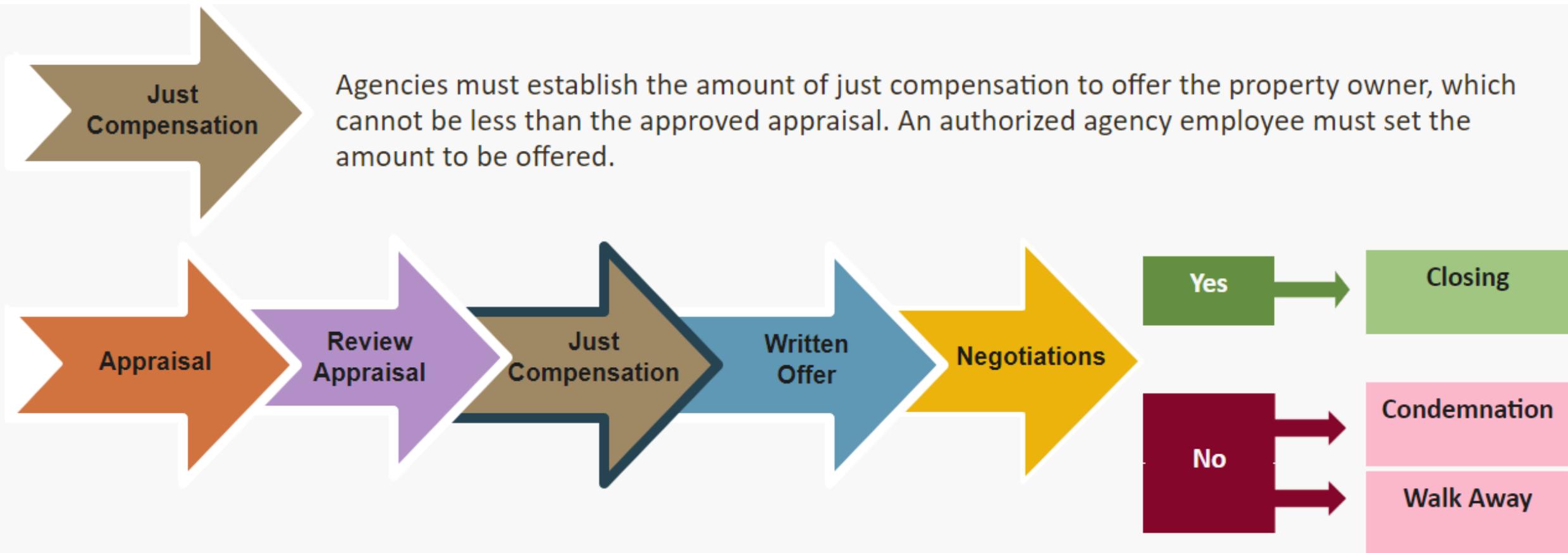
- » More on *waiver valuation*
 - Used when the value is less than \$10,000 and is uncomplicated
 - Valuation process with a written product produced
 - Produced in lieu of an appraisal
 - Formal term and part of the process
 - Person providing the *waiver valuation* must have a sufficient understanding of appraisal principles and the local real estate market to be qualified to prepare it.

Involuntary Acquisition: Review Appraisal



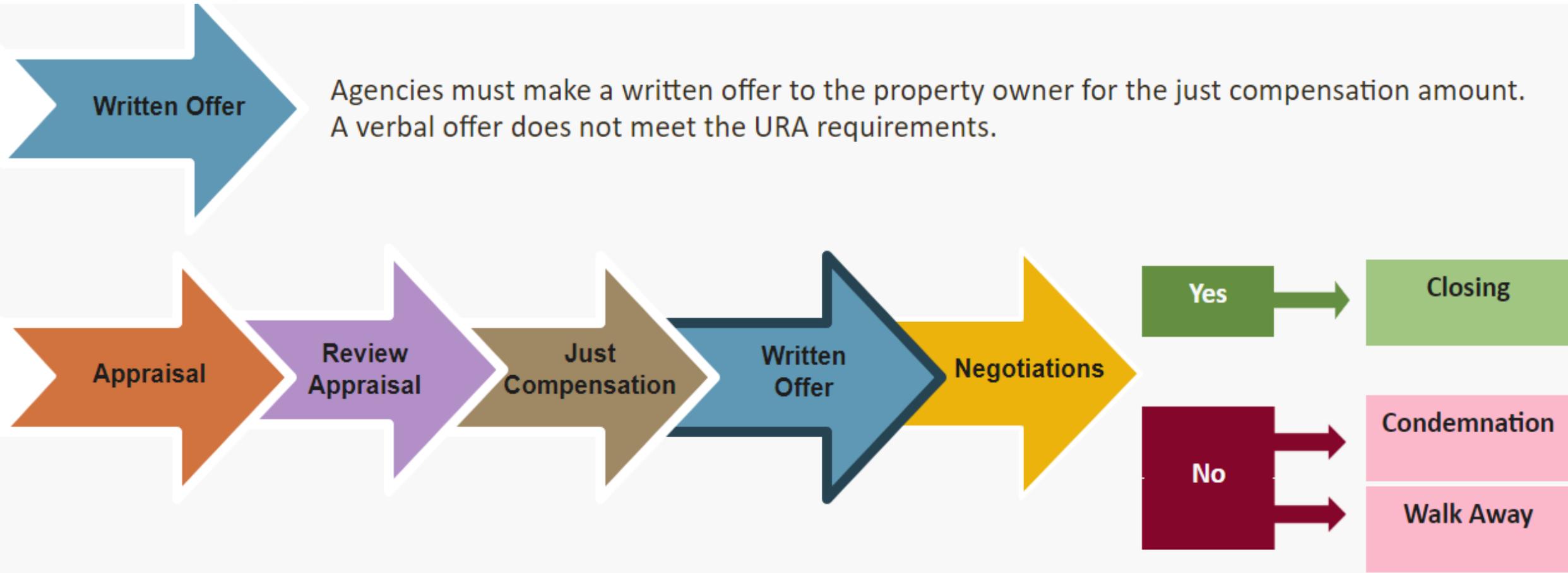
- » Same qualifications as the appraiser
- » Must be a written review

Involuntary Acquisition: Just Compensation



- » Formal term and part of the process
- » Must be documented in writing in the file
- » Must be done by the recipient and not the appraiser

Involuntary Acquisition: Written Offer



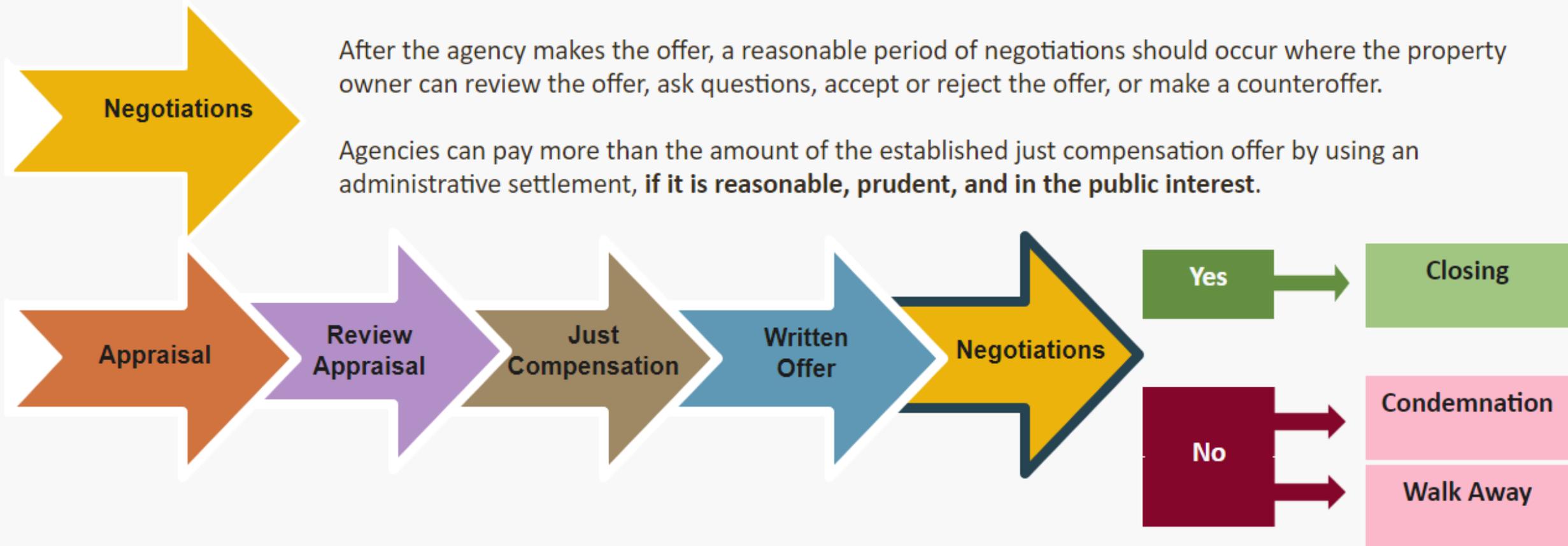
- » Should include a *summary statement* notice which documents the basis for the offer of *just compensation*

Involuntary Acquisition: Summary Statements

» More on summary statements:

- Delivered with the initial *written offer*, the owner shall be given a written statement of the basis for the offer of just compensation, which shall include:
 1. A statement of the amount offered as *just compensation*. In the case of a partial acquisition, the compensation for the real property to be acquired and the compensation for damages, if any, to the remaining real property shall be separately stated.
 2. A description and location identification of the real property and the interest in the real property to be acquired.
 3. An identification of the buildings, structures, and other improvements (including removable building equipment and trade fixtures) which are included as part of the offer of just compensation. Where appropriate, the statement shall identify any other separately held ownership interest in the property, e.g., a tenant-owned improvement, and indicate that such interest is not covered by this offer.

Involuntary Acquisition: Negotiations



- » If negotiations result in an amount different than the offer of *just compensation* an updated appraisal, re-written offer of just compensation, and new summary statement can be completed or an *administrative settlement* can be drafted

Involuntary Acquisition: Administrative Settlements

» More on *Administrative Settlements*

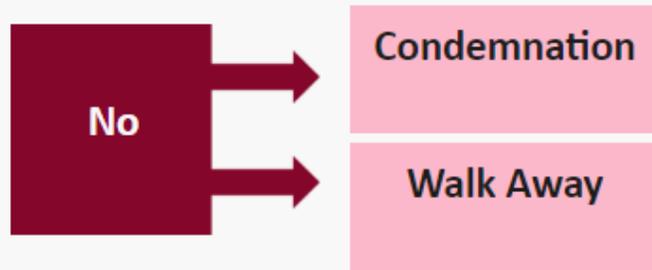
- Formal term and process
- Used anytime the purchase price for the property is *not* based solely on a re-evaluation of value (updated appraisal, re-written offer of just compensation and a new summary statement)
- Occurs after reasonable efforts to negotiate an agreement at the amount of just compensation have failed
- The recipient approves an *administrative settlement* as being reasonable, prudent, and in the public interest
- a written justification shall be prepared, which states what available information, including trial risks, supports such a settlement. If federal funds are used in the acquisition, cost must be reasonable according to 2 CFR 200.

Involuntary Acquisition: Closing



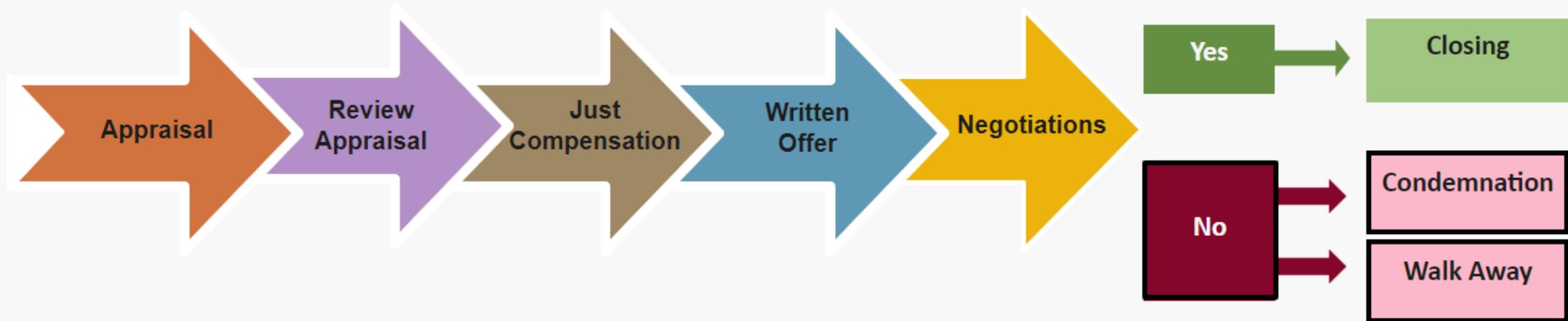
- » Recipients should pay for the incidental expenses to transfer the property like recording fees, transfer taxes, boundary surveys, legal descriptions, etc.

Involuntary Acquisition: Condemnation



If negotiations are unsuccessful, agencies with eminent domain authority may choose to pursue condemnation through the eminent domain process. Agencies without eminent domain authority must walk away.

Remember, these are just some URA real property acquisition highlights.



- » Condemnation is a formal, legal procedure that will be handled by the Recipient
- » Grant Administrators should contact their project manager if condemnation will occur
- » Very lengthy process that should be avoided

Questions & Resources Time

» CDBG Management Guide:

<https://www.iowaeconomicdevelopment.com/Community/downloads>

» HUD Handbook 1378: Tenant Assistance, Relocation, and Real Property Acquisition:

<https://www.hudexchange.info/resource/310/hud-handbook-1378-tenant-assistance-relocation-and-real-property-acquisition/>

» HUD Webinars:

<https://www.hudexchange.info/trainings/ura-the-hud-way/>

» The Regulation (49 CFR 24): https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title49/49cfr24_main_02.tpl