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

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The Honorable Robert Packwood
United States Senate

Dear Senator Packwood:

In your June 14, 1974, letter you asked us to review a change made by the Department of Housing and Urban Development (HUD) in its regulations relative to relocation assistance payments made pursuant to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.).

As agreed with your office on August 7, 1974, we are providing

- a short legislative history and intent of the act relating to replacement housing payments, including our views as to the propriety of HUD's recent change in providing relocation assistance, and
- data on the objectives and accomplishments of the inter-agency Relocation Assistance Implementation Committee (RAIC).

We obtained information from HUD, the Department of Transportation (DOT), the Corps of Engineers, and RAIC. We reviewed the act's legislative history as it relates to replacement housing payments.

LEGISLATIVE HISTORY

The act established a uniform policy for fairly and equitably treating persons displaced (displacees) from their homes by Federal and federally assisted programs. Section 203 of the act authorizes the head of the Federal agency to make to a displacee replacement housing payments of up to \$15,000 to help him purchase replacement housing. The amount of the payment is the difference between the Federal agency's cost of the house acquired and the reasonable cost of a comparable replacement house. Subsection (a)(2) allows that payments be made only to displacees who purchase and occupy replacement housing that is "decent, safe, and sanitary."

House Report 91-1656, dated December 2, 1970, indicates that the basic principle to be followed in determining the replacement housing payment should be that

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"*** at least within specified limits, a displaced homeowner should not be left worse off economically than he was before displacement, and should be able to relocate in a comparable dwelling which is decent, safe and sanitary, and adequate to accommodate him, within standards established by the head of the Federal agency having authority over the program for which he is displaced."

Section 213(a) of the act indicates that Federal agencies shall cooperate with each other. The legislative history also points out that the Congress was particularly interested in insuring that uniform payments were made by the various Federal agencies.

The establishment of standards to achieve payment uniformity, under the legislation, is vested in each Federal agency. The most important factor in establishing standards appears to be that no displacee should be left worse off than he would have been if the Government had not acquired his property.

RELOCATION ASSISTANCE IMPLEMENTATION
COMMITTEE

2 The President designated the Office of Management and Budget
3 (OMB) as the agency responsible for guiding Federal agencies which
are implementing the act. OMB established a Relocation Assistance
Advisory Committee (later changed to the Relocation Assistance
Implementation Committee) which is composed of representatives of
the major Federal agencies responsible for administering programs
involving the displacement of individuals, businesses, and farms. p. 2693

X Pursuant to Executive Order 11717, dated May 9, 1973, the
functions and chairmanship of RAIC were transferred from OMB to the
General Services Administration. The Administrator of General
Services is the Chairman of RAIC. Represented on RAIC are the
Departments of Agriculture; Defense, Health, Education, and Welfare;
HUD; Interior; Justice; and Transportation and the General Services
Administration. The United States Postal Service also participates
in RAIC activities.

4 RAIC makes recommendations to the General Services Administration
regarding

--revisions Federal agencies should make in their regulations
and procedures to insure national uniformity,

--revisions needed in the agencies' guidelines to insure com-
pliance with the intent and spirit of the act, and

--the need for new legislation.

RAIC staff work is performed by a "working group" which consists of representatives of the above mentioned Federal agencies. The working group is divided into a number of subcommittees, such as, the Subcommittees on Legal and Procedural Differences, Standard Forms, and Legislation. Because you were primarily concerned with the differences between Federal agencies' policies and procedures, we are presenting information only on the activities of the Legal and Procedural Differences Subcommittee. The Subcommittee is responsible for (1) identifying differences in agencies' regulations and procedures, (2) determining the reasons for these differences, and (3) recommending methods to resolve or minimize such differences. After the working group adopts the Subcommittee's recommendations, the Federal agencies affected are expected to revise their regulations and guidelines as soon as possible to be consistent with the agreements reached.

This Subcommittee had identified 34 differences in Federal policies and procedures through October 1974. RAIC's working group agreed to 10 of the Subcommittee's recommendations. The Subcommittee is working on recommendations for the other 24 differences. The differences the Subcommittee identified dealt with such areas as the computing of and determining eligibility for replacement housing payments, providing rental assistance payments, and providing payments to displacees for moving expenses and losses resulting from relocation.

Of the 10 differences where RAIC's working group agreed to the Subcommittee's recommendations, 5 dealt with replacement housing payments. The five agreements reached included (1) allowing amounts paid as "points" and loan service fees to be included as part of the down payment compensation on comparable replacement housing, (2) requiring the displacee to be bound by the payment method selected by the Federal agency for computing replacement housing payments, (3) allowing replacement housing payments to be made in advance when the determination of the acquisition price is delayed pending the outcome of condemnation proceedings, (4) clarifying which factors will be included in the computation of any increased interest costs the displacee has to pay for financing the acquisition of comparable replacement housing, and (5) adopting a method for computing the amount necessary to make a down payment on comparable replacement housing.

HUD PROCEDURES

Under HUD's initial procedures, replacement housing payments were based on housing from the neighborhood that the displacee planned to move into. This was generally a better neighborhood than the one from which he was displaced and, according to the

Chairman of the Legal and Procedural Differences Subcommittee, HUD made higher replacement housing payments than other Federal agencies. The other Federal agencies selected replacement housing from neighborhoods that were equal to or better than the neighborhood the displacee moved from.

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In our report to the Senate Subcommittee on Intergovernmental Relations, Committee on Government Operations, entitled "Differences in Administration of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" (B-148044, June 7, 1973), we pointed out that displacees in the same geographical areas with similar housing needs did not always receive similar benefits from Federal agencies.

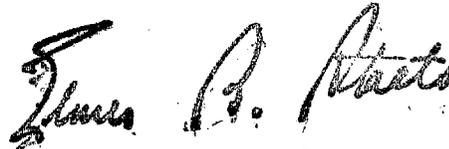
Effective August 27, 1973, after discussions with OMB and other agencies involved in relocation activities (DOT and the Corps), HUD changed its procedures so that replacement housing payments would be based on housing from a neighborhood equal to or better than the neighborhood from which the displacee was moving, provided such housing and the neighborhood met certain conditions. The conditions provided that the housing unit must (1) meet local or HUD-approved codes, (2) not be in an area designated for present or future governmental action which may cause displacement, and (3) not be in an area subject to unreasonable and adverse environmental conditions. If these conditions could not be met, the replacement housing was to be selected from suitable adjacent or nearby neighborhoods, in ascending order of cost. Although this policy change brought HUD into uniformity with other Federal agencies, these agencies still disagree about the type of conditions a neighborhood should meet before it can be used as a basis for replacement housing payments. Accordingly, RAIC is still considering the selection of comparable replacement housing as an unresolved difference between agencies.

CONCLUSION

In the absence of any specific standards in the act for establishing comparability, it appears that each Federal agency can set its own standards. However the act encourages each agency to try to achieve uniformity among Federal agencies. We believe that HUD, in issuing its revised procedures for establishing payments for replacement housing, has not acted inconsistently with the act and its legislative history.

As requested by your office, we did not give HUD an opportunity to formally comment on the matters discussed in this report. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "James P. Abate". The signature is written in a cursive style with a large initial "J".

Comptroller General
of the United States