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**Iowa Department of Transportation
Office of Right of Way**

**Relocation Assistance
Policy and Procedures Manual**

Revised April 6, 2006

RELOCATION ASSISTANCE SECTION

ORGANIZATION

The Iowa Department of Transportation provides a Relocation Assistance Program administered within the Office of Right of Way. The Relocation Assistance Supervisor is directly responsible to the Right of Way Director.

All Relocation Advisors will be directly responsible to the Relocation Supervisor, while relying on the experience and expertise of the Senior Relocation Advisors whenever possible.

LEGISLATION AND REGULATIONS

The federal legislation that requires the Iowa Department of Transportation to provide relocation assistance and advisory services is the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (known as the Uniform Act), Public Law 91-646, as amended. The federal regulations are located in 49 CFR Part 24. The Iowa law can be found in Iowa Code Chapter 316 (also see Chapter 6B). The Iowa rules can be found in 761 Iowa Administrative Code, Chapter 111.

PURPOSE OF THE RELOCATION ASSISTANCE PROGRAM

The purpose of the Relocation Assistance Program is to ensure that persons who are required to move (or to move their personal property) as a result of public projects will not suffer disproportionate injuries as a result of those projects. Payments and benefits will be provided in accord with state and federal laws and regulations.

Relocation Assistance will be provided on a uniform, equitable and non-discriminatory basis. It is intended that the Relocation Advisor will act as an advocate for persons required to move, while at the same time protecting the interests of the public as a whole to ensure that benefits provided are not in excess of those to which the persons are entitled.

No person is entitled to receive a relocation payment that has the same purpose or will have the same effect as a payment already received through some other program or through the acquisition process.

GENERAL

WORK ASSIGNMENTS

Parcel assignments are made by the Relocation Supervisor or designee. Once assigned, the parcel will be the responsibility of the Relocation Advisor until all necessary relocation and advisory activities are accomplished. Right of Way Management will make every effort to ensure that the originally assigned advisor stays with the parcel to its completion.

The initial contact from the Relocation Advisor will normally occur in the early stages of the Right of Way process. This early contact enables the advisor to begin planning specifically for relocations to accommodate Right of Way production schedules and allow for early identification of potential problems or unique situations.

CONTINUOUS QUALITY ASSURANCE

The Relocation Supervisor will routinely examine samples of completed files to ensure relocation activities were performed according to applicable standards and appropriate levels of consistency. All files will also be reviewed throughout relocation activities to assure that proper documentation is included on completed activities.

PROJECT REVIEWS

Upon request from the Office of Environmental Services a project review will be performed. This review is to estimate the number of relocations on either a corridor or specific project and is generally included in the Environmental Assessment or Environmental Impact Statement. This typically consists of: the number of residential displacements (owner and/or tenant occupants); the number of non-residential displacements (farms, businesses and non-profit organizations); an estimate of available replacement housing by price range and bedroom count; and, current financing rates.

Potentially difficult or complex relocations should be noted at this time and various affected offices should be made aware of these situations. Examples of difficult relocations may include large families, low-income families, minorities, tenant-occupied rural residences, substandard dwellings, disabled or elderly occupants and special-use properties.

Estimates of relocation costs are often requested by Right of Way Design. The preparation of these estimates is many times premised on approximate right of way needs and should be prepared based on a "worst-case scenario". Often a considerable amount of time passes between the date of an estimate and actual relocation activities.

As the project concept is finalized, design concepts are developed and the public information meeting nears, another estimate of relocation activities will be prepared. This estimate consists of the number of residential and non-residential displacements including an estimate of the number of people to be physically displaced by a specific project.

The Relocation advisor will look for clues that indicate the number of displacees. Included are the number of cars parked on the property, the presence of children's toys or playground equipment, wheelchair accessibility, etc.

ALIENS NOT LAWFULLY PRESENT IN THE UNITED STATES

ELIGIBILITY

Each person seeking relocation payments or relocation advisory services shall, as a condition of eligibility, certify:

1. In the case of an individual, that he or she is either a citizen or national of the United States or an alien who is lawfully present in the United States.
2. In the case of a family, that each family member is either a citizen or national of the United States, or an alien who is lawfully present in the United States. The head of the household may certify on behalf of other family members.
3. In the case of an unincorporated business, farm or nonprofit organization, that each owner is either a citizen or national of the United States or an alien who is lawfully present in the United States. Certification may be made by the principal owner, manager or operating officer on behalf of other persons with an ownership interest.
4. In the case of an incorporated business, farm or nonprofit organization, that the corporation is authorized to conduct business within the United States.

CERTIFICATION

The certification that the displacee is a citizen or national of the United States or an alien who is lawfully present in the United States is accomplished on the first contact between the Relocation Advisor and the potential displacee via the Receipt for Brochure form. Refusal to sign the receipt should be noted by the advisor and brought to the attention of the Relocation Supervisor.

The advisor is not expected to do an exhaustive investigation as to whether the displacee is a legal resident but should have a comfort level concerning the meeting of this criteria.

Documentation can include, but is not limited to, a birth certificate, driver's license, social security card, green card, etc. Any review of these certifications must be conducted in a non-discriminatory manner. Our standard of review should be consistent for all persons.

If the Iowa Department of Transportation has reason to believe that a person's certification is invalid, and that, as a result, the person may be an alien not lawfully present in the United States,

verification should be obtained from the local Bureau of Citizenship and Immigration Service (BCIS) Office.

COMPUTING RELOCATION PAYMENTS

If any member(s) of a household or owner(s) of an unincorporated business, farm, or nonprofit organization is determined to be ineligible because of a failure to be legally present in the United States, no relocation payments will be made to that person.

Any payments for which a household, unincorporated business, farm or nonprofit organization would otherwise be eligible will be computed as follows:

- For a household, payment will be based on the number of eligible members.
- For the unincorporated business, farm or nonprofit organization, payment will be based on the ratio of ownership between eligible and ineligible owners.

Unless a person who is determined not to be a legal resident of the United States can demonstrate that the denial of relocation benefits will result in an “exceptional and extremely unusual hardship” to the person’s spouse, parent or child who is a citizen of the United States or is an alien lawfully admitted for permanent residence in the United States, no relocation payments or advisory services will be paid.

“Exceptional and extremely unusual hardship” means that the denial of relocation payments and advisory services will directly result in:

- A significant and demonstrable adverse impact on the health or safety of such spouse, parent or child;
- A significant and demonstrable adverse impact on the continued existence of the family unit of which such spouse, parent or child is a member; or
- Any other impact that the Iowa Department of Transportation determines will have a significant and demonstrable impact on such spouse, parent or child.

RELOCATION ASSISTANCE PLAN

FORMAT

All projects, with the exception of projects involving personal property or sign moves only, require a written plan. Historically this plan consisted of one document that included all parcels. Increasingly, parcels involving residential displacements are advanced before other parcels and it is necessary to prepare individual plans. Larger projects may include many plans but there should always be a plan for all parcels involving relocation assistance. The general format for the plan is located in the Appendix.

PURPOSE

By becoming familiar with the project and neighborhood area, the advisor will be more apt to recognize potential problems early. Problems may include the need for increased time to accomplish a successful move, potentially larger replacement housing payments, or adapting replacement housing to meet the special needs of the relocatee. Right of Way Management is notified of these situations for use in establishing acquisition priorities and schedules.

Historically, the process of providing relocation assistance and advisory services can begin early in the project development and extend to the highway construction phase and occasionally beyond. The following list of the average time periods required for relocation moves from 2001 to the present was based on the time between when the parcel was forwarded to the Acquisition Section to begin negotiations and when the relocatee actually moved from the acquired property.

Residential:	Owner-Occupied:	These moves took an average of 7 months. In urban areas, the average was 5 months and in rural areas it was 9 months. On build-new (all rural) the average was 10 months.
Residential:	Tenant-Occupied:	These moves took an average of 5.4 months. In urban areas, the average was 4.1 months and in rural areas, it was 6.5 months.
Non-Residential:	Businesses:	These moves took an average of 9 months.
	Farm Operations:	These moves took an average of 12 months.

RESEARCH

As soon as the personal interviews are completed, a survey of potential replacement properties will be completed. The multiple listing service, realty companies, Internet web sites and newspaper advertisements should be researched. A survey of local builders, well-drillers, septic contractors and house movers may be necessary. Local financial resources should also be contacted to determine prevailing interest rates and special services available to the relocatee. Area services such as public transportation, schools, shopping facilities, etc. should be reviewed as well as local agencies who provide information on low-income, senior citizen or assisted living housing.

PREPARATION

The plan will be promptly completed and submitted to the Relocation Supervisor. Additions or corrections will be necessary if more parcels are added or design changes are made. This plan will be included in the Relocation Assistance General File for the project.

This plan, when submitted to the Relocation Supervisor for review, will be forwarded to the Right of Way Director if it indicates that replacement properties are in short supply or other circumstances that indicate delays may occur. On major projects with a large number of relocations it is critical that there are a sufficient number of available properties so that relocatees are not put in competition with one another for the same replacement property. Timing is important in order to meet project deadlines.

PROJECT FILES

The individual relocation advisor is responsible for maintaining a parcel file for each relocatee. When one parcel has both a residential and non-residential move, the advisor will maintain a parcel file for each. This file will contain all information specific to that parcel and will contain all documentation needed to support payment of relocation benefits. A Summary of Payments form will be in each file to assist in an up to date review of remaining eligibility. The advisor will complete the Parcel Check Sheet and submit the parcel for review within 45 days after completion of relocation assistance activities.

All information gathered on a project that is not parcel specific should be included in the Project General File.

This includes:

- Relocation Plan
- Public Hearing Information
- Sign Information
- ROW Design Submittal
- Housing Offers of Relocation Assistance
- General Correspondence
- Building & Moving Cost Data
- Financial Information

RELOCATION APPEAL PROCESS

GENERAL

The appeal process should be explained by the Relocation advisor to anyone who believes that the Iowa Department of Transportation has failed to properly determine the amount of, or eligibility for relocation benefits. This process is designed to be an uncomplicated procedure for the resolution of grievances relating to claim or eligibility review.

A request for review should be submitted in writing within 60 days after written notification of a relocation assistance determination has been sent or delivered to the relocatee. The request should outline the items or issues and amounts in dispute and provide documentation supporting the position. The request for review should be submitted to:

Director, Highway Division
Iowa Department of Transportation
800 Lincoln Way
Ames, IA 50010-6993

RESPONSE TO REQUEST

The Relocation Supervisor will review the claim and attempt to resolve the dispute prior to arranging a hearing. If there is a resolution, it will be approved by the appellant in writing. A hearing will then not be necessary.

APPEAL REVIEW BOARD

If the claim cannot be resolved, the Highway Division Director will appoint a three-person review board consisting of persons who have not been involved directly in the matters under appeal. These persons will be familiar with the statutes and regulations involved and review the Department's records that relate to the matters under appeal. One member of the review board will be the District Engineer, or their designee.

The Relocation Supervisor will attempt to schedule a time and location convenient to the appellant and will notify the review board, as well as the appellant. Legal counsel for the appellant is not necessary; however, they do have the right to counsel, at their expense.

HEARING AGENDA

During the hearing, both the appellant and relocation representative will be given a full and equal opportunity to be heard. Both parties may present oral and written information on an informal basis without regard to rules of evidence. Each may object to the information presented and may question those presenting the information.

The appellant may inspect and copy materials pertinent to the claim, except, those items that are, by law, confidential and not open to public inspection. Consistent with applicable law, the Department may impose reasonable conditions on this activity.

DETERMINATION OF THE DECISION

Promptly after all information is submitted by the appellant, the committee shall prepare a decision. The review board may refer back to notes of oral and written information. An internal document will be prepared as a written summary of the information considered and a listing of documents received. This document will be included in the appeal file.

The decision will award all benefits and payments for which the appellant is deemed to be eligible. This decision will also report the rationale underlying the decision, showing appropriate calculations and cite the sections of the law or regulations that support the determination.

DECISION

Using the Report of Appeal Award, the decision of the review board will be reported to the Highway Division Director. The Director will then forward the results to the Relocation

Supervisor. At that time, the Relocation Supervisor will notify the appellant in writing and provide a copy of the appeal award. The appellant will also be informed, in writing, of their right to seek judicial review.

All information relating to the claim may be sent by regular mail. The appeal payments, if any, will be reported and accepted by the Department and will be vouchered by the appropriate section in the amount determined by the appeal board and shown in the Report of Appeal Board. All records related to the claim will be retained in the Relocation Assistance Section for three years after the final payment is made for project right of way.

CLAIMS AND PAYMENTS

PROCESS FOR PAYMENT

A claim for payment should be submitted to a Senior Relocation Advisor for review, with the appropriate documentation. Bona fide estimates and/or receipts are required for payment. Upon satisfactory review by the senior advisor, the claim is then submitted for payment to the Payment and Audit Unit of the Office of Right of Way.

The Payment and Audit Unit will review the claim to ensure such things as project number, parcel number, correct spelling of names of relocatee, vendors, addition, etc. are correct. Any questions will be resolved with the proper advisor and/or the Relocation Supervisor. A voucher will be prepared and submitted for the preparation of a payment warrant and the file will be promptly returned to the Relocation Assistance Section. Processing for payment usually takes seven to ten working days.

ADVANCE PAYMENTS

At times it is necessary to make an advance payment in order to reduce a hardship to the relocatee. Funds can be advanced subject to safeguards. In these instances, the relocatee is required to sign an agreement to perform. The vehicle to accomplish the advancement of funds is the Relocation Housing and Possession Agreement. These advance payments may be necessary to enable the relocatee to complete a transaction, rent necessary moving equipment, close on the replacement house, etc., prior to actually moving or giving possession of the acquired property.

DEDUCTIONS FROM RELOCATION ASSISTANCE PAYMENTS

No payment will be withheld from a relocatee to satisfy an obligation to any creditor.

TIME FOR FILING CLAIMS

All claims for payment must be filed within a specific time frame unless there are extenuating circumstances. This time frame is dependent on occupancy status.

Tenants must claim payments within 18 months after the required date to move.

For owners, the date is the later of:

- 18 months after the actual date moved, OR,
- 18 months after the final acquisition payment, including condemnation or court awards.

In all residential cases, the eligible expenses must be incurred within 12 months. Business relocations are allowed 18 months to incur and claim.

NOT CONSIDERED AS INCOME

Relocation Assistance payments are not considered as income for tax purposes. However, the advisor should avoid giving the impression of providing tax advice.

NOTICES

GENERAL NOTICE - RELOCATION ASSISTANCE AND ADVISORY SERVICES BROCHURE

This brochure has been prepared for people who will be required to move or move their personal property. Everyone is entitled to receive a written description of the Iowa Department of Transportation's relocation assistance program. Copies of this brochure are available to attendees of public hearings and upon request.

This brochure is presented by the Relocation Advisor at the first contact with the owner or tenant of a parcel requiring relocation assistance. The Receipt for Brochure should be signed to demonstrate that the general information contained in the brochure was made available. Refusal to sign the receipt should be noted by the advisor and included in the parcel file.

The purpose of the brochure is to inform the relocatee that they may be required to move as a result of the project. In general, the brochure:

- Describes payments that may be available, how the person may become and/or remain eligible for benefits and the procedure to obtain payment; and,
- Informs the person that as much assistance as reasonably possible will be made available to them, including assistance in filing claims for reimbursement, locating potential replacement properties, obtaining assistance from other sources (housing authorities, social services, etc.) and other assistance that may be required to successfully relocate; and
- Informs the person that he or she will not be required to move without at least 90 days written notice, and if the person is the occupant of a home to be acquired, this notice will not be issued until the Iowa Department of Transportation has

informed them, in writing, of comparable replacement housing currently available to them; and,

- Describes the person's right to have their claim reviewed (the appeal process).

NINETY (90) DAY NOTICE

No person who lawfully occupies real property to be acquired by the Iowa Department of Transportation will be required to move without at least 90 days written notice. This notice is usually delivered by the negotiator at the first face-to-face contact to present the "Offer to Purchase". This is also known as the "Initiation of Negotiations" which serves to establish eligibility for relocation assistance benefits.

This notice provides written information regarding specific eligibilities. It cannot be delivered to residential relocatees unless the "Offer of Relocation Assistance" accompanies the "Offer to Purchase". The comparable is considered not to be available if there is a sale pending, sold or inactive. The advisor who delivers the offer must confirm the availability of comparable replacement housing. This is accomplished by contacting the listing agent set out in the Comparable Inspection Sheet just prior to the appointment.

This notice also states that the relocatee will receive a written notice at least 30 days prior to the specific date when they must move.

THIRTY (30) DAY NOTICE

This notice will not be issued until the relocatee has received payment from the State as agreed in the contract or until the condemnation award has been deposited by the State as prescribed by law.

If the relocatee and the Iowa Department of Transportation agree to a date for possession which varies from dates indicated in the 90 and 30 day notice provisions, it will be specified in the right of way purchase agreement and will constitute a waiver of the provisions.

NOTICE OF INTENT TO ACQUIRE and RELOCATION ELIGIBILITY

Relocatees are encouraged to remain in occupancy of the displacement until it is necessary to move. In some instances when there may be a shortage of available replacement properties or a particular hardship, it is in everyone's best interest to allow the relocatee to move from the property prior to the "Initiation of Negotiations". In order to ensure eligibility for relocation benefits, the notice needs to be issued to these persons.

This notice will be issued by the Relocation Supervisor in writing with involvement from the Chief Acquisition Agent and Right of Way Director, if necessary.

ADVISORY SERVICES

Providing services may be the most important part of the Relocation Assistance Section's duties. In order to accomplish the purpose of the program, which is to minimize the displacees' hardships, the providing of services is critical to the success of the program.

We need to remember that we are in the "people business". We know this program better than others, especially our displacees and we are obligated to be an advocate for our client.

WHO IS ELIGIBLE?

1. Persons occupying real property to be acquired for the project.

Most of the people who are provided with advisory services will be in this category as they are the occupants of the project site. This group may include owners and tenants of the residences, owners and tenants of businesses, farms or non-profit organizations or people who own personal property located within the area to be acquired as part of the project.

2. Persons occupying real property adjacent to that being acquired who are caused substantial economic injury by the acquisition.

The acquisition of property adjacent to a business may reduce its clientele significantly, limit accessibility or affect it in other ways which cause it substantial harm. While such businesses are not displaced persons and therefore, not entitled to business relocation payments, the Iowa Department of Transportation must make available relocation assistance advisory services to them. Examples of such services might include: consultation with them on space needs; current market conditions; traffic patterns or transportation as they relate to relocating the business; information regarding the availability of relocation sites; or, information about and referral to the Small Business Administration.

3. Persons who, as a result of the project, move or move personal property from real property not being acquired for the project.

For example, the owner of a business lives across the street from his business location and the business is being acquired but the residence is not. When the business is relocated to another location some distance from his residence, he or she chooses to move from the residence also, in order to remain close to the business location.

4. Persons who move into a property after its acquisition by the Iowa Department of Transportation.

In these cases, the tenant moves in with the knowledge that he or she will have to move out when the project requires. Although no relocation assistance payments will be made to assist with the move, these “short-term occupants” are entitled to advisory services.

SERVICES PROVIDED

The relocation program will many times provide unusual types of assistance. There are basic services that must be made available to all displaced persons.

1. Explain the relocation assistance program and appropriate payments that may be available to them.
2. Explain and describe the eligibility requirements and type of documentation needed for each relevant type of relocation payment, and at an appropriate time, determine the eligibility for payments of each displaced person.
3. Determine the needs of persons to be displaced for advisory assistance. The advisor must become familiar with the many different, and sometimes special, needs of the displaced household or business.
4. Make every effort to help meet the needs identified, while recognizing the importance of the displaced person’s priorities and their desire, or lack of desire for assistance.
5. Provide the following specific types of services, as appropriate:
 - Current and continuing information on listings, including listing prices or rents, of comparable replacement properties either comparable to acquired dwellings or appropriate for displaced businesses and farms. This information can be provided by personal contact or by mail. Personal contact is preferred and should be documented in the file. This information is most important while the displaced person is actively looking for a replacement property.
 - Information concerning Federal and State housing and other programs offering relocation or related types of assistance.
 - Assistance in obtaining and completing application or claim forms for relocation payment or other related assistance, as needed.
 - Transportation for displaced persons to inspect potential relocation housing, when needed.
 - Minimize hardships on the displacees as much as possible, which may include advancing relocation payments.
 - Explain the various types of financing that is available.

Some displaced persons will require almost no advisory services while others will seem to need almost constant attention. A project in an area with a large concentration of the latter will require more of our resources than one without such problems. There is no substitute for knowing the area the project is impacting and for knowing the people who are to be displaced. Sometimes this knowledge must go beneath the surface to special problems or needs of the displacee and sometimes gaining such knowledge may require skilled interviewing and repeated contacts.

When working with the displacee, the relocation advisor should:

- Develop a rapport with them in order to gain their confidence. This will undoubtedly improve the chances for a successful relocation.
- Determine those special items that help the displacee in their daily routine. These may include ramps, wider doorways, main floor laundry, lifts, grab rails, special sanitary facilities, etc.
- Determine any family or friends who the displacee may want to be involved in the relocation activities.
- Determine if the displacee needs any special materials from the Iowa Department of Transportation or other agency. This may include braille, signing, translating, audio version of the brochure, etc.

The relocation process can be very stressful for everyone, but perhaps more so for the elderly and the relocation advisor needs to be emotionally prepared to work with them. The advisor must be willing and able to do whatever is necessary to assist in the relocation, but also recognize there are times that the answer must be “no” when the request is unreasonable. The relocation advisor needs to remain objective and empathetic, but not become sympathetic.

Doing what is necessary may include spending a great deal of time listening to the displacee and thus learning what their needs are. The advisor may spend a good amount of time coordinating with other agencies, family, friend or even medical specialists to ensure the displacee’s needs are met.

PREVENTING SUBSEQUENT OCCUPANCY

Many times the displaced tenant will have moved prior to the Iowa Department of Transportation receiving possession from the owner of the property. In these instances, it is desirable to acquire the owner’s right to rent the property in order to prevent having to relocate a subsequent tenant. This will ensure that the owner will not suffer a loss in rental income before giving up possession of the property.

Tenants are ordinarily encouraged to remain in occupancy of the property until possession is given by the owner. However, when there is a scarcity of available rentals, it is best to get the tenant moved so that they can get on with their lives and the vacant displacement property can be sold or demolished in a timely manner upon receipt of possession.

The relocation advisor will bring these situations to the attention of the Relocation Supervisor and will discuss current rental terms and conditions in order to arrive at a fair amount to offer to the owner. Generally this amount is the current rental amount plus a reasonable allowance for utilities. It is reasonable to assume that utility costs on a vacant property will be less than when occupied (lower temperature, water and electricity usage, etc.) The agreement should stipulate that the owner pay utilities to ensure that the integrity of the property remains intact prior to giving possession.

If the tenant has been given a "Notice of Intent to Acquire" and vacates the property prior to the initiation of negotiations, the Relocation Advisor should contact the landlord and execute the agreement.

RESIDENTIAL RELOCATION ASSISTANCE

RESIDENTIAL DEFINITIONS

DISPLACED PERSON (DISPLACED)

Any person (individual or family) is considered to be displaced if required to move from the real property as a direct result of:

1. The acquisition of the real property in whole or in part; or
2. A written notice of intent to acquire from the Iowa Department of Transportation; or
3. The initiation of negotiations for the purchase of the real property by the Iowa Department of Transportation.

Persons considered **NOT** to be **DISPLACED** are persons who:

1. Are not legal residents of the United States of America; or
2. Move before the initiation of negotiations, unless the Iowa Department of Transportation determines they were displaced as a direct result of the project; or
3. Initially enter into occupancy of the property after the date of its acquisition for the project; or
4. Has occupied the property for the primary purpose of obtaining relocation assistance under the Uniform Act; or
5. Are not required to relocate permanently as a direct result of the project; or
6. As owner-occupants, voluntarily sell the property after being informed in writing that if a mutually satisfactory agreement cannot be reached, the Iowa Department of Transportation will not acquire the property (displaced tenants are eligible); or
7. The Iowa Department of Transportation determines is not displaced as a direct result of a partial acquisition; or
8. Is notified in writing, after receiving an Offer of Relocation Assistance, that he or she will not be displaced. Notice will not be given unless the person has not moved and the Iowa Department of Transportation agrees to reimburse for any

expenses incurred to satisfy binding contractual relocation obligations entered into after the effective date of the notice of relocation eligibility; or

9. Retain the right of use and occupancy of the real property for life after its acquisition by the Iowa Department of Transportation; or
10. Are determined to be in unlawful occupancy prior to the initiation of negotiations or have been evicted for cause under applicable laws.

UNLAWFUL OCCUPANCY

Any person who occupies the real property and is not in unlawful occupancy on the date of the initiation of negotiations is presumed to be entitled to relocation payments and other assistance unless:

1. The person received an eviction notice prior to the initiation of negotiations and as a result of that notice is later evicted; or
2. The Iowa Department of Transportation determines the person is a squatter who is occupying the property without permission of the owner and otherwise has no legal right; or
3. The person is evicted after the initiation of negotiations for serious or repeated violation of material terms of the lease or occupancy agreement; and
4. In all cases the eviction was not undertaken for the purpose of evading the obligation to make available the relocation payments or other assistance.

The Relocation Supervisor should be consulted prior to denial of relocation assistance and/or advisory services.

INITIATION OF NEGOTIATIONS

This is also referred to as the “Ninety (90) Day Notice”. This date is the delivery of the initial written offer of just compensation by the Iowa Department of Transportation to the owner (or designated representative) for the purchase of the real property for the project. If a “Notice of Intent to Acquire” or a “Notice of Relocation Eligibility” is issued and the person moves prior to the initial written purchase offer, the “initiation of negotiations” means the actual move of the person from the property.

OWNER OF A DWELLING

A person is considered to have met the requirement to own a dwelling if the person purchases or holds any of the following interests in real property:

- Fee title, a life estate, a land contract, a 99-year lease or a lease including any options for extension with at least 50 years to run from the date of acquisition; or

- An interest in a cooperative housing project which includes the right to occupy a dwelling; or
- A contract to purchase any of the interests or estates described above; or
- Any other interest, including a partial interest, which, in the judgment of the Iowa Department of Transportation, is considered as ownership.

DWELLING

The term “dwelling” means the place of permanent or customary and usual residence of a person, according to local custom or law, including a single-family house; a single family unit in a two-family, multi-family or multi-purpose property; a unit of a condominium or cooperative housing project; a non-housekeeping unit; a mobile home or any other residential unit.

TENANT

A tenant is a person who has the temporary use and occupancy of real property owned by another.

180-DAY OWNER OCCUPANT

A displaced person who has actually owned and occupied the dwelling to be acquired for the project for not less than 180 days immediately prior to the initiation of negotiations for its purchase.

For mobile homeowner-occupants, the person both owned the mobile home and occupied it on the site to be acquired for the project at least 180 days immediately prior to the initiation of negotiations for its purchase.

90-DAY OWNER OCCUPANT

A displaced person who has actually owned and occupied the dwelling to be acquired for the project for at least 90 days but less than 180 days immediately prior to the initiation of negotiations for its purchase.

For mobile homeowner-occupants, the person both owned the mobile home and occupied it on the site to be acquired for the project for at least 90 days but less than 180 days immediately prior to the initiation of negotiations for its purchase.

90-DAY TENANT OCCUPANT

A displaced person who has actually and lawfully occupied the dwelling to be acquired for the project for at least 90 days immediately prior to the initiation of negotiations for its purchase.

For mobile home tenant-occupants, the person actually occupied the displacement mobile home on the displacement site to be acquired for at least 90 days immediately prior to the initiation of negotiations for its purchase.

LESS THAN 90-DAY TENANT OR OWNER OCCUPANT

A displaced person who has actually and lawfully occupied the dwelling to be acquired for the project less than 90 days immediately prior to the initiation of negotiations for its purchase.

SUBSEQUENT OCCUPANT

A person who has occupied the displacement property after the Initiation of Negotiations date but before the date the property is acquired by the Iowa Department of Transportation.

MULTIPLE OCCUPANTS OF ONE DISPLACEMENT DWELLING

When two or more occupants live together they are considered a family unit for relocation assistance purposes and one comparable housing study will be prepared and presented to them as a unit. If they elect to move to separate replacement dwellings, each occupant is entitled to a reasonable prorated share, as determined by the Iowa Department of Transportation, of any relocation payments that would have been made if the occupants moved together to a comparable replacement dwelling.

If the Iowa Department of Transportation determines that two or more occupants maintained separate households within the same dwelling, each occupant will have separate entitlement to relocation payments.

COMPARABLE REPLACEMENT DWELLING

No person may be required to move from a dwelling unless he or she has been offered a comparable replacement dwelling. The Iowa Department of Transportation must offer every displaced person at least one comparable replacement dwelling and, if possible, three. The term “comparable replacement dwelling” means a dwelling which is:

- Decent, Safe and Sanitary (DSS)
- Functionally equivalent to the displacement dwelling meaning that it performs the same function, provides the same utility and is generally similar with regard to number of rooms and area of living space. The comparable replacement dwelling need not possess every feature of the displacement dwelling, but the principal features must be present. In determining whether a replacement dwelling is functionally equivalent to the displacement dwelling, reasonable trade-offs may be considered for specific features when the replacement dwelling is equal to or better than the displacement dwelling.
- Adequate in size to accommodate the occupants. It should have similar habitable area.
- In an area not subject to unreasonable adverse environmental conditions.

- In a location generally not less desirable than the displacement dwelling with respect to public utilities, commercial and public facilities and distance to schools and employment.
- On a site that is typical in size for the residential development with normal site improvements. It does not need to include specialized improvements such as swimming pools, greenhouses, over-sized garages, outbuildings, etc. (See Page 36)
- Must currently be available to the relocatee on the private market. However, the comparable replacement dwelling for a person receiving government housing assistance before displacement should reflect similar government housing assistance.
- Within the FINANCIAL MEANS of the relocatee
 - For owners, it is assumed they can afford replacement housing if they are not required to pay more for the mortgage payment on their replacement dwelling than they paid for the displacement dwelling. The test for the owner-occupant of 180 days or more is that the cost of the comparable replacement dwelling does not exceed the total amount of the acquisition price for the displacement dwelling plus the supplemental housing payment.
 - For tenants, the assumption is that they should not pay more than 30% of gross income for rent and utilities. The test for tenants of 90 days or more or short-term owner-occupants is that the monthly rent plus utilities for the replacement dwelling does not exceed the base monthly rent (the lesser of the actual average rent including utilities or 30% of the displaced person's gross monthly income if the amount is classified as "low income" by the U.S. Department of Housing and Urban Development's Annual Survey of Income Limits for the Public Housing and Section 8 Programs) at the displacement dwelling plus the amount of the rental assistance payment. For any displaced persons with income exceeding the survey's "low income" limits, for person's refusing to provide appropriate evidence of income or for dependents, the base monthly rental shall be determined solely on the actual average rent plus utilities of displacement dwelling.

HABITABLE SPACE

The enclosed floor space for living, sleeping, cooking or eating purposes with minimum ceiling heights of 7 feet, except in rooms under a sloping ceiling. In those instances at least one half of the floor area must have a ceiling height of 7 feet. Floor area located under the portion of the

room where the ceiling height is less than 5 feet may not be counted when computing maximum permissible occupancy. Areas excluded as habitable space include bathrooms, hallways, closets, basements without proper egress and bedrooms that are throughways.

DECENT, SAFE AND SANITARY (DSS)

This term refers to the physical condition of the replacement dwelling and its effect on the health and safety of the occupants. Comparable replacement housing must meet all the minimum requirements established by Federal Regulations and applicable housing and occupancy codes. Essentially, if a dwelling meets the requirements of the local codes, it will be DSS.

A basic premise in the relocation program is that the replacement housing made available to displaced persons must meet certain qualitative standards. These standards are:

- **WATER** - It must have an adequate supply of potable (drinking) water.
- **KITCHEN** - In the case of a housekeeping unit, there will be a kitchen area containing a fully usable sink properly connected to potable hot and cold water and to a sewage drainage system. There must also be adequate space and utility connections for a stove and refrigerator.
- **HEATING SYSTEM** - It must contain a heating system capable of sustaining a healthful temperature of approximately 70 degrees. Should have been inspected or installed within past 12 months. If not, a furnace inspection by a qualified person is required.
- **BATHROOM** - It must have a separate, well-lighted and ventilated bathroom affording privacy to the user, containing a sink, bathtub or shower stall, and a toilet, all in good working order and properly connected to appropriate sources of water and a sewage system.
- **ELECTRICAL SYSTEM** - It must have an adequate and safe electrical wiring system for lighting and other electrical services.
- **STRUCTURALLY SOUND** - It must be structurally sound, weather-tight and in good repair. Examples: no broken windows; chipped or peeling paint; no major foundation problems; good roof; functional gutters; drainage away from the foundation, etc.
- **EGRESS** - It must have a safe, unobstructed means of egress to safe, open space at ground level.
- **ADEQUATE IN SIZE** - It must be adequate in size with respect to the number of rooms, bedrooms and living space needed to accommodate the relocatee. The number of persons occupying each habitable room used for sleeping shall not

exceed that permitted by local housings codes, or in the absence of local codes, each sleeping room should contain at least 72 square feet of floor space for the first occupant and at least 68 square feet for each additional occupant. A decision concerning adequacy normally would involve the correlation of the age and sex of adults and children sharing the unit, cultural customs and the appropriateness of sharing bedroom space.

- **ACCESSIBLE** - For a relocatee who is disabled, the dwelling must be free of any barriers which would preclude reasonable ingress, egress or use of the dwelling by such person. Examples: wheelchair ramps, wider doorways, grab bars and special bathing facilities, first floor laundry, etc.
- **WARNING & SAFETY DEVICES** - It must have operating smoke alarms, a minimum of one per floor, including the basement, and outside each sleeping area. Steps and stairways must have adequately attached and functioning handrails.

REPLACEMENT HOUSING PAYMENTS (RHP)

These payments are designed to help eligible displaced persons to move into housing which is Decent, Safe and Sanitary (DSS), adequate for their needs and comparable to what they had before the project required their move. These payments are available to residential displaced persons only.

The RHP available for owner-occupants of 180 days or more may include a supplemental (rental or purchase) housing payment, payment for increased mortgage interest and incidental expenses. The sum of these payments cannot exceed \$22,500.

The RHP available for owner-occupants of less than 180 days is limited to a rental supplement up to a maximum of \$5,250.

The RHP available for tenant-occupants of 90 days or more may include a rental supplement or downpayment assistance including incidental expenses associated with the purchase. Payment is limited to \$5,250.

Sometimes these payments are not sufficient to meet the objectives of the law and regulations and it is necessary to follow Last Resort Housing (LRH) procedures to provide payments.

REPLACEMENT HOUSING PAYMENT (RHP) ELIGIBILITY

Payment	Maximum Amount	180-Day Owner-Occupant	90-179 Day Owner-Occupant	90-Day Tenant
RHP for Homeowners	\$22,500	Yes	No	No
Rental Assistance	\$5,250	Yes, w/o \$5,250 limit	Yes	Yes
Downpayment Assistance	\$5,250	No	Yes	Yes

PURCHASE OF A REPLACEMENT DWELLING

A displaced person is considered to have purchased a replacement dwelling if the person:

- Purchases a dwelling; or
- Purchases and rehabilitates a non-DSS dwelling; or
- Moves and establishes a dwelling that he or she owns or purchases; or
- Constructs a dwelling on a site he or she owns or purchases; or
- Contracts for the purchase or construction of a dwelling on a site provided by a builder or on a site the person owns or purchases; or
- Currently owns a previously purchased dwelling and site. The valuation will be based on its current fair market value. It is not necessary to obtain an appraisal as long as the determination is made on a reasonable basis. The Relocation Supervisor should be consulted for the basis on which fair market value will be determined.

FAIR MARKET VALUE - STATE OF IOWA DEFINITION

The term fair and reasonable market value means the cash price which would be arrived at between a voluntary seller, willing but not compelled to sell, and a voluntary purchaser, willing but not compelled to buy, both of whom are acting freely, intelligently and at arm's length, bargaining in the open market for the sale and purchase of the real estate in question.

PURCHASE SUPPLEMENT

The difference between the price actually paid by the displaced person for a replacement dwelling and the price paid by the Iowa Department of Transportation for the displacement

dwelling. The purchase supplement may not exceed the price of a comparable dwelling which is established in the comparable housing study completed by the advisor.

MORTGAGE

A mortgage is a lien commonly given to secure advances on the unpaid purchase price of real property, and any credit instruments secured by it. For relocation purposes, real estate contracts are considered to be mortgages.

MORTGAGE INTEREST DIFFERENTIAL

This payment is intended to compensate the displaced owner-occupant for increased interest costs which he or she is required to pay for financing the replacement property. The mortgage on the displacement dwelling must have been a bona fide and valid lien in existence for at least 180 days prior to the initiation of negotiations and more than one mortgage can be considered.

The payment computation is based on the unpaid balance of the existing mortgage on the displacement dwelling, its remaining term and the current prevailing interest rate charged by lending institutions in the area of the displacement dwelling. Separate computations will be made for each outstanding mortgage.

INCIDENTAL EXPENSES

The reasonable expenses actually incurred by the relocatee in the purchase of a replacement dwelling and customarily paid by the buyer. Eligible expenses include:

- Legal, closing and related expenses, including title search, preparation of conveyance instruments, notary fees, preparation of surveys and plats and recording fees
- Lender, loan application fees and appraisal fees
- FHA mortgage insurance fees
- Loan origination or assumption fees that do not represent prepaid interest. Limited to the balance of the existing mortgage of the owner-occupied dwelling.
- Certification of structural soundness radon and termite inspection if required or customary in the community.
- Whole house inspections
- Credit report
- Escrow agent's fee

- Revenue or documentary stamps, sales or real estate transfer taxes, but not to exceed the costs for a comparable replacement dwelling.

RENTAL SUPPLEMENT

The difference between the monthly rent and utilities necessary to rent a comparable replacement dwelling, as determined by the Iowa Department of Transportation and the monthly rent and utilities for the displacement dwelling times 42 months. Utilities include heat, electricity, water and sewer.

UTILITY COSTS

Utility costs are considered to be costs for electricity, heat, water and sewer for a dwelling and paid by a person. The phrase “for a dwelling” is not meant to be overly restrictive but the costs incurred by a person to provide those utilities to a number of non-residential outbuildings, for example, would not be used in computations for the base monthly rental.

LAST RESORT HOUSING

This provision involves the use of payments in excess of statutory maximums or the use of other unusual methods of providing comparable housing. Examples: payments in excess of the statutory limits; rehabilitation of and/or additions to an existing replacement dwelling; new construction; provision of a direct loan or use of other financial techniques; physical relocation of a dwelling; purchase of existing housing; removal of barriers to the disabled, etc.

SALVAGE VALUE

The term “salvage value” means the probable sale price of an item, if offered for sale on the condition that it will be removed from the property at the buyer’s expense, allowing a reasonable period of time to find a person buying with the knowledge of the uses and purposes for which it is adaptable and capable of being used, including separate use of serviceable components and scrap when there is no reasonable prospect of sale except on that basis.

VALUE-IN-PLACE

The term “value-in-place” means the amount a prudent purchaser would pay for an item in place. Its value is determined by the use the item contributes to the value of the whole.

TRADE-IN VALUE

The term “trade-in value” generally refers to the value of an item of personal property taken as payment or partial payment for purchase.

UNECONOMIC REMNANT

The term “uneconomic remnant” means a parcel of real property in which the owner is left with an interest after the partial acquisition of the property and which the Iowa Department of Transportation has determined has little or no value or utility to the owner.

THE INITIAL INTERVIEW

The initial interview with the displacee is the most important part of the whole relocation process. This is the time in which the relocation advisor can make a positive impression with the displacee, gain their trust and establish the rapport that can either make the experience a success or failure.

Prior to the meeting the relocation advisor should become familiar with the general locale of the property to be acquired, the specifics of the proposed acquisition and the potential impacts on the remaining property, if any.

The relocation advisor should make every effort to schedule an appointment with the displacee at a time that is convenient and at a location that is comfortable for the relocatee, within reason.

The purpose of the initial meeting is the giving and getting of information. The relocation advisor may be the first person from the Iowa Department of Transportation who the displacee has met one on one.

If the displacee has had previous dealings with the Department, he or she may have either positive or negative attitudes that will either help or hinder the relocation process. The displacee uses these prior experiences as a frame of reference when interpreting words and symbols used by the advisor. Acronyms and other phrases we use on an everyday basis should be kept to a minimum in order to increase the displacee's understanding of our purpose and the options available to them.

The advisor should be prepared to take the time necessary to ensure that the Relocation Assistance Program is explained in a manner that the displacee understands.

The relocation advisor also needs to receive information from the displacee in order to ascertain their needs and desires and must be skillful in seeking this information. This is accomplished by explaining why the information is needed and by providing assurance to the displacee that the information gathered is confidential.

The advisor is expected to gather the information necessary to complete the Residential Relocation Subject Inspection Sheet. This information will become the basis for completing moving estimates, comparable housing studies and finally the Offer of Relocation presented to the displacee.

RESIDENTIAL MOVING EXPENSE PAYMENTS

GENERAL

Residential moving expense payments are designed to compensate a person for moving and related expenses which are incurred as a result of having to move from his or her dwelling or to move personal property as a result of the project. They include items such as the cost of packing,

transporting and unpacking household goods, the cost of storage, if necessary, and other related costs.

Reimbursement of expenses is limited to one move if a second, or split move is voluntary. Payment is limited to the reasonable and necessary expenses that would have been incurred had the displacee moved only once.

In the event that comparable replacement housing has not been made available but it is necessary to require the person to move for a highly extraordinary reason, a second or split move is not considered to be voluntary and all reasonable and necessary expenses will be reimbursed.

Reasonable and necessary expenses incurred by a person who elected to move to a replacement dwelling that is not decent, safe and sanitary (DSS) can be paid or reimbursed. No requirement exists that a person move to a DSS replacement dwelling in order to receive reimbursement or payment for moving expenses.

These residential moving costs may be computed in three ways, the actual cost method, the schedule method or a self move . A self move is performed by the displaced person in one or a combination of actual and fixed scheduled move. Self-moves based upon the lower of two bids or estimates are not eligible for reimbursement under this section.

ACTUAL COST METHOD

Any owner or tenant-occupant of a dwelling who qualifies as a displaced person is entitled to payment or reimbursement of those actual and reasonable expenses that the Iowa Department of Transportation determines to be necessary for a successful move. Eligible expenses include:

1. Transportation of the displaced person and the person's personal property for a distance not to exceed 50 miles.
2. Packing, crating, unpacking and uncrating of the personal property.
3. Disconnecting, dismantling, removing, reassembling and reinstalling relocated household appliances and other personal property.
4. Storage of the personal property for a period not to exceed 12 months. The boarding of animals is not considered to be storage. The storage location cannot be a site in which the displacee has an ownership or tenant interest.

The 12 month limitation can be waived in extraordinary circumstances. In those instances, the Relocation Supervisor will be consulted for approval.

5. Insurance for the replacement value of the personal property to be moved. This can be during the move and for any storage period determined to be necessary.

6. The replacement value of personal property lost, stolen or damaged when insurance covering such loss is not reasonably available. If the loss is through the fault or negligence of the displacee, or his or her agent or employee, reimbursement for the loss will not be allowed.
7. Reimbursement for other expenses not listed later as ineligible, may be available. If the relocation advisor believes a displacee has or will incur such an expense, the Relocation Supervisor will be consulted.

It is the responsibility of the relocation advisor to make arrangements to obtain a binding moving bid from a competent mover in the general vicinity of the displaced property, if possible. It is preferable to obtain at least two bids. The relocation advisor should be present during the movers' inspections in order to clarify the items to be moved and any special handling, if required.

The relocation advisor will negotiate a reasonable amount to be paid for the bid with instructions to the mover that the bid is for the exclusive use of the Iowa Department of Transportation. All bids should be in writing and provide a reasonable breakdown of the specific costs and special handling requirements, if necessary, noted on the binding estimate.

The relocation advisor will review the estimates to insure completeness and inventory consistency. This is especially critical if there is a large disparity between estimates. If there is a substantial difference between estimates, the relocation advisor should attempt to resolve them. It is reasonable to assume that two competent, knowledgeable companies moving the same inventory the same distance should be reasonably close in their estimate. If they are not, and the difference cannot be resolved, the relocation advisor should obtain an estimate from a third party to assist in providing a sound basis for the cost of the move.

While there is no fixed dollar ceiling on payments for actual moving expenses, there are limits on what may be paid:

1. The payment may not exceed the actual cost of the moving and related expenses, and will be based on receipts for the costs claimed.
2. The charges which make up the payment must be reasonable, i.e., typical of the amounts charged for a similar move.
3. The items of cost included in the claim for reimbursement must be necessary to accomplish the move.
4. Payment for the move is limited to the low acceptable bid.

When making determinations of reasonableness and necessity, the relocation advisor should use common sense and good judgment.

In order to minimize or eliminate hardships, the displacee may request that the vendor be paid directly. The relocation advisor will arrange for such payments and complete an Assignment of Interest form to be signed by the displacee.

SCHEDULE METHOD

Any person displaced from a dwelling or seasonal residence may choose to receive an expense and dislocation allowance as an alternative to actual expenses. This schedule or fixed method is based on the number of rooms of furniture in the dwelling from which the move occurred.

The advantages of this method are:

1. It minimizes record keeping and paperwork for both the displacee and Iowa Department of Transportation.
2. It is clear, simple and easy to administer.
3. The displacee knows in advance the amount he or she will be paid and can plan accordingly.
4. Claims for payment can be processed in advance of the physical move and payment to the displacee can be made immediately upon satisfactory vacation of the premises.

This fixed or schedule payment, established by the Iowa Department of Transportation, is composed of two parts.

1. The number of rooms of furniture and/or possessions. Typically, bathrooms are not included.

The relocation advisor may adjust the room count where such an adjustment is felt to be reasonable. Examples of this include: rooms with substantially more than the typical amount of possessions may be counted as two or more rooms; basement areas, small storage sheds or garages may be counted as rooms; and, miscellaneous exterior personal property may be considered as a room.

2. A dislocation allowance. This allowance is intended as reimbursement for various incidental costs such as reinstallation of telephones, utility hookups, cable hookups, etc.

The relocation advisor should be aware of these costs in the displacee's locality and share this information with the displacee. This will enable the displacee to make an educated decision as to whether the fixed or schedule payment is suited to their needs.

The current payment schedule is located in the Appendix.

ADDITIONAL INFORMATION

Packing/Unpacking Allowance - This is an additional payment to reimburse the residential displacee for their time in packing and/or unpacking their personal property regardless of whether the displacee elected to use a commercial mover or the schedule move. There are many times special items of personalty that the displacee elects to move themselves and it is reasonable to allow a reasonable payment for their time.

Payment of these packing and/or unpacking expenses is \$250 for a room count (see SCHEDULE METHOD, previous section) of eight rooms or less, with an additional payment of \$25 per room above that.

In those cases where the displacee is elderly, has special needs or cannot physically perform the task, the relocation advisor will obtain estimates and payment will be made on an actual cost basis.

More Than One Family or Individual Living In a Home - If two or more individuals live together and must move as a result of the project, and they elect to move to separate replacement housing, each is entitled to a prorated share of the moving payment that would have been made if they had moved together to one replacement dwelling. The relocation advisor can usually facilitate an agreement between the parties as to how much each should receive.

If, in the relocation advisor's judgment, the occupants are maintaining distinct and separate households that happen to be under one roof, it is not necessary to prorate. Each can receive separate payments based on the rooms of possessions that each occupies in the dwelling.

Remove All Personal Property - Displacees will move or dispose of all personal property prior to receipt of the moving payment or reimbursement, and the possession warrant, held and released, generally, by Property Management. The intent is not to be picky, but to ensure that significant items of personal property and any quantities of unwanted or discarded materials that are significant enough to attract rodents or other pests are removed.

Hazardous or Toxic Household Materials - Displacees are encouraged to properly dispose of unwanted household materials that are considered to be toxic or hazardous. The Iowa Department of Natural Resources publishes a pamphlet "Home Sweet Hazards" that describes these materials and contains suggestions on substitutions, uses and disposal of such substances. The relocation advisor should include a copy of this pamphlet in the packet of materials presented to displacees.

During the relocation advisor's inspection of the property to be acquired, these items should be noted and pointed out to the displacee to put them on alert to the special disposal procedures.

Examples include: insecticides, rodent killers, fertilizers, herbicides, fungicides, brush cleaners, paint strippers, photographic chemicals, wood preservatives, parts cleaners, oil-based paints, varnishes, thinners, turpentine, antifreeze, motor oil, degreasers, transmission fluid, lead-acid batteries, gasoline, radiator flushes, rust preventatives, oven cleaners, furniture and other polishes, deodorizers, mothballs/flakes, spot removers, floor waxes, drain cleaners, aerosol cans and other non-biodegradable items.

Many times, the displacees aren't even aware of these potentially dangerous items, and it can be expensive to dispose of these materials properly and responsibly. The Iowa Department of Transportation has an obligation to attempt to educate our displacees and encourage them to protect our environment. In order to do this, we will reimburse the actual and reasonable cost to dispose of these materials.

Such reimbursement will be provided to all displacees whether they move on an actual cost or schedule basis.

Miscellaneous Exterior Personal Property - Many properties have other items of personal property outside the dwelling which will need to be moved. These items may include satellite systems, liquid propane tanks, ornamental displays, portable clothesline poles, swing sets, swimming pools, etc.

Because it can be costly to disconnect, move and reconnect many of these items, the displacee may be forced to move using the actual cost basis even though they would prefer to use the schedule move.

In these cases it is more cost effective to reimburse the move of these items on an actual cost basis in addition to a schedule move for the household items. The relocation advisor is cautioned not to include additional room count for these items if the displacee chooses this option.

A separate offer for a personal property move should be requested by the relocation advisor.

Direct Payments - In order to minimize or eliminate a hardship, the displacee may request that the vendor be paid directly. The relocation advisor can arrange for such payments. The displacee may assign payments to movers and other vendors providing services required by the move. The Assignment of Interest form should be used.

If the vendor has an outstanding lien with the State of Iowa, the Iowa Department of Revenue may attach any payments to satisfy said lien. When this occurs it is important that the relocation advisor notify both the displacee and vendor that this has happened. Neither the displacee nor the Iowa Department of Transportation will be required to make additional payments to the vendor.

Transfer of Ownership - Upon request, the displacee will transfer ownership (relinquish rights) of any personal property not moved, sold or traded in, to the Iowa Department of Transportation. Usually this will be in the form of a Letter of Understanding.

INELIGIBLE EXPENSES

None of the following expenses are considered to be eligible for reimbursement as residential moving and related expenses.

1. The cost of moving any structure or real property improvement in which the displacee reserved ownership. However, this cost is an eligible expense if the displacee reserves ownership, moves it from the displacement site, re-occupies it on a replacement site and it meets DSS criteria.
2. Interest on a loan to cover moving expenses.
3. Personal injury.
4. Legal or other costs of preparing a claim for a relocation payment, or for representing the displacee with the Iowa Department of Transportation.
5. Expenses of searching for a replacement dwelling.
6. Expenses for storage of personal property at a location where the displacee has an ownership or tenant interest.

REPLACEMENT HOUSING PAYMENTS (RHP)

GENERAL

In addition to the moving payment expenses discussed earlier, another set of payments are provided for persons displaced from their homes by our projects. These Replacement Housing Payments (RHP) are designed to help eligible displaced persons to move into housing which is decent, safe and sanitary (DSS), adequate for their needs and comparable to what they had before the project required their move. These payments are available to residential displaced persons only.

There are three categories of RHPs: Purchase Supplements, Rental Assistance and Downpayment Assistance. Sometimes even these payments are not sufficient to meet the objectives of the law and regulations and it is necessary to provide last resort housing payments and/or procedures.

All Replacement Housing Payment categories have specific requirements for eligibility and computation. However, all have a number of features in common.

1. **Occupancy** - Payments may only be made to occupants of the dwelling. This means that the dwelling is their usual place of residency or abode. Summer homes are not considered primary residences.

2. **Displacement** - Payments may only be made to displaced persons. A displaced person is one who moved or moved personal property from real property as a direct result of the project. See definition for Displaced Person (Displacee), Page 15.
3. **Replacement Housing Standards** - Payments may be made only if the housing to which the displaced person moves meets certain standards. These standards concern size, physical condition, utility and affordability for the displacee. See definitions for Comparable Replacement Dwelling (Page 18), Habitable Space (Page 19), and Decent, Safe and Sanitary (DSS) (Page 20).
4. **Time Limit For Purchase/Rental of Replacement Dwelling** - Payment may be made only if the displacee purchases or rents and occupies the replacement dwelling within one year.

For displaced homeowners the year begins on the later of:

- 1) The date the displacee receives final payment for the displacement dwelling, or, in the case of a condemnation, the date the full amount of the estimate of just compensation is deposited in the court, or
- 2) The date the displacee is offered comparable replacement housing.

A displaced tenant must rent or purchase and occupy a DSS replacement dwelling within one year of the date he or she moves from the displacement dwelling.

5. **Time Limit For Filing Claims** - Reimbursement may be made only if the displacee files a claim for payment within 18 months of the beginning of the one year period discussed above. The Iowa Department of Transportation may waive this limit in extraordinary circumstances. See Time For Filing Claims on Page 8.
6. **Payment Limited To Actual Cost** - Payments under the RHP are intended to assist displaced persons in obtaining comparable replacement housing and to compensate for the increased housing related costs imposed on them by the project. The payment is limited to the lesser of:
 - 1) The calculated RHP, or
 - 2) The amount actually paid for the comparable replacement dwelling.

There are five general categories of residential occupants:

1. Owner-Occupants of 180 days or more. See definition of 180-Day Owner Occupant on Page 17.
2. Occupants of 90 days or more. See definitions of 90-Day Owner Occupant, Page 17 and 90-Day Tenant Occupant on Page 17.
3. Occupants of less than 90 days. See definition Less Than 90-Day Tenant or Owner Occupant on Page 18.
4. Persons who occupied the property after the Initiation of Negotiations and before it was acquired by the Iowa Department of Transportation. See definition Subsequent Occupant on Page 18.
5. Persons who did not occupy the property until after it was acquired by the Iowa Department of Transportation. See definition Displaced Person (Displacee) on Page 15.

All residential displacees except persons occupying the property after it was acquired by the Iowa Department of Transportation are entitled to comparable replacement housing, advisory assistance and advisory services.

Persons who occupied the property after its acquisition by the Department will be provided advisory assistance and services if such assistance is needed and is requested in writing.

All RHP offers are conditional. In order to receive the maximum amount calculated, the displacee must spend or be legally committed or bound to spend the amount indicated on the offer as the basis for the determination.

Displacees are not required to relocate to housing that will keep them in the same occupancy status. Tenants are eligible for assistance in the purchase of replacement housing and owners are eligible for rental assistance.

No person will be denied eligibility for an RHP solely because the person does not meet the occupancy requirements described, for a reason beyond his or her control including:

- A disaster, emergency, hospital stay, military reserve duty; or
- Another reason such as a delay in the construction of the replacement dwelling.

PAYMENT AFTER DEATH

A replacement housing payment is personal to the displaced person and upon his or her death, the undisbursed portion of any RHP shall not be paid to the heirs or assigns, except that:

- The amount attributable to the displacee's period of actual occupancy of the replacement dwelling will be paid. Typically, this would only occur in the case of last resort supplemental rental payments made in installments;
- Full payment will be disbursed if the other members of the displacee's family continue to occupy the DSS replacement dwelling. If the family elects to move to a different replacement dwelling, the Relocation Supervisor will be consulted to determine what payments may be appropriate;
- Any portion of an RHP that is necessary to satisfy a legal obligation of an estate in connection with the selection of a replacement dwelling by, or on behalf of, a deceased displacee will be made to the estate.

OWNER-OCCUPANTS OF 180 DAYS OR MORE

GENERAL

A person is considered to be in this category and may be eligible for an RHP if the person has actually owned and occupied the displacement dwelling for not less than 180 days prior to the initiation of negotiations for its purchase by the Iowa Department of Transportation.

The maximum Replacement Housing Payment (RHP) for this category is \$22,500 unless Last Resort Housing provisions apply. (See Page 24) The payment will be the sum of:

- The purchase supplement; and
- The increased mortgage interest costs and other debt service costs incurred in connection with the mortgage of the replacement dwelling, limited to: the remaining balance of the mortgage(s) on the displacement dwelling; and
- The expenses incidental to the purchase of the replacement dwelling, limited to the lesser of: the costs that would have been incurred had the person purchased a comparable replacement dwelling; or, the actual expenses.

Definitions for Purchase Supplement, Mortgage Interest Differential and Incidental Expenses can be found on Page 22.

PURCHASE SUPPLEMENT

Determining the Cost of a Comparable Replacement Dwelling - The upper limit of a replacement housing payment is based on the cost of a comparable replacement dwelling.

Three comparable replacement dwellings should be located by the relocation advisor so that the addresses and locations can be provided to the displacee. If less than three are available in the local market, the advisor should document the extent of the search that was conducted.

Comparable replacement dwellings will be selected from the neighborhood from which the person was displaced. When that is not possible, comparables will be selected from nearby or similar neighborhoods with housing costs that are generally the same or higher than the displacee's former neighborhood. See definition for Comparable Replacement Dwelling, Page 18.

The payment should be based on the most nearly representative dwelling that is equal to or better than the displacement dwelling. If at all possible, the relocation advisor should include two more listed properties that were considered that are comparable, DSS and not listed at a higher price than the most comparable.

- This assures the validity of the study in that the Offer of Relocation Assistance is a document that provides assurance that the Iowa Department of Transportation will provide monetary assistance (purchase supplement), if necessary, to the displaced person in order to purchase any of the comparable replacement dwellings listed on the offer.
- It is also documentation that more than one comparable replacement property is available in the marketplace for the displacee to purchase for the monies set out in the offer.
- It allows the acquiring agent to issue the 90 day notice (See Page 10), thus assuring the timely completion of relocation activities prior to the letting of the construction project.

The relocation advisor should state the reasons for selecting the most comparable dwelling. An obviously overpriced dwelling should be ignored.

In some cases there may not be suitable properties available for sale. The relocation advisor may then determine that in order to provide for comparable replacement housing, last resort housing is necessary.

It is important that in these cases, the Iowa Department of Transportation cannot assure the availability of comparable replacement housing until the housing is DSS and available for occupancy.

If the relocation advisor determines that new construction or rehabilitation of existing housing is necessary, he or she must be sure to monitor the selection of potential contractors to ensure the displacee's choice of said contractor is not one who is likely to cause project delays because of failure to complete the work necessary to make the dwelling DSS.

- Under one circumstance the relocation advisor should automatically plan to replace the displacement dwelling with new construction on the remaining land: when there is a partial acquisition from a rural property which includes the acquisition of the owner-occupied dwelling.

Adjustments to the Price of the Displacement Dwelling - If the comparable replacement property lacks a major exterior attribute that the displacement property has, the acquisition price of that attribute may be subtracted from the acquisition price of the residential portion of the property for purposes of calculating the maximum payment.

When locating comparable replacement properties, the relocation advisor should make every attempt to locate a comparable that includes all the amenities of the displacement and may consider attributes that the comparable has in offsetting attributes found in the displacement. This tool is needed because no two properties are the same. Examples of such adjustments include lot size, location, street surfacing, swimming pool, decks, patios, etc.

Generally, the contribution value of such attribute is abstracted from the Elements of Comparison portion of the Uniform Residential Appraisal Report (URAR) or other appraisal report format. In instances where this is not available, the Relocation Supervisor will either consult with the reviewer of the appraisal or consult records of similar adjustments on other properties in order to ascertain the acquisition price of said attribute.

Price Differential or Supplemental Housing Payment - The price differential is the amount that must be added to the final acquisition price (whether it is established through negotiated settlement, condemnation or an appeal from condemnation) of the displacement dwelling to provide an amount equal to the LESSER of:

- The reasonable cost of a comparable replacement dwelling as determined by the Iowa Department of Transportation; or
- The actual purchase of the DSS replacement dwelling actually obtained and occupied by the displacee.

If the displacee is disabled or has some special needs or accommodations that are legitimately necessary for their reasonable enjoyment of the replacement dwelling, those needs should be considered. It is many times very difficult to find properties to accommodate these special needs, so the reasonable cost of the modifications may be reimbursed in addition to the calculated RHP.

Owner Retention of Displacement Dwelling - If an owner-occupant retains ownership of the displacement dwelling and moves it from the displacement site, the purchase price of the replacement dwelling will be the sum of:

- The cost of moving and restoring the dwelling to a condition comparable to that prior to the move; and,
- The cost of making the dwelling DSS; and,
- The current fair market value (unless the displacee rents the displacement site and there is a reasonable opportunity to rent a suitable replacement site) for residential use of the replacement site; and,
- The retention value of the dwelling, if such retention value is reflected in the acquisition cost used when the supplemental housing payment was calculated.

See Appendix.

SPECIAL CONSIDERATIONS

1. If the displacement dwelling was a part of a property that was not just a single family residence but contained another dwelling unit, and/or space used for non-residential purposes, and/or is located on a lot that is larger than typical for residential purposes, only the acquisition price that is actually attributable to the displacement dwelling is considered. The acquisition price attributable to the displacement dwelling will be determined by the Relocation Supervisor or designee.
2. If the displacement property is appraised and acquired based on a highest and best use other than residential, such as vacant commercial, the acquisition price of the residential portion is the per unit price applied to the square footage that is considered to be typical for a residential site.

Example: The displacement dwelling is located on a 30,000 square foot lot that is appraised based on a determination that the property has a highest and best use of vacant commercial development and is purchased for \$3.00 per square foot, indicating a value for the property of \$90,000. If the typical residential site size in the area is, say 10,000 square feet, this would indicate a residential portion of \$30,000 (10,000 sf @ \$3/sf).

Or, if the displacement dwelling is part of a commercial building which is appraised and acquired for \$25 per square foot of building area, including land, the value of the residential portion is determined by multiplying the residential square footage by the acquisition price, \$25 per square foot. If, say, the displacement dwelling contains 1,000 square feet and is part of the commercial building containing 5,000 square feet, it is reasonable to use 20%, or \$25,000, as the residential portion of the \$125,000 purchase price.

3. If the acquisition of a portion of a typical residential property causes the displacement of the owner from the dwelling and the remainder is a buildable residential lot, the Iowa Department of Transportation will normally offer to purchase the entire property. If the owner refuses to sell the remainder, the fair market value of the remainder will be added to the acquisition cost of the displacement dwelling for purposes of computing the RHP.

MORTGAGE INCREASE DIFFERENTIAL PAYMENT (MIDP)

This payment is intended to compensate the displaced owner-occupant for increased interest costs which he or she is required to pay for financing the replacement property. In order to qualify for this payment, the mortgage on the displacement property must have been a bona fide and valid lien in existence at least 180 days prior to the initiation of negotiations for the purchase of the property. More than one qualifying mortgage may be considered.

The payment for increased mortgage interest cost shall be the amount which will reduce the mortgage balance on a new mortgage to an amount which could be amortized with the same monthly payment (principal and interest) as that for the mortgage on the displacement dwelling.

This payment computation is based on the unpaid balance of the existing mortgage on the displacement dwelling, its remaining term and the current prevailing interest rate charged by lending institutions in the area of the comparable replacement dwelling used in the housing study. If there is more than one mortgage outstanding on the displacement dwelling, a separate computation will be required for each mortgage.

In the case of a home equity loan, the unpaid balance shall be the balance which existed 180 days prior to the initiation of negotiations or the balance on the date of acquisition, whichever is less.

If the displacee obtains a smaller mortgage or a mortgage for a lesser term than the one on the displacement dwelling, the payment will be reduced accordingly.

This payment should be made available at or near the time of closing on the replacement dwelling in order to reduce the new mortgage. Although it is not a requirement that the payment be applied to reduce the new mortgage, the relocation advisor should stress the purpose of this payment and encourage the displacee to do so.

The advisor should attempt to obtain the necessary information on the displacee's current mortgage, if any, during the first personal contact. In preparation for the first visit, the relocation advisor could review the Record of Ownership and Liens (in Records Center) to ascertain recorded mortgages. The displacee may consider this information to be very personal and may refuse to divulge it until they have an understanding of its purpose and possible benefit to them. Further explanation should alleviate their concerns.

The information that is needed for any computation includes the unpaid balance of the mortgage, the interest rate, the monthly payment (principal and interest only) and the remaining term in months or years.

Many displacees will not have the exact figures, but with the displacee's permission, the advisor should be able to contact the mortgage holder for a copy of the information needed. Generally, it is necessary for the displacee to provide an account number for reference to the lender.

Once the information on the existing mortgage and prevailing mortgage terms are known the relocation advisor can then prepare an estimated MIDP for presentation to the displacee.

When the information on both the displacement and replacement is available, an actual payment can be calculated. It is important to have this information far enough ahead of the closing on the replacement dwelling so that the displacee will be able to know how much financing they will need.

It may be necessary to establish an escrow agreement with the finance or lending institution that will handle the closing on the replacement so that any last minute changes will not cause a delay in payment.

Purchaser's points and loan origination or assumption fees, but not seller's points shall be paid to the extent:

- They are not paid as incidental expenses;
- They do not exceed rates normal to similar real estate transactions in the area;
- The Iowa Department of Transportation determines them to be necessary;
- The computation of these points will be based on the unpaid mortgage balance on the displacement dwelling less the amount determined for reduction of the mortgage balance under this section.

This payment is not available to the displacee if:

- There is no mortgage on the displacement dwelling; or
- The interest rate obtained on the mortgage for the replacement dwelling is less than the interest rate on the displacement dwelling.

Specific instructions, definitions and a calculation form are located in the Appendix.

INCIDENTAL EXPENSES

The Iowa Department of Transportation will reimburse the displacee for the reasonable expenses incurred in the purchase of the replacement dwelling. The reimbursable expenses are those customarily paid by the buyer, with certain limitations. (See Page 23)

DISBURSING PAYMENTS

Prior to the disbursement of supplemental housing payments, the replacement dwelling must be inspected to ensure it is DSS.

If the displacee needs to assign future payments to a financial institution or some other third party, an Assignment of Interest form can be used.

In many cases, the displacee will need money to close on the replacement dwelling or advance payments for new construction prior to being in a position to surrender possession of the displacement dwelling. In these cases, the Relocation Housing and Possession Agreement form should be used. The displacee must sign this document agreeing to a reasonable date of surrender of possession of the displacement dwelling in exchange for early release of the supplemental housing payment and/or the possession warrant for the displacement dwelling (usually held by Property Management).

To receive the possession warrant from Property Management, the relocation advisor should prepare a memorandum, for the Relocation Supervisor's signature, and send it to the appropriate property manager setting out the facts in the situation and requesting the warrant.

In the case of new construction, experience has taught us that displacees should be advised that any builder who is to receive advance or progress payments should be bonded. The bonding will protect the displacee in the event that the builder does not perform in the manner agreed, or in the worst case, abandons the project. Releasing advance or progress payments to builders who are bonded will also protect the Iowa Department of Transportation in the event of a problem.

It is far more desirable if the relocation advisor will contact the displacee's lender and arrange for an escrow account to manage the funds and provide the necessary releases as construction progresses.

SUPPLEMENTAL HOUSING PAYMENTS

Supplemental housing payments are conditional. The initial determination and offer are based on the appraised value of the displacement dwelling and available comparable replacement dwelling. In the event the "acquisition price" changes through either administrative settlement or eminent domain proceedings, the amount of the supplemental payment may change.

In the event that the determination made by a compensation commission is appealed to District Court, a significant delay may ensue. If the displacee opts to move before it is actually required (the 180th day after the compensation award is deposited with the county sheriff), the displacee will be required to sign an agreement similar to the Replacement Housing and Possession Agreement that will require the displacee to refund any part of the supplemental housing payment for which they are not eligible based on the "acquisition price" as determined by the Court.

INSURANCE PROCEEDS

To the extent necessary to avoid duplication of payments, the amount of any insurance proceeds received by a displacee in connection with a loss to the displacement dwelling due to a catastrophic occurrence shall be included in the acquisition price of the displacement dwelling when computing the price differential.

PARTIAL OWNERS

If a partial owner is the occupant of the property, the calculation of the supplemental housing payment is somewhat different.

Example: An occupant has a one quarter interest in a dwelling with an appraised value of \$60,000. The comparable replacement study indicates housing is available for \$70,000.

The occupant is eligible for a maximum supplemental housing payment of \$10,000. In order to qualify for the maximum payment, the occupant must spend his or her share of the acquisition price of the displacement dwelling (\$15,000) plus at least \$10,000, or \$25,000 for DSS housing, and must actually occupy it.

If the supplemental housing payment is not sufficient to allow the displacee to purchase replacement housing, the displacee may need to become a tenant. The Iowa Department of Transportation does not have the obligation to provide higher supplemental housing payments for the sole purpose of making the displacee a sole owner of replacement housing.

RENTAL ASSISTANCE PAYMENT

An owner-occupant of 180 days or more who could be eligible for a supplemental housing payment to purchase replacement housing, but instead elects to rent a replacement dwelling is eligible for a rental supplement. The amount of the rental supplement payment is based on a determination of market rent for the acquired dwelling compared to a comparable rental dwelling available on the market. The difference, if any, is computed and disbursed in accordance with the procedures for tenant occupants of 90 days or more, except the limit of \$5,250 does not apply. Under no circumstances would the rental assistance payment exceed the amount that could have been received had the 180 day homeowner elected to purchase and occupy a comparable replacement dwelling.

The computed supplemental housing payment, increased interest and incidental costs for purchasing replacement housing exceeding \$22,500, demonstrates the need for last resort housing provisions. Thus, the rental supplement may exceed the \$5,250, but in no event can it exceed the amount computed for the purchase of replacement housing.

LAST RESORT HOUSING

Applicability - The threshold for implementing Last Resort Housing provisions is when the sum of the supplemental housing payment, mortgage interest differential payment and incidental closing costs exceed \$22,500. These provisions are most generally employed when comparable

replacement dwellings are not available within the monetary limit of \$22,500 for 180-day owner occupants, thus necessitating the need to provide additional or alternative assistance.

Any decision to provide last resort housing assistance must be adequately justified either:

1. On a case-by-case basis after consideration is given to:
 - The availability of comparable replacement housing in the project area;
 - The resources available to provide comparable replacement housing (in the community or the Iowa Department of Transportation);
 - The individual circumstances of the displacee; or
2. On an area or project basis because:
 - There is little, if any, comparable replacement housing available to displacees within an entire project area; and
 - The project cannot be completed in a timely manner without last resort housing assistance; and
 - The method(s) selected for providing replacement housing is/are cost effective given the potential cost of project delays

Right of Way management should be involved in the decision to provide last resort housing on a project-wide basis so that Division management can be consulted if necessary to consider the potential costs of project delays versus the potential cost of the replacement housing.

No person will be required to move from a displacement dwelling unless comparable DSS replacement housing is made available.

No person will be required to accept a dwelling under these provisions in lieu of any acquisition payment or any relocation payment that the displacee might otherwise be eligible to receive, unless the displacee and Iowa Department of Transportation have entered into a contract requiring the person to do so.

METHODS OF PROVIDING REPLACEMENT HOUSING

There is broad latitude, but the method must be cost effective and must be justified on a case-by-case basis unless a determination is made that it is necessary for an entire project.

This provides an opportunity for the relocation advisor to present innovative or unconventional ideas in order to solve the housing problem. However, the selected method must be determined to be the most cost effective of the methods analyzed. The advisor should present all possible

solutions to the Relocation Supervisor who can assist the advisor in determining which ideas to pursue.

Possible methods include, but are not limited to:

- Payments in excess of the \$22,500 monetary limit.

Most of the time, this is the situation that triggers the implementation of last resort payments and the documentation requirements that go along with it.

- Rehabilitation of and/or additions to an existing replacement dwelling.

There may be occasions when there is available housing, but it may be necessary to cure DSS deficiencies or the addition of a room would make an otherwise deficient replacement dwelling work for the displacee. If cost effective, this a viable solution to solve the displacee's housing needs.

- Construction of a new replacement dwelling. (See Page 35)

TOTAL ACQUISITIONS

The relocation advisor should work closely with the displacee in order to ascertain their needs and preferences as they relate to site location, type and quality of construction.

The relocation advisor must still research the market in order to locate a site for the construction of the replacement dwelling. The advisor should be aware of any restrictive covenants on the tract, size of the tract, zoning and availability of utilities to the site that may affect its usability by the displacee.

When gathering costs for new construction, the advisor must remember that our objective is not to duplicate all the physical attributes of the displacement dwelling but rather to meet the functional needs of the displacee. The relocation advisor should make every attempt to gather cost information for a dwelling of similar quality and construction.

The advisor should base their estimate on habitable space (See Page 19) rather than gross square footage, although this is not critical when comparing like structures. It is critical when comparing different types of dwellings (1-story, 2-story, split level, split-foyer, earth homes, etc.). The advisor should be cognizant of special features involving windows, fireplaces, plumbing features, cabinetry, heating, cooling, etc.

PARTIAL ACQUISITIONS

The relocation advisor should work closely with the displacee in order to ascertain their needs and preferences as they relate to location on the remaining property, type and quality of construction.

The land value used in this situation is based on the land value that is attributed to the residential portion of the acquisition. This value is allocated from the appraisal in developing the cost of new construction. If the final acquisition price exceeds the appraised value, this value could change.

When gathering costs for new construction, the advisor must remember that our objective is not to duplicate all the physical attributes of the displacement dwelling but rather to meet the functional needs of the displacee. The relocation advisor should make every attempt to gather cost information for a dwelling of similar quality and construction.

The advisor should base their estimate on habitable space (See Page 19) rather than gross square footage, although this is not critical when comparing like structures. It is critical when comparing different types of dwellings (1-story, 2-story, split level, split-foyer, earth homes, etc.). The advisor should be cognizant of special features involving windows, fireplaces, plumbing features, cabinetry, heating, cooling, etc.

REMOVAL OF BARRIERS

The removal of barriers or the addition to or the rehabilitation of an existing dwelling to assist the elderly or those displacees with special needs is sometimes necessary.

The cost of these features can be added to the listing price of the replacement comparable dwelling. It is preferable for the advisor to obtain two estimates, if possible, in order to ascertain the reasonable cost to make the adaptations necessary. Examples of these adaptations include, ramps or lifts, wider doors, first floor laundry, garage openers, special stools and/or showers, lower counters, special features for the hearing impaired, etc.

In the case of new construction any adaptations necessary should be considered in the original estimate as it is generally more cost effective to add these features during construction.

In some circumstances, when the person is displaced from a very large or substandard dwelling, a replacement housing payment based on different space and physical characteristics than the displacement is possible. Smaller, better quality replacement housing that is DSS and is adequate in size to accommodate the displacees can be used. However, the housing must be functionally equivalent to the displacement dwelling.

DOCUMENTATION

To document the need for use of last resort housing provisions, the relocation advisor will develop a written plan that addresses the circumstances of the displacee, the problems encountered and the proposed solution. This plan must provide a solution that is legally possible, cost effective, orderly and humane. This plan will be submitted to the Relocation Supervisor for review and approval.

**TENANT OCCUPANTS OF 90 DAYS OR MORE,
OR OWNER OCCUPANTS OF AT LEAST 90 DAYS
BUT LESS THAN 180 DAYS**

GENERAL

A person is considered to be in this category and may be eligible for a rental supplement if the person has actually rented and occupied or owned and occupied the displacement dwelling for not less than 90 days prior to the initiation of negotiations for its purchase by the Iowa Department of Transportation; and

Either rents or purchases and occupies a DSS replacement dwelling within one year after:

- For a tenant, the date he or she moves from the displacement dwelling; or
- For an owner, the later of:

The date final payment for the displacement dwelling is received, or in the case of a condemnation, the date the full amount of the estimate of just compensation is deposited with the sheriff, or

The date the displacee is offered comparable replacement housing.

MAXIMUM RENTAL SUPPLEMENT

The maximum rental supplement for this category may not exceed \$5,250 unless Last Resort Housing provisions apply. (See Page 24)

This payment is based on the difference between the monthly rent and utilities necessary to rent a comparable replacement dwelling, as determined by the Iowa Department of Transportation and the monthly rent and utilities for the displacement dwelling. Utilities include heat, electricity, water and sewer.

Computation of the rental supplement is completed using the following formula:

Monthly rent of a comparable replacement dwelling plus utilities

MINUS

Base monthly rent of the displacement dwelling (Including utilities)

TIMES 42 (months)

Equals the maximum rental assistance payment

If \$5,250 is exceeded, last resort housing provisions will apply. In all cases, the cost of utilities must be included with both the rent of the displacement dwelling and the replacement dwellings when computing the rental assistance payment.

BASE MONTHLY RENT

Base monthly rent is the lesser of:

- The average monthly cost for rent and utilities at the displacement dwelling for a reasonable period prior to displacement. Reasonable period of time is considered to be six months because of the diversity of weather in Iowa.

For a tenant who paid little or no rent for the displacement dwelling, the fair market rent should be used, unless it would result in a hardship because of the displacee's income or other circumstances.

For an owner-occupant, the fair market rent should also be used;

OR

- Thirty (30) percent of the displaced person's gross monthly income if the amount is classified as "low income" by the U.S. Department of Housing and Urban Development's Annual Survey of Income Limits for the Public Housing and Section 8 Programs.

If the displacee refuses to provide evidence of their total income, is a dependent or whose income exceeds the "low income" limits, the base monthly rental is assumed to be the average monthly cost for rent and utilities as discussed above.

A full time student or resident of an institution is assumed to be a dependent unless he or she demonstrates otherwise;

OR

- The total of the amounts designated for shelter and utilities if the displacee is receiving a welfare assistance payment from a program that designates the amounts for shelter and utilities.

DETERMINING THE RENTAL COST OF A REPLACEMENT DWELLING

Comparable replacement dwellings will be selected from the neighborhood from which the person was displaced. When that is not possible, comparables will be selected from nearby or similar neighborhoods with housing costs that are generally the same or higher than the displacee's former neighborhood. See definition for Comparable Replacement Dwelling, Page 18.

Finding comparably located rural rentals can present difficulties in that there are fewer of them that meet DSS requirements. In Iowa, the trend is the merging of agricultural units into larger, more efficient operations. Many times the existence of a residential dwelling on a tract is considered a detriment and they are removed rather than rented. In certain instances, a rural residence can be compared to one in a small town. Amenities that are important to the displacee must be considered when searching for comparable replacement dwellings. These amenities can include the proximity of neighboring dwellings, the level of, or noise from, traffic are things to be considered before searching in town.

Three comparable replacement dwellings should be located by the relocation advisor so that the addresses and locations can be provided to the displacee. If less than three are available in the local market, the advisor should document the extent of the search that was conducted for comparable housing.

The payment should be based on the most nearly representative dwelling that is equal to or better than the displacement dwelling. If at all possible, the relocation advisor should include two more listed properties that were considered as comparable, DSS and not listed at a higher rent than the most comparable.

- This assures the validity of the study in that the Offer of Relocation Assistance is a document that provides assurance that the Iowa Department of Transportation will provide monetary assistance (rental supplement), if necessary, to the displaced person in order to rent any of the comparable replacement listed on the offer.
- It is also documentation that more than one comparable replacement property is available in the marketplace for the displacee to rent for the amount set out in the offer.
- It allows the acquisition agent to issue the 90 day notice (See Page 10), thus assuring the timely completion of relocation activities prior to the letting of the construction project.

The relocation advisor should state the reasons for selecting the most comparable dwelling. An obviously overpriced rental should be ignored.

DETERMINING THE RENTAL SUPPLEMENT TO ACTUALLY PAY

The rental supplement paid is based on the actual rent paid on the DSS replacement dwelling actually occupied by the displacee.

Example:

Monthly Rent & Utilities In Study:	\$ 600.00
less Base Monthly Rent:	<u>- 500.00</u>
Difference:	\$ 100.00

Times 42 months = Rental Supplement of: \$4,200.00

If the rent and utilities of the replacement dwelling are less than the amount shown in the comparable replacement housing study, the payment will be reduced accordingly.

Example:

Monthly Rent & Utilities of Replacement:	\$ 550.00
less Base Monthly Rent:	<u>- 500.00</u>
Difference:	\$ 50.00

Times 42 months = Rental Supplement of: \$2,100.00

To expand this example further, let's say the displacee had a gross monthly income of \$1,200 per month. Application of the Financial Means Test (See Page 19) based on HUD low income guidelines indicates that the displacee should spend no more than 30% of their gross monthly income for their housing needs. Therefore, the base monthly rent is \$360.00, and the calculation is as follows:

Example:

Monthly Rent & Utilities In Study:	\$ 600.00
Less Base Monthly Rent:	<u>- 360.00</u>
Difference:	\$ 240.00

Times 42 months = Rental Supplement of: \$10,080.00

LAST RESORT HOUSING

Applicability - Last Resort Housing provisions are employed when comparable replacement dwellings are not available for rent within the monetary limit of \$5,250, thus necessitating the need to provide additional or alternative assistance.

Any decision to provide last resort housing assistance must be adequately justified either:

1. On a case-by-case basis after consideration is given to:
 - The availability of comparable rentals in the project area;
 - The resources that are available to provide comparable replacement housing (in the community or the Iowa Department of Transportation);
 - The individual circumstances of the displacee; or
2. On an area or project basis because:

- There is little, if any, comparable rental housing available to displacees within an entire project area; and
- The project cannot be completed in a timely manner without last resort housing assistance; and
- The method(s) selected for providing replacement housing is/are cost effective given the potential cost of project delays.

Right of Way management should be involved in the decision to provide last resort housing on a project-wide basis so that Division management can be consulted if necessary to consider the potential costs of delays versus the potential cost of the replacement housing.

No person will be required to move from a displacement dwelling unless comparable DSS replacement housing is made available.

No person will be required to accept replacement housing under these provisions in lieu of any acquisition or relocation payment that the displacee might otherwise be eligible to receive, unless the displacee and the Iowa Department of Transportation have entered into a contract requiring the person to do so.

Methods of Providing Replacement Housing - There is broad latitude, but the method selected must be cost effective and must be justified on a case-by-case basis unless a determination is made that it is necessary for an entire project.

This provides an opportunity for the relocation advisor to present innovative or unconventional ideas in order to solve the housing problem. Again, the method selected must be determined to be the most cost effective of the methods analyzed. The advisor should present all possible solutions to the Relocation Supervisor who can assist the advisor in determining which ideas to pursue.

Possible methods include, but are not limited to:

- Payments in excess of the \$5,250 monetary limit.

If a rental assistance payment is in excess of \$10,000 is necessary, it will be provided in periodic installments (generally annually), unless the Relocation Supervisor approves an exception. If the relocation advisor believes that it would be in the displacee's best interest (because of a personal circumstance or condition) to provide a payment that is less than \$10,000 in periodic installments, the Relocation Supervisor should be consulted.
- Providing a direct loan with regular amortization or deferred repayment, secured or unsecured, interest bearing or interest free.

- Purchasing land/or a replacement dwelling by the Iowa Department of Transportation with subsequent lease or sale to, or exchange with a displacee.
- The removal of barriers to the disabled.
- The change in status of the displacee with his or her agreement from tenant or homeowner if it is more economical to provide a down payment rather than a last resort rental supplemental payment.

In some circumstances, when a person is displaced from a very large or substandard dwelling, a rental supplemental payment based on different space and physical characteristics than the displacement is possible. Smaller, better quality replacement housing that is DSS and is adequate in size to accommodate the displacees can be used. However, the housing must be functionally equivalent to the displacement dwelling.

Documentation - To document the need for last resort housing provisions, the relocation advisor will develop a written plan that addresses the circumstances of the displacee, the problems encountered and the proposed solution. This plan must provide a solution that is legally possible, cost effective, orderly and humane. This plan will be submitted to the Relocation Supervisor for review and approval.

Conversion of Payment - A displaced person who initially rents replacement housing and receives a rental assistance payment may change his or her mind and purchase replacement housing. This can be done within one year of moving from the displacement dwelling.

In the event that the person does opt to purchase replacement housing, any rental assistance that has been paid to them will be deducted from the calculated rental supplement. This applies only to displacees who:

- Have been receiving their rental supplemental payments in installments; or
- Did not rent replacement housing utilizing the full amount of the calculated rental supplement. For example, the rent and utilities was calculated at \$700 per month and the displacee rented a dwelling for \$650 per month.
- Received the full amount of the rental supplemental payment and it was less than \$5,250. See Downpayment Assistance, below.

Downpayment Assistance - Rather than continue to rent, a residential tenant displacee may decide to purchase replacement housing, and it is the policy of the Iowa Department of Transportation to encourage home ownership if it is a viable alternative for the displacee. It is not necessary for the relocation advisor to locate comparables for the displacee to purchase, only to compute and advise the tenant of the potential rental supplement discussed earlier.

If the displacee elects to purchase replacement housing, he or she is eligible to receive the calculated rental supplemental payment plus incidental expenses, except that no extraordinary loan origination fees or points will be allowed that would allow the person to obtain a mortgage at lower than typical interest rates. In other words, points that would in effect buy down interest rates will not be considered.

The full amount of down payment assistance must actually be applied to the purchase price and incidental expenses. A commitment to spend is not sufficient.

If a tenant residential displacee had a calculated rental supplemental payment of less than \$5,250 and opts to purchase replacement housing the amount of down payment assistance will be raised to \$5,250 plus incidental expenses.

OWNER OR TENANT OCCUPANTS OF LESS THAN 90 DAYS OR SUBSEQUENT OCCUPANTS

GENERAL

A person is considered to be in this category if the person has actually rented and occupied or owned and occupied the displacement dwelling for less than 90 days prior to, or after, the initiation of negotiations for its purchase by the Iowa Department of Transportation; and

Either rents or purchases and occupies a DSS replacement dwelling within one year after:

- For a tenant, the date he or she moves from the displacement dwelling; or
- For an owner, the later of:

The date final payment for the displacement dwelling is received, or in the case of a condemnation, the date full amount of the estimate of just compensation is deposited with the sheriff, or

The date the displacee is offered comparable replacement housing.

All Replacement Housing Payments to displacees in this category will be paid under Last Resort Housing provisions. (See Page 24)

RENTAL SUPPLEMENT

For tenant occupants, the procedures and requirements are the same as for tenants of more than 90 days, except that, if there is comparable, DSS replacement housing available within the

displacee's financial means, the displacee is not eligible for a rental supplemental payment. (See Page 19)

The difference between a tenant occupant of 90 days or more and a tenant occupant of less than 90 days is illustrated as follows:

If the tenant of less than 90 days refuses to provide evidence of their total income or is a dependant, they are assumed to have met the financial means test and are not eligible for a rent supplemental payment. They will still be eligible for reimbursement of their moving costs as there are no length of occupancy requirements for moving costs.

As in the case of tenant occupants of 90 days or more, displacees in this category are eligible for down payment assistance. See page 50 for requirements.

Owner occupants of less than 90 days are not eligible for a supplemental housing payment to assist in purchasing replacement housing. Unless the market is volatile, it is assumed that a home owner in this category can purchase a replacement dwelling for the same price paid for the displacement. This situation is rarely encountered and the Relocation Supervisor will be consulted to determine the course of action.

MOBILE HOMES

GENERAL

A person displaced from a mobile home is entitled to the same benefits and payments as a person displaced from a conventional dwelling.

In Iowa, a "mobile home" is defined as any vehicle without motive power used, manufactured or constructed as to permit its use as a conveyance upon streets and highways. It is designed, constructed or reconstructed to permit it to be used for human habitation by one or more persons. It was not built to a mandatory building code, contains no state or federal seals and was built before June 15, 1976.

A "manufactured home" is defined as a factory built structure built under authority of 42 U.S.C. 5403, and is required by federal law to display a seal from the U.S. Department of Housing and Urban Development, and was constructed on or after June 15, 1976.

For our purposes, manufactured and mobile homes are considered one and the same and will be covered under this section.

Mobile homes do present unique situations in that they may or may not be considered as real or personal property and there may be a separation of ownership between the dwelling and the site.

These differences present two general problems. The first involves a decision whether to acquire or move the dwelling from which the displacement occurs. The second is a major increase in the complexity of determining the relocation assistance payments for which the displaced person is eligible.

THREE BASIC MOBILE HOME FACTORS

There are three basic considerations when dealing with mobile home moves which, once a determination is made, allow the relocation advisor to move forward to a successful relocation.

1. **Realty Versus Personal Property** - The first consideration when dealing with mobile home moves is to determine the status of the mobile home as real or personal property.

In Iowa, if a mobile home is located in a mobile home park, it must be titled and is subject to the mobile home square foot tax. If it is placed outside a mobile home park, the mobile home is assessed and taxed as real estate.

For relocation assistance purposes, a mobile home is considered to be personal property unless both the mobile home and the site are owned by the same person. In this case the mobile home will be appraised as part of the real estate.

2. **Mobile Home Versus Site** - Mobile homes, unlike their conventional counterparts, may be separated from their sites, from an ownership standpoint.

Since a mobile home displacement often has two distinct parts, the mobile home itself and the site, it is often necessary to compute two separate replacement housing payments. It is not unusual to have payments that reflect a different status (owner or tenant), since the displacee might own the mobile home but rent the site or vice versa.

There are four general eligibility categories in which all mobile home displacements occur.

1. Owner of the mobile home and owner of the site.
 - Owner-occupant of 180 days or more
 - Owner -occupant of at least 90 days but less than 180 days
 - Owner-occupant of less than 90 days
2. Owner of the mobile home and tenant on the site.
 - Occupants of 90 days or more
 - Occupants of less than 90 days
3. Tenant in the mobile home and owner of the site.

- Occupants of 180 days or more
 - Occupants of 90 days or more
 - Occupants of less than 90 days
4. Tenant of the mobile home and tenant on the site.
- Occupants of 90 days or more
 - Occupants of 90 days or less
3. **Owner Versus Tenant** - As with conventional dwellings, Replacement Housing Payments (RHP) for persons displaced from mobile homes differ based on their status as homeowner or tenant. For RHP purposes, the occupant's status as an owner or a tenant is determined by his or her ownership or tenancy of the mobile home itself, not the site on which it is located.

Thus, an occupant of a mobile home who owns the mobile home and its site and an occupant who owns the mobile home but not the site, are both homeowners for RHP purposes and are potentially eligible for a supplement payment of \$22,500, unless last resort housing provisions apply. Conversely, an occupant who owns the site but rents the mobile home is a tenant for rental supplement purposes and is eligible for a payment not to exceed \$5,250, unless last resort housing provisions apply.

Eligibility for RHPs is also affected by the length of time the displaced person has occupied the mobile home and displacement site prior to the initiation of negotiations. This parallels the requirements for occupants of conventional dwellings.

If the mobile home is not actually acquired, but the occupant is considered to be displaced, the "initiation of negotiations" is when negotiations began to acquire the land, or if the land is not acquired, the written notification to the occupant that he or she is to be displaced.

MOVING COSTS AND RELATED EXPENSES

Any displaced person who owns and/or occupies a mobile home located within the proposed acquisition area is entitled to reimbursement of moving costs and related expenses for moving the mobile home if it is considered personal property, and/or for moving the contents of the mobile home.

There are many possible variations in payment computations for mobile home owners and occupants. In order to clarify payment computations, some, though not all, of the mobile home situations which may occur are discussed below.

MOVING EXPENSES FOR MOBILE HOMES OCCUPIED BY OWNERS

An owner-occupant of a displaced mobile home classified as personal property and not acquired by the Iowa Department of Transportation may be reimbursed for moving and related expenses on an actual cost basis (See Page 26), provided the Iowa Department of Transportation determines the costs are reasonable and necessary, or a schedule move basis (See Page 28) for the contents of the mobile home. Past experience indicates the necessity to remove the personal property in the mobile home prior to the moving of the home so that the structural integrity of the mobile home is not jeopardized by the move.

If a displaced owner-occupant is reimbursed for the cost of moving the mobile home and any necessary related expenses, that displacee is not eligible to receive a supplemental housing payment for the mobile home itself. However, the displacee may be eligible for a supplemental payment in connection with the rental or purchase of a replacement site, depending upon the length and type of occupancy on the displacement site.

MOVING EXPENSES FOR MOBILE HOMES WITH NON-OCCUPANT OWNERS

A non-occupant owner of a displaced mobile home that is not acquired by the Iowa Department of Transportation may be reimbursed for the actual cost of moving the mobile home from the site based on moving estimates. The use of business move procedures is proper in this case because the mobile home is personal realty and may be used for a business. As a business, the owner also has the option of a self-move. (See Page 81) Since the owner in this case is not an occupant, there is no eligibility for an RHP.

MOVING EXPENSES FOR MOBILE HOMES OCCUPIED BY TENANTS

A tenant of a displaced mobile home may be reimbursed for moving his or her personal property on an actual cost basis (See Page 26) or a schedule move basis (See Page 28).

Note that under this category there may be two moving expense payments, one for the owner to move the mobile home and one for the tenant to move furnishings and other personal property, similar to when a non-occupant owner has personal property to be moved from a conventional dwelling.

ELIBIBLE MOVING EXPENSES

The following are the moving and related expenses eligible for reimbursement on an actual cost basis:

- Moving the mobile home and other personal property. Moving expenses are generally limited to a 50 mile radius, but this may be waived if zoning regulations or mobile home park restrictions do not allow the mobile home due to age, condition, size, etc.
- Packing, crating, moving, unpacking and uncrating personal property. This includes the reasonable cost of disassembling, moving and reassembling any attachments such as porches, decks, skirting which were not acquired. Also,

anchoring and setting up the unit in a new location and utility hookup charges. Many times the porches, decks or skirting are in such a condition that it may be more cost effective to replace rather than move them.

- Repairs and/or modifications required so that the mobile home can be moved and/or made to be DSS. These expenses are only eligible if the Iowa Department of Transportation determines that is economically feasible to pay them. In general, economic feasibility exists if the expenses required do not cause the moving payment to exceed what would be necessary if a replacement housing payment was made.
- A non-refundable entrance fee to a mobile home park to the extent that it does not exceed the fee that would be necessary in a park that is comparable to the displacement mobile home park.
- The cost of insurance for the replacement value of the mobile home and other personal property during the move.
- The replacement value of the mobile home and other personal property lost, stolen or damaged during the moving process, which is not the fault of or due to the negligence of the displaced person, his or her agent, or employees, when insurance covering such loss, theft or damage is not reasonably available.
- Transportation costs of the mobile home occupants to the replacement site.
- Temporary lodging (including meals) for displaced mobile home occupants while the mobile home is being relocated and reestablished at the replacement site. Temporary lodging should be for a short duration, unless there are extenuating circumstances and reimbursement for said lodging and meals will be limited to current allowances for employees of the Iowa Department of Transportation.
- Other related moving expenses that the Iowa Department of Transportation determines to be reasonable and necessary and are not listed as ineligible expenses. (See Page 31)

If the owner of the mobile home is reimbursed for the cost of moving and reestablishing the mobile home, that owner is not eligible to receive a replacement housing payment to assist in purchasing or renting a replacement mobile home. The owner may be eligible to receive a replacement housing payment to assist in purchasing or renting a replacement site.

OWNER OF THE MOBILE HOME AND OWNER OF THE SITE

If the displaced person owns both the mobile home and the mobile home site, the mobile home will be appraised as realty. The relocation advisor should locate a mobile home on a site, as a unit for comparison purposes, employing the same methods as used for conventional dwellings. If there are no similar mobile homes on sites that are DSS and cannot be made DSS economically, the advisor may base the comparable housing study on conventional housing.

OWNER-OCCUPANTS OF 180 DAYS OR MORE

A person is considered to be in this category and may be eligible for an RHP if the person has actually owned and occupied the displacement dwelling for not less than 180 days prior to the initiation of negotiations (See Page 16) for its purchase by the Iowa Department of Transportation.

The maximum Replacement Housing Payment (RHP) for this category is \$22,500 unless Last Resort Housing provisions apply (See Page 24). The payment will be the sum of:

- The purchase supplement; and
- The increased mortgage interest costs and other debt service costs incurred in connection with the mortgage of the replacement property, limited to: the remaining balance of the mortgage(s) on the displacement dwelling and/or site; and
- The expenses incidental to the purchase of the replacement dwelling, limited to the lesser of: the costs that would have been incurred had the person purchased as comparable replacement property; or, the actual expenses.

Definitions for Purchase Supplement, Mortgage Interest Differential and Incidental Expenses can be found on Page 22.

The methods used for this category are the same as conventional dwellings.

OWNER-OCCUPANTS OF AT LEAST 90 DAYS BUT LESS THAN 180 DAYS

A person is considered to be in this category and may be eligible for a rental supplement if the person has actually owned and occupied the displacement property for not less than 90 days prior to the initiation of negotiations for its purchase by the Iowa Department of Transportation. In order to be eligible for a rental supplement, the person must rent or purchase and occupy a DSS replacement property within one year after the later of:

- The date final payment for the displacement property is received, or in the case of a condemnation, the date the full amount of the estimate of just compensation is deposited with the sheriff; or

- The date the displacee is offered comparable replacement housing.

The maximum rental supplement for this category is \$5,250 unless Last Resort Housing provisions apply. (See Page 24) The methods used in this category are the same as conventional dwellings.

OWNER-OCCUPANTS OF LESS THAN 90 DAYS

Owner occupants of less than 90 days are not eligible for a supplemental housing payment to assist in purchasing replacement housing. Unless the market is volatile, it is assumed that a home owner in this category can purchase the replacement dwelling for the same price paid for the displacement. This situation is rarely encountered and the Relocation Supervisor will be consulted to determine the course of action.

OWNER OF THE MOBILE HOME AND TENANT ON THE SITE

This is the most common of the four categories of mobile home displacements. Generally, the mobile home is considered as personal property and the Iowa Department of Transportation will reimburse the costs associated with moving and reestablishing the mobile home at another location.

In addition, as the tenant on the site, the displacee is eligible for a rental supplement to relocate to another site. The rent and utilities of the displacement site are compared to the rent and utilities of a comparable replacement site and a rent differential is computed based on a period of 42 months.

OCCUPANTS OF 90 DAYS OR MORE

A person is considered to be in this category and may be eligible for an RHP if the person has actually owned or rented the mobile home and occupied the displacement site for not less than 90 days prior to the initiation of negotiations (See Page 16) for its purchase by the Iowa Department of Transportation.

The maximum Replacement Housing Payment (RHP) for this category is \$5,250 unless Last Resort Housing provisions apply. (See page 24) This maximum payment is based on moving the mobile home and a rental supplement for the site.

Generally, site tenants in this category are in mobile home parks and it is quite possible that the mobile home can be moved to another location in the same park, with little or no rental supplement for the site.

Example:

Monthly rent of comparable site:	\$ 150
Less monthly rent of displacement site:	<u>- 100</u>
Rent difference:	\$ 50
	<u>x 42 mos.</u>
Supplemental site payment:	\$ 2,100

Rather than continue to rent a site, the displacee may decide to purchase a replacement site and it is the policy of the Iowa Department of Transportation to encourage this if it is a viable alternative for the displacee. (See page 50)

The full amount of the rental supplement payment must be applied to the purchase price of the replacement site. The purchase price of the replacement site can include sewer and water costs, if necessary.

Although the relocation advisor does not need to locate sites for the displacee to purchase, it is important for the advisor to advise the displacee of zoning requirements, availability of utilities, DSS requirements, etc.

In certain circumstances, the Iowa Department of Transportation will acquire the mobile home if it determines that the mobile home:

- Is not and cannot economically be made DSS; or
- Cannot be relocated without substantial damage or unreasonable cost; or
- Cannot be relocated because there is no available comparable replacement site; or
- Cannot be relocated because it does not meet mobile home park entrance requirements.

If the mobile home will be acquired under any of these circumstances, its salvage value or trade-in value, whichever is higher, will be used as the acquisition cost of the mobile home for purposes of computing the supplemental housing payment.

Example:

Cost of comparable mobile home:	\$ 15,000
Less trade-in value:	<u>- 5,000</u>
Supplemental housing payment:	\$ 10,000

Monthly rent of comparable site:	\$ 150
Less monthly rent of displacement site:	- 100
Rent difference:	\$ 50
	<u>x 42 mos.</u>
Supplemental site payment:	\$ 2,100
 Total RHP:	 \$ 12, 100

If the displacee chooses to purchase a replacement site, the supplemental site payment would be increased to \$ 5,250, thus increasing the RHP to \$15,250.

If the owner-occupant disagrees with the Iowa Department of Transportation's determination that the mobile home can be relocated after making reimbursable repairs or modifications and insists on receiving a replacement housing payment, the cost of a comparable replacement mobile home is the sum of:

- 1) The value of the displaced mobile home;
- 2) The estimated cost of any necessary repairs or modifications (DSS requirements);
- 3) The estimated cost of moving the mobile home to a replacement site; and,
- 4) Any necessary related expenses.

From this total, the value of the displaced mobile home is deducted to arrive at the supplemental housing payment. If the payment is accepted, the owner retains ownership of the mobile home and will still be responsible for removing the mobile home from the acquisition area.

Example:

1.	Value of displaced mobile home:	\$ 10,000
2.	Cost of repairs/modifications:	+ 2,500
3.	Cost of moving mobile home:	+ 3,000
4.	Miscellaneous expenses:	<u>+ 500</u>
	Cost of comparable housing:	\$ 16,000
	Less value of displaced mobile home:	<u>- 10,000</u>
	Replacement Housing Payment:	\$ 6,000

The displacee retains ownership of the mobile home and is responsible to remove it from the acquisition area.

OCCUPANTS OF LESS THAN 90 DAYS

A person is considered to be in this category if the person has actually owned and occupied the mobile home and/or occupied the site for less than 90 days prior to, or after, the initiation of negotiations (See Page 16) for its purchase by the Iowa Department of Transportation.

Persons in this category are eligible for reimbursement of the costs associated with moving the mobile home to another location and a possible rental supplement for the site. This rental supplement is the same for occupants of more than 90 days except that if there is a replacement site available within the displacee’s financial means, the displacee is not eligible for a rental supplemental payment. (See Financial Means on Page 19)

All moving and RHP payments to displacees in this category will be paid under Last Resort Housing provisions. (See Page 24)

TENANT IN THE MOBILE HOME AND OWNER OF THE SITE

This is the least common of the four categories of mobile home displacements. The mobile home is considered as personal property and the cost to move it to another location will be paid to the owner of the mobile home. The non-occupant owner of the mobile home is not eligible to receive an RHP, but may be eligible for reestablishment expenses as a landlord. (See Pages 83 - 85)

OCCUPANT OF 180 DAYS OR MORE

A person is considered to be in this category if the person has actually rented the mobile home for at least 90 days and owned and occupied the site for at least 180 days prior to the initiation of negotiations (See Page 16) for its purchase by the Iowa Department of Transportation.

As a tenant in the mobile home, the displacee is eligible for a rental supplement based on a comparable replacement mobile home and the maximum rental supplement is limited to \$5,250 unless Last Resort Housing provisions apply. (See Page 24)

As the owner of the site, the displacee also may be eligible for a supplemental payment based on a comparable replacement site. The maximum supplemental payment for this portion is \$22,500 unless Last Resort Housing provisions apply.

Example:

Monthly rent for comparable mobile home:	\$ 500
Monthly rent for displacement mobile home:	<u>- 400</u>
Monthly difference:	\$ 100
 Difference times 42 months:	 \$ 4,200
 Sale price for comparable replacement site:	 \$35,000

Acquisition price of displacement site:	- 20,000
Difference:	<u>\$15,000</u>
Increased interest costs:	\$ 3,500
Incidental expenses:	\$ 1,500
Maximum Replacement Housing Payment (RHP):	\$24,200

Although the total RHP exceeds \$22,500, Last Resort Housing provisions do not apply. This is because neither the tenant portion (\$4200) nor the owner portion (\$20,000) exceeds the individual thresholds of \$5,250 and \$22,500 respectively.

In addition, the tenant could opt to acquire a replacement dwelling and then be eligible for \$5,250 downpayment assistance rather than the \$4,200 indicated in the rental study. Thus the total RHP would increase to \$25,250.

OCCUPANTS OF 90 DAYS OR MORE

A person is considered to be in this category if the person has actually rented the mobile home for at least 90 days and owned and occupied the site for at least 90 days but less than 180 days prior to the initiation of negotiations for its purchase by the Iowa Department of Transportation.

As a tenant in the mobile home, the displacee is eligible for a rental supplement based on a comparable replacement mobile home and the maximum rental supplement is limited to \$5,250 unless Last Resort housing provisions apply.

As the owner of the site, the displacee is eligible for a rental supplement based on a comparable site and the maximum rental supplement is \$5,250. Payment in this category would be computed based on the market rent of the site.

Payment in this category cannot exceed the payment the displacee would have received as an owner-occupant of the site for 180 days or more. See previous discussion on Page 61.

Example:

Monthly rent for comparable mobile home:	\$ 500
Monthly rent for displacement mobile home:	<u>- 400</u>
Monthly difference:	\$ 100
Difference times 42 months:	\$ 4,200

Monthly rent for comparable replacement site:	\$ 300
Monthly market rent for displacement site:	<u>- 150</u>

Difference times 42 months: \$ 6,300 : \$ 6,300

Maximum Replacement Housing Payment (RHP): \$10,500

If, as the tenant-occupant, the displacee opted to acquire a replacement dwelling, the RHP would be \$10,500, assuming all other requirements were met.

OCCUPANTS OF LESS THAN 90 DAYS

A person is considered to be in this category if the person has actually rented the mobile home for less than 90 days and/or owned and occupied the site for less than 90 days prior to the initiation of negotiations for its purchase by the Iowa Department of Transportation. This category also applies to subsequent occupants who moved into the mobile home after the initiation of negotiations, but before its purchase by the Department.

Persons in this category are eligible for a possible rental supplement the same as occupants of more than 90 days except that if there is a replacement mobile home available within the displacee’s financial means, the displacee is not eligible for a supplemental rental payment.

As the owner of the site, in this category, the displacee is not eligible for a supplemental payment to assist in purchasing a comparable replacement site. Unless the market is volatile, it is assumed that the owner in this category can purchase a replacement site for the same price paid for the displacement.

TENANT IN THE MOBILE HOME AND TENANT ON THE SITE

If the displaced person is both a tenant in the mobile home and the site, he or she will be eligible for a rental supplement. The non-occupant owner of the mobile home and site is not eligible to receive an RHP, but is eligible to receive reimbursement for the costs of moving and reestablishing the mobile home at another location.

OCCUPANTS OF 90 DAYS OR MORE

A person is considered to be in this category and may be eligible for a rental supplement if the person has actually rented and occupied the displacement property for at least 90 days prior to the initiation of negotiations for its purchase by the Iowa Department of Transportation.

In order to be eligible for a rental supplement, the person must rent or purchase and occupy a DSS replacement property within one year after the date he or she moves from the displacement dwelling.

The maximum rental supplement for this category may not exceed \$5,250 unless Last Resort Housing provisions apply. The methods for this category are the same as conventional dwellings.

For displacements in a mobile home park, the relocation advisor may be able to locate comparable replacement housing within the same or another similar park. If not, it is logical to base the comparable housing study on a conventional dwelling.

OCCUPANTS OF 90 DAYS OR LESS

A person is considered to be in this category if the person has actually rented the mobile home and site for less than 90 days prior to the initiation of negotiations for its purchase by the Iowa Department of Transportation. This category also applies to subsequent occupants who rented the home and site between the initiation of negotiations date and the date the mobile home and site are acquired by the Iowa Department of Transportation.

Persons in this category are eligible for a possible rental supplement the same as occupants of more than 90 days except that if there is a replacement mobile home or conventional dwelling available within the displacee's financial means, the displacee is not eligible for a supplemental rental payment.

PARTIAL ACQUISITION OF A MOBILE HOME PARK

If the partial acquisition of a mobile home park leaves a remainder that is not adequate to continue the operation of the park and the Iowa Department of Transportation determines that one or more mobile homes located on the remainder must be moved as a result of the project, the owners or tenants of those homes are considered to be displaced and eligible for payments and assistance. These determinations are usually made during the appraisal process, but may also occur during acquisition activities.

The Chief Appraiser or Chief Acquisition Agent will inform the Relocation Supervisor if such a determination has been made.

DIRECT PAYMENTS

In order to minimize or eliminate a hardship, the displacee may request that the vendor be paid directly. The relocation advisor can arrange for such payments. The displacee may assign payments to movers and other vendors providing services required by the move. The Assignment of Interest form should be used.

If the vendor has an outstanding lien with the State of Iowa, the Iowa Department of Revenue may attach any payments to satisfy said lien. When this occurs it is important that the relocation advisor notify both the displacee and vendor that this has happened. Neither the displacee nor the Iowa Department of Transportation will be required to make additional payments to the vendor.

TRANSFER OF OWNERSHIP

Upon request, the displacee will transfer ownership of any personal property not moved, sold or traded in, to the Iowa Department of Transportation. Usually this will be in the form of a Bill of Sale or notarized Letter of Understanding.

NON-RESIDENTIAL RELOCATION ASSISTANCE

NON-RESIDENTIAL DEFINITIONS

PERSON

The term “person” means any individual, family, partnership, corporation or association.

DISPLACED PERSON (DISPLACED)

Any person (individual, partnership corporation or association) is considered to be displaced if required to move from the real property as a direct result of:

1. The acquisition of the real property in whole or in part; or
2. A written notice of intent to acquire from the Iowa Department of Transportation; or
3. The initiation of negotiations for the purchase of the real property by the Iowa Department of Transportation.

Persons considered **NOT** to be **DISPLACED** are persons who:

1. Are not lawfully present in the United States.
 - In the case of an unincorporated business, farm or nonprofit organization, that each owner is either a citizen or national of the United States or an alien who is lawfully present in the United States. Certification may be made by the principal owner, manager or operating officer on behalf of other persons with an ownership interest.
 - In the case of an incorporated business, farm or nonprofit organization, that the corporation is authorized to conduct business within the United States; or
2. Move before the initiation of negotiations, unless the Iowa Department of Transportation determines they were displaced as a direct result of the project; or
3. Initially enter into occupancy of the property after the date of its acquisition for the project; or

4. Has occupied the property for the purpose of obtaining relocation assistance under the Uniform Act; or
5. Are not required to relocate permanently as a direct result of the project; or
6. The Iowa Department of Transportation determines is not displaced as a direct result of a partial acquisition; or
7. Is notified in writing, after receiving an Offer of Relocation Assistance, that they will not be displaced. Notice will not be given unless the person has not moved and the Iowa Department of Transportation agrees to reimburse for any expenses incurred to satisfy binding contractual relocation obligations entered into after the effective date of the notice of relocation eligibility; or
8. Retain the right of use and occupancy of the real property for life after its acquisition by the Iowa Department of Transportation; or
9. Are determined to be in unlawful occupancy prior to the initiation of negotiations or have been evicted for cause under applicable laws.

UNLAWFUL OCCUPANCY

Any person who occupies the real property and is not in lawful occupancy on the date of the initiation of negotiations is presumed to be entitled to relocation payments and other assistance unless:

1. The person received an eviction notice prior to the initiation of negotiations and as a result of that notice is later evicted; or
2. The Iowa Department of Transportation determines the person is a squatter who is occupying the property without permission of the owner and otherwise has no legal right; or
3. The person is evicted after the initiation of negotiations for serious or repeated violation of the material terms of the lease or occupancy agreement; and
4. In all cases the eviction was not undertaken for the purpose of evading the obligation to make available the relocation payments or other assistance.

The Relocation Supervisor will be consulted prior to denial of relocation assistance and/or advisory services.

INITIATION OF NEGOTIATIONS

This is also referred to as the “Ninety (90) Day Notice”. This date is the delivery of the initial written offer of just compensation by the Iowa Department of Transportation to the owner (or

designated representative) for the purchase of the real property for the project. If a “Notice of Intent to Acquire” or a “Notice of Relocation Eligibility” is issued and the person moves prior to the initial written purchase offer, the “initiation of negotiations” means the actual move of the person from the property.

BUSINESS

The term “business” means any lawful activity, except a farm operation, that is conducted:

- Primarily for the purchase, sale, lease and/or rental of personal and/or real property, and/or for the manufacture, processing and/or marketing of products, commodities and/or any other personal property; or
- Primarily for the sale of services to the public; or
- Primarily for outdoor advertising display purposes, when the display must be moved as a result of the project; or
- By a nonprofit organization that has established its nonprofit status under applicable federal and state law.

SMALL BUSINESS

A business having not more than 500 employees working at the site being acquired or displaced by the project, which site is the location of economic activity. Sites occupied solely by outdoor advertising signs, displays, or devices do not qualify as a business for purposes of eligibility for reestablishment expenses.

FARM OPERATION

The term “farm operation” means any activity conducted solely or primarily for the production of one or more agricultural products or commodities, including timber, for sale or home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator’s support.

CONTRIBUTE MATERIALLY

The term “contribute materially” means that during the two taxable years prior to the taxable year in which displacement (the move) occurs, or during such other period as the Iowa Department of Transportation determines to be more equitable, a business or farm operation:

- Had average annual gross receipts of at least \$5,000; or
- Had average net earnings of at least \$1,000; or
- Contributed at least 33 1/3 percent of the owner’s or operator’s average annual income from all sources.

NONPROFIT ORGANIZATION

The term “nonprofit organization” means an organization that is incorporated under the applicable laws in Iowa as a nonprofit organization, and exempt from paying Federal income taxes under section 501 of the Internal Revenue Code, (26 U.S.C. 501).

SELF-MOVE

A move of personal property where the displacee elects to take full responsibility. Levels and types of documentation are dependent upon the scope and type of move. In general, payment will be limited to an amount less than the lower of two firm bids from competent movers.

COMMERCIAL MOVE

Moves performed by competent, licensed and insured moving firms and are based on firm bids. The displacee will contract with the commercial mover of his or her choice, but reimbursement by the Iowa Department of Transportation is limited to the lower of two bids.

REESTABLISHMENT EXPENSES

Payment, not to exceed, \$10,000 for expenses actually incurred in relocating and reestablishing a small business, farm operation or nonprofit organization at a replacement site. These expenses must be reasonable and necessary as determined by the Iowa Department of Transportation.

FIXED PAYMENT

A payment available to a business, farm operation or nonprofit organization in lieu of payments for actual moving and related expenses and actual reasonable reestablishment expenses. Payment under this provision is not less than \$1,000 nor more than \$20,000.

UTILITY COSTS

The term “utility costs” means expenses for heat, electricity, water and sewer.

TENANT

A tenant is a person who has the temporary use and occupancy of real property owned by another.

OVERVIEW OF NON-RESIDENTIAL RELOCATION ASSISTANCE

This area of relocation deals with all non-residential aspects of moving businesses, farm operations, nonprofit organizations, simple personal property only moves and moving advertising devices, both on and off premise.

Simple personal property moves and advertising device moves are limited to reimbursement of moving expenses.

Businesses, farm operations and nonprofit organizations may choose either of two methods for computing non-residential moving expense payments. They may choose:

- Actual Cost Payment Method and Reestablishment Expenses

OR

- Fixed Payment for Moving Expenses Based on Average Net Earnings

These various options available to each type of relocation will be discussed in greater detail on the following pages.

THE INITIAL INTERVIEW

The initial interview with the displacee is the most important part of the entire relocation process. This is the time in which the relocation advisor can make a positive impression with the displacee, gain their trust and establish the rapport that can either make the experience a success or failure.

Prior to the meeting the relocation advisor should become familiar with the general locale of the property to be acquired, the specifics of the proposed acquisition and the potential impacts on the remaining property, if any.

The relocation advisor should make every effort to schedule an appointment with the displacee at a time that is convenient and at a location that is comfortable with the relocatee, within reason. For example, it is important to minimize your intrusion into the business during their busy time of the day, or into a farm operation during planting or harvest time. Organization and preparation are important.

The purpose of the initial meeting is the giving and getting of information. The relocation advisor may be the first person from the Iowa Department of Transportation who the displacee has met one on one.

It is important that we refrain from using acronyms and other phrases that are commonplace to us but not to our client. This will increase the displacee's understanding of our purpose and the options that are available to them. The advisor should be prepared to take the time necessary to ensure that the Relocation Assistance program is explained in a manner that the displacee understands.

The advisor also needs to receive information from the displacee in order to ascertain the nature of the business, how the property is utilized to accomplish the functions of the business and what plans, if any, are contemplated for the move. During this initial interview the "Relocation Assistance and Advisory Services" brochure is presented, a receipt signed and the Non-Residential Relocation Inspection Sheet form completed.

NON-RESIDENTIAL MOVING EXPENSE PAYMENTS

GENERAL

Non-residential moving expense payments are designed to compensate the individual, business, farm operation or nonprofit organization for moving and related expenses which are incurred as a result of having to move from the acquisition area as a result of the project. They include such items as the cost of packing, transporting and unpacking personal property, the cost of storage, if necessary, and other related costs.

Reimbursement of expenses is limited to one move if a second, or split move is voluntary. Payment is limited to the reasonable and necessary expenses that would have been incurred had the displacee moved only once.

It is important to have a good understanding of which items are considered to be personal property and which are considered to be part of the real property to be acquired. This determination should be made before the appraisals are completed to make sure appraisals are consistent. It is also critical for relocation purposes. The relocation advisor should attempt to identify situations when such a determination may be necessary during the initial interview with the displacee.

Iowa law is not very clear about the distinction between personal and real property. In general, a fixture or piece of equipment is considered to be real property if:

- A typical buyer of the real property would consider the item to be part of the real property; or
- The item cannot be removed without injuring the structural integrity of a building, structure or other permanent improvement.

It is critical that an understanding be reached among the Appraisal, Relocation and Acquisition sections before problems develop. Without this understanding, it is nearly impossible for the relocation advisor to assist the displacee to plan a move or to monitor it. Up-front planning and communication is very important to ensure the success of the negotiations and move.

Typically, the Review Appraiser will make these determinations. Fixtures and other equipment considered to be part of the real property will usually be listed by the reviewer but it is possible that some items the reviewer assumes are generally understood to fall into one category or another may not appear on the list. Misunderstandings and clarifications must be worked out between the affected sections.

The relocation advisor is responsible for bringing any questions to the attention of the Relocation Supervisor for discussion.

ELIGIBLE NON-RESIDENTIAL MOVING EXPENSES

Any individual, business, farm operation or nonprofit organization that qualifies as a displaced person is entitled to payment or reimbursement of those actual and reasonable expenses that the Iowa Department of Transportation determines to be necessary for a successful move. Eligible expenses include:

1. Transportation of personal property for a distance not to exceed 50 miles, unless determined that a relocation beyond 50 miles is justified.
2. Packing, crating, unpacking and uncrating of the personal property.
3. Disconnecting, dismantling, removing, reassembling and reinstalling relocated machinery, equipment, substitute personal property and connections to utilities within the building. Also included are modifications to the personal property, including those mandated by Federal, State or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site and modifications necessary to adapt the utilities at the replacement site to the personal property.

This includes expenses for connection to utilities available on the site, and for providing utilities from the right-of-way to the improvements.

There are instances when it is necessary to make other types of modifications that do not seem to fit any of the above categories in order to reinstall personal property or equipment. An example of such modification is the necessity for the installation of a special base or recessed area to accommodate a piece of equipment.

In general, if the modification to the real property is one that would create a discernible increase in the market value of the whole property, it is most likely an ineligible expense under this provision. Questions should be discussed with the Relocation Supervisor.

4. Storage of the personal property for a period not to exceed 12 months. The storage location cannot be a site in which the displacee has an ownership or tenant interest. The boarding of livestock is not considered to be an eligible storage expense.

The 12 month limitation can be waived in extraordinary circumstances. In those instances, the Relocation Supervisor will be consulted for approval.

5. Insurance for the replacement value of the personal property to be moved. This can be during the move and for any storage period determined to be necessary.

6. Any license, permit or certification required of the displaced person at the replacement location. Payment may be based on the remaining useful life of the existing license, permit or certification.
7. The replacement value of personal property lost, stolen or damaged when insurance covering such loss is not reasonably available. If the loss is through the fault or negligence of the displacee, or his or her agent or employee, reimbursement for the loss will not be allowed.
8. Professional services necessary for:
 - Planning the move of the personal property,
 - Moving the personal property, and
 - Installing the relocated personal property at the replacement location.
 - Services performed prior to the purchase or lease of a replacement site to determine its suitability for the displaced person's business operation including but not limited to, soil testing, feasibility and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such site).

In some cases, the displacee is the most qualified person to plan the move. In those cases an agreement can be made to pay the displacee for time spent planning the move based on a reasonable hourly rate or other reasonable basis for payment.

9. Re-lettering signs and replacing stationery on hand at the time of displacement that are made obsolete as a result of the move. It is important to note that this material must have been made obsolete as a result of the move and not as a result of a previous move or a change in the name of the business or some other circumstance. Items that do not make reference to the business' obsolete address, telephone number, etc. will not be replaced.

Reimbursement will be limited to the cost of the same general quality. Same general quality means that if business cards or flyers are printed in one color before the move, reimbursement for card printed in two or more colors will be limited to the price for one color.

The number of items to be replaced are the number the business had on hand, or if necessary, the minimum order.

Stationery can also include pens, key fobs and other miscellaneous items used by the business to inform the general public and clientele of the location of the business.

10. A one-time notification to a business' clientele of its new location. This may be accomplished by postcard, newspaper, shopper or in some cases by radio or television.

It is very important to have an understanding with the displacee that the intent of this provision is not to advertise the sale of products, but to notify the clientele or general public of the move to a new location.

Examples of acceptable notifications from the print media are located in the Appendix. The notification method and content of the notice must be pre-approved by the Iowa Department of Transportation. Such prior agreement could prevent problems after the fact.

11. The reasonable cost incurred in attempting to sell an item that is not to be relocated.
12. Expenses incurred searching for a replacement location. Eligibility is limited to businesses, farm operations, nonprofit organizations and owners of off-premise advertising devices. Payment under this provision cannot exceed \$2,500.

Reimbursement can include:

- Reasonable and necessary expenses incurred for transportation;
- Meals and lodging away from home, not to exceed 150% of the current expense allowance provided to Iowa Department of Transportation employees;
- Time spent searching based on a reasonable hourly rate. Reasonable is limited to an amount the relocation advisor considers to be adequate based on the business the displacee is engaged in and what the earnings of the displacee are;
- Fees paid to a real estate agent (not including commissions) or some other agent who provides this service to the displacee.
- Time spent in obtaining permits and attending zoning hearings; and
- Time spent negotiating the purchase of a replacement site based on a reasonable salary or earnings

The displacee must provide adequate documentation of the expenses incurred including locations inspected, dates and time spent. Receipts for expenditures in excess of \$25 must also be provided.

13. Actual direct loss of tangible personal property incurred as a result of the move. The payment will be the **lesser** of:

- The fair market value (value-in-place) of the item for continued use at the displacement site, less the proceeds from its sale. If the personal property claimed as lost consists of goods that the business sells, the value will be based on the cost of the goods to the business, not the potential selling price if sold during the regular course of the displacee's business.

If the Iowa Department of Transportation determines that it is not necessary for the displacee to make a good faith effort to sell the item(s), the relocation advisor must document the file of the reason(s) for that decision. In some cases, it is impractical to attempt to sell an obviously obsolete or very low-value item; or

- The estimated cost of moving and reinstalling the item to the replacement location without any consideration for storage expenses. If the operation is discontinued, the distance is assumed to be 50 miles.

Example:

Fair market value of the item:	\$ 1,500
Less proceeds from sale:	<u>- 500</u>
Loss of tangible personal property:	\$ 1,000
Cost of moving the item:	\$ 750
Reinstallation:	<u>+ 150</u>
Total moving cost:	\$ 900

In this example, the Iowa Department of Transportation would pay the displacee \$900. That, plus the proceeds from the sale would net \$1,400 to the displacee.

Example:

Fair market value of the item:	\$ 1,500
No value (obsolete, low value, etc):	<u>- 0</u>
Loss of tangible personal property:	\$ 1,500
Cost of moving the item:	\$ 750

Reinstallation:	+ 150
Total moving cost:	<u>\$ 900</u>

In this example, the Iowa Department of Transportation would reimburse the displacee \$900 to move and reinstall the item.

Example:

Fair market value of the item:	\$ 1,500
Less proceeds from sale:	<u>- 500</u>
Loss of tangible personal property:	\$ 1,000
Cost of moving the item:	\$ 1,000
Reinstallation:	<u>+ 250</u>
Total moving cost:	\$ 1,250

In this example, the Iowa Department of Transportation would reimburse the displacee \$1,000. The displacee would receive a total of \$1,500.

This provision is generally initiated by the displacee and in order for the displacee to make an informed decision, it is important that the relocation obtain timely and accurate estimates.

14. Purchase of substitute property. If an item of personal property which is used as a part of the business is not moved but is promptly replaced with an item that performs a similar function at the replacement location, the displacee is entitled to payment in the amount of the **lesser** of:

- The cost of the substitute item including installation costs at the replacement location, minus any proceeds from the sale or trade-in of the replaced item; or
- The estimated cost of moving and reinstalling the replaced item at the replacement location, without any consideration to storage expenses.

Example:

Cost of substitute item:	\$ 3,000
Installation costs:	+ 150
Less trade-in:	<u>- 1,000</u>
Net cost of substitute item:	\$ 2,150
Cost of moving the item:	\$ 750
Reinstallation:	<u>+ 150</u>
Total moving cost:	\$ 900

In this example, the Iowa Department of Transportation would reimburse the displacee \$900. The displacee would then have a net out-of-pocket expense of \$1,250 (\$2,150 minus \$900) for an item that is most likely newer, more dependable and more energy efficient.

15. Low value/high bulk: When the personal property to be moved is of low value and high bulk and the cost of moving the property would be disproportionate to its value in the judgment of the Iowa Department of Transportation, the allowable moving cost payment shall not exceed the lesser of:
 - The amount which would be received if the property were sold at the site or;
 - The replacement cost of a comparable quantity delivered to the new business location

Examples of personal property covered by this provision include, but are not limited to stockpiled sand, gravel, minerals, metals and other similar items of personal property.

16. Impact fees or one time assessments for anticipated heavy utility usage, as determined necessary by the Iowa Department of Transportation.
17. Reimbursement for other expenses (not listed in the next section as ineligible) may be available. If the relocation advisor believes a displacee has or will incur such an expense, the Relocation Supervisor should be consulted.

DIRECT PAYMENTS

In order to minimize or eliminate a hardship, the displacee may request that the vendor be paid directly. The relocation advisor can arrange for such payments. The displacee may assign payments to movers and other vendors providing services required by the move. The Assignment of Interest form should be used.

If the vendor has an outstanding lien with the State of Iowa, the Iowa Department of Revenue may attach any payments to satisfy said lien. When this occurs it is important that the relocation advisor notify both the displacee and vendor that this has happened. Neither the displacee nor the Iowa Department of Transportation will be required to make additional payments to the vendor.

TRANSFER OF OWNERSHIP

Upon request, the displacee will transfer ownership of any personal property not moved, sold or traded in, to the Iowa Department of Transportation. Usually this will be in the form of a notarized Letter of Understanding.

INELIGIBLE NON-RESIDENTIAL MOVING EXPENSES

None of the following expenses are considered to be eligible for reimbursement as non-residential moving and related expenses.

1. The cost of moving any structure or real property improvement in which the displacee reserved ownership.
2. Interest on a loan to cover moving expenses.
3. Loss of goodwill.
4. Lost profits.
5. Loss of trained employees.
6. Personal injury.
7. Legal or other costs of preparing a claim for relocation payment, or for representing the displacee with the Iowa Department of Transportation.
8. Any additional operating expenses for the displacee incurred because of operating in a new location except as provided under reestablishment. (See Page 84)
9. Physical changes to the real property at the replacement location of the operation except as provided under reestablishment. (See Page 83)
10. Expense for storage of personal property at a location where the displacee has an ownership or tenant interest.

PREPARING FOR A NON-RESIDENTIAL MOVE

The first step in this process is for the relocation advisor to list the items to be moved. If the move is small and simple, a photograph or two should be sufficient. If the move is large enough

that a photo will not allow a person looking at the file later to have a good understanding of the scope of the move, a written list may be a better choice.

Some moves are so large and complex due to large amounts of machinery, equipment or inventory that it may be advisable to video record the placement and installation of the personal property to be moved. If the operation to be moved has an inventory that fluctuates a great deal, the advisor should update the list shortly before the move.

As the list is being compiled, the options available to the displacee should be discussed. The pros and cons of a self-move, a commercial move or a combination can be discussed. If the operation to be moved is a large plant with machinery and equipment, the advisor should try to get the name of the person or firm who installed the equipment. This information can often be found on a plate on the machine that lists the manufacturer and its address. If necessary, the manufacturer can be contacted for requirements for moving and reinstalling the machine. The potential for “loss of tangible personal property” or “purchase of substitute personal property” should be explored during this process.

The relocation advisor should also be aware of anything that appears to have potential to be an environmental hazard and should make note of it. The Relocation Supervisor should be informed of anything the advisor questions regarding a potential hazard. Those items in question should be moved or disposed of in a responsible manner and it may be necessary to involve those who specialize in such things. Delays in negotiations, receiving possession of the property or even delays in the project may result if such issues are not recognized and addressed early in the process.

Before the potential cost of the move is determined, it is important that the advisor and the displacee have an understanding of how the move will be accomplished. Such considerations should include:

- Will special packing be necessary?
- Which items will require disassembly before the move?
- What is the approximate date of the move?
- When will the move be made in order to minimize downtime? Evenings? Weekends?
- Where are the items going? New location? Disposal?
- Are there special adaptations at the new location that need to be made before the items are moved?

- What will be the staging of the move to accomplish it in the most efficient cost effective way?
- Will it be necessary to coordinate the disassembly, move and reinstallation of machinery between various contractors?

A written moving plan is advisable if the move is large or complicated. Unforeseen circumstances may arise, but having the what, how, when and where information thought out and in writing will often prevent misunderstandings.

If bids or estimates are obtained, each bidder or estimator should be provided with the list of items to be moved and the proposed moving plan. The relocation advisor should coordinate the obtaining of the binding moving estimates from competent movers with the availability of the displacee and accompany the movers on their inspection of the property in order to clarify items to be moved and any special handling that is needed.

Before the services of a mover are retained for estimating purposes, the relocation advisor should determine that the mover has a certificate of insurance so that adequate protection for the value of the personal property is available if a loss or damage occurs during the move. This will insure that, should the displacee retain the mover's services, there is adequate protection for the move. If the displacee contracts for the move with another party not involved in the estimating process, the relocation advisor should advise the displacee to seek proof of insurance for their protection.

The relocation advisor will negotiate a reasonable amount to pay for the moving bid with instructions to the mover that the estimate is for the exclusive use of the Iowa Department of Transportation. All bids should be in writing and provide a reasonable breakdown of the specific costs and special handling requirements, if any, noted on the submittal.

The relocation advisor will review the estimates to insure completeness and inventory consistency. This is especially critical if there is a large disparity between the estimates. If there is a substantial difference between estimates, the advisor should attempt to resolve them. It is reasonable to assume that two competent, knowledgeable companies moving the same inventory the same distance under similar conditions should be reasonably close in their estimates. If they are not, and the difference cannot be resolved, the advisor should obtain an estimate from a third party, if possible, to assist in providing a sound basis for the cost of the move.

While there is no fixed dollar ceiling on payments for actual moving estimates, there are limits on what may be paid:

1. The payment may not exceed the actual cost of the moving and related expenses, and will be based on receipts for the costs claimed.

2. The charges which make up the payment must be reasonable, i.e., typical of the amounts charged for a similar move. This is sometimes difficult to ascertain because of the special nature of some moves.
3. The items of cost included in the claim for reimbursement must be necessary to accomplish the move.
4. Payment for the commercial move is limited to the low acceptable bid.

The Iowa Department of Transportation has been involved in a number of moves that have been so large and complicated that the services of specialists from other states have been retained in order to write specifications and oversee the move.

Displacees should be advised that the Iowa Department of Transportation must be allowed to monitor the move and inspect the personal property at the displacement and replacement locations. If it is determined by the relocation advisor during inspection of the replacement location that there were significant differences in the moving method or in the number of items moved, the amount of reimbursement may be adjusted.

SELF-MOVES

A displacee may elect to take full responsibility for the move of their business, farm operation, nonprofit organization, personal property or advertising device. This provision allows the Iowa Department of Transportation to reimburse the displacee for the move, but the cost determination and levels of documentation required vary based on the estimated cost of the move. Payment to a displacee for a self-move will never exceed the lower of two firm bids or estimates received for the larger, more complicated moves or the relocation advisor's estimate based on local information. The advisor should use the Estimated Cost of Self-Move of Personal Property form in preparing the documentation for a self-move.

The documentation and monitoring requirements for the following categories are:

SELF-MOVES OF \$2,000 OR LESS

Self-moves in this category may be based on the relocation advisor's estimate. Very little documentation is needed for a move of this size. The advisor should have a general idea of local costs before contacting the displacee so that an estimate of a move in this category can be determined during the initial inspection.

The advisor can be prepared by surveying local rental agencies for rental rates for trucks, carts, hoists, etc., including insurance before meeting with the displacee. That information should be in the relocation file or if there are a number of similar moves of this type on the project this information should also be included in the Project General File. A sample of a report of a survey is in the Appendix.

If the displacee indicates a preference for making the move, the advisor should be prepared to estimate the cost of the move and reach an agreement with the displacee at that time. On these moves, the relocation advisor does not need to break out equipment and labor costs, only the lump sum amount agreed to with the displacee. The advisor should either list the inventory of items to be moved or take pictures in order to document the scope of the move.

The advisor should complete the Estimated Cost of Self-Move of Personal Property form and the Claim for Non-Residential Relocation Assistance Reimbursement form. Both the displacee and advisor should sign the forms with the claim submitted for review and preparation of a warrant.

The approximate date for the move should be agreed to and the displacee should write or call the advisor when the move is completed. Once the advisor has confirmation that the personal property was moved to the new location, there is no need for a visual inspection of the replacement location, and payment can be delivered or mailed to the displacee.

UNCOMPLICATED SELF-MOVES OF \$5,000 OR LESS

Self-moves in this category are considered uncomplicated in that the move will basically require labor and a truck. The difference between this move and the previous category is basically the quantity of items to be moved, transported and unloaded. A move of this magnitude can be prepared by a qualified relocation advisor with concurrence by the Relocation Supervisor or designee and must include a breakdown of labor and equipment costs, and a list or photographs of the inventory to be moved, so that the amount agreed upon can be reviewed for accuracy and reasonableness.

The advisor should complete the Estimated Cost of Self-Move of Personal Property form and Claim for Non-Residential Relocation Assistance Reimbursement. Both the displacee and advisor should sign the forms with the claim submitted for review and preparation of a warrant.

The approximate date for the move should be agreed to and the displacee should submit the appropriate move notification once the move is completed. The advisor should make arrangements to inspect the displacement site to ensure the move is complete and all items of personal property were removed as agreed upon. Payment can then be released to the displacee.

COMPLICATED SELF-MOVES AND MOVES OF MORE THAN \$5,001

Moving costs in this category will be based on binding moving estimates by competent, knowledgeable professional movers. Monitoring these moves is necessary to ensure that the amounts reimbursed are reasonable and necessary, and that the methods and special handling, if any, were actually performed. Generally, higher dollar moves require more monitoring than lower dollar moves. A detailed moving plan or specification that is pre-approved by the Iowa Department of Transportation generally alleviates the need for the relocation advisor to actually monitor the move on-site.

ACTUAL COST SELF-MOVES

Actual cost self-moves must be planned and monitored in a manner similar to the category of complicated self-moves of \$5,001 or more. If the displacee uses his or her own employees, reasonable and acceptable documentation of their salaries and time spent must be provided.

The relocation advisor will explain to the displacee that the fact that the amount to be reimbursed is “to be based on the lower of two firm estimates” does not mean he or she will be able to claim the amount of the lower estimate. Movers have overhead expenses that displacees who are not in the moving business do not have. Movers are in the business to make a profit and displacees are not entitled to make a profit on their moves, but rather to be reimbursed for their actual and reasonable expenses. Movers’ overhead includes employee benefits, fleet maintenance expenses, building and equipment expenses, advertising and other expenses.

While it is not intended that the displacees suffer losses because they want to perform their moves, they are not entitled to receive what the Iowa Department of Transportation would pay a professional mover just because the department would incur that expense if the displacee did not choose the self-move option.

Given that the displacee and the advisor have agreed on a moving plan and at least two estimates have been obtained, the relocation advisor should analyze the estimates before attempting to negotiate an agreement with the displacee. Items to be considered are over-the-counter prices of cartons, probable rental rates for equipment and probable labor costs to be incurred by the displacee.

Since movers are professionals, it is assumed that they will pack cartons more quickly and efficiently than the displacee so the adjustment to the lower estimate should not be based on the labor rate charged by the mover versus the amount the displacee can be expected to incur, or the difference in the cost of cartons. Since the labor cost is probably less, one can assume it will be less efficient, so the relocation advisor’s good judgment is required. Once the advisor has analyzed the estimates and has an idea of approximate range of reasonable dollar adjustments, the displacee will be contacted to discuss potential reimbursement.

NON-RESIDENTIAL REESTABLISHMENT EXPENSES

In addition to actual moving expenses, a small business, farm or nonprofit organization is eligible for reimbursement of reestablishment expenses. These payments are in addition to actual moving expenses and are intended to reimburse the eligible displacee for expenses that the Iowa Department of Transportation determines to be reasonable and necessary in connection with reestablishing the small business, farm or nonprofit organization at a replacement site. Reimbursement of reestablishment expenses **may not exceed \$10,000.**

It is important to remember that such expenses should be necessary to reestablish the present operation, not to improve it, allow it to enter new markets, or do those things that the operation

should have done itself or wanted to do at the displacement location. Displacement provides an excellent opportunity for an operation to do all of those things itself, but they should not be accomplished with public funds.

Relocation advisors should not attempt to unreasonably restrict displaced operations but it is important to keep in mind that this is not a “free” \$10,000 that will automatically go to an otherwise eligible operation.

If the displacee received a payment through acquisition, say, as a “cost-to-cure”, reestablishment cannot be used as this would represent a duplication of payment. However, if deemed reasonable and necessary, all or part of the difference between the actual cost and what was previously paid could be an eligible reestablishment expense.

The relocation advisor is not expected to make an exhaustive search for other such payments, the advisor is only required to avoid creating a duplication based on their knowledge at the time the payment is made.

Example: The displaced farm is paid \$5,000 in the acquisition process for the loss of a pond as a source of water to feed livestock. It is necessary to replace the pond and the cost of replacement is \$10,000.

If the displacee received assistance from another governmental agency to make up the difference in the cost, there would be no reestablishment expense incurred.

If the displacee received a portion, say \$3000, from another governmental agency, the difference, or \$2,000, could be reimbursed as a reestablishment expense.

ELIGIBLE REESTABLISHMENT EXPENSES

All expenses in this category must be reasonable and necessary for reestablishment in the judgment of the Iowa Department of Transportation. Expenses eligible for reimbursement include, but are not limited to the following:

1. Repairs or improvements to the replacement real property that are required by federal, State or local law, code or ordinance.
2. Modifications to the replacement real property to accommodate the operation or to make replacement structures suitable for conducting the business.

In the case of an owner, the cost of constructing a new building on vacant replacement property is a capital expenditure and is generally not eligible as a reestablishment expense since the displacee was previously paid the market value of the acquired structure. Reimbursing the difference between the cost new and

the market value would constitute a supplemental building payment and not eligible for reimbursement.

In those rare instances when an operation can locate no available suitable buildings and construction of a replacement structure would enable the operation to remain a viable operation, a portion of the cost may be eligible for reimbursement, subject to avoidance of duplication of payments and the statutory \$10,000 limit for reestablishment.

In the case of an eligible tenant, such a cost would be eligible if the tenant received none of the proceeds from the sale of the structure to the Iowa Department of Transportation.

3. Construction and installation costs of exterior signing to advertise the operation. Exterior signing may include off-premise signing such as a billboard.
4. Redecoration or replacement of soiled, worn or damaged surfaces at the replacement site. Examples include painting, paneling or floor covering.
5. Licenses, fees and permits when not paid as part of moving expenses.
6. Advertisement of the replacement location.
7. Estimated increased costs of operation during the first two years at the replacement location for items such as:
 - Lease and rental charges;
 - Personal property or real property taxes;
 - Insurance premiums;
 - Utility charges.

Operating costs are expenses typically reported for income tax purposes. Those records should be made available by the displacee to document the costs at the displacement location. The costs at the replacement location can be documented with leases, property tax information, estimates from utility companies, etc.

8. Other items that the Iowa Department of Transportation considers essential to the reestablishment of the operation. Any expense the relocation advisor believes should be considered for reimbursement, should be brought to the attention of the Relocation Supervisor.

INELIGIBLE REESTABLISHMENT EXPENSES

The following is a nonexclusive listing of reestablishment expenditures not considered to be reasonable, necessary or otherwise eligible:

1. Purchase of capital assets such as office furniture, filing cabinets, machinery or trade fixtures.
2. Purchase of manufacturing materials, production supplies, product inventory or other items used in the normal course of the operation.
3. Interest on money borrowed to make the move or purchase the replacement property.
4. Expenses incurred to reestablish a part-time business in the home which does not contribute materially to the displacee's income. See definition on Page 68.

NON-RESIDENTIAL FIXED PAYMENT FOR MOVING EXPENSES

GENERAL

A displaced business, farm operation or nonprofit organization may be eligible to choose to accept a fixed payment in lieu of the payments for actual moving and related expenses and actual reasonable reestablishment expenses.

Payment under this category can range from a minimum payment of \$1,000 to a maximum payment of \$20,000.

There are several advantages to the fixed payment. First, it is simple to administer and relieves the Iowa Department of Transportation and the displacee of having to detail actual moving costs. Second, it provides flexibility for the displacee to use the fixed payment to cover those costs it deems to be most important. This can be especially useful for the eligible operation which chooses not to reestablish and may have to cover loss of income or the cost of discontinuing operations.

Not all small businesses, farm operations or nonprofit organizations will be eligible for a fixed payment under this category. In order to be eligible for this payment, the displacee must meet certain criteria. Specific requirements and payment calculations for small businesses, farm operations and nonprofit organizations are slightly different and each is discussed separately.

SMALL BUSINESSES

A displaced business is eligible for a fixed payment in lieu of payment for moving and related expenses and reestablishment expenses if the Iowa Department of Transportation determines that the business meets ALL of the following criteria:

- The business owns or rents personal property which must be moved and for which an expense would be incurred in such move and the business vacates or relocates from the displacement site.

The amount of personal property to be moved must be significant enough to require an expense.

- The business cannot be relocated without a substantial loss of its existing patronage (clientele or net earnings). The displacee is assumed to meet this requirement unless the Iowa Department of Transportation determines otherwise.

It would be difficult to demonstrate that a business does not meet this criteria. However, there are some types of businesses that would not lose patronage that are off-site or location is not a factor in conducting their business. Examples are those who do business strictly by mail or telephone; or in some cases, satellite office locations.

If the relocation advisor believes that no substantial loss will be incurred and assembles appropriate documentation, it should be submitted to the Relocation Supervisor for approval.

- The business is not part of a commercial enterprise having more than three other entities which are not being acquired.

The obvious exclusion under this criteria is a chain operation.

- The business is not operated at the displacement dwelling solely for the purpose of renting such dwelling to others.

This criteria excludes the residential landlord from receiving a fixed payment..

- The business is not operated at the displacement site solely for the purpose of renting the site to others.

This criteria would exclude the landlord of the business from receiving a fixed payment.

- The business contributed materially to the income of the displacee during the two taxable years prior to displacement.

- Had average annual gross receipts of at least \$5,000; or
- Had average annual net earnings of at least \$1,000; or

- Contributed at least one-third of the average annual gross income from all sources.

In rare cases, the application of this criteria may create an inequity or hardship for the displacee. The Iowa Department of Transportation will consider the use of other criteria in these instances.

In some instances there may appear to be more than one business displaced. Under some circumstances, two or more businesses may have to be treated as a single displacement which is entitled to only one fixed payment. When this is an issue, it should be discussed with the Relocation Supervisor. Factors to be considered when determining the number of displacees include:

- The extent to which the same premises and equipment are shared.

Lease agreements, if any, can indicate specific arrangements or agreements.
- The extent to which substantially identical or interrelated business functions are carried out.

Business cards, telephone listings, advertising, etc. can provide documentation.
- The extent to which the business and financial affairs are co-mingled. Income tax records may be a good indicator.
- The extent to which their clientele or general public consider them to be one or more than one entity.
- The extent to which the same person(s) or closely related persons own, control or manage the affairs of the business(es).

Many times, for tax purposes, the displacee will establish more than one corporation, all “under one roof”.

This may be a judgment call and the relocation advisor should prepare a note to the file that adequately explains the reasons for either the existence of one business or the existence of more than one business.

A displaced business that meets ALL of the above criteria is eligible to receive a payment of \$1,000 to \$20,000.

The payment is a calculation based on the average net earnings of the business for the two years prior to displacement. In Iowa, if the business had a loss during one year, they are not penalized, but rather, the net income for that year is considered to be zero.

Examples: The business was displaced (or moved) in 2000.

1. Net Income for 2004: \$ 15,000
Net Income for 2005: 18,000

Two Year Average: \$ 16,500

The fixed payment calculated is \$16,500

2. Net Income for 2004: \$ 17,000
Net Income for 2005: 25,000

Two Year Average: \$ 21,000

The fixed payment calculated is \$20,000, the statutory maximum.

3. Net Income for 2004: \$ 12,000
Net Income for 2005: (5,000)

Two Year Average: \$ 6,000

The fixed payment calculated is \$6,000, because the net income for 2005 was considered to be zero.

If the business was not in operation for the full two years prior to displacement, net earnings will be prorated and projected to an annual amount for the partial year or over a two year period, whichever is greater.

Example: The business started up in March, 2004, and the net income for the ten months of operation in 2004 was \$ 15,000, or \$1,500 per month. The projected net income for 2005 was \$18,000 (\$1,500 per month times 12 months). The business had net income of \$20,000 in 2005. The calculated fixed payment is \$19,000.

Example: The business started up in March, 2004, and the net income for the ten months of operation in 2004 was \$5,000, or \$500 per month. The projected income for 2005 was \$6,000 (\$500 per month times 12 months). The business had net income of \$16,000 in 2005. The calculated fixed payment is \$11,000.

Using the total net income of \$22,000 for the 22 month period the displacee was in operation would indicate a projected two year net income of \$24,000, or a fixed payment of \$12,000.

This method averages in the slow first year of operation and spreads those startup costs over the entire calculated period. In this example, the displacee would be offered a fixed payment of \$12,000.

Average annual net earnings may be based on a different time period for good reason. These reasons must be beyond the displacee's control such as: family illness, economic downturn, strikes, etc. However, the years used in the calculation must be consecutive in order to avoid a payment based on a "pick and choose" process.

Net earnings include any compensation obtained from the business by the owner, the owner's spouse and the owner's dependents.

In order to qualify for a fixed payment calculation, the displacee must furnish the Iowa Department of Transportation proof of net earnings through income tax returns for the covered years. The vast majority of fixed payment calculations are performed using bonafide income tax returns. All submittals must include the complete, signed return for the covered years.

In certain instances, financial statements can be used but they must be certified by the preparer and must reflect realistic NET earnings. If the displacee fails to provide sufficient documentation to calculate the fixed payment, the displacee is not eligible for payment.

If the small business intends to claim only the minimum payment of \$1,000 a statement signed by the owner of the business indicating that fact is generally sufficient to document the file and generate payment. There may be cases when more documentation is needed and the Relocation Supervisor should be consulted.

There are a number of categories of businesses and thus methods of income tax reporting. Each is somewhat different in structure, taxability and in the method of calculating of net earnings. The following explains each type and how the calculation of net earnings is determined based on 2000 Internal Revenue Service forms and schedules.

Sole Proprietorship

- The simplest form of ownership in that it has only one owner

- Owner reports income (or loss) on Schedule C (Profit or Loss From Business)
 - Line 1 ("Gross receipts or sales") is gross receipts
 - Line 31 ("Net profit or (loss)") is net income or loss
 - Owner does not receive a wage, but income or loss is whatever is shown on Line 31

- Owner reports income (or loss) on Form 1040 (U.S. Individual Income Tax Return)
 - Income or loss reported on Line 12 (“Business income or (loss)”)
 - May be more than one Schedule C reported
 - Sum of Schedule Cs must be equal to Line 12
- Additional wages may be paid to spouse or dependents
 - Shown on Form 1040, Line 7 (“Wages, salaries...”)
 - Payroll record or W-2 must be furnished for individual(s) if counted as part of the calculation
- Net income or loss for the year
 - Form 1040, Line 12, plus
 - Form 1040, Line 7, if applicable

Partnership

- The relationship between two or more persons who join together to engage in a trade or business
 - Each contributes asset, skill or labor
 - Each shares in the income or loss of the business
 - Can include syndicate, group, pool, joint venture or other unincorporated group
 - Can be as simple as a handshake or have complex partnership agreements
 - NOT a trust, estate or corporation
- Partners report income (or loss) on Form 1065 (U.S. Partnership Return of Income”)
 - Line 1a (“Gross receipts or sales”) is gross receipts
 - Line 22 (“Ordinary income (loss)”) is ordinary income or loss
 - Partners do not receive a wage, but sometimes receive a guaranteed payment. If so, it is shown on Line 10 (“Guaranteed payments to partners”)
- Additional wages may be paid to spouses and/or dependents
 - Shown on Line 9 (“Salaries and wages....”)
 - Payroll record or W-2 must be furnished for individual(s) if counted as part of the calculation
- Additional information
 - Individual partner’s share of income or loss is shown on Form K-1 (Partner’s Share of Income, Credits, Deductions, etc.)

- Form K-1 is not used to calculate the partnership net earnings
 - Partners generally withdraw all or part of the income of the partnership. Referred to as the “draw”
 - The draw is the partner withdrawing part of the income shown on Form 1065, Line 22
- Net income or loss for the year
 - Form 1065, Line 22, plus
 - Form 1065, Line 10, if applicable, plus
 - Form 1065, Line 9, if applicable

Limited Liability Company (LLC)

- Created to provide limited liability to business entities similar to that provided to a corporation
 - Most are made up of two or more persons
 - For tax purposes are treated like partnerships
 - Can be a general, limited or limited liability partnership or limited liability company
- Their income or loss is reported on Form 1065 (“U.S. Partnership Return of Income”)
 - Line 1a (“Gross receipts or sales”) is gross receipts
 - Line 22 (“Ordinary income (loss)”) is ordinary income or loss
 - Partners do not receive a wage, but can receive a guaranteed payment. If so, it is shown on Line 10 (“Guaranteed payments to partners”)
- Wages may be paid to spouses and/or dependents
 - Shown on Line 9 (“Salaries and wages....”)
 - Payroll record or W-2 must be furnished for individual(s) if counted as part of the calculation
- Additional information
 - Individual partner’s share of income or loss is shown on Form K-1
 - Form K-1 is not used to calculate the partnership net earnings
 - Partners may draw all or part of the partnership income. Referred to as the “draw”
 - The draw is part of the income shown on Form 1065, Line 22
 - A sole proprietor can become a limited liability company
 - If the case, rules for calculating net earnings are like an LLC,
 - Income reported on Schedule C, just like a sole proprietor

- The LLC may elect to be treated like a corporation
 - If the case, rules for calculating net earnings like a corporation
 - Necessary to look at their corporate tax return to ascertain their net earnings
- Net income or loss for the year same as Partnership or Corporation, depending on above elections. Always reported on Schedule C, Form 1120 or Form 1120-S

Corporation

- Sometimes referred to as “C Corporations” to distinguish them from “S Corporations”. It files a tax return on Form 1120 or 1120A
- Owners of a corporation are referred to as shareholders with each owner owning shares in the corporation. If only one owner owns all the shares, he or she is referred to as the “sole owner”
- Corporation reports income (or loss) on Form 1120 (U.S. Corporation Income Tax Return)
 - Line 1c (“Gross receipts/sales”) is gross receipts
 - Line 12 (“Compensation of officers”) is pay to the corporation officers
 - Line 28 (“Taxable income before net...”) is the taxable income for the year
 - Line 29b (“Special deductions”) is dividends and special deductions and supported by Schedule C (part of Form 1120)
- Wages may be paid to spouses and/or dependents
 - Shown as part of Line 13 (“Salaries and wages”)
 - Payroll record or W-2 must be furnished for individual(s) if counted as part of calculation
- Additional information
 - If there is a profit, the corporation pays tax on the profit -- unlike the partnership which passes the profit through to the partner to report on an individual tax return (Form 1040)
 - Obtain a list of shareholders to ascertain whether spouses and/or dependents are included as shareholders (paid under Line 12 or Line 13)
 - Profits of the corporation are paid out to individual shareholders in the form of dividends. Dividends paid out are not added as part of the net earnings calculation as they are already included in Line 28
 - Owners of a corporation receive W-2 for their wages

- Net income or loss for the year
 - Form 1120, Line 12, plus
 - Form 1120, Line 13, if applicable, plus
 - Form 1120, Line 28, minus
 - Form 1120, Line 29b

S Corporation

- A corporation that, if it qualifies, may elect to be generally exempt from federal taxation. It files a tax return on Form 1120S
- Owners of the corporation are referred to as shareholders with each owner owning shares in the corporation
- Shareholders include their share of the profits from the corporation on their individual Form 1040 (U.S. Individual Income Tax Return)
- Corporation reports income (or loss) on Form 1120S (U.S. Income Tax Return for an S Corporation)
 - Line 1c (“Gross receipts/sales”) is gross receipts
 - Line 7 (“Compensation of officers”) is pay to the corporation officers
 - Line 21 (“Ordinary income [loss] from trade...”) is the taxable income for the year
- An S Corporation owner should receive a W-2 if he or she works for the corporation
- Wages may be paid to spouses and/or dependents
 - Shown as part of Line 8 (“Salaries and wages”)
 - Payroll record or W-2 must be furnished for individual(s) if counted as part of calculation
- Additional information
 - Income from the corporation is passed through to the owners on a Form K-1 (Shareholder’s Share of Income, Credits, Deductions, etc.)
 - Form K-1 is not used to calculate the net earnings since it is already included in Line 21
 - The owner may withdraw the profits. Referred to as the “draw”
 - The draw is the owner withdrawing part or all of the income shown on Line 21

- Net income or loss for the year
 - Form 1120S, Line 7, plus
 - Form 1120S, Line 8, if applicable, plus
 - Form 1120S, line 21

Farm Operations - A displaced farm operation is eligible for a fixed payment in lieu of payment for moving and related expenses and reestablishment expenses if it is acquired as a total acquisition.

A displaced farm operation is eligible to claim a fixed payment following a partial acquisition if the Iowa Department of Transportation determines that:

- The acquisition of part of the land caused the operator to be displaced from the farm operation on the remaining land; or
- The partial acquisition caused a substantial change in the nature of the farm operation

If the outbuildings or a substantial number of the outbuildings are included in the partial acquisition from a dairy farm operation, a substantial change in the nature of the farm operation has probably occurred.

The fixed payment calculation for farm operations is similar to that of a business in that the fixed payment is based on the average net earnings, from all sources, for the two years prior to displacement. In Iowa, if the farm operation had a loss during one year, they are not penalized, but rather, the net income for that year is considered to be zero. Examples are shown on Pages 89 and 89.

If the farm operation was not in operation for the two full years prior to displacement, like the business, net earnings will be prorated to an annual amount for the partial year or over a two year period, whichever is greater. Examples are shown on Page 89.

Farm operations may take on any of the entities discussed under Small Businesses: sole proprietor, partnership, corporation or S Corporation. These entities are discussed on Pages 108 through 112.

The calculation of net earnings differs slightly from businesses on the forms used. These differences are:

- A farm may be operated by a single operator and is treated similar to a sole proprietor with the only difference being that the farmer will report income on a Schedule F (Profit

or Loss from Farming) which lists such agricultural related expenses such as feed, seed, veterinary fees, etc., instead of Schedule C.

- Owner reports income (or loss) on Schedule F
 - Line 11 (“Gross income”) is the farm’s gross income
 - Line 36 (“Net farm profit or (loss)”) is the farm’s net earnings
 - Owner does not receive a wage, but income or loss is whatever is shown on Line 36
- Owner may report income (or loss) on Form 4797 (Sales of Business Property)
 - Line 10 (“Gain or loss”) for breeding stock, etc
- Owner reports income (or loss) on Form 1040 (U.S. Individual Income Tax Return)
 - Form 4797 income or loss reported on Line 14 (“Other gains or losses”)
 - Schedule F income or loss reported on Line 18 (“farm income [or loss]”)
- Net income or loss for the year
 - Form 1040, Line 14, plus
 - Form 1040, Line 18
- A farm partnership will also report the income on Schedule F and attach it to Form 1065, Partnership Return. The income is then added to the Form 1065 on Line 5 (“Net farm profit/loss”) and included with any other partnership income. Wages paid to a spouse and/or dependents and guaranteed payments to the partners are treated the same as any other partnership.
- Farm corporations (both C and S corporations) report the income from the farm directly on the respective 1120 or 1120S corporate tax returns. Therefore, the same numbers will be used to determine the annual net earnings for the farm corporation as for any other corporate business.

If the farm operation intends to claim the minimum payment of \$1,000 a statement signed by the operator of the farm indicating that fact is generally sufficient to document the file and generate payment. There may, however, be instances when more documentation is needed and the Chief Relocation Advisor should be consulted.

Nonprofit Organizations - A nonprofit organization is eligible to claim a fixed payment in lieu of payment for moving and related expenses and reestablishment expenses if the Iowa

Department of Transportation determines the nonprofit organization cannot be relocated without substantial loss of existing patronage (membership or clientele). They are assumed to meet this test unless we demonstrate otherwise.

In most cases, it would be difficult to demonstrate such a loss and generally it is in the Department's best interest to entertain a fixed payment for reasons cited earlier. Experience has shown that a fixed payment would be less than moving and reestablishment expenses and this information should be explained to the displacee.

A displaced nonprofit organization that meets the criteria described earlier is eligible to claim a fixed payment of a minimum of \$1,000 to a maximum of \$20,000.

The amount of this payment is the average gross revenue of the organization less administrative expenses from the two years prior to displacement. Examples are shown on Pages 89 and 89.

If the nonprofit organization was not in existence for the two full years prior to displacement, like businesses and farm operations, the gross revenue less administrative expenses will be prorated to an annual amount for the partial year or over a two year period, whichever is more advantage to the displacee. Examples are shown on Page 89.

Gross revenues may include membership fees, class fees, cash donations, tithes, receipts from sales or other forms of fund collection that provide money for the organization to operate.

Administrative expenses are those for administrative support such as rent, utilities, salaries, advertising and other items as well as fund raising expenses. Expenses for carrying out the purpose of the nonprofit organization are not included.

Any claim for a payment in excess of the \$1,000 minimum must be supported by certified financial statements or tax returns and a completed Fixed Payment for Non-Residential Move (See Appendix).

Nonprofit organizations or exempt organizations can apply to the Internal Revenue Service for special tax-exempt status. The organization must be organized and operated for charitable purposes that serve the public. Charitable purposes include community development, services for children, elderly, disabled or poor, legal services, educational services, health services, arts and culture, etc.

- The nonprofit organization will file Form 990 (Return of Organization Exempt From Income Tax) annually with the Internal Revenue Service
 - Line 12 ("Total revenue") is total revenue received
 - Part II ("Statement of Functional Expenses") shows a breakdown of how funds are used

- Column A is total of all expenses
 - Column B shows amount spent on program services or its tax-exempt purpose
 - Column C shows the administrative expenses
 - Column D shows the expenses of fund raising
 - Totals are carried back to Lines 13-17 of page 1
- The amount used to compute the payment is:
 - Column C (“Management and general”)

If the nonprofit organization intends to claim only the minimum payment of \$1,000 a statement signed by the organization indicating that fact is generally sufficient to document the file and generate payment. There may be cases when more documentation is needed and the Chief Relocation Advisor should be consulted.

ADVERTISING DEVICES (SIGNS)

In Iowa, when an advertising sign is located within the proposed acquisition area, it is nearly always considered a non-residential personal property move and the owner of the sign is eligible for reimbursement of those actual and reasonable expenses that the Iowa Department of Transportation determines to be necessary for a successful move.

The major difference between relocating an advertising sign and other personal property is that many signs (generally off-premise) are subject to Iowa laws regulating them along the state’s primary and interstate highways. The law defines various types of outdoor signs and presents the general prohibitions and controls which apply to them.

GENERAL PROHIBITIONS

These general prohibitions apply to all types of signs involving relocation activities.

- No sign may encroach on or hang over the highway right of way.
- No sign may be lighted so it impairs the vision of any motor vehicle driver.
- No sign may obstruct the view of any highway or railroad to the extent it makes it dangerous to use the highway.
- No sign may imitate or resemble an official traffic control sign, signal or device.
- No sign may obscure or physically interfere with, an official traffic control sign, signal or device.

Advertising signs may be categorized into two main groups, On-Property Signs and Off-Premise Signs.

ON-PROPERTY SIGNS

On-property signs advertise the principal product sold or activity conducted on the property where the sign is located. They may concern the sale or lease of the property on which the sign is located. “For Sale” or “For Lease” signs displaying the legend “Sold” or “Leased” are not legal on-property signs. Political signs are considered on-property signs.

The general prohibitions cited above apply to on-property signs. These signs may require local, city or county permit or approval. However, they do not require state permit or approval if they conform to the following criteria.

Location: Signs must be located on the same property as the advertised activity.

Signs cannot be located on narrow strips of land that cannot be put to any reasonable use directly related to the advertised activity other than signing.

Message: Messages on signs are limited to advertising only those products sold or activities conducted at the sign site. When a sign consists principally of brand name or trade name advertising and the product or service advertised is only incidental to the principal activity, or if it brings rental income to the property owner, it shall be considered outdoor advertising and not an on-property sign.

OFF-PREMISE SIGNS

The Advertising Management Section in the Office of Traffic and Safety at the Iowa Department of Transportation defines off-premise signs as those signs displaying general advertising about products or services available at locations other than at the sign site.

Advertising Management distributes a brochure entitled “**Guide to Outdoor Advertising Sign Regulations**” which generally refers to billboards with the above definition and also discusses Off-Right of Way Private Directional Signs, County, Municipal and School District Recognition Signs and Church and Service Club signs separately. These are signs we will nearly always relocate.

This guide provides a general overview of current regulations. For specific regulations, please refer to Iowa Code Chapters 306B and 306C. The Iowa rules can be found at 761 Iowa Administrative Code, Chapter 117.

Off-Right of Way Private Directional Signs are intended to inform motorists of public and privately owned natural phenomena, historic, cultural, scientific, educational and

religious sites, and areas of natural scenic beauty or which are naturally suited for outdoor recreation.

When relocating a permitted sign the relocation advisor can assume these signs already meet the visitor count criteria set forth in the guide.

In addition to the General Prohibitions, these signs must conform to a number of controls including location, size, number, spacing, message, lighting and other special requirements.

County, Municipal or School District Recognition Signs are signs that welcome approaching travelers to a county, community or school district display a similar public-spirited message.

These signs are limited to displaying a message that identifies the county, city or school district, its boundaries, public services and attractions of a scenic, historical, cultural, scientific, educational nature. Commercial advertising on a recognition sign is prohibited.

In addition to the General Prohibitions these signs must conform to a number of controls including location and message content.

Church and Service Club Signs display a message relating to the facilities' locations, services or meeting.

In addition to the General Prohibitions these signs must conform to a number of controls including size and message content.

Recognition, church and service club signs may be erected on a common structure providing each category of signing conforms to the criteria established by Advertising Management.

Special event signs and Tourist Oriented Directional Signs (TODS) will **not** involve relocation activities.

With the exception of special event signs, all off-premise signs require permits (outdoor advertising or directional signing). However, all signs must meet the general provisions cited above.

THE PROCESS

The owner of a legal sign that needs to be moved because of the project will be reimbursed the actual and reasonable expenses determined by the Iowa Department of Transportation. Eligible expenses are on Pages 72 - 77.

Please note that under Item 13, Page 75, the amount of a payment for direct loss of tangible personal property for an advertising sign is the **lesser** of:

- The depreciated reproduction cost of the sign, as determined by the Appraisal section or their designee, less the proceeds from its sale; or
- The estimated cost of moving the sign, with no allowance for storage.

The owner of an advertising sign is NOT eligible for reestablishment expenses because they are specifically excluded. See Page 86 for definition of a Small Business and Page 83 for the definition of Reestablishment Expenses.

There are several circumstances when an advertising sign should be appraised and acquired, rather than relocated.

- When there is an on-property advertising sign on a total acquisition, the sign will be appraised as part of the real property.
- When the advertising sign cannot legally be moved back onto remaining land because of zoning or spacing requirements.
- When the cost to move the structure is not physically possible or economically feasible.

In some instances, the sign and/or structure supporting the sign cannot physically or economically be moved. These structures should be appraised and purchased as real property. However, many times they are overlooked in the appraisal process and it is too late in the acquisition process to address them so the relocation advisor is called upon to resolve the issue.

Since it is often prohibitive to attempt to move a block sign or a sign with extensive brickwork, the relocation advisor should obtain contractors' estimates for new construction.

The Advertising Management Section of Traffic and Safety will provide an inventory of advertising signs on a given project. This inventory will provide which parcel the sign is located on, stationing and offset(left or right of centerline), sign description or message, name of the sign owner, permit number (if applicable) and the recommended action to be taken.

Also included in this submittal is the Advertising Device Inventory form and a copy of the approved Advertising Permit Application, if applicable.

While the relocation advisor is not expected to become an expert in signs, he or she should be familiar enough with the process to relocate the sign (essentially like other personal property moves) and direct more technical questions to the experts in Advertising Management.

On permitted signs, the relocation advisor should provide the sign owner with the appropriate permit application because the sign cannot be re-erected until AFTER the new application has been approved and on file with Advertising Management. Permit fees are reimbursable as a moving cost. No state fees are charged for recognition, church and service club signs.

In some instances, a recognition, church or service club sign would be conforming except for the lacking the actual permit. In these cases, the relocation advisor will provide two permit applications to the sign owner; one for the existing sign and one for the new proposed location. If adequate data is available, the application for the existing location can be pre-completed by the relocation advisor except for the owner's signature.

This application should be sent to Advertising Management for approvals. The advisor should write the ROW project number across the top of ALL applications in order to expedite processing.

Searching expenses are also an allowable related expense for off-premise signs even though the owner of the sign may just be relocating the sign back on remaining land. This is justified because of a change in site location which necessitates the negotiation of a new or amended lease for the new sign site. Reimbursement requirements are shown on Page 74, Item 12.