

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.