

**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 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