



City of Tucson

**Real Estate Acquisition and Relocation
in Transportation Projects**

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Acquisition of Project Properties

LAWS

- **The 5TH & 14TH Amendments**

The Government shall not take private property without due process and compensation.

- **Uniform Acquisition and Relocation Policies Act of 1970**

49 CFR, Part 24.

- **Arizona Revised Statutes**

Title 28, Chapter 20, Articles 6 & 7 - Provide regulations to insure fair treatment of all when ones real property is being acquired by the government for a public purpose.

Acquisition of Project Properties

DUE PROCESS

- **Begins with notice of the project.**
- **Identification of the property interests to be purchased by the government.**
- **Notice of appraisal inspection.**
 - Except in simple and uncomplicated acquisitions.
- **Appraisal of property to be purchased by the government.**
- **Written offer to purchase the property.**

Acquisition of Project Properties

PROPERTY ACQUISITION TYPES

- **Full acquisitions**

- **Entire parcel is purchased because:**

- ◆ Improvements will be bisected or impacted.
 - ◆ Safety concern for property owner.
 - ◆ Access will not be available due to the project design.
 - ◆ An uneconomic remnant will remain in the after condition.

If the property is occupied, then relocation occurs.

Acquisition of Project Properties

PROPERTY ACQUISITION TYPES

- **Partial acquisitions** - A portion of a property (partial fee)
- **Easements: (a permanent property interest)**
 - Drainage
 - Slope
 - Access control
 - Access for another
 - Soil nail
- **Temporary construction easements.**
- **No relocation occurs.**

Acquisition of Project Properties

PROCEDURES FOR ACQUISITION - *Full & Partial*

- **Appraisal notice sent to property owner.**
 - Do you want to attend the appraisal inspection?
 - Contact information.
- **Appraisal inspection scheduled.**
- **Appraisal inspection performed.**
 - Owners opportunity to point out improvements made to property (i.e.: new a/c, new floor coverings).
 - Copies of receipts are handy!
- **Appraisal prepared.**
 - 4-6 Weeks

Acquisition of Project Properties

PROCEDURES FOR ACQUISITION - *Full & Partial*

- Appraisal reviewed by agency staff.
- Agency appraiser can increase, but not decrease the value to be offered to the property owner.
- Agency approves offer to be made to property owner.
- Agency or consulting agent schedules appointment to present the offer.
 - Copy of appraisal is given to property owner.
 - Acquisition is explained.
 - If Applicable, relocation eligibility is presented.
- Owner given time to consider offer.
- ***OWNER MAY PROVIDE SALES COMPS OR OWN APPRAISAL.***

Acquisition of Project Properties

PROCEDURES FOR ACQUISITION - *Full & Partial*

- **Purchase price is negotiated between owner & agency.**
 - If Agreement is reached, escrow is opened.
 - If no agreement is reached, agency must file an eminent domain action through the courts.
- **Regardless of the outcome of the negotiations, if you are required to relocate, you are still entitled to relocation assistance and benefits.**
- **Agency pays all closing costs.**

Acquisition of Project Properties

ACQUISITION ISSUES

- **Market conditions**
 - If the market is “down”, so are the prices on comparable replacement housing.
 - If the market is “up”, competition for comparable replacement housing creates difficulty.
- **Title issues**
 - Improper previous conveyance.
 - Releases of liens.
- **Time**
 - Project design.
 - Acquisition processes.
 - Relocation.

Residential Relocation of Properties

RELOCATION ISSUES

- Occurs when the occupants of a residential structure are required to move because of the project.
- Two types of residential occupants:
 - Owner occupants.
 - Tenant occupants.
- **Both are entitled to:**
 - Moving costs
 - A replacement housing payment
 - Transportation to find suitable replacement housing.

Residential Relocation of Properties

RELOCATION ISSUES

- **Moving costs:**
 - Professional move;
 - ♦ **Includes insurance.**
 - Self-move based on number of rooms;
 - ♦ **Pre-determined by the Federal Highway Administration.**
 - ♦ **Allows you to be paid for moving yourself.**
 - ♦ **Self-insuring.**

Residential Relocation of Properties

- **Replacement housing payment for owner occupants:**
 - The difference between the amount offered by the agency for your property and comparable replacement house.
 - Comparable replacement house does not include “lifestyle” features and amenities.
 - ♦ **Like for like (i.e., a 3 bedroom, 2 bath home with 1,400 SF is comparable to a 3 bedroom, 2 bath home with 1,420 SF).**
 - Replacement home most like the home acquired is chosen to calculate the “price differential payment”.
 - Property owner is free to choose another home.
 - Home chosen by property owner must meet decent, safe & sanitary requirements.

**WOULD NOT MEET D,S & S STANDARDS!
COMPARABLE HOUSING DOES NOT EXIST!!**



Residential Relocation of Properties

OWNER OCCUPANTS

- **Price differential payment example**

MR. JONES IS OFFERED \$160,000 FOR HIS HOME BY THE AGENCY. HIS HOME HAS 3 BEDROOMS, 1 AND ½ BATHS, 1400 SF, AIR CONDITIONING, AND A SEPARATE DEN. THE RELOCATION CONSULTANT LOCATES THE FOLLOWING 3 HOMES WHICH ARE ON THE MARKET AT THE TIME THE OFFER IS MADE TO MR. JONES:

1. A 3 bedroom, 2 bath home with A/C and 1,450 SF, \$175,000 list price.
2. A 3 bedroom, 1.5 bath home with A/C and 1,340 SF, \$165,000 list price.
3. A 4 bedroom, 1.5 bath home with A/C and 1,475 SF, \$180,000 list price.

**WHICH HOME IS THE MOST COMPARABLE
TO MR. JONES' HOME?**

Residential Relocation of Properties

OWNER OCCUPANTS

- **Answer is # 3 because #'s 1 & 2 don't have a den. # 3 does not have a den either, but Mr. Jones can use the 4th bedroom as a den.**
- **PRICE DIFFERENTIAL PAYMENT CALCULATION (PDP):**
 - \$180,000 LP for # 3, less \$160,000 offered by agency for Mr. Jones' home equals \$20,000.00.
- **Mr. Jones doesn't have to purchase home # 3. He is free to purchase any home on the market that he wants as long as it meets D, S & S standards. He will receive the \$20,000 PDP as long as the home he purchases costs a minimum of \$180,000.**
- **If Mr. Jones purchases a home for \$175,000, then the PDP is reduced by \$5000.**

Residential Relocation of Properties

OWNER OCCUPANTS

Other replacement housing payments:

- **Incidental expenses;**
 - Normal and customary closing costs of the replacement house, including title insurance.
 - Home inspection fees.
- **Mortgage interest differential;**
 - A one-time payment designed to keep the homeowner in the same financial condition with the purchase of the replacement property, as he/she was at the property purchased by the agency.
 - Based on the time left on existing mortgage note and current interest rate.

Residential Relocation of Properties

TENANT OCCUPANTS

- **Entitled to rental assistance payment (RAP):**
 - Calculated based on the monthly rental rate plus average cost of the utilities for a comparable rental dwelling that meets D, S & S standards for a 42-month period.

- **EXAMPLE:**

MR. AND MRS. SMITH LEASE A 2 BEDROOM, 1 BATH APARTMENT. INCLUDING UTILITIES, THEY PAY \$600 PER MONTH. A COMPARABLE APARTMENT RENTS FOR \$575 AND THE AVERAGE MONTHLY CHARGE FOR UTILITIES IS AN ADDITIONAL \$75.00 PER MONTH. THE DIFFERENCE IN THE MONTHLY COST BETWEEN THE COMPARABLE APARTMENT AND THEIR CURRENT APARTMENT INCLUDING UTILITIES IS \$50.00. THEY ARE ENTITLED TO A RAP OF \$2,100.00 (42 MONTHS TIMES \$50.00).

Residential Relocation of Properties

TENANT OCCUPANTS

- **The RAP can be used as a down payment by the tenant to purchase a home.**

OTHER CONSIDERATIONS

- **Disabled and handicapped occupant**
- **Agency pays for reasonable and necessary improvements at the replacement house to accommodate the person(s) relocated as a result of the project.**

Residential Relocation of Properties

OTHER CONSIDERATIONS

- **Price differential payments for owner occupants can be converted to rental assistance payments.**
 - Such conversions can be useful when assisted-living arrangements are desired by the person being relocated.
- **Financial means test.**
 - Not a real test, rather a gauge of the total relocation benefits package.
 - Relocation benefits should put the person(s) being relocated into the same financial position the person(s) enjoyed before being displaced by the project.

Residential Relocation of Properties

RESIDENTIAL RELOCATION HIGHLIGHTS

- **Provides some flexibility.**
- **Self-adapting to market conditions.**
- **Overall, very successful for residential occupants.**

Relocation of Business Properties

MOVING EXPENSES

- **The agency will pay the cost (100%) to:**
 - Disconnect, disassemble, package, crate, transport, un-crate, un-package, re-assemble and re-connect the furniture & equipment of the business to be relocated.
 - Upgrade the equipment to current codes (OSHA, State, County or City).

Relocation of Business Properties

OTHER MOVING EXPENSES

- **Cost to install utilities to the building from the nearest right of way.**
- **Cost to modify the utility connections within a building to accommodate the business equipment.**
- **Time spent searching for a replacement property to accommodate the business being relocated (\$2,500 max.).**
- **Professional services including feasibility and market studies (rules apply).**
- **The purchase of equipment that can't be moved (rules apply).**
- **Printing of new letterhead and marketing materials including yellow page ads (rules apply).**

Relocation of Business Properties

RE-ESTABLISHMENT EXPENSES

- **The sum of all re-establishment expenses cannot exceed \$10,000.00.**

Relocation of Business Properties

ELIGIBLE EXPENSES

- **Replacement of soiled, dirty surfaces (re-decorating).**
- **Modifications to the replacement property to accommodate the business.**
- **Increased operating expenses (rules apply).**
- **Repairs or improvements to the replacement property as required by Federal, State or local law, code or ordinance.**

Relocation of Business Properties

ELIGIBLE EXPENSES

- **Construction & installation costs for exterior signing to advertise the business.**
- **Advertisement of the replacement location.**
- **Other items that the Agency considers essential to the re-establishment of the business.**

Relocation Summary

- **Must spend the money to receive the benefit.**
- **Must provide evidence and description of money spent (copies of cancelled checks)**
- **Displacement must occur before relocation is available.**

QUESTIONS?

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