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

B-164844

MAY 1 1975

The Honorable Joseph J. Maraziti  
117 Cornelia Street  
Boonton, New Jersey 07005

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Dear Mr. Maraziti:

This is in reply to your request that we examine into the propriety of allegations made about the land acquisition practices of the Corps of Engineers at the Tocks Island Lake project in New Jersey and Pennsylvania.

As agreed with your office, we selected for review 17 of the cases you forwarded as examples of alleged land acquisition abuses. We reviewed Corps records and interviewed officials of the Corps' district and project offices and of the U.S. attorney's office, Newark, New Jersey. We also interviewed some of the individuals who were alleged to have made the complaints against the Corps.

As agreed with your office, we did not evaluate or question the appraisal price for individual tracts of land. We did, however, review the appraisals to determine whether they were being developed consistent with the Corps' prescribed policies and procedures.

We found that many of the cases reviewed involved transactions which occurred before 1971. Since 1971 improvements in land acquisition practices have been made. For instance, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646), enacted January 2, 1971, prescribed uniform and equitable land acquisition policies for Federal and federally assisted programs. The law required the Government to initially offer property owners the approved appraisal value rather than some lesser amount as had been practiced before January 1971. The Corps, under its current land acquisition policy, begins negotiations with the property owner at the approved appraised value.

We briefed your office on October 17, 1974, and advised that we found no evidence which would substantiate the alleged complaints. We advised also that we had interviewed three of the alleged complainants and that these individuals had told us that they either did not recall making the complaint or had definitely not made the complaint. In fact,

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two of these individuals wanted to know how we obtained their names and who had submitted complaints in their names.

At the briefing, your office requested that we interview an individual who had been denied a life estate--the right to use or occupy the property for life. This individual presented a convincing argument that he should not have been denied a life estate. The additional information obtained from this individual was brought to the attention of Corps officials for their consideration in reappraising this life estate. On the basis of the new information provided, the Corps advised this individual that he was eligible for a life estate under Public Law 89-158.

As agreed with your office, we did not interview the individuals associated with the 13 other cases. As requested, the facts developed on each of the 17 cases are enclosed and essentially confirm the information provided to your office on October 17, 1974.

We are forwarding a copy of this report to Congresswoman Helen Meyner, as you requested. We are also providing a copy of this report to the Chief of Engineers, Department of the Army.

Sincerely yours,



Comptroller General  
of the United States

Enclosure

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FACTS DEVELOPED BY  
GENERAL ACCOUNTING OFFICE  
ON ALLEGED LAND ACQUISITION ABUSES

Each of the 17 incidents of alleged land acquisition abuses by the Corps of Engineers at the Tocks Island Lake project in New Jersey and Pennsylvania are summarized below.

ONE PERSON WAS TOLD THAT SHE WAS BEING UNDERPAID SIMPLY BECAUSE HER NEIGHBOR WAS OVERPAID

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This complaint concerns the former owner of a property identified as tract number 4042 in the Delaware Water Gap National Recreation Area.

This is an improved property located in the Blue Mountain Lakes area. The Corps purchased this property on August 15, 1969, for \$13,500.

There were 106 tracts of land in the vicinity of the landowner's property, of which only 14 tracts were improved. Of these 14 tracts, 2 were purchased before tract number 4042 was purchased. The two properties were purchased at a higher price because they contained about twice as much land. For example, the subject property contained 0.73 acres, whereas the other properties contained 1.62 and 1.35 acres, respectively. The appraised values and final settlement for these three properties are as follows:

	<u>4042</u>	<u>Tract</u> <u>A</u>	<u>B</u>
Building	\$10,800	\$10,500	\$10,700
Land	2,200	3,500	3,500
Site improvements	-	-	2,800
Total appraised values	<u>\$13,000</u>	<u>\$14,000</u>	<u>\$17,000</u>
Date of valuation	1-20-69	8-20-68	10-24-68
Final settlement price	<u>\$13,500</u>	<u>\$14,000</u>	<u>\$17,500</u>
Settlement date	8-15-69	12-13-68	12-31-68

The former owner is still residing on the property. On September 26, 1974, we asked her if she remembered making a statement that she was underpaid for her property simply because a neighbor had been overpaid for his property. She told us that she did not recall ever making the statement.

AN INDIVIDUAL WAS TOLD THAT HE MAY CHOOSE  
TO GO TO COURT BUT THAT HIS COURT CASE WOULD  
NOT COME UP FOR 3 OR 9 YEARS

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This complaint concerns the former owner of tract number 803 in the Delaware Water Gap National Recreation Area. This property is situated in Pahaquarry Township, Warren County, New Jersey.

This unimproved tract was appraised by a Corps staff appraiser who estimated its value at \$7,650 as of November 6, 1968. This appraisal was approved by the Corps and used as the basis for its negotiations with the landowner.

The Corps made an initial offer of \$7,000 on November 19, 1968. The owners rejected this offer and made a counteroffer in the amount of \$30,000. During the ensuing negotiations the Corps suggested a compromise offer of \$8,000 which the owners accepted on May 5, 1969. Final settlement was made on June 17, 1969.

With respect to condemnation, the negotiator's report stated that the owners had been advised that condemnation proceedings would be instituted because their counteroffer was above the Government's range of acceptance.

On September 26, 1974, the former landowner told us that neither she nor her husband had made the complaint, and she wanted to know who would submit a complaint in their name. She said they were completely satisfied with their settlement and could see no reason to complain.

AN INDIVIDUAL HEARD THAT DECLARATION-OF-TAKING  
PAPERS HAD BEEN FILED FROM A NEIGHBOR WHO  
LEARNED THIS FACT AT A LOCAL INN

This complaint concerns the former owner of tract number 8823 in the Tocks Island Lake project.

On July 1, 1972, the U.S. attorney for the district of New Jersey filed a complaint in condemnation, a declaration of taking, and deposited in the registry of the court a sum of money as the estimated compensation for the taking of this property. On July 19, 1972, in response to an inquiry by the former owners, the assistant U.S. attorney told them that the funds on deposit could be withdrawn upon the satisfaction of certain items concerning the property. On July 28, 1972, the U.S. attorney requested the court to disburse to the former owners the funds on deposit.

On September 18, 1974, the former owner told us that one of his tenants told him that his property had been condemned and that the tenant had heard about the condemnation at the local inn. However, the former landowners also stated that they had not made the complaint, and they wanted to know how we obtained their name.

AN INDIVIDUAL WAS DENIED A REQUEST  
FOR A LIFE ESTATE (TENANCY)

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This complaint concerns a request for a life estate in tract number 2205 in the Delaware Water Gap National Recreation Area. The request was denied by the Corps on the basis that the landowners did not meet the criteria for a life estate under Public Law 89-158.

During the negotiations for the subject tract, the landowners requested that they be considered for a life estate. On April 16, 1974, the owners completed and signed an application for retained use and occupancy. The application showed that they had purchased their property in 1962 and that construction of their home was started in 1964 and completed in 1965. On May 1, 1974, the Corps advised the owners that on the basis of the information furnished on the application, they did not qualify for a life estate.

On July 11, 1974, the Corps advised Congressman Joseph J. Maraziti that Public Law 89-158 limits the retention of life tenancy in the Delaware Water Gap National Recreation Area properties to a single-family year-round dwelling, the construction of which was begun before January 21, 1963. On the basis of the landowners' statement that construction of the dwelling was begun in 1964, they would be ineligible for life tenancy under this law.

The Corps also advised Congressman Maraziti, on September 19, 1974, that the landowners acquired tract number 2205 in three increments: September 18, 1962; March 10, 1964; and July 24, 1974, respectively. There is no building located on the first increment. In addition, the Corps stated that, as a requisite to establishing eligibility to retain life tenancy, it would be necessary for the landowners to furnish acceptable proof that construction of the dwelling began before January 21, 1963, and to resolve the questions posed by the fact that the deeds for that portion of tract number 2205 where the dwelling is located were executed after January 21, 1963. Further, if the owners supplied this information the Corps would make another determination on their request for a life tenancy.

Tract number 2205 was located in the Blue Mountain Lakes area, Walpack Township, Sussex County, New Jersey. Parcels of land in this development were sold by the purchase contract method, and deeds were

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issued to the buyers after final payments. In this respect, we found indications that the owners had signed purchase contracts in 1961 and 1962.

A Corps attorney told us that, under the purchase contract method of acquiring land, when the purchaser signed the contract, he acquired an interest in the land even though the seller held title to the land sold.

On October 24, 1974, we met with the former landowners to discuss their situation and obtain whatever additional information they had to support their position for a life tenancy. The former owners provided us with copies of the sales contracts which showed that the land was purchased during 1961 and 1962. They provided us also with copies of signed statements from two individuals who said that the former owners began to build their home during the fall of 1962.

We brought this additional information to the attention of Corps officials for their consideration in reappraising this application for a life estate. On November 4, 1974, the Corps advised the former owners that on the basis of the new information provided, they were eligible for a life estate under Public Law 89-158.

A LANDOWNER WAS TOLD THAT THE POOR  
CONDITION OF THE ROAD WOULD AFFECT  
THE PRICE HE OBTAINED FOR HIS LAND

This complaint concerns the former owner of tract number 6232 in the Delaware Water Gap National Recreation Area. This property is located in the Lake Success Development (Skyline Acres), Walpack Township, Sussex County, New Jersey.

The property was appraised as having a fair market value of \$17,000 as of November 20, 1968. Negotiations for the property commenced on January 23, 1969, and the Government's initial offer was rejected by the owner. During the ensuing negotiations, both parties to the transaction agreed to a compromise price of \$19,250. Final settlement was made on December 18, 1969.

It was alleged that the Government was responsible for maintaining the road. With respect to road maintenance, we were told by a Corps attorney that the Federal Government did not incur any liability for road maintenance by purchasing land abutting the road. The Government purchases property subject to existing easements for roads and, like any other land purchaser, is entitled to continued maintenance of all public roads in the area. The political subdivisions maintaining roads within a project continue to receive road taxes for maintenance

of roads up until the time that the road has been formally vacated and abandoned by them.

AN INDIVIDUAL RECEIVED A \$37,500  
OFFER FOR HIS PROPERTY AND 3 YEARS  
LATER, IN 1971, HE WAS OFFERED \$87,000

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This allegation is associated with a property identified as tract number 7144 in the Delaware Water Gap National Recreation Area. The property is situated in Walpack Township, Sussex County, New Jersey.

According to Corps records, the initial appraisal of this property was made by a contract appraiser who estimated the fair market value, as of April 15, 1968, at \$40,000. Negotiations for the property commenced on September 17, 1968, and the Government's initial offer of \$37,000 was rejected by the owner. (It should be noted that at this time the Government was permitted to start negotiations at less than the appraised value.) The Government's second offer of \$40,000, made on October 31, 1968, was also rejected by the owner. Negotiations continued until May 19, 1969, at which time the owner requested that condemnation proceedings be instituted.

The declaration of taking was filed on November 3, 1969, and the amount of \$40,000 was deposited in the registry of the court. Subsequent to the filing of the declaration of taking, both the U.S. attorney, Newark, New Jersey, and the Corps had the property reappraised. Both appraisals were prepared to determine the estimated value of the property as of November 3, 1969, the date of taking. The one appraisal, requested by the U.S. attorney, showed the estimated value to be \$72,000, and the other appraisal, requested by the Corps showed the estimated value to be \$75,000.

On October 5, 1971, the U.S. attorney and the former landowner reached an agreement on the value of the property. The agreement stipulated that the amount of \$87,000, inclusive of interest, was full and just compensation for the taking of this property. This agreement was approved by the court on November 19, 1971, and final payment was made by the Corps on December 29, 1971.

With respect to the large difference in price between the initial offer in September 1968 (\$37,000) and final settlement in October 1971 (\$87,000), it appears that this difference or increase in value can be attributed to the following factors.

The initial appraisal was made to establish a valuation as of April 15, 1968, and the other appraisals were made during 1971 to establish a valuation as of November 3, 1969 (date of taking). This

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is a difference in time of about 1-1/2 years between valuation dates and 3 years between appraisals.

Secondly, there was a difference in the opinion as to the contributory value of all improvements on the property between the initial appraisal and the subsequent appraisals. For example, the appraiser who prepared the initial appraisal said the property was in need of repairs and this factor was taken into consideration in his approach to determining the value. Three years later the property was reappraised by two different contract appraisers. Neither appraiser mentioned that the property was in need of repairs. Both state, however, that the guest house was undergoing renovations. It appears that, if repairs were needed, they were made subsequent to the initial appraisal.

Finally, the U.S. attorney negotiated a settlement price which was \$12,000 higher than the most current appraised value of the property.

According to a Corps official, the difference in the appraised values for this property was mainly attributed to the values placed on the main dwelling. The later appraisals showed the strong demand in the area for the thick-walled stone dwellings that are 100 years old or older, whereas, the initial appraisal did not.

IT WAS SUGGESTED THAT, IF THE OWNER SOLD  
PART OF THE LAND FOR USE AS A PARKING  
LOT, A MORE FAVORABLE DEAL COULD BE WORKED  
FOR THE REST OF THE PROPERTY

This complaint pertains to land designated as tract numbers 617-1 and 617-2 in the Tocks Island Lake project.

Documentation available at the Corps did not disclose any evidence that a parking lot was built on these tracts. We found, however, that the Corps did obtain a right-of-entry agreement to build a parking lot on another property owned by the same person. This property was identified as tract 819-2 and is located in the Delaware Water Gap National Recreation Area.

The properties (tract numbers 617-1, 617-2, 819-1, and 819-2) were transferred to a trust on March 4, 1968. Negotiations for the right of entry to tract 819-2 were conducted during April 1970 through July 1970 between the Corps and the attorney for the trustees. A duly executed right-of-entry agreement for tract 819-2 which granted the Government an irrevocable right to enter the property, was transmitted to the Corps on July 22, 1970.

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We could not substantiate the contention that "a more favorable deal" was arranged because the Government obtained a right-of-entry agreement to the former landowner's property. In fact, the attorney for the trustees requested that condemnation proceedings be instituted because he preferred that the courts determine the fair market value of the properties. Condemnation proceedings were initiated on October 28, 1971, and on September 6, 1974, the U.S. attorney and the former landowner reached an agreement on the value of the property. Final payment was made by the Corps on October 25, 1974.

AN INDIVIDUAL ASKED WHY THE FACT THAT  
HIS PROPERTY HAS A HALF MILE OF FRONTAGE  
ON ONE OF NEW JERSEY'S FINEST TROUT STREAMS  
HAD NO BEARING ON THE PRICE HE WAS OFFERED

This allegation is associated with a tract of land identified as tract number 8209 in the Delaware Water Gap National Recreation Area. The property is situated in Walpack Township, Sussex County, New Jersey.

The Corps engaged an independent contract appraiser to inspect and appraise this property to estimate the fair market value.

In estimating the value for this property the appraiser considered the fact that the property was located on a stream. For example, according to the appraiser, the stream which flows through the property is about 25 feet wide and is considered one of the better fishing streams in the State. The appraisal report contained detailed information on the sales of comparable properties used by the appraiser in arriving at the value of the property being appraised. The major portion of these comparable sales contained rights to or frontage on bodies of water. The appraiser compared the subject property to these sales and adjusted the sales for time, location, and frontage on bodies of water.

We could find no basis to question the reasonableness of the comparable sales used or the method leading to the appraiser's conclusion of value.

On March 1, 1972, the appraiser submitted his appraisal report which showed the fair market value of this property at \$32,000 as of February 15, 1972.

Negotiations were conducted on the basis of this approved appraisal. The Corps made an initial offer of \$32,000 on April 20, 1972, which was rejected. During the ensuing discussions the Corps' negotiator suggested a compromise offer of \$35,000 subject to the approval of higher authority. This offer was also rejected, and on June 1, 1972,

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the landowner requested that condemnation proceedings be instituted to resolve the matter.

The declaration of taking was filed on August 8, 1972. After the declaration of taking was filed, the former landowner agreed to accept from the Government the sum of \$38,700, inclusive of interest, as full and just compensation for the taking of this property. This agreement was approved by the court on July 26, 1974.

SURVEYS MADE FOR A LANDOWNER INDICATED  
THAT HIS PROPERTY CONTAINED 9.2 ACRES, BUT  
THE CORPS CLAIMED THE PROPERTY WAS ABOUT  
7.2 ACRES

This allegation is associated with an unimproved tract of land identified as tract number 7654 in the Delaware Water Gap National Recreation Area. This property is situated in Walpack Township, Sussex County, New Jersey.

A difference of opinion does exist between the owner and the Corps on the amount of acreage involved in this tract of land. The owner's deed, dated October 22, 1960, provided for a land area of about 12.82 acres. The tract description prepared by a contractor for the Corps, however, indicated an area of about 7.22 acres.

On August 4, 1972, the landowner presented to the Corps survey drawings made of his property. Corps officials told him that the descriptions used by surveyor were incorrect. On September 15, 1972, Corps officials met with the landowner and his surveyor to discuss these discrepancies. At this meeting the surveyor indicated that either he or the Government could be correct in their estimate of acreage for this property.

A Corps official met again with the landowner on August 20, 1974, to discuss the problems concerning this property. He advised the Corps that he had two certified surveys made of his property, both of which indicated that the area contained about 9 acres.

A Corps official told us that as of February 26, 1975, a settlement had not been made on this property.

AN INDIVIDUAL WAS TOLD THAT HE WAS BEING  
MADE "AN EXAMPLE OF" SO THAT NEIGHBORING  
PROPERTY OWNERS WOULD KNOW WHAT PRICE  
(IMPLICITLY LOW) THEY, TOO, COULD EXPECT

This allegation is associated with a property identified as tract number 122 in the Delaware Water Gap National Recreation Area. The

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property is situated in Upper Mount Bethel Township, Northampton County, Pennsylvania.

This property was appraised by an independent contract appraiser who estimated its value at \$65,000 as of January 15, 1967. This appraisal was disapproved by the Corps because (1) market sales did not support the indicated value, (2) front footage was supported only by a 1-acre sale, and (3) cost data was not supported. This property was reappraised by a Corps staff appraiser who estimated its value at \$50,000 as of February 14, 1967. This appraisal was approved by the Corps and used as the basis for its negotiations with the landowner.

Negotiations with the landowner commenced on March 1, 1967, and continued until March 31, 1967. At this time, the landowner was advised that condemnation proceedings would be instituted to secure an impartial and just resolution by the court of the difference of opinion as to value. The declaration of taking was filed on May 10, 1967, and \$50,000 was deposited in the registry of the court. On May 6, 1970, the court awarded the former landowner \$87,500, inclusive of interest.

We could not substantiate the contention that the Corps attempted to make "an example of" this property owner by approving a lower valuation for the property. Comments of the reviewing appraiser indicated that the contract appraiser's valuation was disapproved because it was not adequately supported and not because the valuation was high.

AN INDIVIDUAL WAS TOLD HE SHOULD NOT  
BOTHER TO GO TO COURT BECAUSE "YOU  
WON'T GET ANY MORE FOR YOUR PROPERTY"

This complaint concerns the owner of tract number 2066 in the Delaware Water Gap National Recreation Area. This property is situated in Walpack Township, Sussex County, New Jersey.

It was alleged that this property owner was told that lawyer and appraiser fees would eat up the difference between the Government's offer and the court award.

This property was appraised as having a fair market value of \$23,000 as of July 14, 1973. This approved valuation was used as the basis for negotiating with the owner.

The Corps made an initial offer of \$23,000 on November 7, 1973. This offer was rejected by the owner who made a counteroffer in the amount of \$35,000. During the ensuing discussions the Corps suggested a compromise offer of \$26,000 subject to the approval of higher authority. The owner accepted the offer and executed an offer to sell on January 24, 1974.

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Negotiations with the landowner commenced on March 1, 1967, and continued until March 31, 1967. At this time, the landowner was advised that condemnation proceedings would be instituted to secure an impartial and just resolution by the court of the difference of opinion as to value. The declaration of taking was filed on May 10, 1967, and \$50,000 was deposited in the registry of the court. On May 6, 1970, the court awarded the former landowner \$87,500, inclusive of interest.

We could not substantiate the contention that the Corps attempted to make "an example of" this property owner by approving a lower valuation for the property. Comments of the reviewing appraiser indicated that the contract appraiser's valuation was disapproved because it was not adequately supported and not because the valuation was high.

AN INDIVIDUAL WAS TOLD HE SHOULD NOT  
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This complaint concerns the owner of tract number 2066 in the Delaware Water Gap National Recreation Area. This property is situated in Walpack Township, Sussex County, New Jersey.

It was alleged that this property owner was told that lawyer and appraiser fees would eat up the difference between the Government's offer and the court award.

This property was appraised as having a fair market value of \$23,000 as of July 14, 1973. This approved valuation was used as the basis for negotiating with the owner.

The Corps made an initial offer of \$23,000 on November 7, 1973. This offer was rejected by the owner who made a counteroffer in the amount of \$35,000. During the ensuing discussions the Corps suggested a compromise offer of \$26,000 subject to the approval of higher authority. The owner accepted the offer and executed an offer to sell on January 24, 1974.

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On January 31, 1974, the offer was accepted by the Corps. It was accepted because the husband alone, was named as grantee in the latest recorded deed for the property, and he had advised the Corps that he and his wife had been legally separated for over 20 years and that she had no interest in the property.

This matter was referred to the Corps' attorney for payment and closing. The Corps' attorney could not find a record of a court decree creating a legal separation.

This development indicated that the wife possessed an interest in the property and that she would have to join in the deed for transfer of a valid title. The Corps, in an effort to acquire the property by negotiated purchase rather than by condemnation action, resumed negotiations for the purpose of obtaining the signature of both spouses in a negotiated agreement for the sale of the property.

The Corps contacted the wife during June 1974 and asked if she would sign the option that her husband had executed in the amount of \$26,000. She said that she would not sign any papers and that her interest would have to be acquired through litigation.

Since both spouses would not sign the agreement, a Corps district official recommended that this property be acquired by condemnation action. On February 26, 1975, a Corps official told us that formal condemnation proceedings had not yet been instituted.

AN INDIVIDUAL WAS TOLD NOT TO BOTHER  
TO GO TO COURT BECAUSE HE COULD NOT  
"WIN" AGAINST THE GOVERNMENT

This allegation is associated with a property identified as tract number 1656 in the Delaware Water Gap National Recreation Area. The property containing about 0.30 acre is situated in Walpack Township, Sussex County, New Jersey.

Corps documentation disclosed that the former landowner was also the former owner of tract number 1657 in the Delaware Water Gap National Recreation Area. This tract contained 0.46 acre.

The Corps negotiated for the purchase of both tracts simultaneously. Negotiations commenced on September 19, 1968, and continued until May 28, 1969, at which time the landowner agreed to accept the Government's compromise counteroffer of \$14,800 for both tracts. The offers to sell real property signed by the landowner were accepted by the Corps on June 14, 1969. Final settlement was made on September 11, 1969.

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In this case it appears that the Government and the landowner reached an agreement concerning the value of the properties and there was no need to go to court.

AN INDIVIDUAL WAS NOT INFORMED  
THAT DECLARATION-OF-TAKING  
PAPERS HAD BEEN FILED

It was alleged that an individual was not informed that declaration-of-taking papers had been filed but learned this fact from the tax collector. Three months later the Federal marshals arrived and served declaration-of-taking papers.

This complaint concerns the former owners of tract numbers 7621-1 and 7621-2 in the Tocks Island Lake project.

Negotiations with the landowners commenced on September 28, 1971, and continued until January 18, 1972, at which time the owners requested that their property be acquired through condemnation proceedings. On February 1, 1972, the Corps advised the landowners that a complaint in condemnation and declaration of taking were being prepared for filing in the U.S. district court.

On June 30, 1972, the U.S. attorney for the district of New Jersey filed a complaint in condemnation, a declaration of taking, and deposited in the registry of the court a sum of money as the estimated compensation for the taking of the real property. On August 22, 1972, the notice of condemnation was filed with the court. The former landowners received personal service of this notice on September 26, 1972, or 35 days after the notice was filed.

However, the assistant U.S. attorney told us that the former owners had been advised of the taking before September 1972. However, the assistant U.S. attorney could not locate a copy of the letter notifying the condemnees of the taking.

To preclude this type of situation from recurring, the U.S. attorney's office now requires that the letter notifying condemnees of the taking be sent certified mail, return receipt requested. This letter is sent on the date of the filing of the declaration of taking.

Although it appears that there was a delay on the part of the Government to inform the former landowners of the taking, we noted that the former landowner in a letter dated November 17, 1972, expressed his appreciation to the assistant U.S. attorney for the assistance provided to him and his wife.

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AN INDIVIDUAL WAITED 1 YEAR TO OBTAIN  
MONEYS AWARDED FOR HER PROPERTY AND  
THE INDIVIDUAL'S INTEREST ON THIS  
MONEY FOR THAT PERIOD WAS LOST

This allegation is associated with a property identified as tract number 2001 in the Delaware Water Gap National Recreation Area.

On March 29, 1972, the landowner executed an offer to sell her property to the Government for the sum of \$7,800. The seller agreed that the offer could be accepted by the Government at any time within 12 months of the offer date. The offer was accepted on behalf of the Government on January 10, 1973.

A deed for conveying the subject tract and other closing papers were mailed to the landowner on February 8, 1973. She was advised that, as soon as the Corps received the completed documents, closing could be completed and a check would be mailed. However, on March 7, 1973, the owner advised the Corps that she had "decided not to sign the forms necessary for the sale" of her property.

On March 29, 1973, the Corps advised the owner that, because of her unwillingness to cooperate in closing, title to her tract would be acquired by condemnation. Condemnation proceedings were instituted on July 13, 1973. On February 19, 1974, the court ordered that the Government pay the sum of \$7,800, inclusive of interest, as the full, fair and just compensation for taking the former owner's interests in the subject property. Final payment was made to the former owner on February 24, 1974.

With respect to the loss of interest on moneys awarded, the former landowner was not entitled to any additional interest because the court decreed that final payment was inclusive of interest.

AN INDIVIDUAL WHOSE PROPERTY INCLUDED  
A MAIN RESIDENCE PLUS THREE WINTERIZED  
CABINS WHICH WERE RENTED OUT PAYED TO THE  
GOVERNMENT \$960 A YEAR FOR RENT WHILE A RETIRED  
COUPLE WHO DERIVED NO INCOME FROM THEIR PROPERTY  
WAS CHARGED \$900 A YEAR

This allegation is associated with two distinct tracts of land identified as tract numbers 8823 and 7607-1 in the Tocks Island Lake project area.

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Tract number 8823 was acquired by condemnation on July 1, 1972. The property contained 2.66 acres and six one-family dwellings.

Subsequent to the date of taking, the former owners executed a lease with the Government in the amount of \$960 a year for only the dwelling they occupied. The dwelling contained a living room, kitchen, two bedrooms, bath, and garage; or a total of 768 square feet of living area.

The other five dwellings on tract number 8823 were managed by the Government and four were leased to former tenants. These individual leases were for specific dwellings on the property and were for a term of 1 year, beginning July 1, 1972 (date of taking) and ending June 30, 1973. Rental payments for these dwelling units were received by the Corps on a quarterly basis, with checks made payable to the Treasurer of the United States. The former owners received no rent from these leases as was alleged. In fact, Corps officials were under the impression that rentals collected by the former owners after title passed to the Government were refunded to the tenants.

The other property, tract number 7607-1, was acquired by the Government on March 28, 1972. Subsequent to the acquisition, the former landowners executed a lease with the Government in the amount of \$900 a year. The lease was for tract number 7607-1 which contained 5 acres and the improvements thereon. The improvements included a dwelling containing 1,629 square feet of living area and a garage.

ONE INDIVIDUAL WAS DENIED THE RIGHT  
TO LEASE BACK WHILE ANOTHER INDIVIDUAL  
WAS GRANTED THIS RIGHT

It was alleged that one individual requested the right to lease back a few extra acres around his house so that he could have some pasture for his animals. He was told that this was not possible. A second individual requested, and was allowed, to rent back about 30 additional acres around his house. The individual then rented out this acreage to trailer campers for about \$50 per camper site per month.

This allegation was associated with two distinct takings in the Tocks Island Lake project area. The properties involved in these transactions were identified as tract numbers 8010-1, 8010-2, 603-1, 603-2, and 603-3.

Tract numbers 8010-1 and -2 were acquired by condemnation on June 30, 1972. The former owners, in addition to living on the property, operated an antique shop. Before the taking of this property, the owners

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requested the Corps to provide them with a commercial lease for at least 1 year to enable them to reduce their merchandise inventory. A lease was executed for tract number 8010-2, which consisted of about 3.5 acres and a frame building containing a combination antique store and residence.

Corps documentation did not disclose any evidence that the former owners had requested the Corps "to lease-back a few extra acres around his house so that he has some pasture for his animals." The Corps' negotiator told us that he had never seen farm animals on the property and that animals were never mentioned during his discussions with the former owners or their tenants.

The other property, tract numbers 603-1, -2, and -3, containing about 71 acres, was acquired by condemnation on October 28, 1971. The former owners, in addition to living on the property, utilized it for commercial purposes: operation of a tavern; rental of apartments; rental of cabins; and rental of overnight camping facilities. A lease was executed for tract number 603-1, which contained about 28 acres and various improvements. The lease required that the property be used for residential, commercial, and recreational purposes.

The Corps' policy permits former owners of properties, which are acquired for the Tocks Island Lake project and which are not required for reservoir or dam construction purpose, to lease back the properties for continued commercial uses. Rentals are based upon appraisals of the fair market value of the properties and are charged from the date when the title to such property vests in the Government by either conveyance or condemnation action.

Corps documentation did not disclose any evidence that the Corps acted improperly in leasing tract number 603-1 to the former owners for residential, commercial, and recreational purposes.

We did not attempt to prove or disprove the validity of the statement that this lessee was renting "out this acreage to trailer campers for about \$50 per camper site per month" because the lessee was acting within the confines of his lease. Further, the property was being leased for the same purposes as it was formerly used and the lessee was paying the Government a commercial rent for the property.