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APPROACH USED BY CORPS OF ENGINEERS
IN REMOVING PEOPLE FROM PROPERTY
ACQUIRED BY CONDEMNATION

B-176577
5-2-73

RESTRICTED

Report to Congressman E. G. Shuster, pursuant to his request.

We furnished information concerning the Corps' approach to removing people from their property when it is acquired by condemnation and particularly the actions taken regarding Mr. Clair Grove, Tract 2300, Raystown Lake Project, Huntingdon County, Pennsylvania.

No index prepared.

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

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MAY 2 1973

The Honorable F. G. Shuster
House of Representatives

Dear Mr. Shuster:

Your letter of March 12, 1973, asked us to inquire into the Corps of Engineers' general approach to removing people from their property when it is acquired by condemnation and, particularly, its actions regarding Mr. Clair Grove, Tract 2300, Raystown Lake Project, Huntingdon County, Pennsylvania.

On March 23, 1973, at a meeting with your office, we discussed the chronology of events concerning the acquisition of Mr. Grove's property and the Corps' handling of Mr. Grove's salvage rights and relocation assistance. We discussed also the Corps' procedures for providing relocation assistance to homeowners whose properties were being acquired by condemnation. Also we explained the relocation benefits available under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601).

Following is a summary of the information we obtained from the Corps at the project site and in an interview with Mr. and Mrs. Grove.

The Corps negotiated with Mr. Grove on seven occasions between October 1971 and March 1972 to acquire the property. In March 1972, the Corps discontinued the negotiations because of the wide difference between the Government's offer of \$61,900 and Mr. Grove's counteroffer of \$80,000. During March 1972 the Corps notified Mr. Grove that it intended to acquire the property through condemnation proceedings.

The Corps' initial appraisal of the Grove's property was made during 1971 and was updated in May 1972 to reflect current market values. This increased

the appraised value from \$54,000 to \$55,650. The Corps' Baltimore District and its North Atlantic Division offices rejected a second appraisal which placed the estimated fair market value of the property at \$69,300 because it was extremely optimistic.

On July 19, 1972, a condemnation suit was filed and the property was condemned at \$55,650--the approved estimate of fair market value at that date. On the following day, the Corps notified Mr. Grove and his attorney that (1) condemnation proceedings had been filed, (2) the property should be vacated by October 31, 1972, and (3) the U.S. Attorney should be contacted if Mr. Grove wanted to salvage any improvements. Mr. Grove was provided with a brochure explaining relocation assistance and benefits and how to obtain such assistance.

A Corps official informed us that he assumed Mr. Grove did not wish to retain salvage rights because, to his knowledge, neither Mr. Grove nor his attorney contacted the U.S. Attorney requesting these rights on the property. During December 1972 the Corps awarded a contract for clearing the land occupied by Mr. Grove. Corps officials advised us that, once the contract was awarded, the salvage rights became the property of the contractor and no longer belonged to the Government.

During January 1973 Mr. Grove's attorney, in a letter to the Corps, requested salvage rights on the property. The Corps referred this request to the U.S. Attorney who advised that Mr. Grove should contact the clearing contractor regarding salvage rights. However, Mr. Grove informed us that he did not contact the contractor. Later the Corps interceded with the contractor to obtain salvage rights for Mr. Grove. Because of this, Mr. Grove has salvage rights on the property--without charge--until April 20, 1973.

Mr. and Mrs. Grove advised us that the salvage rights problem had been solved and that they were satisfied with the efforts made by the Corps'

relocation specialist in locating available farm properties. However, they stated that their complaint basically concerned the difficulty they were encountering in locating a replacement farm property within their financial means. They pointed out that farm properties which they considered comparable were available only in the \$100,000 range but that this price range was well above the \$55,650 at which their property was condemned. They believe that the Government should provide them with the financial means for purchasing another property, either by paying more for their property or by making up the difference upon relocation.

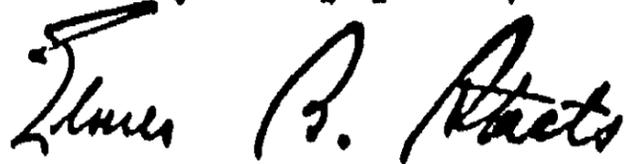
The Uniform Relocation Assistance and Real Property Acquisition Policies Act provides relief to homeowners by authorizing a payment--up to \$15,000--of the difference between the amount an owner is paid by the Government for the acquired house and the cost of purchasing decent, safe, and sanitary comparable replacement housing. Also the act provides payments for certain expenses and losses incurred in relocating. Corps officials informed us that Mr. Grove had been told of the method used to determine his replacement housing payment. They said, however, that the replacement housing payment and payment for other eligible expenses and losses could not be determined until after he purchased a replacement house.

Apparently the numerous complaints your office has received concerning appraisal values are based on comparisons of such values with the higher asking prices for properties in the area resulting from recognition of the benefits to be derived from the project. The Corps appraises the fair market value of a property without considering enhancement value--the increase in value because of the construction of the project. Stated another way, the appraisals are based on recent sales prices of comparable properties and not on asking prices for comparable properties which include recognition of enhancement values. This procedure is consistent with Government land acquisition policy.

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As agreed with your office, we plan to make no further investigation in this area. We trust that this information will answer your questions.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Peets". The signature is written in black ink and is positioned below the typed name.

Comptroller General
of the United States