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Report to the Congress; by Elmer B. Staats, Comptroller General.

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Authority: Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. 4601). OMB Circular A-103. Demonstration Cities and Metropolitan Development Act of 1966. Housing and Community Development Act of 1974. Housing Act of 1949.

The relocation act is intended to provide for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs. Findings/Conclusions: Some displaced persons are receiving little or no relocation assistance because the coverage provided by the act is limited. When Federal financial assistance is provided to organizations other than State agencies, few relocation benefits are provided because of the belief that the act does not apply under these conditions. Businesses may suffer because the benefits are not provided to pay for increased costs at a replacement site. The Housing and Community Development Act of 1974 decreased coverage under the relocation act because of agency and court interpretations that the benefits are not required to be paid to displaced persons when there is no acquisition of property. Although the act calls for coordination among agencies, each issues its own regulations with the result that benefits have differed under comparable conditions. The Relocation Assistance Implementation Committee has been unable to bring about the uniformity prescribed by the act because it lacks authority to rule on differences in agencies' positions. Recommendations: The Congress should: consider whether the act should cover all displacements caused by Federal or federally assisted acquisition and nonacquisition projects; consider providing additional benefits to displaced businesses; and amend the act to require the President to issue a single set of relocation regulations and to designate a central organization

to direct and oversee uniform procedures governmentwide. (Author/HTW)

5612

REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

Changes Needed In The Relocation Act To Achieve More Uniform Treatment Of Persons Displaced By Federal Programs

The Federal Government has not provided uniform treatment to people displaced from their homes and businesses by Federal or federally assisted programs. The President needs new authority from the Congress to ensure uniform treatment. To achieve this the Congress needs to reconsider the coverage of the relocation act and provide for one set of governmentwide regulations to replace the multiple sets now issued by various Federal agencies.

GGD-78-6

MARCH 8, 1978

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

B-148044

To the President of the Senate and the
Speaker of the House of Representatives

This report assesses the implementation of title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601). This act provides for assistance to people displaced as a result of Federal or federally assisted programs. Our report deals with the inconsistent and inequitable relocation assistance benefits provided under the act and recommends several amendments to the act.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of the report to the Acting Director, Office of Management and Budget; the Administrator, General Services Administration; and the heads of the departments and agencies to which the act applies.

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

CHANGES NEEDED IN THE RELOCATION ACT TO ACHIEVE MORE UNIFORM TREATMENT OF PERSONS DISPLACED BY FEDERAL PROGRAMS

D I G E S T

INEQUITIES FOUND BY GAO

The relocation act is intended to provide for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs. Its purpose is to prevent individuals from suffering disproportionate injuries as a result of programs designed to benefit the general public.

Federal agencies have made substantial progress during the last 6 years in carrying out the act. Some displaced people, however, are receiving little or no relocation assistance because the coverage provided by the act is limited. In addition, GAO found an inconsistent, inequitable, and confusing array of differing formats, terminologies, and guidelines in 13 Federal agencies' regulations resulting in people being treated differently when displaced by these agencies.

INEQUITIES CAUSED BY LIMITATIONS IN THE ACT

Federal agencies have taken the view that the act applies only to displacement caused by Federal agencies or by State agencies receiving Federal financial assistance. Often, however, Federal financial assistance is provided to organizations other than State agencies for projects which displace people and businesses. When this happens, few if any relocation benefits are provided.

Businesses also may suffer hardships because relocation benefits are not provided under the act to pay for increased costs at a replacement site. Many businesses were forced to cease operations because of the lack of replacement facilities or because the higher cost of available facilities was not reimbursable.

Moreover, the Housing and Community Development Act of 1974 decreased coverage under the relocation act. Activities authorized by the Housing Act of 1949 and the Demonstration Cities and Metropolitan Development Act of 1966--which were replaced by the 1974 act--and not involving acquisition of property, such as code enforcement and rehabilitation, were covered by the relocation act. However, the Department of Housing and Urban Development has determined, and the courts have agreed, that similar activities now carried out under the 1974 act are not subject to the relocation act. This means that relocation benefits are no longer required to be paid to displaced persons when there is no acquisition of property.

UNIFORM TREATMENT HAS NOT BEEN ACHIEVED

As previously stated, although the act calls for coordination among Federal agencies, each issues its own regulations. Because these regulations are not uniform, displaced homeowners and tenants receive differing payments for replacement housing, rental assistance, and situations where comparable replacement housing is not available. Businesses relocated by different agencies also receive different benefits. There is no effective Federal coordination of relocation assistance.

The act provides replacement housing payments of up to $15,000 to displaced homeowners and rental assistance payments of up to $4,000 to displaced tenants. These payments compensate those displaced for the increased cost of acquiring a comparable and a decent, safe, and sanitary replacement dwelling. Because different methods are used to determine the cost of comparable replacement dwellings, displaced people may receive differing payments. In Baltimore, for example, a homeowner displaced by a highway project received $1,750 less than he would have received if displaced by a housing project.

When the computed replacement housing payment exceeds $15,000, Federal agencies have different policies. One agency generally

limits the payments to $15,000; another, using its interpretation of the last resort housing provision of the act, authorizes the amount needed.

Relocated businesses are also treated inconsistently. On one project in Seattle, a relocated business received about $49,000 for 81 changes to the replacement structure. In contrast, an official of another Federal agency said his agency would have paid for only 10 of the 81 changes.

WHY DIFFERENCES HAPPENED

The root cause of all this lies within the relocation act itself. The act does not provide sufficient coverage and benefits to protect all who suffer hardships when displaced. Also, as long as each Federal agency has the authority to issue its own relocation regulations, inconsistencies and inequities can be expected to continue.

The Relocation Assistance Implementation Committee has been unable to bring about the uniformity prescribed by the act because it lacks authority to rule on differences in agencies' positions.

WHAT NEEDS TO BE DONE?

GAO recommends that the Congress consider whether the act should cover all displacements caused by Federal or federally assisted acquisition and nonacquisition projects. Amendments to the relocation act have been introduced to cover persons displaced by other than State agencies.

GAO also recommends that the Congress consider providing additional benefits to displaced businesses.

Basic legislative amendments are needed also to provide the authority to manage effectively the requirements of the relocation act. GAO recommends that the Congress amend the act to require the

President to issue a single set of relocation regulations and to designate a central organization to direct and oversee uniform procedures governmentwide.

AGENCY COMMENTS

Copies of this report were distributed to the Office of Management and Budget (OMB), the General Services Administration, and the public interest groups having an interest in relocation activities. OMB secured the views of Federal regional councils and incorporated them into its comments. The General Services Administration circulated the draft to Federal agencies belonging to the Relocation Assistance Implementation Committee and consolidated the comments into a single response. These two responses are included as appendixes II and III, respectively.

These two and the Federal agencies generally agreed with GAO's recommendations for legislative changes as necessary to improve the uniform and equitable treatment of displaced persons by the act.

No general agreement exists among Federal agencies regarding GAO's recommendations for requiring a single set of relocation regulations and a central organization to oversee relocation procedures. However, both the General Services Administration and OMB support these recommendations as needed to achieve the objectives of the act. They disagree as to which agency should be responsible for directing and overseeing uniform procedures governmentwide. Each believes that the other should have the role.

Contents

ABBREVIATIONS

FHWA	Federal Highway Administration
GAO	General Accounting Office
GSA	General Services Administration
HEW	Department of Health, Education, and Welfare
HUD	Department of Housing and Urban Development
OMB	Office of Management and Budget
RAIC	Relocation Assistance Implementation Committee

CHAPTER 1

INTRODUCTION

Progress can be viewed as change for the better. Sometimes, however, "progress" means that certain people must move from their homes or businesses to make way for a Federal or federally assisted project. Although such projects benefit the general public, hardships may be suffered by the people required to move. Federal law provides assistance for these people in relocating to another home or business site. This report deals with inconsistencies and inequities in the way relocation assistance is provided by Federal agencies and by State agencies operating Federal programs.

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601), or relocation act, was to establish a uniform policy for the fair and equitable treatment of persons displaced as a result of Federal and federally assisted programs. In a 1973 report 1/ we concluded that opportunities existed to improve the administration of the relocation program so as to make payments more uniform. The present report evaluates the progress made by the Office of Management and Budget (OMB), the General Services Administration (GSA), and the various executive agencies toward resolving the problems discussed in our previous report. This report also discusses limitations on the relocation act's coverage.

RELOCATION ACTIVITY

Most people are relocated by State and local government agencies engaged in (1) urban renewal/community development projects supported by the Department of Housing and Urban Development (HUD) or (2) highway projects supported by the Federal Highway Administration (FHWA). Other Federal agencies also support projects that could cause people to be moved. Examples include health care projects built with Department of Health, Education, and Welfare (HEW) assistance and public works projects assisted by the Economic Development Administration.

1/"Differences in Administration of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" (B-148044, June 7, 1973), to the Senate Subcommittee on Intergovernmental Relations.

Some people are relocated as a result of direct actions by Federal agencies. These agencies generally carry out their own projects and relocation programs. GSA acquires land and builds Federal office buildings. The National Park Service buys land for park use. The Corps of Engineers and the Bureau of Reclamation build dams to generate electric power, prevent floods, or provide irrigation.

The number of claimants relocated in fiscal years 1974 through 1976 due to FHWA- and HUD-supported projects and the cost of the assistance provided by these agencies are shown in the following chart.

	FY 1976		FY 1975		FY 1974	
	Claimants	Cost (millions)	Claimants	Cost (millions)	Claimants	Cost (millions)
HUD	26,047	$157	39,174	$237	39,613	$288
FHWA	a/9,226	a/50	11,010	55	12,995	48

a/The FHWA figures for 1976 are for the 15-month period ending September 30, 1976.

According to FHWA, because of differences in reporting methods, the differences between HUD and FHWA claimants is not as great as the chart might suggest.

Other Federal agencies are involved in relocation activities, but not to the extent of HUD and FHWA. For fiscal years 1975 and 1974, $22 million and $17 million, respectively, was involved, but information on the number of claimants was not available.

HISTORY OF THE RELOCATION ACT

Prior to passage of the relocation act in 1971, nearly all federally assisted programs had differing and conflicting provisions for relocating people who were displaced. The programs ranged from providing no assistance at all in some cases to providing liberal benefits and protection in others. In one neighborhood, for example, people on one side of the street received special relocation assistance and fairly negotiated prices for their property, while on the other side people were evicted with no assistance or compensation and were offered prices below the appraised value of their property. In another section of the neighborhood, small businesses received little or no relocation or economic adjustment assistance.

These inequities created irritation and confusion in the affected communities. Continuing and annoying conflicts arose between Federal agencies and State and local grantees, damaging the image of the Federal Government at the State and local levels.

Provisions to standardize relocation assistance in all Federal programs were originally contained in the proposed Intergovernmental Cooperation Act of 1968. Although these provisions were removed from the act prior to passage, they formed the basis of the relocation act.

Purpose and provisions of the relocation act

The relocation act became effective on January 2, 1971. Title II of the act (Uniform Relocation Assistance) established a uniform policy for the fair and equitable treatment of persons displaced as a result of Federal and federally assisted programs in order that such persons should not suffer disproportionate injuries as a result of programs designed for the benefit of the public as a whole.

The benefits made available by the act include moving expenses, replacement housing or rental assistance payments, downpayments, advisory services, and the development of replacement housing from project funds if comparable replacement housing is not available. Under the act, the owner of a house or business receives the fair market value of the property lost. Homeowners may also receive additional assistance, up to $15,000, to purchase a comparable house that meets decent, safe, and sanitary standards. Assistance is also available to those who rent their homes; displaced tenants may receive up to $4,000. Persons displaced from their businesses and farms can be reimbursed for direct losses of tangible personal property and for reasonable expenses of searching for replacement businesses or farms. They also are reimbursed for reasonable moving expenses.

Establishment of an interagency committee

Responsibility for setting up relocation regulations and procedures is vested with each Federal agency. However, the act directs Federal agencies to consult together on establishing regulations and procedures for implementing relocation programs.

Shortly after the act was signed, the President directed that an interagency committee be established to

--continually review the Government's overall relocation program,

--make recommendations concerning changes to OMB's guidelines to Federal agencies for implementing the act, and

--make recommendations for new legislation.

This committee was formed in December 1971 as the Relocation Assistance Advisory Committee; subsequently, the name was changed to the Relocation Assistance Implementation Committee (RAIC). The responsibility for chairing the RAIC was transferred from OMB to GSA in May 1973.

The RAIC is composed of top-level representatives of the Departments of Agriculture, Defense, Housing and Urban Development, the Interior, Justice, Transportation, and Health, Education, and Welfare; the General Services Administration; the Community Services Administration; and the U.S. Postal Service. Other agencies not represented on the committee but responsible for the acquisition of real property or for the displacement of persons, businesses, or farm operations have liaison representatives.

PREVIOUS GAO FINDINGS AND ACTIONS PROMISED BY OMB

In our 1973 report, several opportunities were identified for improving the administration of the relocation program and for making payments more uniform. Our major finding was that displacees with similar housing needs did not receive comparable payments due to Federal agencies using various methods to compute payments. We also found that displacees did not receive timely information on available relocation benefits, that studies to determine the availability of replacement housing were not detailed enough, and that relocation assistance advisory services differed in degree and timing.

OMB generally concurred with our findings and conclusions in that report and said that agencies would give special attention to resolving the payment differences. They also commented that the interagency group assigned to this problem area (then the Relocation Assistance Advisory Committee) was

making excellent progress identifying these differences and bringing the agencies into agreement.

Current problems with the relocation act and progress made by the RAIC and the Federal agencies since our 1973 report are discussed in the following chapters. The scope of our review is described in chapter 5.

CHAPTER 2

INEQUITIES CAUSED BY LIMITATIONS IN THE ACT

Some people displaced by federally assisted projects are receiving little or no relocation assistance. Persons relocated by other than State agencies, such as nonprofit organizations, are not covered by the act, even though Federal programs are involved. Also, certain HUD-supported activities are no longer covered, business relocation costs are not fully covered, and some relocated tenants are not treated equitably.

DISPLACEMENT CAUSED BY SOME FEDERAL ACTIVITIES HAS NOT BEEN SUBJECT TO THE ACT

The relocation act applies only to displacement caused by Federal agencies or by State agencies receiving Federal financial assistance. The act defines a State agency as:

> "* * * any department, agency, or instrumentality of a State or of a political subdivision of a State, or any department, agency, or instrumentality of two or more States or of two or more political subdivisions of a State or States."

In many cases, however, Federal financial assistance is given to organizations other than State agencies. For example, HEW makes grants to private nonprofit organizations (as well as to State agencies) to construct health and other facilities. Even though the same Federal programs are involved, the nature of the grantee has been the deciding factor in extending Federal relocation benefits. For example, in Corvallis, Oregon, an HEW health facilities construction grant to the Good Samaritan Hospital (a private nonprofit organization) did not require that relocation benefits be paid to people who were displaced. In contrast, a similar HEW grant to Skagit County, Washington, required that relocation benefits be paid because the grantee was a State agency.

We would point out, however, that private organizations do not have the power of condemnation as do Federal, State, and other public agencies. Generally, private organizations can only acquire property with the owner's consent.

Other HEW programs provide construction funds for mental health, teaching, or research facilities to private nonprofit organizations and may involve relocation. HEW's Region III office alone awarded 32 construction grants to non-State agencies during fiscal years 1975 and 1976, totaling over $25 million.

The coverage of the act has been the subject of several court decisions. In the case of Juanita Moorer, et al. v. HUD, et al., a Federal district court in Missouri held that tenants, displaced by a private company which acquired property for rehabilitation with Federal assistance, were entitled to benefits under the relocation act. The court said the act was intended to cover all persons displaced by Federal projects no matter who acquires the property. However, the U.S. Court of Appeals for the Eighth Circuit reversed the district court's decision in the Moorer case. The court of appeals held that the tenants were not "displaced persons" entitled to benefits under the act because the benefits are available to displaced persons only on projects undertaken by Federal agencies or by State agencies receiving Federal financial assistance.

In another case, Peggy Dawson, et al. v. HUD, et al., involving the same Federal program, a district court in Georgia decided that the act did not apply to the displaced tenants. In this case, the court held that acquisition must be by a Federal or State agency or by a State's political subdivision. At the time of our review, this case was under appeal in the Federal circuit court.

Amendments that would extend the coverage of the act to private organizations operating federally assisted programs have been previously introduced. None of the amendments was passed; however, similar amendments were introduced in the first session of the current Congress.

Relocation act benefits in another type of situation have also been the subject of court decisions. For example, HUD became the owner of an apartment complex when the mortgagor defaulted on a mortgage insured and subsidized by HUD. After operating the project for over a year, HUD decided to demolish the apartments and sell the land. Notices to vacate were given to 72 families. HUD aided those tenants who were not in arrears in their rent by providing $300 for moving expenses and by assisting in locating suitable housing. One of the tenants, Sadie Cole, asked the Federal district court to order HUD to comply with the relocation act (Sadie E. Cole, et al. v. Carla A. Hills, et al.). The court ruled that all persons who vacated their apartments as a result of HUD's notice are covered by the act and entitled to benefits.

HUD appealed the decision in the Sadie Cole case stating that the people who left the apartment are not "displaced persons" within the meaning of the relocation act because HUD "* * * is not an 'acquiring agency' under the statute and because they were not asked to vacate 'for a program or project undertaken by a Federal agency or with Federal financial assistance.'"

The U.S. Court of Appeals for the District of Columbia Circuit upheld the district court's decision stating that HUD is an "agency," that HUD "acquired" the apartment within the common meaning of the word, and that HUD ordered the tenants to vacate their apartments "for a program or project undertaken by a Federal agency," namely, the demolition of the buildings.

In contrast, in the case of Genanett Alexander, et al. v. U.S. Department of Housing and Urban Development, et al., involving substantially the same situation, the U.S. Court of Appeals upheld another district court's decision that the tenants were not entitled to relocation benefits under the act. In this case, the court held that HUD's eviction of tenants was not done as part of a "project or program" within the meaning of the act because the project was not "designed for the benefit of the public as a whole."

The fact that the courts have rendered different opinions in similar cases is evidence that a portion of the act is subject to different interpretations. Many ways exist for Federal agencies to be directly or indirectly involved in situations involving displacement. We believe that the public and Federal agencies should have clearer guidance on what is intended to be covered by the act in this situation.

CERTAIN HUD-SUPPORTED ACTIVITIES NO LONGER SUBJECT TO THE ACT

The coverage of the relocation act has been narrowed by the passage of the Housing and Community Development Act of 1974. Section 217 of the relocation act specifically covered displacement caused by projects that did not involve acquisition of a real property, such as code enforcement, rehabilitation, and demolition, funded under the Housing Act of 1949 or the Demonstration Cities and Metropolitan Development Act of 1966. These acts were replaced by the Housing and Community Development Act of 1974, but section 217 of the relocation act was not amended to cover non-acquisition projects funded under the 1974 act.

For example, the city of Portland, Oregon, undertook a citywide code enforcement program which closed a substantial number of residential units and displaced a large number of people. The city developed a relocation program to help the displacees. The code enforcement and relocation programs were financed with 1974 Housing and Community Development Act funds. HUD advised the city that because the local code enforcement project did not include acquisition, the project was not subject to the relocation act. Although the city did provide relocation benefits, a relocation official advised us that the benefits were much less than they would have been under the relocation act.

In contrast, prior code enforcement projects carried out by Portland with 1949 Housing Act funds were covered by the relocation act, and the displacees received the entitled benefits. Even though the above projects were similar and federally funded, displaced persons were not treated uniformly.

HUD's contention that assistance under the relocation act was not available to people displaced as a result of activities carried out under the 1974 act where the displacement did not involve land acquisition has been upheld by a Federal district court in Pennsylvania.

CERTAIN BUSINESS RELOCATION BENEFITS NOT PROVIDED UNDER THE ACT

Benefits authorized for business relocations are much less than those authorized for residential relocations. Before people are displaced from their residences, suitable replacement housing must be available. No such protection is afforded businesses. Persons displaced from their residences receive financial assistance to help pay the higher cost of rent or purchase at the new location. Businesses do not receive similar assistance to compensate for higher costs of facilities.

Federal and local relocation agency officials told us or have reported that businesses which encounter problems in securing replacement facilities are generally taverns, junkyards, and restaurants. Their problems are (1) nonavailability of similar replacement facilities, (2) a need for extensive upgrading, and (3) local codes and zoning restrictions. Also, some businesses find it difficult to obtain new licenses at the new location.

Inability to secure replacement facilities results in the closing of businesses.

--In December 1972 a Federal Aviation Administration project displaced a Milwaukee businessman from his rented tavern. No replacement rental taverns were available. The businessman closed his business and received a $6,393.35 payment in lieu of actual moving expenses.

--A Milwaukee restaurant, which was netting the owner about $35,000 per year, was displaced by a federally supported project. The lack of suitable replacement facilities was one factor forcing the owner out of business. The businessman received a $10,000 payment in lieu of actual moving expenses.

--A Milwaukee tavern, which was netting the owner about $14,500 per year, was forced to close in April 1976. Because no suitable replacement facilities were available, the displacee received a $10,000 payment in lieu of moving expenses.

FHWA and HUD relocation officials, citing other examples, stated that in-lieu-of-moving expense payments are often not sufficient to compensate businesses forced to close. A Milwaukee relocation official told us that situations arose where the relocation payment was inadequate and that it may be more equitable to acquire the business as a going concern.

The Region V Federal Regional Council Relocation Task Force indicated that a significant number of businesses are being forced to terminate because of financial burdens encountered when displaced by Federal and federally assisted projects. Businesses which are especially vulnerable are the small "Mom and Pop" type operations and businesses that are located in low rent areas. The task force believes that every reasonable effort should be made to assist businesses to successfully relocate in order that they may continue to be employers and contribute to the productivity and general welfare of the economy. The Region III Federal Regional Council Relocation Task Force, also noting that many small businesses are forced to close, believes that legislation is needed to provide additional financial assistance for small businesses that are displaced.

At least two State governments have authorized more business assistance than that provided under the relocation act. For example, Maryland authorized the city of Baltimore to begin providing supplemental business relocation payments in July 1975. These payments are designed to reduce the burden placed on small businesses that are forced to pay

more for new locations than they were paying for their old ones. The payments are available only to firms relocating within the city. The city pays up to $25,000 to displaced owners and tenants who purchase or rent replacement business facilities. Baltimore's experience during the first 18 months of its new program is shown below.

Number of businesses displaced	128
Number receiving payments	20
Average size of payment	$8,462

The 108 businesses not paid were divided as follows: Forty-eight businesses were ineligible because they moved out of the city, two went out of business, and the remaining 58 were either being processed or were waiting to be processed.

The following examples indicate how the Baltimore program works.

--A trucking and warehousing company received about $12,000 to pay half of the increased cost to purchase a replacement facility. The business moved from a facility valued at $15,000 to a comparable replacement facility that cost $39,000.

--A barbershop received $1,650 to pay half of 5 years' rent differential between the old and new facilities.

--A beauty and barber school will receive $6,000 to pay half of 5 years' rent differential between the old and new locations.

Payments such as these were not covered by the relocation act. A city relocation official said the payments probably kept these businesses from closing.

TENANTS ARE NOT TREATED EQUITABLY

Section 204 of the act concerning replacement housing for displaced tenants and certain others is causing unequal treatment of tenants who want to purchase rather than rent replacement housing. One of the purposes of this section is to encourage tenants to purchase homes by providing downpayment assistance. Tenants can receive up to $4,000 outright to rent replacement housing. But if tenants decide to purchase housing, they may receive up to $2,000 outright and are eligible for up to an additional $2,000 only if they match the additional amount dollar for dollar. The amount paid to tenants who purchase housing is best explained by examples, as shown below.

Total downpayment required for new home	Federal downpayment assistance			Tenants' match
	Outright	Match	Total	
$2,000	$2,000	$ -	$2,000	$ -
3,000	2,000	500	2,500	500
5,000	2,000	1,500	3,500	1,500
6,000	2,000	2,000	4,000	2,000

For downpayments over $6,000, the maximum downpayment assistance payment is $4,000.

A recent HUD audit report stated that the use and effectiveness of the downpayment assistance is being impaired because of the matching requirement. HUD interviewed 218 displacees who received the rental assistance payment rather than a downpayment. Forty of the displacees would have preferred to buy a replacement dwelling rather than rent. The report commented that as inflation and other economic factors in the housing market cause downpayments to increase, more displacees will probably be unable to buy a replacement dwelling. The report also stated that many cases were found where displaced persons had circumvented the matching share requirement by initially obtaining the rental assistance payment (occupying their dwellings as rental units) and then applying it as a downpayment. The HUD report recommended an amendment to section 204 of the act which would eliminate the matching requirement.

CONCLUSIONS

The relocation act is limited in the coverage it provides to people or businesses displaced by Federal or federally assisted projects. Some people receive little or no benefits. We believe that this reflects ineguities which should be considered by the Congress.

Legislation has been introduced concerning coverage of the act. This legislation would extend relocation benefits to persons displaced by nongovernmental entities using Federal funds.

Activities previously carried out under the Housing Act of 1949 are now carried out under the Housing and Community Development Act of 1974. Because section 217 of the relocation act does not apply to the 1974 act, persons displaced incident to the 1974 act activities do not get the benefits of the relocation act. If the Congress did not intend to restrict the coverage of section 217 in this way, the relocation act should be amended.

Rather than referring to specific Federal laws which authorize various displacement activities, amendments to the act should state the types of displacement for which the Congress wants to provide benefits. This will ensure that the coverage of the act continues even when specific Federal programs come and go.

Business owners do not receive the same treatment as received by homeowners. Additional benefits to businesses may be desirable. The need to provide for replacement facilities or the desirability to acquire the business as a going concern should be considered. In addition to reducing the hardships faced by businesses, providing additional assistance may contribute to the general welfare of the economy by saving jobs that may be eliminated if the businesses cease operation.

Tenants who want to buy a replacement home may encounter the paradox that they would get more assistance if they continued renting. The requirement for the tenant to match some of the Federal downpayment assistance may discourage home ownership in some instances and may even lead to circumventing the requirement. Eliminating the matching share requirement would remove an impediment to achieving the objective of encouraging home ownership.

RECOMMENDATIONS

The Congress should consider whether the relocation act should apply to (1) displacement caused by all organizations, public or private, carrying out Federal or federally assisted programs or (2) displacement caused only by governmental agencies involving Federal assistance. Should the Congress expand coverage of the relocation provisions, a distinction should be made between owners and tenants. Tenants have no control over their displacement whereas owners do not have to sell their property to a private party. Unless an owner's property is acquired in accordance with the act's acquisition policies, the owner should not be entitled to relocation benefits.

If the Congress concludes that nonacquisition projects of the type contemplated by section 217 should be covered by the act, we recommend that the act be amended to ensure that coverage continues as new Federal assistance programs are enacted. To accomplish this, section 217 could be amended to read:

> "Sec. 217. A person who moves or discontinues his business, or moves other personal property, or moves from his dwelling on or after the effective date of this Act, as a direct result of a code enforcement,

rehabilitation or demolition project or program undertaken by a Federal agency or with Federal financial assistance, shall, for the purposes of this title, be deemed to have been displaced as the result of the acquisition of real property."

To remove the present impediment to increased home ownership, we also recommend that the Congress amend section 204(2) concerning matching share requirements by deleting everything following "$4,000," and changing the comma after $4,000 to a period.

Finally, we recommend that the Congress consider amending the act to increase relocation benefits for businesses.

AGENCY COMMENTS

Copies of this report were distributed to OMB, GSA, and to public interest groups having an interest in relocation activities. OMB secured the views of Federal regional councils and incorporated them into its comments. GSA circulated the draft to Federal agencies belonging to the RAIC and consolidated the comments into a single response. The OMB and GSA responses are included as appendixes II and III, respectively.

GSA, in commenting on the recommendations for congressional action,

- --agreed that the Congress should clarify the coverage of the act and believes the act should be broadened to cover persons displaced as a result of Federal or federally assisted projects,
- --supported amending the act to ensure that coverage continues as new Federal assistance programs are enacted,
- --expressed belief that relocation payments should be made for special types of nonacquisition projects,
- --agreed and would support legislation if it is evident that displaced businesses have suffered a disproportionate injury as a result of Federal or federally assisted projects, and
- --expressed belief that eliminating the matching downpayment requirement would help in some situations but that the Congress should clarify its intent concerning the requirement.

None of the Federal agencies responding to GSA expressed disagreement with our recommendations.

OMB, in its comments, reported that there was general agreement from Federal regional councils concerning our recommendations to clarify and expand the definition of the term "displaced person," to resolve the apparent inequity in the act pertaining to small business, and to eliminate the matching downpayment provision. OMB refrained from judging the budgetary implications of the recommendations until its staff has had an opportunity to review individual agency responses.

CHAPTER 3

UNIFORM TREATMENT HAS NOT BEEN ACHIEVED

Federal agencies have not provided uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal or federally assisted programs. While the relocation act calls for coordination among agencies in establishing regulations and procedures, there exists an inconsistent and confusing array of agency regulations which provide differing benefits and assistance to displaced persons and businesses.

We examined the relocation regulations of 13 Federal agencies. We found that the regulations in effect at the time of our review contained differing formats, terminologies, and guidelines. Because FHWA and HUD have the largest volume of relocation activity, this chapter concentrates on their regulations. (The inconsistencies and conflicts in the 13 Federal agencies' regulations are discussed more fully in app. I.)

In 1973 we reported that differing benefits were paid to persons moved from their residences and businesses. Such inequitable benefit payments still exist. Displaced homeowners and tenants receive different replacement housing payments. Displaced business owners receive different payments for moving and related expenses.

PAYMENTS TO PERSONS DISPLACED FROM THEIR RESIDENCES ARE INCONSISTENT

The act provides replacement housing payments of up to $15,000 to displaced homeowners and rental assistance payments of up to $4,000 over a 4-year period to displaced tenants. These payments compensate the homeowner and tenant for the increased cost of acquiring a comparable replacement dwelling that is decent, safe, and sanitary.

Because Federal agency regulations and instructions are not uniform or specific, displaced homeowners and tenants receive differing payments for replacement housing, for rental assistance, and in situations where comparable replacement housing is not available. These differences are discussed below.

Different methods used to compute replacement dwelling costs

FHWA and HUD permit State and local displacing agencies to select one of two primary methods for determining the cost of comparable replacement dwellings.

--The schedule method involves the listing of price ranges for each different type of dwelling (such as 1 bedroom, 1 bath). The actual dwellings available on the market are not listed.

--The comparative method involves the listing of dwellings actually available to the displacee.

While these two methods are designed to produce similar values for a replacement dwelling, differences do occur.

The city of Baltimore, which is responsible for all relocation activity under HUD- and FHWA-sponsored projects in the city, uses the schedule method for all HUD-sponsored projects. On FHWA-sponsored projects, however, the city is required by the Maryland State Highway Department (the FHWA grantee) to use the comparative method.

The use of the two methods in Baltimore has resulted in different payments to displaced persons. The following calculations show how a displaced Baltimore homeowner received less under an FHWA project than he would have received under a HUD project because of the different methods used.

	FHWA project, comparative method	HUD project, schedule method
Cost of comparable replacement dwelling	$13,250	$21,377
Actual cost of replacement dwelling	15,000	15,000
Cost of comparable or cost of actual replacement, whichever is less	13,250	15,000
Minus: actual price paid for former dwelling	3,200	3,200
Replacement housing payment ($15,000 maximum)	$10,050	$11,800

In this case the difference in payments was limited to $1,750 because the homeowner's actual cost of a replacement home ($15,000) was less than HUD's computed cost for a comparable dwelling ($21,377). If the homeowner had purchased the $21,377 home, HUD would have paid the maximum replacement housing payment of $15,000. This would have caused a difference in payments of $4,950 ($15,000 less $10,050).

A Baltimore tenant received $1,488 less in rental assistance payments by being displaced by an FHWA project rather than by a HUD project. Again, as shown on the following page, the different methods used to calculate the cost of the comparable rental dwelling caused the differences.

	FHWA project, comparative method	HUD project, schedule method
Cost of comparable rental dwelling for 48 months	$6,480	$7,968
Actual cost of rental dwelling for 48 months	8,400	8,400
Cost of comparable or cost of actual rental, whichever is less	6,480	7,968
Minus: tenant's former rental payment for 48 months	4,320	4,320
Rental assistance payment	$2,160	$3,648

Differences in calculations also arose between HUD- and FHWA-sponsored projects in Waterbury, Connecticut. Because of the different payments that would result, HUD and FHWA central office officials agreed to use the same method on the Waterbury projects. This agreement, however, was not used in other geographic areas where both HUD and FHWA projects existed.

Payments to sleeping room occupants differ

FHWA and HUD regulations differ in the method used for computing rental assistance payments for sleeping room occupants. HUD regulations allow higher benefits if the monthly rental of a replacement dwelling exceeds 25 percent of an individual's monthly income; FHWA regulations do not. Therefore, low-income sleeping room occupants may receive higher payments from a HUD project than they would receive from an FHWA project.

In Baltimore, a sleeping room occupant displaced by an FHWA project received a rental assistance payment of $3,679. The payment was mistakenly computed according to HUD regulations. According to the local relocation official, if he had applied the FHWA regulations, he would have paid the occupant $240, or $3,439 less. By FHWA procedure, the $115 per month paid for the former dwelling would be deducted

from the $120 per month needed to rent a replacement dwelling. This difference, over a 4-year period, would entitle the occupant to a payment of $240 ($120 less $115, multiplied by 48 months). By the HUD method, however, the occupant's income of $173.41 per month was considered when computing the payment. Specifically, 25 percent of the occupant's reported monthly income ($43.35) was subtracted from the $120 per month needed to rent a replacement dwelling. This difference, over a 4-year period, resulted in a payment of $3,679 ($120 less $43.35, multiplied by 48 months).

FHWA contends that its regulations provide for the same benefits as HUD's. While this may be FHWA's intent, we as well as the responsible relocation official in Baltimore did not so interpret the regulations. This illustrates the problems which can result from each agency preparing its own unique regulations. FHWA officials acknowledged that the regulations as written could be misread.

Application of the last resort housing provision not uniform

Homeowners or tenants are sometimes faced with acquiring comparable replacement housing where costs are so high that the maximum assistance payments specified in sections 203 and 204 of the relocation act ($15,000 and $4,000) are not sufficient to cover the costs. When this happens, some Federal agencies, such as HUD, generally make the maximum payment only. FHWA, however, treats this situation as falling within the scope of the last resort housing provision, which reads as follows:

> "Sec. 206. (a) If a Federal project cannot proceed to actual construction because a comparable replacement sale or rental housing is not available, and the head of the Federal agency determines that such housing cannot otherwise be made available he may take such action as is necessary or appropriate to provide such housing by use of funds authorized for such project."

FHWA interprets this section to mean that if comparably priced replacement housing is not available, assistance payments over the limits can be made for the benefit of displacees to compensate for higher cost replacement housing.

This differing HUD and FHWA interpretation has resulted in displaced homeowners receiving different amounts for replacement housing. For example, in the case of a HUD-assisted project in Seattle, a homeowner was paid the maximum $15,000 replacement housing payment, even though $17,315 was computed to be the amount needed to acquire comparable housing. In contrast, an FHWA-assisted project in Richmond, Missouri, provided $16,743 for a displaced homeowner to acquire comparable housing. The costs were paid from project funds under the last resort housing provision.

Tenants also received different payments. For example, in the case of an FHWA-assisted project in Michigan, a tenant's rental assistance payment was computed to be $6,000. The full amount was paid under the last resort housing provision. In Seattle, on a HUD-assisted project, a tenant's payment was computed to be $5,280; however, the payment was limited to the maximum $4,000 rental assistance payment.

In San Juan, Puerto Rico, FHWA-sponsored projects have used the last resort provision of the relocation act. On one project alone, FHWA authorized more than the $15,000 replacement housing payment in 203 cases because comparable, decent, safe, and sanitary housing could not be provided within the $15,000 allowance. About $1 million was spent to provide the payments in excess of $15,000. States have also used the last resort provision for the same purpose.

In our decision of July 18, 1977 (B-148044), regarding a Corps of Engineers project in Aroostook County, Maine, we held that Federal agencies may not provide direct assistance in excess of the payment limits ($15,000 and $4,000) established in sections 203 and 204 of the act to enable displaced persons to acquire replacement housing provided under section 206. We also held that in instances where homeowners displaced by Federal projects are financially unable to purchase comparable replacement housing, rental housing may be considered appropriate replacement housing for purposes of section 206.

The $15,000 and $4,000 limits were established in 1971. According to U.S. Bureau of Labor Statistics, the consumer price index for rent has risen 27.3 percent and the index for homeownership costs has risen 42.1 percent between January 1971 and May 1976. If the limits were adjusted on these bases, the $15,000 replacement housing payment would be about $21,300, and the $4,000 rental assistance payment would be about $5,100.

Payments to tenants differ for further reasons

Other Federal agency regulations and practices differ, causing tenants to receive different rental assistance payments. For instance, not all agencies consider increased utility costs at the replacement site when determining the comparable housing costs and computing the rental assistance payment.

PAYMENTS TO BUSINESSES DIFFER

In addition to the fair market value of the real property, displaced businesses are paid either actual costs for moving and related expenses or an in-lieu-of-moving expense payment of up to $10,000. However, Federal agency regulations differ on how to compute payment amounts. As a result, businesses relocated by different agencies receive different payments. Several examples are discussed below.

Physical changes to replacement business sites

Replacement facilities available to a displaced business may not meet all of the business' requirements. Electrical service, plumbing, and floor layout may need to be improved or changed. At the time of our review, HUD regulations allowed payments of up to $100,000 for improvements necessary to make the structure or equipment suitable for the displaced business. In contrast, FHWA regulations and procedures were generally more restrictive.

In Seattle, a business relocated due to a HUD-assisted project received about $49,000 for new equipment and for 81 physical changes to the replacement structure. An FHWA official, however, told us that his agency would have approved only 10 of the 81 changes. Shown below are the types of physical changes and the number of such changes approved by HUD along with those changes that the FHWA official indicated would have been approved by his agency under regulations in effect at that time.

	Number of changes approved by:	
	HUD	FHWA
Reinstallation of equipment moved from old site	10	a/8
Installation of new or replacement equipment	17	b/0
Physical changes to structure required by code	32	1
Physical changes to structure not required by code	15	1
New equipment provided to meet code requirements	7	0
Total	81	10

a/Two additional items may have been approved, depending upon the results of additional study.

b/Five items may have been approved, depending upon the results of additional study.

In 1975 a financially successful Milwaukee, Wisconsin, restaurant was displaced by an FHWA-sponsored project. The owner told us he found a replacement building which required $60,000 to $70,000 worth of physical changes to convert the building to a restaurant. He said the State Highway Department would not pay for the changes, so he did not relocate. The restaurant, which netted $37,000 in 1973 and $34,000 in 1974, went out of business, and the owner accepted a $10,000 payment in lieu of actual moving expenses. If the restaurant had been displaced by a HUD-sponsored project, however, we believe that HUD regulations would have allowed paying or sharing the conversion costs.

HUD issued revised regulations in October 1976 to bring their provisions for displaced business concerns into closer conformity with those of the Department of Transportation (FHWA's parent agency). The revised regulations, however, will not eliminate all of the HUD and FHWA differences in payment for physical changes because FHWA regulations do not follow Department of Transportation regulations. For example, the new HUD regulations allow payment for

> "* * * modifications necessary to adapt such property to the replacement location or to utilities available at the replacement location or to adapt such utilities to the personal property."

FHWA regulations, however, do not allow payment for such modifications. Other differences between the regulations are discussed further in appendix .

Payments for professional services

Some displaced businesses need professional assistance when planning to move their operations, preparing for the move, or during the actual move itself. Professional services include consultation with architects, attorneys, engineers, and others. Federal agencies' regulations differ as to allowing these expenses, and, as a result, some businesses are paid for some or all professional services while others are not.

HUD regulations allow costs for professional services received in securing a replacement site. FHWA regulations, however, do not discuss whether or not payment will be made. The following case illustrates the differences that can result.

A Baltimore business relocated by a HUD project used professional services for (1) preparing, reviewing, and executing a contract of sale, (2) complying with Occupational Safety and Health Administration requirements, and (3) reviewing insurance coverage for the new site. The services cost about $5,500, and the business applied to HUD for reimbursement.

HUD agreed to pay for most of the costs because the services were necessary to reestablish the business at the replacement site. According to an FHWA relocation official, the cost of these services would not have been approved on an FHWA project.

Payments to new businesses

The act authorizes payments to displaced businesses in lieu of actual moving expenses. The payments range between $2,500 and $10,000 depending on the business' earnings. HUD and FHWA regulations, however, treat differently those businesses that have been in operation for less than 1 year. HUD regulations allow for in-lieu-of payments to such businesses; FHWA regulations do not. For example:

--In Kansas City, a property was acquired by HUD from a business that had been in operation for 10 months, and HUD paid the owner a $10,000 in-lieu-of payment. According to FHWA regulations, an in-lieu-of payment would have been denied.

--In Seattle, on a HUD project, a tavern was forced to vacate after 6 months of operation. The owner received a $9,986 in-lieu-of payment. An FHWA official stated that FHWA would have denied any in-lieu-of payment.

VARYING FEDERAL REGULATIONS CAUSE LOCAL ADMINISTRATIVE PROBLEMS

The varying Federal agency regulations, in addition to causing inconsistent payments to relocated persons, also cause administrative difficulties for local relocation agencies which work for more than one Federal agency. For example, a Baltimore relocation official told us his staff works with one set of manuals and operating instructions when handling HUD claims and another set when handling FHWA claims. Although he writes operating orders explaining how to handle common benefits, he said that occasionally a HUD claim is mistakenly processed as though it were an FHWA claim, and vice versa.

The Region V Federal Regional Council has complained to OMB about the dilemma encountered by the Illinois Department of Conservation when one Federal agency was not willing to accept the department's Policy and Procedure Manual, which was based on another Federal agency's procedures. The department's director stated that the criteria of Federal agencies vary extensively enough to prohibit establishing common standards and procedures and that what is acceptable to one Federal agency is not acceptable to another. Also, the Region V Federal Regional Council chairman cited reports that some local acquiring agencies work with as many as five different sets of Federal procedures. Other Federal regional councils have informed OMB of similar problems.

WHY THE CONGRESS MANDATED MULTIPLE RULES AND REGULATIONS

When first introduced in the Senate, the relocation act authorized the President to make rules and regulations to carry out the act's provisions. The administration supported this approach, commenting that vesting such authority in the President would ensure the development of a uniform system. The administration argued that vesting regulation authority in the head of each Federal agency would likely result in different and inconsistent implementation of the act.

The House, however, modified the bill to authorize the heads of Federal agencies to establish regulations and procedures. The House committee report stated that the requirement for Federal agency heads to consult together on this task, together with other provisions of the bill, offered a

> "* * * reasonable means for achieving the Congressional objective to provide a uniform policy that will assure fair and equitable treatment for displaced persons in all Federal and Federal financially assisted programs, without unnecessary interference with the jurisdiction and authority of any Federal agency over programs which it administers, or with present intergovernmental relationships.
>
> "The vesting of authority in the heads of each Federal agency provides flexibility for agencies to formulate procedures consistent with their respective programs. Uniformity can and should be accomplished by a coordinated effort among the various agencies."

The Senate agreed to the House version with the following comment:

> "[The House version implies] * * * substantial goodwill on the part of the administrators. Where the Senate bill attempts to fix responsibility in the Presidential office, it is left to agency heads to iron out their differences. The Senate version was conceived without consideration of the coordinative role of the newly created Office of Management and Budgeting [sic], which promulgates the necessary procedures under which agency heads consult and work toward common solutions. The annual report should provide sufficient opportunity for Congressional review and reactions."

As will be discussed in chapter 4, this approach has not worked.

CONCLUSIONS

We believe that the root cause of the inconsistencies and inequities described in this chapter lies within the act itself. As long as each Federal agency head has the

authority to issue separate relocation regulations, inconsistencies and inequities can be expected to continue.

It is also apparent, based on the 6 years of experience gained to date, that the requirement for agency heads to consult together on the establishment of uniform regulations and procedures has not overcome the desire of individual agencies to go their own way. It is especially important to ensure that consistent methods and procedures are used when more than one Federal agency is relocating people in the same city or geographic area.

Because Federal agencies have interpreted differently the last resort housing provision of the act, different payments to displaced persons have resulted. Corrective action needs to be taken. Furthermore, the $15,000 and $4,000 limits may need to be increased to match the increased housing and rental costs since the relocation act was passed.

RECOMMENDATIONS

We recommend that the Congress amend the act to require the President to issue a single set of relocation regulations providing nationwide guidance to Federal, State, and local agencies. We suggest that section 213(a) be amended to read as follows:

> "In order to promote uniform and effective administration of this act, the President shall establish one set of regulations and procedures for use by Federal agencies, State and local agencies, and other recipients of Federal financial assistance."

Because our interpretation of section 206 of the act and our conclusions based on that interpretation may remain the subject of considerable disagreement by the various agencies concerned, we recommend that the Congress clarify section 206(a) concerning last resort housing and also consider increasing the payment limits of sections 203 and 204.

AGENCY COMMENTS

GSA and OMB agreed that a need exists for a single set of relocation regulations. The Federal agencies, however, were split for and against, with the Department of Transportation for and HUD against. GSA said that the differences in treatment and payment basically result from the agencies' parochial interests and their different philosophies in the

implementation of the guidelines and the act, but that the various agency program missions do not require that each agency must necessarily issue its independent regulations.

Both GSA and OMB supported the recommendation to clarify section 206(a). HUD was the only Federal agency not agreeing with this recommendation.

GSA said it has no valid basis for agreeing or disagreeing on the need for increasing the payment limits of sections 203 and 204. OMB reported that the Federal regional councils varied in their responses, but that OMB does not concur fully in the recommendation. OMB supports the concept of a recurring review of the narrowing gap between the average payment and the upper limit set by sections 203 and 204. HUD and the Department of Transportation disagreed with the need for increasing the limits.

OMB suggested that title I of the act include explicit mention of native Americans. OMB also brought up two additional problems which apparently need clarification. One deals with section 303, which outlines "Expenses Incidental to Transfer of Title." Federal regional councils reported that apparently when two Federal agencies are involved with a single grantee, some misunderstanding may arise as to the proper determination of what constitutes "incidental expenses." Also, OMB reports that in applying the test for eligibility for in-lieu-of payments (section 202(c)), "* * * a substantial loss of existing patronage" is interpreted by some Federal agencies as loss of clientele and by others as loss of income.

CHAPTER 4

HOW ADMINISTRATION OF THE ACT CAN BE IMPROVED

As discussed in chapter 3, many of the act's implementation problems can be traced to differing Federal agency regulations. If adopted, our recommendation for one set of Federal regulations would overcome many of these problems. However, adopting a single set of regulations will not necessarily result in the uniform treatment of displaced persons. To accomplish this, the act's administration needs to be centralized and improved.

The mechanism established to coordinate Federal agencies' regulations has not been totally effective in coordinating agency activities; identifying and resolving different practices, procedures, and regulations; and reviewing Federal programs and policies for conformance with the objectives of the act. Unless an aggressive system, centrally administered, is developed for ensuring the consistent and uniform implementation of the act, dissimilar treatment of displaced persons will continue.

ATTEMPTS TO COORDINATE AGENCIES' ACTIVITIES UNSUCCESSFUL

The relocation act did not provide for the central administration of its provisions. Rather, the heads of Federal agencies were to consult together in establishing their own relocation regulations and procedures to achieve the greatest possible uniformity of treatment of displaced persons and businesses. It was anticipated, however, that personnel in the Executive Office of the President would participate in discussions with Federal agency heads and would review agency regulations and procedures before they were issued.

Recognizing the need for some form of central direction, the President, in a memorandum dated January 4, 1971, to the heads of departments and agencies, directed OMB to establish and chair an interagency task force to formulate guidelines for the use of Federal agencies in developing their regulations and procedures. The Relocation Assistance Advisory Committee, subsequently named the Relocation Assistance Implementation Committee (RAIC), was to continually review agencies' relocation programs and to recommend improvements and necessary legislation. OMB also issued Circular A-103 in May 1972 to provide guidance to Federal agencies.

At its first meeting in December 1971, RAIC representatives agreed to establish a working group comprised of lower level representatives of their departments and agencies. The RAIC working group was directed to review and, when possible, resolve agency problems and differences impeding the effective implementation of the act. Major policy issues were to be brought to the RAIC.

In May 1973 the President transferred OMB's responsibility to the Administrator, GSA. OMB, however, was to maintain broad policy oversight and to offer assistance in resolving major policy issues.

The RAIC working group met regularly from February 1972 to October 1975 with members discussing agency problems and attempting to identify and resolve agency differences. These meetings were beneficial and aided agency officials in carrying out their relocation programs. Officials were able to discuss their problems and receive guidance from other agency officials who experienced similar difficulties.

On the whole, however, the RAIC has been an inappropriate vehicle for resolving agency differences and obtaining interagency coordination of relocation activities. Due to the RAIC being composed of peers, agreements among agencies having to be unanimous, and no one organization being empowered to ensure consistent and uniform implementation of the act, differences in relocation benefits continue.

Incomplete identification and resolution of agency differences

In response to our 1973 report, OMB stated that the RAIC was making excellent progress in identifying payment differences and bringing the agencies into agreement. Unanimous consent is required to resolve differences, and the RAIC has resolved a number of them. However, not all agency relocation differences were identified, and not all resolved differences were incorporated into agencies' regulations. Also, when total agreement was not reached within the RAIC, no authority existed to direct agreement, and many differences thus remained unresolved.

Fourteen interagency differences were noted in our prior report. At the time of our review for this report, agreement had not been reached on six of the differences. However, HUD and FHWA, working on their own, eliminated one of these differences that existed between them.

A subcommittee of the RAIC working group identified a total of 22 agency differences. The RAIC working group originally resolved 12 of these differences and urged its members to incorporate the changes into their regulations. However, the Department of Defense representative was not at the meeting and later objected to two changes. Furthermore, several of the resolved differences were not incorporated into agencies' regulations.

Frustrated with the requirement for unanimous agreement to resolve differences, a subcommittee of the RAIC working group proposed that such attempts be discontinued until a new, workable resolution procedure was developed. At the time of our review, no resolution procedure had been agreed upon, and no additional differences were identified or resolved.

Many differences identified by the Federal regional councils also remain unresolved. The councils were given responsibility for coordinating Federal relocation programs at the regional level and were to forward through OMB to the RAIC those problems which could not be solved at their level. For example, the New York Federal Regional Council asked the RAIC to resolve the difference between HUD's and FHWA's use of last resort housing. The Chicago Federal Regional Council identified the difficulty of a State agency working with as many as five different sets of Federal relocation procedures. The RAIC has been unable to deal with these and other problems because of different individual agency philosophies and an inability to resolve conflicts among peers.

In December 1976 GSA asked FHWA and HUD to study their differences as surfaced by various Federal regional councils. FHWA and HUD responded that several differences were resolved. Our review of the revised regulations disclosed that two differences reported resolved still existed (the policy on physical changes to replacement business property and the policy on housing payments to multiple owners of property) and that these could result in different relocation benefits. FHWA and HUD officials confirmed that differences still existed between their regulations.

Other differences disclosed by our review were not considered by the RAIC. Examples of issues we noted are the amount of physical changes allowed for replacement business facilities and payments for professional services. The former problem was known individually to OMB, GSA, and the other Federal agencies.

Even when agreements were reached and incorporated into agencies' regulations, uniform treatment of relocated persons was not always achieved. For example, in chapter 3 we reported how different methods used by HUD and FHWA to compute replacement housing and rental assistance payments resulted in different payments to both homeowners and tenants. In this case, the agencies' regulations were the same.

Although FHWA and HUD made continual attempts to coordinate relocation efforts, the attempts were not completely successful because of different agency philosophies. In addition, the agreements between these agencies were made independently of the RAIC and were not coordinated with the relocation efforts of other Federal agencies. When the RAIC was involved, resolved differences were not always incorporated into agencies' regulations, and the unanimous consent requirement prevented the resolving of other differences. Where agencies' regulations were identical, uniform treatment was not achieved. As a result, differences in relocation benefits still exist.

Inadequate review of Federal programs affecting the relocation act

The RAIC was directed by the President to identify Federal programs and policies affecting the relocation act and recommend necessary improvements and legislation. Some Federal programs were reviewed, and conflicts with the act were identified but not resolved. Other Federal programs and several court opinions strongly affecting the act's implementation were not studied by the RAIC. The result was that legislative recommendations, necessary to maintain coverage of the act or to clarify certain of its provisions, were not made.

One law the RAIC working group selected for review was the HUD-administered Flood Disaster Protection Act of 1973 (P.L. 93-234). RAIC members were requested to review this law in February 1974 to determine its impact on the relocation act's implementation. Because the group members differed as to the act's impact, they were advised to follow the guidance of their own General Counsels until HUD developed regulations. HUD has since issued regulations, but the RAIC has not taken action.

The Land and Water Conservation Fund Act, as amended by Public Law 93-303, was also discussed by the RAIC working

group. In August 1974 a GSA official reported that this legislation disturbed uniformity in the relocation act and asked the RAIC working group legislative committee to study the matter. In October 1974 the legislative committee began drafting a bill to amend the relocation act to correct this problem as well as to provide for a single set of regulations and other technical amendments. The draft legislation was submitted to GSA in August 1975, but was never submitted to OMB for referral to agencies for comments. At the time of our review the proposed draft legislation had not been forwarded to the Congress.

The RAIC working group did not identify other programs and policies affecting the relocation act. During our review we found that the Housing and Community Development Act of 1974 (P.L. 93-383) had a significant impact on the implementation of the relocation act. Because section 217 of the relocation act does not apply to the 1974 act, previously mandatory coverage of persons displaced as a result of code enforcement, voluntary rehabilitation, or demolition programs is no longer required.

Lower court decisions, such as the Juanita Moorer, et al. v. HUD, et al. case, discussed in chapter 2, raised questions about relocation assistance under ongoing HUD programs that the RAIC should have considered but did not.

The Secretary of HUD, concerned about the controversies over department actions displacing individuals without affording them relocation assistance, ordered a review of department relocation policies. The review is to identify necessary legislative amendments to the relocation act for consideration by other agencies, OMB, and the Congress. The RAIC is not involved in the review although its involvement appears appropriate.

OVERSIGHT OF THE ACT NEEDED

Lacking a legislative base for overseeing implementation of the act, OMB and later GSA attempted administratively to exert influence on the Federal agencies to achieve the uniformity called for in the act.

OMB was partially successful when it chaired the RAIC. GSA, however, was reluctant to push the Federal agencies to identify and resolve differences in practices and regulations because of agency resistance. Agency officials said that GSA was but an equal among equals and did not possess the authority of OMB. GSA officials were discouraged by

this resistance and relied heavily upon OMB's attendance at meetings to get the Federal agencies to take action.

OMB officials, whose interest in the relocation act centered around the Federal regional councils' responsibilities, played the role of "middlemen," relaying issues raised by the Federal regional councils to GSA for resolution. We were unable to identify any OMB official exercising strong oversight responsibilities.

The RAIC and its working group have met to consider agency differences only after long periods of time. Under GSA's leadership, the RAIC met only once (in August 1973), and the RAIC working group last met on a regular basis in October 1975. In December 1975 an Executive order was issued transferring back to OMB all policy functions transferred to GSA in May 1973. The transfer was interpreted by GSA to include the relocation act, but OMB said that the act was not a policy function and was therefore not included in the transfer. As a result of the dispute, efforts to resolve agency differences stopped.

We resolved the dispute by providing GSA with information obtained from OMB during the course of our review. This information, not previously supplied to GSA, clarified the intent of the December 1975 Executive order, and GSA formally acknowledged responsibility for the act. GSA reconvened the RAIC working group in December 1976, but further efforts have not been made to identify and resolve differences in agency practices and regulations. GSA made it clear to us that it would not take an aggressive role in administering the act, and it has acted accordingly.

CONCLUSIONS

A contributing factor to the dissimilar treatment of displaced people has been the weak administration of the relocation act. The RAIC has been unable to bring about the uniformity prescribed by the act because its leadership lacked a legislative base. Although several differences in relocation procedures have been resolved by the RAIC, peers have great difficulty in resolving differences. The RAIC has given little attention to important oversight functions, such as evaluating the consistency of benefits provided to displaced persons. No method has been found to resolve the deadlocks that occur when two or more agencies have conflicting views. If the objectives of the relocation act are to be attained, a central administrative organization with authority to oversee federally assisted relocation activities and monitor agency procedures and practices should be

established. This we see as being needed in addition to one set of relocation regulations. We believe that the Executive Office of the President should have this authority and responsibility.

RECOMMENDATIONS

We recommend that the Congress amend the act to require the President to designate a central organization to direct and oversee uniform relocation procedures governmentwide. The President, or his designee, should be provided the authority to resolve differences among agencies and be given responsibility for monitoring agency practices, providing feedback to the Congress, and performing other oversight functions to ensure that the purposes of the act are met.

We also recommend that the President transfer overall responsibility for the uniform relocation circular and the RAIC back to OMB.

AGENCY COMMENTS

Both GSA and OMB support the concept of a central organization to oversee uniform relocation procedures governmentwide. However, OMB believes that GSA should have this responsibility because the operational role implicit in the RAIC is inappropriate for OMB. GSA, on the other hand, agreed with us that OMB should take back the responsibility for the circular and the RAIC. GSA pointed out that no general agreement existed among Federal agencies on a requirement for a central organization and that none of the agencies disagreed with our recommendation that OMB should have the role.

CHAPTER 5

SCOPE OF REVIEW

Our review concentrated on title II of the act concerning relocation assistance. We did not review the real property acquisition practices of Federal agencies. Our fieldwork encompassed relocation activities carried out during the period from 1973 to 1976.

The review was conducted at the Washington, D.C., headquarters offices of FHWA, HUD, GSA, OMB, the Environmental Protection Agency, and the Economic Development Administration; various regional offices of FHWA, HUD, HEW, the Army Corps of Engineers, the Environmental Protection Agency, and the Federal Aviation Administration; Federal regional councils in Chicago, Kansas City, Philadelphia, and Seattle; and State and local offices responsible for implementing the relocation programs in selected locations in Illinois, Iowa, Kansas, Maryland, Missouri, Nebraska, Oregon, Puerto Rico, Washington, and Wisconsin.

We examined regulations, guidelines, and procedures for administering relocation programs. We interviewed officials of OMB, GSA, public interest groups, Federal agencies, and State and local agencies with relocation responsibilities and a number of people whose businesses were displaced by federally assisted programs.

We also examined the minutes and records of the Relocation Assistance Implementation Committee.

AGENCY REGULATIONS AND GUIDELINES

Guidelines for Federal agency implementation of the relocation act are in GSA Federal Management Circular 74-8. We performed a detailed analysis of Circular 74-8 and the regulations of 13 departments and agencies for two issues: last resort housing benefits and payments for physical changes to replacement business facilities. The regulations analyzed were those in effect at the time of our review prior to October 1976 and involved HUD, FHWA, HEW, GSA, the Federal Aviation Administration 1/, the Army Corps of Engineers, the Veterans Administration, the U.S. Postal Service, the Economic Development Administration, and the Departments of Transportation, the Interior, Agriculture, and Justice.

We also examined Circular 74-8 and the regulations of five agencies covering the criteria for determining comparable replacement housing. The five agencies were HUD, FHWA, Transportation, the Federal Aviation Administration, and the Army Corps of Engineers.

Our analysis revealed a confusing array of different formats, wordings, and degrees of detail. Because of these differences, which are often subtle, relocated persons and businesses receive different payments. In addition, the different regulations create difficulties for a relocation agency doing its work for more than one Federal agency.

LAST RESORT HOUSING REGULATIONS

If adequate replacement housing for displaced homeowners or tenants is unavailable, project officials may provide it through the last resort housing provision of the act. In January 1971, a Presidential memorandum instructed HUD to promulgate regulations for the act's last resort housing provision. The criteria and procedures were to be applicable to all Federal and State agencies administering

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1/Regulations were compared for all agencies except the Federal Aviation Administration. The Federal Aviation Administration has not issued relocation regulations, but uses its Advisory Circular to supplement Department of Transportation regulations. We compared the Federal Aviation Administration circular to the other regulations.

Federal projects causing residential displacement. Several Federal agencies, however, have not adopted HUD's regulations and have issued their own.

Some regulations address the financing of last resort housing, others describe how the housing may actually be provided, and still others provide little guidance of either type. The regulations also differ in the level of guidance provided for the development of replacement housing; that is, (1) whether acquired housing should be relocated and, if necessary, reconditioned, (2) whether the agency should buy dwellings that are on the market, or (3) whether the agency should build replacement housing. The regulations further differ in their amount of detail and in their format and language.

Differing detail

The regulations of the 13 agencies can be separated into six sets of differing detail. The first set includes eight agencies (HUD, Transportation, the Interior, Agriculture, Justice, HEW, Veterans Administration, and GSA) which require the use of HUD's regulations. The HUD regulations address both the construction methods to be used and the financing methods available to the project, but, consistent with the act, permit agency heads to determine when the last resort housing provision should be invoked. The HUD regulations allow the head of the displacing agency to

> "* * * provide, rehabilitate, or construct replacement housing * * * through methods including but not limited to * * *
>
> (a) Transfer of project funds to State and local housing agencies;
>
> (b) Transfer of project funds to HUD or the Farmers Home Administration;
>
> (c) Contract with nonprofit or for-profit organizations experienced in the development of housing;
>
> (d) Interest subsidy payments;
>
> (e) Direct construction by the displacing agency."

The other five agencies do not refer to the HUD regulations for guidance. The FHWA regulations are guided by the HUD criteria and procedures, but not in the same form or sequence. Three agencies provide only limited guidance, and one agency does not address how last resort replacement housing should be provided.

The FHWA regulations allow the State to provide replacement housing through five methods. These methods include, but are not limited to, the following.

"1. The purchase of land and/or existing dwellings.

2. The rehabilitation of existing dwellings * * *.

3. The relocation and, if necessary, the refurbishing or rehabilitation of dwellings purchased by the State for right-of-way purposes.

4. The construction of new dwellings.

5. The transfer from the General Services Administration * * * of any real property surplus to the needs of the United States."

The Federal Aviation Administration's Advisory Circular indicates that last resort housing should be made available through the purchase of existing housing and/or construction of new dwellings. The circular states:

> "A 'last resort housing' project will authorize the sponsor to make housing available through the purchase and/or construction with the aid of Federal financial assistance. * * * The Federal Aviation Administration will provide information on 'last resort housing' procedures whenever the need arises."

The Postal Service regulations allow last resort housing to be provided through the rehabilitation of existing housing or construction of new housing. The regulations state:

> "* * * The Postal Service may take such action as is necessary or appropriate to provide such housing including but not limited to rehabilitation of inadequate existing housing, or construction of new housing."

The Army Corps of Engineers regulations provide no detailed guidance. The regulations state: "Such housing will be provided by the Government as a last resort."

The Economic Development Administration regulations do not address how last resort replacement housing should be provided.

Different language

Many problems in providing uniform last resort housing benefits are due to the different language of regulations and operating manuals in describing similar requirements. For example, regulations of 12 of the 13 agencies contain guidance either requiring or allowing housing to be provided as a last resort. Eight agencies allow it to be provided, while four agencies require it be provided. One agency, the Economic Development Administration, does not address whether housing should be provided as a last resort.

One of the eight agencies allowing housing to be provided as a last resort is Transportation, whose regulations state: "The appropriate Department of Transportation official may use project funds, or authorize a State agency to use project funds, * * * to develop housing."

One of the four agencies requiring housing to be provided as a last resort is HEW, whose regulations state:

> "The Secretary will provide for replacement housing for Federal projects, or take or approve action by a State agency to develop replacement housing for projects financially assisted by the Department."

Obviously, a difference exists in the strength of the wording of HEW's regulations versus those of Transportation. Whether the intentions of these two agencies differ is unclear, but it seems reasonable to conclude that nonuniform handling of similar situations could result.

AGENCY REGULATIONS FOR PHYSICAL CHANGES TO BUSINESS SITES

Displaced businesses are not assured of receiving uniform benefits because the language of agency regulations

differs. We separated the regulations of the 13 agencies by the differences in their wording and by the degree of detail provided. Four topics were addressed by all of the agencies and Circular 74-8: (1) removal and reestablishment of machinery and equipment, (2) reconnection of utilities to relocated equipment, (3) modification of machinery, equipment, and appliances, and (4) improvements to replacement site.

Removal and reestablishment of machinery and equipment

All 13 agencies have regulations that allow expenditures for removal and reestablishment of machinery and equipment. However, the language used in HUD's regulations differs from that used by other agencies. HUD's regulations allow costs for:

> "Disconnecting, dismantling, removing, reassembling, reconnecting, and reinstalling machinery, equipment, or other personal property (including goods and inventory kept for sale) * * *."

In contrast, the regulations of the other 12 agencies read: "* * * removal, reinstallation, and reestablishment of machinery, equipment, appliances, and other items * * *." This language is similar to Circular 74-8.

Reconnection of utilities to relocated equipment

All 13 agencies have regulations that allow for reconnecting relocated equipment to utilities at the replacement site. Agencies, however, use different phraseology, which can be separated into seven different sets. The first set, used by Transportation and the Interior, simply states that the eligible costs include "* * * reconnection of utilities * * *."

The second set is similar to Circular 74-8 and is used by HEW, Army Corps of Engineers, Veterans Administration, and Economic Development Administration. This set lists the items to be reconnected to utilities. Payment is provided for "* * * reconnection of utilities for machinery, equipment, appliances, and other items * * *."

The third set, used only by Agriculture, combines some of the phraseology used by the previous agencies. Agriculture's regulations allow payments for "* * * reconnection

of utilities for such items [machinery, equipment, appliances, and other items] * * *."

The Postal Service regulations are unique and form the fourth set. These regulations also provide payment for the reconnection of utilities, but do so with language different from other agencies. The Postal Service regulations provide payments for "* * * modification * * * of machinery, equipment, appliances, and other items, * * * including reconnection of utilities * * *."

The fifth set is used by GSA and provides payment for the reconnection of utilities only if the replacement site is not improved by doing so. GSA's regulations provide payment for "* * * reconnection of utilities, which do not constitute an improvement to the replacement site."

The sixth set, which is used by Justice, FHWA, and Federal Aviation Administration, also provides payment for reconnecting utilities if the replacement site is not improved by doing so. However, if the improvement is required by law, the costs are allowed as follows: "* * * reconnection of utilities to such items which do not constitute an improvement (except when required by law) to the replacement site."

HUD's regulations comprise the seventh and last set. Its regulations use unique wording to allow payment for reconnecting utilities: "* * * reconnecting and reinstalling machinery, equipment, or other personal property * * * not acquired by the State agency."

Modification of machinery, equipment, and appliances

The regulations governing the modification of relocated machinery, equipment, and appliances include a confusing array of provisions and exclusions. Different wording is used in the various agencies' regulations, and five different sets can be identified.

The first set, used by Transportation, allows payment for "* * * modifying the machinery, appliances, or equipment if it is not acquired by the agency concerned as real property."

The second set differs from the first in that the modifications must be deemed necessary by the displacing agency. Included in this group are the Interior, Agriculture, Postal Service, Army Corps of Engineers, Veterans

Administration, and Economic Development Administration. These regulations, which parallel Circular 74-8, permit "* * * modification as deemed necessary by the displacing agency of machinery, equipment, appliances, and other items not acquired as real property."

The third set, used by HUD, permits payment for

> "* * * any addition, improvement, alteration or other physical change in or to any structure or its premises in connection with the reassembling, reconnection, or reinstallation of machinery, equipment, or other personal property, or otherwise required to render such structure, premises, or equipment suitable for a displaced business."

The fourth set does not allow payment for modifications of personal property except under certain conditions. Included in this group are GSA, Justice, FHWA, and Federal Aviation Administration. Their regulations state: "* * * modifications of personal property to adapt it to the replacement site [are excluded from payment], except when the modification is required by law."

The fifth set, comprising HEW's regulations, includes exceptions when describing permissible modifications of personal property. HEW's regulations permit payment for

> "* * * such modifications (of machinery, equipment, appliances, and other items * * *) as deemed necessary by the Secretary. * * * [exception:] The cost of the modification of personal property to adapt it to the replacement site, except when required by law."

Improvements to replacement site

Different phraseology is used in the regulations of each of the 13 agencies in providing for payment of improvements to the replacement site. The regulations can be separated into four different sets.

The first set, comprising HUD's regulations, provides for improvements to the replacement site under certain conditions, as follows.

> "Reimbursable costs shall be limited to $100,000 [for] any addition, improvement, alteration, or other physical change * * * required to render

such structure, premises, or equipment suitable for a displaced business."

The second set is used by Transportation, the Interior, Justice, Agriculture, Postal Service, FHWA, Army Corps of Engineers, Veterans Administration, Economic Development Administration, and Federal Aviation Administration. The agencies' regulations, which parallel Circular 74-8, state: "Improvements to the replacement site [are excluded] except when required by law."

The third set, comprising GSA's regulations, states: "Improvements to the replacement site [are excluded] except when they are required to reinstall machinery, equipment, or other personal property."

The fourth set, comprising HEW's regulations, does not allow expenses for "* * * improvements to the replacement site, except as provided for in section 15.23." Section 15.23 allows the Secretary to approve such other related expenses as he determines reasonable under the circumstances.

Changes in regulations may still leave differences

HUD revised its regulations for displaced businesses in October 1976 to more closely conform with those of Transportation. A month later, FHWA revised its regulations for replacement business site expenses. However, FHWA's revised regulations do not conform to those of Transportation or HUD and payment differences for physical changes at a replacement business site could continue. HUD and FHWA regulations, before and after revision, are compared on the next page.

APPENDIX I

WORDING PRIOR TO CHANGES		WORDING AFTER CHANGES	
HUD	FHWA	HUD	FHWA
Disconnecting, dismantling, removing, reassembling * * * and reinstalling machinery, equipment, or other personal property (including goods and inventory kept for sale) not acquired by the State agency.	* * * removal, reinstallation, and reestablishment of machinery, equipment, appliances, and other items which are not acquired * * *.	Disconnecting, dismantling, removing, reassembling, and installing relocated machinery, equipment, and other personal property.	[No change]
* * * reconnecting and reinstalling machinery, equipment or other personal property * * * not acquired by the State agency.	* * * reconnection of utilities to such items, which do not constitute an improvement (except when required by law) to the replacement site * * *.	* * * connection to utilities available at the replacement location * * *.	* * * reconnection of utilities to such items, which do not constitute an improvement to the replacement realty.
Any addition, improvement, alteration or other physical change in or to any structure or its premises in connection with the reassembling, reconnection, or reinstallation of machinery, equipment, or other personal property, or otherwise required to render such structure, premises, or equipment suitable for a displaced business.	Modification of personal property to adapt it to the replacement site [are ineligible expenses], except when required by law.	* * * modifications necessary to adapt such property to the replacement location or to utilities available at the replacement location or to adapt such utilities to the personal property.	* * * modification of the personal property to adapt it to the replacement site [is considered an ineligible expense].
Reimbursable costs shall be limited to $100,000. (Note: the limitation applies only to the subparagraph 3 shown above).	Improvements to the replacement site [are ineligible], except when required by law.	[Deleted]	Improvements to the replacement site [are considered ineligible expenses].

Although the revised regulations of HUD and FHWA more closely conform in some respects, other provisions differ in wording, which could result in different benefits and could allow different expenses. In addition, the revised regulations differ from those of other Federal agencies.

REGULATIONS DEFINING COMPARABLE REPLACEMENT HOUSING DIFFER

We analyzed the comparable housing regulations of five agencies and Federal Management Circular 74-8 to determine conformity. The five agencies selected were Transportation, HUD, FHWA, Federal Aviation Administration, and Army Corps of Engineers. Although the regulations generally include similar criteria, uniformity is not ensured for two reasons. The regulations do not provide the same degree of guidance and do not always use identical language to describe what we consider similar requirements.

Different degrees of guidance provided

Federal Management Circular 74-8 lists eight criteria to define a comparable dwelling. The regulations of four of the five agencies have these criteria; Transportation has seven of them. Several criteria are whether the housing is decent, safe, and sanitary; reasonably accessible to the place of employment; within the financial means of the displaced person; and functionally equivalent and substantially the same.

The last criterion (functionally equivalent and substantially the same) is further defined by four of the five agencies. The fifth agency, the Army Corps of Engineers, and Federal Management Circular 74-8 use nonspecific language to define the criteria, as follows: "* * * functionally equivalent to and substantially the same as the acquired dwelling, but not excluding newly-constructed housing."

The following chart lists specific factors that are either present or absent in the regulations of the five agencies.

Agency Regulations Including Factors

Factor	Transportation	Federal Aviation Administration	FHWA	HUD	Army Corps of Engineers
Number of rooms	yes	yes	yes	yes	no
Area of living space	yes	yes	yes	yes	no
Type of construction	yes	yes	yes	no	no
Age	no	yes	yes	no	no
State of repair	no	yes	yes	no	no

Because of the inconsistencies in the regulations, we inquired into the practices of relocation personnel at the project level. Relocation personnel for both FHWA- and Federal Aviation Administration-sponsored projects in Oregon use a form to determine whether a replacement home is comparable. This form includes 19 factors, such as number of bedrooms, type of neighborhood, lot size, fireplace, type of heating system, and year built. In contrast, a relocation official for a HUD-sponsored project in Seattle told us they do not use standardized forms or checklists when determining housing comparability. The relocation supervisor told us he reviews the real estate listings for factors such as number of bedrooms, building size, age, and neighborhood. He indicated that this is a very subjective evaluation.

On a project in Washington, the Army Corps of Engineers did not use a standardized form or checklist when determining housing comparability. Instead, a narrative analysis was prepared. This analysis included factors such as dwelling size, number of bedrooms and baths, and type of construction. The analysis did not include factors such as type of heating system, fireplace, and whether the house had a garage.

Different language used

Federal agency regulations use different language to describe the area in which comparable replacement dwellings should be located. The end objective of the regulations is similar, but the wording differs. For example, HUD's regulations specify that the comparable home be located "* * * in

an area not subject to unreasonable adverse environmental conditions from either natural or man-made sources." FHWA and the Federal Aviation Administration describe a comparable replacement dwelling as one located "* * * in an equal or better neighborhood." The Army Corps of Engineers regulations and Circular 74-8 describe the replacement home as one

> "* * * located in an area not generally less desirable than the one in which the acquired dwelling is located, with respect to * * * neighborhood conditions, including but not limited to municipal services and other environmental factors * * *."

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 25 1977

Mr. Victor L. Lowe
Director, General
Accounting Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Lowe:

Thank you for the opportunity to comment on the draft GAO report entitled, "Changes Needed in the Uniform Relocation Act." As you know, Mr. Hadley of your staff agreed informally to an extension of your requested deadline in order for us to circulate the draft to the cognizant OMB officials and to the Federal Regional Councils.

That review is now concluded. We found general agreement with the statement of the problem of inequities of the last six years as outlined in the beginning of the draft report. We agree also with the view that the root cause of the problems is within the Act and that early changes to the Act are critical to the creation of a uniform streamlined system for treating displaced persons.

A summary of our responses to specific findings and recommendations found in the GAO draft report follows. Where OMB does not concur in the FRC opinion, we have so indicated, in reflecting both views.

1. Recommendation in GAO Draft

"We recommend that the Congress amend the Relocation Act to require the President to issue a single set of relocation regulations providing nationwide guidance to Federal, State, and local agencies. We suggest that Section 213(a) be amended to read as follows:

> "In order to promote uniform and effective administration of this Act, the President shall establish one set of regulations and procedures for use by Federal agencies, State and local agencies, and other recipients of Federal financial assistance.""

OMB Response

We support strongly the publication of a single set of regulations by an agency designated by the President for use by all agencies. Furthermore, we support the concept of a single focal point from which to coordinate implementation of procedures and to resolve agency disagreements on interpretation of the regulations.

2. Recommendation in GAO Draft

"Because our interpretation of Section 206 of the relocation act and our conclusions based on that interpretation may remain the subject of considerable disagreement by the various agencies concerned, we recommend that the Congress clarify Section 206(a) concerning last resort housing and also consider increasing the payment limits of Sections 203 and 204."

OMB Response

We support the recommendation to clarify Section 206(a) to avoid the confusion in its interpretation noted by field officials.

The FRCs varied in their response to the recommendation concerning the consideration of increasing the payment limits above the present limit of $15,000 for home owners and $4,000 for renters, outlined in Section 203 and 204. The sentiment for increasing the limits slightly outweighed that for not increasing them. We do not concur in this recommendation in toto, because the average payments do fall within the limits set out in Sections 203 and 204, and the appraisal process usually does take into account the offset brought on by inflation. We would support the concept of a recurring review of the upper limits established in Section 203 and 204, to monitor a narrowing gap between the average and the upper limit.

3. Recommendations in GAO Draft

"The following recommendations are treated as a group because of their budgetary implication.

> "To remove the present impediment to home ownership, we also recommend that the Congress amend Section 204(2) concerning matching requirements by deleting everything following "$4,000," and changing the comma after $4,000 to a period. Finally, we recommend that the Congress consider amending the Act to increase relocation benefits

for business.

"To assure that coverage of the relocation act continues as new Federal assistance programs are enacted, we recommend that the Congress amend the Act by adding a new section as follows:

> "Section 103. The provisions of this Act shall apply to all displacements caused by Federal or federally assisted programs unless a specific exclusion is included in the authorizing legislation of newly enacted Federal or federally assisted programs."

"The Congress should clarify whether all nonacquisition projects are covered by the Act. We recommend that nonacquisition projects be covered. This could be accomplished by amending the definition of displaced person in Section 101(6) of the Act to read:

> "(6) The term "displaced person" means any person who, on or after the effective date of this Act, moves from real property, or moves his family, business, farm operation or other personal property from real property as a result of a program or project undertaken by a Federal agency, or with Federal financial assistance, or as the result of a written order to vacate real property pursuant to such a program or project."

and by amending other Sections as appropriate. Furthermore, Section 217 dealing with selected nonacquisition projects should be deleted."

OMB Response

We have had recurring reports from FRCs of the apparent inequity in the law for small business as compared with individuals and we find reiteration of this perception in their responses to this latest draft report. Some of the FRC's did recommend eliminating the matching provision. There was general agreement from the FRC's concerning your recommendations to clarify and further expand the term "displaced".

As you know, agencies overseeing programs that displace individuals and businesses are reviewing the GAO draft concurrent with our review. We will refrain from a judgment affecting budgetary implications in these agency's programs until we have had an opportunity to review the agency responses in greater depth.

4. Recommendation in GAO Draft

"We recommend that Congress amend the Act to require the President to designate a central organization to direct and oversee uniform relocation procedures Government-wide. The President, or his designee, should be provided the authority to resolve differences among agencies and be given responsibility for monitoring agency practices, providing feedback to the Congress, and performing other oversight functions to assure that the purposes of the Act are met.

We also recommend that the President transfer overall responsibility for the uniform relocation circular and the RAIC back to OMB from GSA."

OMB Response

While we support the concept of "...a central organization to direct and oversee uniform relocation procedures Government-wide.", we find the operational role implicit in RAIC to be inappropriate for OMB. The more consistent role for OMB continues to be the provision of guidance and direction to the operating agencies.

The concept of GSA implementing the Act with:

- the force of newly reinvigorated statutory authority to implement;

- a single set of regulations and procedures from which to operate;

OMB guidance and policy direction;

continues to be the most appropriate operational relationship.

Additional Comments

We would suggest that Title I of the Act include explicit mention of Native Americans.

FRC's have reported some confusion with Section 303 which outlines "Expenses Incidental to Transfer of Title." FRC's report that apparently when two Federal agencies are involved with a single grantee, some misunderstanding may arise as to the proper determination of what constitutes "incidental expenses." This needs clarification. Further, there is some indication that Section 202(c) has proven equally confusing. In applying the test for eligibility for in lieu payment, "...a substantial loss of its existing patronage" is

APPENDIX II

interpreted by some as loss of clientele and by others as loss of income. This, too, apparently needs clarification.

On the whole, we were impressed with the quality of the draft report, and we appreciate the opportunity to comment.

Sincerely,

James T. McIntyre
Acting Director

(ieral
Services
Administration Washington, DC 20405

November 8, 1977

Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, DC 20548

Dear Mr. Staats:

As requested in Mr. Fred J. Shafer's letter of August 12, we have reviewed the draft of a proposed report entitled "Changes Needed in the Uniform Relocation Act," and have requested comments or suggestions from the concerned Federal headquarters agency officials.

The General Services Administration's comments and those of the other agencies are attached, together with our coordinated comments thereon. Comments have not been received from the Departments of Housing and Urban Development (DHUD), Transportation (DOT), Interior, and the Veterans Administration. It is our understanding that General Accounting Office (GAO) representatives have discussed the report with representatives of the major displacing agencies, DHUD and DOT. When these reports are received, GSA will forward them to you with comments as appropriate. As the comments indicate, no exceptions have been taken to GAO's findings and proposal for legislative changes; however, there is no general agreement among the reporting agencies on the recommendations for a single set of regulations and a central coordinating agency.

With the exceptions noted in the attached comments, GSA endorses the proposed draft report and supports implementation of the recommendations contained therein, as these changes are needed to improve the uniform implementation of the Relocation Act.

We appreciate having had the opportunity to comment on the report.

Sincerely,

Jay Solomon
Administrator

GAO note: Interior and Veterans Administration comments were received Nov. 15, 1977, Department of Transportation comments were received Jan. 6, 1978, and HUD comments were received Jan. 26, 1978. These comments have been considered in the report.

GENERAL SERVICES ADMINISTRATION COMMENTS ON THE GAO REPORT ENTITLED "CHANGES NEEDED IN THE UNIFORM RELOCATION ACT"

CHAPTER 2

GAO Recommendation:

That the Congress amend Section 213(a) of the Relocation Act (specific language suggested) to require the President to issue a single set of regulations providing guidance to Federal, State, and local agencies.

Agencies' Comments:

Agriculture	- non-committal
Commerce	- agreed
EPA	- agreed
Defense	- disagreed
HEW	- disagreed
Justice	- no comment
USPS	- agreed, reserving right to object

GSA's Comments:

While GSA believes that a single set of regulations, when coupled with a central organization to direct and oversee Government-wide relocation procedures, will further the objective of uniformity as provided for in the Act, it is our view that the differences in treatment and payment basically result from the agencies' parochial interests and their different philosophies in the implementation of the guidelines and the Act. Therefore, in order to achieve the objective of uniformity, it is essential that the overview organization be given the authority to approve regulations issued by the various agencies as well as to impose sanctions against deviations by agencies that are not supportable by genuine program needs. Accordingly, any proposed amendment to Section 213(a) should contain appropriate language to that effect as well as specific legislative clarification as to the basic socioeconomic objectives, if any, that the Congress expects the agencies to achieve in the implementation of the Act. GSA further believes that the various agency program missions do not per se require that each agency must necessarily issue its independent regulations.

With respect to the other recommendations in Chapter 2, GSA believes that congressional clarification would be in order because of the various interpretations of Section 206(a). As to the increasing payment limits of Section 203 and 204, GSA has no valid basis for agreeing or disagreeing with GAO's proposal.

GAO note: Chapter 2 reference refers to the draft report and is chapter 3 in the final report.

CHAPTER 3

GAO Recommendation:

That Congress amend the Relocation Act to cover all displacement caused by Federal or federally assisted programs whether displacement is caused by a public or private agency.

Agencies' Comments:

Agriculture - non-committal
Commerce - agreed
Defense - agreed
EPA - agreed
HEW - non-committal
Justice - non-committal
USPS - agreed

GSA Comments:

GSA believes that persons displaced as a result of a Federal or federally assisted project, whether caused by a public or private agency, should be entitled to the benefits since this would be consistent with the purpose of the Act. Accordingly, we agree with the recommendation by GAO.

GAO Recommendation:

That Congress clarify whether all non-acquisition projects are covered by the Act and amend the Act to permit such coverage.

Agencies' Comments:

Agriculture - non-committal
Commerce - agreed
Defense - agreed
EPA - agreed
HEW - non-committal
Justice - non-committal
USPS - agreed

GSA Comments:

The key to eligibility and benefits under the Act is the "acquisition," without which no permanent displacement occurs and, therefore, no benefit accrues. Special types of non-acquisition projects are peculiar to and limited to agencies with special programs and, therefore, payments should be contained in the enabling legislation for such limited programs intended to benefit the individual rather than the public as a whole.

GAO note: Chapter 3 reference refers to the draft report and is chapter 2 in the final report.

GAO Recommendation:

That Congress amend Section 204(2) to eliminate the matching payment requirement of said section.

Agencies' Comments:

Agriculture - non-committal
Commerce - agreed
Defense - agreed
EPA - agreed
HEW - non-committal
Justice - non-committal
USPS - agreed

GSA Comments:

GSA has no basis to conclude that the proposed amendment would remove "the present impediment" to home ownership. We believe it would help in some situations; however, depending on the location of the project and the persons displaced and the other criteria for replacement housing in the law and guidelines, GSA cannot conclude that the proposed amendment would remove the obstacle. Further, GSA believes the Congress should clarify its intent since it made a clear distinction in the Act for the type and amount of payments under Sections 205 and 204.

GAO Recommendation:

That Congress amend the Act to increase relocation benefits for businesses.

Agencies' Comments:

Agriculture - non-committal
Commerce - agreed
Defense - agreed
EPA - agreed
HEW - non-committal
Justice - non-committal
USPS - agreed

GSA Comments:

GSA agrees and would support legislation if it is evident that displaced businesses have suffered a disproportionate injury as a result of Federal or federally assisted projects.

CHAPTER 4

GAO Recommendations:

That Congress amend the Act to require the President to: (1) designate a central organization to direct and oversee uniform procedures Government-wide, with authority to resolve differencies, etc.; and (2) that the President transfer responsibility back to the Office of Management and Budget from GSA.

Agencies' Comments:

Agriculture	- 1 & 2 non-committal
Commerce	- 1 agree, 2 non-committal
EPA	- 1 agree, 2 non-committal (see agency comments)
Defense	- 1 disagree, 2 agree
HEW	- 1 & 2 non-committal (see agency comments)
Justice	- 1 & 2 non-committal
USPS	- 1 disagree, 2 non-committal

GSA Comments:

1 & 2 agree - see detailed comments under Chapter 2.

(01741)