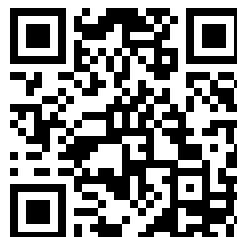

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A HUD HANDBOOK

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WASHINGTON, D. C. 20410



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HUD REGIONAL OFFICES

GENERAL JURISDICTIONAL AREA 1/

REGION

ADDRESS AND TELEPHONE NUMBER

I	Room 800, John F. Kennedy Federal Bldg., Boston, Mass. 02203; Area Code 617 233-4066	Massachusetts, Connecticut
II	26 Federal Plaza, New York, N.Y. 10007; Area Code 212 264 8068	New York, New Jersey Caribbean
III	Curtis BLDG., 6th & Walnut Sts., Philadelphia, Pa.; Area Code 215 597-9416	District of Columbia, Maryland, Pennsylvania, Virginia
IV	Peachtree Street, N.E., Atlanta, Ga. 30309; Area Code 404 881-4585	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee
V	300 So. Wacker Dr., Chicago, Ill. 60606; Area Code 312 353-5860	Illinois, Indiana, Ohio, Minnesota, Michigan, Wisconsin
VI	Earle Cabell Bldg., 1100 Commerce St., Dallas, Texas 75202; Area Code 214 747-7401	Arkansas, Louisiana, Texas Oklahoma
VII	Room 300, Federal Office Bldg., 911 Walnut St., Kansas City, Mo. 64106; Area Code 816 374-2661	Missouri, Nebraska
VIII	Executive Tower Bldg., 1405 Curtis St., Denver, Colo.; Area Code 303 837-4513	Colorado

HUD REGIONAL OFFICES

GENERAL JURISDICTIONAL AREA

ADDRESS AND TELEPHONE NUMBER

REGION

IX	450 Golden Gate Ave., P.O. Box 36006, San Francisco, Calif. 94102; Area Code 415 556-4752	California, Hawaii
X	Arcade Plaza Bldg., 1321 Second Ave., Seattle, Wash. 98101; Area Code 206 442-5414	Oregon, Washington

2/ Does not include HUD Service Offices

HUD AREA OFFICES

TELEPHONE NO.

ADDRESS

AREA OFFICE

	Area Code	
Boston	617	Bulfinch Bldg., 15 New Chardon St., Boston, Mass. 02114 233-4271
Hartford	203	999 Asylum Avenue, Hartford, Conn. 06105 244-3638
Buffalo	716	Suite 800, Statler Bldg., 107 Delaware Ave., Buffalo, N.Y. 14202 855-5755
Caribbean	809	Room 428, Federal Building Hato Rey, Puerto Rico 00918 753-4201
New York	212	666 Fifth Avenue, New York, N.Y. 10019 399-5290
Newark	201	Gateway I Building, Raymond Plaza Newark, N.J. 07102 645-3010
Baltimore	301	Mercantile Bank and Trust Bldg., 2 Hopkins Plaza, Baltimore, Md. 21203 962-2121
Philadelphia	215	625 Walnut Street, Philadelphia, Pa. 19106 597-2645
Pittsburgh	412	Two Allegheny Center Pittsburgh, Pa. 15222 644-2802

HUD AREA OFFICES

AREA OFFICE	ADDRESS	Area Code	TELEPHONE NO.
Richmond	701 E. Franklin Street Richmond, Va. 23219	804	782-2721
Washington, D.C.	Universal North Bldg., 1875 Connecticut Ave., NW, Wash., D.C. 20009	202	673-5837
Atlanta	230 Peachtree Street., NW Atlanta, Georgia 30303	404	526-4576
Birmingham	Daniel Bldg., 15 S 20th Street, Birmingham, Ala. 35233	205	254-1617
Columbia	1801 Main Street, Jefferson Square, Columbia, S.C. 29201	803	765-5591
Greensboro	415 North Edgeworth Street Greensboro, N.C. 27401	919	378-5363
Jackson	101 C, Third Floor Jackson Mall, 300 Woodrow Wilson Ave., W Jackson, Miss. 39213	601	969-4703
Jacksonville	Peninsula Plaza, 661 Riverside Ave Jacksonville, Fla. 32204	904	791-2626
Knoxville	1 Northshore Bldg., 1111 Northshore Dr., Knoxville, Tenn. 37919	615	637-9300

HUD AREA OFFICES

RHM 7200.0

AREA OFFICE	ADDRESS	Area Code	TELEPHONE NO.
Louisville	Childrens Hospital Foundation Bldg., 601 S. Floyd St., PO Box 1044, Louisville, Ky. 40201	502	582-5251
Chicago	1 North Dearborn Street, Chicago, Ill. 60602	312	353-7660
Columbus	60 East Main Street, Columbus, Ohio 43215	614	469-7345
Detroit	McNamara Federal Bldg., 477 Michigan Ave., Detroit, Mich. 48226	313	226-7900
Indianapolis	4720 Kingsway Drive Indianapolis, Ind. 46205	317	269-6303
Milwaukee	744 North Fourth Street, Milwaukee, Wisc. 53209	414	224-1493
Minneapolis	1821 University Avenue, Minneapolis - St. Paul, Minn. 55104	612	725-4701
Dallas	2001 Bryan Tower, 4th Floor Dallas, Texas 75201	214	749-1601
Little Rock	One Union National Plaza Little Rock, Ark.	501	378-5401

HUD AREA OFFICES

AREA OFFICE	ADDRESS	Area Code	TELEPHONE NO.
New Orleans	Plaza Tower, 1001 Howard Ave., New Orleans, La. 70113	504	589-2063
Oklahoma City	200 N W 5th Street, Oklahoma City, Okla. 73102	405	231-4181
San Antonio	Kallison Bldg., 2nd Fl. 410 S. Main San Antonio, Texas 78285	512	255-5511
Kansas City, Mo.	Federal Office Bldg., 911 Walnut Street, Room 300, Kansas City, Mo. 64106	816	374-2661
Omaha	Univac Bldg., 7100 West Center Road Omaha, Neb. 68106	402	221-9301
St. Louis	210 North 12th Street St. Louis, Mo. 63101	314	425-4761
Denver	Executive Tower Bldg., 1405 Curtis Street, Denver, Colo. 80202	303	837-4513
San Francisco	1 Embarcadero Center, Suite 1600, San Francisco, Calif. 94111	415	556-2238
Seattle	403 Arcade Plaza Bldg., 1321 Second Avenue, Seattle, Wash. 98101	206	442-7456

CHAPTER 1. INTRODUCTION

1. PURPOSE OF HANDBOOK. The Urban Renewal Handbook is the official statement of the Department of Housing and Urban Development (HUD) which establishes the policies and requirements for the administration of federally assisted urban renewal programs. The Handbook is the basic issuance used to promulgate permanent policy and requirements for local administrative officials, and it establishes broad national objectives and detailed requirements.
2. ORIENTATION OF HANDBOOK. The Handbook is also oriented to the user; i.e., the Local Public Agency (LPA), or other public body, that administers the urban renewal program at the local level.
3. HUD CONCURRENCE IN LPA'S ACTIONS. Contracts for Federal financial assistance between HUD and LPA's require LPA's to obtain HUD concurrence before taking certain actions. Whenever this Handbook authorizes the LPA to take such an action without obtaining a specific concurrence from HUD, the Handbook constitutes the HUD concurrence required by a contract, provided the LPA action is taken in accordance with the Handbook policies and requirements.
4. SCOPE AND APPLICABILITY. This Handbook prescribes the Federal policies and requirements applicable to an LPA for:
 - a. An urban renewal project under Title I of the Housing Act of 1949, as amended to date, either on a two-thirds or on a three-fourths Federal capital grant basis.
 - b. A Feasibility Survey of an urban area.
 - c. Preparation of a General Neighborhood Renewal Plan.
 - d. A "disaster area" urban renewal project.
 - e. An air rights project.
 - f. An Early Land Acquisition Loan.
 - g. A Letter of Consent for the purpose of undertaking project execution activities during the project planning period.

5. APPLICABILITY OF HANDBOOK TO URBAN RENEWAL PROJECTS APPROVED PRIOR TO THE HOUSING ACT OF 1954. Slum clearance and redevelopment projects under Title I of the Housing Act of 1949, as amended prior to the Housing Act of 1954 ("Old Act" projects) are not covered by this Handbook since most such projects are in the final stages of execution. For advice on any policies or requirements for such projects which differ from these prescribed in this Handbook, consult the Area Office.
6. HUD UNIFIED ISSUANCES SYSTEM. This Handbook is issued by Renewal and Housing Management in accordance with the HUD Unified Issuances System, the official vehicle for dissemination of policies, procedures, and guides emanating from HUD. The system authorizes a number of issuance series in addition to the Handbook. Definitions of these are shown below.
- a. Handbook. The Handbook is the basic series of the system and will be used to promulgate permanent policies, procedures, and instructions for the Urban Renewal Program. The Handbook is changed by issuance of new and revised pages.
- (1) Filing. Handbooks are issued on 8x10½ inch size and are prepunched for filing in standard 3-ring looseleaf binders. Binders are not supplied with Handbooks.
- (2) Identification. The Urban Renewal Handbook is presently identified by a series of numbers from RHM 7200 through RHM 7228.
- (3) Transmittal. A Transmittal Notice is used to describe an issuance and to outline the pertinent matters covered including changes, deletions, additions, etc. The Transmittal Notice carries the same subject classification number as the Handbook. It is filed behind the front cover or divider of the Handbook involved.
- b. Circular. Circulars are used to issue policies and procedures on subject matter which is inappropriate for Handbooks or which is scheduled for eventual consolidation into Handbooks or Guides. They will usually be assigned a cancellation date. Circulars closely resemble Handbooks in format and carry the same kind of numerical and subject identification.
- c. Notice. Notices are used to disseminate information of a temporary or throw away nature.
-

- d. Guide. Guides are used to provide program participants with material of any advisory nature. Generally, they supplement or augment Handbook issuances.

7. ORGANIZATION OF HANDBOOK.

- a. The primary breakdown of this Handbook is the four digit subject classification. See the Table of Contents for the primary subject classifications. (No material has been issued under RHM 7201 or RHM 7220.)
- b. Each subject classification is divided into one or more chapters. Some chapters are further divided into sections. The titles of chapters and sections are shown in the Table of Contents.
- c. A chapter designation consists of the subject classification number and the number of the chapter within the subject classification.
- d. A section designation consists of the subject classification number, the chapter number, and the number of the section within the chapter.
- e. The date through which the material has been revised before publication is shown at the bottom of each page.

8. DISTRIBUTION OF URBAN RENEWAL HANDBOOK. Distribution of the Urban Renewal Handbook is made free by HUD to program participants. It is available by subscription from the Superintendent of Documents, Washington, D. C. 20402, for all others. The present subscription rate is \$14.00 per Handbook (plus \$4.00 if overseas). All inquiries concerning subscriptions, change of address of subscriptions, etc., should be directed to the Superintendent of Documents. HUD will provide free a reasonable number of Urban Renewal Handbooks to program participants. (For this purpose, a "program participant" is a local public agency engaging in urban renewal activities.) Each new locality undertaking urban renewal activities will receive one Urban Renewal Handbook. Requests for any additional Handbooks must be made to the Area Office.

9. MAINTENANCE OF HANDBOOK. The Urban Renewal Handbook is issued in looseleaf form. Tabbed dividers are provided for easier reference. It is essential that each copy of the Handbook be kept up to date, since revisions of pages or major segments will be made and transmitted to Handbook users from time to time.
-

10. FORMS. This Handbook does not contain examples of printed forms. Supplies of forms may be obtained from the appropriate Area Office. A complete list of forms is contained in the Appendix 1 to this Chapter. For reference purposes, an LPA may wish to maintain its own book of forms compiled from this list.

LIST OF URBAN RENEWAL FORMS

This is a numerical listing of forms commonly used by LPA's in carrying out an urban renewal program. The date of the latest revision of each form is also shown. For reference purposes, an LPA may wish to maintain its own book of forms compiled from this list.

Forms may be obtained from the Area Office. Requests should be limited to a 6 months' supply and, in order to facilitate handling, should be the sole subject of the correspondence.

<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-324	4-66	Form of Contract for Reuse Appraisal of Redevelopment Sites
HUD-612	12-67	Application for Loan and Grant
HUD-621A	3-66	Guide Form of Part I of Contract for Professional or Technical Services
HUD-621B	5-66	Contract for Professional or Technical Services--Part II, Terms and Conditions
HUD-627	2-71	Survey and Planning Budget
HUD-639	5-69	Form of Agreement for Final Appraisal
HUD-647 HUD-647A	7-67	Determination of Prevailing Salaries of Technical Positions
HUD-648 HUD-648A	6-66	Request for Adoption of Salary Determinations Made Under State or Local Law
HUD-656	1-69	Requisition for Project Temporary Loan Payment
HUD-666	12-69	Report on Relocation of Families and Individuals
HUD-666A	5-66	Report on Relocation of Business Concerns and Nonprofit Organizations
HUD-666B	5-66	Report on Relocation Payments Made for Settlement Costs
HUD-667	2-68	Form of Agreement for Preliminary Estimates of Payments for Real Estate

<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-673	4-70	Guide Form of Contract Documents for Demolition and Site Clearance
HUD-674	2-69	Guide Form of Contract Documents for Site Preparation
HUD-675	11-69	Guide Form of Contract Documents for Rehabilitation of Real Property
HUD-681	3-66	Survey and Planning Work Activities To Be Performed Under Contract
HUD-692	7-70	Requisition for Capital Grant Payment, Relocation Grant Payment, or Rehabilitation Grant Reimbursement
HUD-693	3-66	Justification of Requisition for Project Capital Grant Progress Payment
HUD-3029	9-66	Opinion and Certificate of Attorney Concerning First Requisition for Advance Payment
HUD-3200	8-69	Federal Labor Standards Provisions
HUD-3200A	8-69	Amendment to Federal Labor Standards Provisions, Form HUD-3200
HUD-3200B	8-69	Amendment to Federal Labor Standards Provisions, Form HUD-3200
HUD-6000	6-69	Physical Progress Report (Project Execution)
HUD-6000A	6-69	Instructions for Preparing Form HUD-6000, Physical Progress Report
HUD-6004	9-69	Redeveloper's Statement for Public Disclosure (Part I) and Redeveloper's Statement of Qualifications and Financial Responsibility (Part II)

<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-6004A	9-66	Redeveloper's Statement for Public Disclosure (Part I) and Redeveloper's Statement of Qualifications and Financial Responsibility (Redevelopment or Rehabilitation by an Owner-Occupant for Residential Structure Containing Not More Than Four Dwelling Units) (Part II)
HUD-6100	1-68	Survey and Planning Application
HUD-6101	12-70	Urban Renewal Area Data (In Support of Form HUD-6100, Survey and Planning)
HUD-6101C	11-70	Urban Renewal Area Data--Disaster (In Support of Survey and Planning Application)
HUD-6103	5-69	Legal Information Report for Urban Renewal Project--Slum Clearance and Redevelopment Activities or Rehabilitation Activities
HUD-6120	11-63	Summary of Project Data (Urban Renewal Program)
HUD-6120C	12-70	Summary of Project Data--Disaster
HUD-6121	2-69	Data Supporting Project Expenditures Budget
HUD-6122	4-69	Estimated Housing Requirements and Resources for Displaced Families
HUD-6123	1-67	Requisition for Advance Payment
HUD-6124	5-69	Guide Form of Contract for Architectural Services for Preparation of Illustrative Plans for Low- and Moderate-Income Housing
HUD-6140.1	10-70	Claim for Relocation Payment (Families and Individuals)
HUD-6140.2	4-66	Claim for Relocation Payment (Certification of Eligibility and Record of Payments--Families and Individuals)

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<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-6141.1	2-69	Claim for Additional Relocation Payment (Families and Elderly or Handicapped Individuals)
HUD-6141.2	2-69	Claimant's Report of Condition of Dwelling in Support of Claim for Additional Relocation Payment or Replacement Housing Payment
HUD-6141.3	2-69	Determination of Eligibility and Computation of Additional Relocation Payment
HUD-6142	7-70	Fixed Relocation Payments Schedule
HUD-6143	6-66	Form of Agreement for Services of Real Estate Agent
HUD-6144	4-66	Request for Concurrence in Acquisition Prices
HUD-6144A	4-66	(Continuation Sheet)
HUD-6145	10-68	Summary of Changes in Exposures Under Owners', Landlords', and Tenants' Liability Insurance
HUD-6146.1	12-68	Claim for Relocation Payment (Business Concerns and Nonprofit Organizations)
HUD-6146.2	10-70	Claims for Relocation Payment (Business Concerns and Nonprofit Organizations)--Schedule A. Statement of Claim for Actual Moving Expenses
HUD-6146.3	4-66	Claim for Relocation Payment (Business Concerns and Nonprofit Organizations)--Schedule B. Statement of Claim for Actual Direct Loss of Property
HUD-6146.4	9-66	Claim for Relocation Payment (Small Business Concerns)--Schedule C. Statement of Claim for Small Business Displacement Payment
HUD-6146.5	10-70	Claim for Relocation Payment (Certification of Eligibility and Record of Payments--Business Concerns and Nonprofit Organizations)

<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-6147	10-70	Claim for Relocation Payment (Settlement Costs Incurred by Owner)
HUD-6148	2-69	Schedule of Average Annual Gross Rentals for Standard Housing in Locality
HUD-6149A	8-69	Report on Relocation of Families and Individuals
HUD-6149B	6-67	Report on Relocation of Business Concerns and Nonprofit Organizations
HUD-6162	10-69	Families Self-Relocated to Substandard Housing
HUD-6163	8-66	Report on Status of Land Acquisition, Disposition, and Redevelopment
HUD-6163A	8-66	Cross-Check Sheet for Form HUD-6163
HUD-6163B	12-66	Supplemental Information--Report on Status of Land Acquisition, Disposition, and Redevelopment
HUD-6163C	2-68	Instructions for Preparing Form HUD-6163
HUD-6163D	6-70	Report on Status of Land Acquisition, etc.
HUD-6200	1-68	Project Cost Estimate and Financing Plan
HUD-6202	12-67	Certificate of Cost of Noncash Local Grant- in-Aid
HUD-6202A	9-69	Instructions for Completing Form HUD-6202
HUD-6204	12-68	Certificate of Completion and of Gross and Net Project Cost
HUD-6205	11-66	Request for Consent to Transfer Funds
HUD-6206	9-66	Schedule of Urban Renewal Insurance Coverages
HUD-6208	4-67	Certification of Cash Needs (In Support of Project Temporary Loan Requisition)
HUD-6209A	11-67	Part I of Standard Form of Contract for Sale of Land for Private Redevelop- ment (guide form)

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<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-6209B	9-69	Contract for Sale of Land for Private Redevelopment--Part II, Terms and Conditions
HUD-6209C	3-66	Instructions and Explanatory Notes for Form H-6209, Standard Form of Contract for Sale of Land for Private Redevelopment
HUD-6209D	12-67	Guide Form of Deed for Sale of Land for Private Redevelopment
HUD-6211	5-69	Guide Form of Agreement for Demolition, Site Clearance, Site Preparation or Rehabilitation of Property (Short Form of Contract Where Consideration, Including LPA's Estimate of Salvage Value, Is \$2,000 or Less)
HUD-6212	5-67	Request for Section 107(b) Noncash Local Grant-in-Aid Credit
HUD-6213	2-68	Guide Form of Contract for Sale of Land for Redevelopment by a Public Body
HUD-6214	12-68	Guide Form of Contract for Sale of Land Having a Reuse Value Under \$30,000 to Individual, Corporate, and Other Purchasers
HUD-6216	2-68	Contract for Sale of Land to Redevelopers for "Turnkey" Low-Rent Public Housing Project
HUD-6220	2-69	Project Expenditures Budget
HUD-6250	5-68	Report on Budgetary Status (Project Execution Stage)
HUD-6251	6-68	Project Balance Sheet (Project Execution Stage)
HUD-6252	8-68	Budgetary Cash Position and Requirements

<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-9000	11-68	Resolution Authorizing the Sale, Issuance and Delivery of Project Notes and the Execution of Requisition Agreements (Master Resolution for issues covering one or more projects)
HUD-9001	11-68	Notice of Sale -- Project Notes (short form for local advertising of consolidated or single project issues)
HUD-9002	11-68	Form of Proposal
HUD-9003	11-68	Requisition Agreement
HUD-9004	11-68	Letter of Instruction
HUD-9005	11-68	Signature Certificate and Receipt
HUD-9006	11-68	Certificate As To Legislation
HUD-9007	11-68	Certificate As To Document(s) (Document to be attached)
HUD-9008	11-68	Certificate As To Document(s) (Document not to be attached)
HUD-9009	11-68	General Certificate
HUD-9010	11-68	Project Note
HUD-9011	11-68	Certificate of Recording Officer
HUD-9012	11-68	Extracts From Minutes of Meeting
HUD-9013	11-68	Notice of Special Meeting, Certificate of Service of Notice, and Waiver of Regular Notice of and Consent to Special Meeting
HUD-9014	11-68	Introduction and Adoption of Resolution
HUD-9016	11-68	Resolution Authorizing Sale, Issuance and Delivery of Project Notes and the Execution of Requisition Agreement (Project financing covering one issue of Notes for one or more projects)

<u>Form No.</u>	<u>Date</u>	<u>Title</u>
HUD-9101	11-68	Resolution Authorizing the Issuance of Project Loan Notes (Basic Note Resolution)
HUD-9102	11-68	Guide Form of Letter From LPA to Regional Office Transmitting Private Financing Documents Prior to Advertising of Project Notes
HUD-9105	11-68	Suggested Form of Opinion of Local Public Agency's Attorney Respecting Issuance of Project Loan Note
HUD-9107	11-68	Project Loan Note
HUD-9108	11-68	Guide Form of Letter From LPA to Regional Office Transmitting Private Financing Documents After Sale of Project Notes
HUD-9110	9-69	Requisition for Supplemental Grant
HUD-3	7-67	Application-Questionnaire for a Blanket Position Bond for Public Housing and/or Urban Renewal Projects
HUD-4	7-67	Blanket Position Bond for Public Housing and/or Urban Renewal Projects
HUD-5	7-67	Additional Indemnity Rider
HUD-6	7-67	Position Fidelity Schedule Bond for Public Housing and/or Urban Renewal Projects
HUD-7	7-67	Instructions for Use of Standard Form of Position Fidelity Schedule Bond and Blanket Position Bond for Public Housing and/or Urban Renewal Projects
HUD-11	11-65	Record of Employee Interview (Labor Standards)
HUD-902	11-68	Equal Employment Opportunity Poster

CHAPTER 2. PROCLAIMER PROCEDURE**SECTION 1. General**

1. **GENERAL.** The proclaimer procedure is designed to speed up the activities of the urban renewal program, and to place genuine responsibility and accountability for its administration in the hands of the appropriate local officials, in a manner consistent with the proper protection of the public interest. In each instance where use of this procedure is called for, properly executed proclaimer certificates will be accepted as having met HUD requirements. This procedure is mandatory for all LPA's.
 - a. **Certification.** The proclaimer form is a certification signed by an appropriate local official or officials verifying that given program actions were carried out or that given program determinations are made in compliance with existing statutory and administrative requirements.
 - b. **Assurance of Compliance.** A proclaimer certificate substitutes for the submission of documents previously required; thus the locality is free to proceed to the next stage of its program without waiting for HUD concurrence. A proclaimer certificate is not reviewed except on a postaudit basis. HUD maintains its responsibility for insuring compliance with program requirements through postaudits to the extent it deems appropriate. These postaudits may be performed at any time.
 - c. **Benefits.** The procedure thus reduces HUD processing time and enables the locality to proceed more rapidly with its program.
 - d. **Who Signs.** The proclaimer certificate is signed by the appropriate local official or officials designated in the proclaimer certificates. Depending on the subject, it may be a professional member of the LPA staff, such as an engineer or architect, or the executive director.
 - e. **Accountability.** It is understood that in submitting a proclaimer certificate, the local officials have accepted responsibility for the representations contained in the proclaimer certificate, and they have considered the subject
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**PROCLAIMER PROCEDURE
CHAPTER 2, SECTION 1**

in a careful and deliberate manner. The signers will be held accountable for the representations contained in the proclaimer certificate and are subject to the applicable civil and criminal provisions of the United States Code.

2. SANCTIONS AGAINST MISREPRESENTATION.

- a. Civil and Criminal. Any false statement made willfully and knowingly in a proclaimer certificate may subject the signers to conviction for a felony under Section 1001 of Title 18 of the United States Code, punishable by fine of not more \$10,000, imprisonment of not more than 5 years, or both. The signers also may be subject to civil prosecution under the provisions of Section 231 of Title 31 of the United States Code, which provides for payment to the United States of the sum of \$2,000 and, in addition, double the amount of damages sustained by the United States, together with the costs of a law suit.
- b. Administrative. In addition to the foregoing statutory sanctions, misrepresentation in a proclaimer certificate by local officials also may result in the imposition of other remedies, such as remedies available to HUD under its contracts with LPA's and the withholding of further assistance requested by subsequent applications.

3. RESOLUTION AND SUBMISSION REQUIREMENTS.

- a. Resolution. The proper form of resolution, set forth as appendix 1, is a general resolution adopted once by the governing body of the LPA authorizing local officials to execute proclaimers.
- b. Submission Requirements. As a matter of record, the LPA shall submit to HUD an original of the proclaimer certificate and one copy of the resolution authorizing the use of proclaimer certificates.

4. MODIFICATION OF FORMS. When existing forms used in connection with the proclaimer procedure specify HUD approval, the HUD-approval requirements shall be disregarded to the extent such requirements are inconsistent with proclaimer requirements and forms.
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FORM OF RESOLUTION
FOR PROCLAIMER CERTIFICATES 1/

WHEREAS, the Local Public Agencies carrying out urban renewal projects are required by the Secretary of HUD to certify the existence of certain facts and to issue certain proclaimers;

NOW, THEREFORE, be it resolved by members of the (Governing Body of Agency) as follows:

The following officials are authorized to prepare, execute, and submit the following proclaimer certificates to HUD on behalf of the Local Public Agency in accordance with the regulations, policies and requirements of the Secretary as shall be in effect from time to time: 2/

(Title) is authorized to prepare, execute and submit:

1. (Title of Proclaimer Certificate)
2. (Title of Proclaimer Certificate)
3. (Title of Proclaimer Certificate)

(Title) is authorized to prepare, execute and submit:

1. (Title of Proclaimer Certificate)
2. (Title of Proclaimer Certificate)
3. (Title of Proclaimer Certificate)

1/ This is intended to be an extract from the minutes of a meeting of the LPA governing body.

2/ List each official (by title) and the proclaimer certificates he is authorized to sign (by title).

CHAPTER 1. MAXIMUM UTILIZATION OF CAPITAL GRANT FUNDS

SECTION 1. NATIONAL GOALS AND URBAN RENEWAL PRIORITIES

This Chapter sets forth the priority criteria which HUD will use in considering new project applications. They apply to new Survey and Planning, GNRP, and Feasibility Survey Applications, and are intended to reflect the urgency of need for projects directed toward certain national goals.

NATIONAL GOALSExpansion of Housing Supply for Low and Moderate Income Groups

HUD will give priority consideration to projects which contribute to conserving and increasing the existing housing supply for low and moderate-income families. To receive priority consideration the proposed project must--at the very minimum:

- (1) Provide that more than 50 percent of the net acreage shall be for low and moderate income families and related uses as defined in 7205.1, Area Eligibility, Chapter 2.
- (2) Provide that more than 50 percent of the housing units to be permitted by the Urban Renewal Plan for clearance sites shall be for low and moderate income families.

Development of Areas of Employment Opportunity

HUD will give priority consideration to projects which contribute to the development of centers of employment opportunity for jobless, under-employed, and low income persons, through commercial or industrial redevelopment. To receive priority consideration, such factors as proposed reuse and redevelopment, the degree and nature of unemployment in the locality, the number and permanency of new jobs to be created, and accessibility of the proposed new employment center to areas in which low income persons live will be considered. Documenting the creation of new jobs will not be considered evidence of contributing to this goal unless it is demonstrated that there is a definite linkage between the new jobs and the unemployed or under-employed. It must be shown that there are or will be job training, counseling, recruiting, or placement efforts among the unemployed or under-employed for the types of jobs to be created.

Renewal of Areas With Critical and Urgent Need

HUD will give priority consideration to projects which attack critical slum and blighted areas--those areas of physical decay, high tensions, and great social need, and in which the locality is prepared to utilize all available resources--Federal, State, and local in improving conditions in these slum and blighted areas.

PROGRAM POLICIES AND DIRECTIONS
CHAPTER 1 SECTION 1

Emphasis should be placed on those renewal proposals where the application of urban renewal funds will provide the greatest possible improvement in urban conditions. They should be geared to comprehensive treatment of the area through the following:

- (1) Close coordination with public actions such as the timely construction of needed local facilities and the provision of community improvements.
- (2) Maximum utilization of housing legislation, e.g., the financing of 221(d)(3) units; rent-supplement housing; scattered site, turnkey, and leased public housing; provision of neighborhood facilities; open-space land and urban beautification proposals for the neighborhoods including those not subject to the urban renewal process; and other applicable programs such as rehabilitation loans and grants.
- (3) Related planning with other community agencies for provision of concerted social services to the families affected by the project.

The statement of the above goal for renewing areas with critical and urgent needs contemplates that the project area is and will continue to be largely residential in character.

EXEMPTIONS FROM THE NATIONAL GOALS

There are several possible situations where a project may be exempt from the national goals. It is contemplated, however, that there will be relatively few cases where such an exemption applies.

HUD recognizes the desirability of balance in local renewal programs, e.g., programs directed toward eliminating blight and providing housing for all income levels, up-grading and modernizing commercial areas, and providing for the civic and cultural life of the community. Some communities have already made substantial progress in existing urban renewal projects toward each of the national goals. A project which contributes to a better balance in the overall renewal efforts, but which may not qualify under any of the above goals, will receive equal priority if the LPA can demonstrate that it has already given adequate attention, through its urban renewal program, commensurate with its size, problems, and resources, to each of the above goals. In addition, a project from a small locality which has already dealt with or is giving adequate attention to its problems of housing and employment, and which has no areas of critical and urgent need, may qualify as contributing to a balanced local program.

It is expected that in most localities with approved Community Renewal Programs, urban renewal undertakings will already be oriented

toward the achievement of the national goals. A project may be exempt from the goals if the Community Renewal Program presents very strong evidence for proceeding with a schedule in accordance with the criteria described herein.

In a few unusual situations the success of an existing project may depend on approval of a subsequent project. In such a situation an exemption from the national goals may be granted if the LPA can demonstrate that the success of a preceeding project will clearly be endangered by failure to proceed expeditiously with the proposed new project.

PRIORITIES

General Neighborhood Renewal Plan Applications

A GNRP Application will be evaluated on the basis of the contribution of the contemplated first project in the proposed general neighborhood renewal area to the national goals. Therefore, if the contemplated first project out of the GNRP meets the national goals, the GNRP Application will be given priority consideration. Conversely, if the contemplated first project does not meet the national goals, the GNRP Application will be given the same consideration as a Survey and Planning Application that does not meet the national goals.

Code Enforcement Project Application

A code enforcement project is an urban renewal project in the context used herein. Such a project is a goal-oriented project by definition because it meets the goal of conservation and expansion of the housing supply for low and moderate income families. If a community has only a code enforcement project underway and subsequently submits a Survey and Planning or GNRP Application, the Survey and Planning or GNRP Application must meet the goals criteria.

Feasibility Survey Applications

A Feasibility Survey Application will be evaluated on the basis of whether the proposed project meets the national goals criteria.

SUBMISSION REQUIREMENTS

The requirements outlined below apply to applications for Survey and Planning, GNRP, and Feasibility Survey:

- (1) The goal shall be clearly stated within the application or exemption claimed on the basis of this Chapter.

- (2) The goals shall be of such importance to the project that it unmistakably represents the major thrust of the project.
- (3) Any available supporting evidence and documentation shall be submitted which shows how the project will accomplish or satisfy the stated goal.

CHAPTER 1. MAXIMUM UTILIZATION OF CAPITAL GRANT FUNDS

SECTION 2. POLICIES GOVERNING REQUESTS FOR GRANT INCREASES

HUD will intensively evaluate each request for grant funds in relation to competing demands within the total national program. The LPA, in conjunction with the Regional Office, shall evaluate its projects continually and systematically to ascertain the availability of capital grant funds excess to project needs.

HUD has established the following policy guidelines for evaluating applications.

GRANT INCREASES FOR PROJECTS IN PLANNING

For each project in the planning stage, the LPA must make every effort to develop its plans so that the projects will be carried out within the existing capital grant reservation.

Requests for increases in grant funds will not be considered in connection with Amendatory Survey and Planning Applications involving increases in the size of areas. Such requests will be treated as involving new projects, if otherwise eligible, and action will be dependent on available grant authority, the local capacity to undertake additional projects in light of existing workload, past performance and local resources, and the date of receipt of the application.

If, at the time of completion of a Part I Loan and Grant Application, additional grant funds appear to be necessary as a result of firmer project cost estimates, e.g., real estate costs, the LPA, before formally submitting the Part I Loan and Grant Application, must satisfactorily demonstrate and secure the Regional Office's concurrence, that:

- (1) A sound and feasible project cannot be designed within the existing capital grant reservation;
- (2) Other projects in planning are proceeding expeditiously and the additional grant requirements cannot be realized by terminations or other savings or modifications in the plans of such projects; or
- (3) The proposal is not susceptible of being carried out in stages of two or more projects, or through conversion to a General Neighborhood Renewal Plan.

Where substantial capital grant increases are proposed in connection with a Part II Loan and Grant Application, such increases must meet the same tests as set forth above for a Part I Loan and Grant Application.

GRANT INCREASES FOR PROJECTS IN EXECUTION

Proposed project area increases requiring additional capital grant funds will be considered by HUD under the following conditions:

- (1) The LPA must satisfactorily demonstrate that project activities cannot be completed without the proposed area increase and that increased costs are substantially offset by additional project income, cost reductions in the subject project, by termination of other projects, or a combination of such actions.
- (2) If the cost conditions in item (1) above, cannot be met, the area increase will be treated in the same manner as a new project application of capital grant funds and the priority system established for such approvals.

Proposed substantial project cost increases (i.e., those in excess of 10 percent of the outstanding grant allocations) resulting from proposed renewal plan changes, such as land use modifications, must meet the test of being essential to a project's financial success and timely completion. Prior to submission of an application involving such a situation, the LPA must demonstrate to the satisfaction of the Regional Office that the increase is essential and that the necessary additional capital grant funds cannot be produced from its existing projects in planning and execution by project cost savings, terminations, modifications in project plans, or a combination of such actions.

HUD will not approve an Amendatory Loan and Grant Application where the purpose and effect of the application is to modify an existing financing plan (HUD-6200) as a result of additional noncash local grant-in-aid credits under Section 701 of the Demonstration Cities and Metropolitan Development Act of 1966, to permit the withdrawal of a local cash grant-in-aid from project accounts or to reduce the cash contribution to the project which the locality is required to make. The financing plan for projects in execution on October 21, 1966, may be amended at any time prior to completion of a project in order to provide additional noncash grant-in-aid credits so long as the locality agrees to forego any diminution in its cash contribution to the project.

This policy is intended to provide a pooling credit for the cost of facilities entitled to noncash grant-in-aid credit under Section 701 of the 1966 Act, without creating any additional demand for Federal grant allocations to fund projects already under Contract for Loan and Grant.

CHAPTER 1. MAXIMUM UTILIZATION OF CAPITAL GRANT FUNDS
SECTION 3. LIMITATIONS OF PLANNING TIME

1. SCOPE. This section prescribes limitations on the time HUD will continue to provide financial assistance for planning urban renewal projects.
2. PROJECTS APPROVED FOR PLANNING AFTER JUNE 30, 1970, (i.e., for which the date of notification of HUD approval was after June 30, 1970) are subject to the following:
 - a. HUD expects an LPA to complete project planning (or preparation of a GNRP) within a 14-month period. Unless the Urban Renewal Plan (or General Neighborhood Renewal Plan) has been approved by the local governing body by the end of the 18th month, all Federal financial support will cease. The grant reservation and authority to obligate funds under the planning advance expire and no further costs may be incurred by the LPA and charged to the Federal advance.
 - b. HUD recognizes that all LPA's may not be able to meet the new time limits for planning because of circumstances beyond their control. An LPA may choose to complete planning without Federal funds. Acceptable Part I Loan and Grant Applications (or acceptable combined Part I-II Loan and Grant Applications) prepared and submitted under these circumstances will be considered on their merits and on the same basis as though completed with Federal funds. HUD decisions on a Part I (or combined Parts I and II) Loan and Grant Application with respect to any major problems will be made within 60 calendar days. Except where a grant increase is required, LPA's will be expected to proceed with local approval of all projects subject to this requirement if they have not heard from HUD within 60 calendar days of the date of notification of HUD's acceptance of the Part I (or combined Parts I and II) for processing.
 - c. Federal financial support will be terminated if a grant increase is needed and neither HUD nor the locality is prepared to provide the additional funds.
3. PROJECTS APPROVED FOR PLANNING ON OR BEFORE JUNE 30, 1970. HUD expects an LPA to complete project planning (or preparation of GNRP) approved for planning on or before June 30, 1970, within a 24-month period. When project planning (or GNRP preparation) has been in progress 36 months or longer and the Urban Renewal Plan

(or GNRP) has not been approved by the local governing body, the grant reservation and authority to obligate funds under the planning advance expire, no further costs may be incurred by the LPA and charged to the Federal advance, and any undisbursed balance must be returned to the Federal government.

CHAPTER 2. DESIGN IN URBAN RENEWAL

PROMOTING GOOD DESIGN

High-quality design is a basic objective of the urban renewal program. This Chapter outlines the actions that an LPA can take to achieve quality design in an urban renewal area.

Action During Project Planning

Design values are involved from the beginning of project planning. The decisions made in selecting a project area, defining its boundaries, and developing an Urban Renewal Plan will substantially shape the design possibilities of the completed project.

Boundary selection is particularly significant, since it can make the project blend with or stand apart from its adjoining neighborhoods.

Basic design framework is established in the Urban Renewal Plan; therefore, design studies should guide its preparation. In addition, the Urban Renewal Plan may incorporate procedures for more positive design control through review and approval of redevelopers' proposals.

Design objectives and design plans developed during project planning can also be an informal guide to later actions. Design objectives are general definitions of harmony, blending, or contrast with existing and surrounding development; types of open space and circulation planning; recommended types of neighborhood design and land design; performance standards; and, in certain cases, architectural controls.

Design plans deal with the potential development of the project area and with its relationship to the surrounding locality. These plans are the basis for the controls and regulations to be incorporated in the Urban Renewal Plan. It is most important to distinguish design plans from promotional visualizations and "artist's conceptions" of project appearance. Sketches, models, renderings, and plan drawings are simply ways of illustrating a design. Design plans, in contrast, are realistic proposals dealing with the most essential aspects of design in a given situation.

Where disposition will be accomplished in many separate parcels, design plans and objectives provide a means by which the LPA can achieve overall design coordination. In rehabilitation areas, design plans and design objectives may be used to insure overall design coordination and compatibility of old and new. Design objectives which are to be used as criteria in review and approval of redevelopers' proposals may be either incorporated in the Urban Renewal Plan or deferred until disposition documents are developed.

Action During Project Execution

Throughout the project execution phase, design consideration should be given to:

- (1) Project improvements and supporting facilities.
 - (a) Public rights-of-way, including streets and sidewalks, underpasses and overpasses, bridges, and retaining walls; street furniture, lighting, and signs; and street tree planting and landscaping.
 - (b) Local parks and playgrounds, including basic layout and planning, landscaping, and park and playground equipment and furniture.
 - (c) Placement of utilities underground.
 - (2) Rehabilitation activities. Design work during project execution may help assure the long-range vitality, character, and stability of rehabilitation areas. HUD allows:
 - (a) Architectural consultants to provide general guidance to property owners.
 - (b) Design services required for functional and esthetic improvement of public rights-of-way.
 - (c) Rehabilitation demonstrations.
 - (3) Land disposition methods. Three approaches have proven most useful.
 - (a) Using design considerations as one of the factors in making determinations in a negotiated disposition.
 - (b) Disposition through fixed price offerings with design quality the basis for award of the land. In this approach, the price is based on permitted use of the land. Private developers submit design proposals. The LPA awards the land to the one with the best proposal. Competition requirements should assure that submissions are kept appropriately modest and that undue burdens are not placed on competitors.
 - (c) Where property is disposed of on the basis of price competition, establishing procedures for subsequent design review and approval of the successful redeveloper's proposals.
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- (4) Review and approval of redevelopers' proposals. As discussed above, this may be called for either in the Urban Renewal Plan or in documents prepared later as part of the disposition process. The basis for approval or disapproval should be stated as explicitly as possible in terms of design objectives.

**CHAPTER 3. ACCELERATION BY LPA OF URBAN RENEWAL PROJECTS INVOLVING
SITES FOR LOW-RENT PUBLIC HOUSING**

This Chapter describes techniques available to the LPA for accelerating urban renewal projects which involve the use of project land for low-rent public housing. The use of one or more of these techniques may be particularly important to the LPA when low-rent housing is urgently needed as a relocation resource for families displaced by public action.

The techniques which may be used, as they are discussed below, are: (1) handling of low-rent public housing sites as separate urban renewal projects; (2) acquisition of land under an Early Land Acquisition Loan; (3) carrying out project execution activities with local funds during the planning stage; (4) priority staging of acquisition, site preparation work, and land disposal during the execution stage; and (5) arranging for site preparation work to be carried out by the LHA.

The Regional Office will work closely with the LPA, at its request, in developing the steps which, undertaken separately or in combination, would be appropriate and feasible in specific situations.

LOW-RENT PUBLIC HOUSING SITES AS SEPARATE URBAN RENEWAL PROJECTS

Whenever urgently needed low-rent public housing is one of the reuses contemplated for project land, the LPA may consider handling the portion of the project area comprising the low-rent public housing site as a separate urban renewal project, since greater speed should be possible in a single-use project. This technique should be fully explored by the LPA either before submission of the Survey and Planning Application or during the planning stage.

The portion of the project area comprising a low-rent public housing site may be handled as a separate urban renewal project if it can reasonably be expected that:

- (1) This action will expedite availability of the low-rent public housing.
- (2) Each project area designated will be eligible in itself.
- (3) Necessary planning relationships will be established between the separate project areas.

- (4) The portion of the area designated as a single-use project for low-rent public housing will not be adversely affected if the remaining portion of the area designated as an urban renewal project does not reach the execution stage.

ACQUISITION OF LAND UNDER LETTER OF CONSENT OR EARLY LAND ACQUISITION LOAN

If early land acquisition activities are permitted by State and local law, the LPA may apply for a Letter of Consent or an Early Land Acquisition Loan to expedite the acquisition of land contemplated for low-rent public housing use. (See 7227.1, Other Renewal Assistance--Letter of Consent; and 7228.1, Other Renewal Assistance--Early Land Acquisition.)

PRIORITY STAGING OF PROJECT EXECUTION ACTIVITIES

The LPA may give priority to the acquisition, preparation, and disposal of low-rent public housing sites during the project execution stage.

The LPA may request HUD concurrence in its contracting for the second land acquisition appraisals and title services during the planning stage. The requirement in 7208.1, Real Estate Acquisition, Chapter 2, Section 1, that the Part I Loan and Grant Application be submitted prior to the LPA's request for concurrence does not apply to second appraisals of land within the low-rent public housing site.

The Regional Office may authorize the LPA to contract for second land acquisition appraisals and title services if the LPA provides satisfactory evidence that (1) the boundaries of the low-rent public housing site have been firmly established, and (2) the public housing use is consistent with the Urban Renewal Plan being prepared for the project area.

SITE PREPARATION BY LHA

In some cases, considerable time may be saved in providing low-rent public housing if the LHA carries out site preparation activities. The services of the LHA may be used to carry out such activities under a contract or other written agreement (see 7217.1, LPA Administration, Chapter 2); or land in the low-rent public housing site may be disposed

of with existing improvements, and responsibility for site preparation activities included in the LHA's contract with HUD.

In any case, the LPA is responsible for carrying out relocation of site occupants and making relocation payments in accordance with the approved relocation program (see 7212.1, Relocation, Chapter 2, Section 1). The LPA may use its own staff or contract with the LHA or another agency. The LPA shall not dispose of improved land in the low-rent housing site before the buildings have been vacated.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
RENEWAL AND HOUSING MANAGEMENT

RHM 7202.3

CIRCULAR

11/25/70

Cancellation
Date:

SUBJECT: Policies Governing Requests for Grant Increases

1. **PURPOSE.** The purpose of this Circular is to establish policies and priorities to control and govern the approval of requests for grant increases. It applies only to the conventional urban renewal program as defined in Part A of Title I of the Housing Act of 1949, as amended.
2. **GENERAL.**
 - a. The Department is faced with a serious problem in funding the large and growing volume of applications for increases in the dollar amounts previously reserved or approved by the Department to carry out urban renewal projects.
 - b. The backlog of applications requesting such grant increases on hand as of June 30, 1970, together with the volume expected in FY 1971, exceed the amount of funds available to meet this need and still fund new applications. A system of priorities and policies governing the approval of requests for grant increases is therefore required.
 - c. The objective of this system of priorities and policies is to deal with requests for grant increases in as fair and equitable manner as possible, in accordance with their urgency of need, so as to insure that urban renewal projects are executed and completed as rapidly as possible without sacrificing activities which are essential to the achievement of sound and viable projects having lasting value.
3. **MANDATED PROJECTS.**
 - a. Definition. A mandated project is one which, at the time a request for a grant increase is submitted, had by virtue of a previous grant approval been placed on notice to complete the project within the grant approved. With respect to such mandated projects, no further grant increases will be provided except:

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- (1) Where increased costs are incurred pursuant to changes in Federal legislation enacted after the date of this Circular, or
 - (2) When the Assistant Secretary for Renewal and Housing Management approves a finding made by the Area Director that:
 - (a) In the case of a project in planning, it is infeasible for reasons beyond the control of the LPA to develop a plan for a sound and viable urban renewal project within the grant reserved, or
 - (b) In the case of a project in execution, it is infeasible for reasons beyond the control of the LPA to complete the approved Urban Renewal Plan on a sound and viable basis within the grant approved.

- b. Scope. All Survey and Planning, Part I and Part II, or combined Parts I and II applications which were approved prior to the date of this Circular and which were notified in the letter of approval to carry out the project within the grant approved (as indicated in the language cited in Appendix 1) will be considered as mandated projects. All projects for which such applications are approved following the date of this Circular will be considered as mandated.
- c. Limitation on Applicability. The authority of the Area Director to make the findings in subparagraph (a) above shall be limited to exceptional circumstances where the LPA has clearly demonstrated that it has done everything possible within its control to develop or carry out the project within the grant reserved or approved.

4. NONMANDATED PROJECTS.

- a. Requests for grant increases to projects in planning or execution which have not been previously mandated to complete the project within the grant approved will be subject to the following limitations:
 - (1) Before any requests for increases to projects in planning or execution will be considered, the LPA must demonstrate to the satisfaction of the Area Director that it would not be practicable to realize the amounts requested by terminations, savings, modifications, or curtailments in other projects in planning; or, in addition, in the case of a project in planning, that it would not be practicable to carry it out in stages of two or more projects.

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- (2) No grant increases will be approved for additional activities (i.e., those not authorized under the latest approval) within existing project boundaries unless the Area Director makes a finding that such activities and funds are essential to the development of a sound and viable plan, or, in the case of projects in execution, to the successful accomplishment of the approved Urban Renewal Plan.
- (3) No areas may be added by extending project boundaries if they require a grant increase to carry out activities in such areas, unless the Area Director makes a finding that the area or areas to be added, and the funds required for activities incident thereto, are essential to the development of a sound and viable plan, or, in the case of projects in execution, to the successful accomplishment of the approved Urban Renewal Plan.
- (4) No other grant increases will be approved unless they are for costs incurred for reasons beyond the control of the LPA or pursuant to changes in Federal legislation.
- b. The Area Director shall make the findings in 4a(2), (3), and (4) above only upon presentation of adequate evidence by the LPA that it has explored all feasible planning and management alternatives and done everything possible within its control to develop or carry out the project within the grant approved.
5. FUNDING PRIORITIES. Following is the order in which requests for a grant increase will be considered:
- a. Requests for projects in execution which do not have sufficient funds on hand to carry out scheduled activities for the succeeding 12 months and which, because there is only a single project in the community, are essential to maintenance of an administrative capability in the LPA.
- b. Requests for other projects in execution which do not have sufficient funds on hand to carry out scheduled activities for the succeeding 12 months.
- c. Requests for other projects in execution which can close out within 12 months of the estimated date of approval.
- * d. Requests for projects in planning on which a public hearing has been held and a Part II Application (or combined Parts I and II Applications for projects that have an existing reservation) submitted and which, because there is only one project in the community, are essential to the maintenance of an administrative capability in the LPA. *
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- * e. Requests for projects in planning on which a public hearing has been held and a Part II Application (or combined Parts I and II Applications for projects that have an existing reservation) submitted.

6. FUNDING OF PROJECTS.

- a. Projects in Planning. All projects in planning will be fully funded on approval of the Part II, combined Parts I and II or initial allocation order.
- b. Projects in Execution. After each request for a grant increase to a project in execution has been reviewed in accordance with the above policies, and the total grant required and the length of time needed to close out the project have been established and agreed upon, funds will be allocated to the extent available in the following manner:
- (1) For projects scheduled to close out within 12 months of the estimated date of approval, 100 percent of the required amount of the amendatory will be approved.
 - (2) For projects scheduled to close out more than 12 months after the estimated date of approval, only that amount of funds required, in addition to that already on hand, to carry out activities for the next 12 months will be approved. A project funded on an incremental basis will be mandated to ultimately complete the project within the agreed upon total grant and length of time, and all subsequent incremental requests are to be based on such agreed upon totals. However, neither agreement on the total amount required nor approval of the 1-year increment of the total amount shall constitute a commitment, moral or otherwise, that similar incremental funding will be forthcoming in future years to complete the project as projected.

7. REVISED REQUIREMENTS FOR JUSTIFYING REQUESTS FOR GRANT INCREASE FOR PROJECTS IN EXECUTION. For projects in execution which cannot be closed out within 12 months and for which a grant increase is requested after the date of this Circular, the following additional information shall be submitted with the amendatory Loan and Grant Application:

- a. Revised Forms HUD-6200 and HUD-6220 with narrative supporting statement indicating the budget and loan and grant required to *

- * carry out project activities over a 12-month period after the estimated date of approval. These budget and financing forms should provide for full financial closeout in the event no further incremental funding occurs.
- b. A detailed work program for the 1-year period indicating the activities to be carried out and accomplishments anticipated. The program should be planned to result in durable and significant improvement to the project area in which the designated activities are completed whether or not further renewal of the area is undertaken in additional increments in subsequent years. *
- c. A statement of the total loan and grant needed to carry the project to completion, with backup documentation justifying the amounts and a firm completion date. This backup documentation shall include:
- (1) Progress schedules that identify the major project activities remaining to be started or completed and the time phasing and sequence of the activities.
 - (2) Description of the techniques used to assure that the funds requested will be sufficient to carry the project to completion, including the factors used for making adjustments in current wages and prices and the basis for these factors.
 - (3) Identification of any major alternatives in the Urban Renewal Plan for the project, such as alternative land uses, and any major uncertainties about the project that might result in increased project costs; the probability that costs will increase due to these alternatives and/or uncertainties and the extent to which costs to cover them have been included in the Project Expenditures Budget and Financing Plan.
- * d. A statement indicating the amount of additional loan and grant needed in each 1-year period from the end of the first 1-year work program to the year in which the project is to be completed. *
- e. Narrative justification for the increased grant amount indicating the circumstances that caused the request for increase to develop and specifying the amount of the increase that can be attributed to additional activities that were not included in

the latest approved budget and financing plan, activities that previously were contemplated but cost more than shown in the latest budget, legislative change, and HUD policy changes.

- (1) The justification should show why activities that were not previously contemplated are essential to the successful accomplishment of the approved Urban Renewal Plan. It also should identify the planning and management alternatives for developing or carrying out the project that were considered by the LPA, and show why other activities contemplated in the plan cannot be deleted or the area reduced and still maintain a viable project.
 - (2) For mandated projects, the justification should indicate the exceptional circumstances involved and the reasons why the amendatory: developed for reasons beyond the control of the LPA; could not reasonably have been anticipated at the time the original budget and financing plan was developed; and is required to maintain the feasibility of the project.
- f. For projects in execution which can be closed out within 12 months of the estimated date of approval, only item e above and revised Forms HUD-6200 and HUD-6220, with narrative supporting statements, should be submitted. These budget and financing forms should provide for full financial close-out and include a firm project completion date.
- g. For those projects in execution for which amendatory Loan and Grant Applications are on hand in the Area, Regional, and Central Offices as of the date of this Circular, and which are not scheduled to close out within 12 months of the estimated date of approval, the Area Office may request that items a, b, c, and e above be submitted as supplementary information in order to fully evaluate the project in accordance with the new policies.
8. REVISED REQUIREMENTS FOR JUSTIFYING REQUESTS FOR GRANT INCREASE FOR PROJECTS IN PLANNING. For projects in planning for which a grant increase is requested, only item 7e above should be submitted as additional information. (For additional Part I requirements see Circular RHM 7202.4.)

APPENDIX 1. DESCRIPTION OF MANDATED PROJECTS

Projects which will be considered as having been mandated prior to the date of this Circular are those which received the following notification in the letter of approval:

Survey and Planning and General Neighborhood Renewal Applications

"In connection with this approval, you are hereby advised that it is your responsibility to plan the (first) project so that it can be carried through to completion within the Federal grant reservation established."

Part I Applications

"In connection with this approval, you are hereby advised that it is your responsibility to monitor project costs for this project so that it can be carried through to completion within the Federal grant reservation established. Accordingly, a Part II Loan and Grant Application will be accepted for processing only in the amount of the current Federal grant reservation."

Part II, Combined Parts I and II, and Amendatory Applications

"Your attention is directed to the fact that the (proposed) Loan and Grant Contract states that the Government has no obligation to enter into any contract for additional Federal financial assistance in connection with this project. Accordingly, you are hereby advised that it is your responsibility to monitor implementation of activities pursuant to this contract in such a way that should project costs increase you will be able to act promptly to prevent exceeding the budget on which the Federal grant is based. In such circumstances, you should consider reducing the scope of project costs and activities so as to be able to complete the project with the present capital grant."

CIRCULAR

RHM 7202.4

11/25/70

**Cancellation
Date:**

SUBJECT: Preventing Requests for Grant Increases Through Adequate
Budgeting and Project Monitoring Techniques

1. **PURPOSE.** This Circular outlines new budgeting and project monitoring requirements designed to insure that projects are fully funded when they enter planning and execution and that project execution activities are closely monitored to provide early warning of changes in project plans and costs that might subsequently result in a request for Federal grant increase if corrective management actions are not taken.
2. **GENERAL.** The amendatory problem that has developed in the last few years results from a combination of many factors: management systems that have failed to identify cost problems at an early stage; an absence or improper use of progress scheduling systems or management systems that utilize sequential event control; delays in land marketing and the construction of project improvements and noncash grant-in-aid facilities; unanticipated inflation; improper budgeting techniques, etc. This combination of management, marketing, budgeting and other problems has caused a requirement for two massive increases in the Federal grant for the average project between the time it receives an initial reservation and the time it closes out: a 60-percent increase at the time it enters execution, and an additional 40-to 50-percent increase (above its initial grant-in-execution) before it closes out.
3. **REVISED REQUIREMENT FOR ESTIMATING THE FEDERAL GRANT AT THE TIME THE SURVEY AND PLANNING APPLICATION IS SUBMITTED.**
 - a. **Basic Problem.** A large part of the amendatory problem has come from unrealistic budgeting and reservations made at the time the Survey and Planning Advance is established. The difficulties of making a realistic estimate of the Federal grant at this early stage are obvious since none of the survey and planning activities required to outline a project's nature, scope and cost has yet been accomplished.

CIRCULAR

- b. Interim Effort Toward Solution. The long-term solution to this problem may lie in a fundamental change in financing techniques, but for the immediate future HUD policies require that the Local Public Agency make the best possible estimate of the funds that will be required and then develop a plan for a sound and viable urban renewal project within the reservation that is established. Once a project has been mandated, a grant increase can be approved only under exceptional circumstances where the LPA has clearly demonstrated that it has done everything possible in its control to develop or carry out the project within the original reservation. To develop better estimates of the grant that ultimately will be required, the LPA must either:
- (1) Do sufficient planning before a Survey and Planning Application is submitted to assure that the tentative plans for the project are adequate for cost estimating purposes and feasible of implementation, or
 - (2) Relate the cost experience in previous renewal projects in the same or similar localities to the project under consideration.
- c. Additional Submission Requirements (Code No. R 121). In addition to the information required in the Urban Renewal Handbook RHM 7215.1, chapter 1, section 2, the LPA shall identify the following for inclusion in Code No. R 121 (Estimate of the Federal Grant):
- (1) Factors and methods it used for projecting current prices, administrative and construction costs, etc., forward to the time when each activity is expected to occur.
 - (2) Major uncertainties about the proposed project that could affect the estimated Federal grant; e.g., extent to which rehabilitation can be utilized, land reuses in the area (residential vs. nonresidential), extent to which project improvements will be needed, or probability that a major noncash local grant-in-aid facility may be generated. Where there is significant uncertainty about these or other activities in the project, the LPA should identify and cost out the "worst" or most costly actions that might be required, with adjustments made for future cost changes.
 - (3) Extent to which it has found comparable cost information (e.g., Federal capital grant cost per acre data) from other projects in the same or another locality to be applicable to the proposed project, and the basis for the comparability.

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4. REVISED REQUIREMENTS FOR JUSTIFYING THE COST ESTIMATES AND FINANCING PLAN IN THE PART I LOAN AND GRANT APPLICATION. Projects in planning and execution will be required to carry out activities within the currently established reservation or allocation of funds, except for those cases noted in Circular RHM 7202.3.
- a. Scheduling System. To assure that this requirement is met, the LPA must utilize information from its progress scheduling system (or management system that utilizes sequential event control) to establish the points in time at which major project activities will be initiated and completed and the size of the workload (if applicable) at significant points in the interval between. The LPA must establish the current costs for carrying out such activities, determine appropriate factors for cost-of-living increases, land assemblage and other elements of cost increase, and adjust current costs for the time at which activities are expected to actually occur.
- b. Additional Submission Requirements (Code No. R 226). In addition to the information currently required in the Urban Renewal Handbook RHM 7218.1, chapter 2, section 3, the following information shall be included in the Cost Estimate and Financing Report (Code No. R 226) of Part I of the Loan and Grant Application:
- (1) Identification of:
 - (a) Progress scheduling and reporting system or other method used to establish the points in time at which major project activities will occur;
 - (b) The cost information system that will be established and linked to the progress scheduling system once the project is in execution--see paragraph 5 below.
 - (2) Information from the progress scheduling system that identifies major project activities, starting dates, duration of each activity, workload at different points in time, etc.
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- (3) Description of the factors used for making cost-of-living and other adjustments in current salaries, unit prices, costs of materials and products, etc., on each budget line item, and the basis for these factors.
- (4) Identification of any major alternatives in the Urban Renewal Plan for the project, such as alternative land uses, and any major uncertainties about the project that might result in increased project costs; the probability that costs will increase due to these alternatives and/or uncertainties and the extent to which costs to cover them have been included in the Project Expenditures Budget and Financing Plan.

5. MONITORING PROJECT EXECUTION ACTIVITIES TO PREVENT AMENDATORIES.

A cost information system; e.g., the Program Evaluation and Review Technique (PERT)/cost system, shall be established and linked to the progress scheduling system (or management system that utilizes sequential event control) for every project in execution that will not be closed out within 2 years of the date of this Circular to monitor the activities and actual costs of carrying out the project against the time schedules and costs submitted with the Part I Loan and Grant Application. (See RHM 7217.1, chapter 1, section 10).

- a. Where such time schedules and costs were not submitted, or detailed enough in the Part I application, they shall be prepared in sufficient detail to meet the requirements of this Circular and RHM 7217.1, chapter 1, section 10.
- b. Any substantial changes--anticipated or actual--in the schedule of the project or its estimated costs, the provision of noncash local grants-in-aid and/or disposition proceeds shall be submitted with each semiannual Report on Budgetary Status, Form HUD-6250, along with a description of the management actions being taken to complete the approved Urban Renewal Plan on a sound and viable basis within the grant approved.
- c. Early warning shall be provided on Schedule A to Form HUD-6250 of any such changes that cannot be handled through an alteration in the form or scheduling of other activities and that subsequently will require an amended financing plan. In the "Remarks" section of that form the LPA shall explain the circumstances that caused the change and identify the amount attributable to each of the four following categories:

- (1) Additional activities that were not included in the latest approved budget and financing plan.
 - (2) Activities that previously were contemplated but cost more than shown in the latest budget (because of faulty cost-estimating factors or project schedule changes, etc.),
 - (3) Legislative changes, or
 - (4) HUD policy changes.
- d. Failure to report substantial changes in the project schedule or its estimated costs with the earliest possible semiannual Report on Budgetary Status will jeopardize the chances for approval of a subsequent amendatory Application for Loan and Grant for the project.

CHAPTER 1. NONDISCRIMINATION REQUIREMENTS

Title VI of the Civil Rights Act of 1964 provides that:

No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Title VI also directs Federal agencies to issue appropriate rules and regulations to effectuate that objective. HUD regulations effectuating Title VI are set forth in Appendix 1.

Executive Order 11063, concerning Equal Opportunity in Housing requires HUD:

". . . to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin -

(a) in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use or occupancy thereof, if such property and related facilities are -

(ii) provided in whole or in part with aid of loans, advances, grants, or contributions hereafter agreed to be made by the Federal Government, or

(iv) provided by the development or the redevelopment of real property purchased, leased or otherwise obtained from a State or local public agency receiving Federal financial assistance for slum clearance or urban renewal with respect to such real property under a loan or grant contract hereafter entered into; . . ."

APPLICABILITY

The requirements of Title VI apply to all project activities under any contract for Federal financial assistance regardless of the date of the contract or whether the contract involves a loan, a grant, or both.

Insofar as discrimination on the basis of race, color, or national origin is concerned, Title VI, which is broader in scope, supersedes

Executive Order 11063. The prohibition against discrimination because of creed survives and is applied with regard to all activities relating in any way to the provision of housing or facilities related to residential uses.

The requirements of this Chapter apply:

- (1) With respect to assurances of nondiscrimination by an applicant or local governing body in project activities, to all projects except those where all property acquired for the project was disposed of or was the subject of a contract for disposition prior to January 4, 1965.
- (2) With respect to disposal of project land, to all land regardless of the proposed reuse of the land.
- (3) With respect to noncash local grants-in-aid, to:
 - (a) Any public facility for which Form HUD-6202, Certificate of Cost of Noncash Local Grant-in-Aid, had not been approved by HUD prior to January 4, 1965.
 - (b) Section 112 expenditures of an educational institution or hospital for which credit is claimed and for which the allowable credit had not been finally determined by HUD prior to January 4, 1965.

ASSURANCES REQUIRED OF APPLICANT AND OF GOVERNING BODY OF LOCALITY

* With the Part I or Combined Part I and II Loan and Grant Application, the LPA shall submit to the Area Office a resolution of the LPA governing body assuring that it recognizes and will comply with regulations and requirements prohibiting discrimination applicable in accordance with Title VI of the Civil Rights Act of 1964. In a locality where State or local law requires the governing body of the locality to approve by ordinance the execution of a Contract for Loan and Grant, the assurance shall take the form of an ordinance by the governing body of the locality. (See RHM 7206.1, Project Applications, Chapter 2, for guide forms of resolutions.) *

CONTRACT REQUIREMENTS

To implement the requirements of Title VI and Executive Order 11063, each Contract for Loan and Grant or Early Land Acquisition Loan Contract will contain a provision that the LPA will:

Include in every agreement, lease, conveyance, or other instrument whereby project land is disposed of an affirmative

covenant binding on the contractor, lessee, grantee, or other party to such instrument and on the successors in interest to such contractor, lessee, grantee, or other party that there shall be no discrimination upon the basis of race, color, creed, or national origin in the sale, lease, or rental or in the use or occupancy of such land or any improvements erected or to be erected thereon, and that the United States is a beneficiary of and entitled to enforce such covenant; and the local public agency will take all steps necessary to enforce such covenant (such enforcement obligation to survive this Contract) and will not itself so discriminate; the term "creed" may be omitted from the covenant, however, in the case of a disposal for uses other than those which may include housing or facilities related to residential uses as defined by the Secretary.

CONTRACTS OR AGREEMENTS FOR DISPOSAL OF PROJECT LAND

Any contract or agreement for the disposal of project land by sale, lease, or retention entered into by the LPA shall contain, and shall require that the deed or deeds to the land shall contain, a covenant on the part of the redeveloper for itself and for its successors and assigns that the redeveloper and its successors and assigns shall not discriminate upon the basis of race, color, creed, ^{1/} or national origin in the sale, lease, or rental or in the use or occupancy of the property or any improvements erected or to be erected thereon. The contract and the deed shall recite that the United States is a beneficiary of the covenant and is entitled to enforce it. The terms of the covenant apply to any practice prohibited by Sections 1.4(a) and 1.4(b) as shown in Appendix 1.

* Any contract or agreement for the disposal of project land by sale or lease for private redevelopment entered into by an LPA (except a contract for the sale of land for a structure containing not more than four dwelling units at least one of which will be occupied by the redeveloper) shall require the redeveloper to include in all advertising (including signs) for sale and rental of the whole or any part of the property the legend "An Open Occupancy Building" in type or lettering of easily legible size and design. The word "Project" or "Development" may be substituted for the word "Building" where circumstances require such substitution. *

^{1/} The term "creed" may be omitted from the covenant on any disposal which is not subject to the requirements of Executive Order 11063.

NONDISCRIMINATION REQUIREMENTS--NONCASH LOCAL GRANTS-IN-AID

A supporting facility proposed as a noncash local grant-in-aid, whether or not it is located within a project area, must serve all persons without regard to race, color, creed, or national origin.

An educational institution or hospital whose expenditures for land acquisition, demolition, or relocation are offered for Section 112 non-cash local grant-in-aid credit must be operated, with respect to the activities cited in the last paragraph under this heading, without regard to race, color, or national origin.

If the proposed noncash grant-in-aid credit relates to an addition or improvement to an existing facility or institution, the nondiscrimination requirement nevertheless applies to the entire facility or institution.

In the case of an educational institution for which Section 112 credit is claimed, the nondiscrimination requirement relates to policy in the admission and treatment of students. In the case of a hospital, the nondiscrimination requirement relates to policies regarding patients, interns, residents, and student nurses and other trainees and to the privilege of physicians, dentists, and other professionally qualified persons to practice in the hospital.

ASSURANCES OF NONDISCRIMINATION--NONCASH LOCAL GRANTS-IN-AID

The LPA shall submit satisfactory assurances that each supporting facility proposed as a noncash local grant-in-aid and each institution on whose behalf Section 112 credits are claimed will be operated on a nondiscriminatory basis in accordance with the requirements set forth under the previous heading. (In the case of a public facility whose policies in this regard are the subject of a court decree, the LPA shall obtain specific instructions from the Regional Office concerning the form of the assurance.) The assurances shall be in the form of a statement or cooperation agreement, as appropriate, from the providing entity or donor, and shall be submitted in accordance with the requirements in 7216.1, Local Grants-in-Aid, Chapter 2, Section 4.

Whenever feasible and appropriate, the LPA shall insert in cooperation agreements or similar undertakings for the provision of noncash local grants-in-aid a provision authorizing the LPA and HUD to examine the facilities and pertinent records of the donor to ascertain whether there has been compliance with the requirements of Title VI and Executive Order 11063. Notwithstanding assurances of nondiscrimination by a providing entity or donor, HUD may require further substantiating evidence of the policies of the providing entity or donor as a prerequisite to a determination of allowance of noncash local grant-in-aid credit.

NONDISCRIMINATION CONFERENCES WITH REDEVELOPERS

Within a reasonable time following the execution of a disposal agreement, the LPA shall hold a nondiscrimination conference with the redeveloper. The Regional Office should be advised two weeks in advance of any meeting of the date, time, and place of such meeting. The conference shall be conducted by appropriate LPA officials and shall consist of an explanation of the redeveloper's obligations in respect to the nondiscrimination provisions of the original agreement and his obligation for an affirmative action plan to achieve the objectives of Title VI and Executive Order 11063. Such plans shall be submitted in duplicate to the Regional Office prior to the initiation of the redeveloper's sale or rental program.

Where a redeveloper is going to occupy the property for his sole use, the conference shall deal with the redeveloper's obligations not to discriminate in public access and use of the property to the extent that it is open to the public and the redeveloper and his contractor's obligation not to discriminate in employment in the construction of any improvements. A written report of each conference shall be prepared and retained in the LPA files and two copies shall be forwarded to the Regional Office.

In cases where the time elapsed between the first nondiscrimination conference and the initiation of the redeveloper's sale or rental program exceeds two years, the LPA shall conduct a second conference with the redeveloper immediately prior to the initiation of the program.

LPA CONTRACT PROVISION

An LPA may not make membership in a professional society or association which excludes minorities or otherwise discriminates, a prerequisite for entering into a service contract (for example, contracts for architectural and appraisal services).

LPA INFORMATIONAL PUBLICATIONS

In press releases, informational handouts, pamphlets, reports, and similar issuances relating to the project, the LPA shall advise the public that housing and commercial properties constructed on project land are open to all persons without discrimination on the basis of race, color, creed, or national origin. In addition, the LPA should prepare and distribute such printed materials and posters as the Regional Office deems necessary to inform interested persons that all sales and rental property located within the project area will be available without discrimination.

COOPERATION WITH MINORITY GROUPS

As soon as a substantial portion of the redevelopment in a project area nears completion, the LPA shall conduct a meeting with representatives of appropriate local minority group organizations. The purpose of the meeting will be to advise individual minority group members in the community, through their representatives, of the availability of housing, commercial properties, and community facilities within the project area. The LPA shall indicate, as accurately as possible, the quantity and types of housing and commercial properties which will be available for purchase or rental. In addition, the minority organization representatives shall be advised of the manner in which complaints of discrimination may be filed. The Regional Office shall be given at least 30 days prior notice of such meetings so that a HUD representative may attend.

REPORTING OF COMPLAINTS

Complaints of discrimination charging failure to comply with Title VI or Executive Order 11063 may be received by the LPA. Complaints must be filed not later than 90 days from the date of the alleged discrimination and may be filed by any person who believes himself or any specific class of persons to be subjected to prohibited discrimination, or by a representative of such a person.

The LPA shall assist a complainant, if necessary, by providing information as to the manner in which a complaint is to be prepared. The LPA shall advise the complainant that the complaint must be submitted in writing and shall assist a complainant, if necessary, in preparing and reducing the complaint to writing. The complaint must include the following information:

- (1) Name, address, and telephone number of the complainant.
- (2) Name and address of the redeveloper or public facility involved in the alleged discrimination.
- (3) Description of the actions considered to be discriminatory.
- (4) Time and place actions occurred.
- (5) Other pertinent information.
- (6) Signature of the complainant (optional).
- (7) Name of LPA employee who assisted in preparing the complaint, if applicable.

The LPA shall promptly forward the complaint to the Regional Office, together with an identification of the project and any relevant information available to the LPA.

The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of Title VI and Executive Order 11063, which may include the conduct of investigations, hearings, and judicial proceedings.

A complaint may also be submitted directly to the Regional Office. In cases of complaints received directly, the Regional Office will request the LPA to furnish project identification and any additional information deemed necessary. The Regional Office may also consult with any officially constituted State or local agency charged with appropriate nondiscrimination responsibilities and the LPA shall cooperate fully with any such agency whose jurisdiction is invoked in connection with a complaint.

**PART 1—NONDISCRIMINATION IN
FEDERALLY- ASSISTED PROGRAMS
OF THE DEPARTMENT OF HOUS-
ING AND URBAN DEVELOPMENT—
EFFECTUATION OF TITLE VI OF
THE CIVIL RIGHTS ACT OF 1964**

- Sec.
- 1.1 Purpose.
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 - 1.9 Hearings.
 - 1.10 Decisions and notices.
 - 1.11 Judicial review.
 - 1.12 Effect on other regulations; forms and instructions.

Appendix A

AUTHORITY: The provisions of this Part 1 are issued under sec. 602, 78 Stat. 252, 42 U.S.C. 2000d-1; sec. 502(a), 62 Stat. 1283, 12 U.S.C. 1701c; and the laws listed in Appendix A to this Part 1.

SOURCE: The provisions of this Part 1 appear at 29 F.R. 16280, Dec. 4, 1964, unless otherwise noted.

§ 1.1 Purpose.

The purpose of this Part 1 is to effectuate the provisions of Title VI of the Civil Rights Act of 1964 (hereafter referred to as the "Act") to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Housing and Urban Development.

§ 1.2 Definitions.

As used in this Part 1—

- (a) The term "Department" means the Department of Housing and Urban Development.
- (b) The term "Secretary" means the Secretary of the Department of Housing and Urban Development.
- (c) The term "responsible Department official" with respect to any program or activity receiving Federal financial assistance means the Secretary or other official of the Department who by law or by delegation has the principal responsibility within the Department for the administration of the law extending such assistance.

(d) The term "United States" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Canal Zone, and the territories and possessions of the United States, and the term "State" means any one of the foregoing.

(e) The term "Federal financial assistance" includes (1) grants, loans, and advances of Federal funds, (2) the grant or donation of Federal property and interests in property, (3) the detail of Federal personnel, (4) the sale and lease of, and the permission to use (on other than a casual or transient basis), Federal property or any interest in such property without consideration or at a nominal consideration, or at a consideration which is reduced for the purpose of assisting the recipient, or in recognition of the public interest to be served by such sale or lease to the recipient, and (5) any Federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance. The term "Federal financial assistance" does not include a contract of insurance or guaranty.

(f) The term "recipient" means any State, political subdivision of any State, or instrumentality of any State or political subdivision, any public or private agency, institution, organization, or other entity, or any individual, in any State, to whom Federal financial assistance is extended, directly or through another recipient, for any program or activity, or who otherwise participates in carrying out such program or activity (such as a redeveloper in the Urban Renewal Program), including any successor, assign, or transferee thereof, but such term does not include any ultimate beneficiary under any such program or activity.

(g) The term "applicant" means one who submits an application, contract, request, or plan requiring Department approval as a condition to eligibility for Federal financial assistance, and the term "application" means such an application, contract, request, or plan.

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§ 1.3 Application of Part 1.

This Part 1 applies to any program or activity for which Federal financial assistance is authorized under a law administered by the Department, including any program or activity assisted under the Department programs listed in Appendix A of this Part 1. It applies to money paid, property transferred, or other Federal financial assistance extended under any such program or activity after the effective date of this Part 1 pursuant to an application approved prior to such effective date. This Part 1 does not apply to (1) any Federal financial assistance by way of insurance or guaranty contracts, (2) money paid, property transferred, or other assistance extended under any such program or activity before the effective date of this Part 1, (3) any assistance to any person who is the ultimate beneficiary under any such program or activity, or (4) any employment practice, under any such program or activity, of any employer, employment agency, or labor organization, except to the extent described in § 1.4(c). The fact that a program or activity is not listed in Appendix A shall not mean, if Title VI of the Act is otherwise applicable, that such program or activity is not covered. Other programs or activities under statutes now in force or hereinafter enacted may be added to this list by notice published in the FEDERAL REGISTER.

§ 1.4 Discrimination prohibited.

(a) *General.* No person in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity to which this Part 1 applies.

(b) *Specific discriminatory actions prohibited.* (1) A recipient under any program or activity to which this Part 1 applies, may not, directly or through contractual or other arrangements, on the ground of race, color, or national origin:

(i) Deny a person any housing, accommodations, facilities, services, financial aid, or other benefits provided under the program or activity;

(ii) Provide any housing, accommodations, facilities, services, financial aid, or other benefits to a person which are different, or are provided in a different manner, from those provided to others under the program or activity;

(iii) Subject a person to segregation or separate treatment in any matter related to his receipt of housing, accommodations, facilities, services, financial aid, or other benefits under the program or activity;

(iv) Restrict a person in any way in access to such housing, accommodations, facilities, services, financial aid, or other benefits, or in the enjoyment of any advantage or privilege enjoyed by others in connection with such housing, accommodations, facilities, services, financial aid, or other benefits under the program or activity;

(v) Treat a person differently from others in determining whether he satisfies any occupancy, admission, enrollment, eligibility, membership, or other requirement or condition which persons must meet in order to be provided any housing, accommodations, facilities, services, financial aid, or other benefits provided under the program or activity;

(vi) Deny a person opportunity to participate in the program or activity through the provision of services or otherwise, or afford him an opportunity to do so which is different from that afforded others under the program or activity (including the opportunity to participate in the program or activity as an employee but only to the extent set forth in paragraph (c) of this section).

(2) (i) A recipient, in determining the location or types of housing, accommodations, facilities, services, financial aid, or other benefits which will be provided under any such program or activity, or the class of persons to whom, or the situations in which, such housing, accommodations, facilities, services, financial aid, or other benefits will be provided under any such program or activity, or the class of persons to be afforded an opportunity to participate in any such program or activity, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity as respect persons of a particular race, color, or national origin.

(ii) A recipient, in operating low-rent housing with Federal financial assistance under the United States Housing Act of 1937, as amended (42 U.S.C. 1401 et seq.), shall assign eligible applicants to dwelling units in accordance with a plan, duly adopted by the recipient and approved by the responsible Department official, providing for assignment on a community-wide basis in sequence based upon the date and time the application is received, the size or type of unit suitable, and factors affecting preference or priority established by the recipient's regulations, which are not inconsistent with the objectives of Title VI of the Civil Rights Act of 1964 and this Part 1. The plan may allow an applicant to refuse a tendered vacancy for good cause without losing his standing on the list, but shall limit the number of refusals without cause as prescribed by the responsible Department official. The responsible Department official is authorized to prescribe and promulgate plans, exceptions, procedures, and requirements for the assignment and reassignment of eligible applicants and tenants consistent with the purpose of this subdivision (ii), this Part 1, and Title VI of the Civil Rights Act of 1964, in order to effectuate and insure compliance with the requirements imposed thereunder.

(3) As used in this Part 1 the housing, accommodations, facilities, services, financial aid, or other benefits provided under a program or activity receiving Federal financial assistance shall be deemed to include any housing, accommodations, facilities, services, financial aid, or other benefits provided in or through a facility provided with the aid of Federal financial assistance.

(4) The enumeration of specific forms of prohibited discrimination in paragraphs (b) and (c) of this section does not limit the generality of the prohibition in paragraph (a) of this section.

(c) *Employment practices.* Where a primary objective of the Federal financial assistance to a program or activity to which this Part 1 applies is to provide employment, a recipient may not, directly or through contractual or other arrangements, subject a person to discrimination on the ground of race, color, or national origin in its employment practices under such program or activity (including recruitment or recruitment

advertising, employment, lay-off, or termination, up-grading, demotion, or transfer, rates of pay or other forms of compensation and use of facilities). The requirements applicable to construction employment under such program or activity shall be those specified in or pursuant to Executive Order 11114 (28 F.R. 6485).

(d) *Exception.* A person shall not be deemed subjected to discrimination by reason of his exclusion from the benefits of a program or activity limited by Federal law to individuals of a particular race, color, or national origin different from his.

(Sec. 602, Civil Rights Act of 1964, P.L. 88-352, 78 Stat. 252, 42 U.S.C. 2000d-1 and the laws referred to in Appendix A; sec. 7(d), P.L. 89-174, 79 Stat. 670, 42 U.S.C. 3535(d); U.S. Housing Act of 1937, as amended, 42 U.S.C. 1401 et seq.) [29 F.R. 16280, Dec. 4, 1964, as amended at 32 F.R. 14819, Oct. 26, 1967]

§ 1.5 Assurances required.

(a) *General.* Every contract for Federal financial assistance to carry out a program or activity to which this Part 1 applies, executed on or after the effective date of this Part 1, and every application for such Federal financial assistance submitted on or after such effective date, shall, as a condition to its approval and the extension of any Federal financial assistance pursuant to such contract or application, contain or be accompanied by an assurance that the program or activity will be conducted and the housing, accommodations, facilities, services, financial aid, or other benefits to be provided will be operated and administered in compliance with all requirements imposed by or pursuant to this Part 1. In the case of a contract or application for Federal financial assistance to provide real property or structures thereon, the assurance shall obligate the recipient, or, in the case of a subsequent transfer, the transferee, for the period during which the real property or structures are used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar benefits. In the case of personal property the assurance shall obligate the recipient for the period during which he retains ownership or possession of the property. In all other cases the assurance shall

obligate the recipient for the period during which Federal financial assistance is extended pursuant to the contract or application. The responsible Department official shall specify the form of the foregoing assurance for such program or activity, and the extent to which like assurances will be required of subgrantees, contractors and subcontractors, transferees, successors in interest, and other participants in the program or activity. Any such assurance shall include provisions which give the United States a right to seek its judicial enforcement.

(b) *Pre-existing contracts—funds not disbursed.* In any case where a contract for Federal financial assistance, to carry out a program or activity to which this Part 1 applies, has been executed prior to the effective date of this Part 1, and the funds have not been fully disbursed by the Department, the responsible Department official shall, where necessary to effectuate the purposes of this Part 1, require an assurance similar to that provided in paragraph (a) of this section as a condition to the disbursement of further funds.

(c) *Pre-existing contracts—periodic payments.* In any case where a contract for Federal financial assistance, to carry out a program or activity to which this Part 1 applies, has been executed prior to the effective date of this Part 1, and provides for periodic payments for the continuation of the program or activity, the recipient shall, in connection with the first application for such periodic payments on or after the effective date of this Part 1, (1) submit a statement that the program or activity is being conducted in compliance with all requirements imposed by or pursuant to this Part 1, or a statement of the extent to which it is not, at the time the statement is made, so conducted, and (2) provide such methods of administration for the program or activity as are found by the responsible Department official to give reasonable assurance that the recipient will comply with all requirements imposed by or pursuant to this Part 1, or reasonable assurance that any noncompliance indicated in the statement under clause (1) will be corrected.

(d) *Assurances from institutions.* (1) in the case of any application for Federal financial assistance to an institution of higher education, the assurance required by this section shall extend to admission practices and to all other practices relating to the treatment of students.

(2) The assurance required with respect to an institution of higher education, hospital, or any other institution, insofar as the assurance relates to the institution's practices with respect to admission or other treatment of persons as students, patients, or clients of the institution or to the opportunity to participate in the provision of services or other benefits to such persons, shall be applicable to the entire institution unless the applicant establishes, to the satisfaction of the responsible Department official, that the institution's practices in designated parts or programs of the institution will in no way affect its practices in the program of the institution for which Federal financial assistance is sought, or the beneficiaries of or participants in such program. If in any such case the assistance sought is for the construction of a facility or part of a facility, the assurance shall in any event extend to the entire facility and to facilities operated in connection therewith.

§ 1.6 Compliance information.

(a) *Cooperation and assistance.* Each responsible Department official shall to the fullest extent practicable seek the cooperation of recipients in obtaining compliance with this Part 1 and shall provide assistance and guidance to recipients to help them comply voluntarily with this Part 1.

(b) *Compliance reports.* Each recipient shall keep such records and submit to the responsible Department official or his designee timely, complete, and accurate compliance reports at such times, and in such form and containing such information, as the responsible Department official or his designee may determine to be necessary to enable him to ascertain whether the recipient has complied or is complying with this Part 1.

(c) *Access to sources of information.* Each recipient shall permit access by the responsible Department official or his designee during normal business hours to such of its books, records, accounts, and other sources of information, and its facilities as may be pertinent to ascertain compliance with this Part 1. Where any information required of a recipient is in the exclusive possession of any other agency, institution, or person and this agency, institution, or person shall fail or refuse to furnish this information, the recipient shall so certify in its report and shall set forth what efforts it has made to obtain the information.

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(d) *Information to beneficiaries and participants.* Each recipient shall make available to participants, beneficiaries, and other interested persons such information regarding the provisions of this Part 1 and its applicability to the program or activity under which the recipient receives Federal financial assistance, and make such information available to them in such manner, as the responsible Department official finds necessary to apprise such persons of the protections against discrimination assured them by the Act and this Part 1.

§ 1.7 Conduct of investigations.

(a) *Periodic compliance reviews.* The responsible Department official or his designee shall from time to time review the practices of recipients to determine whether they are complying with this Part 1.

(b) *Complaints.* Any person who believes himself or any specific class of persons to be subjected to discrimination prohibited by this Part 1 may by himself or by a representative file with the responsible Department official or his designee a written complaint. A complaint must be filed not later than 90 days from the date of the alleged discrimination, unless the time for filing is extended by the responsible Department official or his designee.

(c) *Investigations.* The responsible Department official or his designee shall make a prompt investigation whenever a compliance review, report, complaint, or any other information indicates a possible failure to comply with this Part 1. The investigation should include, where appropriate, a review of the pertinent practices and policies of the recipient, the circumstances under which the possible noncompliance with this Part 1 occurred, and other factors relevant to a determination as to whether the recipient has failed to comply with this Part 1.

(d) *Resolution of matters.* (1) If an investigation pursuant to paragraph (c) of this section indicates a failure to comply with this Part 1, the responsible Department official or his designee will so inform the recipient and the matter will be resolved by informal means whenever possible. If it has been determined that the matter cannot be resolved by informal means, action will be taken as provided for in § 1.8.

(2) If an investigation does not warrant action pursuant to paragraph (d) (1) of this section the responsible Department official or his designee will so inform the recipient and the complainant, if any, in writing.

(e) *Intimidatory or retaliatory acts prohibited.* No recipient or other person shall intimidate, threaten, coerce, or discriminate against any person for the purpose of interfering with any right or privilege secured by Title VI of the Act of this Part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under this Part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of this Part 1, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

§ 1.8 Procedure for effecting compliance.

(a) *General.* If there appears to be a failure or threatened failure to comply with this Part 1, and if the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance with this Part 1, may be effected by the suspension or termination of or refusal to grant or to continue Federal financial assistance, or by any other means authorized by law. Such other means may include, but are not limited to, (1) a reference to the Department of Justice with a recommendation that appropriate proceedings be brought to enforce any rights of the United States under any law of the United States (including other titles of the Act), or any assurance or other contractual undertaking, and (2) any applicable proceeding under State or local law.

(b) *Noncompliance with § 1.5.* If an applicant fails or refuses to furnish an assurance required under § 1.5 or otherwise fails or refuses to comply with the requirement imposed by or pursuant to that section, Federal financial assistance may be refused in accordance with the procedures of paragraph (c) of this section. The Department shall not be required to provide assistance in such a case during the pendency of the administrative proceedings under such paragraph, except that the Department shall continue assistance during the pendency of such proceedings where such assistance is due and payable pursuant to a contract therefor approved prior to the effective date of this Part 1.

(c) *Termination of or refusal to grant or to continue Federal financial assistance.* No order suspending, terminating, or refusing to grant or continue Federal financial assistance shall become effective until (1) the responsible Department official has advised the applicant or recipient of his failure to comply and has determined that compliance can-

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not be secured by voluntary means, (2) there has been an express finding on the record, after opportunity for hearing, of a failure by the applicant or recipient to comply with a requirement imposed by or pursuant to this Part 1, (3) the action has been approved by the Secretary, and (4) the expiration of 30 days after the Secretary has filed with the committees of the House and Senate having legislative jurisdiction over the program or activity involved, a full written report of the circumstances and the grounds for such action. Any action to suspend or terminate or to refuse to grant or to continue Federal financial assistance shall be limited to the particular political entity, or part thereof, or other recipient as to whom such a finding has been made and shall be limited in its effect to the particular program, or part thereof, in which such noncompliance has been so found.

(d) *Other means authorized by law.* No action to effect compliance by any other means authorized by law shall be taken until (1) the responsible Department official has determined that compliance cannot be secured by voluntary means, (2) the action has been approved by the Secretary, (3) the applicant or recipient has been notified of its failure to comply and of the action to be taken to effect compliance, and (4) the expiration of at least ten days from the mailing of such notice to the applicant or recipient. During this period of at least ten days additional efforts shall be made to persuade the applicant or recipient to comply with this Part 1 and to take such corrective action as may be appropriate.

§ 1.9 Hearings.

(a) *Opportunity for hearing.* Whenever an opportunity for a hearing is required by § 1.8(c), reasonable notice shall be given by registered or certified mail, return receipt requested, to the affected applicant or recipient. This notice shall advise the applicant or recipient of the action proposed to be taken, the specific provision under which the proposed action against it is to be taken, and the matters of fact or law asserted as the basis for this action, and either (1) fix a date not less than 20 days after the date of such notice within which the applicant or recipient may request of the responsible Department official that the matter be scheduled for hearing or (2) advise the applicant or recipient that the matter in question has been set down for hearing at a stated time and place. The time and place so fixed shall be reasonable and shall be subject to change for cause. The complainant, if any, shall be advised of the time

and place of the hearing. An applicant or recipient may waive a hearing and submit written information and argument for the record. The failure of an applicant or recipient to request a hearing under this paragraph (a) or to appear at a hearing for which a date has been set shall be deemed to be a waiver of the right to a hearing under section 602 of the Act and § 1.8(c) of this Part 1 and consent to the making of a decision on the basis of such information as is available.

(b) *Time and place of hearing.* Hearings shall be held at the offices of the Department in Washington, D.C., at a time fixed by the responsible Department official unless he determines that the convenience of the applicant or recipient or of the Department requires that another place be selected. Hearings shall be held before the responsible Department official or, at his discretion, before a hearing examiner designated in accordance with section 11 of the Administrative Procedure Act.

(c) *Right to counsel.* In all proceedings under this section, the applicant or recipient and the Department shall have the right to be represented by counsel.

(d) *Procedures, evidence, and record.* (1) The hearing, decision, and any administrative review thereof shall be conducted in conformity with sections 5-8 of the Administrative Procedure Act, and in accordance with such rules of procedure issued by the Department as are proper (and not inconsistent with this section) relating to the conduct of the hearing, giving of notices subsequent to those provided for in paragraph (a) of this section, taking of testimony, exhibits, arguments and briefs, requests for findings, and other related matters. Both the Department and the applicant or recipient shall be entitled to introduce all relevant evidence on the issues as stated in the notice for hearing or as determined by the officer conducting the hearing at the outset of or during the hearing.

(2) Technical rules of evidence shall not apply to hearings conducted pursuant to this Part 1, but rules or principles designed to assure production of the most credible evidence available and to subject testimony to test by cross-examination shall be applied where reasonably necessary by the officer conducting the hearing. The hearing officer may exclude irrelevant, immaterial, or unduly repetitious evidence. All documents and other evidence offered or taken for the record shall be open to examination by the Agency and the applicant or recipient, and opportunity

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shall be given to refute facts and arguments advanced on either side of the issues. A transcript shall be made of the oral evidence except to the extent the substance thereof is stipulated for the record. All decisions shall be based upon the hearing record and written findings shall be made.

(e) *Consolidated or joint hearings.* In cases in which the same or related facts with respect to two or more programs or activities to which this Part 1 applies are asserted to constitute non-compliance with this Part 1 or noncompliance with this Part 1 and the regulations of one or more other Federal departments or agencies issued under Title VI of the Act, the Secretary may, by agreement with such other departments or agencies, where applicable, provide for the conduct of consolidated or joint hearings, and for the application to such hearings of rules of procedure not inconsistent with this Part 1. Final decisions in such cases, insofar as this Part 1 is concerned, shall be made in accordance with § 1.10.

§ 1.10 Decisions and notices.

(a) *Decision by person other than the responsible Department official.* If the hearing is held by a hearing examiner such hearing examiner shall either make an initial decision, if so authorized, or certify the entire record including his recommended findings and proposed decision to the responsible Department official for a final decision, and a copy of such initial decision or certification shall be mailed to the applicant or recipient by certified or registered mail, return receipt requested. Where the initial decision is made by the hearing examiner the applicant or recipient may within 30 days of the mailing of such notice of initial decision file with the responsible Department official his exceptions to the initial decision, with his reasons therefor. In the absence of exceptions, the responsible Department official may on his own motion within 45 days after the initial decision serve on the applicant or recipient a notice that he will review the decision. Upon the filing of such exceptions or of such notice of review the responsible Department official shall review the initial decision and issue his own decision thereon including the reasons therefor. In the absence of either exceptions or a notice of review the initial decision shall constitute the final decision of the responsible Department official.

(b) *Decisions on record or review by the responsible Department official.* Whenever a record is certified to the responsible Department official for decision

or he reviews the decision of a hearing examiner pursuant to paragraph (a) of this section, or whenever the responsible Department official conducts the hearing, the applicant or recipient shall be given reasonable opportunity to file with him briefs or other written statements of its contentions, and a copy of the final decision of the responsible Department official shall be given in writing to the applicant or recipient, and to the complainant, if any, by certified or registered mail, return receipt requested.

(c) *Decisions on record where a hearing is waived.* Whenever a hearing is waived pursuant to § 1.9(a) a decision shall be made by the responsible Department official on the record and a copy of such decision shall be given in writing to the applicant or recipient, and to the complainant, if any, by certified or registered mail, return receipt requested.

(d) *Rulings required.* Each decision of a hearing examiner or responsible Department official shall set forth his ruling on each finding, conclusion, or exception presented, and shall identify the requirement or requirements imposed by or pursuant to this Part 1 with which it is found that the applicant or recipient has failed to comply.

(e) *Content of orders.* The final decision may provide for suspension or termination of, or refusal to grant or continue Federal financial assistance, in whole or in part, under the program or activity involved, and may contain such terms, conditions, and other provisions as are consistent with and will effectuate the purposes of the Act and this Part 1, including provisions designed to assure that no Federal financial assistance will thereafter be extended under such program or activity to the applicant or recipient determined by such decision to be in default in its performance of an assurance given by it pursuant to this Part 1, or to have otherwise failed to comply with this Part 1, unless and until it corrects its noncompliance and satisfies the responsible Department official that it will fully comply with this Part 1.

§ 1.11 Judicial review.

Action taken pursuant to section 602 of the Act is subject to judicial review as provided in section 603 of the Act.

§ 1.12 Effect on other regulations, forms and instructions.

(a) *Effect on other regulations.* All regulations, orders, or like directions heretofore issued by any officer of the Department which impose requirements designed to prohibit any discrimination against persons on the ground of race, color, or national origin under any pro-

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gram or activity to which this Part 1 applies, and which authorize the suspension or termination of or refusal to grant or to continue Federal financial assistance to any applicant or recipient of such assistance under such program or activity for failure to comply with such requirements, are hereby superseded to the extent that such discrimination is prohibited by this Part 1, except that nothing in this Part 1 shall be deemed to relieve any person of any obligation assumed or imposed under any such superseded regulation, order, instruction, or like direction prior to the effective date of this Part 1. Nothing in this Part 1, however, shall be deemed to supersede any of the following (including future amendments thereof): (1) Executive Orders 10925 and 11114 and regulations issued thereunder, or (2) Executive Order 11063 and regulations issued thereunder, or any other regulations or instructions, insofar as such Order, regulations, or instructions prohibit discrimination on the ground of race, color, or national origin in any program or activity or situation to which this Part 1 is inapplicable, or prohibit discrimination on any other ground.

(b) *Forms and instructions.* Each responsible Department official shall issue and promptly make available to interested persons forms and detailed instructions and procedures for effectuating this Part 1 as applied to programs and activities to which this Part 1 applies and for which he is responsible.

(c) *Supervision and coordination.* The Secretary may from time to time assign to officials of the Department, or to officials of other departments or agencies of the Government with the consent of such department or agency, responsibilities in connection with the effectuation of the purposes of Title VI of the Act and this Part 1 (other than responsibility for final decision as provided in § 1.10), including the achievement of effective coordination and maximum uniformity within the Department and within the Executive Branch of the Government in the application of Title VI and this Part 1 to similar programs or activities and in similar situations.

APPENDIX A

PROGRAMS OF THE DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT TO WHICH THIS
PART 1 APPLIES

1. Community Disposition Program—Atomic Energy Community Act of 1955, §§ 11-13, 21, 31-36, 41-43, 51-57, 61-66, 101-103, 111-119, 69 Stat. 471 (1955), 42 U.S.C. 2301; E.O. 11105, 28 F.R. 3909.
2. Low-Income Housing Demonstration Grant Program—§ 207, Housing Act of 1961, 75 Stat. 165 (1961), 42 U.S.C. 1436.
3. Mass Transportation Demonstration Grant Program—§ 303, Housing Act of 1961, 75 Stat. 166 (1961), 42 U.S.C. 1453(b).
4. Rehabilitation Direct Loan Program—§ 312, Housing Act of 1964, 78 Stat. 790 (1964), 42 U.S.C. 1460nt.
5. Training and Fellowship Programs—Title VIII, Housing Act of 1964, 78 Stat. 769 (1964), 12 U.S.C. 1703nt, 1703, 1709, 1710.
6. Urban Mass Transportation Programs—Urban Mass Transportation Act of 1964, 78 Stat. 302 (1964), 49 U.S.C. 1601nt, 1601.
7. Low-Rent Public Housing Program—United States Housing Act of 1937, 50 Stat. 888 (1937), 42 U.S.C. 1401.
8. Open Space Land Program—Title VII, Housing Act of 1961, 75 Stat. 183 (1961), 42 U.S.C. 1500.
9. Urban Renewal Demonstration Grant Program—§ 314, Housing Act of 1954, 68 Stat. 629 (1954), 42 U.S.C. 1452a.
10. Urban Renewal Program (Slum Clearance and Urban Renewal)—Title I, Housing Act of 1949, 63 Stat. 414 (1949), 42 U.S.C. 1450.
11. College Housing Loan Program—Title IV, Housing Act of 1950, 64 Stat. 77 (1950), 12 U.S.C. 1749.
12. Community Facilities Administration Liquidation Programs.
13. Program of Advances for Public Works Planning—§ 702, Housing Act of 1954, 68 Stat. 641 (1954), 40 U.S.C. 462.
14. Public Facility Loans Program—Title II, Housing Amendments of 1955, 69 Stat. 642 (1955), 42 U.S.C. 1491.
15. Public Works Acceleration Act Program—Public Works Acceleration Act, 76 Stat. 541 (1962), 42 U.S.C. 2641.
16. Senior Citizens Housing Loan Program—§ 202, Housing Act of 1959, 73 Stat. 667 (1959), 12 U.S.C. 1701q.

CHAPTER 2. EQUAL EMPLOYMENT OPPORTUNITY

It is Federal policy to prohibit discrimination in employment because of race, color, religion, sex or national origin. This policy applies to all LPA contracts or agreements for site clearance, project improvements, or rehabilitation demonstration work, for the disposition of project land for private redevelopment or to a public body, or for construction on project land retained by the LPA, or subcontracts under any of these.

There are two sets of requirements--those that apply to contracts subject to Executive Order 11246 and those that are promulgated by HUD. A contract that is exempt from the requirements of Executive Order 11246 is subject to HUD equal opportunity requirements.

Because equal employment opportunity requirements are a part of Federal labor standards, details regarding the requirements are set forth in 7217.1, LPA Administration, Chapter 3. This includes such matters as affirmative action programs, preconstruction conferences, posters and notices to unions, and reports and complaints.

CHAPTER 1. WORKABLE PROGRAM FOR COMMUNITY IMPROVEMENT

Information on the scope, content, and submission of a Workable Program for Community Improvement can be obtained from the Regional Office.

GENERAL REQUIREMENTS

The following actions will be taken by HUD only if there is in effect a certification or recertification of the locality's Workable Program:

- (1) An allocation of Federal advance funds in connection with (a) a Survey and Planning Application, (b) a General Neighborhood Renewal Plan Application, or (c) a Feasibility Survey Application.
- (2) Execution of an Early Land Acquisition Loan Contract.
- (3) Execution of a Contract for Loan and Grant.
- (4) Execution of an Amendatory Contract for Planning Advance an Amendatory Early Land Acquisition Loan Contract, or an Amendatory Contract for Loan and Grant, where the amendment is of such a nature that it has the effect of creating a substantially different project. A project will be deemed to be substantially different if its area is increased by 5 per cent or more or by 10 acres or more.

* If a certified Workable Program is not in effect in the locality, an application related to the actions listed above will be accepted for processing by the Regional Office only if (1) the locality has requested certification or recertification of its Workable Program, (2) documentation supporting the request has been submitted to the Regional Office, and (3) the Workable Program submission has been accepted for processing.

DISASTER PROJECTS

For a disaster area project, a Survey and Planning Application may be approved and an Early Land Acquisition Loan Contract or a Contract for Loan and Grant may be executed without regard to the Workable Program requirement, provided this requirement is met later. (See 7225.1, Disaster Project, Chapter 1, Section 2.)

WORKABLE PROGRAM AS BASIS FOR EVALUATION OF NEED FOR URBAN RENEWAL PROJECT

No Contract for Loan and/or Grant may be entered into for a project which received Federal recognition on or after August 10, 1965, unless HUD finds that (1) the Workable Program presented by the locality is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project, and (2) such project is in accord with the Program.

* This requirement will be deemed to have been met if, as a result of a continuing comprehensive planning process, the planning and programming element of the Workable Program is sufficiently developed to have:

- (1) Identified and analyzed the major physical, social, racial, and economic problems of the slum or blighted areas within the community or major portion thereof which includes the project area;
- (2) Programed specific actions directed toward the solution of these problems; and
- (3) Identified the project area or significant portion thereof to be in need of renewal assistance to overcome the problems contained therein. *

If the most recently certified Workable Program does not meet this requirement, the locality may submit supplementary materials, such as information and proposals developed in connection with a neighborhood analysis, a Community Renewal Program, or a general plan. Formal submission of a request for recertification is not necessary, but the interim submission should be reflected in the locality's next request for recertification.

CONFORMANCE OF URBAN RENEWAL PLAN TO WORKABLE PROGRAM

* The Urban Renewal Plan must conform to the objectives, plans, or priorities contained in the locality's Workable Program. If needed for the purpose of making this determination, submission of additional materials may be required by the Regional Office. *

CHAPTER 2. THE GENERAL PLAN

1. GENERAL. An Urban Renewal Plan and a General Neighborhood Renewal Plan must conform to a general plan for the development of the locality as a whole. The plan must be in effect by the time the Part I or Combined Part I-II Loan and Grant Application is submitted or by the time that the GNRP is ready for approval.
2. MINIMUM REQUIREMENTS. The minimum required elements in a general plan are:
 - a. Plans and Programs:
 - (1) Land Use Plan.
 - (2) Thoroughfare Plan.
 - (3) Community Facilities Plan.
 - (4) Public Improvements Program.
 - b. Regulatory Measures:
 - (1) Zoning Ordinance and Map.
 - (2) Subdivision Regulations.
3. CONTENTS OF GENERAL PLAN. These planning requirements must be so interrelated that, taken together, they serve as a comprehensive guide for the physical development of the locality as a whole. They are described briefly as follows:
 - a. Land Use Plan. Projects future community land needs, showing, by location and extent, areas to be used for residential, commercial, industrial, and public purposes.
 - b. Thoroughfare Plan. Provides a system of major streets, existing and proposed, distinguishing between limited access, primary, and secondary thoroughfare.
 - c. Community Facilities Plan. Shows location and type of present and proposed schools, recreation areas, and other significant public facilities.

- d. Public Improvement Program. Identifies and recommends priorities for future public improvements needed to meet objectives established in other plan elements.
 - e. Zoning Ordinance and Map. Establishes regulations and zone districts which govern the use of land and the location, height, use, and land coverage of buildings.
 - f. Subdivision Regulations. Provides standards for land development by requiring adequate lot sizes and arrangement, utilities, and street improvements; guide development to conform with the comprehensive plan.
4. REQUIREMENTS FOR SURVEY AND PLANNING APPLICATION. Before a Survey and Planning Application is approved, HUD will ascertain the locality's ability to meet general plan requirements by the time the Part I or Combined Part I-II Loan and Grant Application is submitted. The latest Workable Program for Community Improvement submission ordinarily will provide the basis for this determination.
5. REQUIREMENTS FOR GNRP APPLICATION. At the time of the GNRP Application, a general plan must already exist or there must be a basis for expecting that it will exist by the time that the GNRP is ready for approval. Under the latter alternative, general planning must have been developed to the point where it will provide the basic framework within which planning for urban renewal purposes may logically proceed.

CHAPTER 3. COMPREHENSIVE SYSTEM OF CODES AND ORDINANCES

1. REQUIREMENT. A currently certified Workable Program for Community Improvement is sufficient evidence that urban renewal requirements concerning adoption and enforcement of codes have been met.

2. TIMING. If a locality does not have a certified Workable Program when the Part I Loan and Grant Application is submitted, HUD requires evidence that Workable Program requirements concerning adoption and enforcement of codes can be met by the time the Part II Loan and Grant Application is submitted. For a Combined Part I-II Loan and Grant Application, HUD requires that the Workable Program requirements concerning adoption and enforcement of codes be met by the time the application is submitted.

CHAPTER 1. GENERAL ELIGIBILITY REQUIREMENTS**APPLICABILITY OF FEDERAL, STATE, AND LOCAL LAWS**

The legal eligibility of a project area must be determined in the light of State and local requirements as well as the Federal requirements contained herein.

CONFORMANCE OF PROJECT TO WORKABLE PROGRAM

Any project which received Federal recognition on or after August 10, 1965, must be in accord with the Workable Program for Community Improvement before a Contract for Loan and Grant can be approved. The Workable Program must be of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project. (See 7204.1, Community Requirements, Chapter 1.)

The project area must be identified for urban renewal treatment in the Workable Program and the project proposals generally must conform to it. As long as the proposals are consistent with the objectives of the Workable Program, some latitude is permitted as to conformance of the project on such matters as project boundaries, timing, priorities, and treatment.

DEFINITION OF URBAN RENEWAL AREA

An urban renewal area must be a slum area or a blighted, deteriorated, or deteriorating area (or an open land area; or, a vacant, unused, underused or inappropriately used land or space) which is approved by HUD as appropriate for an urban renewal project.

QUALIFICATIONS FOR URBAN RENEWAL ASSISTANCE

To qualify for assistance, an urban renewal area (other than an open land area) must contain deficiencies to a degree and extent that public action is necessary to eliminate and prevent the development or spread of deterioration and blight. At least 20 percent of the buildings in the area must contain one or more building deficiencies, and the area must contain at least two environmental deficiencies.

Building Deficiencies

- (1) Defects to a point warranting clearance.
- (2) Deteriorating condition because of a defect not correctable by normal maintenance.

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- (3) Extensive minor defects which, taken collectively, are causing the building to have a deteriorating effect on the surrounding area.
- (4) Inadequate original construction or alterations.
- (5) Inadequate or unsafe plumbing, heating, or electrical facilities.
- (6) Other equally significant building deficiencies.

Environmental Deficiencies

- (1) Overcrowding or improper location of structures on the land.
- (2) Excessive dwelling unit density.
- (3) Conversions to incompatible types of uses, such as rooming-houses among family dwellings.
- (4) Obsolete building types, such as large residences or other buildings which through lack of use or maintenance have a blighting influence.
- (5) Detrimental land uses or conditions, such as incompatible uses, structures in mixed use, or adverse influences from noise, smoke, or fumes.
- (6) Unsafe, congested, poorly designed, or otherwise deficient streets.
- (7) Inadequate public utilities or community facilities contributing to unsatisfactory living conditions or economic decline.
- (8) Other equally significant environmental deficiencies.

APPROPRIATENESS OF URBAN RENEWAL TREATMENT

Additional criteria must be satisfied to establish the appropriateness for clearance and redevelopment (see 7207.1, Project Planning, Chapter 1), or for rehabilitation (see 7210.1, Rehabilitation, Chapter 1, Section 2).

DISTRIBUTION OF DEFICIENCIES

Either building deficiencies or environmental deficiencies necessary to establish the eligibility of a project area must be present to a reasonable degree in all parts of the area. If any sizable part

of the project area fails to meet this test, it must be justified by one of the following:

- (1) Inclusion of the part is necessary to achieve the urban renewal objectives for the total project area.
- (2) Inclusion of the part is necessary to bring the project area to a sound boundary.

Any included area not meeting the distribution of deficiencies test cannot be more than a relatively minor portion of the project area.

* INCLUSION OF PUBLICLY OWNED LAND IN URBAN RENEWAL AREAS

Publicly owned land which meets the distribution of deficiencies test (see above) may be included in an urban renewal area provided the renewal of such land is directly related to the achievement of the primary urban renewal objective or objectives for the area, i.e., the primary objective is the renewal of land other than the publicly owned land, or if the area is predominantly in public ownership, the use and ownership of such land must be changed to achieve important community objectives. However, HUD will not concur in the inclusion of publicly owned land when it is apparent that the urban renewal area has been delineated or located in such a manner as to constitute a public works project, or that such land has been included solely for the purpose of increasing percentages of benefit for project improvements or supporting facilities.

An existing public housing project which requires major repair or rehabilitation beyond normal maintenance or repair work may be considered part of an urban renewal area under certain circumstances. When such inclusion is contemplated, the LPA shall consult the Regional Office. *

RETENTION OF DATA SUPPORTING ELIGIBILITY

The LPA shall retain all survey data, working papers, photographs and negatives, and research material on condition of buildings, environmental deficiencies, and other factors related to project eligibility. If any of the data are compiled by a consultant under a contract for professional or technical services, the LPA shall require that all survey data, working papers, photographs and negatives, and research material become the property of the LPA upon completion of the contract (see 7217.1, LPA Administration, Chapter 2, Section 1).

CHAPTER 2. PROJECT ELIGIBILITY CATEGORIES
SECTION 1

Every urban renewal project must qualify under one of the eligibility categories shown below. Explanations of the terms used in the table are found on the following pages.

CATEGORY	PRESENT CHARACTER OF AREA	EXTENT OF PRESENT DEVELOPMENT	PROPOSED REUSE	LIMITATIONS AND CONDITIONS
I	predominantly residential	built up	any	
II	predominantly residential	predominantly open land	any	A
III	not predominantly residential	built up	predominantly residential	
IV	not predominantly residential	predominantly open land	predominantly residential	A
V Nonresidential exception	not predominantly residential	built up	not predominantly residential	B
VI Nonresidential exception	not predominantly residential	predominantly open land	not predominantly residential	A and B
VII College, University, or hospital	any	built up	any	C
VIII College, University, or hospital	any	predominantly open land	any	A and C
IX	—	open land	predominantly residential	D

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CATEGORY	PRESENT CHARACTER OF AREA	EXTENT OF PRESENT DEVELOPMENT	PROPOSED REUSE	LIMITATIONS AND CONDITIONS
X	—	open land	not predominantly residential	E
XI Area redevelopment exception	not predominantly residential	built up	not predominantly residential	F
XII Area Redevelopment exception	not predominantly residential	predominantly open land	not predominantly residential	A and F
XIII Air Rights Project	(See 7226.1, Air Rights Project, chapter 1.)			
XIV Vacant, unused, underused, or inappropriately used land or space	(See 7205.1, chapter 2, section 2.)			

DETERMINATION OF ELIGIBILITY CATEGORY

If a project qualifies under more than one eligibility category, the appropriate category is determined as follows:

- (1) Category VII, or VIII, as applicable, takes precedence over Category I, II, III, or IV, if Section 112 noncash local grant-in-aid credit is claimed. (See 7216.1, Local Grants-in-Aid, Chapter 2, section 3.)
- (2) Category XI or XII, as applicable, takes precedence over Category V or VI.
- (3) Category VII or VIII, as applicable, takes precedence over Category V, VI, XI, or XII.

PRESENT CHARACTER OF AREA

Predominantly Residential

The present character of the area is predominantly residential if 51 percent or more of the land, exclusive of land used for streets, alleys, or public rights-of-way, consists of:

-
- (1) Improved parcels occupied by any of the following:
 - (a) Dwellings or institutional facilities used for dwelling purposes.
 - (b) Public, semipublic, or institutional residential-neighborhood facilities which are incidental to, are necessary for, and directly serve and support dwelling facilities in the residential neighborhood of the urban renewal area.
 - (c) Buildings which are residential in character both as to exterior design and interior arrangement, notwithstanding present temporary nonresidential uses.
 - (2) Improved parcels used for both residential and nonresidential purposes, if 51 percent or more of floor space is devoted to residential use.
 - (3) Unimproved parcels which on the basis of the circumstances are considered to be residential in character including:
 - (a) Parcels used for residential purposes (e.g., private parking, house gardens).
 - (b) Parcels intermingled with improved residential parcels, or with residential-type site improvements in an area that is appropriate for continued residential use. Such a determination must be supported by evidence that prevailing conditions in the area, such as land use planning or zoning, make residential development the expected type of use of the land.
 - (4) Parcels clearly in excess of the needs of (a) the buildings on them and (b) the appurtenant uses, and the excessive portion meets the criteria for unimproved parcels in (3) above.

When the residential or nonresidential character of a particular parcel is uncertain, it shall be considered nonresidential in character.

EXTENT OF PRESENT DEVELOPMENT

Built Up

The area is built up if 50 percent or more of the area is improved with one or both of the following:

- (1) Parcels upon which are situated buildings, not including:
 - (a) That portion of a parcel which is clearly in excess of the needs of the buildings on it and its appurtenant uses.
 - (b) Parcels containing only old foundations or temporary structures or which are used for open type uses without permanent structures (e.g., junkyards, temporary storage).
- (2) Rights-of-way of streets and alleys which are improved with all-weather surfacing and/or utilities or which, if unsurfaced, are clearly necessary to and provide access to parcels of land included in (1) above.

Predominantly Open Land

A predominantly open land area is one not meeting the "built up" criteria defined above but which is developed at least to the extent of having deteriorated or obsolete improvements, such as buildings, surfaced streets, curbs, sidewalks, or utilities. Obsolete improvements include those which, though structurally sound, are located in accordance with obsolete subdivision patterns which would interfere with sound development or redevelopment of the area.

Open Land

An open land area is one that has not been developed by the provision of either buildings or streets, utilities, or other improvements, except for an incidental building or structure. Platting, however, does not affect eligibility as an open land area.

PROPOSED REUSE

Predominantly Residential

The proposed reuse of the area will be considered predominantly residential if 51 percent or more of the land is to be residential in character, i.e., those uses which are defined as residential under "Present Character of Area" above.

LIMITATIONS AND CONDITIONSa. Predominantly Open Land Project

For projects consisting of predominantly open land, the LPA must submit evidence that the land substantially impairs or arrests sound community growth and that there is no reasonable expectation that the land will be constructively utilized through private action. Consideration may be given to the following factors:

- (1) Substandard buildings occupying a considerable portion of the area.
- (2) Improper size and shape of lots.
- (3) Poorly designed, obsolete, or inadequate street patterns.
- (4) Obsolete utilities.
- (5) Deterioration of improvements.
- (6) Complexities of ownership or title.
- (7) Serious tax delinquency.
- (8) Lack of adequate and convenient access to the area.
- (9) Serious topographical difficulties.

If less than 10 percent of a predominantly open land area is in parcels of land being used for dwellings or other buildings, the LPA must also submit the evidence called for in item d. below.

b. Nonresidential Exception Project

The governing body of the LPA must determine by resolution that the redevelopment of the area for predominantly nonresidential reuse is necessary for the proper development of the community.

c. College, University, or Hospital Project

To be eligible as a Section 112 college, university, or hospital project, the area must either:

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- (1) Include an area which is the location of principal buildings of an eligible educational institution or hospital as defined in 7216.1, Local Grants-in-Aid, Chapter 3, Section 3 (or a major branch thereof which is devoted primarily to educational or hospital uses as defined below); or
- (2) Be near the educational institution or hospital (or major branch thereof), which shall mean that more than 50 percent of the project area can be enclosed by a line which is no more than one-fourth of a mile distant from the boundaries of the type of educational institution or hospital area specified above. This distance may be extended only if the LPA demonstrates that a specific project area meeting the objectives of Section 112 could not be encompassed within the limitation.

"Educational uses" means those uses related to the functions of teaching or research or to the housing, feeding, and care of students and faculty; or otherwise intended for the primary benefit of students and faculty.

"Hospital uses" means those uses related to the functions of a hospital in providing care and treatment of the ill or injured, including the housing, feeding, and care of resident interns, physicians, and nurses.

The governing body of the locality must determine that the undertaking of the project will promote the public welfare and proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the Urban Renewal Plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the Urban Renewal Plan, (2) by providing, through the redevelopment of the area in accordance with the Urban Renewal Plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or hospital, or (3) by any combination of the foregoing.

d. Open Land Project

* Open land projects may receive only loans and advances. No project capital grants are available. Open land projects may receive grants as described in item e. below. *

For open land projects, the LPA must submit evidence that the proposed development of land is an adjunct to or necessary part of an overall program of the community for the elimination and prevention of

the spread of slums and blight. The evidence shall demonstrate that the proposed development is necessary because of the displacement of families which has taken place or will take place under the urban renewal or Workable Program for Community Improvement activities of the locality.

When the relocation of displaced families is a factor necessitating the proposed development of the area, it must be demonstrated that the open land project will result directly or indirectly in housing accommodations becoming available to those families. It is not essential that the particular displaced families be housed in dwelling units in the open land project.

e. Open Land Exception Project

- * Open land exception projects may receive only loans and advances. No project capital grants are available. However, grants are available in an amount not to exceed two-thirds of the difference between the proceeds from any land disposed of at its value for low- or moderate-income housing (under Section 107 of the Housing Act of 1949) and the proceeds which would have been realized if the land had been disposed of at its fair value without regard to the special provisions of Section 107. Requests for such grants will be processed on a case basis and the LPA should ask for specific instructions from the Regional Office if such a grant is contemplated (see RHA 7214.1 Chapter 3, Section 1, page 2.) Such grants are limited to payments for two-thirds of the difference described above for Open Land Exception Projects which may not involve pooling credits or other grant-in-aid calculations of urban renewal projects. *

Loans and advances for projects of this type may not exceed 2½ percent of the estimated Gross Project Costs of the projects undertaken by the LPA under other contracts for Title I assistance.

The governing body of the LPA must determine that development for predominantly nonresidential uses is necessary and appropriate to:

- (1) Facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives; and
- (2) Afford maximum opportunity for development of the project area by private enterprise.

f. Area Redevelopment Exception Project

To be eligible as a Section 113 area redevelopment exception project, the area must be:

- (1) Located in an area designated on a redevelopment area pursuant to Section 5 of the Area Redevelopment Act, for which the Department of Commerce has certified that there is a reasonable probability that with assistance provided under that Act and other undertakings, the area will be able to achieve more than temporary improvement in its economy.
- (2) One for which the first contract for Federal financial assistance was executed on or after May 1, 1961.

CHAPTER 2. PROJECT ELIGIBILITY CATEGORIES

SECTION 2. URBAN RENEWAL PROJECTS CONSISTING OF VACANT, UNUSED,
UNDERUSED, OR INAPPROPRIATELY USED LAND OR SPACE

1. BACKGROUND INFORMATION. The Housing and Urban Development Act of 1970 (Public Law 91-609) revised the definition of an urban renewal project as contained in Section 110(c) of the Housing Act of 1949, as amended, and the restriction of Section 103(a)(1) of the Housing Act of 1949, as amended, pertaining to the use of capital grant funds for projects consisting of open land. In addition, Section 110(c)(7) of the Housing Act of 1949, as amended, has been revised to provide for the construction of air rights platforms in certain types of urban renewal projects.
2. RELATIONSHIP TO NEW COMMUNITIES PROGRAM. A major consideration underlying these provisions is to further strengthen the ability of the urban renewal process to assist in the large-scale redevelopment of heavily urbanized localities, including redevelopment in the form of "new-towns-in-town" under the New Communities Program, which is also authorized by Title VII (Part B) of the 1970 Act."
3. REVISED URBAN RENEWAL PROJECT DEFINITION.
 - a. An urban renewal project may include the acquisition of land or space which is vacant, unused, underused, or inappropriately used, which need not be a slum area nor blighted, deteriorated, or deteriorating. Such land or space may consist of:
 - (1) Infrequently used rail yards and rail storage facilities.
 - (2) Excessive or vacated railroad rights-of-way.
 - (3) Air rights over streets, expressways, railroads, waterways, and similar locations.
 - (4) Land occupied by functionally obsolete nonresidential buildings.
 - (5) Land occupied by unused or underused slips, docks, or other waterfront uses.
 - (6) Land devoted to low-utility or uneconomic uses.
 - (7) Land covered by shallow water or subject to periodic flooding or otherwise unusable in its present state because of other natural hazards.
 - b. The Secretary must determine that such land or space may be developed:
 - (1) At a cost reasonably related to the public purpose to be served.

- (2) Without major residential clearance activity.
- (3) With full consideration to the preservation of beneficial aspects of the urban and natural environment.

4. PROJECT REUSES.

- a. The reuse of such land or space must be consistent with emphasis on housing for low-and moderate-income families and may include schools, hospitals, parks, and other essential public facilities related to the needs of such families. In addition, and where appropriate, such land or space may be devoted to any use associated with new communities-in-town or similar large-scale undertakings related to innercity needs, including concentrated sources of employment.
- b. As a general rule, the predominant reuse of such land or space shall be (1) residential, with housing units provided for all income levels but with a majority of the units for families or individuals of low-and moderate-income, or (2) development as a new community project under Part B of Title VII of the HUD Act of 1970.
- c. A project not meeting this requirement may be approved, provided the LPA can show that the predominant reuse is necessitated by or directly related on an ongoing local program for the development of housing for families or individuals of low-and moderate-income.

5. REASONABLE COST. In determining whether the estimated cost of developing the project is reasonably related to the public purpose to be served, the following factors must be carefully considered:

- a. The established need, in the locality, for housing for families of low-and moderate-income, including those displaced by governmental activities in the locality.
 - b. The extent to which the inventory of such housing will be significantly increased by project proposals.
 - c. The availability of other land or space, in the locality, which can be developed for similar uses at less public expense.
 - d. The marketability of the land or space to be made available for development by the project.
 - e. Where applicable, consideration should also be given to the established need, in the locality, for development in the form
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of a new town-in-town of the type approvable under Part B of the HUD Act of 1970.

6. RESIDENTIAL CLEARANCE ACTIVITY. The clearance of occupied residential structures and the relocation of families and individuals must be minimal and clearly necessary to provide land or space for housing for families of low-and moderate-income or for the development of a new town-in-town. Activities conducted under this section of the Act shall augment the supply of housing particularly for families of low-and moderate-income, rather than reduce it through clearance.
7. PRESERVATION OF THE ENVIRONMENT. The project must be planned and carried out in such a manner that the existing positive aspects of the natural and urban environment are not destroyed or adversely affected. Any existing unfavorable aspects of the environment or hazards to life or property must be eliminated or otherwise controlled by the proposed project activities.
8. ENVIRONMENTAL IMPACT CLEARANCE.
 - a. Renewal activities provided for under this section will undergo appropriate environmental clearance pursuant to the requirements of the National Environmental Policy Act of 1969 and HUD Circular 1390.1. All projects classified as "new town-in-town" projects will require the preparation of a full Environmental Impact Statement consistent with the HUD procedures implementing Section 102(2)(C) of the National Environmental Policy Act, and be reviewed by the same criteria as used in the planning and development of new communities.
 - b. Development of land covered by shallow water or subject to periodic flooding should not be approved unless its development is consistent with a flood plain management plan and program meeting the standards of the Federal Flood Insurance Program.
9. AIR RIGHTS.
 - a. The construction of foundations and platforms necessary for the development of an air rights site, in accordance with the above described provisions, may be included in item I of Gross Project Costs. The construction of platforms over other than such relatively permanent transportation corridors as expressways, waterways, and railroads must be shown to be less costly than land acquisition and clearance treatment of the site. A project involving the use of an air rights platform over shallow water or flood-prone land must be shown to be

less costly than the elimination of the flooding problem through conventional flood protection measures.

- b. In determining whether the cost of an air rights development is reasonably related to the public purpose to be served, the LPA must show that other land in the locality cannot be developed for similar uses at less cost without the need for an air rights platform.
 - c. If the use over which the platform is proposed is a blighting influence on the surrounding area, the platform or project shall be so designed as to eliminate or otherwise control such blighting influence.
10. REVISED CAPITAL GRANT RESTRICTION. The Secretary may make capital grants for urban renewal projects consisting of land described in paragraph 2 above without regard to the restriction on open land projects contained in Sec. 103(a)(1) of the Housing Act of 1949, as amended.

CHAPTER 3. REPORTING LITIGATION**GENERAL REQUIREMENT**

Except as provided below, the LPA shall promptly report any pending or threatened litigation relating to an urban renewal project or activity to the Associate General Counsel for Renewal and Housing Assistance, Department of Housing and Urban Development, 1626 K Street, N.W., Washington, D. C. 20410. Copies of communications to the Associate General Counsel shall be sent to the HUD Regional Counsel, as described below under "Information Copies to Regional Counsel."

DEFINITION OF LITIGATION

As used in this Chapter, litigation means any pending or threatened case in which one or more of the following questions or issues are presented:

- (1) The constitutionality of one or more provisions of State enabling legislation.
- (2) The proper application or statutory construction of State enabling legislation or of Federal law.
- (3) The validity, application, or construction of Federal contracts, cooperation agreements, and LPA contracts relating to an urban renewal project or activity, including contracts between the LPA and a redeveloper.
- (4) The legal eligibility of a project.
- (5) The adequacy of administrative determinations or related findings and hearings.
- (6) The rights, privileges, and duties of LPA members, officers, and employees, or the validity of their official actions, or attempts to examine the records, papers, or documents of the LPA or of its members, officers, or employees.
- (7) Liability for acts of negligence and torts generally, whether for personal injury or property damage. (See "Exception to General Requirement--Acts of Negligence and Torts" below.)
- (8) The validity, enforceability, or legal effect of any other activity or undertaking that is necessary or important to the completion of the project.

Routine condemnation and eviction suits are excluded from this definition unless they involve a constitutional question or substantive issue, other than damages, of the types referred to in the definition.

INFORMATION TO BE REPORTED

Threatened Litigation

In the case of threatened litigation, the LPA shall communicate all pertinent information bearing on the contemplated action to the Associate General Counsel.

Pending Litigation

The LPA shall notify the Associate General Counsel of any pending litigation, and furnish him with a copy of the pleadings, orders, motions, briefs, opinions, and related documents as soon after their preparation or filing as possible, as well as all pertinent information. This information will normally include:

- (1) Statement of the nature of the litigation.
- (2) The return day.
- (3) Advice as to any preliminary equitable relief sought and the date of hearing upon that application.
- (4) Brief description of project data and any local factors that may bear upon the issues.
- (5) Any other pertinent observations.

Throughout the course of the litigation, the LPA shall keep the Associate General Counsel currently posted about pertinent developments and furnished with copies of pleadings, orders, motions, briefs, opinions, and related documents. LPA Counsel may request advice or assistance of the Associate General Counsel, submit proposed pleadings or briefs for his comments, or request citations to applicable urban renewal decisions on various issues.

INFORMATION COPIES TO REGIONAL COUNSEL

Two copies of communications and one copy of pleadings, orders, briefs, opinions, and related documents which are sent to the Associate General Counsel shall be forwarded at the same time to the Regional Counsel, and each communication shall indicate to whom copies of the correspondence and enclosures have been sent.

EXCEPTION TO GENERAL REQUIREMENT--ACTS OF NEGLIGENCE AND TORTS

Notwithstanding the inclusion in the definition of litigation of questions or issues of liability for acts of negligence and torts generally, whether for personal injury or property damages, the LPA, provided it carries insurance covering the type of damage or injury involved in the litigation, shall initially report litigation of this nature to the Regional Counsel, rather than to the Associate General Counsel. The following information shall normally be furnished:

- (1) All pertinent information about the nature of the litigation and a copy of the complaint or petition initiating the action.
- (2) The amount of insurance coverage per person and per accident, the name of the insurance carrier, and the insurance period.
- (3) Whether the insurer is denying such coverage or is defending under any reservation.
- (4) Whether the insurance carrier has retained or will retain counsel to defend against the claim, and, if insurance coverage does not adequately cover the amount of the claim, whether the LPA anticipates retaining legal counsel to join in the defense of the suit.

The Regional Counsel will subsequently notify the LPA of the procedure to follow by specifying one of the following:

- (1) The reporting requirements described above under the headings "Information To Be Reported" and "Information Copies to Regional Counsel" apply and shall be followed, and the LPA shall be properly represented in the litigation by counsel retained in accordance with the provisions of 7217.1, LPA Administration, Chapter 2.
- (2) The requirements referred to in (1) above are waived, and the LPA shall report only the final outcome of negligence claims to the Regional Counsel.
- (3) The requirements referred to in (1) above are waived, but the LPA shall transmit to the Regional Counsel copies of pleadings subsequent to the complaint as well as copies of motions, orders, briefs, and judgments; and shall also report the final outcome of negligence claims to the Regional Counsel.

REPORTING WHEN TIME IS IMPORTANT

When necessary because of time, the LPA shall notify the Regional Counsel by telephone, and confirm that advice with the required written communications to the Associate General Counsel and the required information copies to the Regional Counsel.

INSTITUTION OF LITIGATION BY LPA

The LPA shall not initiate litigation involving any of the questions or issues listed above under the heading "Definition of Litigation" without obtaining the prior concurrence of the Regional Counsel. The LPA shall communicate any proposal to institute such litigation to the Regional Counsel, who will subsequently advise the LPA of the requirements for considering the institution of litigation.

CHAPTER 1. SURVEY AND PLANNING

SECTION 1. SURVEY AND PLANNING APPLICATION

1. USE OF CHECKLIST. The checklist provided in this Section summarizes the documentation to be submitted by the LPA in support of a Survey and Planning Application, to obtain either (a) a Contract for Planning Advance, if Federal advance funds will be required to finance any part of the surveys and plans, or (b) a Letter to Proceed, if the surveys and plans will be financed with non-Federal funds. Requirements for a project to be carried out on a three-fourths grant basis with limited project costs are covered in Section 2 of this Chapter.
2. PREPARATION OF APPLICATION NOT ELIGIBLE PROJECT COST. Expenditures for the preparation of this documentation are not eligible for inclusion in Gross Project Cost.
3. APPROVAL OF APPLICATION IN RELATION TO PROJECT EXECUTION. HUD approval of the application does not obligate HUD in any way to make financial assistance available for the carrying out of the project.
4. SUBMISSION OF DOCUMENTATION
 - a. Copies and Code Numbers. Seven copies of the application shall be submitted to HUD with the documents arranged in order of their checklist code number and assembled in binders as indicated below. The code number shall appear in the lower right-hand corner of each document.
 - b. Explanation of Documents Omitted. A brief explanation shall be made, at the appropriate point in numerical sequence, for any document omitted from the submission or submitted under separate cover.
 - c. Front Cover. The following information shall appear on the front cover of each binder and, in addition to the code number, on any document submitted separately:
 - (1) Name of LPA.
 - (2) Name of locality in which project is located.
 - (3) Name of project.
 - (4) The title "Survey and Planning Application."

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- (5) Copy number of binder; e.g., "Binder No. 2."
- (6) Date of application.

5. REVISED APPLICATION.

a. A revised Survey and Planning Application is required for:

- (1) Increasing the amount of the Federal planning advance set forth in the Contract for Planning Advance or the maximum planning cost stated in the Letter to Proceed.
- (2) Revising the project boundaries so as to include additional areas.

b. The revised application shall consist of Form HUD-6100, Survey and Planning Application, and the Checklist documentation related to the proposed revision.

6. ASSEMBLY OF SURVEY AND PLANNING APPLICATION DOCUMENTATION.

Application Code No.	Binder No. 1	Binder Nos. 2 and 4-7	Binder No. 3
R-101	Original	1	1
R-102	Original + 1	1	1
R-103	Original	1	1
R-103 (2) only	Original + 2	1	1
R-117	1	1	1
R-121	Original	1	1
R-131	Original + 2	1	1
R-134	1	1	1
R-141, R-142	1	1	Original
R-143			All copies
R-144, R-145	1 Certified	1 Certified	1 Certified (Manually signed)

7. SURVEY AND PLANNING APPLICATION CHECKLIST.

Application Code No.	Item to be Submitted
	<u>Urban Renewal Area Data</u>
R-101	Form HUD-6100, Survey and Planning Application. The urban renewal area may not be named for a living person.
R-102	Form HUD-6101, Urban Renewal Area Data.
R-103	<p>Report on Urban Renewal Area:</p> <p>a. Statement explaining selection of the area and delineation of its boundaries (see RHM 7207.1, Project Planning, Chapter 1), and relationship to national goals (see RHM 7202.1, Program Policies and Directions, Chapter 1, Section 1).</p> <p>b. Map of locality clearly identifying:</p> <ol style="list-style-type: none"> 1. City limits. 2. Boundaries of urban renewal area. 3. Location of other urban renewal activities. 4. In that part of locality in which the urban renewal area is located, major thoroughfares, identifying whether in existence, being constructed, being planned, or contemplated. Indicate whether Federal aid is being or will be received for planning or construction. <p>c. Explanation--supported by map called for under b above, general statistical data, and other information available--of how the proposed urban renewal area meets eligibility requirements. (See RHM 7205.1, Area Eligibility, Chapters 1 and 2.)</p> <p>d. Generalized land use map of project area and vicinity, showing:</p>

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Application Code No.	Item to be Submitted
	<ol style="list-style-type: none"> 1. Boundaries of urban renewal area. 2. Major thoroughfares, identifying whether in existence, being constructed, being planned, or contemplated. Indicate whether Federal aid is being or will be received for planning or construction. 3. General distribution of blight and deterioration in urban renewal area and the surrounding area influencing it. e. Statement as to whether the area is subject to flooding, or has unusual topographic or sub-soil conditions. Description of extent and character of the problem. (See RHM 7207.1, Project Planning, Chapter 2). f. If project eligibility is based on Section 112 college, university, or hospital eligibility (Category VII or VIII), or as an area redevelopment area (Category XI or XII), statement of how the project qualifies under that category of eligibility (see RHM 7205.1, Area Eligibility, Chapter 2). g. Description of consultation with representative minority group leadership, directly or through citizens' advisory groups, on the selection of the project area and the results achieved. Statement shall identify the qualifications of persons consulted to represent minority groups. h. Statement indicating generally how the treatment proposed for each section of the area meets the criteria set forth in RHM 7207.1, Project Planning, Chapter 1, and RHM 7210.1, Rehabilitation, Chapter 1, Section 2. i. If required by State or local law, evidence that the urban renewal area as a whole has, or any clearance and redevelopment sections thereof have, been properly designated by the local planning agency or other agency.

Application Code No.	Item to be Submitted
R-117	<p><u>Report on Citizen Participation:</u></p> <ol style="list-style-type: none"> a. Statement describing the composition, structure, and expected role of the PAC in the planning and execution of the project; the measures to be taken by the LPA to assure that the LPA is supplied with sufficient information about the project at appropriate stages; and the kinds of technical assistance to be provided to the PAC. b. Estimated costs for support of the PAC during the planning stage. <p style="text-align: center;"><u>Finance Data</u></p>
R-121	<p><u>Estimate of Federal grant requirement.</u> With respect to derivation of that estimate, the amount, basis, and source of the estimates for each of the following:</p> <ol style="list-style-type: none"> a. Planning costs. b. Administration costs. c. Cost of properties to be acquired. (See RHM 7208.1, Real Estate Acquisition, Chapter 3.) d. Cost of project improvements and supporting facilities. (See RHM 7209.1, Site Preparation and Project Improvements, Chapters 1 and 3, and RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 1.) e. If a low-rent public housing project in the project area is proposed as a Section 107 noncash local grant-in-aid credit, amount to be claimed. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3.) f. If expenditures by an educational institution or hospital are proposed as a Section 112 noncash local grant-in-aid, amount to be claimed. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3.) g. Other costs, including site clearance, rehabilitation, land acquisition and disposition expenses, relocation expenses, property management, and interest.

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Application Code No.	Item to be Submitted
	<p>h. Land disposal proceeds. (See RHM 7214.1, Land Marketing and Redevelopment, Chapter 2, Section 1.)</p> <p>i. Relocation payments. (See RHM 7212.1, Relocation, Chapter 3, Section 1.)</p> <p>j. Rehabilitation grants. The statement as to the amount of Federal grant funds needed for rehabilitation grants shall include the following information:</p> <ol style="list-style-type: none"> 1. Estimated number of owner-occupied, one- to four-dwelling unit properties in the project area which are to be rehabilitated. 2. Estimated percentage of these properties which are owned and occupied by families or individuals whose annual income does not exceed \$3,000. 3. Estimated percentage of these properties which are owned and occupied by families and individuals whose annual income exceeds \$3,000 and who may be eligible to receive rehabilitation grants. 4. Estimated number of rehabilitation grants that will be made.
R-131	<p style="text-align: center;"><u>Budget Data</u></p> <p><u>Form HUD-627, Survey and Planning Budget.</u> The number of months entered at the top of column (C) of the HUD-627 shall be for the period from initial budget approval to approval of the Part II or Combined Part I-II Loan and Grant Application.</p>
R-134	<p><u>Narrative statement explaining and justifying estimated costs shown on Form HUD-627,</u> through the estimated date of approval of the Part II or Combined Part I-II Loan and Grant Application. The</p>

Application Code No.	Item to be Submitted
	<p>statement shall cover all line items except Contingencies, and shall include work to be performed under contract as well as by LPA staff. The justification for estimates include on Line 1 shall be based on estimated man-years required to complete the activity multiplied by the average salary, plus an estimated percentage of total administrative salaries representing other administrative overhead.</p> <p style="text-align: center;"><u>Legal Data</u></p>
R-141	<u>Form HUD-6103, Legal Information Report for Urban Renewal.</u>
R-143	<u>Documentation in support of Code No. R-141.</u>
R-144	<u>Resolution of applicant authorizing filing of application.</u> (See RHM 7206.1, Project Applications, Chapter 1, Section 1, Appendix 1.)
R-145	<u>If LPA is not the locality, resolution of governing body of locality approving filing of application.</u> (See RHM 7206.1, Project Applications, Chapter 1, Section 1, Appendix 2.)

APPENDIX 2--SUGGESTED FORM OF RESOLUTION OF GOVERNING BODY OF LOCALITY
APPROVING UNDERTAKING OF SURVEYS AND PLANS FOR AN URBAN RENEWAL
PROJECT AND FILING OF AN APPLICATION

(INSTRUCTIONS: To be submitted only if the applicant is a housing authority, a redevelopment agency, or other type of special public body, and is not a city, borough, county, town, village, etc. Submit seven certified copies to HUD. See Appendix 1 of this Chapter for guide form of Certificate of Recording Officer. The Certificate in Binder No. 3 must be manually signed.)

WHEREAS, under Title I of the Housing Act of 1949, as amended (herein referred to as "Title I"), the Secretary of Housing and Urban Development is authorized to extend financial assistance to local public agencies in the elimination and prevention of the spread of their slums and urban blight through the planning and undertaking of urban renewal projects; and

WHEREAS it is desirable and in the public interest that the (Name of Applicant) make surveys and prepare plans, presently estimated to cost approximately _____ dollars (\$ _____), in order to undertake and carry out an urban renewal project of the character contemplated by Section 110(c) of the City of _____, County of _____, and State of _____, which is described as follows: (Insert description of proposed Urban Renewal Area)

NOW, THEREFORE, BE IT RESOLVED BY THE (GOVERNING BODY OF LOCALITY):

1. That the proposed Urban Renewal Area described above is \sqrt{a} slum, blighted, deteriorated, or deteriorating area^{1/} appropriate for an urban renewal project and that the undertaking by the (Name of Applicant) of surveys and plans for an urban renewal project of the character contemplated by Section 110(c) of Title I in the proposed Urban Renewal Area is hereby approved.

2. That the financial assistance available under Title I is needed to enable the (Name of Applicant) to finance the planning and undertaking of the proposed Project.

3. That it is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal financial assistance under Title I, including those relating to (a) the relocation of site occupants, (b) the provision of local grants-in-aid, (c) the prohibition of discrimination because of race, color, creed, or national origin, and (d) the requirement that the locality present to

1/ The bracketed language may be omitted in jurisdictions in which State or local law does not require this finding.

the Secretary of Housing and Urban Development, as a prerequisite to approval of the application described below, a Workable Program for Community Improvement, as set forth in Section 101(c) of Title I, for utilizing appropriate public and private resources to eliminate and prevent the development or spread of slums and urban blight.

4. That it is the sense of this body (a) that a feasible method for the relocation of individuals and families displaced from the Urban Renewal Area, in conformity with Title I, can be prepared, and (b) that the local grants-in-aid can and will be provided in an amount which will be not less than one-third one-fourth of the Net Project Cost of the Project and which, together with the Federal capital grant, will be generally equal to the difference between Gross Project Cost and the proceeds or value of project land sold, leased, or retained for use in accordance with the urban renewal plan.

5. That the filing of an application by the (Name of Applicant) for an advance of funds from the United States of America to enable it to defray the cost of the^{1/} surveys and plans for an urban renewal project in the proposed Urban Renewal Area described above is hereby approved.

^{1/} If application is for approval to incur costs for surveys and plans from non-Federal funds, insert the following in lieu of this language: "for approval by the United States of America to incur costs for."

CERTIFICATE OF RECORDING OFFICER

(To Accompany Resolution of Applicant)

The undersigned hereby certifies, as follows:

- (1) That he is the duly qualified and acting (Title of Officer) of the (Name of Applicant), herein called the "Applicant," and the keeper of its records; including the journal of proceedings of the (Governing Body of Applicant) herein called the "Governing Body."
- (2) That the attached resolution is a true and correct copy of the resolution as finally adopted at a meeting of the Governing Body held on the _____ day of _____, 19__, and duly recorded in his office;
- (3) That said meeting was duly convened and held in all respects in accordance with law and to the extent required by law due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting, and a legally sufficient number of members of the Governing Body voted in the proper manner and for the adoption of said resolution; and all other requirements and proceedings under law incident to the proper adoption or passage of said resolution, have been duly fulfilled, carried out, and otherwise observed;
- (4) That if an impression of the seal has been affixed below, it constitutes the official seal of the Applicant and this certificate is hereby executed under such official seal. If no seal has been affixed below, the Applicant does not have and is not legally required to have an official seal;
- (5) That the undersigned is duly authorized to execute this certificate.

IN WITNESS WHEREOF the undersigned has hereunto set his hand this _____ day of _____, 19__.

(SEAL)

ATTEST:

(Signature of Recording Officer)(Title of Recording Officer)(Signature of Attesting Officer)(Title of Attesting Officer)

CHAPTER 1. SURVEY AND PLANNING

SECTION 2. REQUEST FOR CONCURRENCE IN PLANNING
THREE-FOURTHS GRANT PROJECT WITH LIMITED PROJECT COSTS

1. GENERAL. The checklist provided in this Section summarizes the documentation to be submitted by the LPA in support of a Request for Concurrence in Planning Three-Fourths Grant Project with Limited Project Costs. No part of the expenditures for this planning is eligible for inclusion in Gross Project Cost.
2. APPROVAL OF APPLICATION IN RELATION TO PROJECT EXECUTION. HUD concurrence in the Request does not obligate HUD in any way to make financial assistance available for the carrying out of the project.
3. SUBMISSION OF DOCUMENTATION.
 - a. Copies and Code Numbers. Seven copies of the application shall be submitted to HUD with the documents arranged in order of their checklist code number, and assembled in binders as indicated below. The code number shall appear in the lower right-hand corner of each document.
 - b. Placement of Documents in Binders. The original of each document shall be placed in Binder No. 1, except that originals of legal documents shall be placed in Binder No. 3, and one copy of each document in the other binders. One additional copy of the locality map (Code No. T-103 b) shall be placed in Binder No. 1.
 - c. Explanation of Documents Omitted. A brief explanation shall be made, at the appropriate point in the numerical sequence, for any document omitted from the submission or submitted under separate cover.
 - d. Front Cover. The following information shall appear on the front cover of each binder and, in addition to the code number, on any document submitted separately:
 - (1) Name of LPA.
 - (2) Name of locality in which project is located.
 - (3) Name of project.
 - (4) The title "Request for Concurrence in Planning Three-Fourths Grant Project with Limited Project Costs."

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(5) Copy number of binder; e.g., "Binder No. 2."

(6) Date of Request.

4. CHECKLIST--REQUEST FOR CONCURRENCE IN PLANNING THREE-FOURTHS GRANT PROJECT (LIMITED COSTS).

Application Code No.	Item to be Submitted
T-101	Letter from authorized LPA official requesting HUD concurrence in planning the project on a three-fourths grant basis with limited project costs. The letter shall include a description of the project boundaries and an estimate of the grant requirements.
T-102	Form HUD-6101, Urban Renewal Area Data.
T-103	<p>Report on Urban Renewal Area:</p> <ul style="list-style-type: none"> a. Statement explaining selection of the area and delineation of its boundaries (see RHM 7207.1, Project Planning, Chapter 1), and its relationship to national goals (see RHM 7202.1, Program Policies and Directions, Chapter 1, Section 1). b. Map of locality clearly identifying: <ul style="list-style-type: none"> 1. City limits. 2. Boundaries of urban renewal area. 3. Location of other urban renewal activities. 4. In that part of locality in which the urban renewal area is located, major thoroughfares, identifying whether in existence, being constructed, being planned, or contemplated. Indicate whether Federal aid is being or will be received for planning or construction. c. Explanation--supported by map called for under b above, general statistical data, and other available information--of how the proposed

Application Code No.	Item to be Submitted
	<p>urban renewal area meets eligibility requirements. (See RHM 7205.1, Area Eligibility, Chapters 1 and 2.)</p> <p>d. Generalized land use map of project area and vicinity, showing:</p> <ol style="list-style-type: none"> 1. Boundaries of urban renewal area. 2. Major thoroughfares, identifying whether in existence, being constructed, being planned, or contemplated. Indicate whether Federal aid is being or will be received for planning or construction. 3. General distribution of blight and deterioration in urban renewal area and the surrounding area influencing it. <p>e. Statement as to whether the area is subject to flooding, or has unusual topographic or sub-soil conditions. Description of extent and character of the problem. (See RHM 7207.1, Project Planning, Chapter 2.)</p> <p>f. If project eligibility is based on Section 112 college, university, or hospital eligibility (Category VII or VIII), or as an area redevelopment area (Category XI or XII), statement of how the project qualifies under that category of eligibility (see RHM 7205.1, Area Eligibility, Chapter 2).</p> <p>g. Description of consultation with representative minority group leadership, directly or through citizens' advisory groups, on selection of the project area and the results achieved. Statement shall identify the qualifications of persons consulted to represent minority groups.</p>

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Application Code No.	Item to be Submitted
T-111	<p>h. Statement indicating generally how the treatment proposed for each section of the area meets the criteria set forth in RHM 7207.1, Project Planning, Chapter 1, and RHM 7210.1, Rehabilitation, Chapter 1, Section 2.</p> <p>i. If required by State or local law, evidence that the urban renewal area as a whole has, or any clearance and redevelopment sections thereof have, been properly designated by the local planning agency or other agency.</p> <p>Estimate of Federal grant requirements:</p> <p>a. Cost of properties to be acquired. (See RHM 7208.1, Real Estate Acquisition, Chapter 3.)</p> <p>b. Cost of project improvements and supporting facilities. (See RHM 7209.1, Site Preparation and Project Improvements, Chapters 1 and 3, and RHM 7216.1, Local Grants-in-Aid, Chapter 1, Section 2.)</p> <p>c. If a low-rent public housing project in the project area is proposed as a Section 107 noncash local grant-in-aid credit, amount to be claimed. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3.)</p> <p>d. If expenditures by an educational institution or hospital are proposed as a Section 112 noncash local grant-in-aid, amount to be claimed. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3.)</p> <p>e. Other costs, including site clearance, rehabilitation, land acquisition and disposition expenses, relocation expenses, property management, and interest.</p> <p>f. Land disposal proceeds. (See RHM 7214.1, Land Marketing and Redevelopment, Chapter 2, Section 1.)</p>

Application Code No.	Item to be Submitted
	<p>g. Relocation payments. (See RHM 7212.1, Relocation, Chapter 3, Section 1.)</p> <p>h. Rehabilitation grants. The statement as to the amount of Federal grant funds needed for rehabilitation grants shall include the following information:</p> <ol style="list-style-type: none"> 1. Estimated number of owner-occupied, one-to four-dwelling unit properties in the project area which are to be rehabilitated. 2. Estimated percentage of these properties which are owned and occupied by families or individuals whose annual income does not exceed \$3,000. 3. Estimated percentage of these families and individuals whose annual income exceeds \$3,000 and who may be eligible to receive rehabilitation grants. 4. Estimated number of rehabilitation grants that will be made.
T-112	<p><u>Brief outline of work schedule which LPA proposes to follow in carrying out its survey and planning activities, including estimated date by which it will submit Part I or Combined Part I-II Loan and Grant Application.</u></p>
T-113	<p><u>Estimated total cost of survey and planning activities.</u></p>
T-121	<p><u>Resolution of applicant authorizing filing of Request. (See RHM 7206.1, Chapter 1, Section 2, Appendix 1.)</u></p>
T-122	<p><u>If LPA is not the locality, either one of the following:</u></p> <ol style="list-style-type: none"> a. Resolution of governing body of the locality approving filing of Request (see RHM 7206.1, Chapter 1, Section 2, Appendix 2 or

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Application Code No.	Item to be Submitted
	b. Statement of principal executive officer of locality approving filing of Request (see RHM 7206.1, Chapter 1, Section 2, Appendix 3).
T-123	<u>Form HUD-6103, Legal Information Report for Urban Renewal Project.</u>
T-125	<u>Documentation in support of Code No. T-123.</u>

APPENDIX 2-SUGGESTED FORM OF RESOLUTION OF GOVERNING BODY OF
LOCALITY APPROVING UNDERTAKING OF SURVEYS AND PLANS FOR
URBAN RENEWAL PROJECT ON THREE-FOURTHS CAPITAL
GRANT BASIS WITH LIMITED PROJECT COSTS AND
FILING OF REQUEST FOR CONCURRENCE BY
SECRETARY IN COMMENCEMENT THEREOF

(INSTRUCTIONS: To be submitted only if the applicant is a housing authority, a redevelopment agency, or other type of special public body, and is not a city, borough, county, town, village, etc., and when Code No. T 122b is not submitted. Submit seven certified copies to HUD. See Project Applications, Chapter 1, Section 1, Appendix 1, for guide form of Certificate of Recording Officer. The Certificate in Binder No. 3 must be manually signed.)

WHEREAS, under Title I of the Housing Act of 1949, as amended (herein referred to as "Title I"), the Secretary of Housing and Urban Development is authorized to extend financial assistance to local public agencies in the elimination and prevention of the spread of their slums and urban blight through the undertaking of urban renewal projects; and

WHEREAS it is desirable and in the public interest that the (Name of Applicant) prepare surveys and plans, in order to undertake and carry out an urban renewal project on a three-fourths capital grant basis with limited project costs pursuant to Title I in that area proposed as an Urban Renewal Area, situated in the City of _____, County of _____, and State of _____, which is known as (Name of Area):

NOW, THEREFORE, BE IT RESOLVED BY THE (GOVERNING BODY OF LOCALITY):

1. That the proposed Urban Renewal Area described above is √a slum, blighted, deteriorated, or deteriorating area 1/ appropriate for an urban renewal project and that the undertaking by the (Name of Applicant) of the preparation of surveys and plans for an urban renewal project of the character contemplated by Section 110(c) of Title I in the proposed Urban Renewal Area is hereby approved.

2. That the financial assistance available under Title I to assist urban renewal projects will be needed to enable the (Name of Applicant) to finance the undertaking of the proposed Project.

1/ The bracketed language may be omitted in jurisdictions in which State or local law does not require this finding.

3. That it is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal financial assistance under Title I, including those relating to (a) the relocation of site occupants, (b) the provision of local grants-in-aid, (c) the prohibition of discrimination because of race, color, creed or national origin, and (d) the presentation to the Secretary of Housing and Urban Development as a prerequisite to the execution of a contract for a loan or capital grant for an urban renewal project, of a Workable Program for Community Improvement, as set forth in Section 101(c) of Title I, for utilizing appropriate public and private resources to eliminate and prevent the development or spread of slums and urban blight.

4. That it is the sense of this body (a) that a feasible method for the relocation of individuals and families displaced from the Urban Renewal Area, in conformity with the requirements of Title I, can be prepared, (b) that local grants-in-aid can and will be provided in an amount which will be not less than one-fourth of the Net Project Cost of the Project and which, together with the Federal capital grant, will be generally equal to the difference between Gross Project Cost and the proceeds or value of project land sold, leased, or retained for use in accordance with the urban renewal plan, and (c) that in addition to the local grants-in-aid, there will be provided funds in an amount necessary to pay such costs of the Project (including but without being limited to the costs of the title, appraisal, negotiating, and any other expenditures incidental to the acquisition of land, surveys and plans, legal services, taxes, etc., and the administrative and overhead expenses of the (Name of Applicant) with respect to the Project) which, pursuant to the proviso in Section 110(e) of Title I with respect to projects on a three-fourths capital grant basis with limited project costs, are excluded from Gross Project Cost:

5. That the filing by the (Name of Applicant) of a request for concurrence by the Secretary of Housing and Urban Development in the commencement of surveys and plans for an urban renewal project to be undertaken on a three-fourths capital grant basis with limited project costs in the proposed Urban Renewal Area described above is hereby approved.

limited to the costs of title, appraisal, negotiating, and any other expenditures incidental to the acquisition of land, surveys and plans, legal services, taxes, etc., and the administrative and overhead expenses of the (Name of Applicant) with respect to the Project) which, pursuant to the proviso in Section 110(e) of Title I with respect to projects on a three-fourths capital grant basis with limited project costs, are excluded from Gross Project Cost.

6. That the filing by the (Name of Applicant) of a request for concurrence by the Secretary of Housing and Urban Development in the commencement of surveys and plans for an urban renewal project to be undertaken on a three-fourths capital grant basis with limited project costs in the proposed Urban Renewal Area described above is hereby approved and that the (Title of Applicant's Official) is hereby authorized and directed to make and file such a request with the Secretary, to provide such additional information and to furnish such documents as may be required by the Secretary, and to act as the authorized representative of the (Name of Applicant).

APPENDIX 3-STATEMENT OF PRINCIPAL EXECUTIVE OFFICER OF MUNICIPALITY
APPROVING UNDERTAKING OF SURVEYS AND PLANS FOR URBAN RENEWAL
PROJECT ON A THREE-FOURTHS CAPITAL GRANT BASIS WITH
LIMITED PROJECT COSTS AND FILING OF REQUEST FOR
CONCURRENCE BY SECRETARY IN COMMENCEMENT
THEREOF

(INSTRUCTIONS: To be submitted only if the Applicant is a housing authority, a redevelopment agency, or other type of special public body, and is not a city, borough, county, town, village, etc., and when Code No. T 122a is not submitted. Prepare original and six copies for HUD. Place signed original in Binder No. 3 and conformed copies in Binder Nos. 1, 2 and 4.)

1. I am cognizant of the proposal of the (Name of Applicant) to prepare surveys and plans, in order to undertake and carry out an urban renewal project on a three-fourths capital grant basis with limited project costs pursuant to Title I of the Housing Act of 1949, as amended (herein referred to as "Title I"), in that area proposed as an Urban Renewal Area, situated in the City of _____, County of _____, and State of _____, which is known as (Name of Area).

2. The proposed Urban Renewal Area described above is /a slum, blighted, deteriorated, or deteriorating area /1/ appropriate for an urban renewal project, and I hereby approve the undertaking by the (Name of Applicant) of surveys and plans for an urban renewal project of the character contemplated by Section 110(c) of Title I in the proposed Area.

3. I am cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal financial assistance under Title I, and I consider:

- (a) That a feasible method for the relocation of families displaced from the Urban Renewal Area, in conformity with Title I, can be prepared.
- (b) That local grants-in-aid can and will be provided in an amount which will be not less than one-fourth of the Net Project Cost of the Project and which, together with the Federal capital grant, will be generally equal to the difference between Gross Project Cost and the proceeds or value of project land sold, leased, or retained for use in accordance with the urban renewal plan.

1/ The bracketed language may be omitted in jurisdictions in which State or local law does not require this finding.

(c) That, in addition to the local grants-in-aid, there will be provided funds in an amount necessary to pay such costs of the Project (including but without being limited to the costs of title, appraisal, negotiating, and any other expenditures incidental to the acquisition of land, surveys and plans, legal services, taxes, etc., and the administrative and overhead expenses of the (Name of Applicant) with respect to the Project) which, pursuant to the proviso in Section 110(e) of Title I with respect to projects on a three-fourths capital grant basis with limited project costs are excluded from Gross Project Costs.

4. I hereby approve the filing by (Name of Applicant) of a request for concurrence by the Secretary of Housing and Urban Development in the commencement of surveys and plans for an urban renewal project to be undertaken on a three-fourths capital grant basis with limited project costs in the proposed Urban Renewal Area described above.

(Signature of Principal Executive
Officer of Municipality)

(Title)

CHAPTER 2. APPLICATION FOR LOAN AND GRANT

1. COMBINED SUBMISSION

- a. Copies to be Submitted. Ten copies of the Loan and Grant Application shall be submitted to HUD with the documents arranged in order of their checklist code number and assembled in binders as indicated below. Major code items shall be separated by divider sheets, each bearing an index tab identifying that item by code number.
- b. Code Numbers and Suffixes. Each element of each code shall be identified by the code number and a suffix. The suffix shall be the number or letter for that element taken from the checklist. For example, elements of the Project Area Report (Code No. R-212) shall be numbered as R-212a, R-212b, R-212c(1), etc.
- c. Explanation of Documents Omitted. A brief explanation shall be made for any document omitted from the submission or submitted under separate cover.
- d. Front Cover. The following information shall appear on the front cover of each binder and, in addition to the code number, on any document submitted separately:
 - (1) Name of LPA.
 - (2) Name of locality in which project is located.
 - (3) Name of project.
 - (4) Project number.
 - (5) The title "Combined Part I-II Loan and Grant Application."
 - (6) Copy number of the binder; e.g., "Binder No. 2."
 - (7) Date of application.

2. TWO-PART SUBMISSION. LPA's may elect to submit a Combined Part I-II application. The checklist may also be used should the local body desire to submit the Part I and Part II separately. A slight variation in the submission requirements would be necessitated by submitting separate parts. The variations are as follows:

a. Part I

- (1) Code R-213, the Urban Renewal Plan, as proposed for submission to the governing body of the locality shall be included.
- (2) Code R-225, the executed contracts for sale under Item d of the code should not be submitted until submission of the Part II.
- (3) Code R-231, Legal Data Requirements, the following shall be submitted in place of the items a and b contained in the combined checklist Code R-231:
 - (a) Resolution of applicant authorizing filing of application. (See RHM 7206.1, Project Applications, Chapter 2, Appendix 1 for suggested form of resolution.)
 - (b) Opinion of LPA counsel respecting:
 - 1 Part I Loan and Grant Application.
 - 2 Urban Renewal Plan.
 - 3 Proposed publication or posting of notice of public hearing on the project, to be attached to the proposed notice of public hearing. The LPA shall use Appendix 2 as suggested form of opinion.
- (4) Code 300 series is not required to be submitted with the Part I of a two-part application.
- (5) Ten copies of the application shall be submitted.

b. Part II

- (1) Code 300 series is required with the Part II of a two-part application.
 - (2) In addition to the Code 300 series, the following must be submitted with the Part II:
 - (a) Opinion of the LPA counsel regarding the Urban Renewal Plan and any changes therein. (See RHM 7206.1, Project Applications, Chapter 2, Appendix 3.)
-

(b) Statement regarding the validity of the displacement and resource data submitted with Part I application.

(c) Explanation of LPA's solution to each question raised by HUD at time of its approval of Part I Loan and Grant application, including submission of any additional documentation specifically requested by HUD.

(3) Only five copies of the application shall be submitted.

3. AMENDATORY APPLICATION

a. An Amendatory Application for Loan and Grant is required for:

- (1) Changing the project boundaries.
- (2) Revising the amount of loan, Project Capital Grant, the Rehabilitation Grant, or Relocation Grant.
- (3) Changing any other provisions of the contract including special conditions. (See RHM 7207.1, Project Planning, Chapter 4, Section 3.)

b. An amendatory application may be submitted in one or two parts and shall consist of Form HUD-612, Application for Loan and Grant, and the checklist documentation related to the proposed amendment.

4. ASSEMBLY OF LOAN AND GRANT APPLICATION

Application Code No.	Binder No. 1	Binder Nos. 2 and 4-10	Binder No. 3
R-201, R-202 ^{1/}	Original	1	1 *
R-211	Original	1	1
R-212	Original	1	1
Form HUD-6120 only	Original + 2	1	1

^{1/} Assembly in chart applies to narrative request for HUD's determination. If Form HUD-648 is submitted under separate cover; do not place in binders.

Application Code No.	Binder No. 1	Binder Nos. 2 and 4-10	Binder No. 3
R-214, R-215, R-216, R-221, R-222	Original	1	1
R-223	Original	1	1
Form HUD-6122 only	Original +1	1	1
R-224, R-225	Original	1	1
R-225a only	1	1	1
R-226	Original	1	1
Form HUD-6200 only	Original +1	1	1
Form HUD-6220 only	Original +4	1	1
R-231a	1 certified	1 certified	1 certified (Manually signed)
R-231b	1 conformed	1 conformed	Original
R-231c	1	1	Original
R-231d	1	1	Original
R-301, R-302, R-303, R-305, R-307, R-308, R-310, R-312	1 certified	1 certified	1 certified (Manually signed)

5. CHECKLIST FOR LOAN AND GRANT APPLICATION

Application Code No.	Item to be Submitted
R-201	<u>Form HUD-612, Application for Loan and Grant.</u>
R-202	<u>Labor Standards.</u> If no determination has been or is to be made under State or local law,

Application Code No.	Item to be Submitted
R-211	<p>narrative request for determination of prevailing technical salaries are to be determined under State or local law, Form HUD-648, Request for Adoption of Salary Determinations Made Under State or Local Law.</p> <p><u>Community Requirements Data:</u></p> <p>a. If, at the time the application is submitted, the latest Workable Program submission shows that general plan requirements have been met, no further documentation is needed unless significant amendments or changes have been made.</p> <p>b. If, however, the general plan did not meet minimum requirements at the time of the last Workable Program submission or if significant changes have since been made, the following must be submitted:</p> <p>(1) Evidence that any deficiencies or shortcomings have been corrected.</p> <p>(2) Copies of any newly approved or amended plan elements.</p> <p>c. A currently certified Workable Program for Community Improvement is sufficient evidence that urban renewal requirements concerning adoption and enforcement of codes have been met.</p>
R-212	<p><u>Project Area Report:</u></p> <p>a. Statement as to basis for any revisions in project boundaries from those shown in Survey and Planning Application.</p> <p>b. Map of project area and immediately surrounding area, showing:</p>

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Application Code No.	Item to be Submitted
	<p>(1) Boundaries of project area.</p> <p>(2) If the project involves both clearance and rehabilitation, boundaries of sections of areas proposed for each type of treatment.</p> <p>(3) Number of buildings with deficiencies within each block (see RHM 7205.1, Area Eligibility, Chapter 1) and, for each block within sections of area proposed for clearance, number of buildings structurally substandard to a degree requiring clearance and number warranting clearance to remove blighting influences (see RHM 7207.1, Project Planning, Chapter 1).</p> <p>(4) Existing land use of each property, including designation of:</p> <p style="padding-left: 40px;">(a) Land in public use, identifying each type of public use.</p> <p style="padding-left: 40px;">(b) Each property within project area in mixed use, and predominant use of each such property.</p> <p style="padding-left: 40px;">(c) Each vacant parcel within project area determined to be residential in character.</p> <p>(5) Districts, sites, buildings, and structures of historic or architectural value. Identify separately those listed on the National Register.</p> <p>c. Project area data:</p> <p style="padding-left: 40px;">(1) Form HUD-6120, Summary of Project Data. All data reported on Form HUD-6120 must be based on exterior inspections of each</p>

Application Code No.	Item to be Submitted
	<p>building and interior inspections of a sufficient number of representative buildings to reach general conclusions as to the feasibility of improvement of buildings of that type.</p> <p>Data shown for clearance sections and rehabilitation sections shall be the totals for all sections of each type shown on maps submitted as a part of the Project Area Report.</p> <p>(2) Statement of basis for data reported on Form HUD-6120, including but not limited to:</p> <p>(a) Criteria developed and used in classifying buildings as deficient.</p> <p>(b) Description of type of surveys made.</p> <p>(3) If necessary for a determination of existing predominately residential character of the area, data supporting assignment of residential character to properties in mixed use and vacant parcels.</p> <p>(4) When clearance and redevelopment are proposed for the project area or sizable portion thereof, and if the area to be cleared is built up, data clearly establishing that it meets the criteria in RHM 7207.1, Project Planning, Chapter 1, for clearance and redevelopment including the specific detailed criteria used and the types of surveys made in classifying buildings as structurally substandard to a degree requiring clearance.</p> <p>(5) Justification, if applicable, of inclusion of any sizable area not meeting distribution of deficiencies test in RHM 7205.1, Area Eligibility, Chapter 1.</p>

Application Code No.	Item to be Submitted
	<p>d. If applicable, evidence supporting eligibility of project under one of Categories V through XII. (See RHM 7205.1, Area Eligibility, Chapter 2.)</p> <p>e. If project qualifies as a Section 112 college, university, or hospital project (Category VII or VIII), and Section 112 noncash local grant-in-aid credit is or will be claimed, statement describing the specific educational or hospital uses to which the land involved will be devoted in accordance with the Urban Renewal Plan; or, if the land is outside the project area, the specific educational or hospital uses in accordance with the development plan. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3.)</p> <p>f. Workable Program</p> <p>(1) Statement explaining how:</p> <p>(a) Workable Program for Community Improvement is of sufficient scope and content to furnish a basis for evaluation of the need of the project.</p> <p>(b) Project area is identified for urban renewal treatment.</p> <p>(c) Project proposals are generally in accord with the Workable Program.</p> <p>(2) This statement is not required for project which received Federal recognition prior to August 10, 1965.</p> <p>(3) It is, also, not required if:</p> <p>(a) Requirements were satisfied when the Survey and Planning Application was approved.</p>

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R-214	<p>(b) Pertinent proposals in the Workable Program have not undergone major change.</p> <p>(c) Project boundaries and proposals do not deviate substantially from those indicated in the Survey and Planning Application. (See RHM 7204.1, Community Requirements, Chapter 1.)</p> <p>g. Statement explaining the criteria used and the supporting documentation, if any, to substantiate the determination that properties so designated on the project area map (item b(5) above) are of historic or architectural value. (See RHM 7207.1, Project Planning, Chapter 2.) State the date and the procedure used to verify the current designation of districts, sites, structures and buildings listed on the National Register.</p> <p><u>Report on Planning Proposals:</u></p> <p>a. Statement describing:</p> <ol style="list-style-type: none"> (1) How the Urban Renewal Plan is in conformity with the general plan and the Workable Program. (2) Urban Renewal Plan's relationship to definite and identified local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements. (3) Relationship of major Urban Renewal Plan proposals to existing or proposed development in the surrounding area. (4) Reasons for basic physical planning decisions, particularly as related to the social or economic objectives of the community. The public facilities and

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	<p>services needed to create a suitable living environment in the urban renewal area and the extent to which such facilities and services are to be provided either within or adjacent to the urban renewal area.</p> <p>b. Justification for:</p> <p>(1) Clearance and redevelopment of any property listed on the National Register of districts, sites, buildings, structures and objects significant in American history, architecture and culture.</p> <p>(2) Any other project activity which will have a substantially deleterious effect on such property.</p> <p>c. Justification for the acquisition of basically sound properties that involve high acquisition costs, including data identifying the properties by location, type, and character of use.</p> <p>d. If project reuse will be predominantly residential, statement which explains how low- and moderate-income housing requirements will be met:</p> <p>(1) If project received Federal recognition on or after August 2, 1968, statement explaining how a community's total of approved predominantly residential reuse projects, which received Federal recognition after August 1, 1968, will be standard units for low- and moderate-income families or individuals, and how at least 20 percent of the housing units in the community's total of such projects will be for families or individuals of low income.</p>

Application Code No.	Item to be Submitted
	<p>(2) If project received Federal recognition prior to August 2, 1968, and the Part I Loan and Grant Application was not approved on or before November 3, 1966, statement explaining how a minimum of 20 percent of the housing units permitted by the Urban Renewal Plan will be for families or individuals of low- or moderate-income. (See Circular RHM 7207.1, Low- and Moderate-Income Housing Requirements for Residential Urban Renewal Projects, for more details on this requirement.)</p> <p>e. Statement of basis for determinations that the objectives of the Urban Renewal Plan cannot be achieved through rehabilitation, or more extensive rehabilitation, of the project area. This statement shall include, but not necessarily be limited to:</p> <p>(1) Number of buildings to be cleared which are structurally substandard and infeasible of rehabilitation.</p> <p>(2) Number of buildings not included in Item (1) above which must be cleared to remove blighting influences, together with identification and concise description of the blighting influences to be corrected.</p> <p>(3) Number of buildings not included in Item (1) or (2) above which must be cleared in order to achieve specific plan objectives, such as changes in land use, provision of needed project improvements or supporting facilities, removal of impediments to land disposition and development or preservation of properties of historic or architectural value. Identify the pertinent Plan objectives and give the number of buildings which must be cleared to achieve each one.</p>

Application Code No.	Item to be Submitted
R-215	<p data-bbox="481 369 1170 666">(4) Description of consideration given during development of the Urban Renewal Plan to proposals that would result in retention of a greater number of buildings which are structurally sound or capable of rehabilitation. Summary explanation of why such proposals were rejected and statement that such proposals and appropriate documentation are available in the LPA files.</p> <p data-bbox="422 701 1002 731"><u>Report on Minority Group Consideration:</u></p> <p data-bbox="422 762 1206 997">a. Statement explaining how the project will contribute to a reduction in the concentration of minority group families within or outside the project area and to the promotion of equal opportunity in housing in the community. Specific mention shall be made of the effect of the project upon minority group concentration within:</p> <ol data-bbox="489 1034 1206 1299" style="list-style-type: none"> (1) Community at large. (2) Neighborhoods housing displaced families. (3) Project area before and after redevelopment (4) Schools and other public facilities serving displaced families and families living in the project area after redevelopment. <p data-bbox="431 1330 1197 1596">b. If the project will not contribute to a reduction in the concentration of minority group families within or outside the project area and promote equal opportunity in housing (Item a above), a statement of the overriding considerations that dictate the undertaking of the project and a description of other plans the community has under way or planned for attaining the same objectives.</p>

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R-216	<p>c. If the project will result in a substantial net reduction in the supply of housing in the project area available to minority group families, a description of the specific proposals for the provision of standard housing elsewhere in the locality available to minority group families, which housing was previously not available to them, to compensate for the reduction.</p> <p>d. Description of consultation with representative minority leadership directly or through citizens' advisory groups, on the planning of the project and the results of such consultation. Statement shall identify the qualifications of persons consulted to represent minority groups.</p> <p><u>Community Organization Data:</u></p> <p>a. Description of social survey activities completed prior to submission of application and names of cooperating agencies.</p> <p>b. As appropriate to the stage of development of the referral system, either:</p> <p>(1) Description of the referral system, including the names of agencies that have agreed to serve as referral resources; staffing of on-site facilities used as referral centers; general procedures for contacting individuals and families for the purpose of referring them to the appropriate agencies; and proposed schedule and methods for following through to assure that services are being provided by resource agencies; or</p> <p>(2) If the referral system has not been completely developed, description of agreements with local agencies completed to date, including staffing of on-site facilities, agreements, pending with other agencies,</p>

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R-217	<p>estimated number of actual referrals of project area residents to local agencies by the LPA, and the LPA's evaluation of the referral process to date and proposals for resolving any remaining problems.</p> <p><u>Report on Citizen Participation:</u></p> <ol style="list-style-type: none"> a. Statement describing activities of the PAC during planning, including frequency and location of meetings, types of issues dealt with by the PAC; and technical assistance rendered to it. b. Statement describing the expected role of the PAC during project execution. c. Estimated costs for support of the PAC during project execution.
R-221	<p><u>Rehabilitation Data:</u></p> <ol style="list-style-type: none"> a. Specific evidence that each of the required factors listed in RHM 7210.1, Rehabilitation, Chapter 1, Section 2, for the proposed treatment is present. b. Rehabilitation Report (see RHM 7210.1, Rehabilitation, Chapter 1, Section 7).
R-222	<p><u>Land Acquisition Report:</u></p> <ol style="list-style-type: none"> a. Property Map. (See RHM 7208.1, Real Estate Acquisition, Chapter 3.) b. Tabulation of property to be acquired, conforming to RHM 7208.1, Real Estate Acquisition, Chapter 3, Appendix 1, Tabulation of Property to be Acquired. c. Identification of each critical property to be acquired involving public ownership or other public interest, including public utilities, railroad rights-of-way; schools, churches, and

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R-223	<p>other institutions; cemeteries, pipelines, and separate mineral interests. Submit evidence that the owner will sell or donate the property or consent to condemnation if the LPA does not have the power to acquire the property by eminent domain. A critical parcel, for this purpose, is a parcel which must be acquired in order to successfully accomplish the objectives of the project.</p> <p>d. Identification of any real property and the type and amount of any personal property that is not to be acquired but which may suffer consequential damages compensable under State or local law. Describe the nature and extent of possible claims the proposed method of handling claims.</p> <p>e. Identification of property in which any member of the LPA governing body or of the governing body of the locality or any of the officers or employees of such bodies having a responsible function in connection with the urban renewal program has, or is believed to have, a direct or indirect personal interest, or in which any such interest was held at any time after the filing of a Survey and Planning Application or a Request for Concurrence in Planning Three-Fourths Grant Project with Limited Project Costs.</p> <p><u>Relocation Report:</u></p> <p>a. Relocation Program (see RHM 7212.1, Relocation, Chapter 2, Section 1).</p> <p>b. Form HUD-6122, Estimated Housing Requirements and Resources for Displaced Families and supporting statements (see RHM 7212.1, Relocation, Chapter 2).</p>

Application Code No.	Item to be Submitted
R-224	<p>c. If new or existing low-rent public housing is to be used as a relocation resource, copy of letter from LHA (see RHM 7212.1, Relocation, Chapter 2, Section 2).</p> <p>d. Proposed Informational Statements for issuance to families, individuals, and business concerns (see RHM 7212.1, Relocation, Chapter 3, Section 1).</p> <p><u>Project Improvements Report:</u></p> <p>a. Description of proposed solutions to any special site preparation, land protection or land development problems, such as topographic, subsoil, flooding, bulkheading, large scale grading or air rights problems. The statement shall include a justification of the improvement in terms of its necessity to achieve urban renewal objectives. If no problems of these types exist, notation to that effect shall be made.</p> <p>b. Information relating to local design standards:</p> <p>(1) Full description of all pertinent established local design standards. Standards approved in a previous submission containing these standards provided no change has been made.</p> <p>(2) If there are no established local standards, description of those used by the LPA and the basis for their adoption.</p> <p>(3) Justification for the use of any standards higher than those generally observed in the community.</p> <p>c. A finding that sewerage to be included in Gross Project Cost will not add to water pollution, and a statement that pollution control standards will be met on a continuing basis. Such findings and statement shall be made by the</p>

Application Code No.	Item to be Submitted
R-225	<p data-bbox="552 343 1255 523">local authority having jurisdiction or responsibility for water pollution control and sewerage construction. The approval of the State health department, or its equivalent, such as a State pollution control agency, shall also be submitted with each such finding.</p> <p data-bbox="494 558 803 588"><u>Land Disposal Report:</u></p> <ol data-bbox="494 619 1260 1671" style="list-style-type: none"> <li data-bbox="494 619 1260 768">a. Tabulation of land disposal estimates. The tabulation shall cover all land designated for acquisition. Appendix 6, RHM 7214.1, Land Marketing and Redevelopment, shall be used as the format for submitting this tabulation. <li data-bbox="494 799 1260 983">b. Preliminary plat showing tentative disposal parcels, including approximate boundaries, areas in square feet, redevelopment uses, including rights of way, dedications for streets, and similar uses, and existing and new easements for public utilities. <li data-bbox="494 1013 1260 1671">c. Statement regarding each parcel to be disposed of for a public or nonprofit institutional use determined to be a critical parcel, or to be disposed of to a redeveloper to whom the land has a special adaptability and value. (See RHM 7214.1, Land Marketing and Redevelopment, Chapter 4, Section 3.) A critical parcel is a reuse parcel which must be redeveloped in order to complete the project and to otherwise accomplish the objectives of the project. Include dedication for streets and similar uses if appropriate. (See RHM 7214.1, Land Marketing and Redevelopment, Chapter 4, Section 3.) The statement shall include: <ol style="list-style-type: none"> <li data-bbox="556 1467 1241 1524">(1) Disposal parcel number or other identification of the land. <li data-bbox="556 1555 1059 1586">(2) Name of proposed redeveloper. <li data-bbox="556 1616 1201 1671">(3) Proposed date by which the redeveloper will acquire the land.

Application Code No.	Item to be Submitted
R-226	<p>(4) Estimated disposal price.</p> <p>(5) Estimated date by which the LPA will submit its request for HUD concurrence in the proposed disposal.</p> <p>d. Executed contracts for sale for each critical or special adaptability parcel.</p> <p>e. If the project area is eligible under Section 113, and the land utilization study and first reuse appraisal do not provide evidence of adequate marketability for land designated for industrial and commercial purposes, the LPA may support its Loan and Grant Application by a statement of its intention to dispose of the land to a qualified public agency or nonprofit corporation for subsequent disposal to redevelopers. The statement shall be supported by evidence that:</p> <p>(1) There exists (or is being organized) a qualified public agency or nonprofit corporation which is willing to acquire the land and which has, or will have, legal authority to acquire and hold project land and to dispose of it for redevelopment.</p> <p>(2) The public agency or nonprofit corporation has (or can reasonably be expected to have) adequate financial resources to acquire the land at its fair value and to hold it until it can be disposed of for redevelopment.</p> <p><u>Cost Estimate and Financing Report.</u> All costs estimated in the application shall be explained and justified in the Cost Estimate and Financing Report. The justification shall be included on Form 6121, Data Supporting Project Expenditures Budget, or in attached narrative statements.</p>

Application Code No.	Item to be Submitted
	<p>a. Form HUD-6200, Project Cost Estimate and Financing Plan.</p> <p>b. Narrative statement in support of estimates shown on Form HUD-6200, Supporting Schedules 2 through 6. These statements shall include:</p> <p>(1) <u>Supporting Schedule 2 - Estimated net cost of site clearance work.</u></p> <p>(a) The statement shall be supported by data as to quantities involved, the types of units and unit prices used for estimating purposes, and the estimated recovery from salvable materials.</p> <p>(b) The basis for unit prices shall be described.</p> <p>(c) Estimates which include compensation to a private utility company for removal or relocation of its lines must be supported by legal opinion that the LPA is obligated to provide the compensation.</p> <p>(2) <u>Supporting Schedule 3 - Estimated cost of project or site improvements, including historic or architectural preservation activities.</u></p> <p>(a) The statement shall identify and describe the scope, character, and general design features of proposed improvements.</p> <p>(b) The estimated cost of the improvements and eligible portions thereof shall be explained.</p> <p>(c) Reasonable accurate estimates are necessary even though plans will be of a preliminary nature.</p>

Application Code No.	Item to be Submitted
	<p>(d) Identification of any improvement to be financed in whole or in part by special assessments or by Federal grant or subsidy, and explanation of how total costs in Column (c) have been adjusted to reflect such financing.</p> <p>(e) Statement as to the portion, if any, of the capital cost of any public utility proposed for credit which was or will be financed with revenue bonds payable solely from service charges. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2.)</p> <p>(f) For each improvement, the types of units used for estimating purposes, the quantities involved, and the unit price shall be given. The basis for the unit prices used shall be described.</p> <p>(g) Costs should be adjusted from those currently applicable to those expected to exist at the time the work is scheduled to be placed under contract. The percentage of change to accomplish this adjustment is to be clearly shown in the data submitted.</p> <p>(3) <u>Supporting Schedule 4 - Estimated cost of supporting facilities.</u></p> <p>(a) Identification of any facility to be financed in whole or in part by special assessments or by Federal grant or subsidy (including any Federal funds received by the donor or applicant through a State or any</p>

Application Code No.	Item to be Submitted
	<p>other local entity), and explanation of how total costs in Column (c) have been adjusted to reflect such financing.</p> <p>(b) Statement as to the portion, if any, of the capital costs of any public utility proposed for credit which was or will be financed with revenue bonds payable solely from service charges. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2.)</p> <p>(c) Evidence that each facility (other than a communitywide or general benefit facility) to the extent of allowance claimed, is necessary to serve or support uses of land in the project area established in the Urban Renewal Plan, including statements from the providing entity relative to the services to be provided by the facility, the area to be served, and anticipated portion of services in the project area. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2.)</p> <p>(d) Evidence that each communitywide or general benefit facility is used predominantly for eligible purposes, and contributes materially to the objectives established in the Urban Renewal Plan. This shall include a statement from the providing entity relative to the uses of the facility and showing that such areas and the uses of the project area are compatible and bear a definite relationship to each other. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2.)</p>

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	<p>(e) NOTE: If, when the application is submitted, enrollment in a school proposed as a local grant-in-aid is not expected to be on the basis of proximity, district, or service area, the statement from school officials submitted in support of Schedule 4 shall identify the assignment method to be used and include information pertinent to the percentage of cost proposed by the LPA as a local grant-in-aid. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3.)</p> <p>(4) <u>Supporting Schedule 5.</u> If Section 107 noncash local grant-in-aid credit for low-rent public housing or Section 112 expenditures of educational institutions or hospitals is claimed, breakdown of credit claimed in terms of the categories listed in RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3.</p> <p>(5) <u>Supporting Schedule 6.</u> If the Net Project Cost of one or more other projects to be pooled with this project, breakdown by project as shown on the latest approved Form HUD-6200, Line A-13.</p> <p>c. Narrative statement in support of estimates of proceeds from project land. The statement shall identify the source of the estimates and describe the basis for estimating the reuse value.</p> <p>d. The following data in support of Sharing of Net Project Cost (Form HUD-6200, Lines A-14 through A-26):</p> <p>(1) Evidence that funds necessary for provision of local grants-in-aid are available or will be available when needed, including description of arrangements</p>

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	<p>between the LPA and other entities and the method used or to be used to raise the funds.</p> <p>(2) Proposed cooperation agreements, or other binding agreements, between the LPA and other entities reflecting the intention of the latter to provide the local grant-in-aid. Each cooperation agreement or other binding agreement shall include the assurance that the supporting facility or Section 112 grant-in-aid will be operated on a nondiscriminatory basis.</p> <p>(3) Certification by donors of:</p> <p>(a) Starting dates of construction of project improvements and supporting facilities already commenced as noncash local grants-in-aid.</p> <p>(b) Dates of commencement of site clearance works already commenced as a noncash local grant-in-aid but not incidental to the provision of Item 2 improvements and facilities.</p> <p>(4) If the cost of any of the items listed in RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2, is to be claimed for credit in connection with construction of an Item 2 improvement or facility, the certification shall include, for each cost incurred prior to the starting date of construction and prior to approval of the Survey and Planning Application, identification of each Item claimed, its cost, and the date on which its cost was incurred.</p> <p>e. Form HUD-6220, Project Expenditures Budget. The cost estimates included on Form HUD-6220 shall be adequate to complete the urban renewal project. It is essential that the LPA prepare its budget based on reliable cost estimates.</p>

Application Code No.	Item to be Submitted
	<p>Lines 1-13, 16, 20, and 21 shall include reasonable estimates for cost-of-living increases, inflation, land assemblage, and other costs that can logically be anticipated based on experience. Line 15, Contingencies, shall not include amounts for the above purposes, but shall include an amount for unanticipated costs only.</p> <p>f. Form HUD-6121, Data Supporting Project Expenditures Budget, including statements called for on the form.</p> <p>(1) The statement in support of site clearance costs shall include data as to quantities involved, the types of units and unit prices used for estimating purposes, and the estimated recovery from salvable material. The basis for unit prices shall be described. Estimates which include compensation to a private utility company for removal or relocation of its lines must be supported by a legal opinion that the LPA is obligated to provide the compensation.</p> <p>(2) The statement in support of project improvements costs, including historic or architectural preservation costs, shall identify and generally describe the scope, character, and general design features of proposed improvements.</p> <p>(a) The estimated cost of the improvements and the eligible portions thereof shall be explained. Reasonably accurate estimates are necessary even though plans will be of a preliminary nature.</p> <p>(b) Identification of any improvement to be financed in whole or in part by special assessments or by Federal grant or subsidy, and explanation of</p>

Application Code No.	Item to be Submitted
R-231	<p>how total costs in Column (c) have been adjusted to reflect such financing.</p> <p>(c) Statement as to the portion, if any, of the capital cost of any public utility proposed for credit which was or will be financed with revenue bonds payable solely from service charges. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2.)</p> <p>(d) For each improvement, the types of units used for estimating purposes, the quantities involved, and the unit prices shall be given. The basis for the unit prices shall be given. The basis for the unit prices shall be described.</p> <p>(e) Costs should be adjusted from those currently applicable to those expected to exist at the time the work is scheduled to be placed under contract. The percentage of change to accomplish this adjustment is to be clearly shown in the data submitted.</p> <p>(3) The statement in support of rehabilitation costs shall include the costs of rehabilitation by the LPA.</p> <p><u>Legal Data:</u></p> <p>a. Resolution of applicant authorizing filing of application. (See RHM 7206.1, Project Applications, Chapter 2, Appendix 1 for suggested form of resolution.)</p> <p>b. Opinion of LPA counsel respecting:</p> <p>(1) Loan and Grant Application.</p>

Application Code No.	Item to be Submitted
	<p>(2) Urban Renewal Plan.</p> <p>(3) Publication or posting of notice of public hearing on the project.</p> <p>The LPA shall attach this opinion to the text of the notice of the public hearing. The LPA shall use RHM 7206.1, Project Applications, Chapter 2, Appendix 4 as a suggested form of opinion.</p> <p>c. If ad valorem taxes or payments in lieu of taxes on LPA-acquired property are to be paid, citation of law which requires or permits such payments.</p> <p>d. If a local rent assistance program for displaced site occupants to be financed by the municipality or another public body is proposed, opinion of counsel for providing entity as to the legality of the proposal.</p>
R-301	<p><u>Urban Renewal Plan</u>, as approved by the governing bodies of the LPA and the locality.</p>
R-302	<p><u>Resolution of governing body approving Urban Renewal Plan and feasibility of relocation.</u> (See RHM 7206.1, Project Applications, Chapter 2, Appendix 5 for suggested form of resolution.)</p>
R-303	<p><u>Resolution of LPA governing body approving Urban Renewal Plan and conditions under which relocation be made.</u> When the LPA intends to provide claimants with the option of receiving fixed payments in lieu of payments for reasonable and necessary moving expenses and actual direct loss of property to eligible families and individuals, Form HUD-6142, Fixed Relocation Payments Schedule, shall accompany the resolution. Evidence of approvals, required by State and local law, of other official bodies is also to be submitted. (See RHM 7206.1, Project Applications, Chapter 2, Appendix 6 for suggested form of resolution.)</p>

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R-305	<p>a. <u>Executed copies of each cooperation agreement, or other binding commitment, between the LPA and other entity reflecting the intention of latter to provide the local grants-in-aid and other evidence respecting the provision of local grants-in-aid, including the required non-discrimination assurances. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 4.)</u></p> <p>b. <u>If Section 107 credit for low-rent public housing is claimed (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 3):</u></p> <p>(1) Statement as to the date of execution of the Annual Contributions Contract or equivalent agreement and as to the nature of the agreement between the LHA and the LPA concerning the disposition price established for the low-rent public housing site.</p> <p>(2) Executed cooperation agreement between the LHA and the State or locality.</p>
R-307	<p><u>Affidavit of publication of notice of public hearing. Affidavit of publication by the publisher or an officer of each newspaper in which the notice was published; or affidavit by an authorized LPA officer, made upon his personal knowledge, stating that there was, on the date of the first posting of the notice, no newspaper of general circulation in the locality and stating facts showing compliance with the posting requirements stated above. In either case, the affidavit shall contain or have annexed to it a copy of the notice and shall identify the same as a true copy.</u></p>
R-308	<p><u>Excerpts from or minutes of public hearing.</u></p> <p>a. Certified copy of excerpts from or minutes of the hearing, showing:</p> <p>(1) Date, time, and place of public hearing.</p>

Application Code No.	Item to be Submitted
	<p>(2) Hearing was held and opportunity accorded to all persons and organizations attending to present their views.</p> <p>(3) Official action, if any, taken by the public body.</p> <p>b. The certificate shall be by the person having official custody of the minutes, or, if there is no such person, by some person authorized by the public body to make the certificate.</p> <p>c. The certificate shall show the name of the public body before which the hearing was held and state the capacity in which the person making the certificate was acting.</p>
R-310	<p>Disposal or cooperation agreement, plus supporting documentation, when required, for land to be redeveloped <u>for public or nonprofit use</u>. (See RHM 7214.1, <u>Land Marketing and Redevelopment</u>, Chapter 4, Section 3.)</p>
R-312	<p><u>Certificate of LPA</u>, signed by its principal executive official, stating that all urban renewal projects have been, or will be, undertaken and carried out in substantial accordance with the terms of the contracts for loan or capital grant covering such projects.</p>

APPENDIX 1-SUGGESTED FORM OF RESOLUTION OF APPLICANT
AUTHORIZING FILING OF APPLICATION

(INSTRUCTIONS: Submit ten certified copies to HUD. The title, style of enacting clause, requisite approval, and, where required, publication of the resolution should conform to applicable law.)

See RHM 7206.1, Project Applications, Chapter 1, Section 1, Appendix 1 for guide form of Certificate of Recording Officer. The Certificate in Binder No. 3 must be manually signed.)

RESOLUTION OF THE (APPLICANT) AUTHORIZING THE FILING OF A
PART I (or) COMBINED PART I-II LOAN AND GRANT APPLICATION
FOR PROJECT NO. _____

WHEREAS it is necessary and in the public interest that the (Applicant) avail itself of the financial assistance provided by Title I of the Housing Act of 1949, as amended, to carry out the urban renewal project described as _____ and bounded generally by _____, hereinafter referred to as the "Project"; and

WHEREAS it is recognized that the Federal contract for such financial assistance pursuant to said Title I will impose certain obligations and responsibilities upon the Local Public Agency and will require among other things (1) the provision of local grants-in-aid; (2) a feasible method for the relocation of Individuals and families displaced from the project area; and (3) other local obligations and responsibilities in connection with the undertaking and carrying out of urban renewal projects; and

WHEREAS Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color or national origin under any program or activity receiving Federal financial assistance and Executive Order 11063 prohibits discrimination on the basis of race, color, creed or national origin in sale, lease or other disposition of residential property (including land intended for residential use) or in the use or occupancy thereof; and

WHEREAS, the Local Public Agency has elected to make relocation payments in excess of \$25,000, it is recognized that such payments are to be made in accordance with the regulations governing relocation payments; and the Local Public Agency has, or will have, available

1/ Omit bracketed language if a Contract for Planning Advance for surveys and plans in preparation of the project was entered into, or concurrence in the undertaking of such surveys and plans was given, by HUD prior to September 2, 1964.

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local funds (other than local grants-in-aid or project funds) with which to pay its share of the payments in excess of \$25,000.^{1/}

WHEREAS the objectives of the Urban Renewal Plan cannot be achieved through more extensive^{2/} rehabilitation of the Project area:

NOW, THEREFORE, BE IT RESOLVED BY THE (GOVERNING BODY) OF THE (APPLICANT):

1. That the United States of America and the Secretary of Housing and Urban Development be, and they hereby are, assured of full compliance by the (Applicant) with regulations of the Department of Housing and Urban Development effectuating Title VI of the Civil Rights Act of 1964 and applicable Executive Orders.

2. That an application on behalf of the (Applicant) for a loan under Section 102(a) of said Title I in the amount of \$ _____ and for a project capital grant, a relocation grant, and a Federal grant for the making of rehabilitation grants to the full amount available for undertaking and financing the Project is hereby approved, and that the (Title of Officer) is hereby authorized and directed to execute and to file such application with the Department of Housing and Urban Development, to provide such additional information and to furnish such documents as may be required in behalf of said Department, and to act as the authorized correspondent of the (Applicant.)

3. That it is hereby recognized that relocation payments made in excess of \$25,000 are to be made in accordance with the regulations governing relocation payments and that the Local Public Agency has, or will have, available local funds (other than local grants-in-aid or project funds) with which to pay its share of the payments in excess of \$25,000.^{3/}

-
- 1/ Include the bracketed language if the LPA elects to make payments in excess of the \$25,000 in connection with a project for which the Part I or Combined Part I-II Loan and Grant Application has not yet been submitted.
- 2/ If clearance is the sole treatment proposed, omit the bracketed language.
- 3/ Include the bracketed language if the LPA elects to make payments in excess of \$25,000 in connection with a project for which a Part I or Combined Part I-II Loan and Grant Application has not yet been submitted.
-

APPENDIX 4-SUGGESTED FORM OF OPINION OF LPA COUNSEL RESPECTING
COMBINED PART I-II LOAN AND GRANT APPLICATION, URBAN
RENEWAL PLAN, AND NOTICE OF PUBLIC HEARING

(INSTRUCTIONS: Prepare original and nine copies for HUD on letterhead of counsel. Place signed original in Binder No. 3, conformed copies in Binder Nos. 1, 2, and 4 through 10.)

(Name and address)

of LPA

Date

Gentlemen:

Re: Combined Part I-II Loan and Grant
Application, Urban Renewal Plan, and Notice
of Public Hearing (Project Name, Number, and
Locality)

I am an attorney-at-law admitted to practice in the State of _____ . As counsel for the (Applicant) (herein-
after called the "Local Public Agency") in the above-identified proj-
ect, my opinion, including certain factual statements requested by the
Department of Housing and Urban Development, is as follows:

1. I have reviewed the Legal Information submitted on HUD Form HUD-6103 as part of the Survey and Planning Application/ Request for Concurrence in Planning Three-Fourths Grant Project/ of said Local Public Agency, dated _____, 19___; I have made an examination of applicable State law and am of the opinion that since the date of the submission of said Legal Information there has not been any court decision, statutory or constitutional enactment, or any revision or amendment of any State or local law requiring any change or supplementation of the Legal Information submitted as aforesaid, and that the said Legal Information as of the date of this opinion is, to the best of my knowledge and belief, true and correct except as follows:

(Explain fully, giving appropriate citations)

2. I have reviewed the Loan and Grant Application, dated _____, 19___, and approved by the Local Public Agency on _____, 19___, for Project No. _____, including particularly the data and information relating to (a) the size and character of the proposed project area, (b) the proposed project, (c) the activities to be undertaken by the Local Public Agency in carrying out the proposed project, and (d) the proposed method of financing the project.

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3. I have examined the Urban Renewal Plan prepared by _____, ^{1/} relating to the (Official Name) project in the _____ of (Locality) County of _____, State of _____ (hereinafter called the "Plan"), which Plan is more specifically identified as follows:

A _____ ^{2/} document dated _____, 19____, entitled " _____," consisting of _____ pages and _____ exhibits (and _____), ^{3/} for the project area in the aforementioned project, approved by the governing body of the Local Public Agency on _____, 19____, and filed and available for public inspection in the office of the _____, located at _____ in the _____ of (Locality), State of _____.

4. The Plan in form and substance is in accord with applicable law and is a valid Plan, meeting all the requirements of State and local law and Title I of the Housing Act of 1949, as amended. The Plan is reasonably clear, definite, and unambiguous, and does not provide for any illegal discriminatory action or illegal preferential action or requirement.

5. The territorial area covered by the Plan is within the territorial jurisdiction of the Local Public Agency and conforms to all legal requirements pertaining to the eligibility of such area for the above-identified project; and such area under State and local law is legally eligible and appropriate for the redevelopment and rehabilitation activities contemplated under the Plan.

- (a) The Plan includes all the provisions, drawings, maps, documents, and other items required to be included pursuant to State or local law and the applicable requirements of Section 110(b) of said Housing Act.
- (b) The Plan includes appropriate provisions describing the real property which the Local Public Agency is to acquire and that which it is not to acquire, and

^{1/} State official name of the public body responsible for preparation of the Plan.

^{2/} Insert "printed," "typewritten," "mimeographed," etc., as appropriate.

^{3/} All maps, drawings, schedules, and other graphic materials which are part of the Urban Renewal Plan should be identified as exhibits. List any such material not so identified here; e.g., 2 drawings, 3 schedules, 1 agreement.

includes appropriate provisions for the imposition of the controls and other requirements of the Plan upon all the real property in the project area described in the Plan.

- (c) The Plan is sufficiently complete to permit a determination to be made as to whether it conforms to the general plan of the community as a whole and to indicate its relationship to definite local objectives respecting appropriate land uses, improved traffic, improved public transportation, improved public utilities, and improved recreational and community facilities in (Locality).
- (d) The provisions in the Plan, respecting land uses, building requirements and densities, land coverage, and other features in the Plan are in accord with State and local law and the requirements of Section 110(b) of said Housing Act.
- (e) The provisions in the Plan for the vacation and dedication of streets, parkways, and other public ways and for changes in zoning or building codes and regulations are in accord with State or local law, and the controls in the Plan respecting the future use of the project area described therein are reasonably clear and legally effective.
- (f) The provisions in the Plan respecting the period of duration of the Plan and the future changes in the Plan are legally adequate.

6. I am of the opinion that the Local Public Agency has been legally created and is a duly organized and acting public body having the legal power to undertake, carry out, and finance the project and project activities described in the application in the manner set forth therein. (If ad valorem taxes or payments in lieu of taxes on LPA acquired property are to be paid: Section (Article) _____ of (Name of Statute) authorizes the payment of ad valorem taxes, or payments in lieu of taxes by the LPA on LPA-acquired property.)

7. I am of the further opinion, on the basis of the data and information submitted in support of the application:

- (a) That the proposed project area meets the requirements of State law, particularly Section _____ of _____, for undertaking the proposed project activities and carrying out the proposed project therein.

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- (b) That the proposed project area is, within the meaning of Section 110(c) of Title I of the Housing Act of 1949, as amended, a (Designate category into which area falls) 1/
- (c) That the project and project activities described in the application are consistent with the Urban Renewal Plan which has been prepared for the proposed project area.

8. The Plan has been approved by the (Governing Body) of (Locality). I have examined a record of the official proceedings respecting the latter approval. All public bodies, officials and agencies which, under State or local law, are required to authorize or approve the Plan have done so. A public hearing on the Plan has been held in the time, manner and place required, following the giving of due notice to the appropriate parties, all in accordance with law. /If no such public hearing is required substitute: A public hearing on the Plan is not required under State or local law./ Every public hearing required by law, including any such hearing on the project (as distinguished from a public hearing, if any, on the Plan) under Section 105(d) of the Housing Act of 1949, as amended, or under any other law, has been held in the time and the manner and at the place required, following the giving of due notice to the appropriate parties, all in accordance with law. Furthermore, all the procedural requirements, approvals and other actions and formalities required under State and local law to make the Plan legally effective have been duly fulfilled and complied with as the case may be.

9. To my knowledge there is no pending or threatened litigation of any kind concerning the Plan or the project to which it pertains.

10. I have examined the text of the notice of public hearing on the project. This text meets all requirements of applicable Federal, State and local law. It identifies the public body holding the hearing, identifies the LPA as the agency undertaking the project, states the time, place, and date of the hearing, states that any person or organization desiring to be heard will be afforded any opportunity to be heard. The notice also identifies the project area and states the purpose of the hearing in accordance with applicable Federal regulations. A copy of the text of the notice is attached to this opinion.

11. I have reviewed the LPA's publication (posting) of the notice and find that it conforms to applicable Federal, State and local law, and that said notice had been published at least once a week, for not

1/ See RHM 7205.1, Area Eligibility, Chapter 2.

APPENDIX 3—SUGGESTED FORM OF OPINION OF LPA COUNSEL RESPECTING
URBAN RENEWAL PLAN TO ACCOMPANY PART II LOAN AND GRANT
APPLICATION

(INSTRUCTIONS: Prepare original and 4 copies for HUD on letterhead of counsel. Place signed original in Binder No. 1, conformed copies in Binders No. 2, 3, 4, and 5 of Part II.)

(Name and Address

of LPA)

Gentlemen:

Re: Urban Renewal Plan for
(Project Name, Number, and Locality)

As counsel for the (LPA) in the above-identified project, this is to supplement my opinion addressed to you under date of _____, 19__, in connection with the Urban Renewal Plan referred to herein (hereinafter called the "Plan"). As legal counsel in the above-identified project, my further opinion is as follows:

(Use whichever of the following is appropriate)

1. To my knowledge the Plan has not been modified in any respect.]

or

1. The Plan has been modified since the date of said opinion and as so modified was, after approval by the governing body of the Local Public Agency on _____, 19__, submitted by that agency to the (Governing Body) of (Locality). I have examined the Plan as so modified (hereinafter called the "Modified Plan"), more particularly identified as follows:

A _____ 1/ document dated _____, 19__, entitled " _____," consisting of _____ pages and _____ exhibits (and _____) 2/, for the project area in said project described therein, prepared by _____, 3/ approved by the Local Public Agency on _____, 19__,

- 1/ Insert "printed," "typewritten," "mimeographed," etc., as appropriate.
2/ List any Urban Renewal Plan graphic material not identified as exhibits; e.g., 2 drawings, 3 schedules, 1 agreement.
3/ Indicate official name of the public body responsible for preparation of the Modified Plan.

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and filed and available for public inspection in the office of the _____, located at _____, in the _____ of (Locality), State of _____.

I have also examined a record of the official proceedings respecting the authorization and approval of the Modified Plan by the Governing Body of the Local Public Agency.✓

2. The (Modified) Plan has been duly approved by the (Governing Body) of (Locality). I have examined a record of the official proceedings respecting the latter approval. All public bodies, officials, and agencies which, under the State or Local law, are required to authorize or approve the /Modified/ Plan have done so. A public hearing on the /Modified/ Plan required under State or local law has been held in the time and manner and at the place required, following the giving of due notice to the appropriate parties by the public body or public officer, all in accordance with law. /If no such public hearing is required, substitute: A public hearing on the /Modified/ Plan is not required under State or local law.✓ Every public hearing required by law, including any such hearing on the project (as distinguished from a public hearing, if any, on the /Modified/ Plan) under Section 105(d) of the Housing Act of 1949, as amended, or under any other law, has been held in the time and manner and at the place required, following the giving of due notice to the appropriate parties, by the appropriate public body or public official, all in accordance with law.

3. All the procedural requirements, approvals, and other actions and formalities required under State and local law to make the /Modified/ Plan legally effective have been duly fulfilled, taken, and completed, as the case may be.

4. To my knowledge there is no pending or threatened litigation of any kind concerning the /Modified/ Plan or said project.

(If this opinion concerns a Modified Plan,
the following statement is to be included)

5. All of the provisions of paragraphs numbered 3, 4, and 5 of my said previous opinion dated _____, 19__, are hereby made applicable to the Modified Plan to the same extent as if they were set forth herein in full, except as follows: (State exceptions).

(Signature)

less than 2 successive weeks immediately prior to the date of the hearing, in at least one newspaper of general circulation in the community, the first publication being not less than 10 days prior to the date of the hearing.

(Signature)

APPENDIX 5--SUGGESTED FORM OF RESOLUTION OF GOVERNING BODY OF
LOCALITY APPROVING URBAN RENEWAL PLAN AND FEASIBILITY
OF RELOCATION

(INSTRUCTIONS: Submit five (or) ten¹ certified copies to HUD.² The title, style of enacting clause, requisite approval, and, where required, publication of the resolution should conform to applicable law.

If the city, borough, county, or similar type of municipality or political subdivision having overall primary governmental jurisdiction over the area in which the project area is located is the IPA, the resolution must be appropriately revised to reflect such fact.)

RESOLUTION³ OF (GOVERNING BODY) OF (LOCALITY)
APPROVING THE URBAN RENEWAL PLAN AND THE
FEASIBILITY OF RELOCATION FOR
PROJECT NO. _____

WHEREAS, under the provisions of Title I of the Housing Act of 1949, as amended, the Secretary of Housing and Urban Development is authorized to provide financial assistance to Local Public Agencies for undertaking and carrying out urban renewal projects; and

WHEREAS it is provided in such Act that contracts for financial aid thereunder shall require that the Urban Renewal Plan for the respective project area be approved by the governing body of the locality in which the project is situated and that such approval include findings by the governing body that: (1) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the Urban Renewal Plan; (2) the Urban Renewal Plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; (3) the Urban Renewal Plan conforms to a general plan for the development of the locality as a whole; and (4) the Urban Renewal Plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration

¹/ For a Combined Part I-II Loan and Grant Application.

²/ See guide form of Certificate of Recording Officer accompanying resolution in RHM 7206.1, Project Applications, Chapter 1, Section 1, Appendix 1. If the LPA is separate from the municipality, the following language should be added as item (2a): "Also attached hereto is a true and correct copy of the Urban Renewal Plan presented at the meeting and approved by the resolution."

³/ When necessary or desirable under State or local law, an ordinance instead of a resolution should be adopted.

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for the health, safety, and welfare of children residing in the general vicinity of the site covered by the Plan; and

WHEREAS the _____ (herein called the "Local Public Agency") has entered into (a planning contract) (planning contracts) for financial assistance under such Act with the United States of America, acting by and through the Secretary of Housing and Urban Development, pursuant to which Federal funds were provided for

WHEREAS the _____ (herein called the "Local Public Agency") has obtained the concurrence of the Secretary of Housing and Urban Development in the commencement and preparation, without Federal financial assistance, of surveys and plans for 1/

WHEREAS it is desirable and in the public interest that the _____ (herein called the "Local Public Agency") undertake and carry out 2/ the urban renewal project (herein called the "Project") identified as " _____ " and encompassing the area bounded by _____ in the _____ of (Locality), State of _____ (herein called the "Locality"); and

WHEREAS the (Educational Institution or Hospital) is located (in) (near) the Project area; and 3/

WHEREAS the Local Public Agency has applied for additional 4/ financial assistance under such Act and proposes to enter into a(n) additional 4/ contract or contracts under the Department of Housing and Urban Development for the undertaking of, and for making available additional 4/ financial assistance for, the Project; and

WHEREAS the Local Public Agency has made detailed studies of the location, physical condition of structures, land use, environmental influences, and social, cultural and economic conditions of the Project

- 1/ If Federal financial assistance has not previously been made but Federal recognition has previously been given to the project, e.g., if surveys and plans were carried out under a Letter to Proceed or if HUD concurrence has been received in the carrying out of the project on a three-fourths capital grant basis with limited project costs, substitute bracketed language for the language on Page 1 to begin the third "Whereas" clause.
- 2/ If Federal financial assistance has not previously been made and Federal recognition has not previously been given to the project, substitute bracketed language on Page 1 to begin the third "Whereas" clause.
- 3/ If the project is a Section 112 college, university, or hospital project insert bracketed language.
- 4/ If Federal financial assistance has not previously been made to the project, omit bracketed language.

area and has determined that the area is a _____ 1/ area and that it is detrimental and a menace to the safety, health and welfare of the inhabitants and users thereof and of the Locality at large, because of (Summarize principal facts and conditions pertinent to State statutory criteria), and the members of this Governing Body have been fully apprised by the Local Public Agency and are aware of these facts and conditions; and

WHEREAS there has been prepared and referred to the (Governing Body) of the Locality (herein called the "Governing Body") for review and approval an Urban Renewal Plan for the Project area, dated _____, 19__, and consisting of _____ pages and _____ exhibits (and _____), 2/ supported by the following supplementary material, data, and recommendations are not a part of the Urban Renewal Plan: (Identify supporting documentation to the Urban Renewal Plan in the above manner); and

WHEREAS the Project area, which is predominantly nonresidential in character, is to be redeveloped for predominantly nonresidential uses under the Urban Renewal Plan; and 3/

WHEREAS the Urban Renewal Plan has been approved by the Governing Body of the Local Public Agency, as evidenced by the copy of said Body's duly certified resolution approving the Urban Renewal Plan, which is attached hereto; and

WHEREAS a general plan has been prepared and is recognized and used as a guide for the general development of the Locality as a whole; and

WHEREAS the (Planning Body), which is the duly designated and acting official planning body for the Locality, has submitted to the Governing Body its report and recommendations respecting the Urban Renewal Plan for the Project area and has certified that the Urban Renewal Plan conforms to the general plan for the Locality as a whole, and the Governing Body has duly considered the report, recommendations, and certification of the planning body; and 4/

- 1/ Insert descriptive language in accord with the applicable State statute and Title I; e.g., slum, blighted, decadent.
- 2/ List any Urban Renewal Plan graphic material not identified as exhibits.
- 3/ Include the bracketed language only if the LPA is the municipality and the project is a nonresidential exception project (see RHM 7205.1, Area Eligibility, Chapter 2).
- 4/ The bracketed language must be included whenever State or local law requires that this finding be made by the governing body of the locality, and is recommended for use in any other instance in which it conforms to the facts.

WHEREAS the Urban Renewal Plan for the Project area prescribes certain land uses for the project area and will require, among other things, changes in zoning, the vacating and removal of streets, alleys, and other public ways, the establishment of new street patterns, the location and relocation of sewer and water mains and other public facilities, and other public action^{1/};

WHEREAS the (LPA) (Governing Body) has caused to be made a competent independent analysis of the local supply of hotel and other transient housing; and^{1/}

WHEREAS the Local Public Agency has prepared and submitted a program for the relocation of individuals and^{2/} families that may be displaced as a result of carrying out the Project in accordance with the Urban Renewal Plan; and

WHEREAS there have also been presented to the Governing Body information and data respecting the relocation program which has been prepared by the Local Public Agency as a result of studies, surveys, and inspections in the Project area and the assembling and analysis of the data and information obtained from such studies, surveys, and inspections; and

WHEREAS the members of the Governing Body have general knowledge of the conditions prevailing in the Project area and of the availability of proper housing in the Locality for the relocation of individuals and^{2/} families that may be displaced from the Project area and, in the light of such knowledge of local housing conditions, have carefully considered and reviewed such proposals for relocation; and

WHEREAS it is necessary that the Governing Body take appropriate official action respecting the relocation program and the Urban Renewal Plan for the Project, in conformity with the contract(s) for financial assistance between the Local Public Agency and the United States of America, acting by and through the Secretary of Housing and Urban Development; and

^{1/} Include the bracketed language only if the Urban Renewal Plan permits new construction of hotels or other housing for transient use on land to be made available by the project for redevelopment. Identify the report of the analysis in the recital that contains the identification of the supporting documentation to the Urban Renewal Plan.

^{2/} Omit bracketed language if a Contract for Planning Advance for surveys and plans in preparation of the project was entered into, or concurrence in the undertaking of such surveys and plans was given, by HUD prior to September 2, 1964.

WHEREAS the Governing Body is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal financial assistance under Title I, including those prohibiting discrimination because of race, color, creed, or national origin:

NOW, THEREFORE, BE IT (RESOLVED) (ORDAINED) BY THE (GOVERNING BODY) OF THE (LOCALITY):

1. That it is hereby found and determined that the Project is a _____ 1/ area and qualifies as an eligible Project area under _____ .2/
2. That the Urban Renewal Plan for the Project, having been duly reviewed and considered, is hereby approved, and the (Title of Officer) be and is hereby directed to file said copy of the Urban Renewal Plan with the minutes of this meeting.
3. That it is hereby found and determined that the objectives of the Urban Renewal Plan cannot be achieved through [more extensive] 3/ rehabilitation of the Project area.
4. That it is hereby found and determined that the Urban Renewal Plan for the Project area conforms to the general plan of the Locality.
5. That it is hereby found and determined that the financial aid [provided and] 4/ to be provided pursuant to the contract(s) for Federal financial assistance pertaining to the Project is necessary to enable the Project to be undertaken in accordance with the Urban Renewal Plan for the Project Area.
- 6/ That it is hereby found and determined that, in addition to the elimination of slums and blight from the Urban Renewal Area, the undertaking of the Project in such area will further promote the public welfare and the proper development of the community (a) by making land in such area available for disposition, for uses in accordance with the

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- 1/ Insert descriptive language in accord with the applicable State statute and Title I, e.g., slum, blighted, decadent.
 - 2/ Cite the appropriate State statute.
 - 3/ If clearance is the sole treatment proposed, omit the bracketed language.
 - 4/ If Federal financial assistance has not previously been made to the project, omit bracketed language.

Urban Renewal Plan, to (Educational Institution or Hospital) for redevelopment in accordance with the use or uses specified in the Plan, (and) (or) (b) by providing, through the redevelopment of the Urban Renewal Area in accordance with the Plan, a cohesive neighborhood environment compatible with the functions and needs of (Educational Institution or Hospital).^{1/}

^{7/} That the redevelopment of the Urban Renewal Area for predominantly nonresidential uses is necessary for the proper development of the community.^{2/}

8. That it is hereby found and determined that the Urban Renewal Plan for the Urban Renewal Area will afford maximum opportunity, consistent with the sound needs of the Locality as a whole, for the urban renewal of the Area by private enterprise.

9. That it is hereby found and determined that the Urban Renewal Plan for the Urban Renewal Area gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the Plan.

^{10/} That it is hereby found and determined, as a result of a competent independent analysis of the local supply of transient housing, that there exists in the area a need for additional units of such housing.^{3/}

11. That it is hereby found and determined that the program for the proper relocation of Individuals and^{4/} families displaced in carrying out the Project in decent, safe, and sanitary dwellings in conformity with acceptable standards is feasible and can be reasonably and timely effected to permit the proper prosecution and completion

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- ^{1/} If the project is a Section 112 college, university, or hospital project, insert bracketed language.
- ^{2/} Include the bracketed language only if the LPA is the municipality and the project is a nonresidential exception project (see RHM 7205.1, Area Eligibility, Chapter 2).
- ^{3/} Include the bracketed language only if the Urban Renewal Plan permits new construction of hotels or other housing for transient use on land to be made available by the project for redevelopment.
- ^{4/} Omit bracketed language if a Contract for Planning Advance for surveys and plans in preparation of the project was entered into, or concurrence in the undertaking of such surveys and plans was given, by HUD prior to September 2, 1964.
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of the Project; and that such dwellings or dwelling units available or to be made available to such displaced Individuals and^{2/} families are at least equal in number to the number of displaced Individuals and^{2/} families, are not generally less desirable in regard to public utilities and public and commercial facilities than the dwellings of the displaced Individuals and^{1/} families in the Project area, are available at rents or prices within the financial means of the displaced Individuals and^{1/} families, and are reasonably accessible to their places of employment.

12. That, in order to implement and facilitate the effectuation of the Urban Renewal Plan hereby approved, it is found and determined that certain official action must be taken by this Body with reference, among other things, to changes in zoning, the vacating and removal of streets, alleys, and other public ways, the establishment of new street patterns, the location and relocation of sewer and water mains and other public facilities, and other public action^{7/}, and, accordingly, this Body hereby (a) pledges its cooperation in helping to carry out the Urban Renewal Plan; (b) requests the various officials, departments, boards, and agencies of the Locality having administrative responsibilities in the premises likewise to cooperate to such end and to exercise their respective functions and powers in a manner consistent with the Urban Renewal Plan; and (c) stands ready to consider and take appropriate action upon proposals and measures designed to effectuate the Urban Renewal Plan.

13. That additional^{2/} financial assistance under the provisions of Title I of the Housing Act of 1949, as amended, is necessary to enable the land in the Project area to be renewed in accordance with the Urban Renewal Plan for the Project area and, accordingly, the filing by the Local Public Agency of an application or applications for such financial assistance under Title I is hereby approved.

- ^{1/} Omit bracketed language if a Contract for Planning Advance for surveys and plans in preparation of the project was entered into, or concurrence in the undertaking of such surveys and plans was given by HUD prior to September 2, 1964.
- ^{2/} If Federal financial assistance has not previously been made to the project, omit bracketed language.

APPENDIX 6—SUGGESTED FORM OF RESOLUTION OF LPA GOVERNING BODY
APPROVING URBAN RENEWAL PLAN AND CONDITIONS UNDER
WHICH RELOCATION PAYMENTS WILL BE MADE

(INSTRUCTIONS: Submit Five (or) Ten certified copies to HUD. 2/
The title, style of enacting clause, requisite approval, and, where
required, publication of the resolution should conform to applicable
law.

If the LPA governing body is the governing body of the locality, the Urban Renewal Plan will be approved in connection with Checklist Code No. R 302 (see Appendix 4 or 5). In this case, the following resolution should be modified to omit all references to the Urban Renewal Plan, and to limit the recitals and findings to the approval of conditions under which Relocation Payments will be made. In this case, HUD will accept, in lieu of this resolution, a corresponding resolution from the board or commission responsible for carrying out Title I projects or, if there is no such board or commission, a corresponding certified statement from the principal executive officer of the municipality.)

RESOLUTION OF (LPA)

APPROVING AN URBAN RENEWAL PLAN AND CONDITIONS
UNDER WHICH RELOCATION PAYMENTS WILL BE MADE
FOR PROJECT NO. _____

WHEREAS, in connection with an application of the (LPA) to the Secretary of Housing and Urban Development for financial assistance under Title I of the Housing Act of 1949, as amended, the approval by the Governing Body of the (LPA) of an Urban Renewal Plan for the project area involved in such application is required by the Federal Government before it will enter into a contract for loan or grant with the (LPA) under Title I; and

WHEREAS the rules and regulations prescribed by the Federal Government pursuant to Title I require that the conditions under which

- 1/ For a Combined Part I-II Loan and Grant Application
- 2/ See guide form of Certificate of Recording Officer accompanying resolution in RHM 7206.1, Project Applications, Chapter 1, Section 1, Appendix 1, and add the following: "(2a) Also attached hereto is a true and correct copy of the Urban Renewal Plan, which has been previously approved by the (LPA), as evidenced by a duly certified resolution of that body attached to the Plan, presented at the meeting, and approved by the Resolution of the Governing Body." In addition, where the LPA is not the municipality, the following language should be included: "Also attached hereto is a true and correct copy of the Urban Renewal Plan presented at the meeting and approved by the resolution."

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 6

the (LPA) will make relocation payments in connection with the Urban Renewal Project contemplated by the application [,] [and] [the Schedule of Average Annual Gross Rentals for Standard Housing in Locality to be used for determining the amounts of Relocation Adjustment Payments to be made in connection with the Urban Renewal Project contemplated by the application,]^{1/} [and, if fixed Relocation Payments are proposed, the Fixed Relocation Payments Schedule]^{2/} be officially approved by the Governing Body of the (LPA); and

WHEREAS there was presented to this meeting of the Governing Body of the (LPA), for its consideration and approval, a copy of an Urban Renewal Plan for the project area, dated _____, 19__, which Plan is entitled " _____," and consists of _____ pages and _____ exhibits (and _____)^{3/} and a set of conditions under which the (LPA) will make Relocation Payments, which set of conditions is set forth in the Relocation Program [,] [and] [a Schedule of Average Annual Gross Rentals for Standard Housing in Locality dated _____, 19__]^{1/} [and a Fixed Relocation Payments Schedule dated _____, 19__]^{2/} attached hereto and marked for the Urban Renewal Project contemplated by the application; and

[WHEREAS the project area, which is predominantly nonresidential in character, is to be redeveloped for predominantly nonresidential uses under the Urban Renewal Plan; and]^{4/}

WHEREAS the Urban Renewal Plan and the conditions under which the Local Public Agency will make Relocation Payments [,] [and] [the Schedule of Average Annual Gross Rentals for Standard Housing in Locality]^{1/} [and the Fixed Relocation Payments Schedule]^{2/} were reviewed and considered at the meeting; and

WHEREAS Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color or national origin under any program or activity receiving Federal financial assistance and Executive Order 11063 prohibits discrimination on basis of race, color, creed or

- ^{1/} Omit the bracketed material if the Schedule of Average Annual Gross Rentals is to be submitted later.
- ^{2/} Omit the bracketed material if fixed Relocation Payments are not to be made, or if the Fixed Relocation Payments Schedule is to be submitted later.
- ^{3/} List any Urban Renewal Plan graphic material which has not been identified as an exhibit.
- ^{4/} Include the bracketed material only if the project is a nonresidential exception project (see RHM 7205.1, Area Eligibility, Chapter 2).

national origin in sale, lease or other disposition of residential property (including land intended for residential use) or in the use or occupancy thereof:

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE (LPA):

1. That the conditions under which the Local Public Agency will make Relocation Payments are hereby in all respects approved.
2. That the Urban Renewal Plan is hereby in all respects approved and the (Title of Officer) is hereby directed to file a certified copy of the Urban Renewal Plan with the minutes of this meeting.
3. That it is hereby found and determined that the objectives of the Urban Renewal Plan cannot be achieved through more extensive^{1/} rehabilitation of the Project area.
4. That the United States of America and the Secretary of Housing and Urban Development be, and they hereby are, assured of full compliance by the (LPA) with regulations of the Department of Housing and Urban Development effectuating Title VI of the Civil Rights Act of 1964 and applicable Executive Orders.
5. That the redevelopment of the project area for predominantly nonresidential uses is necessary for the proper development of the community.^{2/}
6. That the Schedule of Average Annual Gross Rentals for Standard Housing in Locality is hereby in all respects approved.^{3/}
7. That the Fixed Relocation Payments Schedule is hereby in all respects approved.^{4/}
8. That the (Title of Officer) is hereby designated to approve all claims for Relocation Payments.^{5/}

^{1/} If clearance is the sole treatment proposed, omit the bracketed language.

^{2/} Include the bracketed material only if the project is a nonresidential exception project (see RHM 7205.1, Area Eligibility, Chapter 2).

^{3/} Omit the bracketed material if the Schedule of Average Annual Gross Rentals is to be submitted later.

^{4/} Omit the bracketed material if Fixed Relocation Payments are not to be made, or if the Fixed Relocation Payments Schedule is to be submitted later.

^{5/} Omit the bracketed material if all claims will be approved by the LPA governing body.

CHAPTER 3. PUBLIC HEARING ON THE PROJECT

1. GENERAL. This chapter sets forth requirements for the public hearing on the project prior to land acquisition. If additional requirements are imposed under State or local law, the LPA shall comply with such requirements. In the event there appear to be requirements under State or local law that are inconsistent with the requirements of this Chapter, the LPA shall promptly notify the Area Office.
2. BODY HOLDING PUBLIC HEARING. The public hearing may be held either by the LPA, by the governing body of the locality, or by any public body directed or authorized by State or local law to hold the hearing.
3. TIME OF HEARING.
 - a. After Selection of Area. The public hearing shall be held after selection of the project area but prior to:
 - (1) Approval of the Urban Renewal Plan by the governing body of the locality.
 - (2) Effective date of the donation of any land to the project.
 - (3) Acquisition of any project land by the LPA.
 - b. Consolidation with Other Public Hearings. The public hearing may be consolidated with any other public hearing held with respect to the Urban Renewal Plan or any other aspect of the project.
 - c. Proposed Project Changes. A proposed change in the project may require a new public hearing under the provisions of State or local law or the Contract for Loan and Grant. The LPA shall consult the Area Office concerning the necessity for a new hearing.
4. OPPORTUNITY TO BE HEARD. Reasonable opportunity shall be afforded to all persons, including representatives of organizations, to appear at the hearing and to present their views with respect to the project.
5. NOTICE OF HEARING. The LPA or other public body holding the hearing shall give notice that a public hearing will be held with respect to the project. The notice shall:

- a. Identify the public body which is to hold the hearing.
 - b. Identify the LPA as the agency which is to undertake the project.
 - c. State the date, time, and place of the hearing.
 - d. Identify the project area. The identification may be by street boundaries or other similar monuments, a metes and bounds description, map, or any combination of these. In the case of irregular boundaries which do not follow a street, highway, or similar established monument, metes, and bounds description or a map may be essential.
 - e. State the purpose of the hearing; for example, to consider a proposal for the undertaking of a project under State and local law with Federal financial assistance under Title I of the Housing Act of 1949, as amended; to acquire land in the project area; to demolish or remove buildings and improvements; to install, construct, or reconstruct streets, utilities, parks, playgrounds, and other project improvements; to make land available for development or redevelopment by private enterprise or public agencies as authorized by law; and to carry out plans for a program of repair and rehabilitation of buildings or other improvements, including acquisition and repair or rehabilitation by the LPA. In addition, there shall be included a statement that the LPA's relocation program is available for examination and will be open for discussion at the hearing.
 - f. State that any person or organization desiring to be heard will be afforded an opportunity to be heard.
6. PUBLICATION OF NOTICE OF PUBLIC HEARING. The notice shall be published at least once a week, for not less than 2 successive weeks immediately prior to the date of the hearing, in at least one newspaper of general circulation in the locality. The first publication shall be not less than 10 days prior to the date of the hearing, inclusive of the date of publication but exclusive of the date of hearing. If there is no newspaper of general circulation in the locality, the notice shall be posted in at least three public places in the locality for not less than 10 days prior to the date of the hearing.
7. HUD APPROVAL OF PROPOSED NOTICE. The LPA shall not publish the notice until it has been approved by the Area Office. (See RHM 7206.1, Chapter 2, for submission requirements).
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CHAPTER 4. IMPLEMENTATION OF OFFICE OF
MANAGEMENT AND BUDGET
CIRCULAR A-95 - PROJECT
NOTIFICATION AND REVIEW SYSTEM

1. GENERAL. As of April 1, 1971, no urban renewal or NDP application can be approved by HUD unless it has complied with the Project Notification and Review (PN&R) System procedure set forth in the Revised Office of Management and Budget Circular A-95 dated February 9, 1971.
2. REQUIREMENT. Any agency of State or local government or any organization or individual undertaking to apply for assistance under the urban renewal or Neighborhood Development Program will be required to notify the planning and development clearinghouse of the State (or States) and the region, if there is one, or of the metropolitan area in which the project is to be located, of its intent to apply for assistance.
3. DEFINITIONS OF CLEARINGHOUSES. The PN&R System provides for the designation of clearinghouses for the purposes of review of projects and applications subject to the System, as follows:
 - a. Metropolitan Clearinghouse. An agency designated by the Office of Management and Budget, in accordance with Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966, for each metropolitan area (as defined by the OMB for the purpose of Section 204).
 - b. State Clearinghouse. An agency of the State government designated by the Governor.
 - c. Regional Clearinghouse. An agency designated by the Governor (or Governors in the case of regions extending into more than one State) for a nonmetropolitan region.
4. CLEARINGHOUSE FUNCTIONS. Clearinghouse functions include:
 - a. Evaluation of the significance of proposed Federal or federally assisted projects to State, areawide, or local plans and programs, as appropriate.

CHAPTER 4

- b. Receipt and dissemination of project notifications to appropriate State agencies in the case of the State clearinghouse and to appropriate local governments and agencies in the case of regional or metropolitan clearinghouses; and providing liaison, as may be necessary, between such agencies or bodies and the applicant.
 - c. Assurance pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, that appropriate State, metropolitan, regional, or local agencies which are authorized to develop and enforce environmental standards are informed of and are given opportunity to review and comment on the environmental significance of proposed projects for which Federal assistance is sought.
 - d. Provision of liaison between Federal agencies contemplating direct Federal development projects and the State or area-wide agencies or local governments having plans or programs that may be affected by the proposed project.
5. NOTIFICATION. Notification will be accompanied by a summary description of the project for which assistance will be sought. The summary description shall contain the following information:
- a. Identity of the applicant agency, organization, or individual.
 - b. The geographic location of the project to be assisted.
 - c. A brief description of the proposed project by type, purpose, or general size or scale, estimated cost, beneficiaries, or other characteristics which will enable the clearinghouses to identify agencies of State or local government having plans, programs, or projects that might be affected by the proposed projects..
 - d. A brief statement of whether or not an environmental impact statement is required and, if so, an indication of the nature and extent of environmental impact anticipated.
 - e. The Federal program and agency under which assistance will be sought as indicated in the Catalog of Federal Domestic Assistance (April 1970 and subsequent editions.)
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- f. The estimated date by which time the applicant expects to formally file an application.
6. NOTIFICATION FORMS. Many clearinghouses have developed notification forms and instructions. Applicants are urged to contact their clearinghouses for such information in order to expedite clearinghouse review. If such forms are not available, the information in paragraphs 5a-f should be submitted.
7. TIMING OF SUBMISSION OF NOTIFICATION. In order to assure maximum time for effective coordination and so as not to delay the timely submission of the completed application to the Federal agency, such notifications shall be sent at the earliest feasible time.
8. CONSULTATION AND REVIEW.
- a. State, metropolitan, and regional clearinghouses may have a period of 30 days after receipt of a project notification in which to inform State agencies, other local or regional bodies, etc., that may be affected by the project (including agencies authorized to develop and enforce environmental standards) and to arrange, as may be necessary, to consult with the applicant on the proposed project.
 - b. During this period and during the period in which the application is being completed, the clearinghouse may work with the applicant in the resolution of any problems raised by the proposed project.
 - c. Clearinghouses may have, if necessary, an additional 30 days to review the completed application and to transmit to the applicant any comments or recommendations the clearinghouse (or others) may have.
 - d. In the case of a project for which Federal assistance is sought by a special purpose unit of government, clearinghouses will assure that any unit of general local government, having jurisdiction over the area in which the project is to be located, has opportunity to confer, consult, and comment upon the project and the application.
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CHAPTER 4

9. SUBMISSION REQUIREMENTS TO HUD. The applicant shall include with its Survey and Planning, Part I, Part II, Combined Parts I and II, or Neighborhood Development Program Application, the following (in addition to copies of the material in paragraph 5) for both the State clearinghouse and the metropolitan or regional clearinghouse (if in existence):
- a. Any comments concerning the application made by or through the clearinghouse and a statement that such comments have been considered, prior to submission of the application to HUD; OR
 - b. A statement by the applicant that he has received no notification that the clearinghouse intends to review and comment on the application; OR
 - c. Statement by the applicant that the application has lain with the clearinghouse for 30 days and no comments have been received therefrom.
10. ACCEPTANCE FOR PROCESSING. No urban renewal or NDP application or amendment thereto, with an impact beyond the project area, shall be accepted for processing unless it is accompanied by the documentation in paragraph 9 above. These amendments would cause a substantial change resulting in a new traffic pattern, increased density, change in land use pattern or other changes have a similar impact.
11. PROJECTS AFFECTING CONTIGUOUS CLEARINGHOUSE AREAS. In the case of a project which appears to have a substantial impact on the development of one or more regional/metropolitan clearinghouse areas contiguous to the regional/metropolitan clearinghouse area in which the project is to be located, the HUD office responsible for receiving applications may, in its discretion, require that the applicant send to such contiguous clearinghouse(s) a project notification, as described in paragraph 5 above. In such cases, no final application may be accepted for processing unless it is accompanied by the material relating to such contiguous clearinghouse(s) as is indicated in paragraphs 5 and 10 above.
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12. SUBJECT MATTER OF CLEARINGHOUSE COMMENTS AND RECOMMENDATIONS. Comments and recommendations made by or through clearinghouses, with respect to any project, are for the purpose of assuring maximum consistency of such project with State, regional, and local comprehensive plans. They are also intended to assist the Federal agency (or State agency, in the case of projects for which the State under certain Federal grants has final project approval) administering such a program, in determining whether the project is in accord with applicable Federal law. Comments or recommendations, as may be appropriate, may include information about:

- a. The extent to which the project is consistent with or contributes to the fulfillment of comprehensive planning for the State, region, metropolitan area, or locality.
 - b. The extent to which the project contributes to the achievement of State, regional, metropolitan, and local objectives as specified in section 401(a) of the Intergovernmental Cooperation Act of 1968, as follows:
 - (1) Appropriate land uses for housing, commercial, industrial, governmental, institutional, and other purposes;
 - (2) Wise development and conservation of natural resources, including land, water, minerals, wildlife, and others;
 - (3) Balanced transportation systems, including highway, air, water, pedestrian, mass transit, and other modes for the movement of people and goods;
 - (4) Adequate outdoor recreation and open space;
 - (5) Protection of areas of unique natural beauty, historical, and scientific interest;
 - (6) Properly planned community facilities, including utilities, for the supply of power, water, and communications, for the safe disposal of wastes, and for other purposes; and
 - (7) Concern for high standards of design.
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CHAPTER 4

c. As provided under section 102(2)(C) of the National Environmental Policy Act of 1969, the extent to which the project significantly affects the environment including consideration of:

- (1) The environmental impact of the proposed project;
- (2) Any adverse environmental effects, which cannot be avoided, should the proposed project be implemented;
- (3) Alternatives to the proposed project;
- (4) The relationship between local short term uses of man's environment and the maintenance and enhancement of long term productivity; and
- (5) Any irreversible and irretrievable commitments of resources, which would be involved in the proposed project or action, should it be implemented.

13. EFFECTIVE DATE OF THIS PROCEDURE. All Survey and Planning, Part I, Part II, Combined Parts I and II, and NDP applications, and substantial amendments thereto, submitted to HUD after April 1, 1971, shall be required to comply with this procedure.

CHAPTER 1. SELECTION AND TREATMENT OF PROJECT AREAS**1. CRITERIA FOR SELECTION OF PROJECT AREA**

- a. The area must qualify under the eligibility criteria in 7205.1, Area Eligibility, chapters 1 and 2. Any sizable area within the perimeter boundaries that cannot be justified for inclusion under the "Distribution of Deficiencies" test in 7205.1, Area Eligibility, chapter 1, must be excluded from the project area. No incidental properties within the perimeter boundaries--whether separate properties or small groups of properties--shall be excluded.
 - b. The area must be of a reasonable size, so that the project can be planned and carried out expeditiously.
 - c. The area must be so located, and its boundary delineated in such a manner, as to provide reasonable protection after renewal through one or more of the following:
 - (1) Constituting a stable area in itself.
 - (2) Reflecting a beneficial influence from abutting private development, public uses or improvements, or other urban renewal projects or activities.
 - (3) Being part of a larger area for which a General Neighborhood Renewal Plan has been or is being prepared.
 - d. Boundaries of the area must be determined without consideration of the race, creed, color, or national origin of the residents.
 - e. If the area is or may be subject to flooding, a feasible tentative solution to this problem must be presented with the Survey and Planning Application, and a firm solution, meeting the conditions set forth in 7207.1, Project Planning, chapter 2, must be presented with the Part I Loan and Grant Application. (See 7209.1, Site Preparation and Project Improvements, chapter 1.)
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- f. If renewal treatment of the project area will increase the pollution load in the sewers, the LPA or other public body must take action to treat the sewage effectively; wastes shall receive at least secondary or equivalent treatment.

2. MINORITY GROUP CONSIDERATIONS

- a. Discrimination on the basis of race, color, creed^{1/} or national origin shall not be permitted (1) in connection with any project activity carried out by the LPA, (2) in the sale, lease or rental, or in the use or occupancy of any project land or the improvements erected thereon, or (3) in the operation and use of any public facility, educational institution or hospital generating a noncash grant-in-aid credit. (See 7216.1, Local Grants-in-Aid, chapter 2, section 4.)
- b. Wherever feasible, the project shall contribute to a reduction in the concentration of minority group families within or outside the project area and to furthering equal opportunity in housing in the community. If there are overriding considerations for undertaking a project which does not reduce such concentration or promote equal opportunity in housing, the locality must have other plans for achieving the same objectives.
- c. The project shall not result in a reduction in the supply of dwellings in the community available to minority group families. If the project will result in a substantial net reduction in the supply of housing in the project area available to minority group families, the locality must have specific proposals for the provision of standard housing elsewhere in the locality available to minority group families, which housing was not previously available to them, to compensate for the reduction.
- d. Representative minority group leadership in the locality must be consulted, directly or through participation in citizens' advisory groups, in the selection and planning of the project. Representative leadership of the minority group means persons accepted as such by the minority community itself, such as persons holding office in civic or other responsible organizations of minority citizens.

^{1/} Pursuant to President's Executive Order No. 11063, Equal Opportunity in Housing.

3. COORDINATION WITH HIGHWAY PROGRAMS

- a. The selection of the project area must be checked with plans for State or federally aided highways to assure that conflicts do not develop in the establishment of project boundaries or the planning and execution of the project.
- b. If the location of a highway which may affect materially the planning of a project area has not been determined, it may be necessary to delay HUD consideration of the Survey and Planning Application until a firm basis for coordinated planning activities has been established.

4. CRITERIA FOR TREATMENT OF PROJECT AREAS

a. Clearance and Redevelopment

- (1) The necessity for clearance and redevelopment of a project area, or of any sizable part thereof, must be satisfactorily demonstrated in all cases. If conditions warranting clearance and redevelopment do not exist, the appropriate treatment will be rehabilitation which may include spot clearance.
 - (2) In a built-up project area or part thereof which is proposed for clearance and redevelopment, one of the following conditions must exist and such conditions must be reasonably distributed throughout the area:
 - (a) More than 50 percent of the buildings, not including accessory outbuildings, must be structurally substandard to a degree requiring clearance as determined by specific criteria consistent with the definition below.
 - (b) More than 20 percent of the buildings must be structurally substandard to a degree requiring clearance, and additional clearance, in an amount bringing the total to more than 50 percent of the buildings, must be warranted to remove effectively such existing blighting influences as:
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- 1 Inadequate street layout.
 - 2 Incompatible uses or land use relationships.
 - 3 Overcrowding of buildings on the land.
 - 4 Excessive dwelling unit density.
 - 5 Obsolete buildings not suitable for improvement or conversion.
 - 6 Other identified hazards to health and safety and to the general well-being of the community.
- (3) Buildings classified as structurally substandard to a degree requiring clearance must contain defects in structural elements and/or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection (including adequate egress), layout and condition of interior partitions, or similar factors, which defects and/or deficiencies are of sufficient total significance to justify clearance. Additional buildings warranting clearance in order to remove blighting influences shall be classified and reported separately on Form HUD-6121, Summary of Project Data.
- b. Rehabilitation
- (1) See 7210.1, Rehabilitation, chapter 1, section 2, for criteria for designation of a rehabilitation area.
 - (2) Treatment through rehabilitation may include spot clearance to remove blighting influences and buildings infeasible of rehabilitation, or clearance to provide land for project improvements or supporting facilities that are necessary to achieve the objectives of the Urban Renewal Plan, or to promote historic or architectural preservation.
 - (3) The LPA must: (a) demonstrate the necessity for treatment through clearance and redevelopment, (b) show that the extent of clearance proposed is necessary, and (c) fully justify the acquisition of individual parcels of
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basically sound property which involves high acquisition costs.

- c. Extent of Clearance. HUD will not concur in the acquisition for demolition of property that is:
- (1) Of such quality and potential use that its retention is compatible with the achievement of the urban renewal plan objectives for the project area.
 - (2) Capable of being improved and successfully integrated into the project.
5. MIDPLANNING CONFERENCE. A midplanning conference, to confirm project feasibility, will be scheduled by the HUD field office after planning has progressed to the point when such a confirmation can be made. The purpose of a midplanning conference is to identify and resolve any significant problems through informal discussion. The conference should be held no later than the time the land utilization and marketability study has been completed, tentative land use and treatment proposals have been prepared, and preliminary relocation and financing proposals have been developed. In residential reuse project planning, the active participation, at a midplanning conference of LHA representatives and other low- and moderate-income housing specialists is critical to the success of determining the suitability, feasibility, and methods of providing low- and moderate-income housing.
6. RETENTION OF DATA SUPPORTING ELIGIBILITY AND PROPOSED TREATMENT. The LPA shall retain all survey data, working papers, photographs and negatives, and research material on condition of buildings, blighting influences, and other factors related to project eligibility and any proposed clearance, including spot clearance in a rehabilitation area. If any of the data are compiled by a consultant under a contract for professional or technical services, the LPA shall require that all survey data, working papers, photographs and negatives, and research materials become the property of the LPA upon completion of the contract. (See 7217.1, LPA Administration, chapter 1, section 2.)

CHAPTER 2. PLANNING PROPOSALS

1. GENERAL REQUIREMENTS--LAND USES

The project area must be suitable for each proposed land use as to location, utilities, transportation, community facilities, and other similar factors.

a. Land Uses and Related Planning Proposals. These proposals must:

- (1) Conform to the general plan of the locality.
- (2) Be related to definite local objectives as to appropriate land uses, improved traffic, public transportation, utilities, recreational and community facilities, and other public improvements.
- (3) Be compatible with plans or development prospects for the neighborhood or district of which the project area is a part.

b. Other Considerations

- (1) Reuses proposed for cleared land must be supported by marketability studies made in connection with the project planning. (See 7214.1, Land Marketing and Redevelopment, chapter 2, section 2.)
- (2) Regulations, controls, and restrictions in the urban renewal plan must assure that acquired property will be maintained and controlled, for the intended uses, for the duration of the plan.
- (3) Proposed zoning and other local codes and regulations must provide adequate protection for the project area.
- (4) Proposed and existing-to-remain commercial, community recreational and other public facilities, within or outside the project area, must be adequate to serve project land uses.
- (5) When clearance and redevelopment is the treatment proposed for a project area or a sizable part thereof, the IPA must explore fully the possibilities of developing an urban renewal plan that will result in retention of a maximum number of buildings which are structurally sound or capable of rehabilitation.

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- (6) Properties not to be acquired within clearance sections must be compatible with project renewal objectives. Local codes and regulations and other measures to be taken must assure continued compatibility of the properties with controls or standards established in the urban renewal plan.

2. CONSULTATION WITH HUD AND LOCAL HOUSING AUTHORITY

- a. Private Residential Redevelopment or Rehabilitation. When either of these is contemplated, the LPA shall arrange through the HUD field office for consultation with appropriate staff on the suitability of the proposed uses.
- b. Low-Rent Housing. When this type of housing is contemplated, planning shall be coordinated with the LHA.

3. SITE SELECTION FOR LOW-RENT PUBLIC HOUSING

In order to encourage housing for low-income families, it is HUD policy to use the urban renewal program to provide sites for low-rent public housing. The location of public housing shall meet all applicable requirements of Title VI of the Civil Rights Act of 1964, Executive Order 11063, and pertinent Department regulations and requirements as set forth in the Low-Rent Public Housing Preconstruction Handbook, 7410.1, chapter 1, "Site Selection and Approval," dated January 1974. The location of all proposed public housing sites will be concurred in by the HUD field office to determine compliance with these site selection requirements.

4. LOW-AND MODERATE-INCOME HOUSING REQUIREMENTS

- a. Projects Approved Prior to August 2, 1968. Predominantly residential reuse projects which received Federal recognition prior to August 2, 1968, and for which Part I of the Application for Loan and Grant was not approved on or before November 3, 1966, are subject to the requirement that a minimum of 20 percent of the housing units permitted by the urban renewal plan shall be standard units for families or individuals of low-or moderate-income. In fulfilling this requirement, the LPA shall, to the extent feasible, provide for both low-and moderate-income housing units.

- b. Projects Approved After August 1, 1968. A majority of the housing units provided in each community's total of approved predominantly residential reuse projects, which received Federal recognition after August 1, 1968, shall be standard housing units for low- and moderate-income families or individuals and at least 20 percent of the housing units in each community's total of such projects shall be for families or individuals of low-income. The date of Federal recognition is the date of approval by HUD of a Survey and Planning application or the date of approval by HUD of an area for inclusion as part of a Neighborhood Development Program. It should be noted that this requirement, unlike the one described in 4a. above, is communitywide. It is applicable, in the aggregate, to all residential reuse projects approved after August 1, 1968, including those which are part of an NDP. (See NDP Handbook 7384.1, chapter 1, section 1, paragraph 13.) Therefore, although the urban renewal plan for the first of a community's projects must require that at least a majority of the housing units to be provided shall be for low- and moderate-income families and individuals, and at least 20 percent of the total for low-income, the plan for each subsequent project shall require that a sufficient number of housing units be provided so that the aggregate percentage of low- and moderate-income housing units will not fall below the required level. Only those projects for which an urban renewal plan has been approved by the locality and for which a Loan and Grant contract has been authorized by HUD after August 1, 1968, may be included, when determining whether the required aggregate ratio is being met. To determine whether the required aggregate ratio is being maintained by a project for which an urban renewal plan is under review, HUD will consider only those housing units to be provided in the projects comprising the aggregate.
- c. New and Rehabilitated Housing. The low- and moderate-income housing requirements apply to housing units provided on land disposed of by the LPA, including improved land disposed of by the LPA after rehabilitation or for rehabilitation by others.
- d. Definitions
- (1) A low-income housing unit is one which, by reason of rental or amount of other charges, is available to families or individuals whose incomes do not exceed the maximum-income limits established in the community for continued occupancy in federally assisted low-rent public housing.

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- (2) A moderate-income housing unit is one which is available at rentals or other charges comparable to those established in the community for housing insured under HUD's Section 221(d)(3) "below-market interest rate program."
- e. Sources for Low-and Moderate-Income Housing Units. The housing units needed to meet these requirements may be provided through the assistance offered by the following programs:
- (1) Low-rent public housing provisions of the United States Housing Act of 1937, as amended,
 - (2) Rent Supplement provisions of Section 101 of the Housing and Urban Development Act of 1965, as amended,
 - (3) Housing units located on project land disposed of pursuant to the provisions of Section 107(a) of the Housing Act of 1949, as amended,
 - (4) Sections 221(d)(3) "below market interest rate", 221(h), 235, and 236 of the National Housing Act, as amended. Housing units provided under Sections 235 and 236 of the National Housing Act, as amended, may be used to meet low-and moderate-income housing unit requirements. For purposes of estimating occupancy income levels, prior to land disposition, 60 percent of the units to be provided with the assistance available under Section 235 and 236 shall be considered as moderate-income housing units and 40 percent of such units shall be considered as low-income housing units. However, if a higher percentage of low-income units can be adequately supported by the LPA, HUD will accept such percentage for estimating purposes. Prior to the disposition of land for the development of each such assisted housing development, the LPA and HUD shall reevaluate, on the basis of rentals or other charges at maximum subsidy available, the number of housing units actually to be provided for each income group.
 - (5) Any other Federal, State, or local housing programs found by HUD to have the same general purposes as the above.
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f. Submission Requirements

- (1) Survey and Planning Applications. Each Survey and Planning Application or Request for Concurrence in Planning a Three-Fourths Grant Project with Limited Cost, subject to these requirements, shall contain a statement recognizing the LPA's obligation and generally indicating how the requirements will be met.
- (2) Part I Loan and Grant Applications. Each Part I Loan and Grant Application or similar purpose document for a project, subject to these requirements, shall describe how the requirements shall be met and shall indicate the Federal, State, or local programs to be used to provide the necessary units. (See 7206.1, chapter 2, page 10.)

g. Project Execution. Early in the execution stage, the LPA shall prepare a schedule for the provision of land for the required housing, at a rate that reflects local needs and project objectives. Within approximately 90 days after the start of execution activities, the HUD field office shall meet with the LPA for the purpose of reviewing and approving this schedule. Periodically thereafter, but not less than yearly, the HUD field office and the LPA shall review this schedule to determine whether reasonable and continuing progress is being made.

h. Waiver Provision. The statute provides that the Secretary of Housing and Urban Development may waive the minimum 20 percent low-income housing units requirement to the extent that such units are not needed in the community.

5. REPLACEMENT OF LOW-AND MODERATE-INCOME HOUSING UNITS DEMOLISHED OR REMOVED BY URBAN RENEWAL

All urban renewal projects for which a Survey and Planning contract is executed after December 24, 1969, must provide for one-to-one replacement of low- and moderate-income housing units that are demolished or removed. This requirement is also applicable to any urban renewal area not previously covered by an executed Survey and Planning or Loan and Grant contract and included for the first time in an NDP through an agreement executed after December 24, 1969. Such replacement housing units shall be

provided in the area within which the LPA has jurisdiction; however, HUD may take into consideration housing outside that area, where appropriate. Also, if the overall vacancy rate for standard housing in the area of jurisdiction of the LPA is 5 percent or greater, and suitable housing is available or will be available to meet the needs of families and individual householders being displaced by the project, HUD may waive this requirement. An LPA seeking HUD approval for execution-type activities for any project, subject to this requirement, must provide assurances that it will be met. The following criteria apply:

- a. Number of Replacement Units To Be Provided. The number of replacement housing units required is based on the number of units demolished or removed that were occupied by low- or moderate-income families and individual householders. An "individual householder" is any person who occupies a housing unit that is suitable for family occupancy. Units occupied by families or individual householders may have been in either residential or mixed-use structures. The number of replacement units to be provided is based on the number of units occupied on or after the date of execution of the loan and grant contract, or the NDP agreement, that are subsequently vacated and demolished or removed.
- b. Replacement Units. Replacement housing units may be provided through rehabilitation or new construction. They must meet applicable local code standards or project rehabilitation standards and must be available on a nondiscriminatory basis. Generally, the replacement housing units must be located in the area within which the LPA has jurisdiction. However, if local objectives will be served, and HUD agrees, units outside the area of the LPA's jurisdiction may be counted.
- c. Replacement Through Rehabilitation. A rehabilitated standard housing unit is one on which substantial work has been done to bring it up to applicable local code standards or project rehabilitation standards. For example, it can be a unit that was previously deficient with respect to sanitary facilities, running water, or electrical and heating facilities, or one which had been structurally unsound. When rehabilitation of a structure results in a reduction of the number of housing units in the structure, replacement housing units must be provided at least equal in number to the number of units

removed. For example, if a structure with ten housing units is rehabilitated and, after rehabilitation, contains only five units, at least five additional replacement housing units must be provided.

- d. Area of Jurisdiction of LPA. The area of jurisdiction of the LPA means the city, county, or other political subdivision within which the LPA has authority to carry out urban renewal projects. In general, this is the area within which relocation resources for the project are located.
- e. Units Outside of Jurisdiction of LPA. In order to meet these requirements, the LPA may, with HUD concurrence, take into account suitable housing outside the area of its jurisdiction. Such housing must be standard, suitable for low- and moderate-income families and individual householders, and available on a nondiscriminatory basis. If replacement housing units in an area outside the jurisdiction of the LPA are proposed for consideration, the documentation submitted to HUD must indicate the objectives to be realized through the use of these units and also must include acceptable assurances that the units will be provided on a timely basis, as needed. To the extent that this information has been included in the Relocation Report for the project, a cross-reference to Checklist Code No. R-223 will suffice.
- f. Waiver Provision. If HUD determines that the percentage of vacancies for all existing housing units within the LPA's jurisdictional area, is 5 percent or greater, the requirement for the one-to-one replacement may be waived to the extent that there are existing standard housing units available for occupancy by low- and moderate-income families and by individual householders who are being displaced by the urban renewal project. Such housing units also must be available on a nondiscriminatory basis.
 - (1) Request for Waiver. A waiver request must be in writing. It must indicate both the overall vacancy rate in the LPA's jurisdictional area, as well as the number of existing standard housing units in the area that are available for occupancy by low- and moderate-income families and by individual householders, who are being

displaced by the project. If necessary, to support a waiver, HUD may request that a statistically reliable survey be conducted. Ordinarily, this request should be submitted with Part I of the Application for Loan and Grant. However, if, during the time that the project is in execution, the overall vacancy rate in the LPA's jurisdictional area increases to 5 percent or more, the LPA may submit a written waiver request relating to the housing units located in structures that remain to be demolished or removed by the project and that are, or were, occupied by low- and moderate-income families and individual householders. The request must be supported by current vacancy-rate data and by current information about low- and moderate-income families and individual householders who currently occupy or who recently had occupied the structures remaining to be demolished or removed.

- (2) Granting of Waiver. If granted, HUD will provide the LPA with a written waiver that describes the nature and extent to which the statutory requirements are being waived. Normally, the requirements will be waived only to the extent that HUD determines there are sufficient existing standard housing units in the LPA's jurisdictional area, which will be available for occupancy by low- and moderate-income families and by individual householders who are being displaced by the urban renewal project. If, after a waiver has been granted, HUD receives information that the overall vacancy rate in the LPA's jurisdictional area has dropped below 5 percent, or that other changes have occurred which affect the availability of standard housing units for low- and moderate-income families and individual householders to be displaced by the project, the waiver will be canceled or amended to reflect current conditions. When a waiver is amended, the requirements will apply only to housing units located in structures that remain to be demolished or removed by the project and that are or were occupied by low- and moderate-income families and individual householders.
- g. Definition of Low- and Moderate-Income Replacement Housing. The statute makes specific reference to Federal - or State - assisted housing programs, including units of low-rent housing in private accommodations, assisted under Section 23 of the U.S. Housing Act of 1937, but clearly indicates that

replacement housing need not be limited to these categories of low- and moderate-income units. The LPA is encouraged to seek housing in the private supply and to work with private housing developers to expand the number of low- and moderate-income housing units available. (See paragraphs 4d and e above, for general definitions and sources of such housing units).

h. Submission Requirements.

- (1) Each Survey and Planning Application or Request for Concurrence in Planning Three Fourths Grant Project with Limited Cost, subject to statutory housing requirements, described in paragraph 5 above, shall contain a statement acknowledging these obligations.
- (2) Each Part I Loan and Grant Application for any project for which a contract for planning advance was executed after December 24, 1969, shall include the following:
 - (a) A statement from the LPA recognizing the replacement housing requirements and indicating assurance of compliance.
 - (b) An estimate of the number of units that are occupied by low- and moderate-income families and individual householders that are to be demolished or removed. The estimate shall be based on the data reported on Form HUD-6120, Summary of Project Data (Checklist Code R-212), revised to reflect dwelling units occupied by low- or moderate-income families and individual householders, as required.
 - (c) An indication of how, where, and when the replacement housing will be provided, to the extent known by the LPA. The information shall describe sales and rental price ranges, sizes and locations of the units, types (e.g., new or rehabilitated; low-rent public or private), and dates expected to be available for occupancy.
 - (d) If applicable, documentation in support of a request for consideration of replacement housing units, in an area outside the jurisdiction of the LPA.
 - (e) If applicable, documentation in support of a request for waiver of the replacement housing requirements, described in paragraph 5 above.

- (3) Part II - Loan and Grant Application. The Loan and Grant Application, Part II, for any project for which a contract for planning advance was executed after December 24, 1969, shall include a statement from the governing body of the locality indicating assurance of compliance with the requirements.
- i. Timing Requirements. Only those housing units that are located in structures to be constructed or rehabilitated, on or after the date of approval of the Survey and Planning Application for an urban renewal project, may be counted as replacement housing. As a general guideline, at least 80 percent of the required number of units should either be
- (1) available for occupancy;
 - (2) under construction, or
 - (3) in the process of rehabilitation, at the time of project closeout.
- j. Followup Action. The LPA shall establish a mechanism which provides periodic progress reviews concerning the provision of replacement housing units. The rate of progress should correspond to the number of dwelling units demolished or removed, as reported on Form HUD-6000, Physical Progress Report. To provide a summary of the progress achieved in complying with these requirements, an annual report shall be submitted, indicating the number of housing units demolished or removed and the number of replacement units planned, under construction, completed, or in the process of being rehabilitated. The report shall be submitted until all replacement housing units have been provided, which corresponds to the number of units demolished and removed.
- k. Effect of Replacement Housing Requirements on Related Requirements.
- (1) Relocation Requirements. The housing resources, upon which relocation feasibility is based, may include all or a part of the replacement housing units provided to meet these requirements. As in the past, relocation

feasibility for each urban renewal project will be based on a finding that existing and/or planned resources will be available at the time that displacement occurs or that plans for temporary housing are acceptable. IPA requirements in connection with the assurance of adequate relocation resources are not affected by these requirements.

- (2) Residential Reuse Projects. Housing units provided in compliance with requirements for low- and moderate-income housing in an urban renewal area planned for predominantly residential reuse (see paragraphs 4a and b above), may also be counted in determining compliance with the replacement housing requirements described in paragraph 5.

6. CONTINUING COORDINATION WITH HIGHWAY PROGRAMS

- a. Liaison with highway authorities established in connection with selection of project areas shall be continued during the project planning stage.
- b. The urban renewal plan shall take into consideration the location and design characteristics of related major highways in determining:
 - (1) Proposed land uses and other plans for the project area.
 - (2) Means of access to, and traffic patterns within, the area.
- c. Preparation of a definitive urban renewal plan should not proceed when the location or design characteristics of a major highway affecting the area have not been determined.
- d. Particular attention shall be directed to impact of highway locations on noise levels in the project and surrounding areas.

7. PROJECT AREAS SUBJECT TO FLOODING

- a. If the project area or a sizable portion thereof is or may be subject to flooding, planning proposals shall be designed to prevent future danger to human life or serious economic loss.

- (1) The probability of future of flooding must be determined for flood protection and control measures. Project plans must be closely coordinated with the plans and programs of flood control agencies.
 - (2) The cost of any project improvements to provide flood protection, must be fully justified in terms of community objectives realized.
- b. If definite steps are not being taken to eliminate or minimize the possibility of future flood damage, the urban renewal plan shall establish only such land uses as are suitable for the area without danger to human life or serious economic loss.
- (1) When control measures are being taken which will have progressed enough to warrant permanent reuse, by the time land will be ready for disposition, the plan shall establish permanent reuses.
 - (2) When control measures are being taken but will not be far enough advanced to warrant immediate disposition of land otherwise ready:
 - (a) The urban renewal plan shall:
 - 1 Establish permanent reuses for such land.
 - 2 Include interim uses for such land until the control measures become effective.
 - 3 State that the interim uses will be terminated and the land disposed of for the permanent reuses when the danger of flood recurrence has passed.
 - (b) Land subject to interim use shall be held by the LPA until the control measures have become effective. During this interim period, the land may be used or temporarily leased by the LPA for uses requiring no redevelopment or a minimum of redevelopment, such as a parking lot or open storage.

- (c) If expectations for control measures do not materialize within a reasonable time, the urban renewal plan shall be revised to establish definitive suitable land uses. Conversely, unexpected completion of control measures will also entail revision of the plan to establish uses consistent with the new situation.

8. WATER POLLUTION CONTROL

- a. Consideration must be given to development of a sewer system to serve the urban renewal area which will provide for effective control of storm and sanitary wastes. (See 7209.1, Site Preparation and Project Improvements, chapter 1.)
- b. The LPA is responsible for obtaining approvals at all levels, including State, county, and municipal, for sewerage to be charged to Gross Project Cost and it must consult with such agencies, in the early planning stages, so that their advice and guidance concerning the reduction or abatement of water pollution can be utilized in project planning.

9. COORDINATION WITH FEDERAL AVIATION AGENCY

In urban renewal planning, interagency coordination is desirable to assure that the special problems related to airport development, such as flight hazards, noise and glare nuisances, or encroachment of buildings on clear and approach zones, are considered in the early stages of urban renewal activities when these problems may be minimized or eliminated. This interagency coordination is equally important, in view of the continuing change-over to jet aircraft, where existing airports are involved.

10. PRESERVATION OF PROPERTIES OF HISTORIC AND ARCHITECTURAL VALUE

Under Title I and related legislation, Federal financial assistance may be made available to restore and protect areas and properties of historic and architectural value in urban renewal areas.

a. Criteria for Determining Historic or Architectural Value.

- (1) Statutory Requirements. After November 3, 1969, the Secretary may only extend statutory grant assistance for historic or architectural preservation of districts, sites, buildings, and objects, which meet criteria

comparable to those established by the National Park Service of the Department of Interior for the National Register of Historic Places. The National Register lists districts, sites, buildings, structures, and objects significant in American history, architecture, archeology and culture.

- (2) General Criteria. Pending HUD's action, the following criteria will be accepted as a basis for determining historic or architectural value, if the criteria are adopted by the local governing body and applied uniformly throughout the locality:
 - (a) The "Criteria of Evaluation" and supporting "Criteria Considerations" as cited in the Grants-In-Aid Manual (U.S. Department of the Interior) and used by the Department of the Interior in establishing the National Register.
 - (b) Criteria established by the National Trust for Historic Preservation; professional architectural, planning, landscape architectural, or engineering societies; recognized historic commission; or, the local governing body or any department or agency of the local government.
- b. Documentation Required. Along with application of the above criteria, the expenditure of project funds, for historical and preservation activities, must be adequately documented. Such documentation, which shall be assembled by the LPA and maintained in its files, must comply with one of the following:
 - (1) Designation on the National Register which will be acceptable, without further documentation.
 - (2) Designation in a communitywide document such as a general plan, preservation plan, design plan, or other similar documents which will be acceptable, if such designation was made in accordance with criteria cited above.

- (3) For all other areas or properties not designated as in (1) or (2) immediately above, listing or certification by appropriate public bodies or recognized private organizations or experts (which is important but not necessarily conclusive evidence of historic or architectural value), provided such listing or certification is supported by a statement of the criteria upon which the determination of historic or architectural value was based.
- c. Attainment of Preservation Objectives. In all cases of project activities for acquisition, restoration or moving of structures, to promote historic or architectural preservation, the LPA must demonstrate that the objectives of the urban renewal plan warrant the activity as proposed. Reasonable assurance that the properties will be maintained for historic or architectural purposes after their restoration, sale, or moving, also must be assured.
- d. Eligible Activities. The following eligible project activities, in conjunction with historic or architectural preservation, are listed to assist in project planning:
- (1) In All Projects Involving Historic or Architectural Preservation.
- (a) Surveying properties to identify historic or architectural assets;
 - (b) Surveying to determine feasibility of property rehabilitation and restoration;
 - (c) Planning for preservation activities to be carried out, which may include payment for services of experts (architectural or other historians, architects, city planners, landscape architects, preservationists, engineers, or others, as necessary);
 - (d) Preparing property restoration standards for inclusion, as necessary, in the project rehabilitation standards (7210.1, Rehabilitation, chapter 1, section 5);

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- (e) Enhancing and protecting the environment of areas and properties, through removal of blighting influences and installation of project improvements, if otherwise eligible (7209.1, Site Preparation and Project Improvements, chapters 1 and 2); and,
 - (f) Providing staff or consultant services for:
 - guiding property owners in solving common problems on the design of properties and coordinating exterior property improvements, block by block;
 - advising property owners on methods and techniques of restoring and maintaining individual properties;
 - extending design services to property owners including sketch plans, but not including the preparation of detailed plans or construction drawings; and, estimating the cost of property improvements (7210.1, Rehabilitation, chapter 1, section 3).
- (2) Additional Activities For Properties Not to be Acquired.
- (a) Moving structures from project sites to other sites within or outside the project area, including the installation of foundations and utility connections on the new sites (7209.1, Site Preparation and Project Improvements, chapter 2); and,
 - (b) Acquiring limited interests in properties not to be acquired or moved, at project cost, where permitted by local law. These interests may be acquired in properties of historic or architectural value, or in other properties, as may be necessary, to assure achieving the preservation objectives for properties of historic or architectural value. Limited interests, for example, may include negative easements or similar servitudes limiting future uses of such properties.
- (3) Additional Activities For Properties to be Acquired.
- (a) Acquiring properties when necessary to achieve historic or architectural preservation objectives;

- (b) Restoring acquired properties (7209.1, Site Preparation and Project Improvements, chapter 2); and,
- (c) Disposing of acquired properties to public or private entities or to individuals, at fair value. The disposal price shall take into account both the obligations of the purchaser, to restore and maintain the property, and any enhancement value that may be attributable to preservation and other project activities.
- e. Noncash Local Grants-In-Aid. Costs incurred by a public body for restoring property of historic or architectural value or for moving a structure which will be restored and maintained for historic or architectural purposes may be eligible as noncash local grants-in-aid. (See 7216.1, Local Grants-In-Aid, chapter 2, section 3.)
- f. Urban Renewal Plan Requirements. In any urban renewal project area in which project funds are to be used to restore property, to move property for preservation purposes, or otherwise to promote historic or architectural preservation, the urban renewal plan shall state the preservation objectives and shall briefly summarize the preservation activities proposed to be carried out. (See 7207.1, Project Planning, chapter 4, section 2.)
- g. Protection of Historic and Architectural Values
- (1) Properties listed on the National Register. No property in the project area that is listed on the National Register shall be removed, demolished, or substantially altered by the LPA, nor shall any other project activity be undertaken which will have a substantially deleterious effect on such property, without the prior concurrence of HUD. All such actions must be fully justified in the Part I Loan and Grant Application or in subsequent project amendatories, as appropriate. Information concerning the properties in each municipality listed on the National Register may be obtained from the HUD field office or from the respective State liaison officer for

the National Register, who is appointed by the State governor. LPA's should confirm the current listings for every project, prior to submission of Part I Loan and Grant Application, because the National Register will be undergoing revision at frequent intervals.

- (2) Properties Acquired for a Project. Prior to entering into any disposal agreement for properties acquired for historic or architectural preservation activities, the LPA shall determine that the proposed redeveloper possesses the qualifications and financial resources to restore and maintain the property for historic or architectural purposes.
- (a) The disposal agreement shall obligate the redeveloper and his successors-in-interest, to restore (to the extent necessary) and maintain the property for historic or architectural purposes. The obligations of the purchaser and his successors-in-interest shall be contained in covenants running with the land, which covenants shall be recorded in the deed in accordance with local practice. Among other things, the obligations also may cover uses of the property (for example for public purposes such as a museum) or the periodic opening of private properties for public inspection.
- (b) The disposition instruments shall provide for enforcement and remedies, such as reversion, which the LPA or other public body may impose, if the redeveloper or his successors-in-interest default in the performance of the obligations. Such provisions shall be in accordance with State or local law.
- (3) Structures not Acquired, but moved by the LPA. Agreements for moving structures not acquired by the LPA, at project expense, shall obligate the owners, and their successors-in-interest, to restore (to the extent necessary) and maintain the structures for historic or architectural purposes. The redeveloper shall be obligated to incorporate into the deed for the new site, covenants comparable in content to those required for conveyance of acquired properties, as stated above.
-

- (4) Other Properties Not Acquired By LPA. An LPA may facilitate the achievement of preservation objectives through the acquisition of limited interests in properties. Under this procedure, the property owner is obligated, through covenants recorded against the land, to devote the property to historic and/or architecturally significant uses, or to comply with other stated restrictions in the interest of historic or architectural preservation.

11. AIR RIGHTS

Air rights include airspace or development rights above a specified horizontal plane, and such surface rights as are necessary for foundations, supporting columns, access facilities, and land needed to insure continuing compatibility between the surface and airspace uses. Air rights within an urban renewal project area may be disposed of for any use permitted under the urban renewal plan. If platforms and foundations are to be provided at project expense, however, the air rights site shall conform to the requirements set forth below under "Platforms for Air Rights Site in an Urban Renewal Area." In addition, an air rights project, with platforms and foundations provided at project expense, may be undertaken in an area that need not qualify as an urban renewal project area. (See 7226.1, Other Renewal Assistance--Air Rights Project.)

- a. Platforms for Air Rights Site in an Urban Renewal Area. Platforms and foundations may be provided for specified re-uses, at project expense, on an air rights site that includes air rights in an area consisting principally of land in highways, railways or subway tracks, bridge or tunnel entrances, or other similar facilities. The cost of constructing foundations and platforms, to provide an air rights site for low or moderate-income housing or for industrial or educational facilities, is eligible for inclusion in Gross Project Cost as a project improvement. (See 7209.1, Site Preparation and Project Improvements, chapter 1.)
- b. Requirements for Low- or Moderate-Income Housing Sites.
- (1) An air rights site for low- or moderate-income housing must be developed exclusively to provide housing (and related facilities and uses) designed specifically for,

and limited to, families and individuals of low- or moderate-income. (See definitions of low- and moderate-income housing earlier in this chapter.)

- (2) The LPA shall provide evidence that any other proposed facilities and uses of the air rights site, in addition to the housing use, are reasonably related to, and necessary for, the housing use of the site, unless such related use already has been approved as part of a housing project under a federally recognized low- or moderate-income housing program.
- (3) The development of the air rights site, including platforms, superstructures, screening, and related features, shall prevent the surface land use from blighting the housing and related uses of the airspace.
- (4) The proposed airspace must have continuing compatibility with land uses in the surrounding area.
- (5) The proposed development of the air rights site must be in conformance with the general plan for the locality.
- (6) The proposed acquisition of air rights and construction of foundations and platforms must be economically justifiable. A proposal for the construction of foundations and platforms to provide an air rights site in an urban renewal area will be considered economically justifiable, if the cost of providing the air rights site is not relatively more expensive than providing cleared land for the same use.
- (7) The provision of the air rights site must be authorized by State and local law.
- (8) Disposal of an LPA's interest in such an air rights site for low- or moderate-income housing, except for such rights as may be dedicated for project improvements serving the air rights uses, shall be made under Section 107, in accordance with the procedures and requirements prescribed in 7214.1, Land Marketing and Redevelopment, chapter 3, sections 2 and 3.

- (9) Provision for the construction of foundations and platforms, on an air rights site in an urban renewal area, must be included in a Contract for Loan and Grant, executed or amended, on or after September 2, 1964.

c. Requirements for Industrial or Educational Facilities Sites.

If development for industrial or educational facilities is contemplated, the LPA shall consult the HUD field office. Educational facilities must be for those uses related to the functions of teaching or research or to the housing, feeding, and care of students and faculty; or, for uses otherwise intended for the primary benefit of students or faculty. Such facilities may be public or nonprofit. (A "nonprofit corporation or association" is one organized for purposes other than making a profit for itself or for persons identified with it and which is in no manner controlled by, or under the direction of, persons or firms seeking to derive profit from its activities.)

CHAPTER 3. ZONING PROPOSALS**ZONING PROPOSALS FOR PROJECT AREA**

The zoning districts to be established within the project area shall be those which:

- (1) Most nearly correspond to land uses established by the Urban Renewal Plan.
- (2) Provide, as nearly as is possible, zoning regulations corresponding to the regulations, controls, or restrictions established in the Plan in connection with project-acquired property.
- (3) Provide adequate protection to the project area.

The boundaries of proposed zoning districts shall be delineated in the form in which they will be considered for official adoption. All proposals must be acceptable to the local planning agency.

TIMING OF ZONING CHANGES IN PROJECT AREA

Zoning changes shall be timed to:

- (1) Facilitate sound execution of the project.
- (2) Avoid piecemeal rezoning.
- (3) Avoid increases in the value of land to be acquired.

Clearance Projects

When the treatment proposed for a project area is entirely or primarily clearance, with less than 15 percent of the net project area designated for rehabilitation, zoning changes shall be scheduled for adoption as soon as practicable after acquisition of the property involved, and prior to the time that project-acquired property is turned over to a redeveloper under a sales or lease contract.

Rehabilitation Projects

When the treatment proposed for a project area is entirely or primarily rehabilitation, with only incidental clearance, zoning changes shall be scheduled for adoption as soon as practicable after execution of the Contract for Loan and Grant, and prior to completion of the property surveys which identify deficiencies requiring correction.

Combination Projects

When the treatment proposed for a project area includes substantial amounts of both clearance and rehabilitation, zoning changes shall be scheduled on the basis of factors affecting the particular project, and the probable effects of zoning changes on land acquisition and local attitudes.

When clearance and rehabilitation areas are clearly defined, it may be desirable to schedule zoning changes in two phases. The first phase would schedule early rezoning in the rehabilitation areas to demonstrate the locality's firm intent to follow through and support rehabilitation. The second phase would schedule rezoning in the clearance areas after acquisition of the property involved.

ZONING OUTSIDE PROJECT AREAS

Zoning outside the project area shall be adequate for the protection of the project area and the neighborhood or district of which it is a part.

CHAPTER 4. URBAN RENEWAL PLAN

SECTION 1. GENERAL REQUIREMENTS

The Urban Renewal Plan must meet the requirements of Federal, State, and local law. If the requirements of State or local law conflict with the requirements set forth here, the LPA shall so advise the Regional Office.

The Urban Renewal Plan must be approved by the governing body of the locality, with findings that:

- (1) The Federal financial aid to be provided is necessary to carry out the project in accordance with the Urban Renewal Plan.
- (2) The Urban Renewal Plan will afford maximum opportunity, consistent with the sound needs of the entire locality, for the renewal of the project area by private enterprise.
- (3) The Urban Renewal Plan conforms to a general plan for the development of the entire locality.
- (4) The Urban Renewal Plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the project.

HUD will not approve an Urban Renewal Plan which permits new construction of hotels or other housing for transient use in the redevelopment of project land unless the governing body of the locality has determined, as a result of a competent independent analysis, that there is a need for additional units of such housing in the area.

Where the reuse of the project area will be predominantly residential, the Urban Renewal Plan must provide, as a stated plan objective, that at least 20 percent of the number of dwelling units permitted by the Urban Renewal Plan on acquired property are for low- or moderate-income uses, and will result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas of the locality.

CHAPTER 4. URBAN RENEWAL PLAN

SECTION 2. OUTLINE AND PREPARATION

The Urban Renewal Plan must be clearly identifiable as a separate and complete document.

On the following chart of HUD requirements, the first column lists all the elements which must be included in the Plan. The second column lists the type of information required for each element.

If the LPA is required to include any other items for compliance with State or local law or for other reasons, it may do so, but the order of the items listed should not be changed.

The plan must be complete in all respects. It is advisable that it be developed in no greater extent or detail than is necessary to meet the requirements set forth in the following chart, and the requirements of State and local law. All maps which are a part of the Plan, except the boundary map (B1), may be diagrammatic only. Illustrative site plans prepared during project planning may be made a part of the Plan when they are either (1) required by State or local law or (2) an essential part of design controls or objectives included in the Plan. In either case, their applicability with respect to the Plan shall be clearly stated.

The Plan shall not contain any provisions restricting the occupancy or use of any part of the project area on the basis of race, color, creed, or national origin.

Urban Design criteria, while not mandatory, should be included in the Plan under B2 and C2b.

OUTLINE OF PLAN

ELEMENTS	PREPARATION
A. TABLE OF CONTENTS	Include all exhibits which are part of the Plan.
B. DESCRIPTION OF PROJECT	Include text and maps as appropriate.
1. Boundaries of Urban Renewal Area	Accurate description in a form which is capable of only one interpretation and a map which clearly and firmly establishes the perimeter boundary of project, and clearly delimits areas specifically to be excluded from project area.

OUTLINE OF PLAN

ELEMENTS

PREPARATION

- 2. Urban Renewal Plan Objectives

State all objectives of the Plan, including, as appropriate, removal of structurally substandard buildings, elimination of blighting influences, provision of low and moderate cost housing, provision of land for needed public facilities, removal of impediments to land disposition and development, achievement of changes in land use, and preservation of properties of historic and architectural value. In any project the reuse of which will be predominantly residential, a stated objective shall be the provision of a substantial number of housing units of low or moderate cost on land to be disposed of for residential purposes.

*

- 3. Types of proposed renewal actions

Brief summary statement covering clearance and redevelopment, or rehabilitation, or both; provision of public improvements; any proposed underground placement of utility lines; historic and architectural preservation activities; and any other significant actions as appropriate.

*

C. LAND USE PLAN

- 1. Land Use Map showing:

- a. Thoroughfare and street rights-of-way

Show major thoroughfare and important public streets and other public streets whose locations are fixed or, if tentative, are subject to only minor modifications. In any portion of project area planned for rehabilitation, show all public rights-of-way.

- b. All other public uses and, as required, institutional or special purpose uses

Include all easements and institutional or other limited special purposes uses, including educational or hospital uses as defined in 7216.1, Local Grants-in-Aid, Chapter 2, Section 3, to be estab-

OUTLINE OF PLAN

ELEMENTS	PREPARATION
	lished by the Plan and whose locations are fixed or which, if tentative, are subject to only minor modification.
	Low-rent public housing, if contemplated, shall not be included among public uses mapped in accordance with this requirement, unless required by State or local law, but may be treated as a residential use.
c. Land uses not covered by Cla and Clb	Land uses need not be broken down in greater detail than the categories established in the local zoning ordinance.
2. Land Use Provisions and Building Requirements	To be prepared for each use category mapped under Clb and Clc.
a. Statement of uses to be permitted	Uses must be detailed to the extent necessary to carry out the objectives of the Plan, except that the Plan shall not contain any provision limiting the use of any land to low-rent public housing. If low-rent public housing or some other form of low- or moderate-income housing, subsidized or unsubsidized, is contemplated, the permitted use should be specified as residential, with a statement that such housing is one of the permitted residential uses. Residential uses will not be permitted in areas acquired and planned for industrial redevelopment.
b. Additional regulations, controls, or restrictions to be imposed by the Plan on the sale,	The full provisions of all controls to be established by the Plan must be set forth in the Plan, and any changes in or additions to them must be similarly incorporated in the Plan by

OUTLINE OF PLAN

ELEMENTS	PREPARATION
<p>* lease, or retention of all real property acquired, and on the preservation of structures, not acquired, which are moved for historic or architectural purposes.</p>	<p>amendment. Reference to any documents which are not a part of the Plan will not be acceptable.</p>
	<p>Adequate provisions shall always be made to control maximum densities; land coverage; setbacks; offstreet parking and loading; and the building height or bulk to be permitted or required; and the restoration and maintenance of properties acquired or moved for the promotion of historic or architectural preservation. *</p>
	<p>Statements covering C2a and C2b shall be so drafted that they may be recorded in public land records.</p>
	<p>Unless required by State or local law, the Plan shall not include controls on rentals, sales prices, income limits, construction methods or materials, or financing methods. The Plan may indicate any intention to make property available for development of Section 107, new or rehabilitated housing for families or individuals of moderate income, and any intention to provide tax abatement or other public subsidy for this housing.</p>
<p>c. Statement specifying (1) the time the provisions and requirements established under C2a and C2b will be in effect, including any provisions for renewal or extension thereof, and (2) the date, on or after local approval of the Plan, when period of duration becomes effective</p>	

OUTLINE OF PLAN

ELEMENTS	PREPARATION
d. Applicability of provisions and requirements under C2a and C2b to real property not to be acquired	Brief statement of the extent to which the provisions and requirements of C2a and C2b are to be applicable to properties which are not to be acquired. As a minimum, these provisions and requirements shall be applicable to property in a clearance area which is not to be acquired when the owner thereof acquired project land.
D. PROJECT PROPOSALS	
1. Land Acquisition	
a. Identification of real property proposed to be acquired for:	Include maps identifying properties to be acquired for the purposes specified.
(1) Clearance and redevelopment, including spot clearance, and development of vacant land	
(2) Supporting facilities and project improvements	
(3) Rehabilitation	
(4) Historic and architectural preservation	
b. Statement of the special conditions under which properties not designated for acquisition may be acquired and, when possible, identification of any properties which may fall into this category	

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OUTLINE OF PLAN

ELEMENTS	PREPARATION
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2. Rehabilitation

Property Rehabilitation Standards to be established for real property within the project area which is not to be acquired.

For residential properties in rehabilitation areas, Property Rehabilitation Standards shall be not less than the modified FHA Minimum Property Standards developed for the area as a basis for insuring Section 220 mortgages.

3. Redevelopers' Obligations

Statement of the obligations to be imposed upon redevelopers to assure construction of improvements within a reasonable time and in conformity with the Plan and, to the extent necessary, to ensure that some or all of the housing is made available at a sales price or a rental that low- or moderate-income persons and families can afford

Construction of improvements includes the rehabilitation or restoration of improved properties disposed of by the LPA.

4. Underground Utility Lines

Statement describing any proposed underground placement of utility distribution lines.

OUTLINE OF PLAN

ELEMENTS	PREPARATION
* 5. Temporary Project Improvements and Facilities	Identification of construction of temporary parks and playgrounds, or temporary construction or reconstruction work on existing publicly-owned streets and utility lines and statement of how these improvements will further urban renewal objectives.
E. OTHER PROVISIONS NECESSARY TO MEET STATE AND LOCAL REQUIREMENTS	*
F. PROCEDURE FOR CHANGES IN APPROVED PLAN	Statement of procedure by which amendments, or other changes in the Plan, will be effected after local approval
Any Plan change which causes a project to become predominantly residential must include low- and moderate-income housing provision requirements.	

CHAPTER 4. URBAN RENEWAL PLAN

SECTION 3. PLAN CHANGES

1. CHANGES REQUIRING HUD APPROVAL. HUD recognizes that in the course of executing an approved urban renewal plan, changes in such plan may be warranted. The urban renewal plan contains provisions for effectuating such changes. Most of these changes are of such a nature that prior HUD review and approval are unnecessary. However, some changes may affect the basis upon which HUD originally approved the project and therefore must be reviewed and approved by HUD prior to effectuation. Accordingly, HUD review and approval of urban renewal plan changes are required when the proposed changes affect the categories specified below.

- a. National Goals. A proposed change in the national goal under which the project was approved must be reviewed and approved by HUD. For example, a proposed plan change which reduces the number or proportion of low- or moderate-income housing units to a level below the minimum required to meet national goals and statutory requirements established for the project must be reviewed and approved by HUD.
- b. Basic Project Objectives. It is HUD's intention to permit the LPA maximum flexibility in adjusting urban renewal plans without seeking prior approvals in cases where basic project objectives are not being affected. Therefore, the proposed addition or deletion of a basic project objective or any proposed change, that substantially affects the degree to which a basic objective will be achieved, are the only changes that must be reviewed and approved by HUD. This includes:
 - (1) The addition or deletion of a primary land use, i.e., residential, commercial, or industrial;
 - (2) The substantial increase or decrease in the intensity of development, in the project area as a whole, of a primary land use;
 - (3) The addition or deletion of a major street in the project, a major public facility which serves the project or a major public or semipublic facility within the project;

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PROJECT PLANNING
CHAPTER 4 SECTION 3

- (4) A substantial increase in the amount of clearance proposed;
 - (5) Any additional acquisition not previously authorized by the plan.
- c. Loan and Grant Contract Provisions. A proposed plan change which involves a change in any provision of the loan and grant contract shall be reviewed and approved by HUD. This includes:
- (1) An increase or substantial decrease in the project capital grant, relocation grant, rehabilitation grant, or temporary loan;
 - (2) A change in project boundaries;
 - (3) A change in any special condition of the contract.
- d. Approved Relocation Plans. Plan changes will be submitted to HUD if they will result in a significant increase in the estimated relocation workload, or a decrease in planned relocation housing resources.
- e. Hotels or Other Transient Housing. Plan changes, which provide for new hotels or transient housing or significant additions to the number of units of such housing already provided in the plan, require prior HUD concurrence.
2. EFFECT OF LAND DISPOSITION. A proposed plan change that involves changes in the project area or land reuses shall be reviewed to determine the need for additional reuse appraisals, revision of the land utilization and marketability study, and, revision of estimates of land disposition proceeds.
3. EFFECT ON COOPERATION AGREEMENTS FOR LOCAL GRANTS-IN-AID. Cooperation agreements or similar undertakings for the provision of local grants-in-aid shall be reviewed to determine whether the proposed change will require their revision. If a revision will be required, the LPA shall submit the proposed revision, together with an indication of the donor's willingness to accept it.
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4. EFFECT ON OTHER PROJECT PLANS. If a proposed plan change requires revision of other project plans, a description of these revisions shall be submitted in the same degree of detail as the original submission. Form HUD-6200, Project Cost Estimate and Financing Plan, and Form HUD-6220, Project Expenditures Budget, shall be submitted whenever any change in project costs or financing is involved, even if the change does not result in any revision of the amounts of loan or capital grant.

5. AMENDATORY APPLICATION FOR LOAN AND GRANT. An Amendatory Application for Loan and Grant will be required if the proposed plan change will involve any of the following:

- a. A change in project boundaries;
- b. An increase in the amount of loan or capital grant provided for in the existing contract; or
- c. A change in any of the provisions of the existing contract.

The application shall be filed on Form HUD-612, Application for Loan and Grant¹. This form shall be accompanied by a resolution of the governing body of the LPA authorizing the filing of the application and by a legal opinion in the form specified for the filing of an original application.

6. LOCAL APPROVALS. Plan changes must receive the same local approvals as original submissions. Following HUD approval of a plan change, the LPA shall obtain the required local approvals and submit the same documentation as required for a Part II Loan and Grant Application.

7. SUBMISSION REQUIREMENTS. For those changes which require HUD's prior concurrence, the LPA may submit the changes to HUD in the proposed form, including a description of the reasons for the changes, and the effect the proposed changes will have on the project. Upon receipt of HUD approval, the LPA shall make the changes and submit the appropriate proclaimer to HUD. The required proclaimer is set forth as appendix 1. A proclaimer for changes not requiring prior HUD review and approval shall be submitted to HUD as soon after effectuation as possible. A copy of the change, either in the form of an addendum to the plan or revised pages of the plan shall always be submitted with the proclaimer certificate. Except on a postaudit

basis, however, HUD will not review matters covered by the pro-claimer certificate. In the event that the LPA is uncertain about whether a proposed change requires prior HUD review and approval, it should informally seek HUD advice.

**PROCLAIMER CERTIFICATE
RELATIVE TO URBAN RENEWAL PLAN
AMENDMENTS, CHANGES, OR MODIFICATIONS**

(INSTRUCTIONS: Submit one signed copy with a copy of the general resolution to HUD. Retain one signed copy in LPA files, together with any supporting documentation necessary to support the certification.)

I, _____, the duly appointed, qualified, and acting /Executive Director/ of /Name of Local Public Agency/, herein called the "Local Public Agency", hereby certify that I have been authorized, by Resolution No. _____, duly adopted by the /Governing Body/ of the Local Public Agency at a /regular/special/ meeting on _____ (Date) _____, as set forth in the minute book on file at _____, to make the following certification and that the statements contained herein are true and correct to the best of my knowledge and belief:

1. Attachment A, attached hereto as part hereof, comprising _____ pages and dated _____, 19 ____, is a true and correct copy of page(s) _____, Map No. _____, constituting part of /Title of urban renewal plan_/ for the /Name/ urban renewal area. Such Attachment A reflects all modifications to the urban renewal plan since _____, 19 ____, and the official proceedings respecting the local approval of such modifications is on file in the office of _____ located at _____.

2. A copy of the urban renewal plan as so modified is filed and available for public inspection in the office of _____ located at _____.

3. Documents in the files of the Local Public Agency indicate that the following actions have been completed regarding the amendment of the urban renewal plan (as concurred in by HUD on _____ (Date) _____ and as approved by the local governing body of the municipality on _____ (Date) _____).

- a. The modified urban renewal plan has been reviewed by the Local Public Agency and has been found to conform to the objectives, plan, or priorities established in the Workable Program for Community Improvement, and /Name of local body or official responsible therefor/ has concurred in such finding,

- b. The major land uses, major circulation system, and major public uses and facilities shown in the modified urban renewal plan have been reviewed by the Local Public Agency and have been found to conform to those in the general plan for the development of the locality as a whole and Name of local body or official responsible therefor has concurred in such finding.
- c. The Local Public Agency has secured written concurrence in the modification by all redevelopers determined by the Local Public Agency counsel to be affected by the modification.

either

d. There are no outstanding restrictive covenants or recorded plats affected by the modification in the urban renewal plan. /

or

d. The Local Public Agency has revised or is in the process of revising any outstanding restrictive covenants and any recorded plats to reflect the changes caused by the modification to the urban renewal plan. /

4. The local governing body and project area committee were provided with written notification of this amendment at least 14 days prior to the effective date of this change. A copy of the final amendment was provided to the local governing body and project area committee on _____ (Date) _____.

*5. Major changes in the urban renewal plan proposed by the Local Public Agency were forwarded (with appropriate accompanying documentation) to HUD for approval on _____ (Date) _____. Approval of conformance of the proposed changes with the Workable Program was received from HUD on _____ (Date) _____.

* Applicable only to major plan changes previously approved by HUD.

*6. The modified urban renewal plan satisfies written comments, dated _____, 19____, by HUD following its review of a copy of the proposed modifications to such plan, submitted by the Local Public Agency on _____ (Date) _____, 19____. /

* Applicable only to major plan changes previously approved by HUD.

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7. A revised Form HUD-6120, Summary of Project Data, which accurately reflects this modification is submitted herewith./

8. All zoning changes, revisions, map changes or other zoning action necessitated by the modification have been submitted to the /local body or official responsible./

Any false statement made knowingly herein may subject the signer to civil penalties under Section 231 of Title 31 of the United States Code and, if such statements are made willfully and knowingly, to conviction for a felony under Sec. 1001 of Title 18 of the United States Code.

Date

/Name of Executive Director/
Executive Director
/Name of Local Public Agency/

I, _____ counsel to the above-named Local Public Agency and duly licensed to practice law in the State of _____ join with the above-named officers in certifying to the truth and accuracy of paragraphs 1 and 2 above. It is my opinion that all of the procedural requirements, approvals, and other actions and formalities required under State law and local law to make the modified urban renewal plan legally effective have been duly fulfilled, taken, and completed, as the case may be. To my knowledge, there is/no/pending or threatened litigation of any kind concerning the modified plan or the /Name of urban renewal project/, /and such litigation is described in the attachment hereto./

An additional legal opinion respecting the modified plan and bearing the same date as the opinion herein has been signed and submitted by me to the Local Public Agency and is on file and available for public inspection in the office _____ located at _____. The additional opinion conforms to the opinion herein but is set forth in expanded detail, and, if submitted to HUD, would comply with all applicable current requirements of said Department relative to the submission of legal opinions in support of the initiation and continuation of Federal assistance to urban renewal projects under Title I of the Housing Act of 1949, as amended to date.

Any false statement made knowingly herein may subject the signer to civil penalties under Sec. 231 of Title 31 of the

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APPENDIX 1

United States Code and, if such statements are made willfully and knowingly, to conviction for a felony under Section 1001 of Title 18 of the United States Code.

Date

[Signature/

CHAPTER 5. SUBMISSION REQUIREMENTS

SECTION 3. MAP AND PLAN PRESENTATION

Maps, plans, and other graphic material required to be submitted shall use, to the greatest extent possible, reproductions of existing documents in order to reduce drafting costs. However, all maps and plans that are to form a part of the Urban Renewal Plan shall be new documents prepared especially for this purpose.

The boundaries of the project area shall be clearly shown on all maps.

A standard scale for plans and maps is not specified. However, except for citywide maps and where specifically indicated otherwise, all maps shall be prepared at a scale of at least 200 feet to one inch. The greater the amount of information or detail to be shown, the larger the scale shall be.

As a general rule, no sheet shall be larger than 34" x 49", and for each project a uniform sheet size shall be maintained. Sheets shall be of such dimensions as to permit ready folding in the binders used.

If the area to be shown is of such size that the necessary information cannot be shown on the standard size sheet selected, two or more sheets shall be used properly matchmarked to show their relationship to each other and to a small scale key map of the entire area. The key map shall show and identify the sections of the area depicted on the several maps of the sets, and shall be shown in small scale in one corner of each sectional map or on an index map at a scale that will fit on the standard size sheet selected for the set.

Each map shall bear a title block in the lower right-hand corner providing the following information:

- (1) Title of map (for example: "Existing Land Use").
- (2) Project name.
- (3) Name of LPA.
- (4) Locality, County, State.
- (5) By whom prepared if by other than LPA staff.
- (6) Date of completion.

- (7) Revision dates, if any.
- (8) Graphic scale.
- (9) Project report checklist code number.

Each map shall be oriented so that the northerly side of the area shown is approximately at the top or left, depending on the shape of the tract. A north point shall be shown on each map.

Each map shall carry a legend identifying the various symbols used in its presentation.

Each map shall show the names of existing streets, streams, and railroads.

Each map prepared by a contractor who is a registered professional engineer, architect, or land surveyor shall bear a certification by the individual over his signature and title and the number of his registration certificate.

Each map requiring approval by the local planning agency, the city engineer, the board of public works, or any other local, State or Federal department or agency shall bear a stamp or statement of such approval, showing the date and the signature and title of the person authorized or empowered to certify to the approval.

CHAPTER 1. PROJECT IMPROVEMENTS

The term "project improvements" covers the installation, construction, or reconstruction of public improvements within a project area which are necessary for carrying out the objectives of the Urban Renewal Plan.

The cost of a project improvement may be charged to Item 1 of Gross Project Cost or at the option of the LPA may be offered as a non-cash local grant-in-aid (Item 2 of Gross Project Cost). (See 7216.1, * Local Grants-in-Aid, Chapter 2, Section 3.)

The scope, character, and general design features of the improvement, however, will be evaluated in the same manner whether it is charged to Item 1 or Item 2.

Following are lists of types of improvements that may be eligible, and that are not eligible, as project improvements. The eligibility of any other type of improvement will be determined by HUD on a case basis. In order to avoid delay in HUD processing, the LPA should refer any such questions of eligibility to the Regional Office at the earliest practical date before submission of the Part I Loan and Grant Application.

ELIGIBLE PROJECT IMPROVEMENTS

- (1) Streets, except expressways, freeways, and other limited access streets.
- (2) Curbs, gutters, and sidewalks.
- (3) Publicly built and owned and permanently affixed improvements on streets and other public rights-of-way. The following improvements are eligible:
 - (a) Traffic lights.
 - (b) Traffic control and street name signs and their mounting posts.
 - (c) Structures for consolidating signs.
 - (d) Street lighting.
 - (e) Bus shelters.

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- (f) Benches.
 - (g) Containers for trash receptacles.
 - (h) Landscaping, including tree planting, and provision of planter boxes or tubs. (See Item (10) below with respect to planting of street trees.)
 - (i) Canopies over public sidewalks, malls, or other pedestrian ways in a commercial area that are separate structures detached from any building.
- (4) Overpasses and underpasses for vehicular or pedestrian traffic which either:
- (a) Are part of, or made necessary by, an entirely new street or other improvement being provided as a project improvement.
 - (b) Are necessary to prevent hazards to, or provide for pedestrian access to, uses within the project area.
- * (5) Bridges which are integral parts of, or extensions to streets within the project, are generally eligible under the same provisions as streets of which they are a part. For a further definition of the eligibility of bridges located on the boundary of an urban renewal project, see BOUNDARY STREETS AND RELATED IMPROVEMENTS, below. *
- (6) Fire and police communication systems.
- (7) Publicly owned utility facilities. Buildings that are an integral part of the facilities and are of such a nature that the improvement will not function without them may be eligible for inclusion as part of the improvement. The following utility facilities are eligible:
- (a) Local water distribution lines, including fire hydrants.
 - (b) Electric and gas distribution systems.
 - (c) Separate sanitary sewers which do not contribute in any significant degree to the pollution of any natural waterway.
 - (d) Open or pipe storm drains.
 - (e) Combined storm and sanitary sewers if there is adequate provision for treating the combined effluent; although, wherever there are long-range comprehensive sewer system

plans providing for the separation of combined sewers, sewerage construction in urban renewal areas served by such systems must provide for separate sewers.

- (f) Culverts.
- (g) Local channel improvements.
- (8) Local parks, playgrounds, and pedestrian overlooks, except those with interior access drives or parking areas. The following related items are eligible:
 - (a) Pedestrian walks.
 - (b) Permanently affixed benches and seats.
 - (c) Lighting.
 - (d) Permanent equipment for tot-lots.
 - (e) Fencing.
 - * (f) Decorative features such as pavements, railings, sculpture and other works of art, pools of water and fountains. (See "Design Features and Works of Art" below.) *
 - (g) Permanently affixed containers for trash receptacles.
- (9) Rough grading, when necessary to make land disposal for proposed uses.
- (10) Finished grading and essential landscaping, only in connection with other eligible project improvements. However, planting of street trees is eligible without regard to the eligibility of other street improvements.
- (11) Flood protection measures designed as complete and separate improvements, such as levee, fill, flood wall, revetment, or bank erosion control. (See "Flood Protection Work" below.)
- (12) Retaining walls and bulkheading that are an essential part of either:
 - (a) Eligible street improvements or flood protection measures.
 - (b) Eligible rough grading.

- (13) Preparation of air rights sites, design and construction of foundations, platforms, and site access facilities for the provisions of air rights sites for (a) housing (and related facilities and uses) designed specifically for, and limited to, families and individuals of low or moderate income, or (b) development of industrial or educational facilities.
- (14) Restoration of properties acquired by the LPA which are of historic or architectural value. (See RHA 7207.1, Project Planning, Chapter 2, and section below entitled "Restoration of Acquired Properties of Historic or Architectural Value.")
- * (15) Pedestrian malls and walkways, including, in the case of an enclosed mall or walkway, any necessary:
 - (a) Roofs.
 - (b) Walls.
 - (c) Columns.
 - (d) Lighting.
 - (e) Climate control facilities. *

INELIGIBLE PROJECT IMPROVEMENTS

- (1) Utility service connections, except those normally provided by the public entity without direct charge to the consumer.
- (2) Privately owned utility facilities. (See RHA 7209.1, Site Preparation and Project Improvements, Chapter 2, for policies governing the eligibility as a site clearance activity of the cost of removal or relocation of such facilities, and for policies governing the eligibility of the cost of the underground placements of privately owned utility distribution lines.)
- (3) Parking meters.
- (4) Off-street parking and loading facilities.
- (5) Private walks and driveways.
- (6) Finished grading and landscaping, except as described above in Items (3)(h) and (10) under "Eligible Project Improvements."
- (7) Signs, other than traffic control and street name signs.

TEMPORARY PROJECT IMPROVEMENTS

The cost of certain temporary project improvements will be considered eligible Item 1 costs if such improvements are provided for in the Urban Renewal Plan and where it is determined that construction of these improvements or facilities will further the urban renewal objectives. Eligible items are:

- (1) Construction of temporary parks and playgrounds.
- (2) Temporary construction or reconstruction work on existing publicly owned streets and utility lines.

If a temporary project improvement is contemplated after the urban renewal plan has been approved, the land on which the temporary improvement is to be constructed must already be in public ownership or has been or is to be acquired, for other project purposes. Plan modifications necessary to permit project improvements will be considered minor plan changes.

CONFORMANCE WITH LOCAL STANDARDS

Project improvements that conform to local standards which are (1) related to project needs and (2) in effect and being generally observed, throughout a community, will be acceptable to HUD from the standpoint of design, unless the standards are found to be too low to support the urban renewal objectives.

The LPA may prepare contract documents, plans, and specifications for specific project improvements, based upon their conformance to local standards, or standards necessary to support urban renewal objectives. Although such contract documents, plans, and specifications must be submitted, HUD need not review and approve such contract documents, plans, and specifications, if accompanied by the proclaimer certificate in appendix 1, Chapter 4, Section 2 of 7209.1. These contract documents, plans, and specifications shall be in accordance with the current guide form of contract documents for Site Preparation (HUD-674) except for changes having received prior written HUD approval.

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See "Design Features and Works of Art" below and RHM 7209.1, Site Preparation and Project Improvements, Chapter 2, for certain exemptions.

IMPROVEMENTS OF EXCESS SIZE OR CAPACITY

If an otherwise eligible project improvement is of excess size or capacity under the "conformance with local standards" policies set forth above, the following policies apply.

The portion of the total cost of an oversized project improvement that may be included in Gross Project Cost shall be based on the ratio of the size or capacity meeting the "conformance with local standards" policies to the total size or capacity of the improvement. Specifically:

- (1) If the ratio is less than 10 percent, no part of the cost is eligible.
- (2) If the ratio is more than 80 percent, the full cost is eligible.
- (3) If the ratio is from 10 percent to 80 percent, inclusive, the portion of the cost that is eligible is equal to that ratio.

The appropriate portion of the cost of an improvement, in accordance with (2) or (3) above, may be financed with Item 1 project expenditure funds and included in Item 1 of Gross Project Cost, provided:

- (1) The public body contributing the portion of the cost of the improvement that is eligible as an Item 1 expenditure provides adequate assurance that it will either:
 - (a) Prior to award of the construction contract or authorization of force account work, pay to the LPA the full estimated cost of the ineligible portion of the total cost of the improvement; or
 - (b) During the course of construction, make periodic payments to the LPA which will fully cover the ineligible portion of the total cost of the improvement as partial payments to the contractor become due.
- (2) Engineering design, bidding procedures and award of contracts, performance of work by force account, and supervision of construction must be accomplished in accordance with the requirements of RHM 7209.1, Site Preparation and Project Improvements, Chapter 4.

RHM 7209.1

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DESIGN FEATURES AND WORKS OF ART

Architectural features and similar design treatment intended to enhance the esthetic quality of the improvement may be included in the cost of a project improvement charged to Item 1 of Gross Project Cost or offered as a noncash local grant-in-aid.

However, the cost of an architectural feature, design treatment, or decorative feature such as pavements, railings, sculpture, pools of water and fountains, is eligible for inclusion as an Item 1 expenditure only if the cost is clearly not extravagant in relation to the facility of which it is a part and the objectives of the urban renewal project.

A decorative feature or work of art associated with a project improvement may not honor a living person.

The "conformance with local standards" policy does not apply to architectural features and similar design treatment or to works of art.

* BOUNDARY STREETS AND RELATED IMPROVEMENTS FOR URBAN RENEWAL PROJECTS WITH LOAN AND/OR CAPITAL GRANT CONTRACTS APPROVED BEFORE OCTOBER 1, 1969.

50-Percent Limitation

Except as provided below, the portion of the total cost of a boundary street and related improvements, for urban renewal projects with loan and/or capital grant contracts approved before 10/1/69, that is eligible for inclusion in Gross Project Cost, either as an Item 1 project expenditure or as a noncash local grant-in-aid, shall be 50 percent of the portion of the cost allowable under the "conformance with local standards" or "improvements of excess size or capacity" policies. As used herein, a boundary street is one that directly serves both project frontage and nonproject frontage abutting the project area, and related improvements include project improvements that are located on or in the boundary street. *

Exceptions to 50-Percent Limitation

The 50-percent limitation does not apply:

- (1) Where the frontage outside the project area receives no benefit from a boundary street or related improvements because of a natural or artificial barrier, such as a lake, ravine, cliff, bluff, or railroad. Land in public or institutional use is not considered a barrier.

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- (2) Where any improvement serves the project area exclusively, even though all or part of the improvement is located on or in a boundary street.
 - (3) Where a sidewalk on a boundary street is of a width in excess of local standards and the excess width is required to serve a specific project need adequately. In this case, 100 percent of the cost of providing the width in excess of local standards and 50 percent of the cost of that portion of the sidewalk that conforms to local standards shall be eligible for inclusion in Gross Project Cost.

Bridges Located on Project Boundaries

A bridge which directly serves land uses in both project frontage and nonproject frontage abutting the project area will be eligible for inclusion in Gross Project Cost, if a substantial portion of the bridge structure (more than 20 percent) is located within the project area.

The portion of allowable cost eligible for boundary bridges varies with situations:

- (1) Where the bridge is located within the boundary street and each end is half within the project boundary, 50 percent of the portion of allowable cost will be eligible.
- (2) Where the bridge is serving as an extension of an interior street but is located at the project boundary, with one end within the project and one end outside the project, 50 percent of the portion of allowable cost will be eligible.
- (3) Where the bridge is located at the project boundary but serves as an extension of two streets, both of which are boundary streets, 50 percent of the portion of allowable cost will be eligible.
- (4) Where a bridge is located at the project boundary and serves as an extension of one boundary street, 25 percent of the portion of allowable cost will be eligible.

* BOUNDARY STREETS AND RELATED IMPROVEMENTS FOR URBAN RENEWAL PROJECTS WITH LOAN AND/OR CAPITAL GRANT CONTRACTS APPROVED ON OR AFTER OCTOBER 1, 1969.

Eligibility

Boundary streets, in urban renewal projects with loan and/or capital grant contracts approved on or after 10/1/69, are eligible to the same extent that interior streets are eligible.

Bridges Located on Project Boundaries

A bridge which directly serves land uses in both project frontage and nonproject frontage abutting the project area will be eligible for inclusion in Gross Project Cost, if a substantial portion of the bridge (more than 20 percent) is located within the project area.

The portion of allowable cost eligible for boundary bridges varies with situations, as described below:

- (1) Where the bridge is located within the boundary street and each end is half within the project boundary, 50 percent of the portion of allowable cost will be eligible as a site improvement and 50 percent as a supporting facility.
- (2) Where the bridge is serving as an extension of an interior street but its end is outside the project, 50 percent of the portion of allowable cost will be eligible.
- (3) Where the bridge is located at the project boundary but serves as an extension of one or two streets, both of which are boundary streets, 50 percent of the portion of allowable cost will be eligible.

Application of Requirements

These requirements shall apply to all urban renewal projects with loan and/or capital grant contracts approved on or after 10/1/69, regardless of subsequent amendment to the contracts or projects.

REVENUE-PRODUCING PUBLIC UTILITIES

Any revenue-producing public utility is not an eligible project improvement if the capital cost is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges.

COORDINATION WITH RELATED OFF-SITE PUBLIC IMPROVEMENTS

When proper operation of proposed project improvements depends on construction of related off-site public improvements, there must be satisfactory assurance that such improvements will be available when needed.

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- * With the Part I or Combined Part I-II Loan and Grant Application, the LPA shall provide evidence that the related public improvements will be provided. (See RHM 7209.1, Site Preparation and Project Improvements, Chapter 3.) *

RECONSTRUCTION, REPAIR, AND MAINTENANCE WORK

Reconstruction of existing improvements which are otherwise eligible may be eligible as a project improvement when such work is necessary to bring the improvement to acceptable current standards.

Normal repair or maintenance work, however, is not eligible. Patching holes or cuts in pavements, leveling existing wearing surfaces, sealing cracks, and cleaning side or drainage ditches, pipe sewers, or drains are examples of maintenance work which are not eligible as a project improvement.

Completely rebuilding an improvement or removing and reconstructing sizable broken sections of curb, gutter, pavement, sidewalks, sewers, or drains will be considered eligible when such work meets the above test. Completely resurfacing streets, other than that of a temporary nature, also will be eligible.

FLOOD PROTECTION WORK

Flood protection work undertaken as a project improvement or offered as a noncash local grant-in-aid (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2) must be clearly necessary to achieve sound renewal of the project area; its cost must be reasonable in terms of the community objectives gained; and there must be neither duplication of, nor conflict with, other work contemplated that will provide protection for the project area.

Consultation on Flood-Plain Problems

In order to coordinate flood protection work with project and community objectives, consultation on the part of the LPA and the HUD Area Office with the Federal, State, and local agencies having responsibilities in the correction of flood-plain problems is required so that:

- (1) The uses under the Urban Renewal Plan will be consistent with the degree of flood protection available or to be provided.
- (2) The Urban Renewal Plan does not create obstacles to carrying out flood protection work that is anticipated by these agencies; for example, permit permanent building on the course of a future channel or dike.

- (3) The proposed work will not:
- (a) Duplicate flood protection work scheduled by other agencies for accomplishment with a reasonable period of time.
 - (b) Be in conflict with other flood protection work that may be contemplated by Federal, State, or local agencies.
 - (c) Cause adverse effects on other areas without provision of appropriate remedial measures.

Before any flood protection work may be considered as a project improvement, the LPA shall submit evidence that the flood protection work has been coordinated with other similar work and meets the tests stated above.

Eligibility

Urban renewal funds may not be used for a project for which the provision of flood protection is the primary objective. In order for flood protection work to be eligible as a project improvement, the work must be a secondary consideration to the elimination of slums and blight, and the following conditions must be met:

- (1) The work must lie wholly within the project area and be no more than is necessary to protect the proposed land uses in the project area.
- (2) Any protection to nonproject areas is of only an incidental nature.

In addition, the cost of flood protection work that is proposed in the project financing plan as a project improvement must be fully justified in terms of community objectives to be gained, such as:

- (1) Proposed reuses of cleared land in the project area requiring protection have special significance to the community, calling for redevelopment because of its location, lack of alternative sites, or similar factors.
- (2) Treatment to halt deterioration in a rehabilitation section within the project area is dependent on the protection proposed.

WATER POLLUTION PREVENTION, CONTROL, AND ABATEMENT

A positive showing that water pollution control needs have been considered in planning and installing all sewerage improvements must be made by the LPA. To determine whether renewal treatment might increase appreciably the level of water pollution, the comparison of the levels of pollution shall be based on existing population, and use, at the time of the submission of the Survey and Planning Application, and the

expected project population, and use, at the completion of project development or redevelopment. Completion of the pollution abatement facilities by the time of project completion is not mandatory, but there must exist a firm commitment of a binding nature that such facilities will be completed within a reasonable time.

Extension of Sanitary Sewers

Extension of separate sanitary sewers beyond the project boundary to logical points of connection with another element of the local sewer system, or to a treatment plant, may be required to make the project improvements function properly. Such extensions may not be charged to Item 1 of Gross Project Cost, but may be offered as noncash local grants-in-aid as supporting facilities. (See RHM 7216.1, Local Grants-in-Aid, Chapter 2, Section 2.)

Local Approvals

The LPA is responsible for obtaining approvals at all non-Federal governmental levels, including State, county, and municipal, for sewerage to be charged to Gross Project Cost. In all cases, the final approvals must include that of the State health department, or the agency having equivalent jurisdiction, as well as that of other public agencies having the legal authority to examine plans or projects, and that of any municipal department or operating agency having jurisdiction over the completed improvement or facility.

RESTORATION OF ACQUIRED PROPERTIES OF HISTORIC OR ARCHITECTURAL VALUE

Sites and structures (including buildings), or other properties of historic or architectural value, may be restored by the LPA as an eligible project improvement.

General Conditions and Requirements

The following conditions govern the restoration of properties:

1. The property must conform to the criteria to demonstrate historic or architectural value. (See RHM 7207.1, Project Planning, Chapter 2, pages 4 through 4-5.)
2. The property must be acquired by the LPA and must remain in the urban renewal area.
3. The LPA must demonstrate the necessity to restore the property as a project expenditure, including the reasons why preservation objectives could not reasonably be achieved if the property were not restored at project cost. (See RHM 7206.1, Chapter 2, Code No. R-212.)

4. The property must have a reasonably visible identity as a property of historic or architectural value. Thus, total or near total reconstruction is not an eligible project improvement. In the case of a building, for example, if only a foundation, or one or two walls are the present remaining visible evidence of the building, "restoration" or reconstruction cannot be undertaken at project expense.
5. Restoration need not involve the reversion of the property to its original design. Additions made over the years frequently are significant elements of the present character of the property.
6. LPA's should take advantage of flexibilities in building codes to accomplish restoration or preservation within such codes without destroying the significant characteristics of the buildings. However, where local codes are too rigid to permit effective restoration, LPA's should attempt to secure modifications of, or exemptions from, code requirements from the appropriate authorities.

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- * 7. The property may be restored for any use consistent with the Urban Renewal Plan.
8. Property which has been restored by the LPA shall be disposed of at fair value to public, nonprofit or private bodies or to individuals willing to maintain the property for historic or architectural purposes.
9. The historic or architectural purposes (which normally will include design controls and use controls) and the maintenance requirements shall be specified for each property disposed of by the LPA and, in accordance with local practice, shall be recorded as covenants running with the land. A covenant shall state that it is binding on every successor in interest to the property.
10. Property in public ownership may not be acquired for restoration by the LPA if, after restoration, the property will be disposed of for public ownership.
11. The exterior of any structure restored at project expense shall be accessible to public view. Similarly, the interior shall be accessible to public view on a regular and frequent basis where the interior is restored at project expense.

Eligible Project Costs

1. For properties to be disposed of for public or nonprofit institutional use, project expenditures may be made for the structural stability and exterior of buildings, the interior of buildings, and site improvements as follows:

a. Structural stability and exterior of buildings

- demolition as necessary to expose surfaces to be restored
- repair and reconstruction, including foundations, to make the building structurally safe in accordance with local codes and ordinances
- complete restoration of the exterior

b. Interior of buildings, provided the portion of the interior restored will be accessible to the public on a regular and frequent basis.

- complete restoration of the interior building components, including detailed restoration of nonstructural elements, such as balustrades, moldings and fireplace mantels, and of interior works of art which are an integral part of the *

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* structure, such as frescoes or murals.

c. Site improvements

- which are necessary to restoring the architectural or historic character of the property, including finished grading, landscaping, retaining walls, pedestrian walks, driveways, and utility service connections.
- for properties to be disposed of for public uses, eligible site improvements may also include benches, lighting, drinking fountains, trash receptacles, fencing, and nominal parking spaces for the use of full-time employees and maintenance vehicles.

d. Specifically ineligible are the following: furnishings; and special equipment, such as interior lighting effects, display cases, or other installations designed and necessary to convert a building for a specific public or nonprofit institutional use.

2. For properties to be disposed of for private use (other than nonprofit institutional), restoration at project expense may be undertaken only for structures the exterior of which is accessible to the public view, and for the following in particular:

a. Structural stability and exterior of buildings

- demolition as necessary to expose surfaces to be restored
- repair and reconstruction, including foundations, to make the building structurally safe in accordance with local codes and ordinances
- complete restoration of the exterior

b. Interior of buildings

- work which is clearly necessary to achieve the restoration of the exterior and to assure the structural stability of the building in accordance with local codes and ordinances.
- additional work only to that extent necessary to make the building salable subject to the requirements and covenants to be imposed on the property by the LPA; including plumbing, electrical, heating control, and basic interior finishes.

c. Site improvements

- which are necessary to restoring the architectural or historic character of the property, including finished grading,*

- * retaining walls, pedestrian walks and driveways, and necessary utility service connections.
- d. Specifically ineligible are the following: landscaping; detailed restoration of nonstructural elements, such as balustrades, moldings and fireplace mantels, and of interior works of art which are an integral part of the structure, such as frescoes or murals; furnishings; and special equipment, such as interior lighting effects, display cases or other installations designed and necessary to convert a building for a specific private use.
3. \$90,000 is the maximum which the project may incur for the restoration of any single property. This amount may be used in conjunction with other public or private funds if restoration costs exceed \$90,000.

CHAPTER 2. SITE CLEARANCE

ELIGIBLE ACTIVITIES

Site clearance may include the following within the project area when necessary for carrying out the objectives of the Urban Renewal Plan:

- (1) Demolition of structures, removal of slabs on grade, removal of foundations to required elevations, breaking up basement slabs to prevent seepage, and filling of basements with suitable material.
- (2) Breaking up and removing of abandoned street paving, curbs, gutters, and sidewalks.
- (3) Necessary removal of abandoned utility mains and adjustments to facilities which are to remain.
- (4) Moving of acquired structures on their present lots or on other lots within the project area, except that expenditures for improving the structures, providing new foundations or utility connections, landscaping, and similar items involved in preparing the property for resale are ineligible.
- * (5) Moving structures of historic or architectural value which will be restored and maintained for historic or architectural purposes. *
- (6) Relocating underground of overhead utility distribution lines. (See below.)

The cost of these site clearance activities may be charged to Item 1 of Gross Project Cost or may be offered as an Item 2 noncash local grant-in-aid.

*MOVING STRUCTURES OF HISTORIC OR ARCHITECTURAL VALUE WHICH WILL BE RESTORED AND MAINTAINED FOR HISTORIC OR ARCHITECTURAL PURPOSES 1/

General Conditions and Requirements

The following conditions govern the moving of structures of historic or architectural value which will be restored and maintained for historic or architectural purposes:

1/ With reference to moving activities, the term "structures" includes by definition "structures" and "buildings." *

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- * 1. Properties must conform with criteria to demonstrate historic or architectural value. (See 7207.1, Project Planning, Chapter 2, pages 4 through 4-5.)
2. The moving must be clearly necessary to accomplish the objectives of the Urban Renewal Plan. The LPA must consider alternative plans which would permit the structure to remain in its present location, and must demonstrate why the objectives of the Plan could not be accomplished by any of these alternative plans.
3. The structure may be moved to any site within the urban renewal area or to any site outside of the urban renewal area which is within the locality subject to HUD review and approval. In all cases, the LPA must show that the proposed relocation site is suitable. If the structure is to be moved outside of the urban renewal area, the LPA must comply with the "Conditions Under Which Buildings May be Moved Off-Site." (See below.)
4. The exterior of any structure moved and resited at project expense shall be accessible to the public view at its relocation site. Public access to the interior of the structure is not required.
5. The LPA need not own the structure in whole or in part either before, during or after the actual moving. The LPA must, however, undertake the moving itself, either by letting contracts or with force account labor, in accordance with appropriate loan and grant contract provisions and Department regulations.
6. The structure need not require restoration to be eligible for moving.
7. The moved structure must be restored, if necessary, and it must be maintained for historic or architectural purposes. The latter must be assured by the LPA in accordance with the following:
- a. If the structure is to be moved to a site within the urban renewal area which is not owned by the LPA, the owner of the relocation site must record in his deed, in accordance with local practice, a covenant running with the land which assures restoration and maintenance of the structure for historic or architectural purposes, pursuant to criteria established by the LPA. This deed restriction should be recorded prior to moving of the structure, if possible. If not possible, an LPA-owner agreement must assure that the deed restriction will be recorded after the moving. An LPA-owner agreement by itself is not sufficient to guarantee the legislative objectives for restoration and maintenance.
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- * b. If the structure is to be moved to a site outside the urban renewal area, the same procedure as in "a" above must be followed, but the municipality must be a party to the covenant. As part of the final approval of this procedure, there must be assurance that the municipality has the legal authority to enforce the covenant.
- c. If the structure is to be moved to a site owned by the LPA within the urban renewal area, disposition documents shall reflect restoration and maintenance requirements. (See 7207.1, Project Planning, Chapter 2, pages 4 through 4-5.)

8. The LPA shall determine that the owner of the structure possesses the qualifications and financial resources (or can reasonably be expected to have such resources) to restore the property as necessary and to maintain it for historic or architectural purposes.

9. Structures acquired by the LPA for relocation or removal to another site shall be disposed of at fair market value.

Eligible Project Costs

The following are eligible project costs:

1. Moving of the structure from the original to the relocation site.
2. Rough grading of the relocation site and provision of a suitable foundation for and necessary utility connections to the moved structure.
3. If shown to be the most feasible method for moving, dismantling of the structure, marking and crating of the pieces, and reassembling of the pieces on the relocation site. If storage charges are incurred, they will be eligible project costs only for the period during which project activities preclude the moving of the crated pieces to the future site.
4. Other activities which are clearly incidental to the moving.
5. \$50,000 is the maximum which the project may incur for the activities listed in items 1-4 above for any single structure. This amount may be used in conjunction with other public or private funds if moving costs exceed \$50,000. *

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* CONDITIONS UNDER WHICH BUILDINGS MAY BE MOVED OFF-SITE

The cost of moving buildings off-site may not be charged to the project unless, as discussed above, the buildings are of historic or architectural value and will be restored and maintained for historic or architectural purposes.

However, the LPA may permit owners or purchasers to relocate buildings to sites outside of the project area, subject to requirements and restrictions that are adequate to assure that each building will be established on a suitable new site and be a sound and standard structure in every respect. In order to give assurance that urban renewal operations in one section of a community will not result in the creation or expansion of blighted conditions in another area, the LPA shall obtain prior HUD approval for the moving of buildings off-site.

To obtain HUD approval, the LPA shall submit a full description of the circumstances under which buildings would be moved. The description shall include:

- (1) Type and number of structures proposed for off-site moving.
- (2) Size of the lots on which the buildings might be located.
- (3) Type of land use that would be acceptable in areas to which the buildings would be moved.
- (4) Steps to be taken to prevent moving of residential structures in other deteriorated areas or in good residential areas where incompatibility of the moved structures with existing development might produce blighting influence.
- (5) Requirements relating to zoning and to environmental factors, such as conditions of streets and other public utilities, adequacy of community facilities, and accessibility and adequacy of public transportation.
- (6) Requirements relating to the physical character or condition of structures and compliance with local codes and regulations which are to be made a condition of their relocation. *

REMOVAL OR RELOCATION OF PRIVATELY OWNED UTILITY LINES

Removal or relocation of utility lines owned by a private utility company will not be allowed as a project expenditure unless compensation to the company is required under applicable State statutes, judicial decisions, or preexisting local ordinances or provisions of the company's franchise. If the LPA is required to compensate the utility company for proposed changes, the necessity for making the changes and the basis used in computing the estimated amount of such

compensation shall be described. A legal opinion as to the obligations of the LPA to provide the compensation shall be described. A legal opinion as to the obligations of the LPA to provide the compensation indicated shall be provided with the Part I Loan and Grant Application. (See 7209.1, Site Preparation and Project Improvements, Chapter 3.)

UNDERGROUND PLACEMENT OF UTILITY DISTRIBUTION LINES

While the policy on conformance with local standards set forth in 7209.1, Site Preparation and Project Improvements, Chapter 1, is applicable to utility distribution lines that are eligible as project improvements, the policy is not applicable to the underground placement of these lines. Justification for underground placement need not be submitted to HUD.

The cost of underground placement of utility distribution lines is not eligible for inclusion in Gross Project Cost when special circumstances, such as adverse subsurface conditions or the limited extent of contemplated project improvements in the affected area, would make the cost exceptionally high in relation to the benefits to be derived.

Publicly Owned Utility

The full cost of relocating existing overhead lines underground, and the full cost of construction required to place new services underground are eligible as project costs. The eligible cost of the service lines themselves will be based, as appropriate, either on the "improvements of excess size or capacity" policy set forth in 7209.1, Site Preparation and Project Improvements, Chapter 1, or on policies applicable to the determination of relative benefit of supporting facilities. (See 7216.1, Local Grants-in-Aid, Chapter 2, Section 2.)

Privately Owned Utility

To the extent that a utility company may not legally be required (under applicable State statutes, local ordinances, judicial decisions, or provisions of the company's franchise) to relocate existing lines underground or to install new lines underground, Item 1 project costs may include compensation to the company for the actual cost of relocating existing lines underground or installing new lines underground.

- (1) If the company may legally be required to relocate existing lines or install new lines underground, no part of the cost is eligible.
- (2) If the company may legally be required to relocate existing lines or to install new lines at its own expense, but not to install the relocated or new lines underground, compensation not exceeding the cost of underground installation less the estimated cost of providing the same service with the same

capacity through an overhead system is eligible.

- (3) If the company may not legally be required to relocate existing lines or to install new lines underground, compensation for the full cost of relocating the existing lines or installing the new lines underground is eligible.

With the Part I Loan and Grant Application, the LPA shall submit a legal opinion establishing what the utility company may or may not legally be required to do at its own expense.

If the underground installation affects the character of privately owned street lighting standards to be installed, Item 1 project costs may include the actual cost of standards and fixtures installed, less the estimated cost of standards and fixtures which would have been provided under existing practice in the locality.

CHAPTER 3. SUBMISSION REQUIREMENTS

1. SURVEY AND PLANNING APPLICATION. In the Survey and Planning Application, the LPA is required to estimate the cost of project improvements and site clearance and to provide the basis and source of the estimates. (RHM 7206.1, Project Applications, Chapter 1, Section 1, Code No. R-121.) These estimates precede detailed studies of the area and the development of specific plans; however, they shall be realistic and allow for any expected change in costs by the time the work is expected to be placed under contract. Normally they will be based on round number gross unit prices readily available from local sources. The LPA shall describe any unusual problems arising from topography, flood hazards, or surface or subsoil conditions which have influenced these estimates.

CHAPTER 4. EXECUTION OF SITE CLEARANCE AND PROJECT IMPROVEMENTS**SECTION 1. GENERAL**

This Chapter contains the requirements with which the LPA must comply in designing and constructing project improvements and carrying out site clearance and preparation work. The LPA will be governed by the provisions of State or local law whenever they are in addition to or are more stringent or restrictive than those established by HUD.

LABOR STANDARDS

For applicable Federal labor standards requirements, see 7217.1, LPA Administration, Chapter 3.

INSURANCE AND BONDING

Requirements for bid bonds, performance and payment bonds, and insurance coverage the LPA shall require of contractors doing project improvement or site clearance work which is included in Item 1 of Gross Project Cost are set forth in 7217.1, LPA Administration, Chapter 4, Section 2.

COOPERATION OF OTHER GOVERNMENT AGENCIES

The LPA shall investigate the possibilities of having other local governmental agencies act as its agents in connection with:

- (1) Design and preparation of drawings and specifications for project improvement and other site clearance work.
- (2) Preparation of bidding and contract documents.
- (3) Handling of bidding procedures.
- (4) Contract administration following an award of a contract for Item 1 work.

The LPA may enter into agreements for such work without HUD concurrence, provided the cost is within the approved project budget. Any agreement shall be in writing and shall set forth (1) the scope of services to be rendered, (2) the basis of compensation, and (3) total compensation to be paid to the agency.

PAYMENT OF COST OF INELIGIBLE PORTION OF IMPROVEMENT

Payments received from the public body for the cost of the ineligible portion of an Item 1 project improvement of excess size or

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 1

capacity (see 7209.1, Site Preparation and Project Improvements, Chapter 1) shall not be deposited in the project bank accounts but shall be handled separately.

After final payment to the contractor, the actual cost of the ineligible portion of the improvement shall be determined and the payments of the public body shall be adjusted accordingly. These payments shall include a pro rata share of related costs, including engineering design and supervision, equal to the percentage of the total cost of the improvement that is ineligible as an Item 1 expenditure.

RESPONSIBILITY FOR COMPLETED PROJECT IMPROVEMENTS

The LPA must use every appropriate means to avoid expenses for repair, protection, replacement, maintenance, or operation of Item 1 project improvements. Any such expenses after completion of the improvement will not be allowed as project costs except in unusual situations.

If project improvements in the above category are to be dedicated to the locality or other public body, whenever legally possible, the LPA shall take appropriate steps to assure that the date of completion of the improvements will be the cutoff date of accountability and liability for further costs.

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 2

**CHAPTER 4. EXECUTION OF SITE CLEARANCE
AND PROJECT IMPROVEMENTS****SECTION 2. PREPARATION OF CONTRACT
DOCUMENTS AND RELATED MATERIALS****1. REQUIRED WRITTEN CONTRACTS**

Installation, construction, reconstruction, demolition, removal, and similar work which is to be charged to item 1 of Gross Project Cost shall be done under written contracts or, with prior HUD concurrences, by force account. (See 7209.1, Site Preparation and Project Improvements, chapter 4, section 5, for requirements governing force account work.) Written contracts shall also be used for LPA purchases of materials, equipment, and supplies the estimated cost of which exceeds \$1,000.

2. TYPES OF ACCEPTABLE CONTRACTS

Only contracts awarded on either a unit price or a lump sum basis, or both, are acceptable. Cost-plus contracts are not acceptable.

3. EXCLUSION OF NONCASH LOCAL GRANT-IN-AID WORK

Contracts for work to be charged to item 1 shall not include any work which is to be provided as a noncash local grant-in-aid, unless HUD has authorized an exception in accordance with the provisions of Section 404 of the Contract for Loan and Grant. Such exceptions may be made upon a determination that (a) it is in the interest of economy and efficiency, and (b) the costs of the item 1 and item 2 work are clearly established.

4. MANDATORY PROVISIONS

Mandatory provisions contained in HUD guide forms for contract documents shall be included without modification in all contracts for project improvements or for site clearance. Copies of the following guide forms may be obtained from appropriate HUD Field Office:

HUD-673 Guide Form of Contract Documents for Demolition and Site Clearance.

HUD-674 Guide Form of Contract Documents for Site Preparation.

HUD-6211 Guide Form of Agreement for Demolition, Site Clearance, or Site Improvement (Short Form of Contract Where Consideration, Including Salvage Value, is \$2,000 or Less).

5. BIDS ON OVERDESIGNED PROJECT IMPROVEMENT

In the case of a project improvement of excess size or capacity, the units of work in the form of bidder's proposal must be so established that the amounts of costs eligible and ineligible for inclusion in item 1 of Gross Project Cost may be determined readily.

6. LUMP SUM BIDS AND CONTRACTS

- a. The guide forms are on the basis of unit-price bids, but footnotes indicate the provisions which should be substituted, deleted, or revised if the LPA proposes to ask for lumpsum bids.
- b. If the contract is to be let on a lumpsum basis, the general conditions shall include a provision requiring the contractor to furnish the LPA with an itemized breakdown of the contract price before any payment is made to him for work completed under the contract. This breakdown shall be used in estimating the amount of partial payments to be made to the contractor.
- c. When a contract for site clearance provides that payment is to be made by the contractor to the LPA, the breakdown shall be submitted by the contractor immediately after execution of the agreement.

7. LOCAL STANDARDS

The specifications or standards for project improvements which are wholly financed with item 1 funds shall conform to the requirements stated in 7209.1, Site Preparation and Project Improvements, chapter 1, under the heading "Conformance With Local Standards."

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 2

8. CONTRACT SUBMISSION REQUIREMENTS

The LPA shall submit to the appropriate HUD Field Office for review one set of the documents listed below, that it proposes to use in letting a contract for project improvements, whose cost is to be reflected in item 1. The set shall be submitted at least 30 calendar days in advance of the date on which the LPA proposes to (a) publish its first advertisement for bids, or (b) award the contract in the case of a contract for \$2,500 or less.

The submission shall consist of:

- (1) General conditions, all parts.
- (2) Special conditions.
- (3) Drawings, as listed in schedule of drawings.
- (4) Technical specifications.
- (5) Engineer's final estimate of cost.

Submission of these documents is not required for work consisting of site clearance, except where there is a modification of the general or special conditions included in Form HUD-673, Guide Form of Contract Documents for Demolition and Site Clearance, not previously authorized by HUD.

9. SUBMISSION OF PROCLAIMER IN LIEU OF HUD REVIEW AND APPROVAL OF TECHNICAL SPECIFICATIONS,

The LPA shall follow the proclaimer procedure described herein in order to eliminate the need for HUD review and approval of contract documents, plans, and specifications documents referred to under the preceding heading. If the technical specifications for a project improvement are in conformance with local standards, or standards necessary to support urban renewal objectives, and HUD has accepted such standards, the LPA shall submit the proclaimer certificate shown in appendix 1 with all of the contract documents required above. Construction plans, specifications, and contract documents for project improvements, to be constructed with project funds, will be submitted to HUD for record purposes. A review and approval by HUD staff is not

**SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4, SECTION 2**

required unless budget approvals are exceeded. In such cases, HUD may review the contract documents, plans, and specifications where there are significant cost increases, to determine the reason for the increases. This procedure does not change any other requirement of this chapter, including the requirement for HUD clearance of the proposed contractor.

10. DRAWINGS AND SPECIFICATIONS

- a. Before submitting them to HUD, the LPA shall obtain the approval of all drawings and specifications from any State or other public agency having the legal authority to examine them or any municipal department having jurisdiction over the completed improvement. Such approval shall be indicated on the drawings and specifications, or they shall be accompanied by a statement that such approval is not required under State or local law.
- b. In every case involving the construction of sewerage, the approval of the State health department or its equivalent, must be included. HUD will refer drawings and specifications to the Environmental Protection Agency, for review and advice, as necessary.

11. SELLING OF STRUCTURES BY DEMOLITION CONTRACTOR

- a. The selling of structures is not permitted unless: (1) such sale is specifically allowed for in the terms of the contract; (2) the structures are specifically listed in the appropriate section of the contract documents and the technical specifications detail the manner of removal by the person or persons to whom such structures are sold, i. e., liability insurance is provided and "save harmless" clause is stipulated in a document approved by the LPA; and, (3) the contract price reflects the value of the structures permitted to be sold by the contractor. In no case may the sale of structures be used to permit demolition or removal under conditions other than those contained in Form HUD-673, Guide Form of Contract Documents for Demolition and Site Clearance.

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 2

- b. The specifications shall include the following statement:

"No person, not on the contractor's or approved subcontractor's payroll, may be allowed on the site or engage in work covered by the contract. Such persons will be considered to be 'trespassing' unless their presence has been approved by the LPA."

12. ENGINEER'S FINAL ESTIMATE OF COST

- a. The engineer's final estimate of cost of the work to be performed under the proposed contract shall be so categorized and itemized, and of such degree of accuracy, that it may be reasonably used as a basis for determining the acceptability of bids received.
- b. If the proposed contract is for demolition and site clearance work, the engineer's final estimate of cost also shall indicate the estimated amount which will be paid by the contractor to the LPA or by the LPA to the contractor. In either case, the estimate shall include a breakdown showing separately (1) the estimated cost of site clearance, including overhead and other allowable items of cost, and (2) the estimated value of salvable materials specified to become the property of the contractor.

13. ADDENDA

Any revision or clarification of the contract documents shall be prepared and issued as an addendum. The LPA shall furnish the appropriate HUD field office with a copy of the addendum immediately upon its issuance, if the related contract documents were concurred in by HUD.

14. HUD ACTION

The LPA will be notified in writing of HUD concurrence or of recommended revisions in proposed contract documents for project improvements. Failure on the part of HUD to notify the LPA of its concurrence or of its recommended revisions within 30 calendar days of the receipt of the submissions, the LPA may then proceed in the same manner as if notice of concurrences had been received.

APPENDIX - PROCLAIMER CERTIFICATE
RELATIVE TO TECHNICAL SPECIFICATIONS CONFORMANCE WITH
LOCAL STANDARDS OR STANDARDS NECESSARY TO SUPPORT
URBAN RENEWAL OBJECTIVES FOR PROJECT IMPROVEMENTS

(INSTRUCTIONS: Submit one signed copy with a copy of the general resolution to HUD. Retain one signed copy in LPA files, together with any supporting documentation necessary to support the certification.)

I, _____, the duly appointed, qualified, and acting Executive Director or Title of other Official of Name of Local Public Agency , herein called the "Local Public Agency", hereby certify that I have been authorized, by Resolution No. _____, duly adopted by the Governing Body of the Local Public Agency at a regular/special meeting on _____ (Date) _____, as set forth in the minute book on file at _____, to make the following certification and that the statements contained herein are true and correct to the best of my knowledge and belief:

1. Documentation in the files of the Local Public Agency indicate that the following actions have been completed regarding the project improvement identified as _____ and located in the _____ urban renewal area:
 - a. The subject project improvement has been approved by HUD in Project Expenditures Budget # _____ dated _____ and such Budget indicates the improvement to be _____% eligible at \$ _____.
 - b. The local standards or standards necessary to support urban renewal objectives for the subject improvement have been submitted to HUD on _____ (Date) _____, as a separate document entitled _____, or in connection with urban renewal project no. _____, and such standards have been found acceptable by HUD.

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APPENDIX 1

- c. The subject contract documents, plans and specifications (submitted herewith) have been prepared by _____, a qualified and/or licensed or certified engineer, architect or _____ identify professional classification who is a member of the Local Public Agency staff, or a member of the City Department of _____ staff, or under contract to the Local Public Agency or the City Department of _____ .
- d. The subject contract documents, plans and specifications have been reviewed by _____, a qualified and/or licensed or certified engineer, architect or _____ identify professional classification , who is a member of the Local Public Agency staff, or a member of the City Department of _____ staff or under contract to the Local Public Agency or the City Department of _____ and a written report has been prepared by such reviewer which indicates that the subject technical specifications conform to the local standards of the Name of jurisdiction or to standards necessary to support the urban renewal objectives.

 or

- d. The subject contract documents, plans, and specifications have been certified by the individual in (c) above as conforming to the local standards or to the standards necessary to support the urban renewal objectives, referred to in paragraph 1b.
- e. The subject contract documents, plans and specifications are in accordance with the current Guide Form of Contract Documents for Site Preparation (HUD-674) and have been used without change except where such changes have received prior written HUD approval and include the current Federal Labor-Standards respecting Minimum Salary Rates for Architects, Technical Engineers, Draftsmen and Technicians; and Minimum Wage Rates for Laborers and Mechanics as required by the United States Department of Labor.

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2. Based upon my review of the above-described documents (including the technical specifications in such documents) I conclude that the technical specifications for the project improvement identified as _____ and located in the _____ Urban renewal area are in conformance with the local standards or standards necessary to support the urban renewal objectives, referred to in paragraph 1b.

Any false statement made knowingly herein may subject the signer to civil penalties under Section 231 of Title 31 of the United States Code and, if such statements are made willfully and knowingly, to conviction for a felony under Section 1001 of Title 18 of the United States Code.

Date

/Name of Official/

/Title/

/Name of Local Public Agency/

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 3

CHAPTER 4. EXECUTION OF SITE CLEARANCE AND PROJECT IMPROVEMENTS

SECTION 3. BIDDING PROCEDURES AND AWARD OF CONTRACTS

This Section states the requirements and procedures applicable to bidding and contract awards for work to be charged to Item 1. It does not apply to noncash local grant-in-aid work.

The LPA shall follow State law applicable to the LPA on advertising for bids on contracts. In the absence of State law with respect to advertising, the provisions under the following heading "Requirements in Absence of State Law" shall apply.

The LPA shall give full opportunity for free, open, and competitive bidding for each project improvement or site preparation contract, estimated to be in excess of \$2,500, for the furnishing of any materials, supplies, or equipment for use in connection with such work, if the cost thereof is to be an Item 1 expenditure. If the estimated amount of the proposed contract is \$2,500 or less, the LPA may let the contract without competitive bidding except where contrary to the requirements of State or local law.

In any locality where local government entities do not have the authority to engage in competitive bidding with private industry, the competitive bidding requirement of the Federal aid contract prohibits awarding to them contracts which involve Item 1 expenditures of more than \$2,500.

REQUIREMENTS IN ABSENCE OF STATE LAW

The dollar limitation stated below applies to the estimated cost of the work without deduction of credit for salvable materials. The scope of work which would normally constitute a unit shall not be subdivided arbitrarily to avoid formal advertising.

Advertisement for Bids

If the estimated amount of the proposed contract is more than \$2,500, invitations for bids shall be published at least once each week for two consecutive weeks in a newspaper or trade journal having general circulation within the locality in which the project is located. The published invitation for bids shall follow substantially the form of advertisement shown in Guide Form HUD-673 or HUD-674, whichever is applicable.

The LPA shall maintain in its records a clipping of each advertisement, showing name of periodical, dates of publication, and page on which it appeared.

SITE PREPARATION AND PROJECT IMPROVEMENTS

CHAPTER 4 SECTION 3

There shall be a minimum of 10 days between the last date of publication, and the date of opening of bids. Neither of these dates shall be counted as one of the 10 days. More time shall be allowed if the size or complexity of the work warrants it.

OPENING, READING, AND TABULATING OF BIDS

At the time and place announced, each bid received within the prescribed time limit shall be publicly opened and read aloud, irrespective of any informalities or irregularities in the bid or in the bid security.

When the bids have been opened and read, the LPA shall prepare and maintain in its records, a tabulation of all bids, listing the names and addresses of all bidders and the bid prices submitted by each. The tabulation of bids shall be certified by the LPA official who is charged with custody of the original bids.

HUD CLEARANCE OF PROPOSED CONTRACTOR

Before making an award of any contract, regardless of the amount, the LPA shall ascertain whether HUD has any objection to the contractor to whom the award of the contract is proposed.

AWARD OF CONTRACT TO BIDDER

After HUD clearance of the bidder to whom the award of the contract is proposed, the contract award may be made by the LPA, provided:

- (1) Two or more bids are received.
- (2) The award is made to the bidder submitting the lowest bid, or the highest bid if payment is to be made by the contractor to the LPA.
- (3) There has been no irregularity or informality in the bidding procedures or in the bid of the bidder to whom the award of the contract is proposed.
- (4) The bid price submitted by the successful bidder is within the cost estimate concurred in by HUD.
- (5) The LPA has secured an opinion of its counsel that the award, the contract, and the surety bond or bonds are valid and binding.

If the LPA is unable to proceed with a contract award under the foregoing provisions or proposes to reject all bids, it shall advise

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 3

the Regional Office, in writing, of its proposed course of action and shall await HUD concurrence before proceeding further.

If the LPA proposes to waive any irregularity or informality in the bidding, it shall indicate the basis for the waiver.

If it proposes to reject all bids and to readvertise, it shall submit its justification therefor and a copy of any proposed revisions in the contract documents or the drawings.

If the contract to be awarded involves a possible conflict with any of the provisions of the applicable Federal aid contract, the LPA shall submit all pertinent facts to the Regional Office.

If the contract documents specified that the LPA may award the contract in the interest of standardization or to achieve ultimate economy, and prescribed the basis upon which such an award is to be made, the LPA may, with prior concurrence, award the contract to a bidder other than the lowest bidder. A request for such concurrence shall include:

- (1) Evidence that the award actually will be in the interest of standardization, including a showing that like materials, equipment, or supplies already form a reasonably large part of what will be the complete installation and that the prices quoted are not materially in excess of those quoted by the lowest responsible bidder; or
- (2) Evidence that the award actually will result in ultimate economy on a basis of precise mathematical computation.

NOTICE OF AWARD

Written notice of award shall be given to the successful bidder, after adoption of any ordinance or resolution which may be required.

AWARD OF CONTRACT WITHOUT BIDS

After HUD clearance of the contractor to whom a contract award is proposed, the award may be made by the LPA, provided it has secured an opinion of its counsel that the award, the contract, and the surety bond or bonds, if any, are valid and binding.

CHAPTER 4. EXECUTION OF SITE CLEARANCE AND PROJECT IMPROVEMENTS

SECTION 4. ADMINISTRATION OF CONTRACT WORK

1. GENERAL. This Section prescribes the responsibility of the LPA for providing control and inspection of all project improvements and site clearance contract work to be charged to Item 1. (For noncash local grants-in-aid, see RHM 7216.1, Local Grants-in-Aid.) These functions shall be performed by qualified LPA staff, by personnel of another governmental agency which is acting as the agent of the LPA, or by one who is hired under a personal services contract.
2. DESIGNATION OF ENGINEER. The LPA shall notify the contractor in writing of the identity of the engineer it has designated to represent it in the administration and inspection of the contract work.
3. NOTICE TO PROCEED. The LPA shall require the contractor to sign and date one copy of the notice to proceed, and return it to the LPA.
4. HUD CLEARANCE OF PROPOSED SUBCONTRACTOR. Before acting on the request of a contractor for approval of a proposed subcontractor, the LPA shall ascertain whether HUD has any objection to the proposed subcontractor.
5. CONTRACT CHANGES. Each change order shall describe clearly the contract change, including any change in scope of work, in time of completion if that factor is involved, or in any other contract provisions, and shall state the maximum amount or value of change. No change order shall grant a material benefit or concession to the contractor unsupported by legal consideration.
6. HUD CONCURRENCE IN CHANGE ORDERS. Change orders may be executed by the LPA without prior HUD concurrence, except in those cases listed below. One copy of the proposed change order with supporting facts and justification shall be submitted to the Area Office for review and concurrence prior to issuance by the LPA, if it will:
 - a. Involve an increase in the contract cost to the LPA, estimated to be in an amount in excess of \$1,500 or 10 percent of the contract price, whichever is greater, for demolition; \$1,000 or 10 percent of the contract price, whichever is greater, for site clearance; and \$10,000 or 10 percent, whichever is less, for project or site improvements.
 - b. Together with previous or anticipated expenditures in the same budgetary classification, require a revision in the project expenditures budget;

- c. Adversely affect the basic design, structural stability, or usefulness of the work covered by the contract;
 - d. Result in a change in the approved Urban Renewal Plan; or
 - e. Increase the cost to the LPA of the work of its other contractors.
7. CHANGE ORDER REGISTER. Each change order or other written instruction issued by the LPA shall be consecutively numbered, and shall be recorded on a permanent change order register which shall be established for each contract and which, at all times, shall reflect the current status of each contract.
8. HUD ACTION ON CHANGE ORDERS. The LPA shall be notified in writing of HUD concurrence or of recommended revisions in proposed contract change orders, where HUD review is necessary. Failure on the part of HUD to notify the LPA of its concurrence or of its recommended revisions within 30 calendar days of the receipt of the submissions may be construed as constituting HUD approval of the submissions, and the LPA may then proceed in the same manner as if notice of concurrence had been received.
9. HUD REVIEW OF PROPOSED ACTIONS. The LPA shall notify the Area Office before taking any proposed action on the following proposals and shall not proceed further with having been advised that HUD has no objection to the proposals:
- a. Any contract novation or assignment other than an assignment of moneys to a bank, trust company, or other financial institution.
 - b. Termination of the contract.
 - c. Claims for extra compensation filed by the contractor.
10. DELAYS IN PERFORMANCE OF CONTRACT. Accurate records of all delays encountered during performance of the contract shall be maintained by the LPA, to facilitate contract time adjustments and to serve as evidence in the event of controversy or litigation relating to such delays. Stoppage of work from any cause shall be immediately made a matter of record by the LPA.
11. RECORD OF DISPUTES. In each case when a dispute between a contractor and the LPA exists or seems probable, all the facts pertaining to such matters shall be recorded and maintained in the LPA files.
12. AS-BUILT DRAWINGS. One set of "as-built" drawings for each improvement shall be prepared and preserved by the LPA or by an appropriate municipal office.
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CHAPTER 4. EXECUTION OF SITE CLEARANCE AND PROJECT IMPROVEMENTS

SECTION 5. FORCE ACCOUNT WORK

Prior HUD concurrence in writing is required for a proposal to perform work by force account, any portion of which is to be charged to Item 1 of Gross Project Cost.

Concurrence may be granted when the LPA has submitted convincing evidence that the performance of the work by force account rather than under private contract is advantageous or in accordance with local practice.

Factors considered by HUD may include evidence that (1) the LPA customarily performs such work by force account, (2) it has the equipment and experienced organization necessary for expeditious and orderly execution of the work, and (3) the carrying out of the project will be significantly expedited.

DOCUMENTATION

If performance of the work by force account has been authorized, the LPA shall submit to the Regional Office for review and concurrence, at least 30 calendar days in advance of the date on which it proposes to begin the work:

- (1) One complete set of final drawings and technical specifications and the engineer's final cost estimate for each project improvement or undertaking to be performed under force account. Submission of these documents is not required for work consisting of site clearance.
- (2) Statement outlining the methods to be employed in the care and protection of all materials, supplies, and equipment required in connection with carrying out the work, and of completed parts of it; also, in connection with site clearance work, the measures to be taken to protect, preserve, and dispose of salvable materials obtained from the operations.
- (3) Statement describing the insurance coverage to be provided (see 7217.1, LPA Administration, Chapter 3).
- (4) Progress schedule showing the proposed dates of starting and completing each of the various sections of the work, the estimated accumulated percent of progress each month, and the estimated accumulated cost of the work each month corresponding to the items set forth in the cost breakdown.

**SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 5**

If the submission is found acceptable, or if it is revised by the LPA in accordance with HUD recommendations, the LPA may proceed with the work, subject to compliance with the provisions of the applicable Contract for Loan and Grant.

SUPERVISION

The LPA shall provide competent and adequate supervision of all force account work. Personnel assigned in a supervisory capacity shall have sufficient background of experience in the particular type of work involved to equip them to direct the work so that it will be performed in an efficient and workmanlike fashion, with maximum economy and safety, and in conformance with approved drawings and specifications and all applicable provisions of the Contract for Loan and Grant.

CHANGES

The LPA is authorized to order, without prior HUD concurrence, changes in the work being performed under force account except when any one of the following conditions applies:

- (1) The proposed change would constitute or result in a change in a major feature or provision of the approved Urban Renewal Plan.
- (2) The cost of the proposed change, when added to the accumulated cost of other changes, will result in incurring of costs or obligations more than 10 percent in excess of the total estimated cost of the work as set forth in the approved final cost estimate which supported the request for HUD concurrence.
- (3) The cost of the proposed change, together with previous or anticipated expenditures in the same budgetary classification, will require a revision in the project expenditures budget.

When HUD concurrence is required, the LPA shall submit to the Regional Office a description of the proposed change, an estimate of the cost, either additive or subtractive, that would result, and the reasons why it considers the change necessary or desirable. The statement shall also be accompanied by other material necessary to explain and justify the proposal, such as maps or plans.

WRITTEN ORDERS REQUIRED

Each authorized change in force account work shall be accomplished by a written order to the person in charge of the work. Orders for a

change in the work on each separate force account undertaking shall be serially numbered and a cumulative and chronological record of such orders shall be maintained in the office of the LPA.

PROGRESS RECORDS AND REPORTS

The LPA shall keep an up-to-date cumulative record of progress made in each type of work undertaken by force account. This record shall be coordinated with the approved system of account numbers as shown in 7221.1, Accounting, Chapter 2, so that the LPA can, upon request from HUD, provide accurate information as to the amount, in appropriate units, and the corresponding total cost, of each type of work completed to date.

PROJECT IMPROVEMENTS AND SITE PREPARATION

A record shall also be kept showing the following details concerning all mechanical equipment used in connection with force account work:

- (1) Name and address of owner.
- (2) Model number and capacity.
- (3) Purchase price or rental charge.
- (4) Date of arrival and date of leaving project.
- (5) List of periods, during working hours, when the equipment was idle, giving reasons.

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 1. OBJECTIVES AND DEFINITIONS

OBJECTIVES

The objectives of rehabilitation are:

- (1) Renewal of deteriorating areas to a long-term sound condition.
- (2) Substantial improvement of the quality of individual properties and living conditions so as to justify the provision of financial assistance for the construction or reconstruction of public facilities and improvements.
- (3) Establishment of a continuing program to maintain the renewed individual properties, public facilities, and improvements.
- (4) Prevention of the spread or recurrence of blight.
- * (5) Preservation of properties of historic or architectural value. *

DEFINITIONS

As used in this Handbook, rehabilitation is the type of renewal treatment which may be appropriate for restoration of the economic and social values of deteriorating residential, and in some cases nonresidential, areas which are basically sound and worth conserving and in which existing buildings, public facilities and improvements can be economically repaired and renewed to a long-term sound condition.

* An area designated for rehabilitation treatment may be (1) the entire project area, or (2) a section of a project area in which clearance and redevelopment is the other type of treatment. A rehabilitation area may also include spot clearance to remove blighting influences and buildings infeasible of rehabilitation; or clearance which is necessary to provide land for public improvements or facilities, to promote historic and architectural preservation, or otherwise to achieve the objectives of the Urban Renewal Plan. Conversely, a clearance area may include incidental rehabilitation or restoration of individual properties.

For information about rehabilitation and conservation concerning preservation of properties of historic or architectural value. (See 7207.1, Project Planning, Chapter 2; 7209.1, Site Preparation and Project Improvements, Chapters 1 and 2. *

CHAPTER 1. POLICIES AND REQUIREMENTS**SECTION 2. CRITERIA FOR DESIGNATION OF REHABILITATION AREAS**

This Section identifies the factors which must be present in a project area, or section of a project area, for which rehabilitation is the proposed treatment. These factors are in addition to basic criteria in 7205.1, Area Eligibility, Chapter 1, and 7207.1, Project Planning, Chapter 1. Evidence to satisfy these criteria, which is required with the Survey and Planning Application, may be tentative and may be based on readily obtainable data or preliminary opinions from qualified sources, as appropriate. Specific and conclusive evidence is required with the Part I Loan and Grant Application (see 7210.1, Rehabilitation, Chapter 1, Section 7).

RESIDENTIAL REHABILITATION

The following factors must be present in a rehabilitation area which is predominantly residential:

- (1) All properties to remain in the rehabilitation area are feasible of upgrading to Property Rehabilitation Standards (see 7210.1, Rehabilitation, Chapter 1, Section 5).
- (2) The area has residential qualities, desirable location and physical characteristics, and other evidences of vitality assuring that rehabilitation activities will restore the area to a long-term sound condition.
- (3) The street and land use pattern can be adapted to present-day needs or objectives.

NONRESIDENTIAL REHABILITATION

The following factors must be present in a rehabilitation area which is nonresidential:

- (1) All properties to remain in the rehabilitation area are feasible of upgrading to Property Rehabilitation Standards.
- (2) It is necessary to eliminate blight and deteriorating influences which adversely affect housing conditions in the community or the environs of the project.
- (3) The area has desirable location and physical characteristics, and other evidences of vitality assuring that rehabilitation activities will restore the area to a long-term sound condition.

- (4) The street and land use pattern can be adapted to present-day needs or objectives.

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 3. ELIGIBLE COSTS

Eligible costs as defined in RHA 7216.1, Local Grants-in-Aid, Chapter 2, Section 1, and RHA 7218.1, Budgets and Budget Reports, Chapter 1, and Chapter 2, Section 1, are applicable to a project involving rehabilitation.

SURVEY AND PLANNING AND PROJECT EXECUTION

Expenditures for the following additional services or activities during survey and planning stage and execution are eligible for inclusion in Item 1 of Gross Project Cost for a project involving rehabilitation:

- (1) Staff or consultant services for:
 - a. Administration of project activities, including the hiring of staff, when required, for organizing, scheduling, and directing project activities, and coordination with related local governmental activities.
 - b. Identifying social problems and coordinating social services available in the community to serve the needs of project residents in connection with carrying out the project.
- * (2) Establishing and maintaining a Project Area Committee and working with neighborhood organizations of property owners and residents in the area, including:
 - a. Providing of administrative and secretarial staff, technical assistance, and office space and equipment for Project Area Committee and related neighborhood organizations.
 - b. Costs of contracts with Project Area Committee for the employment of project residents to perform necessary work in the planning and execution of the project.
 - c. Informing and advising neighborhood organizations and encouraging their participation in rehabilitation and other project activities.

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REHABILITATION
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- (3) Preparation of educational materials, such as models where warranted by the size of the project, photographs and other exhibit materials, pamphlets, and rental or purchase of films, slides, and projector equipment.
- (4) General guidance to property owners on problems involving finance, design of structures, and legal matters. Eligible project costs include:
 - a. Hiring finance staff or consultant services to establish continuing liaison with and develop support of participating lending institutions, to advise individual property owners of the financing available, and to perform related staff services in connection with providing assistance on direct Federal rehabilitation loans and grants including the processing of rehabilitation loan and grant applications for individual properties.
 - b. Hiring of architectural consultant to provide general guidance to property owners on the design of properties and coordination of exterior property improvements block by block.
- (5) Design services:
 - a. To assist property owners in improving their properties, but not including working drawings.
 - b. To improve public rights-of-way from the standpoint of function and appearance, such as redesign and relocation of street signs, lighting, and wiring, design of pedestrian service facilities such as benches, design of surface treatment for unpaved spaces, and landscaping; including working drawings and specifications.
 - c. For guidance purposes in a demonstration home and information center; including detailed drawings of typical properties.
- (6) Establishment, rental, and remodeling of a site office.
- (7) Code enforcement activities associated with property rehabilitation; for example, property inspections and reinspections to determine the extent of compliance with local codes, preparation of violation notices, checking plans and specifications, holding administrative

and appeals board hearings, costs normally charged to court prosecution of property owners who refuse to comply with code requirements, and demolition of unsound structures in accordance with provisions of local codes.

- (8) Property surveys (see RHA 7210.1, Rehabilitation, Chapter 1, Section 6).
- (9) Family surveys (see RHA 7210.1, Rehabilitation, Chapter 1, Section 6).

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- (10) Appraisals to obtain "before" and "after" evaluations for feasibility determinations.
- (11) Training staff for educational, enforcement, and related rehabilitation activities including:
- (a) Travel, per diem, and registration fees in support of attendance at State or regional training seminars conducted under sponsorship of appropriate educational institutions and nationally recognized code promulgating organizations.
 - (b) Travel, per diem, and registration fees for supervisory personnel attending national conferences relating to urban renewal project rehabilitation.
 - (c) Travel and per diem to neighboring metropolitan centers having effective programs to study procedures and techniques.
 - (d) Development of inspection manuals and other training aids.
 - (e) Tuition, travel, books, and supplies in connection with enrollment by supervising personnel in job-related courses of study at local colleges or universities.
- (12) Carrying out rodent extermination measures including the poisoning and trapping of rats on a project-wide basis.

In addition, the cost of homemaker educational services is an eligible project cost provided:

- (a) Effort is made to coordinate project activities with existing courses provided in the community, or where such courses are not given, effort is made for their establishment, and
- (b) Such courses are not available to project residents, and
- (c) Prior written approval of the Regional Office is obtained.

A request for this approval should be accompanied by a resume of the efforts made to secure these services, and by a description of the proposed project training activities.

PROJECT EXECUTION

The following additional items are eligible during the project execution only:

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- * (1) Costs to the LPA for acquisition, rehabilitation, and resale of properties for rehabilitation by the LPA (see 7210.1, Rehabilitation, Chapter 1, Section 9). *
 - (2) Costs of acquisition and resale of properties that are to be upgraded to Property Rehabilitation Standards by the purchaser. Property may be acquired through negotiation with the owner or, in the event that the owner refuses both to rehabilitate the property and to sell to the LPA at an acquisition price approved by HUD, through condemnation proceedings. In the latter instance, prior HUD concurrence in the LPA's proposal to institute condemnation proceedings is required (see 7208.1, Real Estate Acquisition, Chapter 4, Section 2).
 - (3) Costs of purchase and removal of certain improvements when the LPA does not take title to the land on which the improvements are located. Costs under this item are eligible only for the purchase of substandard structures on property containing a standard dwelling when the demolition or rehabilitation of the substandard structure cannot be required under existing local codes and ordinances.
 - (4) Application fees paid to a lending institution for obtaining FHA determinations of renewal feasibility for single-family or two-family dwellings, in the event FHA makes a negative finding or the owner does not use FHA mortgage insurance.
 - (5) Costs to the LPA for contracting for rehabilitation work and for supervising construction of property improvements.
 - * (6) Cost for physical rehabilitation of a property necessary for the project office. *

INELIGIBLE COSTS

The following items may not be included in Gross Project Cost for a project involving rehabilitation:

- (1) Costs for community-wide citizen organizations, or other organizations not primarily concerned with project activities. However, costs of eligible project services provided by such an organization under contract with the LPA are eligible.
- (2) Physical rehabilitation of a property other than that necessary for the project office or for demonstration purposes.
- (3) Preparation of detailed plans and construction drawings for property owners, as distinguished from general advice and sketch floor plans.

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 4. CONTRACT SERVICES

Services which are not to be provided by the LPA shall be contracted for in accordance with the requirements of 7217.1, LPA Administration, Chapter 2. The contract shall obligate the contractor to perform the services in accordance with the approved work program (see 7210.1, Rehabilitation, Chapter 1, Section 7).

If the contract is with a private agency, it shall stipulate that all records established by the contractor under the contract shall be the property of the LPA and shall be delivered to the LPA on completion of the services. If the contract is with a public agency, it shall provide either that the records be maintained by the agency until completion of the project or that they be turned over to the LPA.

All property improvement work by the LPA for rehabilitation demonstration purposes or for a project office shall be by contract and shall be carried out in accordance with the requirements of 7209.1, Site Preparation and Project Improvements, Chapter 4. Also see 7217.1, LPA Administration, Chapter 3. Form HUD-674, Guide Form of Contract Documents for Site Preparation, or Form HUD-6211, Guide Form of Agreement for Demolition, Site Clearance, or Site Improvement (Short Form of Contract Where Consideration, Including Salvage Value, Is \$2,000 or Less), shall be used, with appropriate modifications. The contract shall contain necessary provisions to permit access to properties for rehabilitation demonstration purposes as the improvement work is being carried out.

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 5. PROPERTY REHABILITATION STANDARDS

DEFINITIONS

The term "Property Rehabilitation Standards" means the combination of code standards and rehabilitation requirements which are established for properties to be retained in the rehabilitation area.

The term "code standards" means the requirements of local building, housing, zoning, plumbing, electrical, fire prevention, and other laws related to housing construction and to use, maintenance, and occupancy of properties.

The term "rehabilitation requirements" means the criteria omitted or not adequately covered in local regulations, which are established for properties in the rehabilitation area to assure their restoration to a sound condition. Generally, rehabilitation requirements are the minimum performance provisions of HUD publication, PG-50, Rehabilitation Guide for Residential Properties, which are: (1) omitted or not adequately covered in local regulations, (2) requirements which properties must meet in order to be at least eligible for direct Federal rehabilitation loans.

These requirements shall be developed by the LPA in consultation with Regional Office staff and local code officials. They shall be adapted to the physical conditions prevailing in the area and the anticipated effect of the rehabilitation program on the individual properties.

CRITERIA

Property Rehabilitation Standards (PRS) shall be:

- (1) Sufficiently high to assure improved housing that is livable, healthful, safe and physically sound, and at the same time is low enough in cost for present neighborhood residents to afford.
- (2) Feasible of practical application to existing physical conditions within the area.
- (3) At an acceptable level for rehabilitation, based on performance, which will encourage innovation and improved technology and give promise of reducing construction costs.

The LPA's rehabilitation program shall be directed at achieving the PRS for all properties to be retained in the rehabilitation area.

PREPARATION

PRS is an integral part of the Urban Renewal Plan. Although in property rehabilitation, primary reliance is placed on the owner's voluntary compliance with the plan, there may be times when, because of noncooperation, the legal sanction of eminent domain will have to be used.

Accordingly it is most important that:

- (1) A statement of the special conditions under which properties not conforming to the PRS and objectives of the Urban Renewal Plan may be acquired shall be incorporated in the Urban Renewal Plan (see Appendix 1).
- (2) The PRS section of the Urban Renewal Plan should be written in clear terse language, avoid duplication, and be limited to the specific provisions established for properties to be retained in the project area.

The Rehabilitation Guide provides a basis on which LPA's and other local agencies can establish PRS for the improvement of existing properties in urban renewal areas. Its appropriate use is as a guide for deriving and establishing a set of rehabilitation standards for a specific urban renewal area. This publication is never to be incorporated in its entirety in the Urban Renewal Plan. The Rehabilitation Guide contains mandatory minimum performance provisions and advisory items. Both types of items may be modified and adapted to local conditions. Although mandatory items are normally contained in local codes, it is recognized that varying local conditions may require some adaptation or modification even of mandatory items. Rehabilitation Guide items of an advisory nature or which require local adaptation should be based on the physical conditions which are found, the requirements of the market, and degree of improvement the incomes of the owners will, in general, support.

Because the PRS, in addition to providing the goals for rehabilitation, serve as the legal basis for eminent domain action, many of the Rehabilitation Guide items are inappropriate for inclusion in the Urban Renewal Plan. For example, the following types of items are not appropriate and therefore shall not be included in the PRS:

- (1) Items of an informational or instructional nature.
- (2) General criteria which are made specific by other items.

- (3) Generally, items relating to new construction. The LPA should rely on the locality's codes. Omit this type of item except in situations where a more rigid standard is necessary to augment local building and related codes. In such cases, include only the specific language essential to carrying out property improvements, omitting references to the Rehabilitation Guide or any other document.
- (4) Definitions. Ordinarily, avoid inclusion of definitions since they will be covered in the locality's codes.
- (5) Items relating to environmental standards. Omit items which relate to site criteria, which are normally covered in other parts of the Urban Renewal Plan, e.g., item C2 of Plan outline shown in 7207.1, Project Planning, Chapter 4, Section 2.

In adapting items in the Rehabilitation Guide for inclusion in PRS, it should be recognized that the PRS incorporated in the plan cannot include references to HUD or its constituent units. For example, the Rehabilitation Guide item numbers and the phrase "by local FHA Insuring Office" must be deleted from any item before inclusion in the PRS. Since the PRS (as a part of the Urban Renewal Plan), are local regulations, it is also inappropriate for the PRS to contain reference to advisory publications such as HUD PG-50 or other HUD publications. It should be noted that this applies to reference to or adoption of this entire document. The use of specific standards whenever needed for incorporation into the PRS is a continuing requirement. Rehabilitation Guide items which are labeled "objective" can be grouped together and covered in an introductory paragraph in the PRS under the heading "Statement of Objectives." Or, where the "objectives" are adequately and specifically covered in the locality's codes or in other PRS items, this paragraph and type of Rehabilitation Guide item can be omitted.

COMPARISON OF PROVISIONS IN REHABILITATION GUIDE FOR RESIDENTIAL PROPERTIES (HUD PG-50) WITH LOCAL STATUTES, CODES, AND ORDINANCES.

The LPA shall examine the local housing code and other regulations to identify specific differences between the local regulations and the provisions of the Rehabilitation Guide.

The purpose of the comparison is to achieve a PRS which covers all important elements with optimum brevity and clarity. This involves:

- (1) Identification of items in the Rehabilitation Guide which are adequately covered by local codes and which accordingly need not be spelled out in the PRS. Such items are to be

incorporated in the Urban Renewal Plan by reference, through a statement in the plan similar to the following:

All properties in the (Project Name) Project Area (Project Number) shall comply with the standards set forth in all applicable statutes, codes, and ordinances, as amended from time to time, relating to the use, maintenance, facilities, and occupancy of existing property, including, but not limited to, the building, plumbing, heating, electrical, and housing codes. These code standards are hereby incorporated by reference and made a part of these PRS.

- (2) Identification and listing of provisions of the Rehabilitation Guide which are not adequately covered in or are omitted from the local regulations and which must be specifically set forth in the PRS. These items shall be prefaced by a paragraph including the following or equivalent language:

In addition to compliance with local statutes, codes, and ordinances, all properties in the (Project Name) Project Area (Project Number) devoted in whole or in part to residential uses shall conform to the following standards:

Where variations in wording between the Rehabilitation Guide provisions and the code standards are minor, reliance may be placed on the locality's codes provisions.

When it is necessary to incorporate in the PRS a standard, e.g., "National Fire Protection Association Standard No. 13," which is referred to but not spelled out in the Rehabilitation Guide, and if it is not in, or cannot be placed in, the pertinent local code, the following guidelines should be observed:

- (1) When the statement is relatively short, the statement should be spelled out and included completely.
- (2) When the statement of the standard is lengthy, such as National Fire Protection Association Standard No. 13, the standard can be:
 - (a) Referred to and attached to the Urban Renewal Plan; or
 - (b) Referred to without attaching it to the plan providing the document containing the standard is adequately

identified by name, institutional author, and date, e.g., "Standard for the Installation of Sprinkler Systems," NFPA No. 13 - 1965, adopted by the National Fire Protection Association on May 19, 1965.

FORMAT FOR PRS INCORPORATED IN URBAN RENEWAL PLAN

The PRS as incorporated in the Urban Renewal Plan need only include:

- (1) An initial paragraph with language incorporating the locality's code standards, as suggested in Item 1 under the preceding heading.
- (2) A second paragraph as suggested in Item 2, under the preceding heading.
- (3) The specific PRS items, clearly expressed as mandatory requirements, derived from the Rehabilitation Guide.

A sample format illustrating how the foregoing types of information can be covered in the PRS is set forth in Appendix 2.

WORK LIST OF PRS ITEMS USED TO MAKE FINAL PROPERTY SURVEYS

The work list of PRS items used to make the final property surveys should include:

- (1) Each of the specific provisions in the locality's codes which is comparable to an item in the Rehabilitation Guide. These are the criteria agreed upon by both the Regional Office and the LPA, but which may have been omitted from the PRS in the Urban Renewal Plan because the source code, statute, or ordinance had been incorporated by reference.
- (2) Each of the specific items, set forth in detail in the PRS, incorporated in the Urban Renewal Plan.

REQUIREMENTS AT TIME OF FINAL PROJECT AUDIT

At the time of the final project audit (see 7222.1, Project Completion, Chapter 1), (1) PRS shall have been accomplished on at least 75 percent of the properties which have been retained, (2) code standards shall have been achieved on at least 95 percent of the properties which have been retained, and (3) the LPA must be making a continuing effort to eliminate deficiencies on the remaining properties. The properties referred to in Items (1) and (2) include properties up-

graded to PRS through a rehabilitation demonstration, and properties acquired by the LPA and disposed of for upgrading to PRS (see 7210.1, Rehabilitation, Chapter 1, Section 9).

APPENDIX 1-SUGGESTED FORM OF STATEMENT TO BE INCORPORATED IN
URBAN RENEWAL PLAN TO PRESCRIBE SPECIAL CONDITIONS
UNDER WHICH PROPERTIES NOT CONFORMING TO PRS MAY BE ACQUIRED

Properties within the urban renewal project area designated for rehabilitation will not be acquired, provided that the owner(s), within a reasonable time, undertake(s) rehabilitation in conformance with the Urban Renewal Plan and such State and local laws as may be applicable unless it is necessary in order to carry out rehabilitation by the (Name of LPA) because:

- (1) rehabilitation on a structure-by-structure basis is infeasible, and assemblage of a group of properties is required to carry out the objectives of the Urban Renewal Plan, and
- (2) it is necessary to make residential structures available for use of low- or moderate-income families

and the properties to be acquired for such purpose can be rehabilitated without the rehabilitation cost exceeding:

- (1) the estimated marketable resale price less the estimated land reuse value if cleared, and
- (2) 75% of the cost of constructing new buildings and facilities of comparable structure, type, size, and number of rooms.

Those properties which are not rehabilitated in conformance with the Property Rehabilitation Standards set forth in the section below headed "Property Rehabilitation Standards" will be subject to acquisition by the (Name of LPA).

Upon the acquisition of such properties, the (Name of LPA) will either:

- (1) Demolish the structure or structures thereon and dispose of the land for redevelopment at its fair value for uses in accordance with the Urban Renewal Plan; or
- (2) Sell or lease the property at its fair value subject to rehabilitation in conformance with the Property Rehabilitation Standards and objectives of this Urban Renewal Plan; or
- (3) Rehabilitate the property in conformance with the Property Rehabilitation Standards and objectives of this Urban Renewal Plan and dispose of property at its fair value in accordance with applicable regulations. If sale cannot be consummated by the time rehabilitation is accomplished, units shall be rented pending continuing sale efforts.

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APPENDIX 2-SAMPLE FORMAT FOR PROPERTY REHABILITATION STANDARDS

NOTE: This attachment illustrates the types of information usually covered in Property Rehabilitation Standards and should serve only as an example of format. The specific standards should be adapted as necessary to meet local needs.

All properties in the (Project Name) Project Area (Project Number) shall comply with the standards set forth in all applicable statutes, codes, and ordinances, as amended from time to time, relating to the use, maintenance, facilities, and occupancy of property, including but not limited to, the building, plumbing, heating, electrical, and housing codes. These code standards are hereby incorporated by reference and made a part of these Property Rehabilitation Standards.

In addition to compliance with local statutes, codes, and ordinances, all properties in the (Project Name) Project Area (Project Number) devoted in whole or in part to residential uses shall conform to the following standards:

Access to the Building

Walks and steps shall be provided for convenient all weather access to the structure constructed so as to provide safety, reasonable durability, and economy of maintenance.

Access to Each Living Unit

Access to each living unit shall be provided without passing through any other living unit.

Privacy and Arrangement

Access to all parts of a living unit shall be possible without passing through a public hall.

Kitchen Facilities

Each living unit shall have a specific kitchen space, which contains a sink with counter work space and has hot and cold running water, adequate space for installing cooking and refrigeration equipment, and adequate storage space for cooking utensils.

Bath Facilities

Complete bathing and sanitary facilities shall be provided within each living unit; they shall consist of a water closet, a tub or

shower, and a lavatory, and provide an adequate supply of hot water to the tub or shower stall and lavatory, and cold water to all fixtures.

Arrangement of fixtures shall provide for the comfortable use of each fixture and permit at least a 90 degree door swing. Wall space shall be available for a mirror or medicine cabinet and for towel bars.

Space for Laundry Facilities

Adequate space shall be provided for laundry equipment within each living unit off of a public corridor, or in a basement or other suitable public space for the use of all occupants of a building.

Light and Ventilation of Habitable Rooms

All habitable rooms, except kitchens, shall have natural light, provided by means of windows, glazed doors, or skylights. A glass area of at least 10 percent of the floor area shall be provided for new or remodeled rooms, or other spaces.

Artificial light shall be provided and so distributed as to assure healthful conditions and satisfactory illumination in all rooms.

An interior room not having its own source of natural light and ventilation is acceptable where the room is adjacent to an outside room which has adequate natural light and ventilation, calculated on the basis of the combined floor area of the two rooms, where the separating wall between the two rooms has a clear horizontal opening approximately 6 feet wide or is 70 percent as wide as the inside room.

Light and Ventilation of Kitchens

Kitchens shall have artificial light provided. Ventilation shall be provided by either mechanical ventilation, or if by natural means, 5 percent of floor area, but not less than 3 square foot area.

Light and Ventilation of Public Entrance Spaces to Building

Provide either natural ventilation of at least 5 percent of floor area or mechanical ventilation.

Ventilation of Structural Spaces

Natural ventilation of spaces such as attics and enclosed basement-less spaces shall be provided by openings of sufficient size to overcome dampness and minimize the effect of conditions conducive to decay and deterioration of the structure, and to prevent excessive heat in attics. Exterior ventilation openings shall be effectively screened where needed.

Fire Protection of Walls, Floor, and Ceiling Construction

Existing wall, floor, and ceiling construction separating living units or separating a living unit from a public corridor where stripped down for new finish material or where it is new construction shall have a fire resistance rating of at least three-fourths of an hour.

Gutters and Downspouts

Each dwelling shall have a controlled method of disposal of water from roofs where necessary to prevent damage to the property, and to avoid causing an unsightly staining of walls and windows where adequate overhangs are not provided.

Finish of Floors in Habitable Rooms (Other than Kitchen)

Finish floors in habitable rooms shall be wood flooring or a resilient tile or sheet material, or carpeting over a suitable underlayment.

Finish of Floors and Public Hallways and Entrance Spaces

Appropriate finish flooring materials in public corridors and hallways are wood, a resilient flooring, or carpeting over an underlayment. In public entrance spaces, ceramic tile, terrazzo, or concrete are appropriate, in addition to flooring named above. A finish flooring that is resistant to water and dirt shall be given special consideration in these locations.

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 6. DETERMINING FEASIBILITY OF PROPERTY REHABILITATION

The feasibility of rehabilitation means that, for the majority of the properties in the area, there is reasonable evidence that rehabilitation up to the LPA's Property Rehabilitation Standards can be supported by incomes of owner occupants or by rental revenue.

The physical and financial feasibility of renewing individual properties shall be determined on the basis of (1) property surveys, and (2) family surveys or other appropriate investigations. These surveys shall also be the basis for the establishment of PRS.

PROPERTY SURVEYS

Prior to submission of the Survey and Planning Application, a limited exterior survey shall be made to reach a preliminary judgment as to the suitability of rehabilitation treatment for the area. This survey may be accomplished by driving or walking through the proposed area. Existing data shall be utilized to the fullest extent possible.

Early in the planning stage, a survey shall be made of the exterior and interior of a limited number of typical properties. This survey will provide information which the LPA, in collaboration with HUD will use to formulate tentative PRS and to make a preliminary judgment on the economic feasibility of rehabilitation. Arrangements may be made through the Regional Office for HUD assistance in making this survey.

Prior to submission of the Part I Loan and Grant Application:

- (1) An exterior survey shall be made of all properties in the area for the purpose of classifying them as standard, capable of rehabilitation, or requiring clearance.
- (2) An interior survey shall be made of properties that cannot be so classified through exterior examination, if necessary to reduce the number of unclassified properties to a reasonably small proportion of the total number.

Prior to authorization of the Contract for Loan and Grant, HUD will concur in the initiation of final property surveys to determine specific improvements required to meet PRS (see 7210.1, Rehabilitation, Chapter 1, Section 8), under the following conditions:

- (1) The Regional Office has approved the proposed PRS.
- (2) Planning of the project has advanced to the point that the LPA has identified a substantial number of properties which are to be retained.

- (3) The survey is limited to the properties proposed to be retained.
- (4) There is satisfactory evidence of organized understanding of and support for the project.

After final property surveys have been completed, written notification of specific improvements required may be sent to owners of property to be retained.

Property surveys shall be conducted by qualified personnel experienced in building construction, costs, and property values.

FAMILY SURVEYS

Prior to submission of the Part I Loan and Grant Application, family surveys may be made to obtain information on the financial feasibility of improving properties to PRS. Financial feasibility includes (1) debt-carrying capacity of owners, and (2) for investment property, the relationship of anticipated increases in income or value to the costs of the proposed improvements.

Family surveys shall be conducted by qualified personnel experienced in interviewing and survey techniques. The number, scope, and extent of the surveys shall be kept to the essential minimum by using existing data to the fullest extent possible.

EFFECT OF SPECIAL ASSESSMENTS

If project improvements are proposed to be locally financed in whole or in part through special benefit assessments against properties in the area, the LPA shall demonstrate that the levying of special assessments will not impair the feasibility of rehabilitation. Any such demonstration of feasibility shall take into account (1) the relationship of both the amount and the method of payment of the proposed special assessments to the debt-carrying capacity of both the properties and the property owners in the area, (2) the effect, if any, of the assessments on the availability of mortgage financing, and (3) the willingness of owners to carry out rehabilitation under these circumstances. This information shall be included in the Rehabilitation Report (see 7210.1, Rehabilitation, Chapter 1, Section 7, and 7216.1, Local Grants-in-Aid, Chapter 2, Section 1).

When discussions with the Regional Office are initiated, the LPA shall indicate its intention to use special assessments in the rehabilitation area, so that the effect of the assessments on the feasibility of rehabilitation can be considered as early as possible.

If the qualifications described above cannot be met, the area will be acceptable for assistance only if the necessary project improvements are financed without special assessments.

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 7. REHABILITATION REPORT

The Rehabilitation Report, submitted with the Part I Loan and Grant Application (see 7210.1, Rehabilitation, Chapter 2), shall contain at least the following items in the following order:

- (1) Basis of Property Rehabilitation Standards contained in Urban Renewal Plan (see 7210.1, Rehabilitation, Chapter 1, Sections 5 and 6), including summary of:

- (a) Adequacy of codes and ordinances as a basis for achieving PRS.
- (b) Actions taken to adopt, revise, or amplify code standards.
- (c) Rehabilitation requirements:

List of minimum performance provisions of HUD PG-50, Rehabilitation Guide for Residential Properties, which are not adequately covered in or are omitted from local regulations.

List of provisions included in PRS, which are not covered in local regulations or as guide provisions in the Rehabilitation Guide.

- (2) Basis of finding of feasibility of property rehabilitation (see 7210.1, Rehabilitation, Chapter 1, Section 6), including:

- (a) Summary, for typical properties, of:

Anticipated extent of repairs and improvements which will be required.

Tentative estimates of cost of renewing properties to PRS and resulting estimated increases in property values.

- (b) Tabulation and narrative statement summarizing and analyzing surveys and other investigations, indicating:

"Before" and "after" appraisals.

Debt-carrying capacity of properties.

Debt-carrying capacity of owners.

For investment property, (1) relationship of anticipated increases in income or value to costs of proposed improvements, and (2) "before" and "after" per unit rents.

Proposed tax abatements or deferred assessments on property improvements.

(c) Statement of effect of any special assessments on:

Debt-carrying capacity of properties and property owners.

Availability of mortgage financing.

Willingness of owners to carry out rehabilitation.

- (3) Description of financing, including steps taken to process direct rehabilitation loans and grants.
- (4) Report on citizen participation, stating extent of active support during project planning, and identifying:
 - (a) Neighborhood organizations within project area involving residential or business and commercial interests.
 - (b) Community-wide civic, business, and professional organizations.
- (5) Description of administrative organization to carry out conservation, including:
 - (a) Proposed organization, number, and functions of LPA staff.
 - (b) Organization, number, and functions of other participating agencies or units.
 - (c) Proposed training program for survey personnel and other staff.
- (6) Statement of any special conditions or problems relating to rehabilitation treatment.
- (7) Proposed work program for carrying out property improvements, including:

- (a) Methods used or to be used to assure organized neighborhood support among owners, tenants, and business concerns in carrying out rehabilitation activities.
- (b) Methods to be used in conducting final property surveys, if not already accomplished, and schedule for starting and completing surveys.
- (c) Sample notices or letters to owners and occupants in area (see 7210.1, Rehabilitation, Chapter 1, Section 8).
- (d) Proposals for dealing with (a) hardship cases, and (b) owners who can afford to carry out required improvements, but refuse to cooperate.
- (e) Proposals for coordination with local government (see 7210.1, Rehabilitation, Chapter 1, Section 8).
- (f) Description of informational and counseling services to be provided (see 7210.1, Rehabilitation, Chapter 1, Section 8).
- (g) Proposals for establishment of project office with details as to plan of operation and location, if determined.

* (8) Proposals for any rehabilitation by the LPA, including:

- (a) Scope of the rehabilitation activity, including:

Total number of buildings and dwelling units to be acquired for LPA rehabilitation.

Total number of buildings and dwelling units to remain after rehabilitation by LPA.

- (b) Plan of operation.
- (c) For each property designated for rehabilitation by the LPA (if properties have not yet been selected, omit this item and include Item (d)):
 1. Location.
 2. Age and description of existing condition.
 3. Estimated cost of acquisition.
 4. Estimated cost of rehabilitation.

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5. Estimated resale value of property after rehabilitation.
 6. Interior and exterior photographs of building or buildings.
 7. Statement on proposed time and method of disposition of property, including arrangements for financing.
 8. FHA or HAA concurrence on marketability.
- (d) If properties have not been designated at the time Part I is submitted, statement of the basis on which properties will be selected, the estimated number of properties to be acquired, the estimates of average rehabilitation costs, and the proposed financing to be used in sales of rehabilitated properties. *

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 8. MINIMUM REQUIREMENTS DURING EXECUTION

Following are minimum requirements in carrying out rehabilitation activities:

- (1) Written notice or letter, if not previously sent, to every owner and occupant of property in the rehabilitation section, as soon as practicable after authorization of the Contract for Loan and Grant, explaining the general nature of the project and its objectives. The notification to owners shall include a precaution against making improvements prior to consultation with the LPA, unless they have been previously cautioned.
- (2) Exterior and interior survey of every dwelling unit and property in the rehabilitation section to determine specific improvements needed to meet Property Rehabilitation Standards. This survey is not necessary if the data were previously obtained and are current.
- (3) Written notice or letter to every property owner at an appropriate time, stating:
 - (a) Specific improvements required to meet PRS.
 - (b) Precautions to be taken before contracting for improvements.
- (4) Informational and counseling services to all property owners, covering:
 - (a) Practical and economical ways to accomplish improvements.
 - (b) Financing for repairs and improvements.
 - (c) Project objectives, both public and private.
- (5) A coordinated plan with appropriate city departments and officials, covering arrangements for:
 - (a) Enforcement of codes and ordinances, including zoning, for properties not to be acquired.
 - (b) Timing of project improvements with the renewal of individual properties.

- (c) Adequate municipal services in the area, such as fire and police protection and garbage and trash collection.
 - (d) Deferral of all but the most urgent property improvements when they are proposed for property to be acquired.
 - (e) Compliance reinspections to assure orderly and complete improvement of all properties.
 - * (f) In the case of rehabilitation of a group of properties by the LPA, scheduling of street improvements, tree planting, and other site preparatory work. (See 7210.1, Rehabilitation, Chapter 1, Section 9.) *
- (6) Development of organized neighborhood support and a continuing action program to involve owners, tenants, and business concerns in the project area in achieving and maintaining project objectives.
- (7) Maintenance of central records relating to inspection, notices, correspondence, and all other activities in connection with the project.

CHAPTER 1. POLICIES AND REQUIREMENTS

SECTION 9. REHABILITATION BY THE LPA

1. INTRODUCTION. Rehabilitation and sale at fair value by the LPA of acquired properties in an urban renewal project area are eligible project activities. Such activity is primarily intended for use where owners of residential properties are either unwilling or unable to rehabilitate the properties themselves. This situation most often occurs with multi-family structures. Rehabilitation of nonresidential properties may be undertaken by the LPA only where such property is incidental to the residential rehabilitation, and rehabilitation by the LPA is necessary to achieve a comprehensive result. Rehabilitation of a number of dwelling units under one contract should reduce the overall rehabilitation cost.
2. GENERAL ELIGIBILITY REQUIREMENTS. The following general conditions must be met before rehabilitation by the LPA of acquired properties will be permitted as an eligible project cost:
 - a. The proposed acquisition, rehabilitation, and resale of properties must be permissible under applicable State or local law.
 - b. The property owner must refuse to rehabilitate to Property Rehabilitation Standards set forth in the Urban Renewal Plan after having been afforded a reasonable opportunity to do so. However, such opportunity and refusal is not required, and eminent domain proceedings may be used when both of the following conditions are present:
 - (1) Rehabilitation on a structure-by-structure basis is infeasible, and assemblage of a group of properties for rehabilitation is required to carry out the objectives of the Urban Renewal Plan, and
 - (2) It is necessary to make residential structures available for use of low- or moderate-income families.
3. SUBMISSION OF PROPOSALS. Any proposals for the rehabilitation by the LPA at the time of submission of the Part I Loan and Grant Application shall be set forth in Item 8 of the Rehabilitation Report (see 7210.1, Rehabilitation, Chapter 1, Section 7). If the documentation submitted with Part I does not include data on individual properties, the data called for in Item 8(c) of the Report shall be submitted to the Regional Office for concurrence prior to the acquisition of the properties. Any proposals for rehabilitation by the LPA not submitted with Part I shall be submitted to the Regional Office for concurrence as soon thereafter as is feasible and shall consist of the data called for in Item 8. If the LPA

proposes to acquire additional properties for rehabilitation, the data submitted for Item 8(a), Scope of the Rehabilitation Activity, shall include the additional total number of buildings and dwelling units to be acquired, and dwelling units to remain after rehabilitation. Costs for staff, contractual services, property acquisition, and rehabilitation construction shall be appropriately reflected in the project budget (see 7218.1, Budgets and Budget Reports).

4. PROPERTY ELIGIBILITY REQUIREMENTS. The objectives and ultimate effect of the Urban Renewal Plan must be considered in determining the feasibility of rehabilitation by the LPA. Voluntary rehabilitation by the property owner and acquisition followed by resale subject to rehabilitation should be utilized wherever such methods are feasible. Regardless of the method used, the rehabilitation provided should be responsive to the income level of the families and individuals in the project area. This has the effect of placing a ceiling on the resale prices consistent with what the market will bear. To be an eligible project cost for rehabilitation by the LPA, the building or buildings on the property must be structurally sound and the property susceptible to being brought to a marketable condition and fully meet the Property Rehabilitation Standards set forth in the Urban Renewal Plan within both the following limitations:
- a. The maximum limit on rehabilitation cost shall not exceed the estimated marketable resale price less the estimated land reuse value if cleared.
 - b. The maximum limit on rehabilitation cost shall not exceed 75% of the cost of constructing new buildings and facilities of comparable type, size, and number of rooms. (Neither land cost nor land value enter into this computation.)

Fair market values shall be used in making the above feasibility determinations without regard to the method of disposition. It is recognized that there will be a few circumstances where exception to the above limitations can be justified and the rehabilitation feasible. For example, the achievement of continuity of character and harmony among a group of structures might justify exceeding the above limitations for a few individual properties within the group, by enhancing the appearance and value of all properties of the group. However, where rehabilitation by the LPA at a higher cost is proposed, it must be justified and special approval of the Regional Office obtained.

5. PROPERTY ACQUISITION. Acquisition should be conducted in accordance with the pertinent policies and procedures set forth under Real Estate Acquisition, 7208.1 of this Handbook.

6. DEVELOPMENT OF REHABILITATION SPECIFICATIONS. Specifications in sufficient detail to serve effectively as the basis for a contractual obligation for satisfactory completion of the rehabilitation work needed must be developed for each property. The development of such specifications may be performed by members of the LPA staff or under a contractual arrangement for professional services as set forth in 7217.1, Chapter 2, of this Handbook.
- a. Objectives To Be Sought. The minimum objective in developing the specifications is to secure upgrading of the properties to a marketable level and fully meet the PRS. However, a somewhat higher level should be sought in order to meet the overall objective of restoring the area to long term sound condition, to the extent that it can be accomplished within the aforementioned cost limits. Requirements specified in addition to those of the PRS to achieve such a purpose should not be elaborate or of extravagant design or materials but of durable materials and sound workmanship so that normal maintenance will suffice to maintain standard conditions for the economic life of the structure.
- b. Exterior Considerations. Careful consideration should be given to to types of exterior work, such as modified entrance details, window trim, a change of paint colors, and improvements in porches and steps, which can enhance a property's external appearance at relatively little cost. Repair or replacement of walkways; cleaning, clearing, and refurbishing of yards and outdoor areas; and provision of a judicious amount of landscaping also offer opportunity for modest improvement at low cost. Auxiliary structures, such as garages, fences, and toolsheds, should be removed or repaired depending upon their appropriateness in meeting overall objectives of the rehabilitation program.
- c. Scope and Detail. The scope and the amount of detail covered in the specifications should be related to the type and extent of work to be done. Minor repairs and painting of one- and two-family structures would ordinarily require only an outline specification of the work to be done. Where major repairs and structural alterations are needed, more explicit specifications and sketches will be needed. Where a large multifamily structure is, or is to be, completely gutted before starting the improvements, complete detailed plans and specifications should contain clear and sufficient information to enable a contractor or builder to perform the work expected of him with a minimum amount of supervision. They should, of course, include appropriate provisions assuring good workmanship, cleanup after completion of the work, and a one year guarantee of both materials and workmanship. Depending upon the nature and extent of work involved and State and local requirements, the

documents shall bear the signature and seal of the professional architect and/or engineer.

7. FHA OR HAA ASSURANCES OF ELIGIBILITY. To assure marketing before project closeout, FHA or HAA assurances of eligibility for financing the rehabilitated property under applicable HUD, State, or local programs must be secured before the decision for the LPA to rehabilitate is made, acquisition for such purpose is completed, and construction contracts are let. Assurance of conventional financing will be acceptable in lieu of the above. The cost incurred in obtaining such assurances is an eligible project cost. Special provision for financing the purchase of properties rehabilitated by the LPA was made by Sections 220, 221(d)3, and 236 of the National Housing Act. (See below under DISPOSITION OF REHABILITATED PROPERTIES.)
 8. EXECUTION OF REHABILITATION BY THE LPA. Property improvement work by the LPA for rehabilitation shall, in the main, be carried out under contract. Only where the required repairs are of a minor nature, where personnel to accomplish such repairs are already on the LPA payroll, and where the use of such personnel is economically fully justified by the LPA, may rehabilitation be performed under force account.
 - a. Labor Standards. Third party contracts for rehabilitation by the LPA are subject to the requirements for Labor Standards set forth in 7217.1, LPA Administration, Chapter 3.
 - b. Insurance and Bonding. Requirements for bid bonds, performance and payment bonds, and insurance coverage which the LPA shall require of contractors are set forth in 7217.1, LPA Administration, Chapter 4, Section 2.
 - c. Preparation of Contract Documents. Only contracts awarded on either a unit-price or a lump-sum basis, or both, are acceptable. If the contract is to be let on a lump-sum basis, the general conditions shall include a provision requiring the contractor to furnish the LPA with an acceptable itemized breakdown of the contract price before any payment is made to him for work completed under the contract. This breakdown shall be used in estimating the amount of partial payments to be made to the contractor. Form HUD-675, Guide Form of Contract Documents for Rehabilitation of Real Property, and Form HUD-6211, Guide Form of Agreement for Demolition, Site Clearance, Site Preparation, or Rehabilitation of Real Property (Short Form), shall be used, with appropriate revisions. Form HUD-6211 can be used only on contracts of \$2,000 or less.
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- d. Contract Submission Requirements. The LPA shall submit to the Regional Office for review one set of the documents it proposes to use in letting a contract for rehabilitation work to be charged as project costs. The documents shall be submitted at least 30 days in advance of the date on which the LPA proposes to publish its first advertisement for bids; solicit or issue its call for informal bids; or, in case of a contract for \$10,000 or less, award the contract. The \$10,000 limitation is applicable to submission requirements only and in no way relates to formal bidding requirements set forth under "Bidding Procedures" covered later in this section.

The submission shall include:

- (1) General conditions.
 - (2) Special conditions.
 - (3) Drawings, as applicable.
 - (4) Technical specifications.
 - (5) Proponent's final estimate of cost and time schedule.
- e. Drawings and Specifications. Before submitting them to HUD, the LPA shall obtain approval of all drawings and specifications from any State or other public agency having the legal authority to examine them, or any municipal department having jurisdiction over the completed improvement. Such approval shall be indicated on the drawings and specifications. If no State or local approval is required, they shall be accompanied by a statement that such approval is not required under State or local law. Where required under State or local law, each drawing shall bear the signature or seal of the professional architect and/or engineer responsible.
- f. Proponent's Final Estimate of Cost and Time Schedule. The proponent's final estimate of cost of work to be performed under the proposed contract shall be broken down, itemized, and of such degree of accuracy that it may be used as a basis for determining the acceptability of the bid. The proponent's time schedule shall indicate and allow for local factors, related work, and construction seasons.
- g. Addenda. Revisions or clarifications of the contract documents shall be prepared and issued as addenda. The LPA shall furnish the Regional Office with a copy of each addendum immediately upon its issuance if the related contract documents were concurred in by HUD.

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- h. HUD Review and Action. HUD will promptly acknowledge the receipt of the contract documents submitted and will acknowledge the date of receipt. The LPA will be notified in writing of HUD concurrence or of recommended revisions in proposed contract documents. Failure of HUD to notify the LPA of concurrence of recommended revisions within 30 calendar days of the receipt of the submission may be construed as constituting HUD approval of the submissions, and the LPA may then proceed as if notice of concurrence had been received.
- i. Bidding Procedures.
- (1) Advertising for Bids. The LPA shall follow State law applicable to the LPA in advertising for bids on contracts. In the absence of State law with respect to advertising, the LPA shall give full opportunity for free, open, and competitive bidding for each contract and for the furnishing of any materials, supplies, or equipment in connection with a project expenditure of over \$2,500. In soliciting bids, the work shall not be arbitrarily subdivided into small units to avoid mandatory requirements imposed on larger contracts.
 - (2) Action If Fewer Than Two Bids Are Received. If the LPA receives fewer than two bids, the contract shall either be readvertised, or, if a bid has been received that falls within 5% of the estimated cost, the LPA may request the Regional Office's approval of making an award of the contract. Such a request should be accompanied by full justification for making the award. If, after the second advertisement, no bid is received that meets the above qualifications, the LPA may request the Regional Office to approve commencement of negotiations eventuating in a contract. Prior concurrence of the Regional Office, after its review of the proposed form of such negotiated contract, must be obtained before the contract is executed.
 - (3) Record of Advertisement. The LPA shall maintain in its records a clipping or printer's proof of each advertisement, showing the name of periodical, dates of publication, and page on which it appeared.
 - (4) Time Interval Between Advertisement and Bid Opening. There shall be a minimum of 10 days between the last date of publication and the date of opening the bids. Neither of these dates shall be counted as one of the 10 days. More time shall be allowed if the size or complexity of the work warrants it.
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j. Contract Award

- (1) HUD Clearance of Contractors. Before making an award of any contract, regardless of the amount, the LPA shall ascertain whether HUD has any objection to the contractor to whom the award of the contract is proposed or his sub-contractors.
 - (2) Conditions of Award. After HUD clearance of the bidder to whom the award of the contract is proposed, the contract award may be made by the LPA, provided:
 - (a) Two or more bids are received or specific approval of the Regional Office is given.
 - (b) There has been no irregularity or informality in the bidding procedure or in the bid of the bidder to whom the contract is proposed.
 - (c) The bid price submitted by the successful bidder is within the cost estimate concurred in by HUD.
 - (d) The LPA has secured an opinion of its counsel that the award, the contract, and the surety bonds are valid and binding.
 - (3) Selection of the Most Advantageous Bid. In awarding contracts through the use of open, competitive bidding, the LPA shall award to the responsible bidder whose bid, conforming to the invitation for bids and all other applicable requirements, will be most advantageous to the public body administering the program. In selecting the most advantageous bid, the LPA shall consider the amount bid and other factors which may tend to have a bearing on the contractor's ability to perform as required. For example, the LPA may consider delays which can be expected to result from the location of suppliers to be used by the bidder, from transportation difficulties, and from changes made or requested by bidders in the terms of the contract which do not constitute grounds for rejection of the bid. The LPA may also consider possible advantages or disadvantages which may result from awarding the job to more than one contractor. However, in no event, shall award be made on the basis of extending a preference to local bidders.
 - (4) Determining the Responsibility of Bidders. Furthermore, the LPA must determine whether the bidder proposed to be selected is responsible. In making this determination, the LPA should consider whether the bidder has a good performance record, adequate financial resources, an
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organization with the necessary skills and facilities, and whether the bidder will comply with all applicable local, State, and Federal requirements, including those relating to equal employment opportunity.

- (5) Conformance with Federal, State, and Local Requirements. In all events, selection of bidders should conform to applicable Federal, State, and local requirements, except where these requirements conflict. In that event, the LPA shall contact the appropriate HUD Regional Office as soon as possible to develop an acceptable bid selection procedure.
 - (6) Notification of LPA Representative. Upon award of the contract, the LPA shall notify the contractor in writing of the identity of the architect or supervisor it has designated to represent it in the administration and inspection of the contract work.
 - (7) Acknowledgment of Notice to Proceed. The LPA shall require the contractor to sign and date one copy of the notice to proceed and return it.
- k. Contract Changes. Each change order shall describe clearly the contract change, including any change in scope of work, in time of completion if that factor is involved, or in any other contract provision, and shall state the maximum amount or value of change. No change order shall grant a material benefit or concession to the contractor unsupported by legal consideration.
- (1) Change Orders Requiring HUD Concurrence. Change orders may be executed by the LPA without prior HUD concurrence, except in those cases listed below. One copy of the proposed change order with supporting justification shall be submitted to the Regional Office for review and concurrence prior to issuance by the LPA if the contract change will:
 - (a) Either by itself or together with previous change orders change the contract cost to the LPA, either additive or subtractive, in excess of \$10,000 or 50% of the contract price, whichever is less.
 - (b) Together with previous or anticipated expenditures in the same budgetary classification, require a revision in the project expenditures budget.
 - (c) Adversely affect the basic design, structural stability, or usefulness of the work covered by the contract.
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- (2) HUD Acknowledgment of Change Orders. HUD will promptly acknowledge the receipt of each submitted change order and will acknowledge the date of receipt. The LPA will be notified in writing of HUD concurrence or of recommended revision in the proposed change order. Failure of HUD to notify the LPA of concurrence or recommended revisions within 30 calendar days of the receipt of the change order may be construed as constituting HUD approval of the change order, and the LPA may proceed as if notice of concurrence had been received.
- l. Change Order Register. Each change order or other written instruction issued by the LPA shall be consecutively numbered and dated and shall be recorded on a permanent change order register which shall be established for each contract and which, at all times, shall reflect the current status of each contract.
- m. Submission of Proposed Change for Review. The LPA shall notify the Regional Office of any action with respect to:
- (1) Any contract novation.
 - (2) Termination of a contract.
 - (3) Claims for extra compensation filed by the contractor.
- n. Delays in Performance of Contract. Accurate records of all delays encountered during performance of the contract shall be maintained by the LPA to facilitate contract time adjustments and to serve as evidence in the event of controversy or litigation relating to such delays. Stoppage of work for any cause shall be immediately made a matter of record by the LPA.
- o. Record of Disputes. In each case when a dispute between a contractor and the LPA exists or seems probable, all the facts pertaining to the dispute shall be recorded and maintained in the contract file.

9. REHABILITATION BY THE LPA UNDER FORCE ACCOUNT

- a. Documentation Required. For work to be done by force account (i.e., by the LPA utilizing its own employees), the LPA shall submit a written request to the Regional Office, pursuant to a resolution of its governing body, together with the following, at least 30 days in advance of the date on which it proposes to begin work:

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- (1) Statement giving the reasons why force account is being used together with supporting documentation that justifies its use, including cost comparison with some work under contract.
 - (2) One complete set of technical specifications and the architect's final cost estimate and time schedule for each project improvement or undertaking to be performed under force account.
 - (3) Statement outlining the methods to be employed in the care and protection of the work and all materials, supplies, and equipment required in connection with the work; also, the measures to be taken to protect, preserve, and dispose of salvable materials obtained from the operations.
 - (4) Statement describing the insurance coverage to be provided.
 - (5) Progress schedule showing the proposed date of starting and completing each section of the work, estimated accumulated percent of progress each month, and the estimated accumulated cost of work each month corresponding to the items set forth in the cost breakdown.
- b. HUD Action. HUD will promptly acknowledge receipt of the documents submitted and will acknowledge the date of receipt. The LPA will be notified in writing of HUD concurrence or of recommended revisions in the proposals. Failure of HUD to notify the LPA of concurrence or recommended revisions within 30 days of the receipt of the documents may be construed as constituting HUD approval of the submissions, and the LPA may then proceed as if notice of concurrence had been received.
- c. Changes Requiring HUD Concurrence. The LPA is authorized to order, without prior HUD concurrence, changes in the work being performed under force account, except when one of the following applies:
- (1) The proposed change would constitute or result in a change in a major feature or provision of the approved project.
 - (2) The cost of the proposed changes per job, when added to the accumulated cost of other changes, would result in a variation of \$10,000 or 50%, whichever is less, in the total estimated cost of the work, as set forth in the approved final cost estimate.
 - (3) The cost of the proposed change, together with previous or anticipated expenditures in the same budgetary classifica-

tion, will require a revision in the project expenditures budget.

- d. Submission of Changes. When HUD concurrence is required, the LPA shall submit to the Regional Office a description of the proposed change, an estimate of the resulting cost (either additive or subtractive), and the reasons why the change is necessary or desirable. The statement shall be accompanied by maps, plans, or other material necessary to explain and justify the proposal.
- e. HUD Acknowledgment of Changes. HUD will promptly acknowledge receipt of each proposed change and will acknowledge the date of receipt. The LPA will be notified in writing of HUD concurrence or of recommended revisions in the proposed change. Failure of HUD to notify the LPA of the proposed change within 30 calendar days may be construed as constituting HUD approval of the change, and the LPA may then proceed as if notice of concurrence had been received.
- f. Progress Records and Reports. The LPA shall keep an up-to-date cumulative record of progress made in each type of work undertaken by force account. This record shall be coordinated with the control account set forth in the latest approved budget so that the LPA can, upon request from HUD, provide accurate information concerning work accomplishments to date. All costs, including paid services contributed or charged to the project, shall be supported by properly executed payrolls, time records, invoices, and contracts or vouchers evidencing in adequate detail the nature and propriety of the cost.
- g. Equipment Record. A record shall be kept of all mechanical equipment used in connection with force account work, including:
 - (1) Name and address of owner.
 - (2) Model number and capacity.
 - (3) Purchase price or rental charge.
 - (4) Date of arrival and date of leaving project.
 - (5) List of periods, during working hours, when the equipment was idle, giving reasons.

10. PROPERTY MANAGEMENT DURING LPA OWNERSHIP

- a. Leasing and Protection During Custody. LPA custody of property should be limited to the extent possible to the minimum time necessary to achieve rehabilitation and disposition. However,

if rehabilitation of a property is completed and immediate sale is not foreseen, the property should be leased. The LPA is responsible for providing a high level of security and protection during the time the property is under direct custody, and the cost of providing security guards, protective personnel or watchmen, necessary in addition to that provided by normal municipal services, is an eligible project cost.

- b. Occupancy During Rehabilitation. Rehabilitation work by the LPA should ordinarily not be started until all dwelling units in a single structure to be rehabilitated have been vacated and no occupancy permitted until after the rehabilitation work has been completed. Where multiple-unit and multiple-structure properties are involved and where shortages of available housing exist and the limited nature of the work permits, rehabilitation may be staged to permit continued occupancy.
 - c. General Requirements. In other respects the property shall be managed in accordance with pertinent requirements set forth in 7211.1, Property Management, Chapters 1 through 5.
11. DISPOSITION OF REHABILITATED PROPERTIES. Disposition of properties rehabilitated by the LPA shall be carried out in accordance with RHA 7214.1, Land Marketing and Development.
 12. ACCOUNTING PROCEDURES. The actual cost of rehabilitation of properties by the LPA shall be set forth on line 11-Rehabilitation, HUD-6220, Project Expenditures Budget, and account number 1460, Rehabilitation, shall be charged with expenditures made for such purpose. Other costs, such as acquisition, professional services, and administration of the program, shall be budgeted and accounted for under their applicable categories in the Urban Renewal Program.
 13. RECORDS AND REPORTS.
 - a. Maintenance of Records. All records established by the contractor under the terms of the contract or all records required for work done under force account shall be maintained until completion of all required work and the final audit and the expiration of a workmanship and material guarantee of one year.
 - b. Progress Reports. In addition to the progress reports covering the pertinent items set forth under 7219.1, LPA Progress Reports, the architect or supervisor designated by the LPA to represent it in the administration of the contract work shall make a written evaluation of progress and performance under the contract at about the one-half and two-thirds points of estimated time for completion.

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- c. Completion Report. Also upon completion and disposition of each property rehabilitated by the LPA, the LPA shall submit to the Regional Office an original and three copies of a report identified by project numbers, containing the following information for each property rehabilitated:
- (1) Summary description of property.
 - (2) "Before" and "after" photographs.
 - (3) Description of improvements made.
 - (4) Method of disposition and name of purchaser.
 - (5) Type and terms of financing obtained by purchaser.
 - (6) Cost of acquisition.
 - (7) Cost of rehabilitation.
 - (8) Disposition Proceeds.
 - (9) Net Cost.
 - (10) For rental property, "before" and "after" average per unit rent.
 - (11) For residential property, number of dwelling units "before" and "after" rehabilitation.

CHAPTER 1. ADMINISTRATION OF PROPERTY MANAGEMENT PROGRAM**OBJECTIVES AND POLICY**

It is the responsibility of the LPA, in the administration of its property management program, to recognize the importance of personal dignity, to protect the right to privacy by avoiding unnecessary disruption and intrusion into the day-to-day affairs of project residents, and to provide maximum security to those residing in project properties. In order to carry out this responsibility, it will be necessary for the LPA to:

- (1) Provide maximum assistance, advice, and counsel to project residents until relocation is completed.
- (2) Provide a high level of security and protection to project residents and private property.
- (3) Maintain occupied property in a safe, habitable condition and cleared land in a neat, orderly manner that will have a positive influence on the project area. Supplementary maintenance services shall be provided to the extent necessary to eliminate health, safety and fire hazards, to promote the dignity of the residents, and to improve the neighborhood environment.
- (4) Make maximum use of project residents and other persons in the locality to perform property management services in order to reduce unemployment and to upgrade the earnings of the underemployed.
- (5) Charge fair and equitable rents, taking into consideration the condition of the property, the condition of the project area, and the terms and conditions of occupancy.
- (6) Coordinate property management services with social service and public assistance programs to the fullest extent practicable.
- (7) Complete property management activities, consistent with the above, at the earliest possible time in order to avoid delays in project completion.

ADMINISTRATION

The property management program shall be administered by the LPA itself, or by contract with another public agency, such as LHA or municipal real estate department, or by a private real estate firm

familiar with the skills needed to accomplish the objectives--provided the contractual arrangements clearly spell out the obligations.

Arrangements with another public agency or a private firm for property management services shall be in the form of a cooperation agreement or other written agreement which incorporates the social as well as the physical and fiscal aspects of property management.

PROPERTY MANAGEMENT CONTRACTS

If property management services are to be obtained under contract or agreement, the requirements of 7217.1, LPA Administration, Chapter 2, shall be followed.

The contract or agreement shall include:

- (1) Scope of operations to be performed by the contractor.
- (2) Policy with respect to repairs, and limits by type and amount of the repairs which may be made without LPA approval.
- (3) Method and amount of compensation.
- (4) Methods to be followed in turning over properties for management as they are acquired and in terminating management services when structures are vacated.
- (5) Details of types of accounts and records to be maintained by the contractor and the kind and frequency of reports to be provided to the LPA (see 7221.1, Accounting, Chapter 1 Section 4).
- (6) Requirements that the books and accounts of the contractor concerning the management operation be available for inspection or audit by the LPA and HUD.
- (7) If applicable, authorization for the contractor to execute lease agreements or other occupancy instruments as agent for the LPA.
- (8) Provision that gross rent collections must be delivered daily to the LPA or deposited daily in the Project Expenditures Account. This provision shall preclude the holding of collections beyond the next banking day following collection.
- (9) Amount of bond coverage to be provided by the contractor, except in an agreement with a public agency.

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- (10) Labor standards and other employment matters, including schedule of prevailing wages, as necessary to meet applicable Federal, State, or local law or the requirements of the Contract for Loan and Grant (see 7217.1, LPA Administration, Chapter 3).

RESPONSIBILITIES TO BE RETAINED BY LPA

The LPA shall not permit a management contractor to perform any of the following functions:

- (1) Determination of rents to be charged.
- (2) Decisions on matters of tenant eviction.
- (3) Determinations with respect to writing off delinquent accounts.
- (4) Determinations with respect to the duration of tenant occupancy.
- (5) Decisions as to when it is no longer feasible to continue the operation of a partially occupied multifamily structure, or when it is desirable to relocate the remaining families so that the structure can be demolished.
- (6) Decisions with respect to renting to off-site tenants.
- (7) Obtaining of insurance.
- (8) Dealings with public agencies having jurisdiction over property taxes.
- (9) Establishment of policy regarding maintenance and security of LPA acquired property (although a contractor will be expected to make appropriate recommendations based on first-hand knowledge or appraisal of conditions).

MAINTENANCE AND SERVICES

It is the responsibility of the LPA, during the entire period of planning and execution of an urban renewal project, to see that necessary municipal services are provided at a level no less than that provided throughout the community. This includes police and fire protection, services of health inspectors, garbage collection, street cleaning, streetlighting, and other similar services.

The LPA may charge to Gross Project Cost the cost of supplementary services which are required because of conditions brought about by the

project and which are above and beyond services customarily provided by the municipality and other public bodies throughout the community.

The LPA is responsible for providing a high level of security and protection for project residents and private property, which may entail the employment of security guards, protective personnel, or watchmen, for a limited period of time. Such services shall not be a substitute for normal municipal services, but may be authorized when conditions brought about by the project are such that the services are necessary.

From the date of acquisition until a structure is vacated, the LPA shall maintain plumbing, heating, and electrical systems in safe operating condition. It shall also make repairs required to keep the premises habitable and provide for the extermination or control of rodents and other vermin to forestall their spread to adjacent areas. Property shall be protected from vandalism, fire, and unauthorized occupancy. Expenditures for repairs and replacements shall be kept at a level necessary to protect the health and safety of occupants.

Maintenance work performed on vacant structures being held for resale shall be limited to repairs considered to be essential to prevent further deterioration of the structures.

The exterior premises, such as yards and parking lots, shall also be maintained. Subsidiary buildings, fences and walls shall be maintained in a safe condition or removed. Unsightly junk and debris, such as plumbing fixtures and abandoned automobiles, shall be removed. Weeds and other growth shall be controlled. In general, acquired property that is still occupied shall be maintained in an attractive manner which respects the dignity of the occupants, as well as protects their health and safety.

Cleared project land shall be maintained in a neat, attractive manner. The appearance of cleared project land is an important factor directly related to its marketability. Well-maintained project land may be expected to give the prospective redeveloper a favorable initial impression and to affect the acceptability of a site located within undeveloped parts of the project area.

Costs for the following types of maintenance work on cleared project land are eligible for inclusion in Gross Project Cost:

1. Filling and grading.
 2. Soil treatment and/or addition of top soil.
 3. Planting of grass.
 4. Seeding and fertilizing.
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5. Field mowing, litter removal, and other maintenance.
 6. Activities to preserve and maintain trees to be retained in the project area.

EMPLOYMENT OF UNEMPLOYED AND UNDEREMPLOYED PERSONS

The LPA shall give preference, whenever possible, to the employment of unemployed and underemployed persons in the locality in the performance of property management services. Such services may include any of the activities authorized under "Maintenance and Services" above. The services shall be coordinated, to the maximum extent possible, with other job training, counseling and employment services in the community.

APPLICABILITY

Only the requirements under the headings "Maintenance and Services" in this Chapter and "Temporary Leasing to Off-Site Tenants" in RHM 7211.1, Property Management, Chapter 2, are applicable to a project on a three-fourths capital grant basis with limited project costs. No other requirements in RHM 7211.1, Property Management, are applicable to these projects.

CHAPTER 2. TEMPORARY LEASING OF STRUCTURES AND LAND

Property which is vacant at the time of acquisition, or which becomes vacant after acquisition, may be temporarily leased to either on-site or off-site tenants, provided that such a lease will either further the objectives of the project, benefit the project residents, or minimize hardship to project occupants. Such leasing shall not delay or adversely affect completion of the project. Each temporary leasing shall be covered by a lease in accordance with RHM 7211.1, Property Management, Chapter 3.

TEMPORARY ON-SITE MOVES

The cost of a temporary on-site move of a family, individual, business concern, or nonprofit organization may be eligible as a project expenditure. Eligible expenditures include the cost of the temporary move as well as reasonable expenditures to prepare the structure for occupancy. Prior HUD authorization must be obtained in the case of a business concern or nonprofit organization if the

* estimated total cost is in excess of \$10,000.

To obtain prior HUD authorization in such a case, the LPA shall submit a statement (original and two copies) to the Area Office which: *

- (1) Identifies the business concern or nonprofit organization.
- (2) Describes the on-site facility to which it is proposed the business concern or nonprofit organization temporarily move, including the rent to be charged, the time period during which the facility is expected to be available for occupancy, and the time period during which the business concern or nonprofit organization may be expected to occupy it.
- (3) Explains the reasons for the proposed temporary move, including the manner in which it is expected to benefit the project.
- (4) Sets forth the estimated cost of the proposed temporary move and pertinent remodeling costs, and describes the basis for the amount of the estimate. The amount of the moving expenses for the temporary move shall be based on three bids obtained from reputable firms by the business concern or nonprofit organization or by the LPA. If it is not feasible to obtain three bids, the statement shall explain why a lesser number was obtained. If low or local business practice precludes the obtaining of bids, the amount may be based on three estimates. The amount which may be eligible as a project expenditure may not exceed the lowest bid or estimate. The estimates for the cost of preparing the structure for temporary occupancy shall be the responsibility of the LPA.

Eligible costs for a temporary on-site move of a family, individual, business concern, or nonprofit organization are (1) chargeable as an expense of operating the property, not as a relocation expense, and (2) limited to reasonable and necessary moving expenses, as defined in the Regulations Governing Relocation Payments (see RHM 7212.1, Relocation, Chapter 3, Section 1). If a site occupant sustains any actual direct loss of property as a result of a temporary on-site move, the site occupant shall be requested to submit an appropriate claim covering the loss, but the LPA shall defer action on the claim until the site occupant has been permanently relocated. The claim for actual direct loss of property shall be processed at the same time the LPA processes any claim for relocation payment for which the site occupant may be eligible.

RERENTING HOTEL ROOMS

If the LPA determines that it is in the best interest of the project to permit furnished, nonhousekeeping hotel rooms which become vacant after the LPA acquires the property to be rerented, it may authorize the lessee/operator of the hotel to rerent the rooms for transient use, or may contract with the owner to operate the hotel as a temporary relocation resource.

The following requirements apply to rerenting furnished, non-housekeeping hotel rooms for transient use or as a temporary relocation resource after acquisition of the property by the LPA:

- (1) The LPA shall authorize rerenting of the rooms by means of a lease agreement (see RHM 7211.1, Property Management, Chapter 3) which includes:
 - (a) A provision that furnished, nonhousekeeping hotel rooms which become vacant after acquisition of the property by the LPA may be rerented for transient use or, upon the authorization of the LPA, as temporary relocation resources. If the LPA determines that following acquisition of the real property, the facility will be needed for continued occupancy of the tenants or as temporary relocation resource, agreements with the operator should be based upon the owner's plans for disposition of the furnishings. If the furnishings are needed for continued or temporary occupancy, this should be made clear to the owner or operator so that he is not precluded from receiving full relocation payments (especially Small Business Displacement Payments) at the time that he chooses to cease operating the facility. The LPA must take into consideration the relocation payments regulations when it is negotiating with the owners of such property.

- (b) A cancellation clause permitting the LPA to terminate the lease on 30 days' notice, and providing that rooms may not be rerented after the date of issuance of the termination notice.
- (2) The LPA shall obtain a listing of all residents of the hotel on the date title to the property is acquired. Relocation payments and services shall be restricted to eligible site occupants included in the listing, and to those whom the LPA has temporarily relocated into the structure, in accordance with the approved relocation program (see 7212.1, Relocation, Chapter 2, Section 1).

TEMPORARY LEASING TO OFF-SITE TENANTS

The LPA may temporarily lease vacant structures and cleared land to off-site tenants, provided such a lease will either further the objectives of the project, benefit project residents, or minimize hardships, and will not delay or adversely affect project completion. Structures or land may also be leased to off-site tenants in case of emergency resulting from damage by fire, windstorm, floods or other such catastrophe.

Discretion must be used in temporarily leasing structures or land to off-site tenants. To the extent practicable, temporary uses should generally be limited to those uses permitted by the Urban Renewal Plan.

The temporary lessee must be advised that he is not eligible for relocation payments or services.

The lease shall be on a month-to-month basis with a thirty day cancellation clause. Any proposed lease that does not contain a thirty day cancellation clause must receive prior HUD concurrence. To obtain prior HUD concurrence, the LPA shall submit the following to the Regional Office:

- (1) Statement which identifies the proposed lessee, the use to which the structure or land will be put, and the location and condition of the structure or land.
- (2) Proposed form of lease including terms and conditions.
- (3) Justification for the temporary leasing, including the reasons why a thirty day cancellation clause is not appropriate.
- (4) Statement that the temporary lease will not delay disposition of the land or adversely affect the timely and orderly completion of the project.

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Expenditures to prepare structures for temporary use by off-site tenants, except when the temporary leasing is clearly for the benefit of the LPA (such as a temporary move from another urban renewal project) or for social or recreational use (see below), shall be the responsibility of the lessee. Expenditures to prepare cleared land for temporary use shall be limited to those activities authorized under "Maintenance and Services" in 7211.1, Property Management, Chapter 1, the cost of temporary surfacing, and the installation of project improvements (see 7209.1 Site Preparation and Project Improvements, Chapter 1) in accordance with the approved budget and financing plan for the project. The LPA is encouraged to proceed with the timely and orderly installation of project improvements, not only to assist the temporary lessee, but also to accelerate the disposition of land and completion of the project.

TEMPORARY LEASING FOR SOCIAL AND RECREATIONAL PURPOSES

The LPA is encouraged to temporarily lease structures and land for social and recreational uses that will further the objectives of the project and benefit project residents, but will not delay or adversely effect completion of the project. Such uses may include employment counseling, job training, health and vocational rehabilitation services, housing and home management services, welfare services, legal aid, and other similar uses. Users may include a local community action agency, a park or recreation department, a community service or welfare agency, or other local public agency.

The objective is to minimize hardships to residents of urban renewal areas and to reduce problems such as vandalism which interfere with the progress of an urban renewal project. Since it is impossible to provide a complete listing of the kinds of social and recreational opportunities that can and should be explored, much local imagination and initiative will be required to produce the increased social and recreational opportunities from which maximum benefits can be derived at minimum cost.

Expenditures for repair of structures temporarily leased for social or recreational purposes shall be kept at a level necessary to protect the health and safety of the users and other reasonable expenditures necessary to prepare the structure for occupancy. Generally, such expenditures shall conform to those costs permitted under "Maintenance and Services" discussed in 7211.1, Property Management, Chapter 1.

Expenditures for preparation of cleared land for recreational use shall also generally conform to those costs permitted under "Maintenance and Services" discussed in 7211.1, Property Management, Chapter 1. In addition, minimal expenditures for fencing, lighting and temporary surfacing may be charged to Gross Project Cost.

* MOBILE HOMES AS TEMPORARY RELOCATION RESOURCES

LPA's may temporarily relocate urban renewal displacees, either inside or outside the project area itself, through the purchase or lease of mobile homes, until permanent relocation resources become available.

Mobile homes may, with prior HUD concurrence, be used for temporary residential or nonresidential relocation purposes, provided such temporary use is not a part of the ultimate urban renewal plan. The units may not be used for any persons or business concerns other than those displaced from within the urban renewal project area.

A mobile home is defined as a movable or portable unit constructed on its own chassis, connected to utilities, and designed without a permanent foundation for year-round use.

HUD authorization will be based upon a showing by the LPA that:

- (1) The property occupied by those to be temporarily relocated is unsafe for continued occupancy or
- (2) Temporary relocation is necessary to assist the LPA in carrying out the project activities in an orderly and timely manner and
- (3) Other suitable temporary relocation resources are not, or will not be available in the urban renewal area and
- (4) Permanent relocation resources are either under development or planned.

Scheduling the use of such temporary relocation resources does not diminish the obligation of the LPA to assist site occupants to find permanent relocation units. The relocation standards relating to eviction are effective and relocation payments may not be made until the occupants are relocated to permanent units.

In order to use this relocation resource the LPA must demonstrate with the Part I Loan and Grant Application or an Amendatory Loan and Grant Application that:

- (1) Temporary relocation of site occupant is essential to carry out the proposed project activities.
- (2) Other temporary relocation resources will not be available in the project area and permanent standard housing in the community is insufficient to meet displacement needs. *

- * (3) Temporary relocation scheduling is an integral part of the relocation program and plans for providing permanent relocation resources are sufficiently advanced to assure its availability during the relocation period.
- (4) Local codes and zoning regulations will permit or can be amended to provide for the use of mobile homes.
- (5) A set of standards for administering the mobile home operation is proposed including:
- (a) Site standards which control the preparation of the site, installation of utilities, and the landscaping, which generally conforms to the "Minimum Property Standards for Mobile Home Costs," as administered by FHA.
 - (b) General standards covering the design of the home, structural components, light and ventilation, mechanical systems and equipment.
- (6) Appropriate provision will be made in the Urban Renewal Plan to provide for the use of mobile homes as temporary relocation resources.

When the use of mobile home as temporary relocation resources is contemplated, the resolution of the governing body approving the plan and relocation feasibility shall contain an estimate of the number and type of units which will be so provided.

All necessary and reasonable costs of preparing the site, installing utilities, landscaping, purchasing or leasing of mobile homes, and the operating and maintaining of a Mobile Home Court, are eligible as project costs and chargeable as an expense of property operation.

An LPA may lease land outside an urban renewal area for sites used for mobile homes when (1) it is necessary to clear all or portions of the project area to provide a site or sites for permanent relocation resources and no other relocation resources of a temporary nature exist in the project area, and no other permanent resources exist in the community or (2) when permanent relocation is to be provided outside a project area and no temporary resources exist within the project area and no permanent resources exist in the community. Such a site may be used only if it is located within the community, State and local codes and zoning regulations permit or will be amended to permit this use, and the area chosen has adequate street and utility access for the use of mobile homes, transportation, shopping and school facilities available to the temporary occupants of the mobile homes. Costs incurred for the installation of adequate street and utility

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- * access for the use of mobile homes, or for the extension of streets or utilities, or for increasing the capacity of streets utilities to the site are not eligible project costs.

When permanent relocation housing has been provided for those who were temporarily located in mobile homes, and the need for such temporary relocation resources no longer exists, the LPA shall liquidate its interest in the temporary resources for each project. The LPA may transfer the mobile homes to another project, but the costs of each urban renewal projects operation must be computed on a separate project basis by the time of project close-out. Capital assets shall not be created or remain in the LPA's accounts.

The final cost which is eligible shall be acquisition costs of the unit (including the leasing of land outside the project area, if applicable), site preparation costs (including installation of utilities and landscaping), and operation and maintenance costs, less any assets remaining in the project accounts from operation and the amounts received from the disposal of the units. *

CHAPTER 3. LEASES AND RENTS**LEASE AGREEMENTS**

Each property which is occupied shall be covered by a lease agreement or a written notice to the tenant which shall include at least the following items:

- (1) Description or identification of the property.
- (2) Rent to be charged.
- (3) Starting date of tenancy.
- (4) Date on which rent will begin to accrue.
- (5) Dates on which rent payments will be due.
- (6) Identification of utilities or other services to be furnished by either party.
- (7) Restrictions on use and occupancy.
- (8) Rights of tenant to pro rata refund of advance rent payment in the event of a move-out before the end of a rental period.
- (9) When applicable, rights of parties as to fixtures and other personal property, in keeping with Federal regulations, State law and local ordinances.

ESTABLISHMENT OF RENT RATES

As soon as the second acquisition appraisal is completed, the LPA shall establish a fair rent rate for each property to be acquired. The fair rent rate shall be based on the acquisition appraisals and the experience of the LPA and shall take into consideration the condition of the property, the condition of the project area, and the terms and conditions of the occupancy. Subject to adjustments described below, these shall be the maximum rentals charged to occupants of acquired property and to any subsequent temporary lessees.

ADJUSTMENT OF RENT RATES

When the property is acquired, the LPA shall determine whether an adjustment shall be made from the fair rent rate established above. Further adjustments in the rent rates shall be made at any time that an adjustment is deemed to be appropriate and necessary, but may not be made retroactively. Justification for rental adjustments shall be

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documented and maintained in the project files. Adjustments shall be covered by a written notice to the occupant fixing the new rent and the date on which it is to begin. Rental adjustments may be made under the following circumstances.

Hardship

Rent rates may be adjusted in cases of demonstrated hardship to project occupants. Income and ability to pay shall be a factor in determining whether a hardship exists. In the case of families or individuals, the rent rate shall not exceed the ability to pay standard set forth in the relocation program (see 7212.1, Relocation, Chapter 2, Section 1). In the case of a business concern or nonprofit organization, the LPA shall adjust the rent rate to reflect adverse conditions caused by project activities.

Social and Recreational Uses

Rental rates for public and nonprofit institutions carrying out social and recreational programs as described in 7211.1, Property Management, Chapter 2, may be reduced when determined by the LPA to be necessary. In any such case, the LPA must be able to document the nature and extent of benefit to the project residents and the clear necessity for such a reduction. In no event, however, should the rental rate result in additional expenses chargeable to project cost over and above expenses normally incurred if the property remains vacant.

STARTING DATE OF RENT

The LPA shall establish a starting date for the charging of rent in accordance with the following policy.

Tenants of Former Owners

For tenants in occupancy at the time of acquisition, the LPA may establish a policy whereby rent need not be accrued or collected for the remainder of the rental period in which acquisition occurs plus one additional month. The nonaccrual period shall not exceed two months from the date of acquisition. This policy shall be applied uniformly to all tenant-occupants.

If rent has been paid by the tenant to the former owner beyond the next rental period, the prepaid rent shall be collected from the former owner at settlement.

Former Owner-Occupants

As set forth under 7208.1, Real Estate Acquisition, Chapter 4, Section 2, the LPA shall seek to minimize hardships and soften the

impact of real estate acquisition on property owners by--among other things--permitting the owner in the agreement of sale to determine, to the extent practicable, the dates for closing and delivery of possession within the limits imposed by schedules for clearance and disposition.

The LPA shall establish a beginning date not later than two months after acquisition for rent accrual and collection from former owner-occupants.

This policy shall be applied uniformly to all former owner-occupants. Separate uniform policies for residential and nonresidential occupants may be established.

COLLECTION OF DELINQUENT RENT

The LPA shall establish a policy with respect to delinquent rent which shall include:

- (1) Fixing a time period for the institution of eviction actions, which shall not be earlier than 30 days after the rent due-date. Eviction actions shall be preceded by the sending of such notices as may be customary in the locality. Eviction actions are to be taken only as a last resort. The relocation plan must contain standards for eviction and provide for continuing relocation assistance to be rendered by the LPA after eviction. (See 7212.1, Relocation, Chapter 2, Section 1.)
- (2) Actions which will be taken to collect rent from tenants who move while owing rent.

CHARGE OFF OF DELINQUENT RENT

Delinquent rent shall be charged off only after the governing body of the LPA has found that there is no reasonable prospect of collection, that the probable cost of further efforts to collect would not be warranted, or that collection would impose undue hardship on the tenant. These findings shall be made not less than semi-annually.

RENT REFUNDS

If a tenant moves during a period for which the LPA has received rent, he may be given a pro rata refund for the unexpired portion of the period, provided: (a) all personalty of the tenant has been removed from the property, and (b) the tenant provided nominal advance notice of his intended move.

RENT PROCEEDS

Proceeds received from tenants or lessees of acquired property, including proceeds received from the temporary leasing of structures and land, shall be deposited in the Project Expenditures Account as income received from the operation of acquired property. (see 7221.1, Accounting, Chapter 2, Section 4).

CHAPTER 4. REAL ESTATE TAX PAYMENTS AND CREDITS

This Chapter covers policy and requirements with respect to real estate tax payments, payments in lieu of taxes, or tax credits.

Gross Project Cost may include, subject to the limitations and exclusions stated in this Chapter:

- (1) Ad valorem taxes or payments in lieu of taxes on real property owned by the LPA, when required or permitted by State or local law; or
- (2) Tax credits on real property owned by the LPA, when State or local law does not require or permit tax payments or payments in lieu of taxes. Tax credits are included in Item I of Gross Project Cost and are cash local grants-in-aid.

No tax payment, payment in lieu of taxes, or tax credits are eligible for a project on a three-fourths capital grant basis with limited project costs.

A tax payment, payment in lieu of taxes, or tax credit is not eligible on a property which was tax exempt at the time of acquisition by the LPA.

A tax payment, payment in lieu of taxes, or tax credit is not eligible on a property which, on the tax levy date, was owned by the LPA and was not improved with a building. However, a tax payment, payment in lieu of taxes, or tax credit is eligible on cleared or unimproved land which is being put a temporary use when (1) the tax payment or payment in lieu of taxes is required or permitted by State or local law or the tax credit is otherwise payable, and (2) the income to the urban renewal project during the use is equal to or greater than the amount of the tax payment, payment in lieu of taxes, or tax credit. Under no circumstances shall the payments exceed the amount of taxes which would be paid on the property if it were privately owned and assessed in the conventional manner for the community involved. Such payments will be limited to the exact period of time during which the project is receiving income from the temporary use and if a portion of a tax year is involved the payments will be made on a prorated basis.

A tax payment, payment in lieu of taxes, or tax credit on property which was unimproved on the tax levy date is eligible if the property was acquired at any time during the tax year.

The tax levy date is the date on which the assessed value becomes effective for the tax year.

No tax payment, payment in lieu of taxes, or tax credit on a property will be allowed for the portion of a tax year which occurs:

- (1) Before acquisition by the LPA for the project; or
- (2) After disposition by transfer of title or leasehold estate, or by retention.

A tax payment or payment in lieu of taxes, will be eligible only to the extent that the assessed value reflects the state and condition of the property on the tax levy date. Tax credits shall be based on the assessed value last established, prior to acquisition by the LPA, adjusted to reflect any changes in the condition of the property.

* REQUIREMENT FOR PART I OR COMBINED PART I-II LOAN AND GRANT APPLICATION

The Part I or Combined Part I-II Loan and Grant Application shall include estimates of tax payments, payments in lieu of taxes, or tax credits on the basis of current assessed values and tax rates. *

COMPUTATION OF TAX PAYMENTS OR CREDITS

The LPA shall prepare a computation of tax payments, payments in lieu of taxes, and tax credits for each tax year for which they are to be included in Gross Project Cost. This computation is to be completed promptly at the end of the tax year and shall be retained by the LPA for audit.

The computation shall be made as follows:

- (1) List all properties which were owned by the LPA as part of the project at the beginning of the tax year, except properties:
 - (a) Which were not improved with buildings on the tax levy date; or
 - (b) Which were tax exempt at the time of acquisition by the LPA.

The list shall identify each property which was separately assessed prior to acquisition.

- (2) For each parcel disposed of during the tax year by transfer of title or leasehold estate or by retention, enter the date of disposition.

If the LPA is taking tax credits, follow steps 3, 4, and 5:

- (3) Enter for each property the assessed value last established prior to acquisition, adjusted to reflect the state and condition of the property as of the tax levy date. The entry shall show separately the assessed value for land, the assessed value for improvements, and the total for both.
- (4) Multiply the assessed value for each property by the tax rate applicable for the tax year and enter the results on the listing. This determines the tax credit for the property, unless it was disposed of during the tax year. In the event of disposition, enter also the pro rata amount of credit representing the portion of the tax year prior to disposition. This is the tax credit for the disposed-of property.
- (5) Compute and enter the total tax credit.

If the LPA is required or permitted by State or local law to make tax payments, or payments in lieu of taxes, follow steps 6 and 7:

- (6) Enter the tax paid for each property owned for the full tax year. If the property was disposed of during the tax year, enter the pro rata share of taxes applicable to the portion of the tax year preceding disposition, if actually paid. This is the eligible amount of tax payments or payments in lieu of taxes for the disposed-of property.
- (7) Compute and enter the total eligible tax payments or payments in lieu of taxes.

Use steps 8 and 9 for properties acquired during the tax year:

- (8) Make a separate list of properties acquired for the project during the tax year, except properties which were tax exempt at the time of acquisition. Enter for each property the acquisition date and the taxes payable for the year. Enter the pro rata tax payments or payments in lieu of taxes, if actually made, which are applicable to the portion of the tax year after acquisition. If the property was disposed of

during the same year, enter the disposition date and the adjusted tax payments, or payments in lieu of taxes, excluding the pro rata share of taxes for the period after disposition.

- (9) Compute and enter the total tax payments, or payments in lieu of taxes, on properties acquired during the tax year.

CHAPTER 5. RECORDS AND INSURANCE

RECORDS

Property management records shall be maintained in accordance with the accounting requirements in 7221.1, Accounting, Chapter 1, Section 4.

The LPA shall provide the management contractor with any forms or notices which are required for the maintenance of accounting records.

INSURANCE REQUIREMENTS

For policies and requirements with respect to insurance coverage during the management of acquired property, see 7217.1, LPA Administration Chapter 4.

CHAPTER 1. OBJECTIVES AND SUBMISSION REQUIREMENTS**1. OBJECTIVES.**

- a. Families and individuals displaced by an urban renewal project be provided the full opportunity of occupying housing that is decent, safe, and sanitary, is within their financial means, is in reasonably convenient locations and available on a non-discriminatory basis.
- b. Displacement shall be carried out with a minimum of hardship to site occupants.
- c. In order to assure that the displaced nonwhite families and individuals can be relocated in accordance with these objectives, information relating to housing needs and resources must be collected, analyzed and reported by family color.

2. LPA ASSURANCE OF ADEQUATE RELOCATION RESOURCES. Not more than 60 days prior to the estimated date of the commencement of actual displacement of a substantial number of families or individuals from the area of a project involving displacement, the LPA shall submit to the Area Office a statement of assurance, in an original and one conformed copy. The assurance shall be on the letterhead of the LPA and shall be signed by the principal executive official of the LPA. It shall identify the project, give the date that substantial displacement is proposed to commence, give the latest estimate of the number of families and individuals to be displaced, and a statement as to whether the Relocation Report as approved by HUD in conjunction with approval of Combined Part I-II or Part II (or subsequent submission) is currently valid or invalid. This statement should describe the status of the planned required relocation resources.

3. ASSURANCE FOR CHANGES IN RELOCATION WORKLOAD OR RESOURCES. In the event that a change in the relocation workload or resources has occurred subsequent to HUD approval of the Relocation Report, the assurance shall be accompanied by:
- a. Detailed explanation of the changes--favorable or unfavorable--which have occurred in the estimates of needs or resources as set forth in the approval Relocation Report.
 - b. Description of the specific actions which the LPA intends to take, or is taking, in the case of an unfavorable change in relocation resources. The term "unfavorable change in relocation resources" is intended to cover such matters as a

decrease in the rate of turnover in existing housing, a change in the displacement accompanying some other governmental action, the failure or unusual delay in the development of planned new public or private housing, and a change in volume of new construction.

4. HUD REVIEW AND NOTIFICATION TO LPA. After HUD review of the LPA's statement of assurance and other pertinent information becoming available since review of the Relocation Report, the Area Office will advise the LPA as to acceptability of the assurance. The LPA shall not proceed with activities causing substantial displacement of families or individuals until it has received HUD notification of acceptability.
5. PROGRESS REPORTS. During the period site occupants are in the relocation workload, the LPA shall submit periodic reports of progress to HUD (see RHM 7212.1, Relocation, Chapter 3, Section 2).
6. PROPOSED REVISION OF APPROVED RELOCATION PROGRAM. Proposed revision of the approved relocation program must receive HUD concurrence prior to adoption.

CHAPTER 2. PLANNING FOR RELOCATION

SECTION 1. RELOCATION PROGRAM

This Section describes the contents of the Relocation Program required with the Part I Loan and Grant Application.

CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>A. Administrative Organization.</p> <ol style="list-style-type: none"> 1. Name of agency which will administer relocation operations. 2. Description of organization of relocation staff. <p>B. Relocation Standards.</p> <ol style="list-style-type: none"> 1. Physical and occupancy standards. <p>Standards for relocation housing shall be described with respect to:</p> <ol style="list-style-type: none"> a. Sanitary, heating, cooking, and lighting facilities. b. Structural conditions. c. Occupancy, indicating number of bedrooms for families of various sizes. 	<p>Relocation may be carried out either by the LPA or under contract. The LPA shall not place responsibility for carrying out the relocation of families and individuals in more than one agency. Relocation services for business concerns may be conducted separately.</p> <p>The LPA shall specify staffing to handle relocation of business concerns, as well as staffing to handle families and individuals.</p> <p>The standards shall indicate that bath, toilet, and cooking facilities will be for the exclusive use of the family or individual moving to housekeeping units. The LPA shall include separate standards for nonhousekeeping units which may be occupied by individuals. The standards may not permit any housing to be used as a relocation resource which would be classified as "structurally sub-standard to a degree requiring clearance" under the criteria used to justify clearance in a project area (see RHA 7207, Project Planning Chapter 1.)</p> <p>The standards for nonhousekeeping units must meet local code standards for boarding houses, hotels, or other congregate housing.</p>

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CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>2. Standards for displacee's ability to pay.</p> <p>3. Location standards. Include a statement that relocation housing will be reasonably accessible to places of employment of displacees and in areas generally not desirable in regard to public utilities and commercial facilities than areas in which they currently reside.</p> <p>4. Temporary relocation. Describe conditions under which temporary relocation may be required and the standards which will be applied; including proposals for use of mobile homes as temporary relocation resources.</p>	<p>No family or individual may be referred to a unit which exceeds their ability to pay. The LPA should consider the locality's full range of cost-of-living components in deciding on rent or sales price ratios to income, and should thoroughly explore with the family or individual being displaced their needs and preferences relative to the allocation of their income. (e.g. 20 to 25% of income for rental housing and 2 or 2½ times the annual income for sales housing.)</p> <p>Temporary housing shall be not less desirable in character than the dwellings vacated by the displaced families or individuals and shall be in a safe and habitable condition.</p> <p>Temporary relocation shall be minimized as to both extent and duration.</p> <p>Temporary relocation will not diminish the obligations of the LPA with respect to permanent relocation.</p> <p>With prior HUD concurrence, mobile units may be used for temporary residential or nonresidential relocation purposes. Units may be located on- or off-site.</p> <p>Costs of temporary moves may be charged to project expenditures.</p>

CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>C. Proposals for Obtaining Relocation Housing.</p> <ol style="list-style-type: none"> 1. Describe arrangements made with the sources of existing private and public housing for obtaining: <ol style="list-style-type: none"> a. Notification of vacancies. b. Information on size and rent of available dwelling units. c. Admission preferences for referred families and individuals. 2. If an analysis of the rehousing needs of displaced families and individuals indicates deficit in the supply of existing housing expected to become available during the displacement period, state actions taken to provide additional housing. Describe any arrangements for the provision of additional private housing and the contemplated use of FHA mortgage insurance under 	<p>Listings maintained by the LPA shall include the names and addresses of real estate agencies, brokers, and boards in or near the project area, which deal in property that may be appropriate as a relocation resource and which is available on a nondiscriminatory basis.</p> <p>The listings shall not include housing units which are scheduled for clearance under an urban renewal project in planning or execution or other governmental activity.</p> <p>Arrangements must be sufficiently advanced at the time of submission of the Part I Loan and Grant Application to permit a determination that housing will become available during the displacement period.</p>

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CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>Section 221 or other sections of the National Housing Act.</p> <p>* For all proposals involving FHA Section 221(d)(3) market interest rate or below-market interest rate low- and moderate-income housing whether or not Federal rent supplements are involved, include the following:</p> <ul style="list-style-type: none"> a. Statement indicating whether the housing is proposed to be developed within or outside of the urban renewal area, the current status of the housing, and the estimated dates of availability of the housing. b. Description of the arrangements made or to be made with the sponsor of the housing to assure its availability for occupants to be displaced by the project. <p>In addition, for proposals involving FHA Section 221(d)(3) housing within the urban renewal area also include the following:</p> <ul style="list-style-type: none"> c. Statement from FHA that the construction and rentals indicated are generally feasible. 	<p>If low- and moderate-income housing under FHA Section 221(d)(3) is a rehousing resource to be developed within the urban renewal area, the Urban Renewal Plan must provide for residential reuse and must indicate that low- and moderate-income housing is one of the permitted residential reuses.</p> <p>If low- and moderate-income housing under FHA Section 221(d)(3) is a rehousing resource to be developed outside the urban renewal area, a loan and grant allocation will not be approved unless FHA has issued a commitment to insure the housing, and, if the Federal rent supplement program will be utilized, an appropriate reservation of funds has been made.</p> <p style="text-align: right;">*</p>

CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>d. Statement detailing the extent of discussions and coordination with FHA and prospective sponsors of the proposed housing.</p> <p>Indicate the status of anticipated local or federally aided low-rent public housing, and estimated dates of availability.</p> <p>Describe proposals to stage relocation and other activities to assure maximum utilization of the proposed housing.</p> <p>3. If there will be an insufficient supply of standard housing for low-income families and individuals, describe in detail the arrangements for local subsidies or rent assistance.</p>	<p>If low- and moderate-income housing will be developed under a State or local program, information comparable to that submitted in support of proposals for FHA housing must be submitted.</p> <p>If new federally aided low-rent public housing is designated as a relocation resource, a loan and grant allocation will not be approved unless an Annual Contributions Contract is in effect. If new State or local public housing is a rehousing resource, a comparable contract must be in effect.</p> <p>If rent assistance by the municipality or another public body is proposed, an opinion of its counsel as to the legality of the proposal shall be submitted with the Part I Loan and Grant Application.</p>

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CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>Describe proposals for solving special rehousing problems, if any, involving minority groups, large families, individuals, or handicapped or elderly displacees.</p> <p>D. Relations With Site Occupants. Describe proposals with respect to:</p> <p>1. Development of an informational program to advise site occupants of relocation assistance which LPA</p>	<p>Informational material shall be distributed as early as practicable during survey and planning, but no later than the time that the local governing body approves the Urban Renewal Plan.</p>

(Continued on page 5 dated 2/68)

CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>will offer. Describe mediums, such as group meetings, pamphlets, newsletters. Samples of written materials need not be submitted.</p> <p>2. Interviews with site occupants to ascertain relocation requirements.</p> <p>3. General location and approximate business hours of the relocation office.</p> <p>4. Referrals to cooperating private real estate firms or landlords, sponsors and builders of Section 221 housing and other FHA-insured housing, and the LHA.</p> <p>5. Inspection of relocation housing.</p>	<p>The informational material to be distributed during survey and planning shall provide a brief and general description of the proposed project, and an explanation of the services and payments available to occupants and/or owners, and a statement cautioning site occupants not to move before further information is received. If applicable, the location, telephone number and hours of site office.</p> <p>The location and schedule of hours of the relocation office shall be convenient for site occupants. The LPA shall indicate if the site office was established during survey and planning, and briefly describe the services initiated.</p> <p>The LPA shall make referrals to only housing units which are available on a nondiscriminatory basis and are not scheduled for clearance under an urban renewal project in planning or execution or other governmental activity.</p> <p>Relocation housing shall be inspected prior to referral to assure that it meets the established standards, except as follows:</p>

CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>6. Tracing of families who move without leaving a new address.</p> <p>7. Referral to social agency of families and individuals requiring assistance.</p>	<p>(1) Housing which has been approved by FHA or VA for mortgage insurance or guarantee.</p> <p>(2) Public housing.</p> <p>The LPA shall inspect the dwellings of self-relocated families and individuals, if possible prior to the move. If the dwelling is found to be unsatisfactory, the LPA shall offer to secure standard accommodations.</p> <p>If the family or individual declines an offer of a standard dwelling unit and its present dwelling unit does not meet code requirements of the locality, the LPA shall refer the matter to the local code enforcement agency with the objective of bringing the unit into conformity with local codes.</p> <p>The LPA may hire staff or contract with consultant to coordinate social services available to displaced families and individuals, and to refer displacees to agencies for aid.</p>

CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>8. Assistance to prospective homebuyers in obtaining mortgage financing, and to others in obtaining priority for admission to any Section 221(d)(3) rental housing in locality. State that FHA Form 3476, Certificate of Eligibility Under Section 221 of the National Housing Act, will be provided to prospective buyers of Section 221 housing and to prospective tenants of any Section 221 (d)(3) rental housing.</p> <p>E. Describe the LPA's eviction policy. Include proposals for obtaining the cooperation of other public bodies and private landlords if eviction becomes necessary as a result of code enforcement, rehabilitation, or acquisition by a public body other than the LPA. Indicate that efforts will be made to provide relocation services prior to eviction.</p>	<p>In order that displacees may exercise their priority for mortgage financing for sales housing under Section 221 or for admission to rental housing under Section 221 (d)(3), the LPA shall provide them with FHA Form 3476.</p> <p>Eviction shall be used by the LPA only as a last resort and shall be undertaken only under one or more of the following circumstances:</p> <ol style="list-style-type: none"> (1) Failure to pay rent. (2) Maintenance of a nuisance or use of the premises for illegal purposes. (3) A material breach of the rental agreement. (4) Refusal to consider accommodations meeting relocation standards. (5) Refusal to admit a relocation interviewer. (6) Situations requiring eviction under State or local law.

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CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>F. Relocation Payments.</p> <ol style="list-style-type: none"> 1. Describe the types of relocation payments to be made to families, individuals, business concerns and nonprofit organizations. 2. Indicate the general eligibility criteria for payment. <p>G. Describe the services which the LPA proposes to provide to business concerns.</p>	<p>Relocation payments shall be made in accordance with the Regulations Governing Relocation Payments as prescribed by HUD, 7212.1, Relocation, Chapter 3, Section 1, Appendices 1 and 2, to all site occupants.</p> <p>The LPA shall include specific proposals with respect to:</p> <ol style="list-style-type: none"> a. Development of informational program advice to business concerns of relocation assistance to be offered. b. Interviews with business concerns to determine their space needs and location preference. c. Arrangements shall include provisions for listing which include the names and addresses of real estate agencies, brokers, and boards in or near the project area, to which business concerns may be referred for assistance in obtaining commercial space.

CONTENT OF PROGRAM	POLICIES AND REQUIREMENTS
<p>H. If State or local law contains additional requirements regarding the relocation of site occupants, state the requirements and proposals for compliance.</p>	<p>d. Arrangement for liaison with the Small Business Administration to provide technical and financial assistance to business concerns.</p> <p>When the project has been approved for execution, the LPA shall furnish the appropriate local SBA office with a listing of the name, address, and type of business, of all concerns which will be affected by the project.</p>

SECTION 2. ESTIMATES OF HOUSING NEEDS AND RESOURCES**FORM HUD-6122 AND RELATED INFORMATION**

Estimates of housing needs and resources for displaced families are submitted on Form HUD-6122, Estimated Housing Requirements and Resources for Displaced Families.

Form HUD-6122 provides for information to be reported in terms of "white" and "nonwhite" families. If the classification "nonwhite" includes a significant number of families in more than one minority group, a separate Block VI and VII covering each group shall be submitted. In these cases, the term "nonwhite" shall be changed to indicate the minority group covered, and the page numbers in the upper left-hand corner of each page of Form HUD-6122 shall be changed as appropriate. Blocks I through V (Page 1), covering total families to be displaced, shall be submitted without further breakdowns of "white" or "nonwhite" families. Minority-group families likely to appear in significant numbers include Spanish-Americans, Orientals, Negroes, American Indians, and others.

Form HUD-6122 shall be accompanied by narrative statements which:

- (1) Describe the basis of the estimates and identify the sources from which the data were obtained relating to:
 - (a) Number, size, income, tenure, and eligibility for public housing (Blocks II, III, IV, and VI).
 - (b) Proposed rehousing (Block V).
 - (c) Method used for determining the distribution of rehousing requirements into public housing, private rental, and private sales (Block VII).
 - (d) Number, size, rent, and sales price of housing expected to be available during displacement period (Block VII).
- (2) Set forth the assumptions and conclusions which have been reached from an analysis of the data.
- (3) Describe the basis for the establishment of rent-income ratios used to determine the ability of displaced families and individuals to pay (see 7212.1, Relocation, Chapter 2, Section 1, Item B2).

- (4) Describe the nature and volume of any competing demands for standard housing by families and individuals who will be displaced through other governmental activities, to be undertaken concurrently with the urban renewal project, and give brief description of anticipated rehousing resources. Include an evaluation of the possible effects of these competing demands on the ability of the LPA to carry out relocation from this project in accordance with the Relocation Program and a description of the arrangements made to provide the necessary coordination of all relocation activities in the locality. Include explanation if data on competing relocation needs and resources are not consistent with latest Workable Program for Community Improvement.
- (5) Describe special problems, if any, relating, generally to minority groups, low income families, large families, individuals, or handicapped or elderly site occupants, and indicate proposed solutions.
- (6) Set forth a numerical estimate of individuals (white and nonwhite) to be displaced, indicating the number in house-keeping accommodations and the number in rooming houses and hotels.
- (7) Describe the type and quantity of housing available or to become available in the locality to provide adequate resources for relocating displaced individuals.
- (8) Set forth a numerical estimate of nonresidential displacement. This includes business concerns, institutions, and nonprofit organizations. Describe the type and quantity of commercial space available or to become available in the locality for use as a relocation resource for business concerns.
- (9) Describe the type of financing available to displaced nonwhite families and individuals, when it is anticipated that some may want to purchase homes, or when a substantial number of owners are being displaced.
- (10) Describe arrangements made to utilize, as a relocation resource, housing units assisted under the Federal rent supplement program.
- (11) In localities where there is or will be low-rent public housing, describe steps taken and to be taken to coordinate LPA relocation activities with the LHA's planning of low-rent public housing projects in the locality.

- (12) Describe steps taken and to be taken to locate private rehousing resources available on a nondiscriminatory basis.

When Block V of Form HUD-6122 indicates that new private construction is required to meet rehousing needs, the narrative statements shall also describe the LPA's program to assure the availability of new housing, in terms of the following:

- (1) If special LPA staff for promoting new housing construction is proposed, description of staffing proposals.
- (2) Number of new private units needed to meet relocation needs, broken down by number of bedrooms, rental or sales prices, and racial availability.
- (3) Number of new private units now under construction, broken down by number of bedrooms, rental or sales price, and racial availability.
- (4) Number of new private units required in addition to those now under construction, broken down by number of bedrooms, rental or sales price, and racial availability.
- (5) Description of steps taken to ascertain that builders are interested in constructing the new dwellings needed, that required rental or sales price are achievable, and that sites for new construction are available.
- (6) Estimated dates of availability of new private units.
- (7) Description of any arrangements made with builders or management firms to admit site displacees.
- (8) If new dwellings are to be constructed, copy of letter from local HUD-FHA Insuring Office, or other competent sources, indicating the feasibility of constructing the new dwellings at the required rental and sales prices.

LETTER FROM LOCAL HOUSING AUTHORITY

If new or existing public housing is to be used as a relocation resource, the Relocation Report (see RHM 7206.1, Project Applications, Chapter 2, Code No. R-223) shall include a copy of a letter from the LHA indicating:

- (1) Number of units under management, broken down by number of bedrooms and racial availability, and turnover rate by number of bedrooms.

- (2) Status of any plans for additional units, with details as to number of bedrooms, racial availability, and estimated dates of availability for occupancy.
- (3) Income limits for initial and continued occupancy.
- (4) Minimum rent charge.
- (5) Priority of admission preference to be given to urban renewal project displacees, and estimated number of units to be available to the, broken down by number of bedrooms and racial availability.
- (6) Admission requirements other than those related to income and family composition, such as residence requirements and social and behavioral requirements.

FAMILY SIZE AND INCOME

The information on family size and income for families reported on Form HUD-6122 shall be used to determine rehousing needs of displaced families. A sample survey to determine the rehousing needs of families and individuals to be displaced shall be taken. A complete survey of all site occupants shall be made during the planning stage.

ESTIMATES OF RELOCATION REHOUSING

Estimated housing shall include only dwellings which meet the minimum physical standards established by the LPA (see RHM 7212.1, Relocation, Chapter 2, Section 1, Item B1), which are expected to become available during the displacement period.

ANALYSIS OF HOUSING REQUIREMENTS AND RESOURCES DATA

The data on family size and bedroom requirements, by income for families, shown on Form HUD-6122, Block VI, shall be analyzed in relationship to the ability-to-pay standards of the Relocation Program. The LPA shall make a similar determination of the rehousing requirements, by income, for individuals. This will produce the number by size and price, of standard rehousing resources needed. The estimated rehousing resources shown in Block VII must be adequate to meet the needs. Further refinements of the analysis will produce reasonable estimates of the probable rehousing utilizations, to be shown in Block V.

Of particular significance in the analysis are the conclusions concerning the rehousing requirements of low income families and individuals and the availability of resources to satisfy their rehousing needs.

USE OF SECTION 221(d)(3) HOUSING AS RELOCATION RESOURCEUrban Renewal Plan Provision

If relocation resources will be provided within the urban renewal area through the use of FHA Section 221(d)(3) housing, the Urban Renewal Plan must provide for residential reuse and must indicate that low- or moderate-income housing is one of the permitted residential reuses (see RHA 7207.1, Project Planning, Chapter 4).

Submission Requirements

When LPA proposals for obtaining relocation housing include arrangements for the provision of FHA Section 221(d)(3) housing either within or outside of the urban renewal area, the following information shall be included with the Relocation Program submitted under Checklist Code No. 223 of Part I of the Application for Loan and Grant:

- (1) Statement indicating whether the housing is proposed for on-site or off-site development, the current status of the housing, and the estimated dates of availability of the housing.
- (2) Description of the arrangements made or to be made with the sponsor of the housing to assure its availability for occupants to be displaced by the project.
- (3) Proposed staging schedule of relocation and other activities designed to assure maximum utilization of the housing.

If the housing is to be developed within the urban renewal area, the Relocation Program shall also include the following information:

- (4) Statement from FHA that the construction and rentals indicated are generally feasible.
- (5) Statement detailing the extent of discussions and coordination with FHA and prospective sponsors of the proposed housing.

Policy Relating to Housing to be Developed Outside the Urban Renewal Area

If Section 221(d)(3) relocation housing resources are to be developed outside of the urban renewal area, a loan and grant allocation will not be approved unless there is:

- (1) An FHA "commitment to insure" the housing.

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- (2) When appropriate, a reservation for Federal rent supplement funds.

Applicability

Policies and requirements in connection with the use of Section 221(d)(3) housing as a relocation resource apply to all projects for which Part I of the Application for Loan and Grant is approved by HUD on or after November 1, 1968.

If Part I of the Application for Loan and Grant for any project subject to these requirements is under review in HUD on the effective date of the requirements, the application may be approved on the condition that the required information is submitted with Part II.

SECTION 3. SBA ASSISTANCE TO DISPLACED BUSINESS CONCERNS

This Section describes a revised procedure which HUD Regional Offices will follow to facilitate assistance by the Small Business Administration (SBA) to small business concerns displaced or to be displaced by urban renewal activities.

HUD NOTIFICATION TO SBA

The HUD Regional Office will notify SBA when processing of an Application for Loan and Grant involving the displacement of business concerns has reached each of the three stages outlined in the following table. Previously, the only notification sent to SBA was at the time the Regional Office accepted the Application for Loan and Grant for processing.

The HUD Regional Office will also notify SBA when a contract is executed for an Early Land Acquisition Loan covering activities which will involve the displacement of small business concerns.

NATURE OF TIMING OF SBA ASSISTANCE

The nature and timing of SBA assistance to small business concerns displaced or to be displaced by urban renewal activities is summarized in the following table.

<u>Project Stage</u>	<u>Meeting of SBA with LPA</u>	<u>Displaced Business Loan (DBL)</u>
Part I of Application for Loan and Grant accepted for processing by HUD	Upon request of LPA, SBA will visit LPA to discuss types of assistance to become available. LPA may invite representatives of small business concerns to participate.	
Part I approved by HUD		SBA will accept, for preliminary processing, applications for a DBL.

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<u>Project Stage</u>	<u>Meeting of SBA with LPA</u>	<u>Displaced Business Loan (DBL)</u>
Contract for Loan and Grant executed	If no previous meeting has been held, SBA will contact the LPA and arrange for a meeting. LPA will be asked to furnish SBA with list of names, addresses, and types of small business concerns to be displaced by project. Upon receipt of list, SBA will furnish information to concerns.	SBA will take final action on applications for a DBL.

CHAPTER 3. CARRYING OUT THE RELOCATION PROGRAM

SECTION 1. RELOCATION ACTIVITIES

CONTRACT SERVICES

Any relocation services not to be provided by the LPA shall be contracted for in accordance with HUD requirements governing contracts for professional and technical services (see 7217.1, LPA Administration, Chapter 2). The contract shall obligate the contractor to perform the services in accordance with the approved Relocation Program. If the contract is with a private agency, it shall stipulate that all records established by the contractor under the contract shall be the property of the LPA and shall be delivered to the LPA on completion of the services. If the contract is with a public agency, it shall provide that the records be maintained by the agency until completion of the project or that they be turned over to the LPA.

ENTERING THE RELOCATION WORKLOAD

The LPA shall initiate relocation activities as soon as site occupants enter the relocation workload.

A site occupant¹ enters the relocation workload when any of the following occurs:

- (1) The property occupied is acquired by the LPA or other public body.
- (2) A landlord requests assistance in relocating a tenant to permit rehabilitation or code enforcement.
- (3) A code enforcement agency requests assistance in vacating a unit.
- (4) A site occupant requests assistance as a result of rehabilitation or code enforcement.

INTERVIEWING SITE OCCUPANTS

As soon as practical after the effective date of the Contract for Loan and Grant, all site occupants shall be interviewed for the following purposes:

¹As used herein, the term "site occupant" refers to a family, individual, or business concern, but not a public body, occupying property in the project area.

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- (1) Obtaining information on relocation requirements from families, individuals, businesses and other nonresidential concerns. The data should be recorded on a relocation record (see 7212.1, Relocation, Chapter 3, Section 2).
- (2) Determining the relocation assistance which the site occupant requires.
- (3) Delivering to the site occupant additional informational material developed by the LPA explaining the relocation services which are available (see 7212.1, Relocation, Chapter 2, Section 1, Item D1).

INFORMATIONAL STATEMENT

During project execution, the LPA shall deliver an Informational Statement to all families, individuals, business concerns, and nonprofit organizations occupying and/or owning property in the project area. The Informational Statement shall be of a more detailed and comprehensive nature than the informational material distributed during survey and planning.

The Informational Statement for families and individuals shall include:

- (1) Statement of the purpose of the relocation program and brief indication of the services and aids available, including reference to listings of FHA- and VA-acquired properties (see below, under the heading "Listings of FHA- and VA-Acquired Properties").
- (2) Assurance that families and individuals will not be required to move, except on a temporary basis, before they have been given an opportunity to obtain decent, safe, and sanitary housing within their financial means, except for the reasons set forth within the LPA's approved eviction policy.
- (3) Encouragement to site occupants to visit the relocation office, to cooperate with the relocation staff, to seek their own standard rehousing accommodations, and to notify the relocation office prior to the move if they move on their own initiative.
- (4) A brief description of what constitutes standard housing, including the physical standards for housekeeping units.

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- (5) Statement that site occupants should refer to the relocation staff any problems in obtaining housing accommodations listed or referred by the LPA.
 - (6) Summary of the eviction policy described in the approved Relocation Program.
 - (7) Statement that a code compliance program is in effect in the community and that, if a family or individual moves to a substandard housing unit, it may be inconvenienced when action is taken to bring the unit up to code standards.
 - (8) Indicate the availability of relocation payments, including the types of payments and the general eligibility criteria for residential occupants.
 - (9) Address and hours of the relocation office.

The Informational Statement may also include other suggestions which the LPA believes will be helpful to those displaced.

The Informational Statement for business concerns shall include the following:

- (1) Identification of project boundaries. If possible, a map or diagrammatic sketch outlining the project area should be attached.
- (2) Statement that public action may result in displacement of the business concern, but that no one lawfully occupying property will be required to surrender possession without at least 90 days' written notice from the LPA.
- (3) Statement encouraging business concerns to contact and work with the LPA, and indicating the address, telephone number, and hours of the relocation office or other LPA office where relocation services will be provided and additional details may be obtained.
- (4) Description of the types of relocation payments available, including details regarding eligible moving expenses, maximum amounts for moving expenses and/or property loss, and eligibility requirements for a Small Business Displacement Payment.

- (5) Statement that relocation payments may be made only after completion of the move or discontinuance of the business and that claims must be filed with the LPA within 6 months of either occurrence.
- (6) Brief description of conditions governing a self-move.
- (7) Statement of requirements in connection with notification to the LPA of intention to move and submission of bids.
- (8) Summary of LPA's property management policy.
- (9) Summary of LPA's eviction policy.
- (10) Reference to assistance available from the Small Business Administration and, if applicable, local groups, and indication of any steps necessary to obtain the assistance.
- (11) Description of assistance LPA will furnish, in addition to the making of relocation payments.

The Information Statements proposed by the LPA for issuance to families, individuals, and business concerns shall be submitted with the Part I or Combined Part I-II Loan and Grant Application. (See * RHM 7206.1, Project Applications, Chapter 2, Code No. R-223.)

LISTINGS OF HUD-FHA AND VA-ACQUIRED PROPERTIES

HUD-FHA Insuring Offices and VA Regional Offices distribute to LPA's periodic listings of HUD-FHA and VA-acquired properties which are available for sale or rent, on an open-occupancy basis.

To assure maximum use of the listings as a relocation housing resource, the LPA shall:

- (1) Inform site occupants of the availability of any properties on the listings which meet their needs as to size and price, and assist interested site occupants in contacting the office or agent that will show the properties.
- (2) Indicate in the Information Statement (see above) that HUD-FHA and VA-acquired properties are a relocation resource, * and that listings of such properties will be made available for examination by site occupants.

- (3) Keep the listings in a suitable place in the relocation office so that they may be examined freely by site occupants.

If any problem arises in connection with the availability or accessibility of the properties to site occupants, the LPA shall refer the problem to the FHA Insuring Office or the VA Regional Office, as appropriate, and notify the HUD Regional Office of the referral.

NOTICE TO VACATE

The delivery of a legal notice to vacate shall be restricted to site occupants which the LPA intends to evict in accordance with its eviction policy.

If State or local law requires delivery of a notice to vacate, or any similar document which might be construed to be an eviction notice, when the property is acquired, the notice shall be accompanied by a letter explaining the legal necessity for the action. The letter shall also reiterate the assurances set forth in the Informational Statement.

NOTICE TO BUSINESS CONCERN AND INSPECTION OF PROPERTY TO BE MOVED

Business concerns to be displaced from the urban renewal area shall be provided written notice of the requirement for submission to the LPA of a notice of intention to move and estimates of moving expenses (see Appendix 1, section 3.103(d), and below, under the heading "Relocation Payments").

Upon receipt of a notice of intention to move by a business concern, the LPA shall arrange to inspect the property proposed to be moved, at the site from which it will be moved. The LPA shall document its files to show the kind, amount, and condition of the property proposed to be moved.

RELOCATION PAYMENTS

Relocation payments shall be made in accordance with the Regulations Governing Relocation Payments (see Appendix 1), and the approved Relocation Program.

Official interpretations of the Regulations Governing Relocation Payments may be made only by the Assistant Secretary for Renewal and Housing Assistance. Request for a new official interpretation, shall be submitted to the Regional Office.

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Form HUD-6142, Fixed Relocation Payments Schedule, shall be approved by HUD prior to the making of any fixed relocation payments. Form HUD-6148, Schedule of Average Annual Gross Rentals for Standard Housing in the Locality, shall also be approved by HUD prior to making Relocation Adjustment Payments (see Appendix 2).

In any case where a claim for a relocation payment is refused, the reasons for refusal shall be stated in writing to the claimant.

Except in hardship cases, which shall be fully documented in the LPA files, the amount of any delinquent rent owed to the LPA by a site occupant shall be deducted from the approved amount of the relocation payment, and the difference, if any, paid to the site occupant. In hardship cases, the amount of the delinquent rent shall be charged off in accordance with the procedure set forth in 7211.1, Property Management, Chapter 3.

The cost of appraisals or estimates made by the LPA to determine the validity of a claim for relocation payment is eligible as a project expenditure, chargeable as a relocation expense.

Claims for relocation payments submitted by a business concern shall be supported by three estimates of moving expenses from reputable moving firms and, to the extent required, other contractors. If it is not feasible to obtain three estimates, the LPA shall document its files to show why a lesser number was accepted in support of the claim.

Claims from business concerns for relocation payments in excess of \$10,000 shall be submitted to the Regional Office for prior approval. Each claim shall be accompanied by the documentation in support of the claim and an explanation of the basis for the amount proposed to be approved by the LPA.

When property is acquired by condemnation and the amount of the judgment includes an allowance that the LPA may recognize as a relocation payment (see Appendix 1, Section 3.110(c)), the site occupant is not required to submit a claim form in support of the amount recognized. The LPA may obtain a relocation grant payment as reimbursement for the amount recognized as a relocation payment in accordance with the Regulations Governing Relocation Payments, Appendix 1, and 7215.1, Financing and Financial Reports, Chapter 3, Section 2.

A site occupant shall be removed from the relocation workload under any of the following conditions:

- (1) The family or individual has moved to standard housing.
- (2) It has not been possible to trace the family.
- (3) The family or individual moved out of the city and, even though the address is known, it is not feasible to inspect the dwelling because of distance.
- (4) The family or individual moves to substandard housing and refuses to accept further assistance.
- (5) Eviction action has been completed in accordance with the eviction policy.
- (6) A site occupant other than a family or individual has relocated.

APPENDIX 1. REGULATIONS GOVERNING RELOCATION PAYMENTS

The regulations set forth in this appendix are a consolidation of regulations printed in the Federal Register, 30 F.R. 15145-49, December 8, 1965, and of amendments thereto printed in the Federal Register, 31 F.R. 5826-27, April 15, 1966, and 34 F.R. 2656, February 27, 1969.

The regulations governing the making of relocation payments under Title I of the Housing Act of 1949, as amended (42 U.S.C. 1450 et seq.) and under section 404 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3074), published under Part 3 of Subtitle A of Title 24 of the Code of Federal Regulations, (first issued as of October 8, 1956, 21 F.R. 9991, December 15, 1956, and amended at 22 F.R. 1980, March 26, 1957; 22 F.R. 9937, December 12, 1957; 23 F.R. 750 February 5, 1958; 23 F.R. 1723, March 13, 1958; 23 F.R. 5723, July 30, 1958; 23 F.R. 6595, August 26, 1958; 23 F.R. 10531, December 31, 1958; 24 F.R. 8604, October 23, 1959; 26 F.R. 5712, June 27, 1961; 26 F.R. 7826, August 23, 1961; 27 F.R. 7677, August 3, 1962, corrected at 27 F.R. 7876, August 9, 1962; 28 F.R. 588, January 23, 1963, corrected at 28 F.R. 692, January 25, 1963; 30 F.R. 439, January 13, 1965; 30 F.R. 4715, April 13, 1965; 30 F.R. 10027, August 12, 1965 revised effective December 8, 1965, (30 F.R. 15145)), as amended (31 F.R. 5826, April 15, 1966), are hereby amended to include the regulations governing relocation payments under sections 514 and 516 of the Housing and Urban Development Act of 1968 (82 Stat. 525 and 526, 42 U.S.C. 1468a and 1465(c)), and otherwise revised to read as follows.

Subpart A-(Reserved)

Subpart B--Relocation Payments

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Subpart B--Relocation Payments:

§3.100 Statement of applicable law.

Section 305 of the Housing Act of 1956 (70 Stat. 1100, 42 U.S.C. 1456) amended Title I of the Housing Act of 1949, as amended, by adding a new section 106(f), which provided that Title I urban renewal projects may include the making of relocation payments subject to rules and regulations prescribed by the Housing and Home Finance Administrator. Section 106(f) was amended by section 304 of the Housing Act of 1957 (71 Stat. 300), section 409 of the Housing Act of 1959 (73 Stat. 673), and section 304 of the Housing Act of 1961 (75 Stat. 167). Section 310 of the Housing Act of 1964 amended Title I by adding a new section 114 (78 Stat. 788, 42 U.S.C. 1465) and incorporated therein, with additional provisions, the former section 106(f) of Title I, which was repealed (42 U.S.C. 1456(f)). Section 311 (a) of the Housing and Urban Development Act of 1965 amended Title I by adding a new section 117 (79 Stat. 478, 42 U.S.C. 1468), providing for grants for programs of code enforcement and providing that the provisions of section 114 shall be applicable to such programs. Section 404(a) of the Housing and Urban Development Act of 1965 (79 Stat. 486, 42 U.S.C. 3074) provided that the provisions of section 114 of Title I were applicable to all federally assisted development programs. Section 514 of the Housing and Urban Development Act of 1968 (82 Stat. 525, 42 U.S.C. 1468a) amends Title I by adding a new section 118, providing for grants for programs of interim assistance for slums and blighted areas and providing that the provisions of section 114 of Title I shall be applicable to all activities assisted pursuant to section 118 to the same extent as if such activities were being carried out as part of an urban renewal project. Section 516 of the Housing and Urban Development Act of 1968 (82 Stat. 526, 42 U.S.C. 1465(c)) amends section 114(c) by expanding the relocation payments provisions applicable to the programs of the Department of Housing and Urban Development. Authority to issue regulations is included in the delegation to the Assistant Secretary for Renewal and Housing Assistance published at 31 F.R. 8964, June 29, 1966.

§3.101 Definitions.

For the purpose of the regulations in this subpart, the following terms shall mean:

- (a) Actual direct loss of property. Actual loss in the value

of the property (exclusive of goods or other inventory kept for sale) sustained by the site occupant by reason of the disposition or abandonment of the property resulting from the site occupant's displacement. A loss resulting from damage to the property while being moved is not included.

- (b) Agency. (1) In an urban renewal area, the LPA, (2) in a code enforcement area or demolition grant area, the code agency, or (3) in an area receiving interim assistance, the city, other municipality, or county.
 - (c) Business concern. A corporation, partnership, individual, or other private entity, including a nonprofit organization, engaged in some type of business, professional, or institutional activity necessitating fixtures, equipment, stock in trade or other tangible property for the carrying on of the business, profession, or institution.
 - (d) Code Agency. A city, other municipality, or county authorized to engage in code enforcement activities in the locality.
 - (e) Code enforcement. Structural or other substantial repairs to, or alterations of, any building or other improvement on land, the demolition of any building or improvement, or a reduction in a number of occupants of, or any other change in the use of, any parcel of real property, pursuant to the requirements of, or to comply with a notice by a municipality of enforcement of, a zoning, building, or other municipal code or ordinance.
 - (f) Code enforcement area. An area which HUD has approved under section 117 of Title I for a program of concentrated code enforcement and public improvements.
 - (g) Demolition grant area. An area which HUD has approved under section 116 of Title I for a program of demolition of structures which are structurally unsound or unfit for human habitation.
 - (h) Family. Two or more persons related by blood, marriage, or adoption, who are living together in a single dwelling unit.
 - (i) Federal financial assistance contract. (1) A contract for a loan, a grant, or a loan and grant, between the
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Federal Government and the LPA for an urban renewal project, executed on or after August 7, 1956; or (2) A contract for a grant for a program of concentrated code enforcement and public improvements between the Federal Government and the code agency; or (3) A contract for a grant for the demolition of unsafe structures between the Federal Government and the code agency; or (4) A contract for a grant for interim assistance to slums or blighted areas between the Federal Government and the city, other municipality, or county; whichever is pertinent in the context.

- (j) HUD. (1) Prior to November 9, 1965, the Housing and Home Finance Administrator; or (2) on and after November 9, 1965, the Housing and Home Finance Administrator in the Department of Housing and Urban Development pending appointment of the Secretary of Housing and Urban Development, and thereafter the Secretary of Housing and Urban Development; or (3) an employee duly authorized to perform the functions of such Administrator or Secretary.
- (k) Individual. A person who is not a member of a family. An elderly individual is an individual 62 years of age or over at the time of displacement. A handicapped individual is an individual who has a physical impairment which is expected to be of long-continued and indefinite duration and which substantially impedes his ability to live independently.
- (l) LPA. A Local Public Agency authorized to undertake an urban renewal project being assisted under Title I.
- (m) Moving expenses--(1) individuals and families. Costs of packing, storing (for a period of 1 year or less), carting, and insuring of property and incidental costs of disconnecting and reconnecting household appliances.
- (2) Business concerns. Costs of dismantling, crating, storing (for a period of 1 year or less), transporting, insuring, reassembling, reconnecting, and reinstalling of property (including goods or other inventory kept for sale), exclusive of the cost of any additions, improvements, alterations, or other physical changes in or to any structure in connection with effecting such reassembly, reconnection, or reinstallation.

- (n) Property. Tangible personal property, excluding fixtures, equipment and other property which under State or local law are considered real property, but including such items of real property as the site occupant may lawfully remove.
- (o) Public body. A State, county, municipality, or other political subdivision, or an authority or agency which is a public legal entity.
- (p) Relocation payment. A payment by an Agency:
- (1) To an individual or family, for reasonable and necessary moving expenses and any actual direct loss of property (for which reimbursement or compensation is not otherwise made);
 - (2) To a business concern, for its reasonable and necessary moving expenses and any actual direct loss of property except goodwill or profit (for which reimbursement or compensation is not otherwise made);
 - (3) To a small business concern, for its displacement (small business displacement payment);
 - (4) To or on behalf of a family or elderly individual for relocation adjustment prior to August 1, 1968 (relocation adjustment payment); or to or on behalf of a family or elderly or handicapped individual on or after August 1, 1968 (additional relocation payment);
 - (5) To an individual, family, or business concern for settlement costs (for which reimbursement or compensation is not otherwise made);
 - (6) To a family or individual to assist an owner-occupant of a one- or two-family dwelling in the purchase and occupancy of a replacement dwelling on or after August 1, 1968 (replacement housing payment).
- (q) Settlement costs. (1) Recording fees, transfer taxes, and similar expenses incidental to conveying real property to the Agency; (2) Penalty costs for pre-payment of any mortgage encumbering such real property;
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and (3) The pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title, or the effective date of the acquisition of such real property by the Agency, whichever is earlier.

- (r) Site occupant. A family, individual, or business concern, as defined above.
- (s) Small business concern. A business concern (other than a nonprofit organization) which during the base period had:
 - (1) Average annual net earnings before income taxes of less than \$10,000; and
 - (2) In the case of displacements prior to June 15, 1966, average annual gross receipts or sales in excess of \$1,500; or in the case of displacements on and after June 15, 1966, average annual gross receipts or sales in excess of \$1,500 together with average annual net earnings before income taxes in excess of \$500, or average annual gross receipts or sales in excess of \$2,500.

Earnings for the purpose of this paragraph(s) include salaries, wages, or other compensation received by an owner of the concern or any member of his household related to him. The term "owner" as used in the previous sentence includes the sole proprietor in a sole proprietorship, the principal partners in a partnership, and the principal stockholders of a corporation, as determined by HUD.

- (t) Title I. Title I of the Housing Act of 1949, as amended (42 U.S.C. 1450 et seq.).
 - (u) Urban renewal area. An area which HUD has approved for an urban renewal project.
 - (v) Urban renewal plan. A duly approved plan, as it exists from time to time, for an urban renewal project.
 - (w) Urban renewal project. Undertakings and activities of an LPA in an urban renewal area for the elimination and prevention of the development or spread of slums or blight as defined in Title I.
 - (x) Voluntary rehabilitation. Structural or other
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substantial repairs to, or alterations of, any building or other improvement on land within an urban renewal area, undertaken by an owner of any interest in such real property, in order to conform to the property rehabilitation standards set forth in the urban renewal plan.

- (y) Base period. The 2 tax years immediately preceding displacement (or, if the business concern is not in business that long, such other period as may be approved by HUD): Provided, That if a business concern does not qualify as a small business concern under paragraph (s)(2) of this section based upon the 2 tax years immediately preceding displacement and the Agency finds that its business activity during such period was not representative, the base period shall be the third and fourth tax years immediately preceding displacement.
- (z) Interim assistance area. An area which HUD has approved for a grant designed to assist the locality in carrying out programs to alleviate harmful conditions in slums or blighted areas, as provided for in section 118 of Title I (42 U.S.C. 1468a).

§ 3.102 Relocation payments by the Agency.

The Agency shall make relocation payments to or on behalf of eligible site occupants in accordance with and to the full extent permitted by the regulations in this subpart: Provided, That for each Federal financial assistance contract the Agency may elect whether to make payments for moving expenses in excess of \$25,000 in accordance with § 3.109(a)(2).

§ 3.103 Basic eligibility conditions--displacement from an urban renewal area.

- (a) Displacement. A site occupant is eligible for a relocation payment if the displacement of the site occupant is:
- (1) From real property within the urban renewal area, on or after the date of execution of the pertinent Federal financial assistance contract, or the date of HUD approval of a budget for project execution activities resulting in the displacement (provided that in the latter case a Federal financial assistance contract for such contemplated

project is thereafter executed); and

- (2) Made necessary by (i) the acquisition of such real property by the LPA, or any other public body, or (ii) code enforcement activities undertaken in connection with the urban renewal project, or (iii) a program of voluntary rehabilitation of buildings or other improvements in accordance with the urban renewal plan, as further defined in paragraphs (b) and (c) of this section.
- (b) Displacement made necessary by acquisition. A site occupant of the property on the date of execution of a Federal financial assistance contract (or HUD concurrence, prior to its approval of an Application for Loan and Grant, in the commencement of a project execution activity) which contemplates acquisition of the property, regardless of when or if such acquisition takes place, and a site occupant of the property at the time of its acquisition may be deemed displaced by the acquisition upon vacating the property. For this purpose, acquisition means the obtaining by the LPA or other public body of title to, or the right to possession of, the real property. This paragraph (b) shall apply to a site occupant displaced on or after January 27, 1964, but shall not affect adversely, in the case of a site occupant displaced prior to January 13, 1965, eligibility established in accordance with regulations in effect at the time of the site occupant's displacement.
- (c) Displacement made necessary by code enforcement or voluntary rehabilitation. The vacating by the site occupant of the real property after the happening of any of the following events shall be deemed to be a displacement from the urban renewal area made necessary by code enforcement or voluntary rehabilitation, as the case may be:
- (1) In the case of voluntary rehabilitation, the commencement of, or notice by the owner of the real property of the commencement of, voluntary rehabilitation of the building or other improvement, or the part thereof, occupied by the site occupant which makes it necessary (as determined by the LPA) for the site occupant to vacate the real property.
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- (2) In the case of code enforcement, the commencement of, or notice by the code agency of, code enforcement, with respect to the real property, or the part thereof, occupied by the site occupant which makes it necessary (as determined by the LPA) for the site occupant to vacate the real property.
 - (3) In the case of either voluntary rehabilitation or code enforcement, an increase, or a notice of increase, in rent for the rent period involved amounting to not less than 25 percent in the case of a business concern and not less than 10 percent in the case of an individual or family: Provided, That in the case of an individual or family the increase shall also result in a rent exceeding the standards established by the LPA for displacees' ability to pay.
 - (d) Small business displacement payment. A small business concern which satisfies the eligibility conditions of paragraph (a) of this section is eligible for a small business displacement payment if the concern:
 - (1) Is displaced on or after January 27, 1964;
 - (2) Is not part of an enterprise having two or more establishments outside the urban renewal area;
 - (3) Has filed with the Internal Revenue Service income tax returns for the base period; or has furnished such other evidence of earnings as may be approved by HUD; and
 - (4) Was doing business in the urban renewal area on the date of the approval by the governing body of the locality of an urban renewal plan: Provided, That if the displacement occurs pursuant to a Federal financial assistance contract in accordance with the third sentence of section 102(a) of Title I (Early Land Acquisition Loan), the applicable date shall be the date of the approval by the governing body of the locality of an application for such contract, and if the displacement occurs pursuant to HUD approval of a budget for project execution activities, the applicable date shall be the date of the resolution by the LPA requesting HUD approval of such project execution activities.
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- (e) Outdoor advertising display. A business concern which is not displaced from an urban renewal area shall be eligible for a relocation payment for moving expenses incurred on or after September 2, 1964, with respect to its outdoor advertising displays required in the determination of the LPA to be removed from the urban renewal area.
- (f) Temporary on-site moves. No relocation payment shall be made to a site occupant for a temporary move within the urban renewal area.

§ 3.103a Basic eligibility conditions--displacement from a code enforcement or demolition grant area.

- (a) Displacement. A site occupant is eligible for a relocation payment if the displacement is:
- (1) From real property within the code enforcement or demolition grant area on or after (i) the date of execution of a Federal financial assistance contract, or (ii) the date of HUD approval of a budget for a program of concentrated code enforcement, or (iii) the date of HUD approval of an application for a demolition grant: Provided, That in the case of approval of such budget or application a Federal financial assistance contract is thereafter executed for the area; and
 - (2) Made necessary by (i) code enforcement activities, as further defined in paragraph (b) of this section, (ii) acquisition of real property by the code agency or any other public body in connection with a Federally assisted program of concentrated code enforcement and public improvement as further defined in paragraph (c) of this section, or (iii) demolition activities as further defined in paragraph (d) of this section.
- (b) Displacement made necessary by code enforcement. The displacement of a site occupant from a code enforcement area is deemed made necessary by code enforcement if the vacation of the real property occurs on or after the commencement of code enforcement, or the receipt of notice by the site occupant that code enforcement will be required, with respect to the real property occupied by the site occupant under either of the

following circumstances:

- (1) The code enforcement cannot reasonably be undertaken without the vacation of the real property by the site occupant and the code agency so determines in accordance with § 3.104(e)(2);
or
 - (2) In the case of a tenant, the owner has increased the rent, or has notified the tenant of an increase in rent, amounting to not less than 25 percent in the case of a business concern and not less than 10 percent in the case of an individual or family: Provided; That in the case of an individual or family the increase shall also result in a rent exceeding the standards established by the code agency for displacee's ability to pay.
- (c) Displacement made necessary by acquisition. The displacement of a site occupant from a code enforcement area is deemed made necessary by acquisition if the vacation of the real property occurs after the code agency or other public body acquiring legal or equitable title or the right to possession has ordered the site occupant to vacate the real property.
- (d) Displacement made necessary by demolition. The displacement of a site occupant from a demolition grant area is deemed made necessary by demolition if the vacation of the real property occurs after the code agency has ordered the real property to be vacated and demolished.
- (e) Small business displacement payment. A small business concern which satisfies the eligibility conditions of paragraph (a) of this section is eligible for a small business displacement payment if the concern:
- (1) Is not part of an enterprise having two or more establishments outside the code enforcement or demolition grant area;
 - (2) Satisfies the requirements of § 3.103(d)(3) governing evidence of earnings; and
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(3) Was doing business in the code enforcement or demolition grant area on the date of approval by the code agency of an application for a Federal financial assistance contract for the area.

(f) Outdoor advertising display--code enforcement area.
A business concern which is not displaced from a code enforcement area shall be eligible for a relocation payment for moving expenses with respect to its outdoor advertising displays required, in the determination of the code agency, to be removed from the code enforcement area by the acquisition of real property in connection with a Federally assisted program of concentrated code enforcement and public improvements.

(g) Temporary on-site moves. No relocation payment shall be made to a site occupant for a temporary move within the code enforcement or demolition grant area.

§ 3.103b Basic eligibility conditions--displacement from an area receiving interim assistance.

(a) Displacement. A site occupant is eligible for a relocation payment if the displacement is:

- (1) From private real property within the interim assistance area on or after the date of execution of a Federal financial assistance contract or the date of HUD approval of a budget for a program of interim assistance: Provided, That in the latter case a Federal financial assistance contract is thereafter executed for the area; and
- (2) Made necessary by (i) activities designed to improve private properties to the extent needed to eliminate the most immediate dangers to the public health and safety, as further defined in paragraph (b) of this section, (ii) acquisition of real property by the Agency in connection with a Federally assisted program of improvement of private properties, as further defined in paragraph (c) of this section, or (iii) demolition of structures determined to be structurally unsound or unfit for human habitation, and which constitute a public nuisance and serious hazard to the public health and safety, as further defined in paragraph (d) of this section.

- (b) Displacement made necessary by improvement of private properties. The displacement of a site occupant from an interim assistance area is deemed made necessary by improvement of private properties if the vacation of the private real property occurs on or after the commencement of improvement activities, or the receipt of notice by the site occupant that improvements will be required with respect to the private real property occupied by the site occupant, and if:
- (1) The improvement is necessary to eliminate the most immediate dangers to public health and safety and the Agency so determines, and the improvement cannot reasonably be undertaken without the vacation of the real property by the site occupant and the Agency so determines in accordance with § 3.104(e)(3); or
 - (2) In the case of a tenant, the owner has increased the rent, or has notified the tenant of an increase in rent, amounting to not less than 25 percent in the case of a business concern and not less than 10 percent in the case of an individual or family: Provided, That in the case of an individual or family the increase shall also result in a rent exceeding the standards established by the city, other municipality, or county for displacees' ability to pay.
- (c) Displacement made necessary by acquisition. The displacement of a site occupant from an interim assistance area is deemed made necessary by acquisition if the vacation of the real property occurs after the Agency has acquired legal or equitable title or the right to possession and has ordered the site occupant to vacate the real property.
- (d) Displacement made necessary by demolition of unfit structures. The displacement of a site occupant from an interim assistance area is deemed made necessary by demolition of unfit structures if the vacation of the real property occurs under the following circumstances: (1) The structures occupying the real property are structurally unsound or unfit for human habitation and constitute a public nuisance and serious hazard to the public health and safety, and the Agency has so determined; and (2) the vacation of the real property occurs after the Agency has ordered the real
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property to be vacated and demolished.

- (e) Small business displacement payment. A small business concern which satisfies the eligibility condition of paragraph (a) of this section is eligible for a small business displacement payment if the concern:
- (1) Is not part of an enterprise having two or more establishments outside the interim assistance area;
 - (2) Satisfies the requirement of § 3.103(a)(3) governing evidence of earnings; and
 - (3) Was doing business in the interim assistance area on the date of approval by the city, other municipality, or county of an application for a Federal financial assistance contract for the area.
- (f) Temporary on site moves. No relocation payment shall be made to a site occupant for a temporary move within the interim assistance area.

§ 3.103c Eligibility--relocation adjustment payment; additional relocation payment; replacement housing payment.

- (a) Relocation adjustment payment. A family or elderly individual who satisfies the eligibility conditions of § 3.103(a) (displacement from an urban renewal area) or § 3.103a(a) (displacement from a code enforcement or demolition grant area) prior to August 1, 1968, is eligible for a relocation adjustment payment if the site occupant:
- (1) Is unable to secure a suitable dwelling unit in
 - (i) a low-rent housing project assisted under the United States Housing Act of 1937, as amended, 42 U.S.C. 1401 et seq. (or a State or local program found by HUD to have the same general purposes)
 - or (ii) a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(a));
 - (2) Has moved to a decent, safe, and sanitary dwelling; and
 - (3) In the case of an urban renewal area is displaced on or after January 27, 1964.

- (b) Additional relocation payment. A family or elderly or handicapped individual who satisfies the eligibility requirements of § 3.103(a) (displacement from an urban renewal area), § 3.103a(a) (displacement from a code enforcement or demolition grant area), or § 3.103b(a) (displacement from an interim assistance area), on or after August 1, 1968, is eligible for an additional relocation payment if the site occupant:
- (1) Is unable to secure a suitable dwelling in (i) a low-rent housing project assisted under the United States Housing Act of 1937, as amended, 42 U.S.C. 1401 et seq. (or a State or local program found by HUD to have the same general purposes) or (ii) a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s(a));
 - (2) Has moved to a decent, safe, and sanitary dwelling: Provided, That an additional relocation payment not to exceed \$500 in the first 12 months and \$500 in the second 12 months may be made on a lump-sum basis or other than a monthly basis in cases in which other than monthly payments are determined warranted by HUD.
- (c) Replacement housing payment. A family or individual who satisfies the eligibility conditions of § 3.103(a) (displacement from an urban renewal area), § 3.103a(a)(1) (displacement from a code enforcement or demolition grant area), or section 3.103b(a)(1) (displacement from an interim assistance area), on or after August 1, 1968, is eligible for a replacement housing payment if the site occupant:
- (1) Is the owner of the real property acquired for a project assisted under Title I;
 - (2) Has occupied a single- or two-family dwelling located on the real property for not less than 1 year prior to the initiation of negotiations for the acquisition of the property;
 - (3) Does not receive the additional relocation payment provided for by § 3.103c(b);

- (4) Purchases and occupies a replacement dwelling within 1 year subsequent to the date on which he is required to move from the dwelling acquired for the project; and
- (5) Does not receive a payment pursuant to the State law of eminent domain determined by HUD to have substantially the same purpose and effect as would a replacement housing payment, and to be a part of the cost of the project for which Federal financial assistance is available.

§ 3.103d Notice of intention to move.

Except as provided in this § 3.103d, no relocation payment for moving expenses or actual direct loss of property and no small business displacement payment shall be made to a business concern unless (a) the Agency has received, at least 30 days but not earlier than 90 days prior to the moving date, written notice from the business concern of its intention to move or dispose of the property, which shall be described generally in the notice, and the date of such intended move or disposition, and (b) the business concern has permitted, at all reasonable times, the inspection by or on behalf of the Agency of such property at the site from which the business concern is displaced. For the purpose of this § 3.103d, "moving date" shall mean the date on which the first item of such property is intended to be moved or disposed of. The Agency may make a relocation payment notwithstanding nonreceipt of such timely notice only if the Agency has determined that there was reasonable cause for the failure of the business concern to give such notice, and the Agency has adequately verified the facts pertaining to the move or disposition and the requested relocation payment.

§ 3.104 Administration of relocation payments.

- (a) Conditions for relocation payment. The Agency (or, if the Agency is the municipality, the board or commission responsible for carrying out the Federally assisted activities or, if there is no such board or commission, the principal executive officer of the municipality) shall approve a schedule (Form HUD-6148) of average annual gross rentals for standard housing in the locality for determining the amount of relocation adjustment payments and additional relocation payments in accordance with §§ 3.109(b)(2) and (3), and a separate schedule (Form HUD-6155) for determining the average price of standard sales housing in a locality, and any other conditions under which the Agency will make
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relocation payments. The schedules and conditions shall be consistent with the regulations in this subpart and shall be available in written form to site occupants in the office of the Agency.

- (b) Notice to site occupants. The Agency shall furnish all site occupants, who occupy property within an urban renewal area (or the area of the Federally assisted activities) and who are anticipated to be displaced, with a notice or informational statement advising the site occupant of (1) the availability of relocation payments to eligible site occupants, and (2) the office where the conditions under which relocation payments will be made are available for inspection.
- (c) Action on claim-- finality. The Agency is initially responsible for determining the eligibility of a claim for, and the amount of, a relocation payment and shall maintain in its files complete and proper documentation supporting the determination. The determination on each claim shall be made or approved either by the governing body of the Agency or by the principal executive officer of the Agency or his duly authorized designee. The determination by the Agency or any redetermination by HUD shall be final and conclusive with respect to the rights of any site occupant, and not subject to redetermination by any court or any other officer. Subject to the requirements of this paragraph (c), the Agency may permit a third-party contractor responsible for relocation activities to examine and recommend action on a claim and to disburse funds in payment of a claim which has been approved by the Agency.
- (d) Prompt payment. A relocation payment shall be made by the Agency as promptly as possible after a site occupant's eligibility has been determined in accordance with the regulations in this subpart.
- (e) Certain determinations. (1) No claim based upon acquisition of real property by a public body other than the Agency shall be approved unless the Agency shall have determined that the claimant was displaced by the acquisition or in contemplation thereof. The determination shall be supported by a signed statement from the public body indicating (1) when it acquired or proposes to acquire the property occupied by the claimant,
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and (ii) whether it compensated or has agreed to compensate the claimant for moving expenses actual direct loss of property, or settlement costs resulting from the displacement. (2) No claim based upon code enforcement or voluntary rehabilitation shall be approved unless the Agency shall have determined that the claimant was displaced by such activities. The determination shall be supported by a statement by the Agency giving the factual basis on which the determination was made. (5) No claim based upon interim assistance involving improvement to private properties shall be approved unless the Agency shall have determined that the claimant was displaced by such activities. The determination shall be supported by a statement by the Agency giving the factual basis on which the determination was made.

- (f) Agency setoff against claim. The Agency may set off against the claim of an otherwise eligible site occupant any financial claim the Agency may have against the site occupant arising out of the use of the real property.
- (g) Approval by HUD--business concerns. No relocation payment for moving expenses or settlement costs, or both, in excess of \$10,000 shall be made without approval by HUD.
- (h) Reimbursement of relocation payments. Relocation payments made in accordance with the regulations in this subpart and pursuant to a Federal financial assistance contract are reimbursable in full to the Agency as a Title I grant.
- (i) Accounts and records. Accounts and records shall be maintained as prescribed by HUD and shall be subject to inspection or audit at all reasonable times by HUD. Records pertaining to eligibility of relocation payments, including all claims, receipted bills or other documentation in support of a claim, and records pertaining to action on a claim, shall be retained by the Agency for not less than 3 years after the completion of the urban renewal project or the other Federally assisted activities.

§ 3.105 Fixed relocation payments to individuals and families.

- (a) Schedule of fixed payments. An Agency intending to pay fixed amounts in lieu of payments for reasonable and necessary moving expenses and actual direct loss of property of eligible individuals and families shall prepare a schedule of the fixed amounts which it proposes to pay. The schedule shall contain a statement indicating that the Agency intends to permit eligible individuals and families to claim reimbursement for their actual moving expenses and actual direct loss of property.
- (b) Schedule provision. (1) A proposed schedule of fixed payments to eligible individuals and families owning furniture shall provide for a graduated scale of payments related to the number of all rooms occupied by the claimant except bathrooms, hallways, and closets, which payments shall not exceed the lowest normal charge for carting expenses for the average time required to move personal effects: Provided, That in any event the payments shall not exceed the maximum reimbursement to eligible individuals or families provided in the regulations in this subpart. (2) Fixed payments to eligible individuals or families not owning furniture shall not exceed: (i) \$5 for any individual, (ii) \$10 for any family.
- (c) Administration of fixed payments. Eligible individuals or families may be paid the amount provided in the schedule of fixed payments approved by HUD upon receipt of a properly completed claim. A fixed payment shall be in full settlement for the claimant's moving expense and any actual direct loss of property. If the joint occupants of a single dwelling unit at the project site move to two or more locations and consequently submit more than one claim, an eligible claimant for a fixed payment may be paid only his reasonable prorated share (as determined by the Agency) of the total fixed payment applicable to such dwelling unit, and the total of fixed payments made to all such claimants moving from such dwelling unit shall not exceed the total fixed payment applicable to such dwelling unit.

§ 3.106 Determining moving expenses of business concern.

- (a) Submission of bids prior to moving date. No claim for a relocation payment for moving expenses in excess of
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\$500 shall be allowed for costs incurred by a business concern on or after April 1, 1965, unless the concern has submitted to the Agency, at least 15 days prior to the commencement of the move, a bid from three reputable firms covering the moving costs involved. Whenever it is not feasible to obtain three bids for any category of work, a lesser number of bids shall be submitted, together with a written justification by the concern; and no relocation payment shall be allowed in such cases unless the Agency has approved the justification. The Agency, with HUD concurrence, may waive any requirement of this paragraph (a) for good cause.

- (b) Payment not to exceed low bid. Payment to a business concern for moving expenses shall not exceed the amount of the low bid submitted in accordance with paragraph (a) of this section unless the bid requirement has been waived in accordance with paragraph (a) of this section.

§ 3.107 Determining actual direct loss of property.

- (a) The amount of actual direct loss of any item of property claimed shall be determined as follows:
- (1) The fair market value of the property for continued use at its location prior to the displacement shall be ascertained by the claimant by an appraisal satisfactory to the Agency, except as provided in subparagraph (2) of this paragraph.
 - (2) If the value of the property for which actual direct loss is claimed does not warrant the expenses of an appraisal, then its fair market value for such continued use shall be computed as follows: The original cost of the item to the claimant (exclusive of installation cost), multiplied by the figure obtained by dividing the period of the remaining useful life of the property at the date of removal, by the period of the normal useful life of the property at the date of its acquisition by the claimant.
 - (3) The property shall be disposed of by a bona fide sale (as determined by the Agency) at the highest price offered after reasonable efforts have been made over a reasonable period of time to

interest prospective purchasers. A trade-in of the property may be considered a bona fide sale, and the trade-in allowance, exclusive of any amount of discount that would be allowed on the price of the property being acquired in the absence of the trade-in, shall be deemed the amount realized upon the sale of the property.

- (4) If the amount realized from the sale, after deducting ordinary and reasonable expenses of the sale, is less than the fair market value for such continued use, the difference between the net amount realized and the fair market value is the amount of actual direct loss of the property. Expenses of sale include such items as sale commissions, auctioneer's fees, advertising costs, and similar charges.
- (b) If a bona fide sale is not effected because no offer is received for the property, after reasonable efforts have been made over a reasonable period of time to sell it, then its fair market value for continued use, ascertained as provided in this section, is the amount of actual direct loss of the property.
- (c) Cost of appraisals: The cost of appraisals to determine actual direct loss of property, if made by or in behalf of the claimant, is not allowable as part of a claim.

§ 3.108 Filing of claims.

- (a) Form of claim. To obtain a relocation payment, a site occupant shall file a written claim with the Agency on the appropriate HUD forms.
- (b) Documentation in support of claim. A claim shall be supported by the following:
 - (1) If for moving expenses, except in the case of a fixed payment, a receipted bill or other evidence of such expenses. By prearrangement between the Agency, the site occupant, and the mover, confirmed in writing by the Agency, the claimant may present an unpaid moving bill to the Agency, and the Agency may pay the mover directly.

- (2) If for actual direct loss of property, written evidence thereof, which may include appraisals, certified prices, copies of bills of sale, receipts, canceled checks, copies of advertisements, offers to sell, auction records, and such other records as may be appropriate to support the claim.
- (3) In any other case, such documentation as may be required by the Agency which may include income tax returns, withholding or informational statements, and proof of age.
- (c) Time for filing claims. A claim for moving expenses, actual direct loss of property, or a small business displacement payment shall be submitted to the Agency within a period of 6 months after the displacement of the claimant. A claim for settlement costs shall be submitted within 6 months after the costs have been incurred. A claim for a relocation adjustment payment or for an additional relocation payment shall be submitted within a period of 60 days after the displacement of the claimant. A claim for a replacement housing payment shall be submitted within 18 months after the displacement of the claimant.
- (1) Displacement prior to January 13, 1965. Notwithstanding the first two sentences of the introductory text of this paragraph (c), a claim for a relocation adjustment payment or for a small business displacement payment by a claimant displaced from an urban renewal area on or after January 27, 1964, and prior to January 13, 1965, shall be submitted within a period of 60 days of the last published or other notice by the LPA of the availability of such payments.
- (2) Waivers. The time limitations in this paragraph (c) may be waived by the Agency for good cause, with HUD concurrence, in the case of a claimant displaced on or after January 27, 1964.

§ 3.109 Limitations on amount of relocation payments.

(a) Moving expenses and loss of property.

- (1) Maximum amount--individuals or families. The maximum relocation payment that may be made or

recognized for moving expenses and actual direct loss of property, for which reimbursement or compensation is not otherwise made, to an individual or family shall not exceed \$100 with respect to moving expenses incurred and actual direct loss of property suffered prior to September 23, 1959, and \$200 with respect to such expenses incurred and loss suffered on or after September 23, 1959. The maximum relocation payment that may be made or recognized for moving expenses and actual direct loss of property, for which reimbursement or compensation is not otherwise made, to two or more unrelated individuals occupying the same dwelling unit shall not exceed \$200.

- (2) Maximum amount--business concerns. The maximum relocation payment that may be made or recognized in the case of a business concern for moving expenses and actual direct loss of property, for which reimbursement or compensation is not otherwise made, shall not exceed \$2,000 with respect to moving expenses incurred or direct loss of property suffered prior to July 12, 1957, or \$2,500 with respect to moving expenses incurred or direct loss of property suffered between July 12, 1957, and September 22, 1959, both dates inclusive, or \$3,000 with respect to moving expenses incurred or direct loss of property suffered on or after September 23, 1959. If the total of the actual moving expenses incurred on or after June 30, 1961, and prior to October 2, 1962, is greater than \$3,000, the maximum relocation payment that may be made or recognized in the case of a business concern, for which reimbursement or compensation is not otherwise made, shall be the total of such actual moving expenses. If the total of the actual moving expenses incurred on or after October 2, 1962, and prior to August 12, 1965, is greater than \$3,000, the maximum relocation payment that may be made or recognized in the case of a business concern, for which reimbursement or compensation is not otherwise made, shall be the total of such actual moving expenses or \$25,000, whichever is less. If the total of the actual moving expenses incurred on or after August 12, 1965, is greater than \$3,000, the maximum relocation payment that may be made or recognized in the case

of a business concern, for which reimbursement or compensation is not otherwise made, shall be the sum of:

- (i) The total actual moving expenses or \$25,000, whichever is less; and
 - (ii) In the case of projects on a two-thirds capital grant basis, two-thirds of the actual moving expenses in excess of \$25,000: Provided, That the Agency makes a cash payment to the business concern out of local funds in an amount equal to one-third of the actual moving expenses in excess of \$25,000, which payment shall not constitute a local grant-in-aid to the urban renewal project or any portion of the local share of the cost of the Federally assisted activities required by Title I; or
 - (iii) In the case of projects on a three-fourths capital grant basis, three-fourths of the actual moving expenses in excess of \$25,000: Provided, That the Agency makes a cash payment to the business concern out of local funds in an amount equal to one-fourth of the actual moving expenses in excess of \$25,000, which payment shall not constitute a local grant-in-aid to the urban renewal project or any portion of the local share of the cost of the Federally assisted activities required by Title I.
- (3) Maximum moving distance. If a business concern moves beyond 100 miles from the boundary of the city, town, or village, as the case may be, in which the Federally assisted activities are carried out, a relocation payment for its moving expenses may not be made in excess of the reasonable and necessary expenses for moving such distance of 100 miles.
- (b) Small business displacement payment; relocation adjustment payment; additional relocation payment; and replacement housing payment.
- (1) Fixed amount--small business displacement. A small
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business displacement payment shall be \$1,500 for business concerns displaced prior to August 10, 1965, and \$2,500 for business concerns displaced on or after August 10, 1965.

- (2) Maximum amount--relocation adjustment. The total relocation adjustment payment that may be made for a family or elderly individual shall be an amount not to exceed \$500 which, when added to 20 percent of the annual income of the family or individual at the time of displacement, equals the average annual gross rental required for a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the family or individual (in the area in which the Federally assisted activities are carried out or in other areas not generally less desirable in regard to public utilities and public and commercial facilities), as determined by the Agency.
- (3) Maximum amount--additional relocation payment. The total additional relocation payment that may be made to a family or elderly or handicapped individual shall consist of monthly payments over a period not to exceed 24 months and shall be paid in an amount (not to exceed \$500 in the first 12 months and not to exceed \$500 in the second 12 months) which, when added to 20 percent of the annual income of the family or individual at the time of displacement, shall be equal to the average annual gross rental required at such time to secure a decent, safe, and sanitary dwelling of modest standards adequate in size to accommodate the family or individual (in the area in which the Federally assisted activities are carried out or in other areas not generally less desirable in regard to public utilities and commercial facilities), as determined by the Agency.
- (4) Maximum amount--replacement housing payment. The total replacement housing payment that may be made for a family or individual eligible for a replacement housing payment under § 3.103c(c) of the regulations in this subpart shall be an amount not to exceed \$5,000, which, when added to the acquisition payment, shall be equal to the average price required for purchase of a decent, safe, and sanitary dwelling of modest standards adequate

in size to accommodate the displaced owner, which is reasonably accessible to public services and places of employment, and which is available on the private market.

§ 3.110 Determinations in condemnation proceedings.

Notwithstanding any other provision of the regulations in this subpart, when property is acquired by proceedings in condemnation, and the amount of the judgment includes an allowance for any of the expenses included within the definition of relocation payment in § 3.101(p) of this subpart, the portion of the judgment representing compensation for these expenses, if separately stated, shall be entitled to recognition as a relocation payment in an amount not to exceed the applicable dollar limitations of § 3.109: Provided, That the allowance for actual direct loss of property makes no compensation for loss of goodwill or profit.

APPENDIX 2 - RELOCATION ADJUSTMENT PAYMENTS

ELIGIBILITY REQUIREMENTS

A family or elderly individual who meets the eligibility requirements for a Relocation Payment to cover moving expenses and any actual direct loss of property, as set forth in Section 3.103 of the Regulations Governing Relocation Payments, may be eligible for a Relocation Adjustment Payment if the following requirements are met:

1. The individual is 62 years of age or over at the time of displacement.
2. Displacement occurred on or after January 27, 1964.
3. Total annual income, as defined below under "Definition of Income," is less than five times the approved average annual gross rental for a standard unit of adequate size.
4. The family or individual is unable to secure a dwelling unit in low-rent public housing or is unable to secure a suitable dwelling unit assisted under the Federal rent supplement program.
5. The family or individual, after displacement, is residing in a decent, safe, and sanitary dwelling which meets the physical standards of the approved Relocation Program.

FAMILY OR ELDERLY INDIVIDUAL MOVED TO SUBSTANDARD HOUSING

A family or elderly individual who has moved to substandard housing may be eligible for a Relocation Adjustment Payment if, within 90 days after the LPA has notified the claimant in writing that he is ineligible to receive the payment because he is not residing in a decent, safe, and sanitary dwelling:

1. The family or elderly individual moves to a decent, safe, and sanitary dwelling; or
2. The substandard conditions are corrected and the unit is made to conform to the physical standards of the approved Relocation Program.

The family or elderly individual must meet all of the applicable eligibility requirements set forth above.

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NOTIFICATION TO FAMILIES AND INDIVIDUALS

The LPA shall notify each family and individual to be displaced from the project of the availability of Relocation Adjustment Payments. Notification shall also be made to families and individuals to be displaced from properties to be acquired under an Early Land Acquisition Loan.

Informational material prepared for distribution to families and individuals shall, as a minimum, include the following:

1. Statement of availability of Relocation Adjustment Payments.
2. Brief summary of eligibility requirements.
3. Brief summary of steps necessary to obtain payments.
4. Encouragement to families and individuals to come to the Relocation Office and discuss details with the relocation staff. Indicate time when relocation office is open.
5. Encouragement to families and individuals not yet relocated to request LPA to inspect proposed housing unit prior to the move.

TIMING FOR SUBMISSION OF CLAIM FOR RELOCATION ADJUSTMENT PAYMENT

Claim for Relocation Adjustment Payment, is required to be submitted within 60 days after displacement.

Families and individuals should be encouraged to submit Form HUD-6141.1 concurrently with Form HUD-6140.

PROCESSING CLAIM FOR RELOCATION ADJUSTMENT PAYMENT

Upon receipt of Form HUD-6141.1 from a family or elderly individual, the LPA shall take the following actions:

1. Determine claimant's eligibility for a Relocation Adjustment Payment (see Form HUD-6141.3 and detailed instructions below).
2. If the claimant is ineligible for a payment, notify him in writing of the reason.
3. If the claimant is eligible for a payment, make payment in accordance with the procedures set forth below under "Making Payments."

INSPECTION OF HOUSING

The LPA shall inspect the housing unit to which the claimant has moved or will move, in order to determine whether the unit is a decent, safe, and sanitary dwelling. Wherever possible, the inspection shall be a part of the LPA's regular inspection of dwelling units in connection with carrying out other aspects of the Relocation Program.

In the case of an individual who has moved to a nonhousekeeping unit, the LPA may determine that a "decent, safe, and sanitary dwelling" is a unit with shared bath or without cooking facilities if permitted by local codes or contemplated by the approved Relocation Program.

A Relocation Adjustment Payment may be made if a dwelling unit meeting the physical standards of the approved Relocation Program meets the occupancy standards of the local housing code. If the local code does not include occupancy standards, the occupancy standards of the approved Relocation Program shall be used.

If the claimant moves outside the locality where the LPA normally inspects relocation housing, the determination respecting the unit shall be based on the claimant's report of the condition of his dwelling. The report shall be made on a separate page of the Claim for Relocation Adjustment Payment numbered HUD-6142.2. The LPA shall furnish this page only to claimants who move outside the locality where the LPA normally inspects relocation housing. If the LPA wishes, it may expand the criteria listed in Blocks A and B on Form HUD-6142.2.

DEFINITION OF INCOME

In localities where there is or will be federally assisted low-rent public housing, the LPA, in determining eligibility for and the amount of a Relocation Adjustment Payment, shall use the definition of "income for rent," as distinguished from "income for eligibility," in use or to be used by the LPA. In other localities, the following definitions shall be used:

"Total annual income" means gross income, before taxes and other deductions, anticipated to be received during the 12 months following displacement, by (1) an elderly individual, or (2) all members of the family except dependent children with part-time employment. Gross income includes the amount of wages or salary from full- or part-time employment, net income from the operation of a business, social security payments, welfare payments, and amounts from annuities and pensions, alimony, and investments and savings (for example, rents, dividends, and interest).

VERIFICATION OF INCOME

In localities where there is or will be low-rent public housing, the LPA may accept the verification of total annual income made by the LHA (see "Determining Availability of Public Housing" below). In other localities, the LPA shall verify the income information submitted by the claimant to assure that it is reasonable.

Income may be verified by one or more of the following methods:

1. Checking with the employer, agency, or organization which the claimant indicates as a source of income.
2. Requiring the claimant to produce, for examination, copies of the latest tax return filed with the Internal Revenue Service by all family members who received income.
3. Applying to the known income at the time of displacement such factors as may be ascertained regarding anticipated changes in circumstances which may affect income; for example, loss of or addition of income recipients, retirement or reemployment, and receipt of or discontinuance of benefits and public or private assistance.

AVAILABILITY OF PUBLIC HOUSINGDEFINITION OF PUBLIC HOUSING

Low-rent public housing means housing assisted under the United States Housing Act of 1937 or under a State or local program found by HUD to have the same general purposes as the Federal program.

If there is low-rent public housing in the locality which is State or locally assisted, the LPA shall obtain a statement from the LHA which describes the housing project(s); the eligibility requirements for admission, including income limits; the basis on which rents are charged; and any other pertinent information on which the required finding may be based. The LPA shall submit three copies of the statement to the Regional Office. A Relocation Adjustment Payment may not be made until the LPA has been advised by the Regional Office respecting the finding.

If it is found that the low-rent public housing in the locality which is State or locally assisted does not have the same general purpose as the Federal program, the claimant is not required to apply for admission to the housing in order to establish eligibility for a Relocation Adjustment Payment. If the claimant moves to such housing, and is otherwise eligible, he may receive the payment.

DETERMINING AVAILABILITY OF PUBLIC HOUSING

In localities where there is or will be low-rent public housing, all claimants whose incomes are within the admission limits applicable to urban renewal displacees shall be requested to file an application with the LHA. Refusal to do so shall disqualify the claimant for a Relocation Adjustment Payment.

The LHA will examine the application to determine whether or not (1) the applicant is eligible for admission, and (2) a unit of appropriate size is or will become available on a timely basis.

In localities where the number of applications received from persons being displaced by an urban renewal project exceeds the availability of units of appropriate size, or units of appropriate size are not estimated by the LHA to become available by a date which will permit the LPA to carry out project activities in an orderly and timely manner, the LPA and LHA shall reach agreement concerning the applications which need not be processed by the LHA because units are not or will not become available as required. With respect to these applications, the LPA shall obtain, and retain in its files, a statement from the LHA which indicates why the applications are not to be processed. With respect to claimants who filed these applications, the LPA may determine that the claimant is unable to secure a dwelling unit in the low-rent public housing project.

Except as provided in the foregoing paragraph, all applications will be processed by the LHA.

The LPA shall request the LHA to furnish the following information respecting claimants who apply for admission to public housing:

1. Statement indicating whether the claimant is eligible or ineligible. If eligible, date by which unit is expected to be available.
2. Statement indicating whether the claimant's income has been verified. If verified, the total annual income, as defined under "Definition of Income" above.

A claimant who has applied for admission to public housing may be eligible for a Relocation Adjustment Payment if:

1. The LHA finds the claimant ineligible for public housing;
or

2. The claimant is found eligible for admission, but the date by which the LHA estimates that a suitable unit of appropriate size will be available will not permit the LPA to carry out project activities in an orderly and timely manner. Once this determination is made by the LPA, subsequent availability of a unit in public housing will not disqualify the claimant for a Relocation Adjustment Payment, provided that the claimant does not actually secure a unit.

If the LHA finds the claimant eligible for admission and a suitable unit of appropriate size is available, refusal of the claimant to move into the unit shall disqualify him for a Relocation Adjustment Payment.

When a determination is made that a claimant is unable to secure a dwelling unit in a low-rent public housing project, the LPA shall document its files with written evidence from the LHA supporting the determination.

LOCALITIES WHERE THERE IS NO LOW-RENT PUBLIC HOUSING

In localities where there is no low-rent public housing, the LPA may make a determination that the claimant is unable to secure a dwelling unit in low-rent public housing, without reference to the foregoing procedure.

COMPUTATION OF PAYMENT

When the LPA determines that the claimant is eligible for a Relocation Adjustment Payment, the amount of the payment shall be computed and recorded on Form HUD-6141.3.

In computing the amount of the Relocation Adjustment Payment, the LPA shall use the "average annual gross rental" shown on approved Form HUD-6148 for a standard dwelling unit of adequate size for the claimant, irrespective of the size of the unit occupied by the claimant or the amount paid by the claimant for the unit occupied. "Adequate size" shall conform to the standards of the approved Relocation Program.

When two or more individuals who occupy the same dwelling unit are not a "family" as defined in Section 3.101(h) of the Regulations Governing Relocation Payments, but one or more of the individuals is 62 years of age or over, the Relocation Adjustment Payment for each individual 62 years of age or over shall be computed on the basis of the average annual gross rental required for "0 bedrooms" as shown on the approved Schedule of Average Annual Rentals for Standard Housing in Locality.

The LPA shall compute 20 percent of the verified total annual income of the claimant and subtract this amount from the average annual gross rental," as determined in accordance with the preceding paragraphs. The resultant figure is the total of the Relocation Adjustment Payment. If the amount exceeds \$500, it shall be reduced to \$500.

MAKING PAYMENTS

TIMING REQUIREMENTS

A Relocation Adjustment shall not be made until the family or elderly individual has moved to a decent, safe, and sanitary dwelling. The initial payment shall be made as promptly as possible thereafter.

The entire amount of the Relocation Adjustment Payment shall be paid out within 5 months of the LPA approval of the claim, as set forth below.

LUMP-SUM PAYMENT

The LPA shall make a lump-sum Relocation Adjustment Payment by check payable to the claimant, within 1 month of LPA approval of the claim, if:

1. The claimant is purchasing a house.
2. The amount of the payment is less than 1 month rental.
3. The claimant moves into a private dwelling unit occupied by others, and he does not assume responsibility for payment of the housing costs.

JOINT PAYMENT TO CLAIMANT AND LANDLORD

Except for the lump-sum payments described above, the LPA shall make each check for a Relocation Adjustment Payment payable jointly to the claimant and to the landlord (or the landlord's authorized agent) of the unit which the claimant is occupying at the time of payment. The check shall be mailed to the claimant.

The amount of each joint check payment is determined by (1) the total amount of the Relocation Adjustment Payment for which the claimant is eligible and (2) the amount of the monthly contract rent due for the unit occupied by the claimant. To the extent that the amount of the Relocation Adjustment Payment permits, the initial and any successive joint check payments shall equal, but not exceed, the amount of the contract rent due for the ensuing month at the time of payment.

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In some cases, the total amount of the Relocation Adjustment Payment for which the claimant is eligible may exceed the total contract rent for 5 months. Since not more than 5 monthly joint check payments may be made, any amount of the Relocation Adjustment Payment remaining after the fifth monthly joint check has been prepared shall be paid in a lump sum by check payable only to the claimant. This check shall be mailed to the claimant with the joint check payment covering the contract rent for the fifth month.

LIMITATION ON SUCCESSIVE JOINT PAYMENTS

After the initial joint payment has been made, any subsequent payments shall be made only if the claimant continues to reside in a decent, safe, and sanitary dwelling.

The LPA may use the following method to determine whether, in the absence of reliable information to the contrary, a claimant has moved during the period that payments are being made: Mail check to claimant in envelopes imprinted with the LPA's return address and, in addition, the following wording in the low left-hand corner: "Postmaster: if undeliverable as addressed, return to sender. Do not transfer or forward. Return postage guaranteed." This wording may be applied with a rubber stamp, or printed on the envelope if the volume of mailing will be large. If an envelope bearing this wording is returned, further payments shall be suspended. Payments may be requested if the LPA determines that the claimant's subsequent dwelling unit meets the standards of eligibility.

RELATION OF AVAILABILITY OF RELOCATION ADJUSTMENT PAYMENTS TO LPA REFERRALS

Despite the availability of Relocation Adjustments, the LPA shall not refer families or individuals to housing which does not meet the physical and occupancy standards of the approved Relocation Program or which exceeds the ability-to-pay standards of that Program.

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TABLE A. EXAMPLES OF COMPUTATION OF RELOCATION ADJUSTMENT PAYMENT

CLAIMANT	AVERAGE ANNUAL GROSS RENTAL FOR UNIT OF ADEQUATE SIZE (from Form ROL-6148)	CLAIMANT'S TOTAL ANNUAL INCOME, AS VERIFIED	20% OF CLAIMANT'S TOTAL ANNUAL INCOME	AMOUNT BY WHICH AVERAGE ANNUAL GROSS RENTAL FOR UNIT OF ADEQUATE SIZE EXCEEDS 20% OF CLAIMANT'S TOTAL ANNUAL INCOME	AMOUNT OF RELOCATION PAYMENT	CLAIMANT MOVED TO	HOW RELOCATION ADJUSTMENT PAYMENT IS MADE
A	\$ 850	\$3,000	\$ 600	\$250	\$250	Private rental unit; contract rent: \$60 per mo.	See Claimant A in Table B
B	\$1,200	\$2,500	\$ 500	\$700	\$500	Private rental unit; contract rent: \$55 per mo.	See Claimant B in Table B
C	\$1,250	\$6,000	\$1,200	\$ 50	\$ 50	Private rental unit; contract rent: \$65 per mo.	See Claimant C in Table B
D	\$1,200	\$5,000	\$1,000	\$200	\$200	House he purchased	Lump sum to claimant within 1 mo. of claim approval
E	\$ 950	\$7,500	\$1,500	0	0		
F	\$ 750	\$1,500	\$ 300	\$450	\$450	Unit occupied by others, and claimant does not assume responsibility for housing costs	Lump sum to claimant within 1 mo. of claim approval
G	\$ 400	\$2,000	\$ 400	0	0		

TABLE B. EXAMPLES OF HOW RELOCATION ADJUSTMENT PAYMENTS ARE MADE
(Claimant Moved to Private Rental Unit)

CLAIMANT	TOTAL PAYMENT FOR WHICH CLAIMANT IS ELIGIBLE	MONTHLY CONTRACT RENT	PAID IN LUMP SUM TO CLAIMANT WITHIN 1 MO. OF CLAIM APPROVAL	PAID BY JOINT CHECK TO CLAIMANT AND CLAIMANT'S LANDLORD					PAID IN LUMP SUM TO CLAIMANT AT SAME TIME 5TH JOINT PAYMENT IS MADE
				1ST MONTH	2ND MONTH	3RD MONTH	4TH MONTH	5TH MONTH	
A	\$250	\$60	0	\$60	\$60	\$60	\$60	\$10	0
B	\$500	\$55	0	\$55	\$55	\$55	\$55	\$55	\$225
C	\$ 50	\$65	\$50	0	0	0	0	0	0

ADDITIONAL EXAMPLES NOT RELATED TO TABLE A:

H	\$130	\$45	0	\$45	\$45	\$40	0	0	0
I	\$ 95	\$95	0	\$95	0	0	0	0	0

APPENDIX 4-SMALL BUSINESS DISPLACEMENT PAYMENTS

ELIGIBILITY REQUIREMENTS

A business concern (except a nonprofit organization) which meets the eligibility requirements for a Relocation Payment to cover moving expenses and any actual direct loss of property, as set forth in Section 3.103 of the Regulations Governing Relocation Payments, may be eligible for a Small Business Displacement Payment if the following requirements are met:

- (1) The concern was doing business in the urban renewal area on the date the local governing body approved the Urban Renewal Plan or the acquisition under an Early Land Acquisition Loan of property occupied by the concern.
- (2) The concern is not part of an enterprise having two or more establishments outside the urban renewal area.
- (3) The concern must have had either (1) average annual gross receipts in excess of \$1,500 together with average annual net earnings before income taxes in excess of \$500, or (2) average annual gross receipts in excess of \$2,500.
- (4) The concern has filed an income tax return with the Internal Revenue Service for the two tax years preceding displacement, or if not in business that long, such lesser period as may be approved by HUD.
- (5) If the concern is an individual or sole proprietor, the average annual net income before taxes, plus the amount of salaries or wages paid to the owner and to members of the owner's immediate family who are also members of his household, is less than \$10,000.
- (6) If the concern is a partnership, the average annual net income before taxes, plus the wages and salaries received by principal partners and by related members of such partner's households, is less than \$10,000.^{1/}
- (7) If the concern is a corporation, the average annual net income before taxes, plus the wages and salaries received by the

^{1/} A principal partner is hereby defined as a partner with a proprietary interest of 15 percent or more in the concern.

A principal stockholder is hereby defined as a stockholder who owns 15 percent or more of the capital stock of the corporation.

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principal stockholders and by related members of such stockholder's households, is less than \$10,000.^{1/}

TIMING FOR SUBMISSION OF CLAIM FOR SMALL BUSINESS DISPLACEMENT PAYMENT

Form HUD-6146, Claim for Relocation Payment (Business Concerns and Nonprofit Organizations), provides for the submission of all claims of business concerns. Form HUD-6146 is required to be submitted within 6 months after displacement.

PROCESSING CLAIM FOR SMALL BUSINESS DISPLACEMENT PAYMENT

Upon receipt of Form HUD-6146 from a business concern requesting a Small Business Displacement Payment, the LPA shall take the following actions:

- (1) Determine the claimant's eligibility for a Small Business Displacement Payment.
- (2) If the claimant is ineligible for a payment, notify him in writing of the reason.
- (3) If the claimant is eligible for a payment, make payment in accordance with the procedures set forth below under "Making Payments."

DETERMINING ELIGIBILITY OF CLAIMANT

The LPA shall assure that the claimant meets all eligibility requirements as set forth above and in the Regulations Governing Relocation Payments.

If examination of the business income reported by the claimant indicates the advisability of checking with the Internal Revenue Service, the LPA shall request the claimant to authorize IRS to make the claimant's income tax reports available to the LPA. The LPA is not required to make a Small Business Displacement Payment if a claimant who has been requested to execute the authorization to IRS will not do so.

^{1/} A principal partner is hereby defined as a partner with a proprietary interest of 15 percent or more in the concern.

A principal stockholder is hereby defined as a stockholder who owns 15 percent or more of the capital stock of the corporation.

MAKING PAYMENTS

A Small Business Displacement Payment shall not be made until the business concern has been displaced. The payment, in the amount of \$2,500, shall be made as promptly as possible thereafter, irrespective of whether the LPA has acquired the property formerly occupied by the concern.

Any such concern which also files a claim for moving expenses and actual direct loss of property shall be promptly reimbursed for the approved amount of the claim, irrespective of whether the LPA has acquired the property formerly occupied by the concern.

APPENDIX 5-SETTLEMENT AND STORAGE COSTS

SETTLEMENT COSTS

A relocation payment may be made to owners whose property is acquired on or after August 10, 1965, for certain settlement costs and related charges in connection with the acquisition of their property by the LPA.

A relocation payment for settlement costs is in addition to other relocation payments for which a claimant may be eligible and may include reimbursement of costs paid by or charged to the seller or condemnee (hereafter referred to as the "seller") for the following:

- (1) Federal documentary stamps.
- (2) State and local transfer taxes which the seller is legally obligated to pay (other than by the terms of a contract with the LPA), or which the seller customarily pays in land transfers to governmental entities in the locality.
- (3) Preparing and recording releases of mortgages and other encumbrances.
- (4) Penalty paid by the seller for prepayment of a mortgage encumbering the property (see "Penalty Cost for Prepayment of Mortgage" below).
- (5) Pro rata portion of real property taxes and public service charges levied on a property prior to its acquisition by the LPA and allocable to the period subsequent to the date of vesting of title in the LPA or the date on which the LPA takes possession under a court order in eminent domain proceedings, whichever is earlier (see "Real Property Taxes and Public Service Charges" below).
- (6) Certain other costs incident to transfer of title (see "Other Settlement Costs" below).

General Eligibility Conditions

The following general eligibility conditions apply with respect to a relocation payment for settlement costs:

- (1) The payment may be made to any owner of real property who is otherwise eligible -- one or more individuals, a partnership, a corporation, or other private entity. The claimant must have been the owner of a conveyable interest in the real property on the date of transfer of title to the LPA, but need not be an occupant of the property, nor be engaged in an activity necessitating the use of fixtures, equipment, or other tangible property.
- (2) The acquisition of the real property by the LPA must be pursuant to a Contract for Loan and Grant or HUD approval of a budget for project execution activities.
- (3) The transfer of title must have occurred on or after August 10, 1965.
- (4) The payment may cover only reasonable and necessary settlement costs for which the property owner has not been otherwise reimbursed or compensated.

Penalty Cost for Prepayment of Mortgage

A mortgage prepayment penalty cost is any cost incurred by the seller, in connection with the prepayment of a mortgage in good standing, in excess of the unpaid principal plus accrued interest thereon to the date title vests in the LPA or the date the LPA takes possession under an eminent domain proceeding, whichever occurs first.

A relocation payment shall be made to reimburse the seller for the penalty cost incurred for prepayment of a mortgage encumbering the property if:

- (1) The mortgage or note secured thereby contains a legally enforceable penalty clause or does not contain any privilege of prepaying the loan.
- (2) The mortgagee demands payment of the penalty, in writing.
- (3) HUD concurrence has been obtained for the making of a relocation payment covering the penalty cost.

To obtain HUD concurrence for the making of a relocation payment covering penalty costs, the LPA shall submit a request to the Regional Office for concurrence in making this type of payment. The request shall describe the case for which a demand for a prepayment penalty has been made and shall include an opinion of counsel as to whether the penalty is legally enforceable under State law. Once a finding has been made by HUD regarding the enforceability of the penalty in any given State, the

Regional Office will advise all LPA's in the State of the finding, and the LPA may act accordingly on any claim for relocation payment involving a similar penalty.

The enforceability of a penalty generally involves the following:

- (1) Whether the penalty is legally binding on the seller (i.e., the mortgagor) when the transfer of title is the result of eminent domain proceedings or is made under the threat of eminent domain proceedings.
- (2) Whether the courts in the jurisdiction have deemed the penalty to be exorbitant and against public policy.

Real Property Taxes and Public Service Charges

The changes set forth below will assure that every seller will be relieved of the burden of real property taxes and public service charges allocable to a period after the LPA acquires title or possession.

Policy on Prorating

Real property taxes and charges for public services (such as water, sewerage, and trash collection) shall be prorated as of the date title vests in the LPA or the date of taking possession under a court order in an eminent domain proceeding, whichever occurs first, unless (1) the LPA does not have legal authority to pay, or to reimburse the seller for payment of, the pro rata portion of the taxes and public service charges allocable to the period subsequent to acquisition of title or possession, and (2) neither the seller nor the LPA can obtain a cancellation or refund of the taxes and public service charges allocable to such period. If the LPA can arrange for the cancellation or refund of taxes or public service charges allocable to the period subsequent to acquisition, the LPA may pay, or reimburse the seller for payment of, the pro rata portion of such taxes or charges, or the LPA may arrange for the cancellation and any refund due, but it must do one or the other for the benefit of the seller.

This policy is applicable to all projects. In the case of projects not on a three-fourths grant basis with limited project costs, the pro rata portion of taxes and charges allocable to a period after acquisition of title or possession will be chargeable to project cost. In the case of projects on a three-fourths grant basis with limited project costs, they are to be borne as local costs.

Purchase contracts and stipulations as to the amount of just compensation in eminent domain proceedings, made or executed by the LPA on or after March 15, 1966, shall conform to the policy on proration. In the trial of eminent domain proceedings, the LPA shall endeavor to obtain a stipulation with the owner or a court determination conforming to the policy on proration.

Reimbursement of Seller by Relocation Payment

Relocation payments are authorized, as stated below, where the LPA lacks legal authority otherwise to relieve the seller of the burden of real property taxes and public service charges allocable to a period subsequent to the acquisition of title or possession.

A relocation payment may be made to reimburse a seller for real property taxes and any charges for public services (such as water, sewerage, and trash collection) that are paid by the seller, or charged to the seller in the settlement, to the extent that such taxes or charges are allocable to a period subsequent to the date of vesting title in the LPA or the date of taking possession, under a court order in an eminent domain proceeding, whichever is the earlier, provided that:

- (1) The date of vesting title in the LPA was on or after August 10, 1965.
- (2) The LPA does not have legal authority to pay, or to reimburse the seller for payment of, taxes and public service charges allocable to a period after acquisition of the property, and neither the seller nor the LPA can obtain a cancellation or refund of such taxes or charges for the benefit of the seller.
- (3) The pro rata portion of the taxes or public service charges are a personal obligation of the seller or constitute a lien on the property.
- (4) HUD concurrence has been obtained in the LPA's making relocation payments covering taxes and public service charges under the circumstances involved.

To obtain HUD concurrence for the making of relocation payments covering the pro rata portion of real property taxes or public service charges allocable to a period subsequent to the date of transfer of title, the LPA shall submit a request to the Regional Office at the time a claim is received for this type of payment. The request shall describe the case for which a claim for relocation payment has been submitted, and shall include an opinion of counsel as to whether the LPA lacks legal authority to pay the pro rata portion and whether the

seller or the LPA may obtain a cancellation or refund. Once a finding has been made by HUD regarding the making of relocation payments covering the pro rata portion of real property taxes or a public service charge, the Regional Office will advise the LPA of the finding, and the LPA may act accordingly on any claim for relocation payment covering the pro rata portion of real property taxes or public service charges paid by or charged to the claimant.

Special Assessments and Personal Property Taxes

Personal property taxes and special assessments that may be a lien on the property are not regarded as real property taxes or public service charges. However, the seller may be entitled to a relocation payment for the cost of preparing and recording the release of a special assessment lien and also for any prepayment penalty involved in prepaying the special assessment. In the latter case, the procedure set forth under the heading "Penalty Cost for Prepayment of Mortgage" is applicable.

Other Settlement Costs

In addition to making a relocation payment covering the settlement costs described above, the LPA may make a relocation payment covering other costs incidental to transfer of title if:

- (1) The seller is legally obligated to pay the cost (other than by the terms of a contract with the LPA) or the seller customarily pays the cost of land transfers to governmental entities in the locality.
- (2) HUD has recognized the cost as eligible.

Legal and appraisal fees paid by the seller are not eligible settlement costs because they are not considered incidental to the transfer of title. The cost of preparing and recording a deed, although incidental to transfer of title, is generally paid by the purchaser and hence will not normally be an eligible settlement cost.

If a claim for relocation payment is submitted for any cost incidental to transfer of title which is not specifically enumerated in this Appendix and which HUD has not previously recognized as eligible, the LPA shall review the claim in light of the criteria set forth above and, if appropriate, request HUD concurrence for the making of the relocation payment. The request shall describe the case for which a claim for relocation payment has been filed, and shall be accompanied

RELOCATION

CHAPTER 3 SECTION 1 APPENDIX 5

by an opinion of counsel that the cost is incidental to transfer of title, and that the seller is legally obligated to pay the cost (other than by the terms of a contract with the LPA) or the cost is one which a seller customarily pays in land transfers to governmental entities in the locality.

Filing Claims

A claim for relocation payment covering settlement costs must normally be submitted within 6 months after the costs have been incurred. If the property is conveyed to the LPA by deed, the seller may submit the claim at the time of settlement.

Claim forms for a relocation payment covering settlement costs will be issued later.

STORAGE COSTS

The regulations governing relocation payments include, as an eligible moving expense, storage costs for a period of 1 year or less.

Storage costs are eligible for inclusion as a moving expense in connection with any claim for relocation payment for moving expenses which had not been paid by the LPA prior to December 8, 1965. The inclusion of storage costs as an eligible moving expense does not affect the maximum dollar limitation on relocation payments set forth in Section 3.109(a) of the regulations.

The LPA shall notify an recipient of a relocation payment covering moving expenses paid on or after December 8, 1965, who may be eligible for a relocation payment covering storage costs, of the availability of the payment.

Reasonable and necessary costs for storage and insurance of personal property (as defined in Section 3.101(n) of the regulations) may be included as a moving expense for:

- (1) Families and individuals.
- (2) Business concerns which do not immediately reestablish at another location. The requirement for submission to the LPA of bids for moving expenses of business concerns (see Section 3.106) applies to storage and insurance costs. These costs should be stated in terms of a given charge per month or other appropriate time period. The requirement for submission to the LPA of notice of intention to move (see Section 3.103d) applies to business concerns intending to move personal property to storage.

Eligible Costs Related to Storage

The following costs are eligible as moving expenses:

- (1) Cost of the move to storage, including carting, dismantling or disconnecting, and crating.
- (2) Insurance for carting and storing.
- (3) When the family or individual makes a permanent move, or the business concern reestablishes in another location, cost of the move from storage, including carting and insurance covering carting; cost of reinstalling personal property moved from storage to the permanent relocation site (to the extent otherwise eligible under Section 3.101(m) of the regulations); but not direct loss of property on items stored.

Eligible storage costs of a business concern apply to goods or other inventory kept for sale.

Claim for Relocation Payment Covering Storage Costs

If storage costs will be included in a claim for relocation payment for moving expenses, the claim, which is required to be submitted within 6 months after displacement (see Section 3.108(c)), shall include only storage costs paid prior to submission of the claim. The LPA shall process the claim in the usual manner and make a payment which includes the amount of the storage costs actually paid.

To obtain reimbursement for storage costs paid after submission of the initial claim, the claimant shall submit a supplementary claim within 6 months after the property is moved from storage or 6 months after displacement, whichever is later, except that in no case may a supplementary claim be submitted more than 15 months after displacement. If the LPA determines that the claimant will suffer a hardship because of the time lag between payment of an initial claim and a supplementary claim, the LPA may, in its discretion, permit the claimant to submit more than one supplementary claim.

SECTION 2. RELOCATION RECORDS AND REPORTS

The LPA is responsible for keeping records on the relocation of site occupants. These records shall be retained for HUD inspection and audit until project completion.

RELOCATION RECORD

A relocation record, developed by the LPA, shall be used to record basic family data and the nature and dates of services provided.

A separate record shall be prepared for each family, even though a family may not be maintaining a separate household.

There shall also be a separate record for each single person maintaining a self-contained housekeeping unit.

Less detailed records may be kept for other individuals, business concerns, and institutions.

A file shall be maintained for occupants of property acquired by the LPA and another for other displacees.

DEFINITIONS

The following definitions shall apply in preparing the Relocation Record:

Family--Two or more persons related by blood, marriage, or adoption, who are living together in a single housekeeping unit.

Family Income--Gross income from employment, pensions, or other sources of all members of the family.

Race--The racial identity of the head of the family determines the racial grouping of the family.

Veteran--A person who served in the active military service of the United States during any of the following periods and who has been discharged or released under conditions other than dishonorable:

On or after April 6, 1917, and prior to November 11, 1918.

On or after September 16, 1940, and prior to July 26, 1947.

On or after July 27, 1950, and prior to February 1, 1955.

Serviceman--A person in the active military service of the United States.

Contract Rent--Rent payable by the tenant to the landlord.

Utilities--Amounts, not included in rent, paid by the tenant for water, electricity, gas, heating and cooking fuels, refrigeration, trash and garbage collection, and sewage disposal. Utilities shall not include telephones.

Gross Rent--Contract rent plus utilities.

DWELLING INSPECTION RECORD

A dwelling inspection record, developed by the LPA, shall be used to record:

- (1) Characteristics of vacant dwellings available in the private market to which families will be referred.
- (2) Findings of inspections of accommodations located by the family on its own initiative.

PROGRESS REPORTS

Form HUD-666, Report on Relocation of Families and Individuals shall be submitted quarterly. Timing of submission, copy requirements, and instructions are printed on the reverse side of the form.

Form HUD-666A, Report on Relocation of Business Concerns shall be submitted quarterly for all projects involving relocation of business concerns and nonprofit organizations. Timing of submission, copy requirements, and instructions are printed on the reverse side of the form.

Form HUD-666B, Report of Relocation Payments Made for Settlement Costs, shall be submitted semi-annually. Timing of submission, copy requirements, and instructions are printed on the form.

Form HUD-6162, Report of Families Moved to Substandard Housing, shall be submitted quarterly. A signed original and two conformed copies shall be submitted to the Regional Office no later than the 15th of the month following the end of the calendar quarter. The first report on Form HUD-6162 shall cover the calendar quarter during which any families are reported on Line 14 or 15 of Form HUD-666. The last report shall cover the calendar quarter during which the LPA completes the relocation of families.

FINAL RELOCATION REPORT

To assist in the beneficial exchange of significant relocation experiences among LPA's and to keep HUD informed of effective relocation practices, upon completion of the LPA's relocation responsibilities for a project, it shall submit a Final Relocation Report (original and one copy) to the Regional Office. The report shall describe methods and techniques used in assisting displaced site occupants to be rehoused and shall explain how special problems were dealt with. The report shall cover as many of the following items, and in as much detail, as the LPA believes will contribute to an increased understanding of relocation processes, problems and effective solution to those problems. If data submitted in a report for another project are equally applicable, a reference to the previous submission will suffice and the data need not be repeated.

- (1) LPA organization and staffing for relocation.
- (2) Public relations programs developed to promote local understanding of relocation.
- (3) Citizen participation in relocation.
- (4) Methods used to obtain rehousing resources.
- (5) Relationships established with LHA and experience in utilization of low-rent public housing by eligible displacees.
- (6) Utilization of FHA-insured housing by displacees.
- (7) Significant problem situations and methods used to solve them, with illustrative examples.
- (8) Relocation services extended to individual householders and lodgers.
- (9) Relocation services extended to business concerns by LPA, Small Business Administration, and others.
- (10) General description of dispersion pattern after relocation.
- (11) Statistical comparison of housing condition before and after relocation.

- (12) Copy of each bulletin, notice, or other informational material distributed to site occupants.
- (13) Copy of forms developed to record interviews with displacees, referrals, and housing inspections.
- (14) Significant methods of operation that contributed to successful relocation accomplishment.
- (15) Significant factors involved in self-relocation to substandard housing and in rejection of LPA offers of further assistance.
- (16) Suggestions for modifications of HUD policy and procedural requirements that would permit a more effective relocation operation for subsequent projects.

CHAPTER 1. SOCIAL SURVEY AND REFERRAL SYSTEM**OBJECTIVES**

The objectives of a social survey and referral system are:

- (1) Identification of the social and economic problems of project area residents.
- (2) Development of a system of referral for families and individuals to community agencies that can assist in solving those problems.

The LPA has a responsibility to minimize the hardship for persons facing the prospect of displacement from an urban renewal area or otherwise affected by urban renewal activities. This responsibility is particularly crucial where these persons face problems associated with dependency and deprivation, resulting in unemployment, poor health, broken families, lack of education, social behavior, poverty, and related difficulties. In addition to increasing the difficulty of rehousing persons displaced from a project area, failure to solve such problems can spread the conditions of physical blight to other areas in the locality or weaken efforts to prevent the recurrence of blight in the project area itself.

Optional project activities include a social survey and the development of a social service referral system.

The social survey and referral system ordinarily should be planned and carried out as a joint effort of the LPA and appropriate local social welfare organizations. Both services should be undertaken early in the renewal process, normally during the survey and planning stage.

LPA coordination of community social services available to project area residents (see 7210.1, Rehabilitation, Chapter 1, Section 3, and 7212.1, Relocation, Chapter 2, Section 1) is an eligible project cost and is not subject to the submission requirements set forth below. LPA's are urged to undertake social surveys and expanded programs of coordination and referral services in order to ease the difficulty of rehousing displaced site occupants, assure that existing socio-economic problems of urban renewal area residents are not intensified by the impact of project activities, and help prevent the spread or recurrence of physical blight.

SOCIAL SURVEYS

Separate guidelines are presented below for conducting a social survey and developing referral services. In practice, these two elements should be designed or developed simultaneously, so that a person needing and desiring assistance can be referred to the appropriate local agency as soon as possible after a problem has been identified and analyzed.

Social and economic problems prevalent among families and individuals living in urban renewal areas may be unemployment or underemployment; alcoholism; drug addiction; marital problems; incohesive family resulting from divorce, separation, or illegitimacy; poor housekeeping; criminal records; psychological, psychiatric, or other health problems; isolation or alienation; or adverse results of discrimination due to race, religion, nationality, language, age, or family size. Problems such as these often prevent constructive adjustment to responsible citizenship and to the community and complicate the effort to upgrade housing opportunities. If households with socioeconomic problems are to be helped to solve them, there must be an identification and careful analysis of these problems.

No set formula can be prescribed for the design and conduct of a social survey. The most effective and useful surveys will be those which are tailored to the locality and the project area and which make the best use of local resources in combination with professional guidance. Material under the subsequent three subheadings offers general guidelines on the major aspects of a social survey.

Basic Elements of a Social Survey

To obtain information on the nature, extent, and range of socioeconomic problems of project area residents, the social survey should cover such basic elements as age, income, and its source, record of employment and unemployment, past welfare history and present welfare needs, degree of participation in formal and informal community groups, educational achievements, past residential mobility, health, and similar characteristics.

In addition, the social survey may be used to obtain information on project residents' attitudes on factors related to urban renewal activities--for example, their feelings about moving or leaving the neighborhood, attitudes and suggestions about specific renewal action, aspirations and desires for rehousing, and perception of their own socio-economic problems.

In determining the elements to be covered in a specific social survey, the LPA should give consideration to:

- (1) The fact that persons affected by urban renewal activity will vary. Some will have severe socio-economic problems and some will be relatively self-sufficient and free of problems.
- (2) The availability of data to supplement information obtained from interviews--for example, census data, studies and analyses made in connection with a Community Renewal Program, and other recent, validated surveys.

The LPA should consider the informational needs of other local agencies, particularly those identified as potential referral resources, in determining the elements to be included in the social survey. Suggestions for obtaining the participation of other local agencies are set forth under the following and subsequent headings.

Guidelines for Planning and Conducting Social Survey

To obtain the best results from social survey, the LPA should:

- (1) Invite various community agencies and institutions to participate in designing the survey at an early stage. (It is especially important to involve those organizations that will be asked to serve as referral agencies at a later time. A question about educational attainments, for example, could be crucial to determining the need for special services that a school system could make available to project area residents. Unless a representative of the school system is involved in the survey design, that question may not be considered, or, if included, may be improperly designed to provide the specific information needed by the school system in planning the desired services. Examples of the kinds of public and private organizations that may be potential referral or resource agencies are given below under "Identifying Community Resources.")
- (2) Consult with those experienced and skilled in survey and interview research. Social scientists at universities and colleges can often provide this resource. (Constructing an interview schedule and sampling procedure, training interviewers, coding interviews, and drawing valid conclusions are complicated procedures requiring expert advice at every stage. LPA staff should also become familiar with methods and techniques for conducting reliable interviews, especially with low-income persons and minority group members.)

- (3) Schedule the survey to permit sufficient lead time to utilize the survey data for effective planning for remedial action. (The timing will vary according to local circumstances, but the earlier the survey is made, the greater the possibility for planning effective methods to provide services needed by project area residents and to open new opportunities. The usefulness of data obtained a number of years before the urban renewal project is approved is questionable. A method for updating selected data might well be included in the initial planning for the survey.)
- (4) Obtain meaningful citizen participation in designing and conducting the survey. (Where urban renewal and anti-poverty program areas overlap, local Community Action Programs which have a statutory requirement to involve the poor, may be of considerable assistance. For example, nonconfidential portions of the interviewing may be conducted by area residents, with appropriate training and under competent guidance, utilizing the techniques of neighborhood self-surveys.)
- (5) Thoroughly train interviewers. (Interviewers conducting the survey represent one of the first personal contacts between the LPA and the project area residents. They should help set a tone of cooperation. In addition to training to respond to simple questions about the proposed urban renewal activities, to explain how further information and services may be obtained, and to assure persons interviewed that knowledge about individual problems derived from the survey will be handled in strictest confidence.)
- (6) Plan to provide consolidated data from the social survey to interested local agencies and institutions. (Other agencies should have consolidated data in order to plan jointly with the LPA on how to approach the types of problems uncovered.)
- (7) Plan an effective method for referring specific families or individuals to the appropriate agency as quickly as possible after identifying and analyzing a problem. (See material below under "Referral to Other Agencies.")

Alternative Ways of Financing Social Survey

A social survey for an urban renewal area may be financed in any one of the following ways:

- (1) Entire cost of the survey charged to Item 1 of Gross Project Cost. (Normally, the cost will be included in the initial survey and planning budget. For a project now in planning or execution, the LPA may submit an amendatory application. Documentation requirements for an amendatory application are set forth below under "Submission Requirements.")
- (2) Entire cost of survey paid with other funds. (If this method is used, the LPA must assure itself that the survey data meet its needs for specific information that identifies problems of families and individuals living in the project area. Financing with no charge to project cost may be accomplished through grants for planning a Community Action Program or other governmental programs that require survey-based information, or through having the survey financed by the local health and welfare council or other private or quasi-public groups.)
- (3) Joint financing by the LPA and other public or private agencies, with a portion of the total cost being charged to Item 1 of Gross Project Cost. (If the LPA plans to share the costs of a survey covering an area larger than the proposed urban renewal project area, the amount to be charged to the project shall not exceed a pro rata share of the total cost, determined on the basis of the ratio of number of interviews in the urban renewal area to the total number of interviews in the survey.)

DEVELOPMENT OF REFERRAL SYSTEM

"Referral" means calling on resources outside the LPA to provide the special skills and services needed to assist families and individuals residing in the project area, or relocated from the project area, in overcoming social and economic problems which interfere with adequate rehousing opportunities, increase the hardship of displacement, or make it difficult to obtain the financing necessary to undertake rehabilitation activities.

The most important element in a successful referral process is the active interest and support of the local public and private welfare, education, health, and related community organizations. Their interest and support will be more easily gained when they have been involved in the identification of problems in the project area from the initial planning stages of the social survey.

Identifying Community Resources

It is important to identify potential community resources at an early stage in planning the social survey, so that interested agencies

may be invited to participate in designing the survey. Potential community resources include those institutions, agencies, organizations, programs, and individuals that can assist project area residents in the urban renewal area or, in the case of a project involving relocation, in the new neighborhoods to which they may move. Even in small communities, a variety of resources will become evident after proper analysis.

Some of the public agencies that may be identified as potential resource agencies are public welfare department, health department, recreation department, police department, public schools, employment service, and human relations commission. Of key importance are organizations involved in relatively recent Federal aid programs such as the Manpower Development and Training Program of the Department of Labor and the varied services made available through the Office of Economic Opportunity.

Among the private agencies and organizations to be identified as potential referral resources are settlement houses and neighborhood centers, neighborhood citizens' associations, child and family service agencies, services for the elderly and youth, Traveler's Aid, health and welfare councils, churches, church federations, vocational rehabilitation groups, legal aid programs, the Urban League and other intergroup relations agencies, Goodwill Industries, and the Red Cross.

Establishing Liaison with Resource Agencies

The need for the LPA to contact community agencies and institutions early in the planning phase of the social survey has been emphasized above. The following are some suggested methods of opening the way to joint action on a survey or maintaining the continued contacts necessary to develop and utilize referral services:

- (1) Creation of a professional advisory committee to the LPA. (This committee could assist in determining referral procedures, deciding how private and confidential data about project area residents are to be protected, periodically evaluating the referral program, and advising on how to meet problems which are beyond the scope of existing organizations. A committee composed of the executive heads of health and social service agencies would normally be best able to perform these functions.)
 - (2) Use of existing communitywide committees. (Existing committees or coordinating organizations could be asked to help develop referral services and assure continuing coordination among the various agencies working in the urban renewal area.)
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- (3) A conference or workshop on social and economic needs. (A conference or workshop on problems and needs could serve the purpose of bringing together various community resources to develop ways of implementing the referral process. The LPA should encourage the participation of project area residents to their spokesmen in the conference. Their participation can help the resource organizations to obtain a needed point of view and will be valuable in interpreting to other area residents the proposed plans for referral services.)

Whatever the methods used to establish and maintain liaison with community organizations, it is imperative that the LPA have sufficient staff qualified to plan for and obtain a variety of supportive services for those project families and individuals who need them.

Linking Resource Agencies and Families or Individuals

A distinction should be made between informing relatively self-sufficient families and individuals about available community resources or normal relocation and rehabilitation services and the careful referral of households with problems to social agencies.

In the case of a household with social or economic problems, the appropriate agency must agree to take over the case and the family or individual must be willing to accept the agency's assistance. The LPA must properly communicate the available information on the problems of the household. The transfer of the responsibility for immediate attention to the problems of the family or individuals from the LPA to the worker from the appropriate agency should be carefully planned for each individual case.

LPA FOLLOW-THROUGH ON SERVICES

The LPA should keep informed on the status of all cases referred to cooperating agencies. If the result of the initial referral was the beginning of counseling or other services, the LPA should follow up to see that the required services are being administered.

If an LPA fails to follow-through with cooperating agencies on the problems of households needing assistance, social and economic problems are perpetuated. The LPA, therefore, has a significant stake in seeing that project area residents are enabled to take full advantage of, and continue to enjoy the new opportunities offered through, the improved housing and environment made possible by the program.

The LPA's responsibility for following through on the provision of services also applies when a family or individual is relocated out of the project area. The LPA should inform the agencies and institutions in the receiving neighborhood of a family or individual needing their assistance. In some instances, different institutions or individuals will need to be contacted and requested to provide services--for example, when a family or individual needing service moves into a new public health district, a different Visiting Nurse may have to be notified.

Eligible and Ineligible Costs

Eligible costs (as set forth under the following subheading) of a social survey and referral system may be incurred during the planning or execution stage of a project involving redevelopment or rehabilitation, when the proposed activities have been approved by HUD.

HUD will approve the inclusion of such costs for projects in the planning stage and in the very early stages of execution before substantial displacement of families begins. HUD will recognize the cost of such surveys in budgets which do not currently include them in only those selected instances in which the LPA adequately demonstrates that the data cannot be secured in any other manner. To obtain HUD approval * for a project in the execution stage, the LPA must demonstrate that the survey can be conducted and the referral system established before substantial displacement of families begins. Ordinarily this will require at least 4 months from the submission of the request to HUD until displacement of families.

Documentation required to be submitted with an initial or amendatory application is set forth below (see "Submission Requirements").

Eligible Costs

Expenditures for the following services or activities in connection with a social survey and referral system are eligible for inclusion in Item 1 of Gross Project Cost:

- (1) Staff or consultant services for:
 - (a) Designing and conducting a social survey.
 - (b) Coordinating social services available in the community to serve the needs of project area residents or site occupants relocated from the project area through identifying referral resources and developing and carrying out a system for referring individuals and families to the appropriate local resource agencies.
 - (c) Working with neighborhood organizations and groups to develop their understanding of project activities.

(Expenditures for consultant services are eligible only if the services are provided under contract by an individual, public or private agency, or educational institution skilled in social research or social welfare programs--for example, sociologists, behavioral scientists, or the professional staff of a local health and welfare council. A contract for consultant services in any phase of the social survey or referral service activities is subject to the requirements set forth in 7217.1, LPA Administration, Chapter 2. A proposed contract shall be submitted to the Regional Office for concurrence prior to execution.)

- (2) Establishment and maintenance of a site office furnishing relocation assistance (see 7212.1, Relocation, Chapter 2, Section 1) and as a place where design, financial, and other eligible rehabilitation and conservation services may be provided to property owners and residents in the project area (see 7210.1, Rehabilitation, Chapter 1, Section 3).
- (3) Rental of space for holding neighborhood meetings or conferences and workshops on area social problems and needs, when sponsored or arranged by the LPA and when the site office facilities are insufficient.
- (4) Preparation of educational materials, such as pamphlets, posters, photographs, and other exhibit materials, and rental or purchase of films, slides, and projector equipment.
- (5) Payment of fees to project area residents for conducting nonconfidential portions of interviews in connection with a social survey.

Forms HUD-627, Survey and Planning Budget, and HUD-6220, Project Expenditures Budget, provide for a combined "Relocation and Community Organization" activity classification. Form HUD-6121, Data Supporting Project Expenditures Budget provide for a separate breakdown of relocation costs and the costs of community organization activities (including social survey and referral services).

Relocation costs and community organization costs are combined in one budget line item solely to avoid budget and accounting complexity. Relocation and community organization functions, though requiring close coordination, should continue to be performed by separate groups of personnel, specially skilled in these respective fields.

Ineligible Costs

Costs of therapeutic or treatment services and costs for community-wide citizen organizations, or other organizations not primarily concerned with project activities, may not be included in Gross Project Cost for any urban renewal project. However, the cost of services constituting part of the social survey is eligible when provided by a community resource agency or citizen organization under contract with the LPA.

Eligible Costs for Project on Three-Fourths Grant Basis With Limited Project Costs

For a project on a three-fourths capital grant basis with limited project costs, costs of a social survey are not eligible. Only the costs of staff services for coordinating community social services and working with neighborhood organizations and groups, as set forth above in Items (1)(b) and (1)(c) under "Eligible Costs," and for preparing educational materials, such as pamphlets, posters, and other exhibit materials are eligible, and these only during the execution stage of a project involving rehabilitation.

SUBMISSION REQUIREMENTS

Normally, the LPA's request to undertake a social survey and related referral activities should be a part of its initial Survey and Planning Application. For an existing project, the timing of the request for approval shall be made in accordance with the instructions under the following heading.

Timing of Request for an Existing Project

If the LPA can absorb the necessary costs within its existing budget amount, it may submit the request at any time during the survey and planning stage or, as set forth above under "Eligible Costs," during the very early stages of execution.

If the inclusion of costs for these activities will require an increase in total amounts in the survey and planning contract or Contract for Loan and Grant, the request for HUD approval shall be submitted as follows:

- (1) For projects in planning with the Part I Loan and Grant Application and not yet ready for submission, submit Amendatory Survey and Planning Application.

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- (2) For projects in planning with a Part I Loan and Grant Application ready for submission to HUD, defer request until submission of a Part II Loan and Grant Application.
- * (3) For projects in planning with a Combined Part I-II or Part II Loan and Grant Application pending in HUD, or ready for submission, defer until approval of the application, then submit Amendatory Application for Loan and Grant.
- (4) For projects in very early execution which meet the requirements specified above, submit Amendatory Application for Loan and Grant.

Documentation Required

When a LPA has undertaken a social survey and related referral services during the survey and planning stage, the Part I or Combined Part I-II Loan and Grant Application shall include in Checklist Code No. R-226, Form HUD-6121, Data Supporting Project Expenditures Budget, with supplementary information identifying and explaining the proposed costs of any remaining social survey activities and continuing referral service activities.

Following the approval of an application or amendatory application and the subsequent development of drafts of the survey design, interview schedule, and other survey instruments, the LPA shall send two copies of these drafts to the Area Office. If the Area Office has any comments or suggestions, it will transmit them to the LPA within 30 days of receipt of the material.

CHAPTER 2. EARLY ESTABLISHMENT OF SITE OFFICE

1. **ESTABLISHMENT OF SITE DURING SURVEY AND PLANNING STAGE.** In order to facilitate the establishment of a relocation assistance program "at the earliest practicable time," the LPA should establish a site office during the survey and planning stage of a project which contemplates the displacement of families, individuals, or business concerns. (See RHM 7212.1, Relocation, Chapter 2, Section 1.)
2. **USES OF SITE OFFICE.** The site office may be used for the following kinds of activities, to the extent that they are related to or concerned with the problems of displacement and relocation of site occupants:
 - a. As a center for furnishing families and individuals information, counseling, and aid by appropriate social welfare agencies and other community resources.
 - b. As a center for furnishing business concerns information, counseling, and referral services.
 - c. As a meeting place for neighborhood organizations and groups which will encourage participation of site occupants, and help establish lines of communication between site occupants, public officials, and community leaders, with respect to project activities to be undertaken.
 - d. As a place where staff of other agencies may work with the LPA to develop coordinated social welfare services to be made available to families and individuals in the project area.
3. **LOCATION OF SITE OFFICE.** When site office is established during survey and planning, the LPA shall assure that the location and nature of the facility selected for the site office will facilitate carrying out the expanded services which will be necessary when the project goes into execution. The location of the site office and the hours that it is open shall be convenient for site occupants, and shall be made known to site occupants.
4. **COST OF ESTABLISHING AND MAINTAINING SITE OFFICE.** The cost of establishing and maintaining a site office is eligible as a project expenditure. The LPA shall assure that costs incurred to establish and maintain a site office bear a reasonable relationship to costs incurred for other survey and planning activities.

5. APPLICABILITY OF AUTHORIZED ACTIVITIES IN AREA WHERE REHABILITATION ACTIVITIES ARE BEING PLANNED OR CARRIED OUT. If a site office has been or will be established in an urban renewal area where rehabilitation activities are being planned or carried out (see RHM 7210.1, Rehabilitation, Chapter 1, Section 3), and there will be displacement of site occupants as a result of rehabilitation or clearance activities in the area, the functions of the site office may be expanded to include the types of activities described above in paragraph 2.
6. SUBMISSION REQUIREMENTS. LPA's with projects in survey and planning may obtain HUD concurrence in the establishment of a site office, or in the expansion of activities carried out by a site office in an urban renewal area where rehabilitation activities are being planned or carried out (see paragraph 5 above), by submitting a revised survey and planning budget (Form HUD-627) to the Area Office (see RHM 7218.1, Budgets and Budget Reports, Chapter 1).
- a. The revised survey and planning budget shall be accompanied by:
- (1) Narrative statement explaining the basis of the estimate, describing the proposed location and physical characteristics of the site office, and indicating the types of activities contemplated to be undertaken in the site office.
 - (2) If appropriate, narrative information on LPA staffing and salaries in the site office.
- b. For an initial Survey and Planning Application, the LPA may include the material described above in Checklist Code Nos. R-131 and R-134 (see RHM 7206.1, Project Applications, Chapter 1).

CHAPTER 3. TAX EXEMPT STATUS FOR VOLUNTARY NEIGHBORHOOD ORGANIZATIONS

Voluntary neighborhood organizations can qualify for tax exemption under Section 501(c)(3) of the Internal Revenue Code.

When an organization is granted exemption status under Section 501(c)(3), the organization is exempt from Federal income tax and contributions to the organization are deductible by the donors as provided in Section 170 of the Code.

There are two tests which must be met before an organization will be exempted under Section 501(c)(3). The "organizational test" requires that an organization's stated purposes, as contained in its articles of organization, must be no broader than the exempt purposes specified in Section 501(c)(3). In addition, the "operational test" requires that the organization serve a public rather than a private interest and that it engage primarily in acts which accomplish exempt purposes.

The major purpose of a neighborhood organization in a project area should be to engage in educational activities. These activities may properly include assisting an LPA in developing an Urban Renewal Plan, acting as a clearinghouse for information about the Plan, holding public hearings, and taking surveys to obtain information for the planners.

However, activities which are regarded as "action" activities by the Income Tax Regulations of the Internal Revenue Service are not permissible activities for organizations granted an exemption under Section 501(c)(3) of the Code. Examples of "action" activities include promotion of a plan or activity involving legislative action; contacting, or urging the public to contact, members of a legislative body, such as a city council or planning commission, to support or oppose legislation, including an Urban Renewal Plan or a zoning ordinance; and appearing before legislative bodies to advocate the adoption or rejection of legislation.

Any questions concerning the Federal income tax status of neighborhood organizations should be addressed to the District Director of Internal Revenue for the district in which the organization is located.

CHAPTER 1. INTRODUCTION

1. **SCOPE.** This issuance establishes policies and requirements applicable to the marketing, disposition and redevelopment of real property under all urban renewal projects and Neighborhood Development Programs receiving HUD financial assistance under Title I of the Housing Act of 1949, as amended.
2. **PURPOSE.** This issuance has been prepared to (a) simplify, clarify, and improve the organization of existing policies and requirements, (b) place greater reliance on each Agency to manage its own day-to-day operations by minimizing the need for the Agency to obtain advance HUD concurrence in routine actions, and (c) orient HUD monitoring and evaluation activities toward actual Agency progress in achieving performance goals.
3. **OBJECTIVES.** Realization of the redevelopment contemplated by the Urban Renewal Plan is a principal objective of the urban renewal process. In seeking this objective, the Agency shall:
 - a. Schedule and coordinate land marketing activities with land acquisition, relocation, demolition and the installation of site improvements, so that the disposition of land can be consummated and redevelopment can get underway as soon as the land is physically ready for development.
 - b. Publicize the availability of sites, affording potential redevelopers the opportunity to make their interest known.
 - c. Conduct the disposal of project land in a fair and equitable manner that is open to public scrutiny.
 - d. Adopt effective methods to prevent redevelopers from speculating in project land.
4. **DEFINITIONS.** For the purposes of this issuance, the following terms have the following meanings:
 - a. **Agency** -- This term means the particular agency to which HUD financial assistance is made available for a specific urban renewal project or Neighborhood Development Program. It is synonymous with the term Local Public Agency (LPA) as used elsewhere in the Urban Renewal Handbook and Neighborhood Development Program Handbook.
 - b. **Fair Reuse Value** -- This term means the fair market value of the property for its highest and best uses permitted under the Urban Renewal Plan.

- c. Disposal for Public Use -- This term means a disposal to the Federal government, a State, a local government, any political subdivision thereof, any of their agencies or instrumentalities, or retention by the Agency.
- d. Disposal for Nonprofit Institutional Use -- This term means a disposal to a nonprofit scientific, educational, public health, public welfare, charitable, hospital or other eleemosynary institution, which will operate the redevelopment for a nonprofit insitutional use, e.g., a hospital, church, library, school, or playground. Acquisition of land by a nonprofit institution for investment or resale is not considered a nonprofit institutional use. The nonprofit institution must be exempt from Federal taxation under the Internal Revenue Code.
- e. Critical Parcel -- This term means a parcel which must be redeveloped for a specified reuse in order to successfully accomplish the objectives of, and complete, the project.
5. MANDATORY REQUIREMENTS. Except where specifically designated as optional or advisory, or prohibited by State law, the policies and requirements of this issuance, 7214.1 REV, are mandatory. As used herein, the terms "may" and "should" denote optional and advisory provisions.
6. BUDGET DEFICIENCIES. HUD assumes no obligation to pay any share of a budget deficiency resulting when (a) the total cost of real estate services and related disposition expenses exceed the amount set forth in the approved project budget for such purposes, or (b) total land disposal proceeds are less than the estimated proceeds set forth in the approved budget. For specific details with respect to budget revisions, the Agency should refer to applicable program regulations or contact HUD.
- 7.-9. RESERVED

CHAPTER 2. REAL ESTATE SERVICES

10. ECONOMIC AND MARKET ANALYSIS STUDY (EMAS). An EMAS is required during the initial NDP action year except when all land is intended for institutional or public uses, or when HUD determines that the data and information at hand are clearly sufficient in amount, timeliness, validity, and detail as to make additional study for the proposed private development unnecessary. An EMAS shall be undertaken whenever doubt exists as to the absorption and the redevelopment potential of the land over a reasonable period of time. When marketability problems are foreseeable, land acquisition should be postponed until the EMAS results are known and evaluated. The EMAS shall be updated and revised as necessary. Detailed guidelines for preparing an EMAS are contained in Appendix 1.
11. LAND USE AND MARKETABILITY STUDY (LUMS). A Land Use and Marketability Study is similar to an EMAS. However, it is normally associated with the older conventional urban renewal projects, while the EMAS is associated with NDP's. For general details as to the scope of services and related procedural information for a LUMS, see Paragraph 10 above and Appendix 1.
12. TRANSIENT HOUSING STUDY. As required by Section 106(g) of the Housing Act of 1949, as amended, the Urban Renewal Plan for a conventional urban renewal project shall not permit the new construction of a hotel or other transient housing on project land, unless the need for such housing has earlier been established on the basis of an appraisal or market study, providing a competent independent analysis of the local supply of such housing. For disposals under the Neighborhood Development Program, such analysis and determinations as to the need for transient housing shall be made prior to the disposal.
13. PLATS AND LEGAL DESCRIPTIONS. If practicable, required land surveys or plats and legal descriptions should be prepared prior to obtaining the reuse appraisals. They should reflect the bearings and dimensions of each disposal parcel and each area subject to different land use controls or redevelopment requirements under the Urban Renewal Plan, be certified in accordance with local legal requirements, and be suitable for filing in the land records of the locality. The plat should indicate existing and proposed easements and the outline and location of any structures. A certified tabulation, showing the area of each parcel in square feet, should be placed on the plat or attached to it.

14. REDEVELOPMENT CONSULTANT. The scope of services and frequency of consultation to be provided by a redevelopment consultant will depend upon the nature of the disposal problems and may cover the following kinds of activities:
- a. Recommending specific land uses, controls and restrictions; correlating land uses with EMAS; analyzing impediments to land disposal in the Urban Renewal Plan and proposing appropriate solutions.
 - b. Preparing and implementing a sales program, including sales brochures, direct mail solicitation, other forms of advertising and other methods of stimulating redeveloper interest; guiding the Agency in the use of real estate brokers, including basis for their participation and compensation; recommending administrative staff organization of Agency for carrying out its land disposal effort; and advising Agency as to the means for making the land attractive for sale.
 - c. Interpreting and evaluating the EMAS, appraisals, market analyses, and other studies; preparing special studies; and recommending as to the need for additional studies or appraisals.
 - d. Scheduling and coordinating land acquisition, relocation, demolition, installation of project improvements and supporting facilities, and other actions, in order to develop and maintain a market and provide for orderly and expeditious disposition within the capacity of the market to absorb the land and the new facilities to be provided.
 - e. Advising on the choice of disposal methods; evaluating bidding documents and proposed forms of disposal agreements from the viewpoint of their effect upon the marketability of the land and the availability to developers of adequate mortgage financing.
15. USE OF REAL ESTATE BROKERS. If the Agency utilizes private real estate brokers to sell project land by means of open non-exclusive sales listings, it should widely publicize the availability of such listings. All brokers indicating an interest should be advised promptly and simultaneously as to new listings. If the Agency believes that the granting of an exclusive sales listing would measurably improve its disposition program, it may do so, if permitted by State and local law. The justification for the Agency's determination to grant an exclusive sales listing shall be fully documented in its files.
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- a. Eligibility of Broker for Commission. To be eligible for a sales commission the broker must be employed by and represent the Agency through a clearly established arrangement, whether by written contract or other method deemed acceptable under the circumstances applicable to the specific sale and comply with the requirements of subparagraph b below. The Agency shall not pay a sales commission if any of the following circumstances applies:
- (1) The sale property is for public or public housing reuse, or is sold to a public body.
 - (2) The broker or his agents or employees has an interest in the purchaser or is employed by the purchaser, whether by contract, salary, or other means.
 - (3) The Agency has employed the broker, or his employer or employee, to appraise the property for disposition purposes or provide consultant services involving the disposal of the property
- b. Equal Opportunity Requirements. The contract with the broker shall contain (or the broker shall certify to) the following requirements:
- (1) Equal Employment Opportunity requirements contained in paragraph 8 of Form HUD-621B, Contract for Professional or Technical Services.
 - (2) Equal Housing Opportunity requirements as follows: "The Broker agrees that neither he nor any of his sales or rental personnel, employees, or others authorized to act for him will, in violation of Title VIII of the Civil Rights Act of 1968 (The "Fair Housing" Title of Public Law 90-284) or Executive Order 11063, decline to show or will discriminate in the sale or rental of any property now or hereafter listed with him.
- "It is further agreed that the Broker will:
- (1) instruct his staff in the policies of nondiscrimination and applicable laws; (2) prominently display the Fair Housing Poster in all offices in which sale or rental activity takes place; (3) use the approved Equal Housing Opportunity logo, slogan, or statement in all advertising in conformance with the Advertising Guidelines for Fair Housing.

"The Broker agrees that noncompliance by him or any employee of his organization with the laws, executive orders, or regulations against discrimination in the sale or rental of any property or with the provisions of this paragraph (or certification) will be proper basis for barring the Broker from participation in the selling, renting or managing of properties in HUD-assisted urban renewal areas."

- c. Commission Rates. Real estate commissions shall not exceed payments prevailing in the locality for equivalent services, except that in difficult marketing situations, HUD may, on a case-by-case basis, approve a fully justified request for higher rates. To be eligible as a project cost, such higher rates must be approved by HUD in writing in advance of payment. Commissions shall only be paid after the conveyance and shall be based on services actually rendered.
- d. Evaluation of Offers on Net or Gross Price Basis. The Agency shall dispose of project land in a manner expected to produce the highest return to the project consistent with the requirements of the Urban Renewal Plan. Usually this means the evaluation of bids on the basis of net disposal proceeds (gross price less sales commission). However, when the Agency determines that the overall highest net return to the project is most likely to be obtained through the use of brokers who will not participate adequately except on a gross bid award basis, the Agency may utilize this method if permissible under State law. In either event, for project budget purposes, sales commissions shall be treated as a disposition expense rather than a reduction in disposal proceeds.

16. SELECTION OF APPRAISERS AND CONSULTANTS.

- a. General. Appraisers and consultants shall be selected on the basis of their qualifications to perform the particular services to be required. If the reuse appraisals involve difficult problems of marketability, the reuse appraiser should be qualified to provide the required market analysis as well as the appraisal. Economic and marketing consultants shall be thoroughly experienced in all phases of the redevelopment process, including real estate sales, financing, brokerage, construction, packaging, appraising, leasing, and sales promotion relating to the types of private reuses proposed in the Urban Renewal Plan. Selection need not be by competitive bidding unless required by State or local law. The Agency shall select its appraisers and consultants without regard to race, color, religion, sex or national origin.

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- b. HUD Selection Role. If requested, HUD will assist the Agency in selecting appraisers and consultants and in preparing the scope of services to be provided under the contract. Advance HUD approval is required for appraisers of the reuse value of residential land to be developed under HUD housing programs.
- c. Consultant Employed with Other Public Agency. Arrangements for paid consultation or other assistance from a member of another public agency shall be made in accordance with Chapter 2 of HUD Handbook 7217.1, LPA Administration, between the two agencies involved rather than directly with the public employee.
- d. Evidence Supporting Contracts. Along with a copy of the contract itself, the Agency's files shall contain a full record of all actions with respect to its selection of an appraiser or consultant and its award of the contract, including:
- (1) Resolution, motion, or similar action of the governing body of the Agency authorizing the contract.
 - (2) If more than one appraiser or consultant was considered, identification of all who were considered, summary of the bids or proposals received, and, if the low bid was not accepted, the considerations which governed the selection of the contractor. If only one appraiser or consultant was considered, explanation of the basis for the selection.
 - (3) Statement of the actions taken to ascertain the prevailing rates in the locality for equivalent services, and the basis for the Agency's determination of the compensation provided in the contract.
 - (4) Signed statement by the contractor setting forth his technical qualifications and general experience for performing the services, specific experience in appraising properties of the type involved, his registration or license number if required by State or local law, and other information pertinent to establishing his professional qualifications.
- e. Clearance of Contractor. The Agency shall not enter into any contract with an individual or firm whose name appears on the HUD-maintained list of debarred, suspended and ineligible bidders. When requesting clearance, the Agency shall furnish HUD the name and address of the proposed contractor, including that of any officer, partner, director, trustee, member of governing body, participant in a joint venture, or other person holding an interest of more than 10 percent in the contractor.
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17. GUIDEFORM AGREEMENT FOR REUSE APPRAISAL SERVICES. Reuse appraisal contracts shall be prepared in accordance with Form HUD-324, Form of Contract for Reuse Appraisal of Redevelopment Sites. Prior HUD concurrence is required for any substantive changes in the provisions of this form. (If the Agency has any doubt as to whether HUD concurrence is required, it shall consult with the HUD Area Office.) If the Agency obtains any special market analyses or engineering reports on project land, they shall be made available to the reuse appraiser.
18. USE OF REUSE APPRAISER FOR OTHER REAL ESTATE SERVICES. The Agency shall ensure that its reuse appraiser is not permitted to act as a broker or redeveloper for land which he has appraised for disposition purposes for the Agency.
19. COMPENSATION. The fee for appraisal or other real estate services shall be in a lump-sum amount or separate lump-sum amounts for specified services, based upon the prevailing rates in the community for equivalent services. The fee shall cover all services, supplies, and expenses of the contractor. Compensation shall not be based upon the amount of valuation or other findings of the contractor. Per diem compensation is permitted only for consulting or advisory services on an intermittent or temporary basis or for court testimony.
- 20.-21. RESERVED

CHAPTER 3. DETERMINATION OF DISPOSAL PRICE

22. MINIMUM DISPOSAL PRICE. Unless sold for low-or moderate-income housing at the Section 107 valuation, or dedicated, as authorized for certain public purposes, urban renewal land shall be disposed of at a price not less than its fair reuse value. The fair reuse value shall reflect both the advantages created by the project and the requirements and limitations on land uses to be imposed on the redeveloper by the Urban Renewal Plan.
23. NUMBER OF APPRAISALS. Except as described in subparagraphs a, b, c, and d below, each disposal parcel must be appraised independently by at least one competent professional appraiser in private practice. * If the fair reuse value of a parcel exceeds \$25,000, at least two appraisals shall be obtained. If two or more appraisals are obtained, one may be performed by a competent Agency staff appraiser. These requirements assume that all such appraisals will be reviewed by a fully qualified real property appraiser as provided in paragraph 32. *
- a. If the parcel to be appraised is a fragment of vacant land not separately buildable in accordance with the urban renewal plan, one appraisal by a qualified appraiser in private practice or on the staff of the Agency is sufficient.
- b. HUD shall, upon request from the Agency, determine the fair reuse value of property to be sold for low-or moderate-income housing under the Section 107 valuation. (See paragraph 24 below.) There will be no fee charged to the urban renewal project for such HUD appraisal.
- c. If the parcel is fully (100%) eligible as a project improvement and dedicated in accordance with paragraph 29 below, it need not be appraised.
- * d. If the parcel is designated for single family residential reuse, its fair reuse value may be determined by HUD appraisal. When this method is utilized, the urban renewal project shall be charged the standard HUD-FHA appraisal fee. *
24. SECTION 107 APPRAISAL OF SITES FOR LOW-OR MODERATE-INCOME HOUSING. As described in paragraph 23b above, HUD will determine the value of property to be sold for low-or moderate-income housing under the provisions of Section 107 of the Housing Act of 1949, as amended.
- a. Definition of Section 107 Valuation. The Section 107 valuation is the maximum price that would be paid for the property by a well-informed, prudently acting buyer, who is motivated solely by the objective of meeting the housing needs of low-or moderate-income families or individuals, rather than by profit or gain,

- b. Objective. The objective of the valuation analysis is to estimate the price for the project property that would be equally as attractive to the assumed kind of buyer as the most attractive available purchase of a substitute or alternative property suitable for the same purpose.
- c. Location of Alternative Sites. Each alternative property to be considered must be in a location which is suitable for serving the low or moderate income families or individuals of the community. Where the jurisdiction in which the buyer may purchase a site is limited, the location of the comparison sites shall be similarly limited.
- d. Recent Sales and Current Offerings. The appraiser shall consider recent sales and asking prices, and the estimated current available market prices based on such data, for suitable alternative properties.
- e. Other Factors to be Considered. In comparing the project site with suitable alternative properties, the appraiser shall consider, and make appropriate allowances for, among other things:
- (1) Differences in the prices of the alternative properties.
 - (2) Differences in the cost of developing or rehabilitating the properties, whether the difference is attributable to location, topography, bearing quality of the soil, or other consideration (allowing appropriate adjustments for the impact of income taxes on development costs versus land payments).
 - (3) Differences in the costs of operating and maintaining the properties, after development.
 - (4) Appropriate differences in the degree to which the properties would serve the needs and desires of the prospective low or moderate income occupants or affect their other living costs, such as transportation to place of employment. Such adjustments must also be justifiable in terms of the differences in rentals and occupancy charges that would result.
- f. Factors Not to be Considered. In comparing properties, the appraiser will not consider:
- (1) The availability of special financing, tax abatement, or other public subsidies for low or moderate income housing.
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- (2) Any limits established for the maximum income of families or individuals eligible to occupy low or moderate income housing.
- g. Documentation in Appraisal Report. The appraisal report shall contain the data, analyses and reasoning by which the appraiser reached his opinion of the Section 107 valuation of the project property. All assumptions of the appraiser with respect to changes to be made in the condition of the project property and with regard to project improvements and public facilities to be installed shall be stated in the appraisal report.
25. SALES SUBJECT TO REHABILITATION. The minimum disposal price for property to be disposed of subject to rehabilitation by the purchaser is the greater of (a) its fair reuse value, or (b) 120 percent of the estimated fair reuse value of the land, if cleared. If the 120 percent test price is not obtainable, it is to be assumed that rehabilitation is not feasible. If the Agency believes there are special circumstances which warrant a waiver of this requirement, it shall submit its request, with justification, to HUD. Waivers will only be granted on a case-by-case basis. (The 120 percent rule does not apply to properties sold for low and moderate income housing in accordance with the provisions of Section 107, or to properties sold for restoration and maintenance by the purchaser for historic or architectural purposes.)
26. DISPOSAL PRICE FOR HISTORIC OR ARCHITECTURAL PURPOSES. The minimum disposal price for property to be disposed of for restoration and maintenance by the purchaser for historic or architectural purposes is its fair reuse value. The fair reuse value shall, of course, reflect both the advantages created by the project and the conditions and restrictions to be imposed upon the development and use of the property in accordance with the Urban Renewal Plan.
27. FAIR REUSE VALUE FOR PUBLIC OR NONPROFIT INSTITUTIONAL USE. The fair value of land to be devoted to a public or nonprofit institutional use shall be based on its value for the most suitable alternative private use or uses which are compatible with the land uses permitted by the Urban Renewal Plan for the remainder of the urban renewal area. If the characteristics of the parcel would make it undesirable for private development (e.g., highway right-of-way), the value shall be consistent with the private-use value of adjacent land having characteristics appropriate for private redevelopment.
28. DISPOSAL PRICE OF EASEMENTS FOR PUBLIC UTILITIES. An Agency may grant or reserve, without charge, easements in project land for public utility service lines required to serve project land. These

easements may be provided regardless of the eligibility of the service lines as a project improvement. However, any portion of a right-of-way for an easement in excess of the requirements for the project (and any easement that does not serve the project) shall be sold at not less than its fair reuse value.

29. DISPOSAL PRICE OF LAND FOR PROJECT IMPROVEMENTS. The Agency may dedicate, without charge, the land or interest in land that is fully (100%) eligible as a project improvement, as determined in accordance with the provisions of RHA 7209.1, Site Preparation and Project Improvements. Land in excess of the amount eligible for project improvement purposes must be sold at not less than its fair reuse value. In addition, in the case of a project improvement park (or certain other project improvements), if the improvement is only partially eligible (a range of 10% to 80% based on relative benefit as determined in accordance with RHA 7209.1), the dedication benefits applied to the required land shall reflect the same ratio. For example, if the project improvement park is determined to be 40% eligible, the land for such park shall be sold at not less than 60% of its fair reuse value.
30. DISPOSAL PRICE FOR FEDERAL-AID HIGHWAY USE. As soon as the Agency learns that project land is to be included in the tentative right-of-way of a proposed Federal-aid highway project, it shall discontinue further site clearance work on such land until the State Highway Department (SHD) enters an agreement (see paragraph 45c) to reimburse the Agency for the cost of acquisition, as determined in accordance with subparagraph a below, for all project land which it subsequently acquires from the Agency as part of the right-of-way.
- a. Land Not Cleared Prior to Highway Notice. Except as provided in subparagraph b below, all project land required for a highway project receiving Federal financial assistance shall be sold to the SHD at its cost of acquisition to the Agency, including applicable settlement and clearance costs and relocation expenses as determined in accordance with the HUD Relocation Handbook, 1371.1 (REV). Costs attributable to parcels lying partly within the right-of-way shall be prorated on the basis of the ratio of land area in the right-of-way portion of the parcel to the total land area of the parcel, regardless of the location of improvements. (As an alternative to this parcel by parcel determination, the total cost of acquisition of the right-of-way may be determined by prorating acquisition costs on the basis of the ratio of land area in the right-of-way to the total land area of the project, or appropriate segment thereof, regardless of the location of improvements.)
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- b. Land Acquired and Cleared Prior to Highway Notice. Project land which is acquired and cleared (or under contract for clearance) before the Agency receives notice of a Federal-aid highway project (either written documentation of its approximate location or a request for conveyance of the right-of-way) may be sold at its fair reuse value as approved mutually by the Agency and the SHD.
31. VALUE OF RIGHT TO REMOVE IMPROVEMENTS. If an existing building or other improvement is to be sold for removal to a site already owned by the purchaser, it shall be sold at its "value for removal at a purchaser's expense." A minimum of one appraisal or engineer's estimate by a professional in private practice or qualified individual on the staff of the Agency or other public body shall be obtained. However, for a package disposal consisting of both a site in the project area and a structure for removal to such site, the provisions of paragraph 23 apply to the entire package.
32. REVIEW OF APPRAISALS.
- a. Evaluation by Reviewer. The appraisals and related market analyses shall be reviewed by a competent staff appraiser or private professional appraiser under contract to the Agency. The review appraiser shall require the appraisers to make all necessary corrections in their reports, particularly those needed to ensure substantial consistency in factual data therein. The reviewer shall determine the acceptability and adequacy of the appraisal reports, including the data and analyses furnished by the appraisers to support their opinions of value and the correctness of their estimates. The review shall include an on-site inspection of the property and of comparable properties considered by the appraisers in deriving their valuations.
- b. Report of Reviewer. If the reviewer finds the appraisal reports acceptable and properly documented, he shall determine for each parcel his opinion of its fair reuse value. Such value shall not be less than the lowest acceptable appraisal amount. The reviewer's findings shall be set forth in a written report which shall identify the appraisal reports reviewed and explain the basis for his conclusion as to the fair reuse value of each parcel.
33. CERTIFICATION OF FAIR REUSE VALUE.
- a. Acceptance of Review Appraiser's Determination. The Agency shall study the review appraiser's fair reuse value determination and his report thereon. With respect to properties

for which the Agency accepts the reviewer's report and valuations, the governing body of the Agency shall adopt a resolution or motion, or an authorized official acting under a general resolution shall make a certification, which:

- (1) Identifies each property by parcel number, square footage and proposed reuses.
- (2) Specifies the amount established as the fair reuse value for each property.
- (3) Certifies that the work of the appraisers and the review appraiser has been performed in a competent manner in accordance with State law and HUD policies and requirements.

b. Disagreement with Review Appraiser's Determination. If the Agency disagrees with the review appraiser's determination of the fair reuse value of a property, it shall submit to HUD all appraisal reports and related market analyses on the property, the report of the review appraiser, and a statement of the determination of fair reuse value proposed by the Agency and its justification therefor. HUD will then determine the fair reuse value of the property.

c. Submission Requirements. Promptly after the Agency establishes the fair reuse value of a parcel, it shall submit to HUD on a confidential basis, (1) a certified copy of the resolution, motion, or certification establishing fair reuse value, and (2) a list of all appraisal report valuations, applicable dates therefor, and names of the appraisers. If a certification by an authorized official is used, a copy of the general resolution authorizing such use, shall be filed with HUD.

34. UPDATING DETERMINATION OF FAIR REUSE VALUE.

a. Current Appraisal Evidence. The Agency's appraisal evidence shall be current at the time of the disposal. New appraisal evidence is required if any of the appraisals, upon which the determination of the fair reuse value has been based, would be more than 18 months old at the time of execution of the disposal agreement. New appraisal evidence is also required if there has been any significant change in the market, condition or proposed reuse of the property, or the Urban Renewal Plan.

- b. Procedure for Updating Fair Reuse Value. When appropriate, the Agency shall have its appraisals brought up to date or supplemented or it shall obtain new appraisals. New appraisal * evidence shall be reviewed in accordance with paragraph 32 above, and the updated fair reuse value shall be established in accordance with paragraph 33. *

35.-36. RESERVED

CHAPTER 4. PREPARATION FOR DISPOSAL

SECTION 1. GENERAL

37. AGENCY LAND DISPOSITION SCHEDULE. The Agency shall establish its own progress schedule detailing its timetable for all activities necessary to carry out the marketing and disposition of project land. The schedule shall be updated as necessary, and in any case, not less frequently than every twelve months. (The schedule should be consistent with the land disposal aspects of the Agency's Annual Administrative Staff Expense Budget as described in RHA 7218.1, Chapter 3, and the urban renewal progress schedules described in RHA 7217.1, Chapter 1, Section 10.) The primary purpose of the schedule is to enable the Agency to manage its own disposal program. However, a copy of the schedule, along with subsequent changes, shall be maintained in the Agency's files as a means of facilitating HUD review of the Agency's disposal progress (see paragraph 81a (7)). The schedule shall identify:
- a. A sales promotion timetable as described in paragraph 38 below.
 - b. The timing of appraisals, market studies, land surveys, and the determinations of fair reuse value of disposal parcels.
 - c. A Housing Development Schedule as described in paragraph 52a.
 - d. A timetable for offerings, executions of disposal agreements, approval of redeveloper financing and construction plans, conveyances and completion of redevelopments.
38. SALES PROMOTION. As early as possible, the Agency shall establish a guide and timetable for organizing and carrying out its sales promotion activities. It shall indicate the anticipated timing and extent of advertising, the proposed use of brochures and other sales promotion materials, and any plans for using the services of real estate consultants and brokers. The Agency should initiate promotional efforts to interest prospective redevelopers before the price and other terms and conditions of sale and method of selection have been determined. The sales promotion timetable shall be updated as frequently as necessary.
- a. Advertising Signs. The Agency shall erect at least one "For Sale" or "For Lease" sign on each buildable parcel or group of parcels available for disposal. Each sign should be clearly lettered and of weatherproof construction. The message should be brief, and may include such items as the number of acres, uses permitted, and name, phone numbers and address of the Agency. Signs on parcels which have already been sold or leased should encourage public interest in unsold project

land. One method to achieve this is to banner the previous signs with information concerning the successful sale or lease. The reasonable cost to purchase or lease a land disposition sign is an eligible project cost.

- b. Maintenance of Project Land. The appearance of project land is an important factor directly related to its marketability, particularly with respect to project sites located within undeveloped areas. See Chapter 1 of RHA 7211.1 for a description of maintenance items which are eligible as project costs.
 - c. Equal Opportunity Requirements. All sales promotion by or in behalf of the Agency shall comply with (1) DHUD Fair Housing Poster regulations contained in 24 CFR 110 (37 F.R. 3429-30), and (2) DHUD Advertising Guidelines for Fair Housing (37 F.R. 6700-1), and all applicable rules and orders issued thereunder with respect to the sale or lease of a dwelling or site for construction of a dwelling.
39. RECORDATION OF URBAN RENEWAL PLAN CONTROLS. As soon as feasible, the land use controls contained in the Urban Renewal Plan shall be recorded in the public land records so that the appropriate covenants run with the land in the project, appear in subsequent assurances of title, and are legally enforceable.
- a. Recordation of Urban Renewal Plan. The Urban Renewal Plan may be so developed, that with the addition of appropriate acknowledgements, it can be recorded, thereby directly advising prospective purchasers as to the restrictions, benefits and objectives of the Plan in relation to each disposal parcel. The Agency shall determine whether to record the entire Plan or only specific portions. Amendments of Urban Renewal Plan controls and also the land use controls contained in NDP Land Disposition Supplements shall also be recorded promptly.
 - b. Declaration of Restrictions. A declaration of restrictions may be used to provide a recordable document specifying the land use controls of the Urban Renewal Plan. It may cover all or only a portion of the project land. The declaration must conform in all respects to the Urban Renewal Plan, be recorded in the locality's land records, give constructive notice of its provisions, and be legally enforceable. A declaration shall not embellish the Plan or further limit the permitted uses.
40. GENERAL REQUIREMENTS OF DISPOSAL AGREEMENTS.
- a. HUD Guideforms. HUD guideform disposal agreements contain many mandatory provisions required to protect the interest of the project and meet statutory requirements. Generally, these requirements are not duplicated in this handbook, and

accordingly, it is important that Agency personnel review each guideform to be used and retain a copy as an appendix to this handbook.

b. Performance Requirements.

- (1) Policy. The time permitted for the performance of each obligation in the disposal agreement shall be specified. Such times shall be tailored to meet the circumstances, avoiding unnecessary risks, yet preventing procrastination or speculation. The Agency shall not transfer title to, or possession of, land for private redevelopment until it has received satisfactory plans for the redevelopment of the land and evidence that the redeveloper has the financing needed to complete the redevelopment.
 - (2) HUD Concurrence Requirements. The Agency shall obtain prior HUD concurrence in any disposal agreement which allows a period of 18 months, or more, between execution of the agreement and delivery of the deed. After execution of the disposal agreement, the Agency shall obtain prior HUD concurrence in the extension of the period between execution of the agreement and delivery of the deed (or transfer of possession in the case of a long-term lease), if the new date for delivery of the deed is either 18 months after the date of execution of the disposal agreement or six months after the date originally specified for delivery of the deed. Such requests for concurrence shall be accompanied by adequate documentation (financing commitments, etc.) evidencing the intent of the redeveloper to fulfill his obligations.
- c. Project Improvements. The obligations of the Agency and the redeveloper for the installation of any project improvements after the agreement is executed shall be specified in the disposal agreement.
- d. Equal Opportunity Requirements. The HUD guideform disposal agreements contain language designed to provide equal opportunity in construction employment and in the disposition, use, and occupancy of the property and the improvements provided on the property. This language (see also paragraph 44 below) is mandatory.
- e. Lead-based Paint Prohibition. All disposal agreements must contain language to the following effect:
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"The Redeveloper shall comply with the regulations issued by the Secretary of Housing and Urban Development set forth in 37 F.R. 22732-3 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead-based paint hazards."

- f. Rehabilitation Requirements. A disposal agreement covering property sold subject to rehabilitation to make it conform to the Urban Renewal Plan and applicable codes shall contain a work write-up detailing the work that must be performed by the buyer.
- g. Design Objectives. Provisions for Agency review and approval of a redeveloper's plans from a design viewpoint, and design objectives to be used as criteria for the Agency's review, may be included in the disposal agreement. The basis for such approval shall be as explicit as possible.
- h. Flood Insurance. Each disposal agreement covering project property situated in an area identified by HUD as subject to special flood hazards, and in which the sale of flood insurance has been authorized under the National Flood Insurance Act of 1968, shall (unless the improvements to be constructed on the property will be covered under an adequate State policy of self-insurance satisfactory to the Secretary of HUD) contain language to the following effect:

"The Redeveloper and its successors and assigns shall keep the Improvements now existing or hereafter erected on the Property insured, during their anticipated economic or useful life, under the national flood insurance program in an amount at least equal to the redevelopment cost of the Property (less estimated land cost) or to the maximum limit of coverage made available with respect to the particular type of Property under the National Flood Insurance Act of 1968, whichever is less. Prior to conveyance of the Property to the Redeveloper by the Agency, the Redeveloper shall furnish the Agency a copy of a flood insurance policy specifying such coverage or a binding commitment to provide such a policy: Provided, That if such coverage is not available to the Redeveloper at the time of conveyance, the Redeveloper shall furnish such evidence of insurance within 15 days of the date it becomes available."

- 41. GOOD FAITH DEPOSIT. A land disposal agreement with a private redeveloper or nonprofit institution must be adequately secured
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by a good faith deposit in cash or certified check, faithful performance surety bond, or pledge of negotiable bonds of the Federal government or any of its instrumentalities. Surety bonds must be from a company listed in the current U.S. Treasury Department Circular 570 and within the underwriting limits specified for the company in the Circular.

- a. Amount and Duration of Deposit. The amount of the deposit or other security shall not be less than five percent of the estimated fair reuse value of the land, and except as provided in subparagraph d below, it shall not be more than ten percent of such value. Except as provided in subparagraph b below, it shall be held until completion of the redevelopment or until the conditions described in subparagraph (e), Section 3, Form HUD-6209A, have been met.
- b. Small Redevelopment. If the parcel is to be redeveloped with a one-family dwelling or other development of like magnitude, the agreement may permit the deposit to be applied on the purchase price if the purchaser demonstrates at the time of conveyance that he has entered into a contract for the redevelopment of the land and has the necessary cash and financing to redevelop the land. A surety bond is not required in these cases.
- c. Postponement of Deposit for Sale for Low or Moderate Income Housing. In the disposal of a site to a nonprofit corporation, a limited dividend corporation, or a cooperative, the good faith deposit may be postponed for a period of 180 days from the date of execution of the agreement, provided the contract recites that the land will be used for the construction or rehabilitation of low or moderate income housing. One extension may be granted for a period not to exceed 90 days provided substantial progress has been made in the development of the housing package. The contract shall require that after 180 days, or 270 days, as the case may be, and in any event prior to conveyance, the redeveloper shall meet the good faith deposit requirement or the conditions described in subparagraph (3), Section 3, Form HUD-6209A, or the contract shall be terminated.
- d. Critical Parcels. The disposal agreement with a private redeveloper of a critical parcel shall require the redeveloper to furnish a faithful performance surety bond or make a good faith deposit of at least 20 percent of the agreed upon price. The amount of the bond or deposit shall constitute liquidated damages in the event of a breach of the agreement by the redeveloper.

42. STAGED TAKEDOWNS. If various segments of a property are to be conveyed on separate dates, a schedule shall be annexed to and made part of the agreement, setting forth the legal description, date of conveyance and amount to be paid for each segment. The determination of the dates and payments for the various conveyances shall be coordinated with the Agency's appraisals and determination of fair reuse value. The amount to be paid for a segment shall be its fair reuse value (as of the date of conveyance) rather than a prorata share of the total purchase price (although, cumulatively, the purchaser pays only the total contract price for the entire property). The good faith deposit shall be based upon the fair reuse value of the entire property. A map outlining the segments should be annexed to the agreement. The Agency shall obtain prior HUD concurrence in any staged takedown which exceeds three years from the date of execution of the disposal agreement.
43. GUIDEFORM FOR STANDARD DISPOSAL CONTRACT (FORM HUD-6209). Form HUD-6209, Standard Form of Contract for Sale of Land for Private Redevelopment, shall be used for all disposals to a private redeveloper of project land having a reuse value of \$60,000, or more, (except "turnkey" public housing projects).
- a. Description of Guideform. The guideform actually consists of three separate forms as follows:
- (1) Form HUD-6209A. This form, Part I of Standard Form of Contract for Sale of Land for Private Redevelopment, includes provisions applicable to a particular contract -- names of the parties, identification of Urban Renewal Plan, sale price, special terms and conditions required in the transaction, etc.
 - (2) Form HUD-6209B. This form, Part II of Contract for Sale of Land for Private Redevelopment, includes provisions which are generally applicable to all sales contracts. Modifications of Part II provisions can be set forth in Part I. If HUD insurance or subsidies for housing are to be provided, section 307 of the form cannot be changed.
 - (3) Form HUD-6209C. This form is entitled, Instructions and Explanatory Notes.
- b. Modifications and Additions to Guideform. All substantive modifications and additions to the provisions of this guideform require advance HUD concurrence. Usually, this is done by submitting Part I of the proposed contract; HUD concurrence shall then be subject to the condition that Form HUD-6209B will be used as Part II of the contract.
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44. GUIDEFORM FOR DISPOSAL UNDER \$60,000 (Form HUD-6214). Form HUD-6214, currently entitled, Guideform of Contract for Sale of Land Having a Reuse Value Under \$30,000 (sic) to Individual, Corporate, and Other Purchasers, may be used for sales to private redevelopers of land with a fair reuse value under \$60,000 (except for "turnkey" public housing projects). All substantive modifications and additions to the provisions of this guideform require advance HUD concurrence. The following equal opportunity requirements are applicable:
- a. Sales at \$10,000 or Less. If the sale price of the property is \$10,000 or less, the contract shall contain the introductory statement and paragraphs (a) and (b) of Section 802 of Form HUD-6209B, together with the following paragraph:

"(c) The Redeveloper will include the provisions of paragraphs (a), (b) and (c) in every contract, and will require the inclusion of these provisions in every subcontract entered into by any of its contractors, so that such provisions will be binding upon each such contractor or subcontractor, as the case may be. For the purpose of including such provisions in any construction contract or subcontract, as required hereby, the term 'Redeveloper' and the term 'Agency' may be changed to reflect the name or description of the parties to such contract or subcontract."
 - b. Sales Over \$10,000. If the sale price is more than \$10,000, the contract shall contain the provisions of Section 802 of Form HUD-6209B.
45. GUIDEFORM FOR DISPOSAL TO PUBLIC BODY (FORM HUD-6213). Except as provided in subparagraphs a through d below, Form HUD-6213, Guide Form of Contract for Sale of Land For Redevelopment by a Public Body, shall be used for disposals of project land to a public entity, e.g., State, city, school district or LHA. All substantive modifications and additions to the provisions of this guideform require advance HUD concurrence.
- a. Resolution of Retention. If the governing body of the Agency is the same as that of the locality, an agreement and conveyance may be accomplished by a resolution or other document meeting State and local legal requirements. Such document shall contain the elements of Form HUD-6213 as well as the necessary recitals, testimonium and acknowledgement clauses. After execution, it shall be recorded in the public land records.

- b. Cooperation Agreement. If, during the early planning of a project, the Agency agrees to sell project land to another public body, it may use a cooperation agreement. Such agreement shall contain the elements of Form HUD-6213 except that the stated price shall be a minimum estimated price subject to later adjustment in accordance with the Agency's appraisals and appraisal review. After execution the agreement shall be recorded in the public land records.
- c. Federal-Aid Highway Agreement. Suggested language for a memorandum of understanding covering the sale of urban renewal land for Federal-aid highway purposes is contained in the Federal Highway Administration's Policy and Procedure Memorandum 80-1.
- d. Sales Agreement with General Services Administration. GSA Form 1992, Contract for the Sale of Land in an Urban Renewal Area to the United States, has been jointly approved by GSA and HUD and may be used for disposals of project land to GSA.

46. DISPOSAL OF INDUSTRIAL OR COMMERCIAL LAND UNDER SECTION 113.

- a. Section 113 Disposal. The Secretary of Commerce may designate an economically distressed area as a "redevelopment area" under the Area Redevelopment Act or successor legislation. Under Section 113 of the Housing Act of 1949, as amended, urban renewal land in such a "redevelopment area" may be sold or leased for industrial or commercial reuses at its fair reuse value to an eligible public agency or nonprofit corporation, which may retain the land for an interim period without commencing improvements thereon.
- b. Eligible Nonprofit Corporation. For the purpose of Section 113, a nonprofit corporation is a corporation organized under the laws of the United States, or of any State or territory thereof, authorized to do business, including the acquisition and disposal of real property, in the State or territory in which the project is located, and which does not contemplate the distribution of gains, profits, or dividends on invested capital to its stockholders or any other person.
- c. Special Covenants. The disposal of land to a public agency or nonprofit corporation under Section 113 shall be subject to covenants requiring that:
 - (1) The land shall only be used in accordance with the Urban Renewal Plan. Subsequent purchasers or lessees shall also be subject to this covenant.

- (2) Subsequent purchasers or lessees of the land shall be obligated to begin and complete within a reasonable time the improvements required by the Urban Renewal Plan.
- d. Temporary Uses. If Section 113 disposal is contemplated and the Agency desires to specify permitted temporary uses, these use limitations may be included in the Urban Renewal Plan.
- e. Resale Price. If the public agency or nonprofit corporation subsequently disposes of the property at a profit, it may keep the entire profit, unless the Agency under the terms and conditions of its disposal contract, is entitled to participate therein.

47.- 49. RESERVED

SECTION 2. RESIDENTIAL SALES

50. URBAN RENEWAL PLAN PROVISIONS. The Urban Renewal Plan shall not contain provisions limiting the rentals or sale prices of housing, or the maximum income of families or individuals for admission to the housing. However, it may indicate the intention to make the property available for development of new or rehabilitated housing for families or individuals of low- or moderate-income, and any intention to provide tax abatement or other public subsidy for the housing.
51. GENERAL COORDINATION WITH HUD HOUSING PROGRAMS. The following coordination requirements are applicable to proposed residential redevelopments for which HUD mortgage insurance or housing assistance payments will be required. For coordination requirements relating to rehabilitation areas, see HUD Handbook 7210.1, Rehabilitation.
- a. Preliminary Consultation. As early as practicable, the Agency shall consult with HUD, including if applicable, the HUD Insuring Office, to obtain information and guidance with respect to the suitability and marketability of project land for housing, estimated residential construction costs, maximum income limits for admission to occupancy under available HUD subsidized programs, HUD mortgage insurance limits, etc.
 - b. Coordination on Land Pricing. In processing applications for insurance, HUD determines a maximum dollar amount which it will attribute to the land for insurance purposes. To coordinate this processing with the Agency's establishment of the fair reuse value of land to be developed under HUD housing programs, the Agency shall, (1) obtain HUD approval (from the HUD Insuring Office, if applicable) of the individuals performing the reuse appraisals of the housing sites, and (2) at the time it seeks a HUD market reservation, the Agency shall seek concurrence in the amount which it has established, or proposes to establish, as the fair reuse value of the land. If the Agency and the HUD Area or Insuring Office are unable to agree on the value to be attributed to the land, the Agency may request the HUD Regional Office to resolve the matter.
 - c. Request for HUD Market Reservation. The Agency may request from HUD a market reservation committing HUD to insure, subject to appropriate conditions, certain dwelling units to be constructed on an urban renewal site scheduled to be offered for sale. The exact timing of the request shall be coordinated with the responsible HUD office. The Agency's submission shall be accompanied by its request for concurrence

in the fair reuse value of the property and all related documentation, including the appraisals and identification of maximum number of dwelling units permitted by the Urban Renewal Plan. A HUD market reservation will identify:

- (1) The maximum number of dwelling units at various rentals or sales prices which HUD is prepared to insure or for which it will provide subsidy payments over a specified period of time.
 - (2) The maximum dollar amount that HUD is willing to attribute to the land for mortgage insurance purposes.
- d. Notice to Redevelopers. The Agency shall notify all prospective redevelopers that the minimum acceptable sale price for the land (fair reuse value) is also the amount which HUD will attribute to the land for purposes of HUD mortgage insurance and that it will represent the value of the land for use in cost certification, if required. Any other conditions for HUD mortgage insurance shall also be contained in the notice. The notice shall be included in any public announcements and bidding documents covering the proposed sale. If such announcements or bidding documents are not used, it shall be included in a written statement provided to each potential redeveloper prior to entering negotiations or as soon as the information is available.
- e. Coordination After Selection of Redeveloper. To minimize delays after the selection of the redeveloper, continuing coordination among the Agency, HUD and the redeveloper is very important. After his selection, the redeveloper is allowed a reasonable period of time for completing his plans, arranging for financing, and obtaining approval of his application for mortgage insurance and, if applicable, subsidy payments.

52. COORDINATION ON LOW AND MODERATE INCOME HOUSING REQUIREMENTS.

- a. Housing Development Schedule. The Agency shall prepare a schedule for the preparation and disposition of land for low- and moderate-income housing at a rate that reflects statutory requirements, including the provisions of Section 105(f) and (h) of the Housing Act of 1949, as amended (see RHA 7207.1), local needs, including relocation requirements, and the objectives of the Urban Renewal Plan. Periodically, HUD and the Agency shall jointly examine this schedule to determine whether reasonable and continuing progress is being made.
- b. Identification of Subsidized Housing Needs. To help insure the availability of HUD housing subsidies when required, the Agency

shall periodically furnish HUD an updated twelve-month forecast of its subsidized housing needs. This forecast shall identify the proposed sites, numbers of units and types of housing programs required, and the approximate dates on which reservations or other fund set asides will be needed. The report shall also identify the basis of the requirement, i.e., relocation needs, requirements under Section 105(f) and (h), or project closeout requirements.

53. DISPOSAL FOR LOW OR MODERATE INCOME HOUSING AT SECTION 107 VALUATION.

- a. Low-Rent Public Housing. A "low-rent public housing project" is a project assisted under the United States Housing Act of 1937, or under a State or local program determined by HUD to have the same general purposes as the Federal program. Urban renewal land made available for such "low-rent public housing" other than for leased public housing under Section 23 of the Housing Act of 1937, must be sold at the Section 107 valuation. Such disposals also qualify for the special noncash grant-in-aid credit specified in Section 107(b) of the Housing Act of 1949, as amended.
- b. Other Housing Programs Eligible for Disposal at Section 107 Valuation. Urban renewal land may be sold to an eligible redeveloper (see Paragraph 55) at the Section 107 valuation or \$500 per dwelling unit, whichever is greater, for low or moderate income rental housing to be developed under any of the housing programs listed below. In the rare instance when the fair reuse value of the property is less than the Section 107 valuation, the property shall be sold at its fair reuse value. The eligible programs are:
- (1) Section 221(d)(3) BMIR, or Section 236 of the National Housing Act.
 - (2) Leased low-rent public housing under the provisions of Section 23 of the United States Housing Act of 1937, as amended. (Such sales do not qualify for the Section 107(b) noncash grant-in-aid credit.)
 - (3) Rent supplement provisions under Section 101 of the Housing and Urban Development Act of 1965, as amended.
 - (4) A State or local housing program determined by HUD to have the same general purposes as the above. Prior to any such disposal the Agency shall obtain HUD approval of the transaction. Requests for approval shall include:

- (a) Copy of the proposed regulatory agreement or other provisions to limit and control rents, charges, requirements for admission to occupancy, and methods of operation.
 - (b) Evidence that the proposed limitations on rents and on income for admission to occupancy are adequate to restrict occupancy to families or individuals of low- or moderate-income.
 - (c) Determination of the governing body of the Agency that the proposed purchaser is an eligible purchaser as defined in Paragraph 55, including evidence reasonably needed to support the determination.
- c. Rehabilitation Housing Programs. Disposals for housing to be developed under Section 221(h)(1) or Section 235(j)(1), or under any rental housing program involving rehabilitation, are ineligible for the benefits of the Section 107 valuation unless approved in advance by HUD. Such approvals will only be granted on a case-by-case basis and only after adequate justification that the benefits of the Section 107 valuation are necessary to make the project feasible. In the case of rehabilitation sales housing, the proposed disposal must contain adequate assurance that, if the purchaser resells the housing within three years after his purchase from the Agency, the benefits of the Section 107 valuation will be passed through to a new low- or moderate-income purchaser or recaptured for the benefit of the project.
- d. Housing Programs Ineligible for Section 107 Valuation. Housing developed under Section 221(d)(4) or Section 235(i) of the National Housing Act is not eligible for the Section 107 valuation.
- e. Restrictive Use Covenants. If a parcel is disposed of at the Section 107 valuation, the disposition documents, including the deed, must contain restrictive use covenants that will insure that the low or moderate income tenants receive the benefits of the special land pricing, i.e., the rents or charges must not reflect any value for the land in excess of its sales price. Such restrictions must include limitations on the rents and other charges, incomes of occupants, and methods of operation of the housing. The restrictions are to run for the term of the mortgage or the Urban Renewal Plan, whichever is greater.
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54. TURNKEY LOW-RENT PUBLIC HOUSING SALES. Under the "turnkey" method, a developer may enter into a contract with an LHA under which he builds or rehabilitates in accordance with plans and specifications prepared by his own architect and to a standard of good design, quality, and workmanship, and the LHA agrees to purchase the completed building for low income occupancy. This contract is backed up by a financing assistance commitment (Annual Contributions Contract) from HUD to the LHA. When the development is completed, the closing takes place and the LHA acquires title to the property. Detailed instructions on the turnkey process are provided in 7425.1, Low-Rent Public Housing Turnkey Handbook. In disposing of an urban renewal site for turnkey housing, the Agency shall follow normal disposition procedures with the following modifications:
- a. Use of Form HUD-6216. Form HUD-6216, Contract for Sale of Land to Redeveloper for "Turnkey" Low-Rent Public Housing Project, shall be used. It contains safeguards to insure that the site is developed for low-rent public housing and that the special sale price determined under Section 107 (see Paragraph 24) will be passed through to the LHA by the redeveloper. Any changes in the contract must be concurred-in by HUD.
 - b. Conversion to "Turnkey" from Conventional Public Housing. If the Agency and LHA have already executed a contract of sale (Form HUD-6213) and desire to convert to the turnkey method, the Agency shall not release the LHA from its contractual obligations, until a contract of sale (Form HUD-6216) between the Agency and the "turnkey" redeveloper has been executed.
 - c. Memorandum of Understanding. When desirable, the Agency and LHA shall execute a memorandum of understanding, spelling out the responsibilities of each party during each phase, identifying the price of the site and their intent that the site shall be used for "turnkey" low-rent public housing. Later, upon HUD approval of Form HUD-6004 (see Paragraph 69), the Agency and LHA may update the memorandum of understanding to include:
 - (1) Specific approval of the selected redeveloper and tentative approval of the proposal for consistency with the Urban Renewal Plan.
 - (2) Agency agreement to convey the site to the redeveloper upon the execution of the LHA-Redeveloper Contract of

Sale and the Agency-Redeveloper sales contract, subject to approval by the LHA and the Agency of preliminary drawings and specifications for consistency with the Urban Renewal Plan.

(3) A proposed schedule of timing for further actions.

- d. Acceptance of Proposal. The Agency advertises for redevelopers in cooperation with the LHA and in accordance with the disposition documents. The Agency receives redevelopers' proposals and reviews them with the LHA. The LHA, with HUD concurrence, determines which proposal, if any, is acceptable. The Agency obtains from the LHA a certified copy of the executed contract of sale between the redeveloper and the LHA. This agreement should be received before the Agency executes a sales contract with the redeveloper (Form HUD-6216).
- e. Certificate of Completion. When redevelopment is completed, the Agency shall obtain a letter from the LHA which states that title has been conveyed from the redeveloper to the LHA and the redeveloper has satisfactorily completed the construction. A certified copy of the letter shall be submitted to HUD in support of Form HUD-6212, Request for Section 107(b) Noncash Local Grant-in-Aid Credit.

55. REDEVELOPERS ELIGIBLE TO PURCHASE LAND AT SECTION 107 VALUATION.

To be eligible to purchase project land at the Section 107 valuation, the redeveloper must be one of the following.

- a. Eligible for a mortgage insured under Section 221(d)(3) for rent supplement purposes, Section 221(h)(1), Section 235(j)(1), or Section 236 of the National Housing Act and acceptable to HUD for that purpose. However, a "builder-seller mortgagor," who enters into a written agreement to sell the housing project to a nonprofit corporation upon completion of construction at a price not to exceed the certified actual cost of the project as approved by HUD, must agree that in the event that the conveyance to the nonprofit corporation is impossible, he will operate the project as a HUD limited-dividend mortgagor until a proper conveyance to a HUD-approved nonprofit corporation can be effected.
- b. A limited-dividend corporation, a nonprofit corporation or association, a cooperative, or a public body or agency, which is regulated or supervised under State law by a State or political subdivision of a State or agency thereof, under a

regulatory agreement or otherwise, as to rents, charges, requirements for admission to occupancy, and methods of operation, in a form and manner approved by HUD. The following definitions are applicable:

- (1) "Limited-Dividend Corporation" -- A corporation restricted as to the distribution of income by the laws of the State of its incorporation, formed exclusively for the purpose of providing housing, and regulated as to rents, charges, rate of return, and operating methods in a manner satisfactory to HUD.
- (2) "Nonprofit Corporation or Association" -- A corporation or association organized for purposes other than making a profit for itself or for persons identified with it and which is in no manner controlled by, or under the direction of, persons or firms seeking to derive profit from its activities.
- (3) "Cooperative" -- Either a nonprofit cooperative ownership housing corporation, or an investor-sponsor of a cooperative. A nonprofit cooperative ownership housing corporation is one in which permanent occupancy is restricted to the members, and eligibility for membership and transfers of membership are subject to controls satisfactory to HUD. An investor-sponsor of a cooperative is a special type of limited-dividend corporation organized to build or rehabilitate a project and to transfer it to a cooperative. If the housing project is not sold to a cooperative within two years after completion, the investor-sponsor must operate the project as a limited-dividend corporation, as defined above.

56. ILLUSTRATIVE PLANS. The Agency may obtain illustrative plans, including certain drawings, specifications and estimates, as a basis for determining the feasibility of developing low and moderate income housing.

- a. Part I of Agreement. Form HUD-6124, Guideform of Contract for Architectural Services for Preparation of Illustrative Plans for Low- and Moderate-Income Housing, is available from HUD and may be used as Part I of the proposed agreement. It may be modified as appropriate, however, the maximum scope of services that are eligible as a project cost are those outlined in Section 1 of the guideform.

- b. Part II of Agreement. Form HUD-621B, Contract for Professional or Technical Services, shall be used as Part II, Terms and Conditions, of the agreement.

- c. Ownership of Drawings. The contract with the architect must contain language allowing the Agency or person authorized by the Agency to use the drawings in any of its urban renewal projects without additional payment. In the event the architect is selected to carry through with the job, the total fees paid to him shall not include any duplicate payments.

57.-62. RESERVED

CHAPTER 5. DISPOSAL OF LAND

63. METHOD OF DISPOSAL. The Agency may dispose of urban renewal land by sale or lease in accordance with any method permitted by State and local law, including fixed-price competition, sealed bids, public auction, predetermined prices for subdivision lots, negotiation, and related variations and combinations. Special requirements applicable to disposals by leasing are contained in Appendix 2. Prior to the offering, the governing body of the Agency shall by resolution, motion, or similar action:
- a. Approve each offering, and the method of selecting the redeveloper.
 - b. Approve the price, or minimum price, and determine that such price is not less than fair reuse value.
64. INELIGIBLE REDEVELOPERS. The following persons or organizations are ineligible to be a redeveloper or to have any financial interest in a redeveloper:
- a. A member of the governing body of the Agency or municipality or an employee of the Agency or municipality who exercises responsibility concerning the project.
 - b. An individual or firm that was retained by the Agency as a reuse appraiser of land in the project area, or, at any time after the invitation for proposals, was performing consultant services for the Agency in connection with the project.
 - c. A private individual or firm that has provided or proposes to provide a local grant-in-aid to the project, except:
 - (1) A nonprofit institution which will develop the land for nonprofit institutional use, as defined in paragraph 4 above.
 - (2) An eligible Section 112 donor. (See RHA 7216.1, Local Grants-in-Aid, Section 3, Chapter 2).
 - d. A private individual or firm from whom the same property (same property is defined as property that comprises 50 percent or more of the reuse parcel and in which the prospective redeveloper held more than 20 percent of the ownership at the time of its acquisition by the Agency) was acquired, unless the redeveloper is:

- (1) A nonprofit institution which will develop the land or rehabilitate the property for nonprofit insitutional use, or
 - (2) the successful bidder in a fixed-price competition, sealed-bid offering, or public auction.
65. ACCEPTANCE OF HIGHEST RESPONSIBLE BID. In all competitive offerings, except for "fixed-price competition" in which disposal price is not a criterion, the Agency must accept the highest bid which meets the bidding requirements, provided it equals or exceeds the approved minimum price. This does not preclude the establishment of criteria, such as design standards, provision for low or moderate income housing, sales and rental amounts, or other factors necessary to qualify a bidder. A two-stage offering by which proposals are selected on the basis of factors other than price, to compete later on the basis of price, is also acceptable.
66. INVITATION FOR PROPOSALS. The invitation for proposals or bids is the formal public notice of the offering of the land. It should be accomplished through publication in one or more newspapers of general circulation in the locality and through mailing notices to all persons and firms that have signified a bona fide interest in acquiring any of the land in the offering. Publications shall be in compliance with the HUD "Advertising Guidelines for Fair Housing" contained in 37 F.R. 6700-1. The objective of the invitation is to inform potential redevelopers of the proposed disposal in sufficient time to prepare and submit their proposals. The information contained in the invitation, as a minimum, should include:
- a. Identification of land to be offered.
 - b. A general description of the types of redevelopment permitted.
 - c. Identification of the kind of disposal (sale or lease) and the disposal method, including criteria and procedures for making selection.
 - d. The cutoff date for the receipt of proposals, if established. This is required in the case of fixed-price competition, sealed bid, and public auction disposal methods.
 - e. Instructions on how to obtain further information about the terms and conditions of the disposal and procedures for submitting proposals. The instructions shall state the amount of any fee charged by the Agency for the offering documents.
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67. OFFERING DOCUMENTS. The offering documents shall contain all the terms and conditions of the offering. They must be readily available to all prospective redevelopers promptly after publication or issuance of the first invitation for proposals. Unless the market is limited to the local community, sets of offering documents also shall be available for mailing to prospective redevelopers. The Agency may make a small charge sufficient to limit requests to bona fide prospects and to restrict costs. The offering documents should normally contain:
- a. The Urban Renewal Plan, or appropriate extracts. Declaration of Restrictions, if any. Also, clear statement of any other restrictions imposed by Agency or Urban Renewal Plan.
 - b. A description of the property for which proposals are invited, including:
 - (1) Legal or other description sufficient to identify clearly the boundaries and area of the land involved, together with a map or plat showing the location of the land in the project area.
 - (2) Location of existing and proposed streets and utilities to serve the property, to the extent determined.
 - (3) Information on general grades and elevations.
 - (4) Information on test borings and their analysis to the extent available; and on location and type of existing basements, foundation walls, footings, abandoned utilities, and the extent and character of fill.
 - c. A statement as to kinds of proposals that may be submitted (sale, lease, or both) and a description of the method of selecting redevelopers, including criteria and procedures for making selection.
 - d. Price or minimum price, if applicable. If the disposal is for residential reuse involving a HUD housing program, the documents shall contain a statement that the price has been concurred in by HUD and is (1) the minimum amount acceptable for the land, (2) the amount that will be attributed to the land for HUD mortgage insurance purposes and, if applicable, (3) the amount that will represent the fair market value for
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HUD cost certification. Other information from the HUD market reservation shall also be provided.

- e. Proposed form of contract of sale or lease.
 - f. Proposed time schedule for the provision of streets, utilities, and other public improvements affecting the disposition parcel.
 - g. Statement of equal opportunity requirements covering employment and the disposition, use, and occupancy of housing and related facilities provided on the sites. These requirements are contained in the guideform disposal agreements referenced in Chapter 4.
 - h. Provision for broker's fees, if contemplated.
 - i. Statement of requirements for the submission of proposals, including place, cutoff date and time, and documentation required as to the redeveloper's proposal, including his qualifications and financial responsibility and the good faith deposit or bid bond requirements.
 - j. All forms to be used by the redeveloper in submitting proposals, including the appropriate Form HUD-6004 or HUD-6004A, Redeveloper's Statement for Public Disclosure and Redeveloper's Statement of Qualifications and Financial Responsibility.
 - k. Statement describing carrying charges, if any, that may be charged against the selected redeveloper prior to transfer of title and payment of the purchase price or the initial lease rental.
 - l. Unless land is to be leased, the proposed form of deed by which the Agency will convey title to the land.
 - m. Statement as to the disposition to be made of redevelopers' proposals that are not accepted.
68. REDEVELOPER'S STATEMENT (FORM HUD-6004 OR 6004A). Except as provided in subparagraph b below, the Agency must obtain a completed Form HUD-6004 or 6004A from every redeveloper. The purposes of these forms are set forth in paragraphs 69-71 below.
- a. Description of Form. Form HUD-6004 consists of two parts, Redeveloper's Statement for Public Disclosure (Part I) and Redeveloper's Statement of Qualifications and Financial Responsibility (Part II). Form HUD-6004A, a "short form" bearing the same title, may be used if the redeveloper is an
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individual or two persons as joint owners, and the reuse value is under \$60,000. For all other disposals, Form HUD-6004 shall be used.

- b. Exception for Public Entity. If the redeveloper is a public entity, the Redeveloper's Statement for Public Disclosure (Part I) is not required unless residential redevelopment or rehabilitation is contemplated, and the Redeveloper's Statement of Qualifications and Financial Responsibility (Part II) is not required, regardless of proposed use.
 - c. Modifications to Form. The appropriate Redeveloper's Statement for Public Disclosure (Part I) shall be used without modification. However, the Agency may modify the Redeveloper's Statement of Qualifications and Financial Responsibility (Part II) to require additional information or evidence.
69. HUD CLEARANCE OF REDEVELOPER. The Agency shall not enter into any disposal agreement with a redeveloper whose name appears on the HUD-maintained list of debarred, suspended, and ineligible bidders.
- a. Request for Clearance. Prior to authorizing a disposal, the Agency shall submit to HUD one copy of Part I of Form HUD-6004 or 6004A, Redeveloper's Statement for Public Disclosure. Also, if a redeveloper's answer to item 8b of Part II of Form HUD-6004 is affirmative, the entire Part II, Redeveloper's Statement of Qualifications and Financial Responsibility, shall be submitted to HUD.
 - b. Exceptions to Clearance Requirement. This clearance submission requirement is not applicable to public entities or corporations required to file periodic reports with the Federal Securities and Exchange Commission under Section 13 of the Securities Exchange Act of 1934.
 - c. Prompt Disposal After Clearance. If the Agency has not executed the disposal agreement within 120 days after HUD clearance of the redeveloper, it shall resubmit its request for clearance.
70. REDEVELOPER'S QUALIFICATIONS. Before authorizing a disposal, the Agency shall determine on the basis of all pertinent data, including the Redeveloper's Statement of Qualifications and Financial Responsibility (Part II of Form HUD-6004 or 6004A), that the redeveloper possesses the qualifications and financial resources to acquire and develop the land in accordance with the Urban Renewal Plan and the proposed disposal agreement. Banks and other information sources should be checked, and at least one credit report

should be obtained from a reliable credit reporting agency. Even though a public entity need not submit Part II of Form HUD-6004, the Agency also must ascertain the financial ability and legal authority of any public redeveloper to acquire and develop the property in accordance with the Plan and the disposal agreement.

71. PUBLIC DISCLOSURE OF PROPOSED DISPOSAL. Before authorizing a disposal agreement, the Agency shall give public notice of its intention and make available for public examination the Redeveloper's Statement for Public Disclosure (Part I of Form HUD-6004 or 6004A), together with the proposed disposal agreement.
- a. Publication of Notice. If the information relates to the redevelopment or rehabilitation of 10 or fewer dwellings by one redeveloper, the notice may be published by posting it in the office of the Agency. Otherwise, the public notice shall be published in at least one newspaper of general circulation in the locality, at least ten days before the date of execution of the disposal agreement. It may be combined with some other notice, such as the notice of a public hearing on the proposed disposal, however, if combined with another notice, it shall call attention clearly to the fact that it is a notice of information on a proposal to dispose of project real property. A public notice may include more than one proposed disposal.
- b. Contents of Notice. The public notice shall contain:
- (1) Name, address, and office hours of the Agency.
 - (2) Name of the project, and general description of its location.
 - (3) Name of the redeveloper with whom the Agency proposes to enter into a disposal agreement and statement that the Agency has a proposal from the redeveloper to enter into an agreement for the purchase (or lease) of project real property.
 - (4) Statement that the Agency governing body proposes to consider execution of the proposed agreement on or after the date specified in the notice.
 - (5) Statement that the proposed redeveloper named in the notice has filed with the Agency a Redeveloper's Statement for Public Disclosure. (If the proposed redeveloper is a public entity, and residential redevelopment or rehabilitation is not involved, the notice shall,
 - (a) identify the public redeveloper as an exception to
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this requirement, and (b) either identify the real property involved or state that a description of the real property is available for public examination at the office of the Agency.)

- (6) Statement that the Redeveloper's Statement for Public Disclosure discloses, among other things, the name of the redeveloper, and, as the case may be, the names of its officers and principal members, shareholders and investors, and other parties having an interest of 10 percent or more in the redeveloper.
- (7) If residential redevelopment or rehabilitation is contemplated, statement that the Redeveloper's Statement for Public Disclosure furnishes the redeveloper's estimates of (a) the cost thereof, and (b) the sales prices or rentals for the housing involved.
- (8) Statement that the Redeveloper's Statement for Public Disclosure and the proposed disposal agreement are available for public examination at the office of the Agency during its regular office hours.

72. PUBLIC HEARING ON PROPOSED DISPOSAL. The Agency or other authorized public body may hold a public hearing on the proposed disposition. If required by State or local law, a public hearing must be held.

73. ACTION ON UNACCEPTABLE PROPOSALS.

- a. Proposal Accepted. After a successful redeveloper has been selected, the Agency shall notify all other prospective redevelopers whose proposals were not accepted, and return to them any deposits in accordance with the invitation for proposals.
- b. Proposal Partially Acceptable. If the Agency receives a satisfactory proposal for some but not all of the land covered by the invitation for proposals, it shall assure itself that the remaining land will be in parcels that are readily marketable. This may require reassignments of tentatively sold parcels, or rejection of some otherwise acceptable proposals or bids.
- c. No Proposal Accepted. Land for which no acceptable proposal has been received shall be reoffered by the Agency.

74. GUIDEFORM DEED FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT (FORM HUD-6209D). Form HUD-6209D, Guide Form of Deed for Sale of Land for

Private Redevelopment, illustrates the manner in which the various land covenants, reverter provisions, and provisions relating to certificates of completion and handling of recaptured project land, as provided for in the guideform sales contract, Form HUD-6209, are placed in a deed. While this guideform deed is a special warranty deed, Agencies may continue to use quitclaim or full covenant and warranty deeds in accordance with their present practice. In addition, local practice may require the use of testimonium and acknowledgement clauses which differ from those in the guideform deed.

75. TRANSFERS OF INTEREST PRIOR TO COMPLETION OF REDEVELOPMENT. The Agency is required by the Loan and Grant Contract to furnish HUD with documentary data regarding any proposed transfer of interest prior to completion of redevelopment and not to approve such a transfer until HUD has advised in writing that it has no objection. Transfers include transfers of stock interests, as defined in Section 502 of Form HUD-6209B.
- a. Capture of Profit by Project. To prevent speculation, the difference between (1) the original purchase price paid by the developer plus his actual out-of-pocket costs reasonably attributable to the redevelopment and (2) the price realized upon transfer, must be paid over to the project in the form of an increase in the disposal proceeds for the property. Since the primary purpose of this requirement is to deny a redeveloper a profit from the holding of land, the Agency shall not deny the redeveloper the recovery of an actual out-of-pocket expense reasonably related to the redevelopment, including the cost of sales promotion, merely because the Agency questions the redeveloper's judgment in incurring the expense or because the expense does not result in a tangible asset.
- b. Redetermination of Purchase Price. If HUD determines that (1) an unreasonable period of time has elapsed since preparation of the appraisal evidence on which the transferor's purchase price was based, (2) the market or demand in the area has materially increased, or (3) the redevelopment obligations of the transferee would be materially different from the transferor's, it shall require new appraisal evidence and an updated establishment of fair reuse value. The amount so established, or the purchase price to the transferor, whichever is greater, shall represent the price realized upon transfer. However, no redetermination of the purchase price is required if the transferor retains at least 20 percent of the interest being transferred, and the redevelopment obligations remain substantially the same.
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- c. Submission to Agency. In order to process a proposed transfer of interest, the Agency shall require the redeveloper and the proposed transferee to submit the following:
- (1) A detailed report on the reasons for the proposed transfer and its terms.
 - (2) Redeveloper's Statement for Public Disclosure and Redeveloper's Statement of Qualifications and Financial Responsibility, executed by the proposed transferee. (Prior to consenting to the transfer, the Agency must comply with the public disclosure requirements of Paragraph 71, with respect to the proposed transferee.)
 - (3) All proposed agreements, instruments and legal documents to be used in effecting the transfer. (These documents shall not have been executed.)
 - (4) A detailed breakdown of the redeveloper's costs attributable to the holdings proposed to be transferred for which the proposed transferee will reimburse the redeveloper. The breakdown shall be prepared and certified by a certified public accountant.
 - (5) A certificate executed by an appropriate officer of the redeveloper, stating that the redeveloper will realize no profit from the proposed transfer, and that the breakdown of costs submitted in support of the proposed transfer is accurate and correct. The certification shall contain a statement indicating that the signatories have full knowledge of 18 U.S.C. 1001.
 - (6) A statement executed by an appropriate officer of the redeveloper granting permission to the Agency and to the Federal government to inspect and audit the books and records of the redeveloper.
- d. Submission to HUD. If the proposed transfer of interest is acceptable to the Agency, it shall request HUD approval prior to the execution of any documents, submitting a copy of all materials submitted by the redeveloper and the proposed transferee, and, in addition:
- (1) Statement of Agency, (a) indicating that it has reviewed the information submitted by the redeveloper and the proposed transferee, (b) outlining the advantages to the project of the proposed transfer and, (c) recommending approval of the proposed transfer.
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- (2) Opinion of Agency counsel indicating that the proposed transfer and the instruments intended to effect the transfer conform to all applicable local, State, and Federal legal and contract requirements.

76. RETENTION OF LAND TO PERMIT EARLY CLOSEOUT OF PROJECT. If, after having exhausted all reasonable promotional efforts, the Agency does not expect to be able to dispose of the remaining unsold project land because of circumstances beyond its control and a closeout of the urban renewal project would in the financial interest of the Federal Government, HUD may, in accordance with Handbook 7222.1, Project Completion, permit the Agency to retain the land for subsequent disposition for uses in accordance with the Urban Renewal Plan.
- a. Special Covenants. The retention of such land shall be subject to covenants requiring that:
- (1) The land shall be used only in accordance with the Urban Renewal Plan, and subsequent purchasers or lessees shall be subject to the same covenant.
 - (2) Subsequent purchasers or lessees of the land shall be obligated to begin and complete within a reasonable time the improvements required by the Urban Renewal Plan.
 - (3) The Agency and all its successors and assigns, in the performance of redevelopment or rehabilitation pursuant to the Urban Renewal Plan, shall comply with the equal opportunity requirements outlined in HUD guideforms for disposal contracts and leases.
- b. Reporting Requirements. Reporting requirements governing early closeout retentions are contained in HUD Handbook 7222.1. In particular, HUD approval is required prior to the post-closeout disposition of any project land.

77.-78. RESERVED

CHAPTER 6. RECORDS, REPORTS, AND MONITORING

79. MAINTENANCE OF RECORDS. The Agency shall maintain all records and reports, including copies of resolutions, reuse appraisals certifications, disposal agreements, offering documents, the Redeveloper's Statement for Public Disclosure (with affidavit of the publication of the notice publicizing it), and other documents concerning its land disposition activities, for at least three years after the project is completed and closed out. For the Neighborhood Development Program, which is funded on an annual basis, such records shall be maintained for at least three years after completion of the total program. A running record in summary form shall be kept showing major actions and items of information on each disposal parcel as follows:
- a. Parcel number or other identification.
 - b. Square footage of land area.
 - c. Reuse.
 - d. Appraisal report values and applicable dates.
 - e. Amount established as fair reuse value and date of approval.
 - f. Type of disposal (sale or lease) and method of selecting redeveloper.
 - g. Date of acceptance of disposal agreement by redeveloper.
 - h. Date of execution of disposal agreement by Agency.
 - i. Date of transfer of title, if by sale.
 - j. Date of transfer of possession, if by lease.
 - k. Term of lease.
 - l. Disposal price (or capital value of leased land).
 - m. Amount of real estate broker's sales commission.
80. NOTICE TO HUD WHEN DISPOSAL DOCUMENTS ARE EXECUTED. The Agency shall notify HUD when a sales agreement has been fully executed, a deed or lease has been delivered, a parcel has been dedicated, or a parcel is retained by the Agency for project use. This information, including dates of execution of documents, square footage and parcel reuse, may be consolidated and forwarded to HUD on a quarterly basis.

- a. Contents of Notice. The notice shall specify (1) the date of execution, retention or dedication, (2) type of agreement (contract, deed, resolution, or other agreement), (3) parcel number or description, (4) square footage of land area, (5) reuse, (6) disposal price, and (7) statement that the execution, retention, or dedication has been accomplished in accordance with the provisions of 7214.1 REV, HUD guideforms and all special conditions, if any, provided by HUD.
- b. Opinion of Counsel. Accompanying the notification shall be an opinion of Counsel which states that the documents:
 - (1) Have been properly executed, delivered, and/or transfer of title or possession has occurred, in accordance with Federal, State and local law.
 - (2) Are valid and binding in all respects in accordance with the terms thereof.
 - (3) Are legally enforceable.
- c. Submission of Executed Documents. Except for leases, the executed documents shall not be submitted, unless requested by HUD. When a lease is executed and delivered to the redeveloper, a certified copy shall be submitted to HUD accompanied by an Opinion of Counsel which includes the same statements as required for executed agreements or deeds.

81. HUD MONITORING OF AGENCY PERFORMANCE.

- a. HUD Examination of Agency Operations and Records. HUD staff shall make periodic site visits to examine Agency operations and records and to evaluate Agency disposition performance, including compliance with HUD policies and requirements. HUD may also require the Agency to submit necessary records and reports to the HUD Area Office for in-house evaluation purposes. HUD reviews will include, but are not limited to, the following:
 - (1) Reuse Appraisals and Marketing Reports. Review reuse appraisal (including review appraisal) and marketing reports -- not only for technical compliance with any contractual provisions but more importantly, for the validity of the appraisal estimates and the adequacy of the evidence and reasoning used.

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- (2) Contracts for Personal Services. Review the Agency's procedures for selecting appraisers, marketing and redevelopment consultants, real estate brokers and other persons providing technical services, including the terms and conditions of employment. Review the qualifications of those selected and determine if they have sufficient expertise to perform at the level required and are free from any conflict of interest.
 - (3) Real Estate Expertise. Evaluate the adequacy of the Agency's real estate expertise -- on its staff and under contract -- to carry out its land disposition functions.
 - (4) Sales Promotion. Review the Agency's adherence to its sales promotion timetable (paragraph 38), including all forms of advertising and the use of real estate brokers. Assess the effectiveness of the Agency's efforts to solicit prospective redevelopers.
 - (5) Low and Moderate Income Housing. Review the adequacy of, and Agency compliance with, its Housing Development Schedule (see paragraph 52a).
 - (6) Selection of Redevelopers. Review procedures for selecting redevelopers, including the methods of selection, provisions of invitations to bid, offering documents, disposal agreements and deeds. Determine whether disposal prices are not less than prescribed minimums (usually fair reuse value). For competitive price offerings, evaluate whether highest responsible bid was accepted. Examine whether mandatory provisions of HUD guideforms are included. Review the adequacy of the terms and conditions of disposal agreements and the Agency's and redeveloper's compliance therewith.
 - (7) Disposal Progress. Review current and past progress of the Agency in achieving its own disposal objectives and goals as outlined in its land disposition schedule (see paragraph 37), obstacles to future land disposition, the overall adequacy of the Agency's disposition schedule and its capacity to meet such schedule. Review reasons for slippage where goals are not met and the Agency's proposed actions for correcting problems encountered. Assess the Agency's probable future progress.

- (8) Public Disclosure Statements. Review Redeveloper's Statements for Public Disclosure and evidence of proper publication of such disclosures.
 - (9) Transfer of Interest. Review all transfers of a re-developer's interest made prior to completing redevelopment to insure there has been no speculative profit.
 - (10) Agency Certifications. Review the accuracy and completeness of required Agency resolutions and certifications.
- b. HUD Actions Based Upon Monitoring Reviews. Using all information available, HUD will evaluate the Agency's current and past land disposition performance, including compliance with HUD policies and requirements, and assess its capacity to carry out its land disposition program in a timely manner. If HUD determines that irregularities exist, it will take appropriate action, including the determination that specified expenditures are not eligible for Federal financial assistance or the invoking of other sanctions as provided for in the loan and grant contract and under law. HUD will also take such other actions as it deems to be in the best interest of the project, including, but not necessarily limited to, requiring the Agency to:
- (1) Obtain additional reuse appraisals or marketing reports, utilize the services of specific appraisers or consultants, or discontinue the use of specific unqualified appraisers or consultants.
 - (2) Hire additional personnel experienced in real estate disposition activities.
 - (3) Engage in specified sales promotion activities, including, but not limited to, the utilization of private real estate brokers.
 - (4) Obtain advance HUD concurrences in specified Agency activities.

APPENDIX 1. GUIDELINES FOR ECONOMIC AND MARKET
ANALYSIS STUDY

1. **PURPOSE.** The Economic and Market Analysis Study (EMAS) is designed to provide information which will assist the Agency to indicate the potentially most effective and successfully marketable reuses for project land. It assists the Agency in determining appropriate and successful land reuses for the urban renewal area.
2. **AVOIDING DUPLICATION.** Duplication of analytic work previously carried out for the area shall be avoided. Appropriate parts of other studies of the area which are satisfactory to the Agency should be reproduced in the EMAS; findings developed in such studies shall be identified and summarized; and the scope of services shall be conformed accordingly.
3. **SCOPE OF SERVICES.** The contractor shall carry out an accurate, appropriately detailed market study of the urban renewal land, and shall consult with the Agency in preparing the study. The study shall include the conclusions and recommendations of the contractor, together with the data and analyses on which they are based, as to:
 - a. Type and character of the redevelopment uses for which the land is best suited, including appropriate allocation of land to each recommended use.
 - b. Any alternative uses or variations of the recommended uses which also would be suitable, including suggested allocations of land to such uses.
 - c. Suitability and marketability of the land for uses identified by the Agency as being desirable.
 - d. Marketability and probable rate of absorption of the land for each use for which the land is found to be suitable.
 - e. Identification of markets (local, regional or national) to be approached for sales purposes and the media to be used.
 - f. Identification of any obstacles to land disposal or redevelopment that should be overcome.

- g. Identification of any special studies, including feasibility of achieving objectives by rehabilitation, detailed market analyses, or engineering investigations of subsoil conditions, needed for the appraisal of the land or refinement of the land use proposals.
4. RELATIONSHIP OF PROPOSED REUSES TO LOCAL ECONOMY. This section shall include an investigation and analysis of major sectors of the local economy as to their survival and growth potential and also as to their susceptibility to cyclical and secular changes in the national economy. To the extent necessary, the EMAS shall deal with the relationship of the local economy to the regional and national economies.
5. ANALYSIS BY EACH REUSE. The EMAS shall describe the current and foreseeable land market, and its extent and characteristics for each principal reuse and subclassifications of uses. Ranges of various residential units, and commercial and industrial uses, shall be stated so that realistic density or use projections can be made. Each principal reuse shall be treated in a separate section. Each reuse section shall treat its subject extensively within its own context, and with the exception of appendix data, be self-contained as a report on its limited market.
6. SPECIFICITY AS TO PROPOSED USES. The EMAS findings shall be as specific as possible. Broad generalized use categories such as "residential," "commercial" and "industrial" are not adequate. Within each use category there are numerous alternative uses, and among alternative uses, there are broad ranges of use intensities. For example, a retail commercial use may be a neighborhood, sub-regional or regional shopping center; the nucleus of such a center may be a major department store. If commercial office space is suggested, it may be luxury, high-rise type, catering to a national market or less-expensive, low-rise, aimed at local firms. Industrial uses may be warehousing and distributing -- heavy manufacturing and assembly which require single story development or light assembly and manufacturing which permit multi-story development.
7. ANALYSIS OF REDEVELOPMENT POTENTIAL. The EMAS shall contain an analysis of the prospective redevelopment potential of the urban renewal sites for each category of reuses being considered by the Agency and for alternative reuses of equal or superior promise for redevelopment. The analyses shall consider with regard to each category of use the following:
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- a. Current inventory of competitive space, noting characteristics as to type, quality, price and availability. Appropriate consideration shall be given to additional amounts under development or proposed for development.
 - b. Amounts of competitive space, by type, quality and price, developed and successfully absorbed during the past several years.
 - c. Anticipated future levels of absorption of the various uses by type, category, and price levels.
 - d. Basic economic characteristics of the locality and its potential for growth and development within the context of changes that are expected to occur in the area, regional and national economies.
 - e. Prospective demand from the standpoint of the SMSA market (sub-regional market, if no SMSA), the locality market, and the locality sector in which renewal effort is being carried out; the need for replacement of obsolescent and noncompetitive facilities and for maintenance of required vacancy levels.
8. TRANSLATION OF USE CATEGORIES TO LAND REQUIREMENTS. Prospective demand estimates for additional facilities shall be identified by price (rent) level, and by type of construction and land coverage associated with such prices and use requirements. The anticipated land requirements shall be stated in terms of acreage, and the prices that such acreage would warrant and support.
8. ADEQUACY OF DOCUMENTATION. The analysis of data leading to a description of the effective demand shall be shown. The forecast with its analytical basis shall be explained and defended. Appropriate submarkets shall be explored and analyzed. If rehabilitation is probable, the feasibility of rehabilitation shall be reflected. In providing the forecast of total demand and rate of demand, the supporting analysis would necessarily consider the existing and prospective sources of "competitive" sites.

APPENDIX 2. DISPOSAL BY LONG-TERM LEASE

1. AUTHORITY TO LEASE. Project land may be disposed of by long-term lease if the Agency is authorized to do so under State and local law and is able to, (a) pay into the project accounts the capital value of the leased land or (b) enter into a definitive loan agreement with HUD in order to borrow the funds needed to pay the capital value of the land into the project accounts. An Agency's invitation to prospective redevelopers may permit proposals to lease, proposals to purchase, or both.
2. DEFINITIONS.
 - a. Long-Term Lease. A lease for a period of time, usually more than 40 years but in no event less than 25 years. A lease for less than 25 years or for temporary and interim use of the land is not an authorized disposal.
 - b. Annual Rent. The amount stated in the lease agreement as payable by the lessee for the use of the land each year of the lease.
 - c. Public Charges. Charges, in addition to annual rent, required under the lease agreement to be paid by the lessee for real estate taxes or their equivalent, and other taxes, assessments, and similar charges levied on the land.
 - d. Capital Value. The value of the land imputed from the annual rent.
 - e. Definitive Loan. A loan provided under a Federal contract to enable the Agency to finance the payment of the capital value of the leased land, or the unpaid portion thereof, into the project accounts. This loan may be obtained by the sale in the open market of bonds which are secured by the full faith and credit of the United States, or through a direct loan made by HUD. (See 7215.1, Financing and Financial Reports, chapter 4, section 5.)
3. SMALL LOT PROHIBITION. When definitive loan financing is used, leasing shall not be used for the disposal of small subdivision lots for individual housing units or small scale industrial or commercial lots. This prohibition also applies to the leasing of a larger tract of land for subdivision into small lots.

4. STANDARD FORM OF LEASE AGREEMENT (FORM HUD-3150). Form HUD-3150, Standard Form of Lease Agreement, shall be used for each lease of urban renewal land.
- a. Description of Standard Form. Form HUD-3150 consists of two parts as follows.
- (1) Form HUD-3150A. This form, Part I of Standard Form of Lease of Land for Private Redevelopment, contains provisions applicable to a particular transaction, e.g., names of parties, amount of rent, lease term, identification of the Urban Renewal Plan, and description of land involved.
 - (2) Form HUD-3150B. This form, Part II of Standard Form of Lease of Land for Private Redevelopment, contains provisions which are of general applicability. Modifications of the provisions of Part II are set forth in the appropriate portion of Part I.
- b. Modifications to Standard Form. Except as provided in subparagraphs (1) through (4) below, all substantive modifications or additions to the standard form require prior HUD concurrence. However, if HUD insurance or subsidies will be used, sections 5 and 12 of Form HUD-3150A, and sections 203, 507, 801, 802, 803, 901(f), 1101, 1102, 1103, 1201, 1203, and 1401 of Form HUD-3150B cannot be waived.
- (1) Site Preparation. The site preparation standards in Section 301 of Part II shall be modified if necessary to conform them to the standards set forth in the applicable demolition and site preparation contracts.
 - (2) Commencement of Annual Rent. The standard form provides for the annual rent to commence with the commencement of the lease term, which ordinarily begins on the date on which the lessee is granted possession of the leased premises. However, the standard form may be modified to defer commencement of the annual rent for the period deemed necessary for the redeveloper to secure approval of construction plans and construction financing. During such period a reduced monthly amount should be charged to cover the Agency's direct costs for the land involved, such as taxes and maintenance charges.
 - (3) Description of Land. Schedule A to Part I shall contain a legal description of the parcel covered by the lease. If the parcel is part of a larger tract which has been
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subdivided (to facilitate mortgage financing or for other purposes) and which is covered by several leases with the redeveloper, Schedule A shall include reference to the other leases and to the parcels covered by those leases.

(4) Option to Purchase. Section 1201 may be modified to provide for payment of a purchase option fee as described in paragraph 8 below.

5. DETERMINATION OF MINIMUM ANNUAL RENT. The minimum annual rent is the greater of, (a) the fair annual rental value, or (b) an amount sufficient to pay the principal and interest on any definitive loan which may be used to finance the payment of the capital value of the land into the project accounts. The fair annual rental value is based upon the fair reuse value of the land in fee at the time of the lease and the current annual rate of rent applicable to the locality.
6. DETERMINATION OF CAPITAL VALUE. The capital value shall be determined by dividing the annual rent by the current annual rate of rent. The capital value of the actual annual rent determined in this way provides a valid basis for comparing the proposed lease with offers to purchase. The capital value must not be less than the fair reuse value of the land in fee at the time the lease agreement is executed.
7. PURCHASE OPTION.
 - a. Minimum Option Price. The lease agreement may provide for an option by the lessee to purchase the fee title to the leased land. The purchase price may escalate in accordance with an appropriate schedule, provision for fair reuse value determination, or other test. However, at no time shall it be less than the capital value of the land at the time the lease agreement is executed. Compensation, in excess of the capital value of the land, which is paid to the Agency as a result of an escalation clause, shall be treated as disposal proceeds and returned to the project or NDP, if received prior to project closeout.
 - b. Periodic Payments Toward Purchase Price. Rent payments under the lease agreement may not be applied in any way to the subsequent purchase of the land by the lessee. However, the lease agreement may provide for specified periodic payments, in addition to the annual rent, to be credited as payments on the purchase option price. The lease may provide for the refund of such payments if the purchase option is not exercised.

- c. Definitive Loan Requirement. If a definitive loan will be used, the lease agreement shall provide that the redeveloper will actually pay not less than the larger of, (1) the purchase option price stated in the lease agreement, or (2) the amount, as described in subsection b of section 1201 of Form HUD-3150B, which is required to redeem outstanding definitive loan bonds.
8. PURCHASE OPTION FEES AND BONUS PAYMENTS. A lease agreement may provide for an initial payment of a lump-sum amount to the Agency for any of the purposes outlined in subparagraphs a, b and c below. A payment of this nature shall be treated as disposal proceeds and returned, in addition to capital value, to the project.
- a. Consideration for a purchase option granted to the redeveloper.
- b. Compensation for incremental land value increases which may take place between lease execution and exercise of the purchase option.
- c. Consideration, in addition to annual rents and public charges, as a bonus for entering into an agreement to lease.
9. SUBMISSION REQUIREMENTS. Prior to execution of a long-term lease agreement, the Agency shall submit for HUD concurrence the following:
- a. The proposed lease agreement. Usually, this may be accomplished by submitting Part I, which also contains any modifications and additions to Part II. HUD concurrence shall then be subject to the condition that Form HUD-3150B will be used as Part II of the contract.
- b. Statement of the fair reuse value of the land, the current annual rate of rent applicable to the community, and the minimum annual rent.
- c. Certified copy of resolution of governing body or certification by authorized official, stating that the proposed capital value of the land is not less than its fair reuse value and that the minimum annual rent is not less than the fair annual rental value. If a purchase option is provided, the resolution or certification shall state that the option price is not less than the proposed capital value of the land.
- d. If definitive loan financing will not be used, adequate documentation of alternative financing sufficient to insure payment of the capital value of the land into the project accounts.
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APPENDIX 3. LIST OF AVAILABLE HUD GUIDEFORMS

1. Form HUD-324, Form of Contract for Reuse Appraisal of Redevelopment Sites.
2. Form HUD-621, consisting of:
 - a. Form HUD-621A, Guide Form of Part I of Contract for Professional or Technical Services.
 - b. Form HUD-621B, Contract for Professional or Technical Services -- Part II - Terms and Conditions.
3. Form HUD-3150, consisting of:
 - a. Form HUD-3150A, Part I of Standard Form of Lease of Land For Private Redevelopment.
 - b. Form HUD-3150B, Part II of Standard Form of Lease of Land For Private Redevelopment.
4. Form HUD-6004 (long form) and Form HUD-6004A (short form) both entitled, Redeveloper's Statement for Public Disclosure (Part I) and Redeveloper's Statement of Qualifications and Financial Responsibility.
5. Form HUD-6124, Guide Form of Contract for Architectural Services for Preparation of Illustrative Plans for Low- and Moderate-Income Housing (Part I). This form is used in conjunction with Form HUD-621B.
6. Form HUD-6209, consisting of:
 - a. Form HUD-6209A, Part I of Standard Form of Contract For Sale of Land for Private Redevelopment.
 - b. Form HUD-6209B, Terms and Conditions, Part II of Contract for Sale of Land For Private Redevelopment.
 - c. Form HUD-6209C, Instructions and Explanatory Notes for Form HUD-6209, Standard Form of Contract for Sale of Land for Private Redevelopment.
7. Form HUD-6209D, Guide Form of Deed for Sale of Land For Private Redevelopment.
8. Form HUD-6213, Guide Form of Contract For Sale of Land For Redevelopment by a Public Body.



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9. Form HUD-6214, Guide Form of Contract for Sale of Land Having a Reuse Value Under \$30,000 to Individual, Corporate, and Other Purchasers. (This form may now be used for sales under \$60,000.)
10. Form HUD-6216, Contract For Sale of Land to Redevelopers for "Turnkey" Low-Rent Public Housing Project.