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**MANAGEMENT OF HUD-INSURED
MULTIFAMILY
PROJECTS UNDER SECTION 221 (d) (3)
AND SECTION 236**

JULY 1971

A HUD GUIDE

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

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FOREWORD

This Management Guide has been prepared by the Department of Housing and Urban Development for sponsors, mortgagors, management agents and resident managers of subsidized multifamily housing projects with mortgages insured by or held by the Secretary-HUD.

It is intended to supplement existing instructions and assist in the successful operation of projects constructed for the benefit of families and individuals with low to moderate incomes. This Guide is not directive in nature. It is, or attempts to be, the distillation of several years of experience in servicing subsidized programs. It does, in some places, quote regulatory requirements and some provisions of the Regulatory Agreements which are binding upon owners and managers. Its primary purpose is to offer suggestions and help people engaged in providing housing for families and individuals of low and moderate incomes.

Some recipients of this Guide will find nothing new in it. From these managers particularly, we solicit comments, advice, criticism and suggestions for improvements or additions to future editions of the Guide. Some managers with extensive experience in conventional projects and who are now connected for the first time with a subsidized project should read this with great care; their prior experience could be a detriment to successful operation.

The Guide consists of five chapters. The first chapter concerns management policy, administrative considerations and broad subjects which must be considered from the inception of each project. The second concerns the "people" part of the management considerations. The third chapter deals with physical matters within the project. The fourth pertains to financial and fiscal requirements while the fifth chapter contains certain essential prescribed forms.

While this Guide is focused primarily on the preparation for operation and management of projects, a review of the management decisions which were or should have been considered from the inception of the planning for the project is included.

Site selection, marketability, size and design of units and adequate recreation facilities are some of the critical factors which predetermine the financial and social stability of the project. The developer, by nature, is concerned with meeting cost and design limits. The owner and manager must inject the elements necessary for the well-being of the tenants who eventually will control the success or fail-

INSURED PROJECT
MANAGEMENT GUIDE

HM G 4351.1

ure of the project. (An example is the provision of utility outlets for a washer and dryer in the four-bedroom units due to the high cost of coin-operated laundromats for large families.)

The location of projects for lower income families should provide easy access to transportation, schools, employment and shopping. The physical presence of schools near to the project is not the end of planning; the sponsor must have assurance that the children living in the project will be allowed to attend the schools and that the schools are adequate to meet the foreseeable enrollment. The neighborhood should be well served by the municipality in respect to police and fire protection, trash removal and recreation programs.

The design should combine ample recreation and community facilities with an architectural style and landscaping to complement the surrounding area and engender pride in the inhabitants.

Durable and attractive materials in lobby entrances and hallways as well as convenient trash and maintenance areas all contribute to the economic operation and financial stability of the project as well as to its appearance. Shatterproof glass is recommended for ground-level, first and second story windows. In summary, the institutional appearance can no longer be tolerated.

If the cost limitations on a project preclude the construction of adequate playground and recreational facilities and community space for a day care facility, library, recreation room or other meeting space for residents, the sponsors would be wise to seek to utilize the total resources of the community to obtain these services. When community facilities exist, their continued operation and availability to the project's residents should be assured by agreement with appropriate officials.

When applications received by a HUD office exceed the funds currently available for subsidized programs, projects incorporating one or more of the following features may expect to have a more favorable consideration; (1) costs kept at a level to serve families with the lowest practicable income; (2) a specific plan to include all qualified applicants without regard to existing area ethnic composition; (3) a plan to do business with neighborhood entrepreneurs; (4) an affirmative plan to train and employ project and area residents; (5) a plan to enable tenants to use community social services and (6) a substantial number of units for large families.

Although this Guide is prepared for owners and managers of rental properties, the management policies and most of the procedures are applicable to cooperative projects.

7/71

TABLE OF CONTENTS

	<u>Page</u>
Glossary of Terms	vi
CHAPTER 1 - GENERAL	
Section I Concept	1
Section II Management Program	2
A. Sponsor - Management Relationship	2
B. Personnel Policy and Staffing	3
C. Office Procedures	5
D. Initial Occupancy	6
E. Subsidy Requirements	7
F. Certification and Recertification of Residents	7
G. Tenant-Management Relations	7
H. Collection Policies	9
I. Inspection of Dwelling Units	9
J. Maintenance and Repair	10
K. Decorating	11
L. Examples of a Management Program	12
Section III Management Agreement	22
Section IV Resident Manager	35
Section V Project Brochure	51
Section VI Preparation for Occupancy	51
Section VII Leases	56
CHAPTER 2 - PEOPLE	
Section I Resident Organizations	59
A. Introduction	59
B. Management's Objective	59
C. Working with Resident Organizations	60
D. Productive Resident Involvement	61

	<u>Page</u>
Section II	Community Services and Development 64
	A. Introduction 64
	B. Family Assistance 64
	C. Procurement of Resources from Outside Sources 65
	D. Social Services Program Developed for Public Housing Authorities 66
	1. Scope of Program 66
	2. Employment 67
	3. Stretching the Dollar 70
	4. Education 72
	5. Recreation 74
	6. Health Services 76
	E. Bibliography 77
Section III	Tenant Selection 80
	A. Introduction 80
	B. Primary Purpose of the Subsidized Programs 80
	C. Achieving a Social and Economic Mix 80
	D. What is Reasonable Percentage of Income? 80
	E. Credit Checks and References 81
Section IV	Tenant Eligibility 82
	A. Introduction 82
	B. Current Income 82
	C. Other Elements of Eligibility 82
	D. Discrimination Prohibited 83
	E. Unit Size 83
	F. Specific Requirements 84
	1. Section 221(d)(3) BMIR 84
	2. Section 236 85
	3. Rent Supplement Program 87
	4. Recertification 88
Section V	Processing Tenant Applications 91
	A. Forms and Documents Common to All Three Programs:
	1. Preliminary Application Form 92
	2. Form Letters for Verification of Income 93
	3. Form Letter for Verification of Cost of Child Care 95
	4. Form 3476 - Certificate of Eligibility (Displacement) 96

	<u>Page</u>
5. Form 2502 - Physical Inspection of Housing for Tenant Eligibility	100
6. Documents which may be Given Tenants	101
a. Tenant Rights and Responsibilities under the Lease Agreement	101
b. Project Residency Standards	102
c. Initial Occupancy Checklist	109
d. Do's and Don't's	112
B. Forms and Instructions for Section 221(d)(3) BMIR Program	114
1. Checklist for Processing Applicants	114
2. Form 1729 - Maximum Income and Occupancy Limits	116
3. Form 1705 - Total Family Income Certification	117
C. Forms and Instructions for Section 236 Program	118
1. Checklist for Processing Applicants	118
2. Form 3131 - Application for Tenant Eligibility	120
3. Form 3132 - Biennial Certification of Family Income and Family Composition	122
D. Forms and Instructions for Rent Supplement Program	124
1. Checklist for Processing Applicants	124
2. Form 2501 - Application for Tenant Eligibility for Rent Supplement	126
 CHAPTER 3 - PHYSICAL CONSIDERATIONS 	
Section I Physical Security	128
Section II Maintenance and Repairs	129
Section III Maintenance Duties	130
Section IV Inspection Forms	137
Section V Work Order Requests	140
Section VI Control Forms and Reports	144
Section VII Form 2470 - Annual Inspection	150

	<u>Page</u>
Section VIII Bibliography of Maintenance Training Materials	151
CHAPTER 4 - FINANCIAL	
Section I Rent Collection	153
Section II Accounts and Financial Records with Handbook No. 2230 - Fiscal Operations, Accounting and Financial Reports	158
Section III Budget and Monthly Accountings	179
Section IV Reserve for Replacements and Form 2419	187
Section V Residual Receipts	189
Section VI Subsidy Requirements	192
A. Section 221(d)(3) BMIR	192
1. HUD Form 91709 - Schedule of Excess Rental Collections	193
2. Unit Control Card - BMIR	194
B. Section 236	195
1. Form 3104 - Monthly Report of Excess Income	195
2. Unit Control Card - Section 236	199
C. Rent Supplement Requirements	200
1. Form 2505 - Schedule of Rent Supplement Payments Due with Forms 1034 and 1034a	200
2. Unit Control Card - Rent Supplement	207
Section VII Financial Relief	208
A. Rent Increase	209
B. Suspension of Reserve for Replacements Payments	210
C. Modification of Mortgage (Deferment of Principal Payments)	211
D. Forbearance Agreement (Section 236 Mortgage Only)	211

CHAPTER 5 - FORMS AND CIRCULARS

	<u>Page</u>
Form No. 1730 - Regulatory Agreement-LD, Section 221(d)(3)	213
Form No. 1733 - Regulatory Agreement-Nonprofit and Public Mortgagors, Section 221(d)(3)	219
Form No. 1728 - Model Form of Lease, Section 221(d)(3) (For Tenants not Receiving Rent Supplement Payments)	224
Form No. 3134 - Regulatory Agreement for Builder-Seller Mortgagors under Section 236	227
Form No. 3135 - Regulatory Agreement for Nonprofit Mortgagors under Section 236	233
Form no. 3136 - Regulatory Agreement for Limited Distribution Mortgagors under Section 236	237
Form No. 3133 - Model Form of Lease (For Use under Section 236 when Tenant does not pay Fair Market Rental)	243
Form No. 2503A - Model Form of Lease (For Use Under Rent Supplement Program)	246
HUD Circular - RHM 7465.6 - Prohibition of Certain Provisions in Low-Rent Public Housing Leases	249
HUD Circular - RHM 7465.8 - Requirements and Recommendations to be reflected in Tenant Dwelling Leases for Low-Rent Public Housing Projects	253

GLOSSARY OF TERMS

The following terms are defined as they apply in reference to HUD insured, Subsidized Multifamily Projects when the specialized meaning varies from normal usage.

Excess Income - The terms as commonly used may apply to at least two different concepts under the 221(d)(3) BMIR and 236 programs:

- (1) The amount, as determined at recertification, by which the tenant's income exceeds the applicable maximum income admission limits.
- (2) Project income shown on the annual financial statement as being in excess of project financial requirements and allowed distributions for the year. Such funds must be deposited to the residual receipts account.

Excess Rental Income - Used in reference to 236 projects, excess rental income is defined as any rent collected in excess of the basic rent for an individual dwelling unit. Such funds must be remitted to HUD on a monthly basis.

Initial Occupancy - The time at which a tenant first assumes possession of or occupies an individual dwelling unit. This term should not be confused with the term "initial rent-up period" defined below.

(Initial) Rent-Up Period - A period of time beginning on the date permission to occupy the project is given and ending:

- (1) For projects with 100% rent supplement, on the date set forth in the rent supplement contract.
- (2) For 221(d)(3) BMIR and 236 projects, on the date sustaining occupancy (93 to 95 percent) is reached. If a project has rent supplement for only a portion of the units, the ending date set forth in the rent supplement contract is applicable to the rent supplement program requirements only and shall not be applicable for the entire project.

-
- Rents:
- (1) Adjusted Market Rent - Used in reference to 221(d)(3)BMIR projects, adjusted market rent is defined as any rent collected on a dwelling unit in excess of the BMIR rent. It is computed by adding to the BMIR rent the lesser of (a) 20% of the BMIR rent or (b) 25% of any portion of the tenant's income in excess of the applicable income admission limits.
 - (2) Basic Rent - Used in reference to 236 projects, the basic rent for each unit is based on operating the project with payments of principal and interest only on a 1% interest rate mortgage.
 - (3) BMIR Rent - Used in reference to 221(d)(3) projects, BMIR rent is defined as the rent for each dwelling unit necessary to operate the project based on the below market interest rate mortgage and absence of the mortgage insurance premium.
 - (4) Economic Rent - Used in reference to Section 221 projects, economic rent is the HUD approved dwelling unit rent in a project with a market interest rate mortgage and having to pay the mortgage insurance premium. For 221(d)(3) BMIR projects, an economic rent, in addition to the BMIR rent, is computed to determine the maximum rent which may be charged to over-income tenants.
 - (5) Fair Market Rent - Used in reference to 236 projects, the fair market rent for each dwelling unit is determined on the basis of operating the project with payments of principal, interest, and mortgage insurance premium on a market interest rate mortgage; i.e. without benefit of the interest reduction subsidy.

Used in reference to a Section 221 project of any type, the term has the same meaning as "economic rent."
 - (6) Market Rent - Used in reference to Section 221 projects, the term has the same meaning as "economic rent." Used in reference to a 236 project, the term has the same meaning as "fair market rent."

INSURED PROJECT
MANAGEMENT GUIDE

HM G 4351.1

In the commercial real estate industry, the terms "economic rent," "fair market rent," and "market rent" are commonly taken to mean the highest rent that can be obtained on the open market. Since under the HUD subsidy programs such rents are controlled by HUD and are based on debt service and approved expenses and distributions only, this meaning is inappropriate in reference to the subsidized programs.

7/71

viii

HUD-Wash., D. C.

CHAPTER 1. GENERAL

SECTION I - CONCEPT

The concept of management does not lend itself to a simple concise definition. Webster's unabridged dictionary contains several definitions of management which may apply to some extent.

Since the management of a housing project is concerned primarily with people, the concept of the manager may be more relevant. If we composed a classified ad for the manager we would like to have, it might include the following:

Help Wanted: Housing Manager

.... Must know how to run a housing project in an efficient and financially sound manner.

.... Must be sensitive and dedicated to meeting social needs of the tenants.

.... Must be able to work with and involve tenants in management decisions.

.... Must know how to cope with problems of rent adjustments, broken heating plants, leaking faucets, angry tenants, vandalism, demonstrations, sit-ins and rent strikes.

.... Must accept modest salary with housing provided in project. Spouse must be agreeable to listening to complaints and recording messages accurately.

.... A degree in sociology with minors in accounting and engineering helpful to correlate social, financial and physical concerns of project and people.

Obviously, you will not find such a paragon at the salary which you can pay, but the qualifications are realistic and should be sought or developed.

In the social and economic climate now prevalent in so many parts of our nation, management of low-income housing will be forced to concern itself with how tenants are an essential ingredient in a project. The three inseparable and equal ingredients are personal, physical, and financial considerations. People who have lived in a variety of individual substandard dwellings will not automatically become model tenants simply because they have moved into a new project.

CHAPTER 1 SECTION II

Management must have a basic understanding that the most important and most difficult problems will be people problems, not those more traditionally associated with property management. If the two problems which have plagued low-income housing--nonpayment of rent and destruction of property--are to be brought under control, tenants who have never previously done so must feel that they live in homes and in a neighborhood in which they can take pride.

Unfortunately, we have not yet reached the stage where we can claim to have a management formula adequate for all situations. We present here ideas, suggestions, and practices which have proven successful in the past or which have become recognized as necessary.

SECTION II - MANAGEMENT PROGRAM

A comprehensive management program is the basis for the successful management of a project. The development of a management program should be concurrent with the development of the physical plant. Prior to the feasibility determination there must be a management program in accordance with Circular HMPC/FHA 4200.13, Par. 3f. A Management Agreement or other form of employment contract in the general form and content of the model form of Management Agreement starting on Page 24 may be executed between owner and resident manager with adjustments in respect to fees and services to be performed. The program must be fully developed before the Management Agreement is drawn. The management program establishes the basic policies and philosophies by which the operating manager will be guided and the project operated. The program should include specific reference to the following:

- A. Sponsor-Management Relationship. The sponsor-management relationship falls into two categories.
 1. If a professional management agent who is experienced in the type of project is employed, the sponsor establishes broad policies and relies upon the management agent to carry out those policies. The entire management program will, of course, be discussed and agreed upon prior to entering into a formal agreement, but the sponsor will take little or no active part in management of the project. The sponsor should, however, maintain an active interest in the social programs and tenant organizations.

CHAPTER 1 SECTION II

2. If the sponsor intends to take an active part in management, he will, in effect, be his own managing agent and should employ his resident manager as soon as possible and discuss, in detail, the development of all elements of the management program. The resident manager will have to know the limits of his authority and the degree of supervision the sponsor will provide.
3. The resident manager, whether an employee of a management agent or of the mortgagor, can make or break a project. The duties and responsibilities of a resident manager will be fulfilled best when they are specifically defined. A detailed delineation of the "Performance Standards for Managers" is reproduced starting on Page 36. The document provides the day-by day specifics by which a resident manager employed by a management agent is directed and evaluated as the agent's representative in a project. The instructions are equally applicable to a resident manager employed by an owner.

B. Personnel Policy and Staffing. The size of the staff should be determined as soon as possible because the cost involved must be considered in the initial processing. Costs must be kept at the minimum needed to provide adequate services and maintenance. A staffing pattern based on operational experience in existing projects throughout the country is offered for consideration.

No. of Units	*6-49	50-99	100-149	150-249	250-400**
Manager	1	1	1	1	1
Maint	1	1	2	2	2
Janitor/Yardman		1	1	1	2
Clerk/Sec'y			1	1	1
Asst. Mgr.				1	1
Engineer/Maint. Sup.				1	1
Guards		As Required			
	2	3	5	7	8

* May be manager only, but usually there is a husband and wife team.

** Add one janitor/yardman per 100 additional units and one maintenance man per 200 additional units.

RHA-7205
PROJECT APPLICATIONS
RHA-7205

CHAPTER 1 SECTION II

Part-time employees such as required for lawn-mowing and snow-removal are not included.

Next, there should be established a clear policy concerning conditions of employment of the personnel "running" the project. Each person can respond to only one supervisor; therefore, it is necessary to determine who hires and fires project personnel and who gives the day-to-day instructions. A determination should be made as to the desirability of full-time or part-time employees or a combination of the two. If part-time employees are to be used in the office or on maintenance duties, it must be established whether project residents will be employed part-time or full-time and whether they will be paid in cash or given credit for a portion of their rent. Hours of work must be established for all personnel. Establish how many, if any, employees will be expected to live on the premises. Of those who live on the premises, decide which ones will be given a living unit as part of their pay.

Compliance with the Fair Labor Practices Act is a major consideration which will influence, among other things, hours of work. A digest of the pertinent provisions of this act follows:

"Property management firms with an annual dollar volume of business of not less than \$250,000 are subject to the Fair Labor Standards Act which currently requires a minimum wage of at least \$1.60 an hour for employment. A covered employee must also receive overtime pay of at least time and one-half his regular rate of pay for all hours worked in excess of 40 per week, unless specifically exempt.

"The question often arises as to whether the various persons employed at apartment projects managed by a management company are employees of the management company or whether they are employees of the project owner. It is the position of the Department of Labor that where the management company has contractual responsibility for items such as the hiring and firing, scheduling of hours of work, determining rates of pay and methods of payment and supervision of such employees, the management company has the responsibility for compliance with the Fair Labor Standards Act. The fact that a management contract may specify that such employees are employees of the building owner, or that the building owner deserves the right to review actions of the management company, does not necessarily relieve the management company of responsibility.

"Detailed information about the applicability of The Federal Wage-Hour Law may be obtained from the nearest office of the Wage and Hour Division, U. S. Department of Labor."

CHAPTER 1 SECTION II

C. Office Procedures. The broad outline of the office functions should be established with basic policies formulated. The instructions should cover as a minimum:

1. Accounts and Records:

To implement the provisions of the Regulatory Agreement, the accounts must be kept in accordance with the "Handbook of FHA Requirements Governing Fiscal Operations, Accounting, and Financial Reports for Multifamily Housing Projects Insured Under the National Housing Act", FHA No. 2230, Chapter 4. This chapter also shows the minimum records needed prior to the employment of an Accountant.

2. A form of serially numbered rent receipts should be selected and the resident manager held accountable for every receipt. If optional services are to be available at extra cost, the receipt may be used to record payment, but the shelter rent must be shown separately.
3. The Regulatory Agreement requires that income from all sources must be deposited in the name of the project in a bank whose deposits are insured by the F.D.I.C. The frequency of deposit to the bank and the maximum amount of cash to be permitted in the office should be specified. The Regulatory Agreement also requires that funds collected as tenant security deposits must be placed in a separate trust account in the name of the project. If interest is earned, it should be returned to the tenant since the deposit belongs to the tenant until a violation of a covenant of the lease is demonstrated.
4. The Regulatory Agreement further requires that all payments are to be made from the project account. The proper accounting code should be shown on each check. The amount and purposes of the petty cash fund should also be established.
5. Files. There are four basic files which are recommended.
 - a. Maintenance file for work requests, completed work orders, contracts, inventories of maintenance equipment, and a record of major repairs.

CHAPTER 1 SECTION II

- b. Supply file for orders, receipts and inventories.
 - c. Resident files will be inspected by HUD personnel who will examine the following:
 - (a) Application
 - (b) Income verification
 - (c) Lease
 - (d) Evidence of Eligibility
 - (e) Documents required by owner, such as inspection reports, work performed, etc.
 - (f) The accounts, records and files must be maintained in sufficient detail to enable the manager to prepare and submit statistical reports required by the Regulatory Agreement.
 - d. Tenant application files of applicants who did not become residents.
- D. Initial Occupancy. The preparatory planning for initial rent-up should start months ahead of the date the contractor promises completion of the first units. A very comprehensive check list of recommended actions on a specific time schedule starts on page 51. This list may be revised, of course, depending on the time necessary to complete construction and on the local market conditions.

A basic consideration which should be included in the management program includes the proportion of occupants in each income level below the maximum income limits which have been established. It is generally desirable to have a broad range of incomes in any subsidized project. A proportion of those near the top of the income limits should be established as well as the lower limit of income which is practical within the project. The very poor who live in deplorable housing can be helped most by admittance to new projects even though they must pay more than 25% of their income for shelter rent and utilities. This is not desirable, but many are now paying more than 25% of their income for miserable, substandard housing. A number of these families may be housed in your project. A limit may be established as a specific percent of income for shelter rent and utilities, although a tenant with a good record of rental payment is always welcome. In short, don't limit your tenancy to the "top of the market".

Families required to pay the higher proportion of income should be kept at a reasonable level because it is probable that they will have more problems in meeting the shelter rent requirement. This creates collection and possible legal problems.

When a large number of dwelling units become available for occupancy at one time there may be a tendency to panic and accept families and individuals who are not necessarily suitable for tenancy. The procedures discussed later in tenant selection should be followed without undue regard to the number of vacancies which may exist.

- E. Subsidy Requirements. Keep in mind the paperwork essential to insure continued payment of the contracted subsidy and the clerical time necessary to complete the work. You may want to prepare some work forms in addition to the prescribed forms listed in the following chapters according to the program under which the project is to be insured. The management fee is expected to cover such processing.
- F. Certification and Recertification of Residents. The requirement for certification and recertification should be spelled out in the program and correspond to the section of the act and Regulatory Agreement under which the mortgage is insured. The timing of recertification is of particular importance to avoid disturbing tenants on short notice when an increase in the monthly payment is necessary. The subsidized programs contain provisions to permit continued occupancy after family income increases.
- G. Management-Resident Relations. This portion of the management program should be complete and exhaustive in establishing basic relationships which may spell the difference between success and failure in the project. The initial orientation of the tenant or prospective tenant should follow a predetermined plan and be part of an ongoing program of resident participation. Several items of information should be given and explained so residents will better understand the project's goals and objectives. Tenants, by the intent of the program, usually come from substandard housing moving to improve their living conditions. While rules and regulations may not be well received, information and guidance will be helpful to the families and will help you fulfill your obligations to the families.

Items listed below have proven valuable in other projects and may be adapted for specific project operation. Many of the items may be combined under "4" or "7" below.

1. Explanation of the rights and responsibilities under the lease.
2. Map showing the location of community facilities including schools, hospitals, parks, entertainment and municipal offices.
3. Bus schedules.
4. Brochure with the background of the project, the intentions of management, and the facilities offered.
5. A project newsletter.
6. Location of areas of possible employment.
7. Location and meeting schedule of civic organizations and tenant groups.
8. Tips and rules on project living, Chapter 2 contains some items which have been used to advise tenants of the rules governing the community within the project.
9. Instructions on bicycle riding and parking.
10. Restrictions on storage and prohibition against abandoning vehicles in the project area.
11. Services and materials supplied by the management.
12. Complaint and grievance procedures.
13. Hours of operation of office and other facilities.
14. Rent payment policies and procedures.
15. Repair request procedures.
16. Policy and procedure on inspection of dwelling units periodically.

CHAPTER 1 SECTION II

4. Collection Policies. While rent is normally due on the first of each month, it may be advisable to make collections weekly or biweekly if the employment pattern or custom of the area dictates. The day, time of day, and place of collection should be well publicized.

For the benefit of both tenant and resident manager, an eviction policy should also be established. This may be expressed as five days late in payment permitted with adequate reason, then a warning with eviction proceedings starting on the tenth day. A consideration of true hardship cases is expected and there may be provisions for reducing the rent if a continued reduction in income is proven by the resident, but a fair and firm policy on eviction will help collections.

A suspense system within the office to identify and detect unpaid rent must be established. If optional services at additional cost to the occupants are available, a rent receipt which shows rent separately from other charges should be selected. (Reference: Chapter 4, Section IV, Insured Project Servicing Handbook.)

I. Inspection of Dwelling Units.

1. When an applicant is first accepted for occupancy and a unit agreed upon, the applicant and manager should inspect the unit to be occupied. A simple inspection form is contained in Chapter 3. This inspection form is to be completed in the presence of and with the full agreement of both parties. You will note that both resident and manager sign the form specifying that damages other than fair wear and tear will be paid by the resident. Both parties retain a copy.
2. Each unit should be inspected periodically while it is occupied as a part of the preventive maintenance program. With adequate advance notice to the individual tenant, the manager and/or maintenance man should inspect each unit on a regular schedule. To implement the inspection program, the lease should specify this as being a part of the conditions explained in advance of residency.

When damages beyond normal wear and tear are detected during this inspection, the occupant may be required to contribute to the cost of repair.

CHAPTER 1 SECTION II

As required by the lease, items of normal maintenance such as worn tile, leaking faucets, and the like should be repaired as part of the maintenance program. Repairs within the capabilities of the tenant may be made by the tenant.

3. The third routine inspection should be made by the manager and maintenance man at the time the resident moves out of the dwelling unit. If the management is notified in advance, the inspection is scheduled for the convenience of the resident. The primary purpose, of course, is to determine need for any repairs which are properly chargeable to the tenant and subsequently to be taken from the security deposit or paid by the tenant. The resident also gets a copy of this inspection. If the resident moves out without notice, the type of inspection will be that covered under the maintenance and repair program.

- J. Maintenance and Repair. This part of the management program establishes the maintenance policy and the type of repairs to be performed by project personnel. First, you will have to decide which repairs are to be done by contract and the work to be done by project personnel. Air-conditioning and elevators are two of the more common items on which a maintenance contract is let.

For project employees, a schedule of inspection and maintenance of major items should be established in accordance with the manufacturer's manual for installed equipment. Ranges, refrigerators, water heaters, lawn, garbage disposals and similar equipment must receive periodic care to avoid an unreasonable replacement rate. This phase of maintenance is primarily preventive in nature. Lawns, landscaping, sidewalks and driveways should also be included. Repairs will be based to a great extent on requests from occupants or from the periodic inspection of residents' dwelling units or of the project facilities.

The scope of repairs should be established to avoid willing but unskilled maintenance personnel from exceeding their ability and thus cause additional damage to items which should be repaired by qualified maintenance personnel.

A system of receiving work requests and preparation of work orders together with a continuous record of maintenance and repairs in each unit should be established. These forms and procedures will be discussed at greater length in Chapter 3.

- K. Decorating. Although decorating should not be a problem in the early stages of project operation, a decorating schedule should be established. The policy on exterior painting should conform to area climatic conditions and custom. It is necessary to present an attractive appearance to remain competitive in the market.

The policy on interior decorating should include the extent of periodic decorating and scope of decorating after each moveout, both within the normal decorating cycle and when tenants leave before routine redecoration is due. When interior painting is required, the choice of colors, within reason, should be left to the incoming tenant. At the owner's discretion, the tenant may be permitted to purchase paint of his choice and paint the unit himself. The policy in this matter must be thoroughly explained to the applicant.

Two examples of management programs are reproduced on the following pages. The first one, called a "Plan of Operation," was prepared by a new management agent for a project which had been in operation for some time under management which proved ineffective. The second example is the general program of a management agent.

The content of a Management Program is under constant review. When preparing a management plan or program, please consult the Area or Insuring Office for additional specific requirements.

PROJECT APPLICATIONS
RHA 7205

CHAPTER 1 SECTION II

L. Examples of a Management Program

MEMORANDUM TO: Department of Housing and Urban Development

SUBJECT : Plan of Operation

1. As a follow-up to the recent discussions held at HUD between the undersigned and the owner of the project, this memorandum outlines plans to correct current deficiencies and put the apartments on a sound operating basis.
2. Objectives:
 - a. To improve tenant relations - create an atmosphere wherein the tenants become a cohesive group actively cooperating to make the project a good place to live.
 - b. To initiate strictly controlled business management techniques - produce proper financial management, administration, tenant services, and internal controls.
 - c. To improve the image of the project - careful determination of tenant eligibility, clean and well-maintained grounds and buildings, promotion of community interest.
 - d. To increase occupancy - provide increased rental revenues and a sound financial picture.

Although the above objectives are listed separately, they actually are completely interrelated; improvements in one area will have a distinct influence on each of the others.

3. Implementation:

- a. I personally will devote a great deal of time to active management of the project. My firm and my employees will be used. I will not be an "absentee" manager.
- b. A resident manager will be hired, at my expense, to work full time at the project. This man must be of mature judgment, qualified in supervisory leadership, maintenance, and administration, and have the ability to deal tactfully, fairly, and when necessary, firmly with people.

CHAPTER I SECTION II

3. Implementation: (Cont'd)

c. An Executive Committee will be used to provide ideas, advice, and opinions to management. Members will be experts in their respective fields, and will meet frequently to discuss problem areas and recommend corrective action. This Committee will initially include at least the following positions:

(1) Tenant economic matters - the special economic and social aspects of low income and disadvantaged persons, community resources, assistance, tenant relations.

***** has accepted appointment to this position. Mr.***** is Deputy Director of the ***** Improvement Foundation, Inc., which administers affairs of the Community Action Agency and Office of Economic Opportunity. He is also closely connected with Model Cities, social welfare, and public housing.

(2) Multifamily apartment matters - administration and maintenance of an apartment complex, resources, tenant relations.

Mr.***** has accepted appointment to this position. Since 1967, Mr.***** has been General Manager of***** Apartments in ***** which consists of 226 dwelling units, 14 commercial shops, and five offices. In 1967, Mr. ***** retired from the U.S. Army as a Colonel. During the period 1964 to 1967, he served on the combined civilian and army group to bring about racial integration in the ***** community.

(3) Finance and business matters - I plan to hold this position myself. Also, the president of a local bank has indicated an interest in acting as financial consultant.

d. Both the resident manager and I will attend the rent supplement apartment management course in *****

e. In order to foster a feeling of belonging, cooperation, and interest among the tenants, a tenant "Senate" will be formed with representatives elected by the occupants of each building. This body will meet periodically to consider tenant relations and affairs, and possibly effect direct settlement of minor issues and disagreements among the tenants. In more important cases this group will make recommendations to management. The Senate will also be subdivided into committees to concentrate on the following and other fields:

RHA 7205
PROJECT APPLICATIONS
RHA 7204

CHAPTER I SECTION II

- e. (Cont'd)
 - (1) Area cleanliness, appearance.
 - (2) Children's activities, play areas.
 - (3) Social and athletic activities.
 - (4) Security, vandalism, tenant behavior.
- f. Servicing and programs will be provided to assist tenants as well as to bring tenants into the center of project activities:
 - (1) Legal assistance and income tax preparation.
 - (2) Children's day care and nursery.
 - (3) Economic and social counselling.
 - (4) Educational courses.
 - (5) Athletic programs, both within the project and in city leagues, adult and junior participation. Recreational facilities will be made available at the project.
 - (6) Social activities such as an outdoor "block party" with music and snacks.
 - (7) Employment and occupational training services.
- g. Full use will be made of the numerous community resources available to assist in project services and programs, including the Community Action Agency, OEO, Neighborhood Youth Corps, Welfare agencies, fraternal organizations, and churches. Additionally, the project can generate internal resources from sponsors, management, and the tenants.

CHAPTER I SECTION II

- h. Professional techniques will be applied to the business and financial management of the project. Internal controls will be established to safeguard funds and improve administration and reporting. Strict rent collection will be enforced. Financial budgeting will be initiated and used as a major management tool. Certain trust funds will be placed in an interest earning savings account rather than a checking account. Accounting will be done by the management firm at no extra cost, thus eliminating outside accountant fees.
- i. Building and grounds maintenance will be scheduled and closely supervised. The hiring of qualified full time maintenance personnel rather than contracting outside business will both improve results and reduce costs.
- j. The project office will be kept open six days per week (Monday through Saturday) rather than the current five. It has been found that many prospective tenants do their apartment hunting on Saturday. This will also be a service to tenants.
- k. Strict security measures must be enforced to protect the property of project and tenants. The "Senate" will include a security committee (paragraph e(4) above) to assist in educating all tenants as to their responsibilities in their serious matter. Lighting will be improved, the cooperation of the city police will be sought, the feasibility of a tenant patrol will be studied, and safeguarding devices will be installed.
- l. I will establish close personal liaison with both HUD and the mortgagee in order to insure strict compliance with their regulations and procedures. The expert opinions of the personnel of these agencies will be solicited on a continuing basis.
- m. The project sponsors have agreed to act in the capacity of a corporation board of directors giving policy guidance, and to refrain from acting in the areas properly delegated to professional management.

CHAPTER I SECTION II

4. A mortgage forbearance will substantially assist the project while it is organizing and executing the steps necessary to establish a sound financial position. A high occupancy rate is required. It seems apparent, however, that occupancy will decrease somewhat before the project can establish a firm base from which it can move ahead to achieve its objectives.
5. This memorandum is a summary of my initial planning, to be expanded and amended as new opportunities present themselves. Improvement will be continuously and actively sought using every available resource.

The following Management Program is less complete in some details but is included as an example of a successful owner-managed program with some excellent guidance in respect to social programs. The sponsor who developed this program now has five very successful projects in operation.

MANAGEMENT WITH A PURPOSE

A number of years ago, the ***** decided to sponsor housing for the people of the area with low and medium incomes. After months of planning, some fundamental philosophies developed which have led to the development of the ***** and produced fantastic results in relation to disadvantaged people in the housing projects.

Our basic philosophy is that we will actively seek out the people who need housing the most - those whose living conditions are the most deplorable - and they will receive priority in these housing projects, as far as we are concerned.

Secondly, we decided to have an attitude toward our tenants of kindness with firmness, and with a helping hand ready to assist in any of their problems.

Third, our main concern would be for the people living in the project. We realized that if we helped them find a satisfactory way of life, they would be far better tenants, and far more responsive to the demands of society as a whole. Therefore, we took the attitude that no tenant was a bad tenant. He might do bad things, but he was not a bad person; he needed help in knowing how to live in our society or in circumstances of this kind. It was, therefore, our business to help him become a good tenant, using the fullest means possible to help him adjust to his new surroundings.

CHAPTER I SECTION II

Our next decision was to use evictions only as a last resort. In order to do this, and still have the rent paid promptly, we had to work out a new approach to delinquencies (this is described in detail in our Manual). Then, we determined that through our personnel, we would be firm - yet find that sensitive area where kindness can be related to firmness, and with this attitude toward our tenants, we would find a way whereby we could help our people respond to the new situations in a satisfactory way for himself and the Homes.

From the very beginning, our organization has said that housing, in itself, is not enough for disadvantaged Americans. We must have, with housing, a program of cultural, educational and economic development of a nature that meets the needs of the tenants. To do this, we must have a staff and some program money.

We also made plans to utilize the people applying for residency, or already residents of our projects, in as far as possible, for our staff. We looked for people who had the training or the capacity to learn and be trained to work in our projects and have the projects function smoothly and work successfully.

Another of our basic policies has always been an aggressive, well-rounded and well-developed program of involving both public and private agencies in the community in providing activities that would be most beneficial in helping the tenant gain for himself a fuller and more satisfactory life.

Fundamental to all our plans and programs was the involvement of the people who live in the Homes. We are, as always, determined not to be parental or patronizing. We want these people to think of themselves as responsible citizens who could participate in various aspects of community life; not only within the living complex, but outside, in the community at large.

An essential part of our services in management is the development of a community council - which is depended upon to interpret the feelings and attitudes of the residents to management and the board of directors of the project. We encourage these communications to exist directly between the community council and the board of directors of the project. The board of directors then keeps the management informed of the attitudes expressed by the community council, and that becomes a part of management's function.

The idea of relating a business management organization, operating on a sound fiscal basis, to a compassionate, understanding, and helpful social service to the tenant, was not entirely new - but to a great extent it was. We found very little help, ideas, or suggestions we could draw upon. Therefore, we developed our own procedures.

RHA 7205
PROJECT APPLICATIONS

CHAPTER I SECTION II

Realizing that there were two basic problems that we would face early; one would be payment of rent, and the second, the care of the complex; we made the following policies and gave directions to our employees to follow them.

Since, in most instances, we know when the tenants are paid, and realizing that if they ever get behind in their rent it would be next to impossible for them to catch up on their meager income, we instruct our managers (to whom the rent is paid), to make immediate contact with the tenant, if they do not pay their rent on the day their checks arrive.

If the money has been spent and the tenant cannot pay the rent, she notifies our social worker. The social worker immediately makes contact with the individual to discover ways in which he might be helped to meet his obligation. We undertake to help the tenant in several ways. One is by planning budgets, and the other is to find extra employment; either on the facilities or outside. This is done with the understanding that most, if not all, of the money earned is applied to the back rent.

This in itself, has proved to be very successful. It is the responsibility of the social worker to find this kind of employment. If there is work to be done on the project, the gardener and maintenance man are notified that the tenant is available, along with the tenant's name, address and the hour and day he will report to work. In this way, either the gardener or maintenance man can utilize these individuals where there is the greatest need for additional help.

This technique has helped many people solve existing problems and we feel this is a sound basis as well as a successful one, for helping the tenants. It is also appreciated by the tenants.

If there is no work on the project, we endeavor to help the tenant find work on the outside. This has been done on numerous occasions and has also proven to be very successful. Sometime, these part-time jobs work into full-time employment.

The other basic problem is the care of the apartment. We insist that the apartments not be abused and that they be kept respectably clean. Through a maintenance program, one of our employees gets into the apartments at least twice a month. Therefore, we have an opportunity to find out whether the apartments are being abused or not. If abuse is detected, the maintenance man notifies the social worker and she takes over.

CHAPTER I SECTION II

Depending on the ingenuity of the social worker, many different techniques are used. The one we have found to be most satisfactory, and the one most commonly used by our social workers, is to subtly suggest that she (the social worker) might help the tenant clean the house. The social worker implies that no doubt this condition is due to the tenant being overworked (from the children or whatever), and this maintains the dignity of the individual and still lets her know that we will not tolerate dirty apartments. This, too, has proven to be very successful. We have also utilized the County Nurses, the County Homemakers' Service, and the State Welfare Workers. As a result, we have very little trouble with apartment care by the tenants.

The care of the grounds is another part of this basic problem. While largely this responsibility falls upon the shoulders of the maintenance and gardening people, we also are endeavoring to enlist the cooperation of the tenants, and we do it in many ways.

The first, and most significant way, is that when any damage is done, such as a broken window or torn screen, our instructions to our maintenance people are to fix it immediately. Anything broken or disfigured must be corrected immediately; worrying about who is responsible later. In this fashion, we let the tenants know that we do not tolerate shabbiness and they soon catch on to this spirit. It has proven effective, and we now find that the tenants are more conscious of litter and disfiguration, and are most anxious to help maintain the project.

Additional Community Services

1. Well-baby clinics.
2. Health clinics - provided by a medical school nearby, and which include testing for tuberculosis, cancer, V.D., and other contagious diseases. Some treatment is also provided by this medical school.
3. We provide family planning classes.
4. Budget planning sessions.
5. Nutrition classes.
6. Sewing classes.
7. Job training.
8. We have a tutoring program for adults who wish to learn to speak English, or who have other learning problems.

7/71

CHAPTER I SECTION II

9. We also have a tutoring program for high school, junior high, and elementary school students.
10. We provide a recreational and social program for children on the weekends and during the summer months. This is done in cooperation with the city recreation departments, and through our own employees, the churches, and others.
11. We have a program of collecting and providing used furniture, clothing, and other such items for these needy people, and it is a continuous service.
12. We have a friendship program through which youth groups and church groups of all ages can come and mingle freely with the people in the projects as friends. They play and work together and learn to know each other.

Fortunately, we have the cooperation of the county health and welfare departments; the police departments; the city recreation departments; plus innumerable private agencies; and, of course, the churches.

All of this adds up to good human behavior, prompt payment of rent, and care of the apartments; in addition to the development of human lives into fruitful, successful, and happy ones.

The success of the aforementioned policies and programs is due, in large measure, to the employees following the instructions in the Manual.

We now have developed an organization whereby we are prepared to offer our services and experience to nonprofit foundations, churches, and other organizations, who seek to build housing for low and medium income people, and at the same time, desire to have a program which will improve the lives of the tenants and simplify the care and management of the projects.

We realize that most organizations, particularly churches, want to become closely involved with the people who live in the projects. We are prepared not only to manage and train personnel from the projects, and from the sponsoring organizations; but also to see that complete management can be taken over within a period not exceeding two years (not including the rent up period). Often, that period when the owner-sponsor can take over their own management can be reduced.

CHAPTER I SECTION II

Because we are a nonprofit organization, and do not necessarily set as our goals the establishment of an organization to manage apartments, just for management's sake; we make our services, experience and knowledge available to any organization with these objectives in mind. We do this on a percentage basis, as allowed by the Federal Housing Administration. We also manage for profit motivated firms and individuals.

Our contract for management is the one recommended by F.H.A.

Our charges for management are %, if we provide the cultural and social programs we feel are necessary. Out of this %, we pay the resident manager's salary. We assume complete responsibility for all the bookkeeping; make out all of the necessary F.H.A. forms and reports; pay all the bills; and make quarterly reports to the owners.

We supervise, not only the resident manager, but the gardener and maintenance people, and make sure that they perform up to our standards.

All other costs, including the housing for the resident maintenance man, his salary, and the salary of the gardener, and all other personnel necessary to make the project function within the budget, are paid out of operating funds.

We prepare the budget for operation, and the rent schedules as prescribed by the rules of the Housing Administration, during the rent up. We are paid out of AMPO funds for the actual costs during this rent up period. This would include supervision of necessary employed personnel to perform the rent up processes.

We meet regularly with the board owning and controlling the project; and provide all desired information; answer all questions; and keep the board informed in detail as to what is happening in the project. We would prefer that the board appoint one person with whom we can confer as to any questions that might arise among any board members.

We want the board to remember that we are employees of theirs by contract; that they are the policy making group, and we function within the policies of the board and the Federal Housing Administration. We are very anxious that we not become an isolated functioning group and that the owners are an integral part of all that goes on in the projects and concerning them.

CHAPTER I SECTION III

SECTION III - MANAGEMENT AGREEMENT.

A Management Agreement is a formal contract between the owner and the managing agent or resident manager of a project. There are two general types of management:

- (1) First, the professional manager. The Management Agreement is the basic document by which the managing agent is guided and against which he is evaluated and his contract is extended or terminated. A model form of Management Agreement which is appropriate for a professional, experienced management agent starts on page 24. Any changes or additions to this form will require the specific approval of the Area or Insuring Office Director.

By the terms of the Commitment for Insurance, the Management Agreement must be presented for approval to the Area or Insuring Office thirty (30) days prior to the initial commitment. (Reference: Par. 64592 and MF-71) Included must be a resume of the managing agent's qualifications.

- (2) In the second category, where the owner or sponsor desires to maintain an active role in the management of the project, a Management Agreement is also necessary to define the roles and functions of the resident manager and the sponsor. Under these circumstances, a contract with a resident manager also should have HUD approval, but the provisions of any such contract may be less elaborate and should be discussed with the Area or Insuring Office servicing personnel in order to clearly define the responsibilities of the resident manager. The Contract with the resident manager operating under the supervision of the sponsor will contain substantially the same provisions as the management contract with a professional management agent; the one major difference being the salary paid to the resident manager rather than a fee paid to a professional management agent.

A detailed management program is more important with the owner operated project, since the operating policies must be made known in detail to the resident manager. In either case, a management program and a Management Agreement or Contract must be based upon the provisions of the Regulatory Agreement applicable to the project.

The Management Agreement has one specific provision which must be thoroughly understood by the managing agent or resident agent before any agreement is reached. This provision is the overriding authority of the Secretary of the Department of Housing and Urban Development to terminate the Management Agreement on thirty (30) days notice. This

is not intended to be an oppressive control, but recognizes the obligation of the insurer to obtain the best management possible for any project. The authority of the Secretary is not invoked indiscriminately, and any manager will be given every opportunity to seek and receive advice and assistance in overcoming management problems which may arise. The owner is encouraged to seek the advice and counsel of the Area or Insuring Office personnel when problems arise in respect to the management and operation of the project. The Area or Insuring Office may, on request, suggest or recommend managers of known ability. These suggestions, of course, are not binding and in no way impose a liability on the part of the Secretary.

A point of primary concern to management, HUD and the managing agent is the compensation to be paid for management services. The policy of the Secretary of HUD can be expressed simply as just compensation for services rendered. The stated fee must be specific as to the application of that fee. Most effectively, the percentage or gross collections (the effective gross income), should provide adequate compensation for the management agent, the resident manager, and the accountant or bookkeeper as necessary. Maintenance personnel, part-time assistance for rent collection and maintenance may reasonably be paid as a project expense. With a professional management agent a specific point to exclude from the management fee for a project is the home office expense. The overhead of the managing agent's organization itself is not a proper charge from project income.

A Management Agreement should not contain a guaranteed minimum monthly income to the agent, but should be an incentive to keep a project fully occupied. The Resident Manager's compensation may include an incentive "bonus" provision if the project is kept fully occupied and tenant accounts receivable kept at a minimum.

Leasing commissions may, on occasion, be permitted when maintaining full occupancy becomes difficult. Commissions will not be automatic or authorized for routine turn-over in a favorable housing market. Leasing commissions are considered as a concession or an incentive which may help increase occupancy in a soft market.

Current directives require that a Management Agreement must be approved by HUD prior to initial occupancy. (Para. 63542 and MF-71) The following model form is based on a required model form for cooperatives with revisions to make it appropriate for rental projects and some additions in reference to social programs and tenant organizations.

This suggested model form is presently under review. When a prescribed form of Management Agreement is approved, it will be available at the Area or Insuring Offices. Please contact the Area or Insuring Office prior to preparation of any Management Agreement.

CHAPTER I SECTION III

MODEL MANAGEMENT AGREEMENT

This agreement made at _____ this _____ day
of _____, 19____, between _____
_____, hereinafter called the "Owner", and _____
_____, hereinafter called the "Agent".

In consideration of the promises hereinafter set forth, the parties hereby agree as follows:

FIRST. (a) The Owner hereby appoints the Agent, and the Agent hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive managing agent of the development known as _____ located in the County of _____ State of _____ and consisting of _____ dwelling units, which property is also designated as Project No. _____, and together with the land on which erected, is hereinafter referred to as the "Project".

(b) Agent acknowledges:

(1) receipt of a copy of the Regulatory Agreement between Owner and the Secretary of the Department of Housing and Urban Development as to Project No. _____, dated the _____ day of _____ 19____ and

(2) that it has read the same and knows its contents, that it will operate the project in accordance with the terms of the Regulatory Agreement, and that in the event any instructions from the owner to the agent are in contravention of the Regulatory Agreement, the terms of the Regulatory Agreement shall prevail.

SECOND. In order to facilitate efficient operation, the Owner shall inform the Agent with regard to standards to be kept and furnish the Agent with a set of house rules and complete set of the plans and specifications of the project as finally approved by the Secretary of Housing and Urban Development. With the aid of these documents and inspection made by competent personnel, the Agent will inform itself with respect to the layout, construction, location, character, plan and operation of the lighting, heating, plumbing, and ventilating systems, as well as elevators, if any, and other mechanical equipment in the Project. Copies of guarantees and warranties pertinent to the construction of the Project and in force at the time of execution of this Agreement shall be furnished to the Agent. Agent shall provide a set of book-keeping records and financial reports complying with HUD requirements.

CHAPTER I SECTION III

THIRD. The Agent shall hire in its own name all managerial and book-keeping personnel necessary for the efficient discharge of the duties of the Agent hereunder, including the resident manager who shall be under the direct supervision of the Agent. The compensation for the services of such employees shall be the responsibility of the Agent.

FOURTH. Under the personal and direct supervision of one of its principal officers, the Agent shall render services and perform duties as follows: (a) On the basis of an operating schedule, job standards, and wage rates previously approved by the Owner on the recommendation of the Agent or resulting from wage negotiations, investigate, hire, pay, supervise, and discharge the personnel necessary to be employed in order properly to maintain and operate the Project. Such personnel shall in every instance be in the Owner's and not in the Agent's employ. Compensation for the services of such employees (as evidenced by certified payrolls) shall be considered an operating expense of the Project. Whenever possible and feasible, project residents will be utilized in maintenance, custodial, clerical and other positions.

(b) Immediately ascertain the general condition of the property, and if the accommodations there afforded have yet to be occupied for the first time, establish liaison with the general contractor to facilitate the completion by him of such corrective work, if any, as is yet to be done.

(c) Coordinate the plans of Tenants for moving their personal effects into the Project or out of it, with a view towards scheduling such movements so that there shall be a minimum of inconvenience to other Tenants.

(d) Maintain businesslike relations with Tenants whose service requests shall be received, considered and recorded in a systematic fashion in order to show the action taken with respect to each. Make provisions for receipt of emergency calls from tenants on a 24-hour basis (by answering service in smaller projects without on-project personnel). Complaints of serious nature shall, after thorough investigation, be reported to the Owner with appropriate recommendations. As part of a continuing program to secure full performance by the Tenants of all items and maintenance for which they are responsible, the Agent shall make an annual inspection of all dwelling units and report its findings to the Owner and to the consenting parties.

CHAPTER 1 SECTION III

(e) Institute and maintain an active community services and resident involvement program which shall include, when provided for in initial processing or when project resources permit, a full or part-time staff professional social worker. Community, public and private service agencies and organizations shall be requested to provide as many services and facilities for tenants as possible, including the services of professional or volunteer family aid workers.

(f) Be receptive to councils and organizations organized by the tenants which are democratically selected and truly represent the tenants. When such organizations are not generated spontaneously, take affirmative steps to help the residents establish a representative organization to make known to management the interests and desires of the tenants. Meetings between management and tenant organizations can avoid or solve many problems when conducted cooperatively on the basis of a mutual self-interest.

(g) Collect all rents due from tenants and from users or lessees of commercial facilities in the Project; also, all sums due from concessionaires. The Owner hereby authorizes and directs the Agent to request, demand, collect, receive and receipt for any and all charges or rents which may at any time be or become due to the Owner. As a standard practice, the Agent shall furnish the Owner with an itemized list of all delinquent accounts immediately following the tenth day of each month. Procedures for collection of delinquent accounts and eviction of non-rent paying tenants shall be as follows: (to be entered by sponsor)

(h) Cause the buildings, appurtenances and grounds on the Project to be maintained according to standards acceptable to the Owner, including but not limited to interior and exterior cleaning, painting, and decorating, plumbing steam fitting, carpentry, and such other normal maintenance and repair work as may be necessary, subject to any limitations imposed by the Owner in addition to those contained herein. With the exception of payments required under the mortgage, taxes, insurance, utilities and Owner-approved contractual obligations, no disbursement shall be made in excess of \$_____ unless specifically authorized by the Owner; excepting, however, that emergency repairs, involving manifest danger to life or property, or for the safety of the Tenants, or required to avoid the suspension of any necessary service to the Project, may be made by the Agent irrespective of the cost limitation imposed by this paragraph. Notwithstanding this authority as to emergency repairs, it is understood and agreed that the Agent will, if at all possible, confer immediately with the Owner regarding every such expenditure and its effect on the budget. The Agent shall not incur liabilities (direct or contingent) which will at any time exceed the aggregate of \$_____ or any liability maturing more than one year from the creation thereof, without first obtaining the approval of the Owner.

CHAPTER I SECTION III

(i) Take such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by an federal, state, county, or municipal authority having jurisdiction thereover, subject to the same limitation contained in Paragraph (f) of this Article in connection with the making of repairs and alterations. The Agent, however, shall not take any action under this Paragraph (i) so long as the Owner is contesting, or has affirmed its intention to contest any such order or requirement. The Agent shall promptly, and in no event later than 72 hours from the time of their receipt, notify the Owner in writing of all such orders and notices of requirements.

(j) Subject to approval by the Owner, make contracts for water, electricity, gas, fuel oil, telephone, vermin extermination, and other necessary services, or such of them as the Owner shall deem advisable. Also, place purchase orders for such equipment, tools, appliances, materials and supplies as are necessary properly to maintain the Project. All such contracts and orders shall be made in the name of the Owner and shall be subject to the limitations set forth in Paragraph (f) of this Article. When taking bids or issuing purchase orders, the Agent shall act at all times under the direction of the Owner, and shall be under a duty to secure for and credit to the latter any discounts, commissions, or rebates obtainable as a result of such purchases.

(k) Subject to approval by Owner, cause to be placed and kept in force all forms of insurance needed adequately to protect the Owner (or as required by law), including, where appropriate, workmen's compensation insurance, public liability insurance, boiler insurance, fire and extended coverage insurance and burglary and theft insurance. All various types of insurance coverage required for the benefit of the Owner shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Owner and the consenting parties, and otherwise be in conformity with the requirements of the mortgage. The Agent shall promptly investigate and make a full written report as to all accidents or claims for damage relating to the ownership, operation and maintenance of the Project including any damage or destruction to the Project, the estimated cost of repair, and shall cooperate and make any and all reports required by any insurance company in connection therewith.

(1) From the funds collected and deposited in the special account hereinafter provided, cause to be disbursed regularly and punctually (1) salaries and any other compensation due and payable to the employees of the Owner, and the taxes payable under Paragraph (k) of this Article;(2) the single aggregate payment required to be made monthly to the mortgagee, including the amounts due under the mortgage for premium charges under the contract of insurance, ground rents, if any, taxes and assessments, fire and other hazard insurance premiums, interest on the mortgage, amortization of the principal of the mortgage,

CHAPTER I SECTION III

and the amount specified in the Regulatory Agreement for allocation to the Fund for Replacements; and (3) sums otherwise due and payable by the Owner as operating expenses authorized to be incurred under the terms of this Agreement including the Agent's commission. After disbursement in the order herein specified, any balance remaining in the special account may be disbursed or transferred from time to time, but only as specifically directed by the Owner in writing.

(m) Working in conjunction with an accountant, prepare for execution and filing by the Owner all forms, reports, and returns required by law in connection with unemployment insurance, workmen's compensation insurance, disability benefits, Social Security, and other similar taxes now in effect or hereafter imposed, and also requirements relating to the employment of personnel.

(n) Maintain a comprehensive system of office records, books and accounts in a manner satisfactory to the Owner and to the consenting parties, which records shall be subject to examination by their authorized agents at all reasonable hours. As a standard practice, the Agent shall render to the Owner by no later than the tenth of each succeeding month a statement of receipts and disbursements, a schedule of accounts receivable and payable, and a reconciled bank statement as of the end of the preceding month.

(o) Maintain a current list of prospective Tenants. The Agent shall actively handle the renting of any garage spaces or other non-dwelling accommodation, arranging for the execution of such leases or permits as may be required.

(p) It shall be the duty of the Agent at all times, during the term of this Agreement to operate and maintain the Project according to the highest standards achievable consistent with the overall plan of the Owner and the interest of the consenting parties. Full compliance by the Tenants with the terms and conditions of their respective leases shall be secured, and to this end the Agent shall see that all Tenants are informed with respect to such rules, regulations and notices as may be promulgated by the Owner from time to time. The Agent shall be expected to perform such other acts and deeds as are reasonable, necessary and proper in the discharge of its duties under this Agreement.

(q) Agent shall not execute or file for record any instrument which imposes a restriction upon the sale, leasing, or occupancy of the Project property on the basis of race, color or creed.

(r) Agent shall not in selecting Tenants discriminate against any person or persons on the basis of race, color, creed or by reason of the fact that there are children in the family.

CHAPTER I SECTION III

(s) Agent agrees that (1) each applicant for tenancy will be required to certify to Owner the total income of the family which shall include the aggregate overall income earned by each member of the family except dependent children on forms supplied for this purpose, and (2) each applicant's income will be verified in writing. Agent is entitled to rely on the signed verifications of applicant's employer; and (3) at such time as the Secretary of the Department of Housing and Urban Development may direct, the household head will be required to furnish to the Owner certification of the then current family incomes.

(t) Agent agrees that it will extend a preference or priority of occupancy to those families of low and moderate incomes who shall have certificates of eligibility as displaced families, and such preferred applicants shall be given priority in original admission to the Project and in their placement on a waiting list to be maintained by Agent for Owner.

(u) Agent shall make dwelling accommodations and service of the project available to occupants at charges not exceeding those established in accordance with schedules approved in writing by the Secretary from time to time and at such intervals and for such periods of time as may be prescribed by the Secretary. Such accommodations shall not be rented for a period of less than thirty days or for more than one year. Commercial facilities, if any, shall be rented at not less than the rate approved by the Secretary. Subleasing of accommodations shall be prohibited without prior written approval of owners and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.

(v) Within sixty days following the end of each fiscal year, Agent shall furnish to the Owner and the Secretary of the Department of Housing and Urban Development a complete annual financial report based upon an examination of the books and records of Agent and Owner prepared in accordance with the requirements of the Secretary, certified to by an Owner and Agent and, when required, by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary. Commissions paid to outside auditors shall be considered as project operating expenses.

(w) At the request of the Secretary, his agents, employees, or attorneys, Agent shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property, and the status of the insured mortgage.

CHAPTER I SECTION III

(x) Agent agrees to fully comply with the provisions of (1) any state or local laws prohibiting discrimination in housing on the basis of race, color, creed; or national origin, and (2) with the Regulations of the Department of Housing and Urban Development providing for nondiscrimination and equal opportunity in housing.

(y) In handling the initial occupancy and promotion for qualified applicants, the Agent will directly contact and coordinate with community resources including, but not limited to, the following:

Urban League
Local Housing Authority
Bureau of Public Assistance
Council on Aging
NAACP
Community Service Organizations
Local newspapers and trade journals
Local ministers and church groups
Municipal Relocation Agency

Each group will be kept fully informed as to the qualifications for occupancy by written notice and personal contact. In addition, brochures and other promotional material will be distributed throughout the community to emphasize the availability of desirable housing for moderate and low income families.

(z) (1) (For Section 236 projects only). The Agent shall accumulate and safeguard all rental income collected in excess of the approved basic rental charge for each dwelling unit (income from commercial space is excluded for this purpose) and shall remit these funds monthly, together with Form 3104, Monthly Report of Excess Income, directly to the Assistant Commissioner-Comptroller, Department of Housing and Urban Development, Washington, D. C. (20412). Form 3104 shall be submitted monthly, even though there are no excess rental collections for the month.

(2) (For projects receiving rent supplement only). In accordance with the terms of the Rent Supplement Contract and applicable instructions, the Agent shall, as of the first day of each month, prepare Form 2505, Schedule of Rent Supplement Payments Due, for the preceding month and Standard Forms 1034 and 1934a, and shall submit them to the Area or Insuring Office no later than the tenth day of the month following the month for which payment is claimed.

FIFTH. Everything done by the Agent under the provisions of Article FOUR shall be done as Agent of the Owner, and all obligations or expenses incurred thereunder shall be for the account, on behalf, and at the expense of the Owner, except that the Owner shall not be obligated to pay the overhead expenses of the Agent's office, management and

CHAPTER I SECTION III

bookkeeping expenses or the resident manager's salary. Any payments to be made by the Agent hereunder shall be made out of such sums as are available in the special account of the Owner, or as may be provided by the Owner. The Agent shall not be obligated to make any advance to or for the account of the Owner or to pay any sum, except out of funds held or provided as aforesaid, nor shall the Agent be obligated to incur any liability or obligation for the account of the Owner without assurance that the necessary funds for the discharge thereof will be provided.

SIXTH. The Agent shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation and in a manner to indicate the custodial nature thereof, a separate bank account as Agent of the Owner for the deposit of the monies of the Owner, and a separate account for Tenants Security Deposits, with authority to draw thereon for any payments to be made by the Agent to discharge any liabilities or obligations incurred pursuant to this Agreement, and for the payment of the Agent's fee, all of which payments shall be subject to the limitations in this Agreement.

SEVENTH. The sole compensation which the Agent shall be entitled to receive for all services performed under this Agreement shall be a fee computed and payable monthly in amount equivalent to _____ (_____ %) of _____ gross collections, including rent supplement receipts and rents collected above the basic rental, if any. For Section 236 projects, the management fee may be based on the fair market rental rate of the occupied units. The percentage of fair market rent of occupied units would be correspondingly lower than a fee based on gross collections.

EIGHTH. (a) Unless cancelled pursuant to Section (b), (c), or (d) of this Article, this Agreement shall be in effect for annual periods, commencing the _____ day of _____, 19____, provided that in no event shall it be of any force and effect until there is endorsed hereon the consent of the consenting parties.

(b) This Agreement may be terminated by mutual consent of the parties as of the end of any calendar month, but not without prior written notice to the consenting parties.

(c) In the event a petition in bankruptcy is filed by or against either Owner or Agent, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, either party hereto may terminate this Agreement without notice to the other, but prompt advice of such action shall be given to the consenting parties.

RHA 7205
PROJECT APPLICATIONS
RHA 7206

CHAPTER I SECTION III

(d) It is expressly understood and agreed by and between the parties hereto that the Secretary of the Department of Housing and Urban Development or the Mortgagee shall have the right to terminate this Agreement at the end of any calendar month, with or without cause, on thirty days' written notice to the Owner and the Agent of its intention so to do, except that in case a default of the Owner has occurred under the obligation of the mortgage, the Secretary of the Department of Housing and Urban Development or the Mortgagee shall have the right to terminate this Agreement immediately upon the issuance of a notice of cancellation to the Owner and the Agent. It is further understood and agreed that no liability shall attach to the Secretary of the Department of Housing and Urban Development or the Mortgagee in the event of termination of this Agreement pursuant to this section.

(e) Upon termination, the Agent shall submit Financial Statements pursuant to the system established, and after the contracting parties have accounted to each other with respect to all matters outstanding as of the date of termination, the Owner shall furnish the Agent security, satisfactory to the Agent, against any outstanding obligations or liabilities which the Agent may have incurred hereunder.

NINTH. As used in this Agreement:

(a) The term "mortgage" shall mean that certain indenture of mortgage dated the _____ day of _____, 19____, by and between the Owner, as mortgagor, and the _____, as mortgagee, which mortgage is insured by the Secretary of the Department of Housing and Urban Development pursuant to the authority contained in the National Housing Act and the Regulations promulgated thereunder.

(b) The term "mortgagee" shall mean _____, or any other holder of said mortgage.

(c) The term "consenting parties" shall mean (i) the mortgagee as herein defined, and (ii) the Secretary of the Department of Housing and Urban Development acting through his duly authorized representatives.

(d) The term "Lease" shall mean those certain forms of agreement between the Owner and its tenants as stated in Paragraph 4 of the Regulatory Agreement between the Owner and the Secretary of the Department of Housing and Urban Development.

CHAPTER 1 SECTION III

(e) The term "Rental Rates" shall mean those monthly rates which tenants are bound to pay to the Owner pursuant to the terms of their respective Lease.

(f) The term "gross collections" shall mean all amounts actually collected by the Agent, including rent supplement payments and rents collected above the basic rental rate, if any.

TENTH. (a) This Agreement, which is made subject and subordinate to all rights of the Secretary of the Department of Housing and Urban Development as insurer of the mortgage, shall inure to the benefit of and constitute a binding obligation upon the contracting parties, their respective successors and assigns; and to the extent that it confers rights, privileges, and benefits upon the consenting parties, the same shall be deemed to inure to their benefit, but without a liability to either, in the same manner and with the same force and effect as though the mortgagee and the Secretary of the Department of Housing and Urban Development were signatories to this Agreement.

(b) This Agreement shall constitute the entire Agreement between the contracting parties, and no variance or modification thereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved in the same manner as this Agreement.

(c) For the convenience of the parties, this Agreement has been executed in several counterparts, which are in all respects similar and each of which shall be deemed to be complete in itself so that any one may be introduced in evidence or used for any other purpose without the production of the other counterparts. Immediately following endorsement of the consenting parties, counterparts will be furnished to the consenting parties so that each may be advised of the rights, privileges, and benefits which this Agreement confers.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

(Owner)

By: _____

(Date)

(Agent)

By: _____

7/71

INSURED PROJECT
MANAGEMENT GUIDE

HM G 4351.1

CHAPTER I SECTION III

_____ hereby consents to the fore-
going Management Agreement and the Managing Agent designated therein.

DATE: _____

(Mortgagee)

By: _____

The Secretary of the Department of Housing and Urban Development
hereby consents to the foregoing Management Agreement and the Managing
Agent designated therein.

DATE: _____

Secretary of HUD

By: _____
(Authorized Agent)

SECTION IV - RESIDENT MANAGERA. Responsibilities And Duties

The project manager's responsibilities and authority flow from the owner. At the owner's wish, they may vary from simple caretaker duties to almost full control for absentee owners. In general, however, the manager controls the three main opportunities for successful operation.

1. Reduce Vacancies:

Tenants are the lifeblood of apartment operation, and a manager must have the ability to locate prospects, show and sell his vacancies, and collect the rents as financial stability is measured in collections, not in physical occupancy.

2. Reduce Turnover:

A moveout may well cost more than the profit from a year for occupancy. Cleanup costs, repairs and refurbishing, advertising, income loss and transfer of one free salesman from your project to a competitor all add up quickly. The second major profit impact of good management is therefore in continual reselling of present tenants to reduce turnover. This means delivering the service promised the prospect - immediate acknowledgement of complaints and requests for service and followup with prompt action.

3. Reduce Maintenance Costs:

The major expense which can be reduced by the manager is maintenance cost. The manager must apply:

a. Knowledge

Many appliance failures can be corrected with very basic knowledge of reset buttons, plugs and switches. Air conditioning problems are often simply dirty filters. Clear description of repairs needed aids servicemen in bringing proper parts and completing the work at minimum cost.

b. Organization of Duties

The manager needs to give clear, written instructions to porters for eight hours' work per day. Plumbing calls can be combined for efficient usage of time.

CHAPTER 1 SECTION IV

c. Control:

The manager controls what service is promised and when. He agrees with the tenant to shampoo carpet, paint or repair. He also controls the efficiency of porters or tradesmen performing the work, as he is the owner's representative on the spot.

B. Example of Instructions to a Resident Manager.

A Resident Manager is entitled to know and should understand clearly the extent of his duties and responsibilities. We have reproduced below an example of instructions to a resident manager used by a large management agency.

PERFORMANCE STANDARDS FOR MANAGER OF *****

I. Management and Maintenance

The manager is responsible for the proper management and maintenance of the development. His duties shall include, but not be limited to:

- A. Tenant selection;
- B. The leasing of new and turnover apartments;
- C. The collection of rent, including the issuance of legal late rent notices and their follow-up in cases of non-payment of rent;
- D. The full occupancy of the development with less than 5% loss of revenue due to unrented space after moveouts or to collection losses due to nonpayment of rent;
- E. The development of janitorial schedules and the supervision of janitorial personnel in order to have proper cleanliness and maintenance of common spaces, sidewalks, parking lots and grounds;
- F. The writing or taking of work or service requests for repairs and maintenance of apartment, common spaces, structures and grounds;

CHAPTER 1 SECTION IV

- G. The assignment of these work orders to the maintenance person with the proper followup to insure proper completion in a reasonable length of time;
- H. The frequent inspection of grounds, parking lots, common spaces and apartments for proper cleanliness and maintenance;
- I. The negotiation, and after Board approval, the contracting for and supervision of all necessary maintenance contracts;
- J. The purchase, after competitive pricing, of all materials and supplies necessary for the development on a purchase order form approved by the Board (purchasing control will be set forth in number 5 below);
- K. The maintenance and security, in a supply room, of a small inventory of supplies that are necessary for ongoing maintenance;
- L. The keeping of an inventory list of all capital and non-capital items of personal property, their value and their condition (this list will include all refrigerators, their location and their serial number as well as all maintenance and other equipment, including everything from the tractor to the hoses and sprinklers used for watering, but will not include replacement items, such as glass, light bulbs, etc.);
- M. The setting up and maintaining of a bookkeeping system on an accrual basis that includes a journal, a ledger and a rent roll control system. System should be adjusted to needs of CPA for the yearly audit and the HUD accounts;
- N. The development of yearly operating budgets;
- O. The yearly inspection of the structures, grounds and apartments for necessary repairs, preventive maintenance and housekeeping evaluation;
- P. The monthly preparation of all forms required by HUD, prepared and mailed to the _____ HUD office at the proper time;
- Q. The preparation of the annual occupancy survey and the annual financial statement for HUD within the 60-day time limit;

RHA 7205
PROJECT APPLICATIONS
RHA 7206

CHAPTER 1 SECTION IV

- R. The annual and biannual verification and certification of income for rent supplement and regular tenants according to their move-in date and date of their lease:
- S. The creation, with the tenant organization and the proper committee of the Board, of a program to insure maximum cooperation of the tenants in the development by promoting community programs for adults and children, community standards for conduct, housekeeping and property maintenance, tenant grievance procedures and maximum utilization of community resources such as welfare, social services, schools, police and other agencies.

II. Administrative.

A. Management Office Duties.

1. Actual Daily Routine.

- a. Inspection of grounds and parking areas between 8:30 a.m. and 9:00 a.m.;
- b. Open office at 9:00 a.m.; close office at 5:00 p.m.;
- c. Answer mail and make necessary calls between 9:00 - 10:00 a.m. Calls are made for bids on items to be purchased, to speed up return of eligibility verification documents, and to assist tenants in receiving social services and other items.
- d. Approximately an additional two hours may be required for phone calls that involve requests for service, handling complaints and taking pre-applications of registrations for apartments;
- e. Currently, approximately five service requests come in daily. These are mostly plumbing and are handled immediately;
- f. Applications from prospective tenants are taken by appointment one hour each day after the 3rd of the month. Applicants are taken from the registration file;

CHAPTER 1 SECTION IV

- g. Applications are computed for eligibility with supporting documentation for about one hour each day after the 3rd of the month. Approximately 10 to 15 hours per week are spent in application work; that is, doing registrations, application taking; verification of income, sending rent supplement applications to FHA for approval and mailing section 236 applications after the tenant moves in;
- h. On various days during the month, time is allocated to the following tasks;
 - (1) On the first, second and third days, rent collection and government reports;
 - (2) From the fourth to the twentieth days, maintain application file, interview prospect applications, determine eligibility, etc.
 - (3) On the sixth and tenth working days, prepare delinquency list and visit delinquent tenants. On the tenth day, prepare legal rent delinquent notices and serve them;
 - (4) On the eleventh and twelfth and twentieth and twenty-first days of each month, prepare leases, ledger cards, adjust rent roll control book and inspect new and turnover apartments as well as lease apartments to new and turnover tenants. Leases have to be signed by both husband and wife and a full month's rent collected before keys can be released and the apartment made available to the tenant;
 - (5) On the fourteenth day of the month, all three day notices served on rent delinquent tenants are checked against payments. Tenants with delinquent rent will have their notices sent to the legal counsel for court processing and action;

RHA 7206
CAUTIONS

CHAPTER 1 SECTION IV

- (6) On each day following the forwarding of legal notices to legal counsel, the counsel is advised of rent payments so he can delete the delinquent tenant's name from further legal action;
 - (7) On the twenty-second through twenty-fourth day of each month, inspection of each tenant's apartment;
 - (8) On the thirtieth day of each month, books will be closed; the new rent roll added to the tenant ledger cards and the rent roll checked for accuracy against the rent roll control book;
 - (9) On the thirty-first day of each month, a budget will be prepared for the following month and the budget for the present month will be checked against operating expenses.
- i. Between 4:00 and 5:00 p.m., Mrs. _____ (and her husband) will check the grounds and the building entrances, stairs and halls for cleanliness, need for repairs and social activities.
2. General Outline of Administrative Duties.
 - a. Management Office Duties.
 - (1) Take registrations;
 - (2) Take applications;
 - (3) Complete form 3131 and form 2501;
 - (4) Answer phone;
 - (5) Answer correspondence;
 - (6) Take service requests;
 - (7) Assign service requests;
 - (8) Other duties described below under separate sections.

CHAPTER 1 SECTION IV

- b. Supervision of office personnel. (none at present to supervise)
- c. Preparation of reports and bookkeeping.
 - (1) Section 236 Excess Income and Rent Supplement Voucher are to be prepared between the first and the third day of each month;
 - (2) Posting to accounts is to occur weekly. Each month an operating statement will be prepared for the Board and FHA inspection and approval;
- d. Handling of rent and rent receipts.
 - (1) Rent roll is posted on tenant ledger cards (note attachment) on the thirtieth day of the month;
 - (2) A tape is run on the rent roll posting and checked against the rent roll control book (note attachment);
 - (3) On the first seven days of the month, the following procedure will be used in collecting rent:
 - (a) The change "bank" placed in the cash drawer will be kept at no more than \$25 at all times;
 - (b) At frequent intervals, deposit will be "dropped" in the safe in \$50 and \$100 amounts with the date and the amount clearly marked on the outside of the envelope;
 - (c) The amount dropped in the safe will be entered, before the drop, on the deposit slip made up in duplicate;
 - (d) Checks will be recorded on the deposit slip individually as they are presented for rent payment and then stamped with Pay To The Order of National Bank of _____ and For Deposit Only;

- (e) One hour before the scheduled pickup by the Security System, a tape will be run on the actual checks as well as on the checks listed on the deposit slip. If the two balance, then the checks should be "dropped" in the safe with their amount listed on the outside drop envelope;
 - (f) At the time of the Security System pickup, the deposit slip total should be checked against the dropped envelope total;
- (4) Rent receipts are numbered and made out in duplicate with the original issued to the tenant and the copy kept in the office;
 - (5) At the end of each business day, rent receipts will be totaled and checked against cash and checks received. At the end of the month, rent receipts will be balanced with deposits;
 - (6) All rent receipts will be saved in numerical order with explanation for voided or damaged ones in a fireproof container until permission is given by the CPA auditing the books to dispose of them;
- e. Preparing of required leases.
- (1) Leases will be prepared in triplicate by manager for specific tenant family to whom the apartment is to be leased;
 - (2) At the same time the lease is prepared, a move-in checklist is prepared for each tenant. This check list contains the list of required actions on each move-in (note attachments);
 - (3) Also at the same time each lease is prepared, a ledger card is prepared;

CHAPTER 1 SECTION IV

- (4) The lease is to be signed by both husband and wife, or if the family contains only one adult, the head of the family. The signature of the lessee is to be written and spelled exactly as the name in the body of the lease;
- (5) One full month's rent is to be paid at the time of the signing of the lease. Any proration for partial month's rent will be accepted on the first day of the following month;
- (6) A down payment on or the full security deposit will be paid at the time of the signing of the lease;
- (7) The rent roll control book is adjusted to reflect the new tenant's actual rent;
- (8) The keys are given to the tenant the day of actual move-in;
- (9) For turnover apartments, the above procedures will be adjusted in the following manner;
 - (a) The tenant moving out will notify the office in writing of the specific date on which his family intends to move;
 - (b) Prior to move-out, if possible, an inspection is made of the apartment by the manager and the janitor. All necessary repairs, decorating and cleanup work will be noted on move-out form (make four copies) so that there will be the least loss of rental income possible;
 - (c) The outgoing tenant will be notified of all charges to be made against his account or security deposit;

RHA 7205
RHA 7206
IONS

CHAPTER 1 SECTION IV

- (d) The next eligible family for the size unit to be rented will be contacted and all necessary work will be completed for determining eligibility;
- (e) On determination of eligibility, the family will be allowed to sign their lease and insofar as practical, choose the colors for the redecoration of the apartment if such redecoration is required;
- (f) The procedure followed in the leasing for new tenants will be modified in only the two following ways:

...a tenant checkout sheet will be given each tenant to list problems in the newly leased turnover apartment;

...the key will not be given to the tenant until the move-in day. At that time, it will be issued from the office. Insofar as possible, a representative of the office will be present at the beginning of the move-in to aid the new tenant in becoming acquainted with the new building and the apartment and to make sure that the move-in occurs without damage to the grass, doors, etc.

- (10) Orienting new tenants at initial occupancy of the building;
 - (a) At the time of lease signing, the provisions of the lease are carefully explained to both husband and wife, or head of household;
 - (b) One week to ten days after the initial occupancy of a building, a home economist from University meets with the tenants in one of the newly occupied buildings and by

discussions and demonstrations illustrates the proper manner to clean and maintain carpets, walls, floors, appliances and other apartment and building facilities;

(c) At the same time, the manager discusses with the tenants, the lease, the rules in the tenant handbook and suggests that the tenants develop an organization that will make known their needs and grievances with management.

(11) On turnover apartments, the manager will make an appointment for a home visit with the entire family present within 10 days after move-in. At that time, the manager will review the proper manner to clean and maintain the equipment and facilities of the apartment and discuss the lease, the tenant handbook and the building organization.

f. Correspondence.

All mail will be answered immediately. Both the letter and the answer will be filed in a manner so that the proper committee of the Board can review all correspondence.

2. Social Service.

a. The applicants, are, and will be, assisted in the preparation of their applications and their recertifications, etc.

b. Note section 3. (leasing) above for description of training in appliance use and care.

c. Use of local social service agencies for help and advice.

(1) Constant contact is maintained with the Welfare Department and the caseworker for the development by both the manager and the Social Welfare Committee of the Board.

REAL ESTATE REGULATION

RHA 7205

PROJECT APPLICATIONS
RHA 7206

- (2) In the instances where it is needed by tenants on Welfare assistance, housekeeping services and/or training is requested.
- (3) Contact is also maintained with other public bodies such as the schools and the police department, for purposes of exchanging information that is mutually helpful without invading a tenant's privacy.

3. Lease Enforcement.

a. Lease Violations.

- (1) Tenants violating covenants of the lease required under section 236 and rent supplement will receive a warning in writing giving them a definite time period in which to comply. Failure to comply will result in an immediate termination of lease.

- (2) All other violations or rumors of violations will be investigated and when proveable will receive appropriate action:

...misuse of the apartment through long term guests or unauthorized tenancy or for purposes other than tenancy will be dealt with by warning and termination.

...bad housekeeping will be given aid when possible by the Welfare Department and by resources made available by the social service committee.

...control of children, misuse of public spaces and parking lots will receive similar warnings, then charges and finally, termination of lease, if no improvement is apparent.

...action on non-rent payers has been described previously.

b. Notice to Quit and Evictions.

- (1) All termination notices, other than non-payment of rent notices, will be investi-

gated by an appropriate committee of the Board and approved by the full Board before the notice is issued;

- (2) Notice will be issued also only after satisfactory proof of the violation and a dedicated effort to solve the problem or problems with the use of every available community resource. In instances where a continued tenancy may be detrimental to the development, or some of the tenants, the executive committee shall have power to take emergency action.
- (3) All legal notices, once issued, will be immediately sent to the legal counsel. Except on his advice, no rent will be accepted after the date of termination of tenancy.
- (4) Evictions will be handled in the following manner:
 - (a) The manager or janitor will assist the Sheriff's deputies in their entry.
 - (b) Assistance will be offered to the evicted family in terms of helping to find storage facilities off the boundaries of the development.
 - (c) The lock will be changed immediately.
 - (d) Cleanup for repairs and re-renting will begin immediately.

c. Care of Unit by Tenants.

- (1) Currently, there are monthly inspections of apartments.
- (2) After full occupancy, the frequency of these inspections will be reduced to two a year.
- (3) A week's notice will be given to the tenants prior to the inspection.

4. Project Maintenance.

a. Inspection of units and grounds.

- (1) Note above for inspection of units. Grounds are also inspected daily (note section under daily routine);
- (2) Equipment such as hot water heaters will be checked on a bi-yearly basis. Capital and non-capital inventory items, except for stoves and refrigerators, will be checked at the yearly inventory.
- (3) Hall and common area inspections occur daily;

b. Heating, lighting and other utilities.

- (1) Since this is an all electric project, except for gas hot water heaters, the necessity for inspection is not great. Yearly inspection of the total project for purposes of the annual maintenance report should suffice. The manager will be responsible to see that all burned-out and broken bulbs in common spaces and parking areas are replaced immediately.
- (2) Contact will be maintained with the electric company to provide the best electric heat at the cheapest rate possible.
- (3) A budget control will be maintained on all items, but particularly on the electric heat. Any cost deviations will be immediately reported to the Board and investigated with the electric company.

c. Garbage and refuse removal.

- (1) Public service.
 - (a) The townhouses receive city pickup of garbage on Tuesday and Friday a.m.;

- (b) Evenings before the above pickups, the tenants place their cans near or on the street for pickup the next a.m..
- (2) Private Services.
- (a) A private waste disposal company picks up all garbage and refuse each morning;
 - (b) Each parking lot has one small dumpster for use by the tenants using that parking lot;
 - (c) The waste disposal company sprays and sanitizes the dumpster and sweeps the area around the dumpster after each pickup;
 - (d) Tenant has the responsibility to place his garbage and refuse in the dumpster and keep the immediate area around the dumpster clean and to prevent their children from playing in the dumpster;
 - (e) The manager has the responsibility to check the areas around the dumpster to see that they remain clean and free of refuse, particularly on week-ends.
5. Contracting and Disbursing authority.
- a. All contracts of whatever size must have prior approval of the Board or in cases of emergency the Executive Committee;
 - b. All expenditures are reported to the Board each month. The expenditures are compared with the budget and deviations are explained;
 - c. All checks for all purchases must be signed by two persons, the manager and a member of the Executive Committee;

HM G 4351.1

CHAPTER 1 SECTION IV

- d. The chairman of the Finance Committee meets with the Manager prior to the meeting of the Finance Committee. At that time, the previous month's expenditures and income are checked against the budget. At that time, the next month's operating budget is prepared for approval by the Finance Committee and the Board.

SECTION V - PROJECT BROCHURE

A brochure is both an advertising device and a means of imparting some basic understanding of the housing program under which the project is insured. An effective brochure may contain the following:

- A. Location of the project by description and a simple map of the area.
- B. The size and number of dwelling units and the rents to be charged.
- C. The identity and background of the sponsors and general contractor.
- D. A history of the project or a projected date of completion or both.
- E. An explanation of the section of the Act under which the project is insured.
- F. A brief summary of eligibility requirements. (This may constitute the first screening of applicants.)
- G. A description of units with floor plan and facilities offered.
- H. A summary of the schools and other community facilities servicing the project.

SECTION VI - PREPARATION FOR OCCUPANCY:

1. From the initial impulse to sponsor a project, the planning for actual occupancy of a project should be continuous. It is management's responsibility to see that the local press, radio and TV stations are notified of the project development. Books of accounts, fiscal records, maintenance and repair job reports should be prepared and all necessary reporting requirements of HUD should be made ready. At commitment time, the sponsor should make a complete survey of public and private community agencies whose functions are to assist low income families and individuals. If facilities in the project have been included for community services such as day care centers, recreation, vocational training or any other community activities, the sponsor should prepare a program schedule of the federal or local community agencies which are going to assist in the operation of the community activities programs.

2. Nine Months Prior to First Unit Rent-Up:

- a. Followup news media advertising.
- b. Management should have copies of "as built" drawings.
- c. Prepare resident registration forms and establish method of handling.
- d. Establish house numbers or building addresses in cooperation with postal authorities.
- e. Plan and/or negotiate utility contracts for gas, electricity, water and sewage disposal, if required.
- f. Order signs for project for start of construction, indicating where registration cards may be obtained and filed.

3. Six Months Prior to First Unit Rent-Up:

- a. Plan for taking applications.
- b. Prepare for office space and furniture required for temporary and permanent use.
- c. Obtain building and site plan drawings for use in scheduling initial occupants. Indicate on the drawings the established street numbers and apartment numbers.
- d. Select project manager, if it is determined not to hire management firm. Management firm appoints staff members to handle project.

4. Five Months Prior to First Unit Rent-Up:

- a. Determine additional staff needed to take applications.
- b. Prepare final draft of first year operating budget.
- c. Establish effective rent collection policy.

5. Three Months Prior to First Unit Rent-Up:

- a. Prepare office forms for rental operation:
 - (1) Registration cards.
 - (2) FHA 2501 - Application for Tenant Eligibility - Rent Supplement.
FHA 3131 - Application for Tenant Eligibility - 236
FHA 1705 - Application for Tenant Eligibility - 221(d)(3)BMIR.
 - (3) Employment Inquiry.
 - (4) Evidence of Income.
 - (5) Evidence of Child Care Expenses.
 - (6) FHA 2502 - Physical Inspection of Housing for Rent Supplement.
 - (7) FHA 2505 - Schedule of Rent Payments Due for Rent Supplement.

- FHA 3104 - Monthly Report of Excess Income
 - (8) SF 1034 - Voucher
 - (9) FHA Lease Forms (Form 1728 for 221(d)(3) BMIR; Form 3133 for 236; Form 2503A for Rent Supplement).
 - (10) FHA 1240 - Broker Qualification Data.
 - (11) Work Orders.
 - (12) Complaint Forms.
 - (13) Purchase Orders.
 - (14) Prepare a Resident's Handbook
 - b. Screen temporary employees to select best possible permanent staff.
 - c. Establish further liaison with all appropriate public and civic organizations explaining basic rules for eligibility and occupancy.
 - d. Commence staff training.
 - e. Accept bids for contracting for fuel oil, coal, etc. if applicable. Establish delivery dates.
 - f. Complete arrangements for city services such as garbage pick-up, bus service, and street lighting.
 - g. Review publicity drive for the project and be sure to emphasize where prospects can obtain applications for eligibility and occupancy.
 - h. Begin accepting formal applications. All persons who have filed registrations should be notified to file formal applications.
6. Two Months Prior to First Unit Rent-Up:
- a. Commence determination of applicant eligibility.
 - b. Continue publicity drive through local news media if applications are slow in coming.
 - c. Plan to set up a model demonstration unit.
 - d. If not already done, employ qualified maintenance men to become familiar with structural features of buildings, location of equipment, plumbing and air conditioning systems and other operating equipment.
 - e. Secure manufacturer's instructions for operating and maintaining equipment.
 - f. Learn location, method of operation, and adjustment of controls for plumbing, heating, and electrical distribution system.
 - g. Mark and identify all equipment as property of the project.
 - h. Secure warranty tags for each piece of equipment. Each tag must show serial number of equipment and the number of the housing unit in which it is installed. All tags should be

7/71

REAL ESTATE ACQUISITION
RHA 7205
PROJECT APPLICATIONS
RHA 7206

CHAPTER 1 SECTION VI

- carefully filed for future reference in the event of mechanical failure of equipment during warranty period.
- i. Obtain from the contractor names of suppliers of windows, plumbing and electrical fixtures, storm and screen doors, siding, locks, roofing, exterior and interior paints, etc.
 - j. Adopt a work order procedure.
7. Preoccupancy Conference:
- Prior to initial occupancy, a preoccupancy conference will be called by the HUD Area or Insuring Office Director which should be attended by the project manager as well as the mortgagor. Occupancy requirements will be fully discussed. Income limits and all other tenant eligibility requirements are fully explained. At the close of this meeting, management should have a thorough understanding of its responsibilities in renting units in the project. (Reference: MF-68)
8. Request for Permission to Occupy:
- The mortgagor must obtain permission from HUD and the mortgagee before any units can be occupied in the project. (Reference: Par. 63541) Each time a unit or block of units is ready to occupy, an original and four copies of Form 2485 must be submitted to the insuring office. HUD will inspect each unit to determine if it is acceptable for occupancy. The mortgagor must also submit evidence that local authorities have granted approval for occupancy.
9. One Month Prior to First Unit Rent-Up:
- a. If demonstration or model unit has been set up in a project, invite newspapers to send reporter and photographer to write a story on how a typical unit may be economically furnished. This could also be the locale for an interview with the president of the sponsor group on the overall progress, together with statements on what the program hopes to accomplish for the residents and community.
 - b. Resident selection, leasing and assignments of units. Consider a group meeting with families selected for residence to explain management rules, leases, rent collection, and instruct them in use of equipment, procedures, etc.

- c. Establish orderly move-in schedules to avoid congestion and added expense to incoming residents.
- d. Establish formal procedures for issue of supplies and equipment to staff and to tenants as appropriate.
- e. Set up door key control system.
- f. Inspect each available dwelling unit to insure that it will be ready for occupancy and that all facilities and equipment are in working order.
- g. Establish date on which the management will become responsible for utilities in each building or group of buildings.
- h. Verify with contractor that "as built" drawings are current.
- i. Assure that staff members are covered by fidelity bond.
- j. Plan for open house.
- k. Organize social worker staff if possible.

10. Initial Rent-Up Period:

- a. Complete dedication of streets, if applicable.
- b. Decrease administrative staff as soon as workload will permit.
- c. Record initial readings of utility meters as of dates established.
- d. Instruct residents again in use of equipment at move-in.
- e. Schedule resident followup visits approximately thirty (30) days after move in to ascertain whether tenant fully understands the use and care of equipment.
- f. Make a physical inventory of all items of equipment and unused material and supplies at end of initial rent-up period and set up procedures to maintain inventory control.
- g. Close demonstration unit and rent it as soon as possible if sufficient eligible residents are available to fill the project.
- h. Confirm working relationships with community educational, recreational, health and welfare organizations.
- i. Establish final accounting records and procedure for operation.
- j. Establish budget control to avoid overruns.
- k. Review Fidelity Bond and Coverage; consult with HUD personnel if necessary.
- l. Prepared FHA Form 2505, Schedule of Rent Supplement Payment Due, as required. (Chapter IV, page 204)
- m. Inspect project carefully. Any apparent discrepancies in plan or faulty construction should be immediately reported to FHA project inspector.

CHAPTER 1 SECTION VI - VII

11. Rent Schedule:

As units near completion, the rent schedule for initial occupancy of the project is reviewed by HUD-FHA in order to insure that at a specified percentage of occupancy the rents will yield sufficient net return to pay the requirements under the established debt service limitations, the maximum allowable return on investment to a limited dividend mortgagor of six (6) percent of his equity investment, or, for nonprofit mortgagors, residual income of five (5) percent which may be used as a contingency reserve.

The Area/Insuring Office may approve rates lower than the permissible maximum but adequate to support the mortgage. In these cases, increases up to the maximum legal rent limit may be made with prior approval of HUD-FHA, provided a revised rent schedule is submitted along with a twelve-month operating expense report substantiating the need for the increases. When the situation warrants, operating expense and income data for less than a full year may be submitted.

SECTION VII - LEASES:

A Lease is a contract between tenant and landlord which assures a tenant the exclusive possession with quiet and peaceful enjoyment of a specific dwelling unit in return for payment of rent and reasonable protection of the property. The rights and duties of both tenant and landlord are governed by the provisions of the lease.

In accordance with provisions of HUD Regulatory Agreements, a lease cannot be executed for a period of less than 30 days nor more than one year and must be submitted to HUD for review and approval. A model lease form prepared by HUD is provided which may be adopted by the owner with revisions allowing for local practices. The following statutory requirements are for information only and do not supersede the provisions of the appropriate Model Form of Lease. All leases must be approved by the HUD office prior to use:

- A. 221(d)(3) BMIR: A Model Lease Form (FHA 1728)(Chapter 5, Page 224) required by the Regulatory Agreement is prescribed by the HUD-FHA Commissioner. The lease must contain clauses whereby the lessee (tenant):
1. Certifies the accuracy of statements made in the application and income survey (Form FHA 1705); (Chapter 2, Page 117)

2. Agrees that the family income, family composition and other eligibility requirements are deemed substantial and material obligations of his tenancy, that he will comply promptly with all requests for factual information with respect thereto from the owners or the HUD-FHA Commissioner, and failure or refusal to comply with such requests shall be deemed a violation of a substantial obligation of his tenancy;
 3. Agrees that at such time as owners or Commissioner may request he will furnish certification of the current family income.
- B. Rent Supplement Program: The Model Lease Form (FHA 2503A) (Chapter 5, page 246) required by the Regulatory Agreement is prescribed by the HUD-FHA Commissioner. The lease must contain those provisions listed previously for the 221(d)(3) BMIR program. In addition:
1. The lease must provide that a tenant report immediately any income increase which results in a monthly income of four or more times the full monthly rental for the housing unit occupied. He must agree to reimburse the HUD-FHA Commissioner for any rent supplement payments made by the federal government to the owner on the tenant's behalf during a period when his income had increased to four or more times the full monthly rental and the payments have not been terminated because of his failure to report such income increase to the housing owner.
 2. He must also agree to report immediately to the housing owner if his assets increase to more than \$2,000, or \$5,000 elderly, at which time rent supplement payments shall be discontinued. He must agree to reimburse the HUD-FHA Commissioner for any rent supplement payments made on his behalf during any period when an appropriate termination of payments was not made by the Commissioner because of tenant's failure to so report.
- C. Section 236: The Model Lease for Section 236 (Form FHA 3133) (Chapter 5, page 243) required by the Regulatory Agreement is prescribed by the HUD-FHA Commissioner. Its provisions relating to eligibility and occupancy factors include clauses whereby the tenant agrees:
1. That family income, family composition, and other requirements for eligibility are deemed to be substantial and material obligations of his tenancy with respect to the amount of rent he will pay and his right of occupancy;

7/71

ACQUISITION
PROJECT APPLICATIONS
RHA 7206

CHAPTER 1 SECTION VII

2. That a recertification of income shall be made at least every two years from the date of the lease and that the monthly rental payment upon 30 days' notice is subject to adjustment to reflect income changes reported on any recertification;
3. To pay any rental which should have been paid but for:
 1. tenant's misrepresentation in his initial income certification or recertification;
 2. tenant's failure to supply income recertification when required.
- D. A new (1971) form of Model Lease has been established for Public Housing but not for insured projects. Any changes to the model form leases in Chapter 5 will be transmitted to sponsors and managers.

The HUD circulars explaining the new Public Housing Leases are reproduced at the end of Chapter 5 for your information.

CHAPTER 2 - PEOPLE

SECTION I - RESIDENT ORGANIZATIONS

A. Introduction:

The material in this section is neither directive in nature nor a part of present HUD requirements. It is, however, recommended that prospective and present owners and managers consider this material carefully. Experience in the subsidized programs, as well as in public housing, has shown the positive value of encouraging residents to participate in those areas of management which directly affect them.

B. Management's objective in regard to resident involvement in project affairs should be a resident organization capable of:

- (1) Informing management and increasing its understanding of the residents' individual and collective problems, needs and desires.
- (2) Increasing the residents' understanding of and cooperation with management's problems and responsibilities.
- (3) Insuring that residents are a meaningful and useful part of the management process.
- (4) Acting to implement and promote meaningful services and programs of benefit to all residents.

If these objectives are to be achieved, management must first be willing to share with residents a substantial portion of its traditional management prerogatives. There are obviously some aspects of operation in which management cannot relinquish its final authority or responsibility. HUD and the mortgagee will continue to look to the sponsor and manager for compliance with all provisions of the Regulatory Agreement, Mortgage, and other pertinent requirements.

A rent increase, for example, is of vital importance to residents as well as management. Residents can and should be involved when management must request a rent increase, at least to the extent that Residents are fully informed that such a step is being considered and the reasons for it. Residents may work together in developing plans to hold down expenses or perhaps forego certain amenities or services in lieu of a rent increase.

CHAPTER 2 SECTION I

C. WORKING WITH RESIDENT ORGANIZATIONS:

Working with residents during their efforts to organize or with an established resident organization requires special qualities on the part of the manager. He must be neither afraid nor suspicious of residents nor contemptuous of their right and ability to organize and to assume responsibility for their own welfare and problems. He must be willing to work with residents and above all, be willing to listen to them.

If residents are not organized, management should not necessarily take the initiative in the creation of a resident organization unless the residents give no indication that they themselves will take the initiative. The important point is that management must not try, or give the appearance of trying, to create a "house" organization.

However, if residents do not show any inclination to create a resident organization, then management is justified in taking steps which might lead residents to begin organizing. A community organization or agency such as the Urban League, groups affiliated with the Urban Coalition, or local community groups could be asked to meet with residents and discuss the desirability and advantages of forming an organization within the housing development. Consideration might be given to inviting all interested residents to a meeting for the purpose of forming an organization. Management is especially cautioned against any attempt to form a management dominated organization in opposition to an organization the residents themselves have formed or are in the process of forming.

Many housing developments, of course, already have resident organizations which may differ widely in strength or organizational form. When residents organize, it is usually an indication that they are interested in creating a desirable living environment within the development and the community or have legitimate unresolved complaints. Management must be willing to review its own procedures, policies, and basic management philosophy and be prepared to make revisions for the mutual benefit of residents and owners.

If conflict among opposing resident groups becomes a problem, management is cautioned against taking sides with any group, since this will probably aggravate the conflict. Residents can and should be encouraged to hold an election to establish one organization with one set of officers to represent all residents in the

project. Management may also encourage residents to obtain the neutral assistance of an outside community group, agency, or institution to help monitor or conduct an election. In an election in which all residents have been informed of the issues and personalities involved and have been given a chance to vote, a small voter turnout should not prevent those elected from being recognized as the representatives of all the residents in the project. Candidates should, of course, be nominated by petition or in meetings open to all residents. The term in office and provisions for future elections should be established at the onset.

The establishment of a formal residents' organization is not an end in itself, but a spirit of cooperation may emerge as management and residents work with each other and make visible progress in improving the social and physical conditions of the project and residents.

D. PRODUCTIVE RESIDENT INVOLVEMENT:

Consulting residents before policies and decisions which affect their daily lives are made is an important step beyond the minimum level of involvement. Mutual problem solving is the level of resident participation which should be sought in all situations. Management not only consults residents to obtain their views, but also seeks their active participation in finding and implementing solutions to problems. A relationship of this type can be achieved only if residents have an organization which can affectively represent them and work with management.

Developing the capacity to solve mutual problems should proceed in stages which may develop concurrently.

1. In the first stage of this process, management, social services staff and residents together identify all problems which adversely affect the social and physical atmosphere of the project. The following are examples of the types of problems which might emerge:

a. Problems of Management:

How to attain and maintain financial stability.
How to maintain full occupancy with minimum turn over.
How to keep the project clean and well maintained.
How to get cooperation from residents.

CHAPTER 2 SECTION I

b. Problems of residents-as residents:

How to get fast action to fix broken windows and stopped-up toilets.
How to get management to maintain the property at a high standard.
Rent increases.
How to get an adequate response to problems at convenient times.

c. Problems of residents-as individuals:

How to get a better job and long-range financial security.
How to keep the family together and progressing.
How to get the baby to the health clinic.
How to get the benefit of community services and facilities.

d. Problems that concern both management and residents:

How to reduce vandalism and keep the project safe.
How to keep the kids interested and occupied.
How to prevent litter and keep it picked up.
How to improve community services.

The identification of problems and issues is a continuing process, because as problems are solved and progress is made, residents get new ideas about how to do things better and how to work positively to accomplish results. Success keeps the process -- and resident involvement -- alive.

2. The second step consists of deciding which problem or problems are to be attacked first. In selecting priorities, both sides must learn to give a little and reach mutually satisfactory goals. The number of problems that can be attacked at any given time will depend on a number of factors, including:

The quality of management.
The extent of management's commitment to work with residents.
The extent of the residents' trust in management's good will and sincerity.
The speed and extent to which residents are able to develop their own leadership ability.

CHAPTER 2 SECTION I

3. Devising and implementing solutions to problems is the third step in the problem-solving process. Special resident committees can be set up to study various problems, recommend solutions and oversee projects. Management's major contribution to this phase of the process should be procurement of resources, cooperation and support from outside sources and the provision of available project resources. It is important, of course, that sponsor or management remain at all times closely involved in an advisory capacity.

A key element in the development of an effective resident organization is the measurement of progress made by residents and management. Reliable indicators of progress - and trouble - will be of great help to both, perhaps most of all to management. Simple indicators of progress can be based on comparative monthly maintenance expenses for various items such as number replaced lightbulbs, broken windows, vacancy rates, rent delinquency rates, etc. A more positive approach might be to publicize the number of days since the last unfavorable incident occurred. Figures for the indicators could be gathered by management and a tenant committee with the monthly figures posted on a bulletin board in the meeting room or other public area.

4. Complaints and Grievances. An effective and operating tenant organization can contribute materially in the settlement of complaints and grievances. For the purposes of this discourse, complaints and grievances are defined as expressions of dissatisfaction with a specific or general condition within the project with a grievance further defined as a serious complaint.

When alleged injustices are first presented to a committee of the recognized tenant organization, this "jury of peers" can frequently resolve the matter. If it cannot be so resolved, the committee can present the matter to the owners or manager for further action. Many of the allegations of a broad or general nature can be presented without pinpointing the complaint.

A committee can investigate allegations with both sympathy and impartiality, particularly in respect to allegations against actions by fellow residents.

CHAPTER 2 SECTION II

SECTION II - COMMUNITY SERVICES AND DEVELOPMENT

A. Introduction:

Many residents of subsidized housing developments come from environments in which they may not have had the chance to develop the family stability, skills, or housekeeping patterns necessary for the close environment of a modern apartment rental development or for successful competition for jobs, education, or economic advancement.

The responsibility to help alleviate these problems is the sponsor's and is best met by keeping the community service function completely separate and apart from the management function, particularly the management function embodied in the resident manager. While this may not be possible in small projects, and the resident manager is not indifferent to the social program, his day-to-day duties do not meld with the direct supervision of a community services program. Service program activities in which he may be concerned, such as providing facilities, should come to the resident manager through the sponsor or resident organization.

B. Family Assistance:

A well-rounded family assistance program should include both group type, essentially educational services, and specialized assistance to individual families. Individual family assistance will require a family aide or aides, preferably with formal training and case work experience, who can devote full time to the job. The family aide would help individuals secure health and welfare services and in their dealings with all types of public service agencies. Beyond this, the family aide should be free to aid residents with any personal or family problems which they may have; i.e., any problems that have affected their usual pattern of living such as illness, loss of a job, suspension from school, etc. The goal of the family aide should be to enable all residents to assume their place as healthy, useful, productive and self-sufficient persons. The family aide's first priority must be to help prevent and solve residents' problems, whatever they may be; but in so doing he will also prevent and solve many of the problems facing the housing development.

A list of low cost publications useful for various types of programs is given in the bibliography at the end of this section.

CHAPTER 2 SECTION II

C. Procurement of Resources from Outside Sources:

It is not realistic to expect that all housing developments will be able to afford a full time, paid family aide, but this should not preclude the exploration of possible sources of outside funding or volunteer workers. Local public agencies can be asked to provide partial funding for a family aide employed by the project or to provide a full or part time employee for the benefit of the project. Some colleges and universities may be willing to allow graduate level social work students to do practical social work as part of their course work. Private groups such as churches might be persuaded to organize volunteer efforts to counsel and advise tenants.

The provision of housing and the complete range of community services needed by low-income residents must be recognized as a responsibility of the community as a whole, and not of the housing development alone. Their needs are often so great and varied that project resources alone cannot hope to meet them. A community services program adequate to residents' needs must therefore consist of facilities and services supplied partly by the housing development and partly by public and private community agencies.

It is sometimes possible that physical facilities for such purposes can be furnished by the development as part of the initial application for mortgage insurance. While the initial cost of such facilities may sometimes be included in the mortgage, operating expenses and staff payroll for day-care centers and other similar services may not generally be considered allowable project expense items, nor does HUD have separate or additional funds available for these purposes. Sponsors should, therefore, have some assurance of operating funds from other sources before including these types of facilities in their final plans.

Very early in the planning stage of a new housing development, the sponsor and manager should meet with representatives of all concerned public and private agencies to explain the type of project, the facilities to be furnished and the services needed. Included should be representatives of the public schools, police, transit authorities, recreation departments, park commissions, health and welfare offices, churches, YMCA's, YWCA's and any other organizations which render desired services. Close and continued contact with these agencies throughout the planning and building stages and after the project is occupied can assure that their services will be available when needed. If at all possible, the provision of services and resources and stipulations as to their use should be assured in the early stages of project development.

CHAPTER 2 SECTION II

School authorities should be consulted, not only to request that special provisions be made for children from the project, but also to determine if future pupil enrollment predictions and school construction plans will, in fact, take into consideration the large numbers of children living in the development. Recreation departments can be asked to provide nearby playground facilities and/or provide full or part time supervision for development play areas.

Social, welfare and health agencies can be requested to locate neighborhood offices in or near the housing development and provide personnel and services on a priority basis to the residents. The Catalogue of Federal Domestic Assistance gives a description and the major eligibility requirements for all federal social and economic domestic assistance programs.

The management program starting on Page 16 includes excellent social development features.

Although the following draft was developed for public housing projects, it is applicable to insured, subsidized housing developments.

D. SOCIAL SERVICES PROGRAM DEVELOPED FOR PUBLIC HOUSING AGENCIES

1. Scope of Programs:

- a. A balanced program would include services and activities in each of the following categories:
 - (1) Employment: Including training or preparation for employment by Local Authority itself, day-care provisions to permit training and employment of female family heads, etc. Emphasis should be placed on the employment of male family heads and youth.
 - (2) Economic assistance: Credit unions, consumer education, stretching the dollar, surplus commodities or food stamps.
 - (3) Education: Headstart, tutoring, basic and adult education.
 - (4) Recreation: Appropriate for all age groups.

CHAPTER 2 SECTION II

- (5) Health: Well-baby and prenatal clinics, visiting nurses, health education, and preventive medicine.
- b. Primary emphasis should be placed on those activities which the residents can sponsor and run themselves. Management's central role should be one of liaison, whenever needed, with other public agencies, and encouragement and prompting of tenants to take on as much responsibility and initiative as possible.
- c. Everyone needs money. If you look at the income of the families who live in public housing, you would automatically say that the greatest need is for more money. If you talk with tenants, you hear things like:

"I can't stretch my money so we have enough to eat the day before the next check comes."

"Some months I have to choose between paying the rent and buying food, shoes, and clothing for the children."

"It would be nice to fix up the furniture and make the place look nice."

Hence, the foremost need for most families is to increase or stretch their incomes. This can be done in three ways:

- (1) By helping more members of the family find work,
- (2) By training wage earners for better jobs, and
- (3) By helping families stretch the few dollars that they have.

2. Employment:

a. Job Opportunities:

- (1) Encourage the men of the project, or others who are interested, to help one another find employment. They might begin exchanging job information by putting up a blackboard in the project office where anyone can list opening he knows of job-seekers. Ask the local State Employment Service to provide flyers on job openings to post on the

bulletin board. Suggest that the tenant organization talk with employers in the community about prospective job openings. Management can assist by providing names of potential employers. Find out exactly what training is necessary and the procedures for applying for and getting the job. Put the information on a flyer and distribute it throughout the project. Tenants' groups from several projects may want to exchange information.

- (2) The Local Authority should be hiring tenants on the projects. An employment committee should assist by planning with management how tenants will be hired and trained. A group of tenants may want to organize themselves to provide a service to the Local Authority or to undertake other community enterprises such as painting, rehabilitating units, or assisting with day care services.

Employment of tenants should be used as an opportunity to create subprofessional roles with career potential, such as health aides and social service aides. Staff used to assist in the organizing and running of tenant organizations could be recruited from among the tenants and trained through programs set up and funded under Title VIII of the Housing Act of 1964.

- (3) Where transportation to employment is a problem, management should assist residents to organize car pools or find out how to get better bus service for the project.
- (4) Management, with interested tenant committee, should prepare plans for day care, health services, or other services that will help tenants maintain regular attendance on the job. Many cities have private nonprofit and/or religious agencies which have group and family day-care programs. These agencies are resources for services or they can be asked to assist in developing a service.
- (5) Such a program might also provide a source of employment for mothers living in housing projects. A tenant committee could investigate resources existing in the community for a needed service. This same group could then help establish facilities for a group care center, utilizing community space on the project site, or for a home care program.
- (6) Finding work and training for teenagers both in and out of school is of top priority. This should concern everyone on the project because youths employed in meaningful work are an asset to the life of the project. Their work experience

at this age will also influence their life employment pattern.

- (7) The Neighborhood Youth Corps should be contacted by the Local Authority concerning training and employment during the entire year as well as during the summer. The Job Corps is still another training and employment resource.
- (8) The tenant organization should try to find job openings in neighborhood businesses, suggest ways for the Local Authority to hire youths, and work with schools and training institutions to help students get what they need to equip them for work.

b. Job Training:

- (1) Although increases in family income from jobs for youth help, in the long run, it is the wages of the family head that are most important. Hence, training for good jobs is an urgent need.
- (2) The man who works full time but doesn't earn enough to support his family, the man who works seasonally, the man who can't seem to keep a job, and the woman who has never done anything but domestic work will all want to obtain and keep good jobs so they can better support their families. The following are some ways these under-employed people can prepare for and find jobs:
 - (a) Management should find out what kind of training tenants need for jobs in order to determine the kinds of training programs to seek.
 - (b) Management should contact all the local training for employment sources for information on type of training and who is eligible. Included should be the State Employment Service Office for information on the Department of Labor's programs. In larger cities, the Concentrated Employment Program (CEP) would be a resource. Most communities, especially Model Cities, will have a Cooperative Area Manpower Planning System (CAMPS) committee. Local authority representation and participation in these programs has been encouraged by both HUD and the Department of Labor for it offers an excellent potential for tenant training and employment. Additional contacts should be the local Community Action Agency (CAP), Board of Education (for vocational and basic education programs), the Vocational Rehabilitation Bureau, the Council of Social Agencies, etc.

7/71

INSURED PROJECT

REAL ESTATE ACQUISITION

RHA 7205

AFFILIATIONS
RHA 7206

- (c) Those residents who are working should be encouraged to ask their employers what training they offer and how one can become a trainee. The tenant organization and/or management should talk to representatives from local factories and businesses about training programs they offer or might be willing to set up.
 - (d) Tenants can help one another get to classes with a carpool. Because most training programs and education classes require homework, management should find a quiet place on the project, or close by, where adults can go to study. College students could be asked to spend several evenings a week tutoring tenants. Schools or bookstores might be willing to donate books or other materials. The Board of Education may be able to furnish the study area, and local service organizations might be willing to supply the furnishings for a project library.
3. Stretching the Dollar: Although public housing residents do not have a lot of money to spend, they can make good use of what they do have by shopping wisely and getting more for every dollar. The following suggestions are designed to help tenant organizations to accomplish this.
- a. Self-Help and Cooperative Enterprises:
 - (1) There is often no supermarket close by the project. Perhaps arrangements can be made to take women to a shopping center with good quality merchandise and better values. Sometimes a nearby church or settlement house has a bus which can be loaned to a tenant group for this purpose. Tenant organizations could be encouraged to initiate a petition for a bus line near the project if there is none. Merchants could be encouraged to start businesses in the area. Management can assist a tenant committee by arranging for a truck to pick up surplus food to be distributed to tenants.
 - (2) A "buying club" or a tenant committee through which groups of residents pool their money, can purchase food in large quantities at wholesale prices. They can also take advantage of railroad salvage food sales, farmers' markets or day-old baked goods at bakery plants. Most supermarkets have specials or "leaders" that are priced below wholesale prices and tenants can take advantage of volume purchases of these items.

- (3) A thrift shop might be established by a tenant organization. Outgrown clothing, furniture, and other basic items that are no longer useful to a family can be pooled and sold to other residents or given away, under special circumstances. This can have a double advantage--families can purchase needed items at inexpensive prices, and the tenant organization can raise money for other programs. A tenant committee can be organized to find a location for the shop and to make contact with local resources. Needed items can be sought from civic, women's, church, and other groups. Some of these groups can serve in an advisory capacity to help tenant organizations establish and operate a thrift shop.
- (4) A credit union consists of a group of people who agree to save their money together and make loans to one another at low interest rates. It makes borrowing and saving easier. The more the members save, the more they have individually and the more there is available for other members to borrow. The Federal and State governments have laws and regulations governing credit unions to insure that they are soundly run. Interest rates on loans are low since federally-chartered credit unions and most state chartered credit unions are permitted to charge no more than one percent each month on the unpaid balance.

The interest paid on loans is divided among the members and paid to them in the form of dividends. Credit unions are located conveniently for all members in order to make it easy for them to use. The members of the credit union are responsible for its operation. They elect their own officers and appoint a committee which decides what loans will be made. In some instances, credit unions have been authorized to sell food stamps.

- (5) Other types. Other types of autonomous enterprises can be set up and run by the residents themselves through the tenant organization, such as a cooperative laundry, furniture repair, dressmaking, barber shop and beauty shop. If funds are available, it may be possible for management to provide the capital investment and then be repaid by the tenant enterprise from its profits. Even better, management might be able to get local businesses or corporations to donate the needed equipment. Technical management training for such projects can be sought from local offices of the Small Business Administration and the Office of Economic Opportunity, as well as local businesses already established within the community. These types of projects

REAL ESTATE ACQUISITION
PROJECT APPLICATIONS
RHA 7205
RHA 7206

provide valuable training experiences at all levels, aid families in cutting their living costs, and produce immediate service benefits.

- b. Consumer Education: Many community action agencies and other local groups interested in consumer problems have programs in consumer education. They often have a staff person who can assist the tenant organization in setting up its own program. Some of the topics which could be covered include learning where the best values are, picking out good quality merchandise for the least money, understanding packaging of products and weights, learning to buy wisely on the installment plan, and curbing "excessive interest" charges by credit stores that take advantage of the poor.

4. Education:

a. Child Education:

- (1) The experience of a child in his first five to seven years set the basis of his attitude towards education, family, and work. Therefore, it is important that the children of low-income families, particularly those with only one parent, secure as much help as possible. Often the best help or service is from a good preschool program. Hence, the tenants should find out what preschool programs are available or can be developed.
- (a) Head Start or a similar program is especially important for young children. After school, space could be provided for older children who are left unchaperoned until working mothers return home.
- (b) Poor health, such as vision or hearing problems, is often at the root of school problems. Management should take special care to see that school children receive check-ups either at school or through public health resources.
- (2) The tenant organization might set up a lending library in community space for both children and adults. Textbooks, novels, home repair manuals, consumer guides, and other helpful references would be useful to all. Film programs are also possible. The library can also offer a quiet place to study for both students and adults in education and training courses.

- (3) Good relations with local elementary and secondary schools as well as technical and vocational schools can be maintained through participation in the PTA. Management should make sure that all high school students are aware of the opportunities for scholarships and grants for higher education. A special effort should be made to assure that all students who have the desire and qualifications are able to participate in high school work study programs. A Teacher Corps program should be sought by contacting the Education Department of the local college or university.

b. Adult Education:

(1) Basic Skills:

- (a) In many housing projects, there are a number of adults who do not have the basic skills of reading and writing. In some cases, they have not developed the work habits to obtain and hold a job. Various types of training and education can be given to residents, depending upon the problems presented. Local State Employment Service agencies or the Adult Education Division of the public schools will be able to inform about classes in basic skills either on-site or off-site (Manpower Development and Training Act). A retired teachers' association can be a source of volunteer help.
- (b) Many adults wish to undertake additional training but cannot, due to the time and expense involved. The tenant organization could be very helpful in arranging for transportation and seeing that someone is available to care for the children. Management might assist with costs involved in tuition, books, and transportation, to the extent that project funds are available.

(2) Homemaker Skills:

- (a) Other opportunities for improving family conditions are to be found in classes and demonstrations conducted in every branch of homemaking; cooking, nutrition, cutting and sewing, furniture repair, home care and decoration, and many others. Women who previously have lived under substandard housing conditions may welcome such instruction and benefit from it. At some Local Authorities, demonstrations are conducted in homes or model apartments before new residents move

in so that the families will become familiar with the equipment and utilities and know how to use them.

- (b) Homemaking and nutrition courses provided by the local County Extension Agent through the Federal Extension Service, will be helpful to many residents. Churches, synagogues, settlement houses, the VISTA program, family service agencies, utility companies and the Vocational and Home Economics Department of public schools and colleges are resources for this type of instruction. In this connection, management should realize that moving into a dwelling that is really clean and well equipped will give initial encouragement to the homemaker. If the dwelling is then kept in good repair, this will provide the best incentive for good homemaking.
- (c) An adult education committee made up of leaders from each of the program areas (basic skills, hobbies, crafts, recreation, and homemaker skills) should be a part of the tenant organizational structure to represent the adult residents interested in these activities.

5. Recreation:

a. Children Must Play

- (1) Most public housing projects swarm with children who live under strict rules of where they may or may not play:

"Don't play in the corridors."

"Don't play in the lobby."

Play they must, because play is the chief business of the child's life. How they play, with whom they play, and where they play, influence their attitudes toward property and authority.

- (2) Children and teenagers often look for a model, someone older to copy. They look to a person who "made it" --and "made it" means someone who has learned to get along in their world. If the person to whom they look, or the guys who "made it," are anti-social, these are the models that may be copied.

- (3) Children in a project will be attracted toward groups. What these groups do or are helped to do often determines whether children are antisocial or an asset to a project. Constructive recreational activities under mature, understanding leadership with adequate facilities are the keys to wholesome experience for children.
- (4) School-age children. School-age children need playgrounds and equipment which give them an opportunity for exercise and adventure. The play that takes place on playgrounds is usually informal. The only supervision that can be provided will come from adults, usually mothers who sit nearby and intervene when a fight starts, or when a child falls out of a swing and hurts himself. But this group also needs organized activities: Boy Scouts, Girl Scouts, Big Brothers, Boys and Girls Clubs of America, Police Athletic Leagues (PAL), Little Leagues, Camp Fire Girls, and neighborhood center clubs.

This age group will engage in special interest activities such as arts and crafts, music, drama, sewing, wrestling, junior achievement, and 4-H activities.

b. Teens and Sub-Teens:

- (1) Most teens and sub-teens are interested in social and athletic activities. They want to make friends with members of their own sex and the opposite sex. They want to be more independent. For these reasons, it might be well for the tenant council with the help of management to provide a "hangout" for teens -- a place they can call their own. This age group should develop its own program plans. With the guidance of a mature adult, they should carry out and be responsible for their own activities.
- (2) Local agencies should be contacted and encouraged to furnish staff assistance and expertise in developing a teenage program. It is encouraging to note that juvenile misbehavior has been reduced in neighborhoods where Local Authorities have made full use of community youth service agencies.
- (3) A tenant committee made up of youth leaders should be appointed or elected to represent the teenage residents in the overall tenant organizational structure. In this way, the needs and interests of teenagers will be reflected in the total planning and programming for the housing project.

CHAPTER 2 SECTION II

- c. Adult Activities: Hobbies, sports, games, crafts, and other forms of recreation are important for all age groups and should be considered in program planning. Play area in the project can be widely utilized by adults as well as children for games and sports, block dances, songfests, informal plays, movies, and discussions on current topics. Many community rooms are planned for multiple use, lending themselves to small or large groups, clubs, classes, parties or festivals.

6. Health Services:

- a. Large communities have a network of health and medical agencies, but it takes current knowledge of these resources to advise on clinic hours and costs, specialized services for the handicapped, procedures for admission to hospitals, and home care for convalescents to name only a few of the resources available. The local health officer may be contacted for assistance.
- b. Almost all communities, both large and small, have access to Health Service groups which will provide help in making referral for the proper care and preventive programs for the tenants. Periodic health examinations and screening programs for early detection of illness are important. Management should make provisions for project space for health examinations and mass screening.
- c. Medical services for tenants on public welfare (and any other residents eligible through the State Health plan) should be referred to the local welfare department. For those tenants over 65 years of age (over 62 for women) who need medical service, referrals should be made to the nearest Social Security Office for Medicare.
- d. Activities in which a health examination or medical service to be conducted must be properly publicized to insure good attendance. Transportation provided by management to residents will help tenants participate. A health committee should be represented on the tenant organizational structure for overall planning.

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CHAPTER 2 SECTION III

SECTION III - TENANT SELECTION

A. Introduction:

A well-planned tenant selection program is vital to the success of a low or moderate income housing development. Determination of eligibility according to the applicable statutory limitations should be only the first step of a comprehensive selection policy which should be formulated and planned in detail well in advance of the date of initial occupancy. Ideally, a sponsor, working with the future managing agent, will develop the basic policies and criteria of the selection program at the time consideration is first given to building a housing development. While policies should be modified or changed if experience proves them to be in error, they should not be abandoned for what may be called "panic renting" in order to achieve faster rent-up. The following observations, based on program objectives and operating experience, should not be ignored in formulating a tenant selection program.

B. The primary purpose of the subsidized housing programs is to provide a decent living environment for people of low and moderate income who are living in substandard housing or who are forced to pay an excessively high percentage of their income for rent. Also, preference must be given to applicants meeting certain criteria such as displacement by governmental action or present occupancy in housing determined to be substandard. A tenant selection program must not lose sight of these basic objectives by eliminating the people who are supposed to be helped.

C. The desirability of achieving a healthful and desirable social and economic mix of people in the development is another consideration. Experience has demonstrated that the concentration of low-income families tends to create a social environment that in turn creates instability, breeds crime and violence, and drives out the more stable families. Under such circumstances, it is almost impossible to maintain a socially desirable environment or a financially sound project. Therefore, while keeping sight of the basic objective of providing low cost housing to those who need it, the tenant selection program should attempt to insure that substantial numbers of the more stable families in both the lower and higher income levels are accepted as residents.

D. The question of what is a reasonable percentage of income that a family should pay as rent has no easy answer. Generally, it is assumed that 25% of adjusted income is reasonable. However, many

CHAPTER 2 SECTION IV

families presently live in substandard housing for which they are forced to pay much more than 25% of their income as rent. A family which is able to pay its rent with reasonable regularity under such circumstances should be given the chance to obtain better quality housing even though it must continue to pay more than 25% of its income as rent.

- E. Credit checks and references from former landlords can be of value in screening applicants if the usefulness of these methods is kept in proper perspective. People with low incomes often have bad credit ratings simply because they have little money and not because they are irresponsible. Therefore, a bad credit rating should not necessarily eliminate an applicant if he can be positively rated in other respects. Similarly, references from former landlords may be of little value if the applicant has lived or is living in substandard housing.

CHAPTER 2 SECTION IV

SECTION IV - TENANT ELIGIBILITY

A. Introduction:

In each of the subsidized programs, there are specific eligibility requirements relating to income, family composition and similar criteria: The prospective tenant must provide certain specific information as proof of eligibility for occupancy in the project. The manager-mortgagor is responsible for verifying all of the elements of eligibility. Page 92 contains preliminary worksheets which may be helpful in preliminary screening to determine eligibility. Section V includes a form letter and forms which may be used or adapted to local situations to verify income with employers. The past year's income may be used as a basis, but must be revised for any known current income.

B. Current income:

More specific instructions for determining adjusted gross income are covered under the individual programs. A self-employed applicant is required to submit a profit and loss statement or current federal income tax return. The objective of certification and verification is to determine if the tenant's current annual income exceeds the prescribed income limits. The determination of current income depends on the method of reimbursement or type of pay received by the prospective tenant at the time of certification.

For a person on a straight commission, a salary plus commission, a salary plus tips, or whose pay normally includes overtime, the only logical and fair determination of current income is one based on the past twelve months' earnings. For an employee receiving a straight salary or wages and whose income is subject to change due to promotions or raises, a determination based on the earnings of the previous twelve months may be erroneous. For such tenants, the current annual income must be based on the current rate of pay at the time of certification. Owners are expected to use initiative in obtaining a correct certified income, particularly when income includes that of working wives, overtime and tips. Chapter 2, Section V-A., contains sample letters and a form which have been used to request verification of income.

- C. For the other elements of eligibility contained in the Project Management Outline Form 2509, the following documentation is considered adequate.

CHAPTER 2 SECTION IV

1. Elderly-Proof of age which is acceptable for other benefits such as Social Security or Medicare, a copy of a birth certificate, or copy of a baptismal record.
2. Handicapped-Certification from attending physical or health agency explaining the nature of disability or injury. The disability or impairment must be expected to be of long, continued and indefinite duration, a substantial impediment to a person's physical ability to live independently which would be enhanced by a more suitable living environment.
3. Child Care-Verification from an agency or individual caring for a child and the cost of such care. (Page 95.)
4. Displacement-FHA Form 3476, Certificate of Eligibility, executed and signed by a qualified certifying officer. (Page 96.)
5. Substandard Housing-FHA Form 2502, prepared by the HUD Area or Insuring Office or local public body which has been approved as an inspection agency. (Page 100.)

The evidence of eligibility, certification and recertification must be retained by management for audit for a period of three years.

D. Discrimination Prohibited:

Mortgagors or management agents are forbidden by law to discriminate against any applicant because there are children in the family or on the basis of race, creed, color or national origin.

E. Unit Size:

Under the HUD-FHA multifamily assisted programs (BMIR, Rent Supplement, 236), a tenant shall not be assigned to a unit larger than necessary to adequately accommodate his current family needs. The following minimum and maximum limits will apply as shown on Form 1729:

<u>Number of Bedrooms</u>	<u>Number of Persons</u>	
	<u>Minimum</u>	<u>Maximum</u>
0	1	2
1	1*	2
2	2**	4
3	4	6
4	6	8

7/71

RELL ESTATE ACQUISITION

RHA 7205

PROJECT APPLICATIONS
RHA 7206

CHAPTER 2 SECTION IV

* Only if no efficiencies are available. Tenant will be transferred to an efficiency unit when such a unit becomes available.

** A two-person family may be permitted to occupy a 2-bedroom unit for the following reasons:

Age (grandparent and grandchild)
Sex (mother/son or father/daughter)
Health (physical condition if one of occupants requires separate bedroom)

These limits are intended to provide for varying needs without overcrowding. For example, a four-person family may need a three-bedroom unit if there are one boy and one girl.

Where a housing owner believes that strict conformance to these unit size requirements will cause undue hardship on tenants or place the project in financial jeopardy because of a lack of market, he may apply to the HUD-FHA Area or Insuring office for a waiver or modification of these unit size requirements.

It is recognized by HUD that overcrowding creates substandard housing conditions. A waiver of maximum limits will be permitted only under temporary emergency situations.

When the family or household changes in size after initial occupancy, the housing owner will be responsible for assigning to the family a smaller or larger unit, if one is available. Any changes in supplement will be adjusted on the date of the tenant's recertification.

The above accommodation schedule is mandatory under the regulations established for the rent supplement and BMIR program. Under Section 236, it constitutes a recommended guideline.

- F. Specific requirements must be met under each of the HUD-FHA assisted programs:
1. Section 221(d)(3) BMIR:
 - a. HUD instructions require management to prepare FHA Form 1705 (Page 117), Total Family Income Certification, which must bear tenant's signature. Two copies are submitted to HUD and one is retained for management files. (It is not necessary to submit documentation of evidence).

CHAPTER 2 SECTION IV

- b. Determination of eligibility of an applicant is the responsibility of management. Income limits for the community cannot be exceeded. The tenant must also be one of the following: (1) a family which is defined as two or more persons related by blood, marriage, or operation of law who occupy the same unit; (2) a single person 62 years of age or older; (3) a handicapped person; (4) single persons under 62 years of age provided no more than 10 percent of a project is rented to such persons.
 - c. Preference must be given to persons displaced by local, state or federal action.
 - d. Units in a BMIR project may be assisted under the Rent Supplement Program or the Section 23 Leased Housing Program. If these options are utilized, the assisted tenants must meet eligibility and occupancy requirements established for these programs.
 - e. Tenants whose incomes exceed the maximum limit for eligibility cannot be accepted. If upon recertification, a tenant's income exceeds the maximum income limit by more than 5%, he is eligible to remain in the project, but will be required to pay a market rental rate which is 120% of the BMIR rent or 25% of excess income, whichever is lower.
 - f. Project owners and their managers are responsible for tenant selection and for the usual landlord-tenant relationships. However, HUD-FHA will periodically inspect and audit operations to be certain that owners and managers are in compliance with program requirements.
2. Section 236:
- a. As shown on the instructions accompanying Form 3131 as required by the Regulatory Agreement, management will assist applicants in preparing FHA Form 3131, (Page 120) Application for Tenant Eligibility Under The Section 236 Program (complete instructions are listed on the form), and will compute the tenant's contribution toward rent based on 25 percent of adjusted gross income or the basic rent (the rent needed to support the mortgage at 1% interest), whichever is the greater. The tenant signs his portion of the application and management signs the

CHAPTER 2 SECTION IV

review and certification part. One copy plus all documents concerning eligibility verification are retained for audit purposes and two copies are submitted to HUD-FHA. It is not necessary to send documentation to the Area or Insuring office.

- b. Determination of eligibility of an applicant is the responsibility of management. The income limits for the Section 236 program are 135% of local public housing limits, but up to 20 percent of assistance funds may be used to assist tenants who have incomes as high as 90 percent of Section 221(d)(3) BMIR limits. In addition to meeting income requirements, applicants must also qualify as one of the following: (1) a family (as defined under the BMIR program); (2) a single person 62 years of age or older; (3) a physically handicapped person; (4) a single person under 62 years of age provided no more than 10 percent of a project is rented to such persons.
- c. For purposes of occupancy, eligibility and computation of rental rates, a 5% deduction from gross income is authorized and a \$300 deduction from gross family income is allowed for each minor child under 21 years of age who is a member of the family and residing in the household. Incomes of minors under 21 years of age are not to be included in gross family income.
- d. Generally up to 20% of the units in a Section 236 project may be occupied by tenants receiving rent supplement assistance under the Section 221(d)(3) Rent Supplement Program. Sponsors will be expected to take full advantage of this provision in order to serve a maximum number of low income families. NOTE: Under special conditions prescribed by the Secretary for HUD, project owners may be permitted to utilize 40 percent of the project's units to house low income eligibles with rent supplement assistance. These tenants must meet the additional eligibility requirements of the rent supplement program. The rent supplement for each tenant will be the difference between the basic rental and either 25% of the tenant's income or 30% of the basic rental, whichever is greater.
- e. Management may rent to tenants who are willing and able to pay the established fair market rent without regard to eligibility requirements.

- f. Preference must be given to persons displaced by local, state or federal action.

3. Rent Supplement Program

- a. Management will assist applicants in preparing FHA Form 2501 (Page 126), Application for Tenant Eligibility For Rent Supplement (complete instructions are listed on the form), and will compute the tenant's portion of rent on the basis of 25 percent of adjusted gross income, bearing in mind that the subsidy cannot be less than 10 percent and not more than 70 percent of the market rent established for the unit. Management computes the amount of supplement, obtains tenant's signature, signs the form, retains one form and sends three, including all documentation concerning eligibility, to HUD-FHA Area or Insuring office for review and approval.
- b. Management is responsible for assurance that tenants meet eligibility criteria. To be eligible for the benefits of rent supplement assistance, tenants must have incomes which would make them eligible for public housing. In addition to meeting income requirements, applicants must also qualify as one of the following: (1) has been displaced by governmental action; (2) either he or his spouse is 62 years of age or older; (3) either he or his spouse is physically handicapped; (4) now lives in substandard housing; (5) occupies or did occupy living units destroyed or extensively damaged by natural disaster. In addition, the family may have no more than \$2,000 in assets (\$5,000 if elderly).
- c. For purposes of eligibility for occupancy and computing rent supplement amounts, a \$300 deduction from gross family income is allowed for each minor child under 21 years of age who is a member of the family and resides in the household. The incomes of minors under 21 years of age are not to be included in gross family income.
- d. In computing rent supplement amounts, costs attributable to the care of children under 13 years of age may be deducted, as well as continuing costs attributable to a permanent disability or chronic illness which is not compensated by insurance or otherwise.

PROJECT TRAINING
REAL ESTATE ACQUISITION
PROJECT APPLICATIONS
RHA 7206

CHAPTER 2 SECTION IV

- e. Preference must be given to persons displaced by local, state or federal action.
- f. Where a tenant claims eligibility on the basis of residence in substandard housing, confirmation must be submitted on FHA Form 2502 (Page 100), executed by the HUD-FHA office or an approved local inspection agency. This form will be prepared by the inspecting agency.
- g. Mortgagor agrees under provisions of the rent supplement contract that best efforts will be made to obtain an occupancy pattern where supplement requirements will not exceed the estimates established in processing the project proposal. At the end of the rent-up period HUD-FHA will adjust the original estimate to reflect actual requirements plus a contingency of 10 percent.
- h. Management may rent to tenants who are willing and able to pay the established market rent without regard to eligibility criteria.

4. Recertification:

Under each of the assisted programs, it is management's responsibility to periodically recertify tenants for eligibility and recomputation of subsidy amounts. The provisions of the Regulatory Agreement require that these recertifications be conducted. Each program, however, has differing regulations as to frequency of recertification and procedures to follow where tenants' income changes.

HUD-FHA will conduct periodic audits to insure that recertification requirements are met.

- a. Section 221(d)(3) BMIR. Management is required to recertify incomes every two years. FHA Form 1705 (Page 117) is used for recertification and is executed prior to the completion of the third lease and every two years thereafter. If the tenant's recertification indicates that he is over-income, he may be asked to quite the premises after 30 days' notice at the discretion of the mortgagor or he may be allowed to remain in the project provided he pays an adjusted market rent. This adjusted rent is computed by adding to the BMIR rent the lesser of:

(1) 20% of the BMIR rent or

CHAPTER 2 SECTION IV

(2) 25% of the amount of the excess income over the maximum limitation. (If this figure is less than \$60 per year, no increase in rent payment will be required.)

- b. Section 221(d)(3) Rent Supplement. A provision is included in each rent supplement tenant's lease, except elderly, requiring the recertification of current income each year from the date of initial occupancy with appropriate documentation on FHA Form 2501 (Page 126). HUD-FHA will review the facts submitted and will make appropriate revisions in the amount of subsequent supplement payments so that the tenant will pay 25 percent of his income as his share of the rent. When 25 percent of the tenant's monthly income equals the full monthly rent for the unit he occupies, rent supplements will be discontinued.

The housing owner or his agent will be responsible for obtaining annual recertifications of income from all rent supplement tenants except the elderly.

In addition to annual recertification of income, rent supplement tenants will be required to report immediately to the housing owner if their income increases to four times the full FHA-approved rent for the living unit occupied, which will result in the elimination of the rent supplement payment. This requirement will apply also to elderly.

Rent Supplement tenants will be required by the model form of lease to report immediately to the housing owner if their assets increase to exceed \$2,000 (\$5,000 for elderly) at which time rent supplement payments will be discontinued.

Management may request permission from HUD-FHA to increase the supplement for any tenant who reports a substantial decrease in income.

A tenant who has an increase in assets which exceeds the limit or whose income has increased to four or more times the market rent for the units occupies may remain in the project provided he pays the market rent.

- c. Section 236. A provision is included in the model form of lease requiring that all tenants recertify their incomes at least every two years or upon the execution of any subsequent lease with appropriate documentation

CHAPTER 2 SECTION IV

on FHA Form 3132 (Page 122). Management will be responsible for making necessary changes in assistance payments and rental rates after such recertification. Tenants will continue to pay the established basic rent or 25% of their income, whichever is greater. Under no circumstances will he pay more than the market shelter rent established by HUD-FHA. A tenant whose income exceeds four times his monthly rent will no longer be eligible for assistance but may remain in the project provided he pays the market rent.

CHAPTER 2 - SECTION V

PROCESSING TENANT APPLICATIONS

This chapter contains the HUD-FHA forms required for the processing of tenant applications under all three programs. Also included are a number of suggested unofficial forms which have been devised by project owners and managers for their own use in carrying out this function.

A. Forms and Documents Common to All Three Programs:

HM G 4351.1

CHAPTER 2 SECTION V

A. 1. PRELIMINARY APPLICATION FOR OCCUPANCY

1. NAME _____ APT. # _____ DATE: _____
2. DATE OCCUPANCY DESIRED _____
TERM OF LEASE _____ YEARS RENT \$ _____ MONTHLY
3. PRESENT ADDRESS _____ HOME TELEPHONE _____
NAME OF PRESENT LANDLORD _____
ADDRESS AND PHONE OF PRESENT LANDLORD _____
PRESENT MONTHLY RENT \$ _____
4. EMPLOYER _____
BUSINESS ADDRESS _____ TELEPHONE _____
LENGTH OF EMPLOYMENT _____ PRESENT ANNUAL INCOME _____
AVERAGE ANNUAL INCOME FOR PAST THREE YEARS \$ _____

5.

NAMES OF ALL WHO WILL OCCUPY APT.	AGES
1.	
2.	
3.	
4.	
5.	

6. BANK REFERENCE: _____ ADDRESS: _____
7. PERSONAL REFERENCE: NAME: _____ ADDRESS: _____
NAME: _____ ADDRESS: _____
8. CREDIT REFERENCE: NAME: _____ ADDRESS: _____
NAME: _____ ADDRESS: _____

PLEASE NOTE THAT THIS IS A PRELIMINARY APPLICATION AND GIVES NO LEASE OR RENT RIGHTS. ADDITIONAL INFORMATION WILL BE REQUIRED AT A LATER DATE TO COMPLETE PROCESSING OF TENANTS. DEPOSITS ARE REFUNDABLE PRIOR TO THE SIGNING OF A LEASE. THE MANAGEMENT RESERVES THE RIGHT TO REFUND DEPOSITS OF ANY APPLICANTS WHO ARE NOT APPROVED. DEPOSIT OF \$ _____ IS HEREBY ACKNOWLEDGED.

WITNESS _____ SIGNATURE: _____

WITNESS _____ SIGNATURE: _____

HM G 4351.1

A. 2. PROJECT NAME
PROJECT ADDRESS

EMPLOYMENT INQUIRY

Date _____
Employee _____
Address _____
(incl. ZIP code) _____

Gentlemen:

The person named above is a tenant/applicant for a dwelling unit and rent supplements in this housing project. One of the requirements of the Federal law which provides the rent supplements is that family incomes must be within the limits set by local public housing authorities. The information requested below is for the purpose of determining eligibility and will be kept in STRICT CONFIDENCE. Thank you for your cooperation and return of the form in the enclosed self-addressed envelope.

Please complete that portion below which is applicable.

Very truly yours,

Project Manager

PRESENTLY EMPLOYED:

1. Date of employment _____ 2. Occupation _____
3. Present rate of pay \$ _____ per (Check one: hourly-daily-weekly)
4. If present rate of pay has been in effect less than 12 months, give previous rate of pay \$ _____.
5. Average regular (a) hrs. worked per day __, (b) days worked per wk. __.
6. Average overtime (a) hrs. worked per wk. __, (b) rate per overtime hr. __.
7. Other (tips-meals) if any, estimated amount \$ _____ per (day-week).

PREVIOUSLY EMPLOYED:

1. Period (From _____ To _____).
2. Rate of pay at termination \$ _____ per _____.

Remarks: _____

Date: _____ Signature: _____
Telephone No. _____ Title: _____

(To Be Reproduced Locally)

REAL ESTATE ACQUISITION

RHA 7205

PROJECT APPLICATIONS
RHA 7206

INSURED PROJECT
MANAGEMENT GUIDE

HM G 4351.1

CHAPTER 2 SECTION V

A. 2.

PROJECT NAME
PROJECT ADDRESS

Date: _____
Re: _____
Serial No. _____
Address _____
(incl. ZIP code _____)

COMMANDING OFFICER:

We are required by Federal law to review and verify the income of all tenants or applicants for dwelling units with rent supplements in this housing project in order to determine eligibility. We will appreciate your cooperation in supplying the following information concerning the serviceman named above. This information will be held in strict confidence.

Please complete that portion below which is applicable.

Very truly yours,

Project Manager

MILITARY SERVICE: (Report income on a monthly basis).

1. Years _____ and months _____ of service for pay purposes.
2. Present grade (E-1, E-2, etc.) _____, date present grade effec. _____.
3. Base pay \$ _____. Qtrs. and Subsistence \$ _____, Flight, Hazard, or other \$ _____.
4. Allotments: (a) Class E \$ ____ Paid to _____ Effec. date _____
(b) Class Q \$ ____ Paid to _____ Effec. date _____
5. Date _____ and amount \$ _____ of next anticipated pay increase.
6. Other pay and/or allowance: \$ _____ (specify type) _____.

NATIONAL GUARD: (Report all income at present grade)

1. Present pay grade (E-1, E-2, etc.) _____, and amount of pay per drill period \$ _____.
2. Number of drill periods attended per year _____.
3. Total pay for annual 15-day field training period \$ _____.
4. Total pay at service school (if he attended school during the period) \$ _____.

Date: _____ Signed: _____
Title: _____

(To Be Reproduced Locally)

7/71

HM G 4351.1

CHAPTER 2 SECTION V

A. 3. PROJECT NAME _____
PROJECT ADDRESS _____

DECLARATION OF AMOUNT PAID FOR CARE OF CHILDREN OR
DEPENDENT PERSON(S)

I, _____, who reside at _____
(Street Address)

_____, do hereby certify that I
(City) (State) (Zip Code)

pay
receive the sum of \$ _____ per (week/month) for the care of _____

Signature: _____
(Recipient or Wage Earner)

Signed this, the _____ day of _____ 19__.

In the presence of _____
(Witness)

(Address)

IMPORTANT: This form must be executed whenever a deduction from
income is made. Whenever possible it should be com-
pleted by the recipient.

REAL ESTATE ACQUISITION

RHA 7205

PROJECT APPLICATIONS
RHA 7206

A. 4.

FHA FORM NO. 3476(Instructions)
Rev. 4-68

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

INSTRUCTIONS FOR THE ISSUANCE OF CERTIFICATES OF ELIGIBILITY
UNDER SECTION 221 OF THE NATIONAL HOUSING ACT
DEFINITIONS

1. Urban Renewal Area - A slum area or a blighted, deteriorated or deteriorating area in a locality which the Secretary of Housing and Urban Development approves as appropriate for an Urban Renewal Project. The Secretary's approval of an area, as appropriate for an Urban Renewal Project, will be effective as follows:
 - a. For Title I Projects, Federally-assisted under the Housing Act of 1949 as amended, the date of a contract for survey and planning advance (exclusive of a contract for a survey to determine the feasibility of the undertaking of an Urban Renewal Project or for a survey to develop a "General Neighborhood Renewal Plan") or a Letter to Proceed.
 - b. For "non-assisted" Urban Renewal Projects, the date of approval by the Secretary or his delegate, of the Urban Renewal Plan.
2. Governmental Action -
 - a. Direct construction by all instrumentalities of Government, e.g., public buildings, military installations, highways, schools, playgrounds, low-rent projects by local housing authorities, power projects, etc.
 - b. Slum clearance, urban redevelopment and urban renewal activities of all instrumentalities of Government, e.g., land acquisition; site clearance, rehabilitation work both publicly and privately (pursuant to publicly sponsored enforcement of voluntary programs) financed; privately financed new construction on a publicly sponsored clearance site; etc., (publicly financed projects on-site included in (a) above.)
 - c. Enforcement of housing standards and the demolition, closing and improvement of dwelling units through actions of public bodies or courts, e.g., code enforcement, including health and safety ordinances; occupancy ordinances, etc.
 - d. Privately financed construction of public buildings under lease-purchase agreements with Government instrumentalities, e.g., Federal buildings built under such agreements with the General Services Administration and the Post Office Department.
 - e. Slum clearance and urban redevelopment activities and construction on the clearance site by private groups and organizations having the power of eminent domain, e.g., public utilities, limited-dividend housing corporations, etc.
 - f. Construction by quasi-public bodies such as State universities.
 - g. Removal and demolition of publicly owned buildings by all instrumentalities of Government, e.g., publicly owned defense housing, Veterans' Reuse housing, dwellings on grounds of public institutions, etc.
 - h. Removal and demolition of privately owned buildings by a public body in the interest of public health, welfare and safety (not necessarily connected with the code enforcement activities mentioned above) e.g., flood control operations, fire-fighting operations, etc.
 - i. Eviction of over-income tenants in low-rent projects operated by a public body, e.g., projects financed with Federal aid, State-aided projects, etc.
 - j. Displacement resulting from tenants' inability to pay increased rents as a result of publicly sponsored rehabilitation or of improvements made in connection with the enforcement of housing standards.
3. Displaced as a Result of Governmental Action - Loss of occupancy or the existence of a threat of loss of occupancy, in a residential property as a result of Governmental action as defined in Paragraph 2 above.
4. Eligible Applicant - A person who is a resident of an Urban Renewal Area in such community on or after the date established pursuant to Paragraph 1 above; or provided such person, irrespective of whether or not he resides in an Urban Renewal Area, has been or is to be displaced by governmental action in such community, as defined in Paragraphs 2 and 3 above, or has been displaced as a result of a major disaster as determined by the President.

A. 4.

TERMS AND CONDITIONS

1. A Certificate of Eligibility may be issued only to an eligible applicant, as defined in Paragraph 4 under "Definitions", who meets the terms and conditions prescribed herein. The public or quasi-public body issuing a Certificate of Eligibility must certify to this effect in Part II of FHA Form 3476.
2. The acceptance of a Certificate of Eligibility may be subject to the establishment of such special priorities and preferences as the FIIA deems necessary by giving reasonable notice to the applicable responsible local public agency.
3. Paragraph 1 under "Definitions" establishes the earliest dates on which an applicant, residing in an Urban Renewal Area and wishing to relocate voluntarily therefrom, may become eligible for the issuance of a Certificate of Eligibility. The Local Public Agency may, if it believes such action to be favorable to carrying out an Urban Renewal Project, establish a time of eligibility for such an applicant later than the earliest date established in Paragraph 1. Upon establishment of a date of eligibility, the LPA shall formally notify the appropriate FHA Insuring Office, and such a date will become effective upon this notification. Residency in such an area at any time on or after this date but prior to the Urban Renewal Project completion date, as determined by the HUD Regional Administrator, establishes the eligibility of the individual applicant. An applicant who has lived in such an area between these two dates but who has moved therefrom prior to being issued a Certificate of Eligibility, must, however, make application within a two-year period from date of moving.
4. An applicant, irrespective of whether or not he resides in an Urban Renewal Area, may become eligible by reason of displacement as a result of governmental action such as code enforcement or other activities, projects or programs of a public or quasi-public body, as defined above. Loss of occupancy must be from a residential property personally occupied by the applicant. In the case of an applicant whose displacement had already occurred, a Certificate may be issued if such displacement took place at any time during a two-year period prior to the date of application. In the case of an applicant who is faced with a threat of loss-of-occupancy, a Certificate may be issued if such a loss is reasonably expected to occur within a two-year period from date of application.
5. No more than one Certificate is to be issued to an eligible applicant who is the head of a family or household, except where such a household is actually composed of two or more separate families who are temporarily sharing accommodations or doubling up and who intend to occupy separate dwellings upon relocation. In this instance, a Certificate may be issued to each applicant otherwise eligible who represents himself as the head of a separate family or household which intends to establish separate housekeeping accommodations. If an eligible applicant cannot for one reason or another qualify for FHA mortgage insurance, a certification may be issued to that member of family or household otherwise eligible, who can so qualify. In this instance, the issuing agency shall require the return of the previously issued Certificate for cancellation before a new Certificate is issued in the name of another member of this family or household.
6. The Certificate should be executed by a local public agency responsible for carrying out Urban Renewal Projects or a public or quasi-public body with jurisdiction over the Project, Program or activity which has resulted or will result in the displacement of the applicant. However, the issuance of the certificate may be delegated to a central relocation agency if such an agency is to undertake the rehousing of families from Urban Renewal Areas and/or of families displaced by all types of governmental action in a community. Part II of FHA Form 3476, Statement of Certifying Official, is to be executed by a designated official of: An agency of the Federal, State or local government, or of a division or branch thereof; an authority, commission or other similar body jointly operated under an agreement between two or more instrumentalities of government; or of a quasi-public body with authority to carry out the activities listed on this Form under the definition of governmental action. The issuing agency, if it is other than the one having jurisdiction over the Urban Renewal Project or the Program, Project or activity causing the displacement of the applicant, may, in its discretion, require whatever evidence it deems necessary in support of the applicant's eligibility and may deny a Certificate in the absence of such evidence. This evidence may be in the form of a notice-to-vacate; decision of a Condemnation Board; Court action; notice by a public or quasi-public body that it has acquired or intends to acquire residential property occupied by the applicant, or a statement by such a body that as a result of action by it the applicant has been displaced within a two-year period prior to date of application or is to be displaced within a two-year period after date of application. The issuing agency shall have discretionary authority to deny a Certificate of Eligibility or rescind one previously issued if it is provided with, or has, knowledge that only temporary occupancy in a residential property or temporary residence in an Urban Renewal Area was intended and solely for the purpose of establishing eligibility for Section 221 assistance.
7. Questions which may arise as to an applicant's eligibility should be referred to the appropriate FHA Insuring Office for a ruling.
8. FHA Form 3476 should be prepared in triplicate, the original to be given to the applicant with one copy to be retained by the issuing agency and the other to be forwarded to the appropriate FHA Insuring Office. The issuing agency shall notify the appropriate FHA Insuring Office of any Certificates previously issued which have been cancelled or rescinded in accordance with these Terms and Conditions.

HM G 4351.1

CHAPTER 2 SECTION V

A. 4.

FHA FORM NO. 3476
Rev. 4/68

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

CERTIFICATE OF ELIGIBILITY
Under Section 221 of the National Housing Act

PART I - STATEMENT OF APPLICANT

INSTRUCTIONS: This Certificate should be shown to a lender in making application for mortgage insurance under Section 221, or submitted to the owner or managing agent of a property in applying for occupancy in a rental unit built or rehabilitated with the aid of such insurance. It is to be understood that in the case of a property to be insured under Section 221, the applicant must meet other terms and conditions prescribed by the Commissioner, FHA.

Applicant - Last Name - First - Middle (Print or Type)

(a) Address (Number, Street, City, County and State) from which displaced, or subject to Displacement:

(b) Mailing Address if different from (a):

I hereby Certify to the Federal Housing Administration that the foregoing information is correct, and that I have not been previously issued a Certificate of Eligibility under Section 221 of the National Housing Act.

(Date)

(Signature of Applicant)

Section 1001 of Title 18 of the United States Code makes it a Criminal Offense to make a willfully false statement or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

PART II - STATEMENT OF CERTIFYING OFFICIAL

NOTE: This Certificate makes the holder eligible for consideration to receive the benefits of FHA mortgage insurance under Section 221 of the National Housing Act and is issued to assist in financing the purchase or construction of a dwelling or the renting of a dwelling unit constructed under Section 221. This Certificate has no reference or relationship to an applicant's financial qualifications for mortgage insurance. The Certificate is valid for a one-year period beginning with the date of issuance.

I hereby Certify to the Federal Housing Administration, based on information available to me, that the applicant has been or is subject to displacement due to the following Governmental Action, or has been displaced as a result of a major disaster as determined by the President. (See supplement to FHA Form No. 3476 for types ((2a, 2b, etc.)) of Governmental action.)

(Signature of Certifying Official)

(Day) (Month) (Year)

(Title of Certifying Official)

(Day) (Month) (Year)

(Name of Local Agency, Department, Bureau, Organization, Etc.)

(CERTIFICATE EXTENSION, IF ANY, ON REVERSE SIDE)

FHA FORM NO. 3476
Rev. 4/68

7/72

HM G 4351.1

A. 4.

EXTENSION OF CERTIFICATE

If the holder of this Certificate has been unable to locate a standard dwelling suitable to his needs, the Certificate may be extended for a twelve-month period beginning with the first day after the original expiration date. An extension may be granted by the issuing authority, or similar authority in the new community where applicant proposes to reside.

EXPIRATION DATE EXTENDED TO:

(Day) (Month) (Year)

(Signature of Certifying Official)

(Title of Certifying Official)

*(Name of Local Agency, Department,
Bureau, Organization, Etc.)*

A. 5.

FHA FORM NO. 2502

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

RENT SUPPLEMENT PROGRAM
PHYSICAL INSPECTION OF HOUSING FOR TENANT ELIGIBILITY

FOR COMPLETION BY FHA	
Name of Applicant	FHA Project No.
Applicant Claims A. <input type="checkbox"/> PRESENT HOUSING SUBSTANDARD - 1. <input type="checkbox"/> Dilapidated Condition 2. <input type="checkbox"/> No usable Flush Toilet 3. <input type="checkbox"/> No Hot Running Water 4. <input type="checkbox"/> No Tub or Shower B. <input type="checkbox"/> Disaster Victim (Building destroyed or extensively damaged by Natural Disaster)	Address of Property (Presently or formerly occupied by Applicant)

FOR COMPLETION BY INSPECTOR

A. Substandard Housing (check and complete, if applicable)

This is to certify that I have personally inspected the above premises and find that from the criteria set forth below, they are substandard for the reason or reasons checked:

1. Dilapidated Condition (A dilapidated housing unit is one that does not provide safe and adequate shelter, and in its present condition endangers the health, safety, or well-being of the occupants. Such a housing unit has one or more critical defects, or has a combination of intermediate defects in sufficient number or extent to require considerable repair or rebuilding, or is of inadequate original construction. The defects are either so critical or so widespread that the structure should be extensively repaired, rebuilt, or torn down.)

Critical defects include: Holes, open cracks, or rotted, loose or missing material (clapboard siding, shingles, bricks, concrete, tile, plaster, or floorboards) over a large area of the foundation, outside walls, roof, chimney, or inside walls, floors or ceilings; substantial sagging of floors, walls, or roof; and extensive damage by storm, fire, or flood.

To be classified as dilapidated on the basis of intermediate defects, a housing unit must have such defects in sufficient number or extent that it no longer provides safe and adequate shelter.

Inadequate original construction includes: Shacks, huts or tents, structures with makeshift walls or roofs, or built of packing boxes, scrap lumber or tin; structures lacking foundations (walls rest directly on the ground), structures with dirt floors; and cellars, burns, gasaga, or other places not originally intended for living quarters and inadequately converted to such quarters.)

2. No Hot Running Water (Any unit which does not have piped hot water available in the unit will be considered substandard.)

3. No Usable Flush Toilet (Any unit which does not have a usable flush toilet inside the structure available for the exclusive use of the occupants of the unit will be considered substandard.)

4. No Tub or Shower (Any unit which does not have a tub or shower inside the structure supplied with piped hot and cold water available for the exclusive use of the occupants of the unit will be considered substandard.)

(Facilities are located inside the structure if they are located inside the same structure as the housing unit. They may be located within the housing unit itself or they may be located in a hallway.)

B. Natural Disaster (check, if applicable)

This is to certify that I have personally inspected the above premises and find that they are in an area designated by the Small Business Administration as a disaster area since April 1, 1965, and the property has been destroyed or extensively damaged by natural disaster.

C. Condition(s) Claimed Not Found

Remarks _____

Date _____ Signature of Inspector _____

Name of Inspecting Agency _____

FHA-Wash., D. C.

A.

6. Documents which may be given tenants at time of initial occupancy.

Residents are entitled to know all of the "ground rules" of the development in which they are going to live. Experience has shown that families will abide by reasonable controls which are applicable to all and which will make the living community more desirable and pleasant for all concerned. The rules must be clear and enforced. There is an old adage in the military service which is appropriate: "Never give an order that you cannot or will not enforce."

The following pages contain several examples of handouts which have been used successfully. In addition, there is an excellent booklet available at \$.25 a copy from the National Association of Home Builders, entitled: "The Care of Your Apartment, the Resident's Handbook."

Send your request to: Dayton Apartment Council
307 American Building
4 South Main Street
Dayton, Ohio 45402

a. Tenant Rights and Responsibilities under the Lease Agreement.

The lease you signed when you were accepted in this project gives you certain rights and also made you responsible for some things. We have listed the most important things for you to keep in mind while you live here.

1. You, as tenant, are entitled to the "peaceful enjoyment" of the housing unit that you have rented.
2. The owner of the project is entitled to receive the rent agreed upon each month at the time it is due.
3. Your rent includes heat, hot and cold water, gas and/or electricity for cooking.
4. The owner is required to provide utilities in reasonable amounts. Excessive water, gas or electric bills may justify an additional monthly charge to you.

REAL ESTATE ACQUISITION
PROJECT APPLICATIONS
RHA 7206

- A. 6.
5. The owner will take care of the major repairs which may be needed.
 6. You are expected to take care of the "little" jobs in and around the place you rent.
 7. You have the same privacy as if your apartment were a separate home that you were paying for. Each other tenant has that same right of privacy and peaceful enjoyment. Since these apartments are close together, you must think of the other people when you play the radio or record player or your children leave toys in the hallways.
 8. The owner may come into your apartment to see if repairs are needed or if something needs to be done. The owner or his manager may only come into your apartment when you or some member of your family are home and when you know ahead of time that an inspection is to be made.
 9. If you have trouble paying your rent you should tell the manager and explain how you will make payments. The owner has to have the rent each month to keep the project running.
 10. If your pay changes or there is a change in the number of people in your family living with you, you must tell the manager.

b. Project Residency Standards

Dear Resident:

It is a pleasure to present to you this resident's guide which we feel will help you learn about our services and facilities. We hope that most of your questions will be answered in these pages. By its very nature, community living creates certain problems which require the greatest amount of consideration and cooperation. This pamphlet contains basic information designed for your review as a guide to conduct, convenience and a reminder of our mutual obligations.

It is our wish that you enjoy every day of your residence here. This community is designed for your pleasure and convenience. Prompt and courteous service is our goal.

A. 6.

Please read again your rental agreement carefully. If there is anything you do not understand, we would appreciate having you come into the office at your earliest convenience and discuss it with us.

SERVICE REQUESTS:

Only after careful inspection and satisfaction that your apartment is free from fault is it made available to you. Please advise the Management Office of any adjustment that may be required. We ask that you make all requests for service directly to the Management Office, so that the work can be scheduled.

HOUSE RULES:

1. Children are welcome here although, by necessity, certain restrictions must be placed on their activities. Parents or guardians are responsible for the conduct of their children. Because of management's concern for their safety and for your peace of mind, children under school age cannot be in public or recreation areas unless accompanied by parent or guardian. To insure the comfort and privacy of other residents, children must not be allowed to play in hallways or passageways.
2. Should you lose your key or find yourself locked out, do not hesitate to contact management. A charge of \$1.00 will be made for each additional apartment key provided. Tenants may not alter any lock or install a new lock on any door on the premises without the written consent of the Management.
3. Walks, driveways, entrances, passages, stairways, and halls must not be obstructed or used for storage.
4. Please conduct your activities in and about the buildings in a manner so as not to interfere with the rights, comforts or convenience of your neighbors. No musical instruments, radios, televisions, or phonographs shall be operated in a manner that is disturbing or annoying to other people, nor will loud disturbing noises be tolerated. Residents are responsible at all times for the reasonable conduct of their occupants and guests. Loud boisterous conduct anywhere on property that will disturb the comfort of others is prohibited.

- A. 6. 5. No pets or animals of any kind shall be kept within the apartment or on the premises.
6. No radio or television aeriels or wires shall be erected on any part of the premises.
7. Residents may choose their own parking places convenient to their apartments. In cases of controversy, Project Manager shall assign appropriate places.

No unregistered vehicle may be kept on the project premises at any time. Such vehicles will be towed away at owners expense. Inoperative vehicles will not be allowed on the premises and no repair work requiring longer than one day to accomplish is allowed. No spare parts shall be left lying about open to public view. Excessive oil loss or spillage is damaging to "black-top" and must be removed as soon as detected.

All vehicles will be locked at night. Management will not be responsible for any vehicle or its contents.

8. Complete laundry facilities are available to you. Laundry rooms will be open daily from 7:00 a.m. to 10:00 p.m. The Management reserves the right to prohibit the use of the laundry rooms to anyone failing to comply with normal precautions and regulations. If you have any suggestions as to how we may better serve you with our laundry facilities, we welcome them.

Clothes Washer

Follow recommended loading instructions.

Do not overload.

Use low-sudsing detergents in correct amounts.

Clean dispenser and lint filter after use.

Wipe off soap bleach, stains on exterior.

Do not use for tinting and dyeing.

Leave lid or door open after washing is finished so interior will dry.

Clothes Dryer

Do not overload.

Clean lint screen and trap after each load for faster drying.

Place delicate items in laundry net for drying.

- A. 6. Remove pins and other objects from clothing prior to drying.
Remove wash and wear (perma-press) items from dryer as soon as cycle ends to prevent re-wrinkling.

9. Trash containers have been provided for your use within areas near your building. We ask that you use care in not depositing lighted cigarettes or ashes into the containers as well as helping keep these common area clean.
10. Installation of telephone jacks other than those provided is not permitted.

MAINTENANCE AND HOUSEHOLD HINTS:

1. Refrigerators

If food compartment is too warm or too cold, check the control valve to see if it may have been moved by mistake. If too much frost is forming, it may be caused by higher-than-normal humidity, uncovered dishes in the food compartment, frequent opening, or infrequent defrosting.

2. Ranges

(a) If the oven does not heat properly, make sure that burners or heaters are properly installed. They are removable for easier cleaning and must be correctly replaced after being cleaned.

(b) If the rack does not go completely into the oven, be sure the round bar (utensil strip) at rear is always "up" and the round bar at front is always "down."

(c) We suggest a monthly cleaning of the kitchen exhaust hood, light bulb and filter to remove grease and other foreign materials.

3. Electrical System

A circuit breaker controls all electrical circuits for your apartment. If an appliance or lamp fails, take these steps: Disconnect the appliance or lamp; inspect the circuit breaker located in your entry hallway and find a button showing "OFF." Press the "OFF" button until the "ON" appears. If this does not restore electrical service, call the Management.

7/71

INSURED PROJECT
MANAGEMENT GUIDE
HM G 4351.1
CHAPTER 2 SECTION V
REAL ESTATE ACQUISITION
RHA 7205
APPLIANCE APPLICATIONS
RHA 7206

A. 6.

4. Water Heater

Your apartment is equipped with an automatic gas water heater, which is set for correct operation. No adjustments or maintenance are required.

5. Interior Painted Walls

When washing, add two fluid ounces of a light duty liquid detergent to each gallon of water. Apply with cellulose sponges and very little water. Start at bottom of the wall and work up, washing small areas so they may be rinsed before drying. In stubborn cases, a light sprinkle of household ammonia or cleanser powder is suggested.

6. Redecorating

Residents wishing to redecorate their apartment must first notify management of their intent. Management will then determine if the resident's request is acceptable and so notify the resident in writing. An assessment of the approximate cost to restore the apartment to the condition that it was in at the time the resident took occupancy will be documented in the resident's maintenance file. In all cases, the cost for restoring apartment to its original condition must be borne by the resident and the resident must put on deposit an additional sum to equal the total approximate restoration cost.

Do not in any way make final decisions pertaining to redecorating without first notifying management of the resident's intent.

7. Vinyl Asbestos Floor Tile

With normal household use, floors may be washed with a solution of warm water and detergent powder; however, a thorough cleaning is necessary three or four times a year. Do not use gas, benzine, naphtha, turpentine, or waxes containing these solvents. Rubber heel marks can easily be removed with scouring powder or steel wool. Do not apply varnish, lacquer, or shellac to the floor. When waxing, use a water-emulsion, self-polishing type wax, avoiding any solvent base waxes. Wall-to-wall carpeting may not be nailed to floors.

A. 6. 8. Picture Hanging

When you want to hang pictures or other decorative objects on the walls of your apartment, use gummed label hangers on the block walls, and use special hanger nails on all other walls.

9. Counter Top Care

Do not place cigarettes, burning objects, range and oven containers nor chop foods or pound meat, etc. directly on formica surfaces. The purchase of a cutting board is advised. Most other ordinary marks or stains can be removed by lightly rubbing with a cleanser powder, wiping dry and applying a coat of wax.

10. Garbage and Trash Disposal

Cooking scraps and wet garbage (except bones and fibrous vegetables) may be disposed of by using the disposal units in the kitchen sinks. All other disposable items are to be securely wrapped into a compact bundle and placed in the trash containers. Glass bottles or other heavy objects should be placed in containers. CAUTION - Be sure cigarettes are extinguished before you dispose of them.

11. Windows

To enhance the beauty of the buildings, curtains, draperies and other materials subject to view from the exterior shall be lined or of a solid color in shades of cream, white, light tan or light gray.

12. Electric Light Bulbs

Light fixtures provided as standard equipment in apartments are supplied with light bulbs at time of initial occupancy. Resident is responsible for any replacement thereafter.

- A. 6. 13. Miscellaneous Work - lamp hanging, mirrors, pictures, etc.

Because of the damage that could occur to ceilings and walls by residents hanging lamps, pictures or mirrors, we prefer that such work be done by our Maintenance Department, and a labor and material charge be assessed. The resident is permitted to do this work, but it should be pointed out that the ceiling is of concrete structure in some instances, thereby requiring an electric drill and carbide bit, and that the ceilings in other cases are of gypsum board, thereby requiring a toggle-bolt.

The side walls of the apartment are drywall; thus the hanging of pictures of a weight not exceeding 25 pounds can be done by using a picture hook. Anything heavier than 25 pounds could be installed by using a molly-bolt or toggle-bolt. This, however, requires the drilling of a hole through the drywall and inserting the toggle or molly-bolt. It should be pointed out that any drilling of holes either in the ceiling or sidewalls will require patching and repainting at such time the resident vacates. Any patching and painting that is done by our Maintenance Department will be back-charged to the resident.

Do not install anything on the ceramic sink tops or counters. Drilling into or through the ceramic or gluing to the ceramic is prohibited.

Drilling or putting wood screws or putting anything on the face of the cabinets is prohibited. Installation of paper towel racks is permissible if installed on the underneath side of overhanging cabinets.

A. 6.

Apartment # _____ Name: _____ Date: _____

HOUSING, INC.

APARTMENT CONDITION CHECK LIST

APARTMENT SIZE 2 BR () 3 BR ()

(Explain All Defects In Detail On Explanation Line)

LIVING AND DINING AREA

Front Screen Door	Good ()	Fair ()	Explain _____
Front Door	Good ()	Fair ()	Explain _____
Windows	Good ()	Fair ()	Explain _____
Window Screens	Good ()	Fair ()	Explain _____
Guest Closet	Good ()	Fair ()	Explain _____
Venetian Blinds	Good ()	Fair ()	Explain _____
Chandelier	Good ()	Fair ()	Explain _____
Walls	Good ()	Fair ()	Explain _____
Vents	Good ()	Fair ()	Explain _____
Floors	Good ()	Fair ()	Explain _____

KITCHEN

Range	Good ()	Fair ()	Explain _____
Hood & Exhaust Fan	Good ()	Fair ()	Explain _____
Refrigerator	Good ()	Fair ()	Explain _____
Cabinets	Good ()	Fair ()	Explain _____
Counter Tops	Good ()	Fair ()	Explain _____
Sink	Good ()	Fair ()	Explain _____
Floors	Good ()	Fair ()	Explain _____
Walls	Good ()	Fair ()	Explain _____
Light Fixtures	Good ()	Fair ()	Explain _____
Vents	Good ()	Fair ()	Explain _____
Rear Door	Good ()	Fair ()	Explain _____
Rear Screen Door	Good ()	Fair ()	Explain _____

LOWER BATHROOM

Mirror	Good ()	Fair ()	Explain _____
Light Fixture	Good ()	Fair ()	Explain _____
Lavatory	Good ()	Fair ()	Explain _____
Commode	Good ()	Fair ()	Explain _____
Towel Bar	Good ()	Fair ()	Explain _____
Paper Holder	Good ()	Fair ()	Explain _____
Vent	Good ()	Fair ()	Explain _____
Floors	Good ()	Fair ()	Explain _____

HM G 4351.1

CHAPTER 2 SECTION V

APARTMENT CONDITION CHECK LIST CONTINUED

A. 6.
 Walls Good () Fair () Explain _____
 Window Good () Fair () Explain _____
 Window Screen Good () Fair () Explain _____
 Venetian Blinds Good () Fair () Explain _____

STAIRWAY

Walls Good () Fair () Explain _____
 Stair Treads Good () Fair () Explain _____
 Wrought Iron Work Good () Fair () Explain _____

BEDROOMS

Light Fixtures Good () Fair () Explain _____
 Closets Good () Fair () Explain _____
 Walls Good () Fair () Explain _____
 Floors Good () Fair () Explain _____
 Windows Good () Fair () Explain _____
 Window Screens Good () Fair () Explain _____
 Venetian Blinds Good () Fair () Explain _____
 Vents Good () Fair () Explain _____

UPPER BATHROOM

Mirror Good () Fair () Explain _____
 Medicine Cabinet Good () Fair () Explain _____
 Lavatory Good () Fair () Explain _____
 Commode Good () Fair () Explain _____
 Bath Tub & Shower Good () Fair () Explain _____
 Walls Good () Fair () Explain _____
 Floor Good () Fair () Explain _____
 Towel Bars Good () Fair () Explain _____
 Paper Holder Good () Fair () Explain _____
 Shower Curtain Bar Good () Fair () Explain _____
 Window Good () Fair () Explain _____
 Window Screen Good () Fair () Explain _____
 Venetian Blind Good () Fair () Explain _____
 Vents Good () Fair () Explain _____

HALL

Closets Good () Fair () Explain _____
 Walls Good () Fair () Explain _____
 Floors Good () Fair () Explain _____

A.6. APARTMENT CONDITION CHECK LIST CONTINUED

UTILITIES

Water Heater	Good ()	Fair ()	Explain _____
Heating System	Good ()	Fair ()	Explain _____
Air Conditioning	Good ()	Fair ()	Explain _____
Light Switches	Good ()	Fair ()	Explain _____

Tenant states and represents that the said apartment, on this date, was as here represented. Tenant further states that he shall maintain the premises in a safe and proper condition.

By _____ Tenant

Title _____ Tenant

FOR OFFICE USE ONLY

A. 6.

NOTICE

THE "DO'S AND DON'TS"
OR
HOW WE CAN AVOID BECOMING A SLUM AREA

1. DO.....Pick up trash and paper from around your doors periodically.
2. DON'T.....Walk or play on grass.
3. DO.....Use and enjoy Playground Areas, Laundry Facilities, Parking Lots, Grounds and all Public and outside Structures and Facilities - BUT ... For The Uses Intended.
4. DON'T.....Destroy or Damage Trees, Shrubs, Flowers, Mailboxes, Fans, Screens, Screendoors, Windows, Doors, and etc.
(Offenders must pay their damages.)
5. DO.....Remember that Parking Lots are for the convenience of Tenants whose names appear on Contracts.
(Guest parking on a short time, limited basis.)
6. DON'T.....Use property for parking vehicles that are not in operating condition regardless of the ownership.
7. DO.....Keep "Drano and Saniflush" on hand and use as directed ... Many times, "AN OUNCE OF PREVENTION IS WORTH A POUND OF CURE."
8. DON'T.....Flush anything but tissue through your drainage system.
(Unless Due To Defective Plumbing, Tenant will be Responsible for the Cost of Unstopping Drains.)
9. DO.....After occupancy supply and install your own light bulbs.
10. DON'T.....Remove covers from or throw objects down outside drains.
(Offenders must pay their damages.)

CHAPTER 2 SECTION V

- A. 6.
11. DO.....Discourage Littering ... Glass Breaking and
can throwing on Premises is Prohibited.
 12. DON'T.....Forget the "good ole days" when Builders built
to last a hundred years, but ...
 13. DO.....Remember this is Modern U.S.A. and it just
"AIN'T THAT WAY NO MORE." Treat your apartment
with TENDER - LOVING - CARE - expect fair wear
and tear, but avoid undue breakage.
(Offenders must pay their damages.)

(TENANT IS RESPONSIBLE FOR THE DAMAGES OF HIMSELF, HIS
FAMILY AND GUESTS.)

CHAPTER 2 SECTION V

B. Forms and Instructions for Section 221(d)(3) BMIR Program

(1) Check List for Processing Applicants - 221(d)(3) BMIR

1. Applicant - Make initial application.
2. Manager - Make rough evaluation of eligibility.
3. Applicant
Manager * - If apparently eligible, conduct screening interview, show model apartment, complete full application and FHA Form 1705 - Total Family Income Certification.
4. Manager - Check with local credit sources.
5. Manager - Verify income - write letter to employer.
6. Manager - Visit applicant's present residence.
7. Manager - Indicate and verify eligibility requirement and complete any required forms.
 - a. Elderly
 - b. Handicapped
 - c. Child Care
 - d. Displacement -
FHA Form 3476
 - e. Substandard Housing -
FHA Form 2502
8. Manager - Complete computation of adjusted income (after checking 4-7 above).
9. Manager - If completely eligible, determine if applicant is acceptable for project. If not, notify applicant, note reason for nonacceptance and file all documents.
10. Manager - If completely eligible and acceptable, notify applicant and set up interview.
11. Applicant
Manager * - During interview, explain management policy - rules, regulations, standards of conduct and answer questions.

* At owner's discretion, furnish handout material--brochures, rules and regulations, community services, etc.

12. Applicant
Manager - Inspect actual unit to be rented.
13. Applicant
Manager* - Explain lease - FHA Form 1728 - Model Form of
Lease. Applicant signs lease, pays deposit
and first month's rent.
14. Applicant
Manager - Schedule move in.
15. Tenant - Signs for keys and moves in.
16. Tenant
Manager - Inspect unit, complete inspection form (see
page 109, Inspection Form).

* See footnote on page 114.

PROJECT LEARNING
REAL ESTATE ACQUISITION
RHA 7205
PROJECT APPLICATIONS
RHA 7206

FHA Form No. 1729

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

MAXIMUM INCOME AND OCCUPANCY LIMITS
(SECTION 221(d)(3) BELOW MARKET INTEREST RATE PROJECTS)

TO: _____
(Name of Mortgagor)

_____ (Project Name) _____ (Project No.)

_____ (Project Address)

This will advise you that the maximum income limits for admission to occupancy are as follows:

Maximum Family Income	<u>1 Person</u>	<u>2 Persons</u>	<u>3 & 4 Persons</u>	<u>5 & 6 Persons</u>	<u>7 or More</u>
-----------------------	-----------------	------------------	--------------------------	--------------------------	------------------

Family income must be certified by prospective tenants and means all gross income, before taxes and other deductions, received by all members of the family except a dependent child or children, as the latter is defined by the Internal Revenue Service. Occupancy is restricted to a "Family" which is here defined as:

(a) Two or more persons related by blood, marriage or operation of law, who occupy the same unit; (b) a handicapped person who has a physical impairment which is expected to be of long-continued and indefinite duration, substantially impedes his ability to live independently, and is of such a nature that his ability to live independently could be improved by more suitable housing conditions; or (c) a single person 62 years of age or older.

The certification by tenants must be retained in your file and must be available for FHA inspection. SINGLE PERSONS, EXCEPT AS SPECIFIED IN (b) AND (c) ABOVE, ARE NOT ELIGIBLE.

To achieve the purposes of the Section 221(d)(3) program and to make certain that it is being used to its highest advantage, the following occupancy limitations will also be observed. These limitations are distinct and separate from the maximum income limits above. THE MAXIMUM INCOME LIMITS MUST BE STRICTLY OBSERVED REGARDLESS OF SIZE OF UNIT OCCUPIED.

Occupancy limitations are as follows:

Number of Bedrooms	Number of Persons	
	Minimum	Maximum
0	1	2
1	1*	2
2	2	4
3	4	6
4	6	8

Maximum accommodations will be permitted for reasons of health or where family composition dictates.

*Only if an efficiency is not available. Tenant will be transferred to an efficiency (0 bedroom) unit when such a unit becomes available.

Federal Housing Commissioner

By: _____
(Authorized Agent)

MORTGAGOR'S CERTIFICATION

To: Federal Housing Commissioner

The mortgagor certifies that it has read and fully understands the income and occupancy requirements set forth above and assumes full responsibility for compliance therewith for itself and its agents. Any rental agents and resident managers retained for the project shall be given a copy of this form and instructed regarding the absolute necessity for strict compliance with the foregoing occupancy provisions.

Attest:

Date

Mortgagor

By _____

HM G 4351.1

FHA FORM NO. 1705
Rev. 6/69
(All prior revisions obsolete)

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

Form Approved
Budget Bureau No. 63-R1113

TOTAL FAMILY INCOME CERTIFICATION
(Section 221(d)(3) Below Market Interest Rate Program)

Project Name and Location _____ Project No. _____

Name (Head of Family or Household) _____ Composition of Apartment Unit (No. of Bedrooms, etc.) _____ No. of Apartment _____ Amount of Monthly Rent \$ _____

FAMILY COMPOSITION AND INCOME						Annual Income Before Deductions
No.	Age	Sex	RELATIONSHIP	NAME	WHERE EMPLOYED	
1.			Husband or Head of Household			
2.						
3.						
4.						
5.						
6.						
7.						
8.						
TOTAL INCOME						\$ _____

I hereby certify that the above information is true and complete to the best of my knowledge and that I have listed the total income received by every member of my family during the past 12 months. Inquiries may be made to verify all statements. This certification is made with full knowledge of the family limitations prescribed by the Federal Housing Administration for this project and to obtain tenancy in the project at a subsidized rental.

Date _____ Certified _____
Signature of Head of Family or Household _____

WARNING Section 1010 of Title 18 of the United States Code makes it a criminal offense to make a willfully false statement or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

SPACE BELOW RESERVED FOR PROJECT OWNER AND FHA
The following to be filled in after the above portion has been completed:

The maximum income for eligibility for this size family is \$ _____, and the recommended unit size is _____. If the family is assigned a larger or a smaller unit than it is normally entitled to, provide justification on the reverse side.

Handicapped; Displaced Person; 62 Years of Age and Over; Other

COMPUTATION OF ADJUSTED MARKET RENT FOR CONTINUING OCCUPANCY OF OVER-INCOME TENANTS

Initial Occupancy Date _____

Present Tenant Income \$ _____ per year, \$ _____ per month.
Maximum Income Limit \$ _____ per year, \$ _____ per month.

EXCESS INCOME \$ _____ per month.

a. Basic BMIR rent for unit \$ _____ per month x 120% = \$ _____ adjusted market rent.

b. Excess monthly income \$ _____ x 25% = \$ _____ * increase in rent.

Basic BMIR or \$ _____ per month plus \$ _____ * increase = \$ _____ adjusted market rent.
*(An increase of less than \$5.00 will not increase the rent).

Effective _____ the above-indicated tenant will be required to pay adjusted market rent of \$ _____ per month (lesser of a or b above).

Date _____ Prepared by: _____

THE NAME OF OVER-INCOME TENANTS AND RENT IN EXCESS OF BMIR RENT AVAILABLE FOR CREDIT TO RESIDUAL RECEIPTS FUND MUST BE LISTED ON FHA FORM NO. 1709.

CHAPTER 2 SECTION V

C. Forms and instructions for Section 236 Program

(1) Check List for Processing Applicants

1. Applicant - Makes initial application.
2. Manager - Make rough evaluation of eligibility.
3. Applicant
Manager * - If apparently eligible, conduct screening interview and show model apartment, if applicant is interested.
4. Applicant
Manager - Manager completes FHA Form 3131 - Application for Tenant Eligibility. Applicant furnishes information relating to employment, household composition and family income.
5. Manager - Check with local credit sources.
6. Manager - Verify income - write letter to employer or welfare agency.
7. Manager - Visit applicant's present residence.
8. Manager - Verify eligibility, "Special Consideration to be Given Because:" (Item H) on application.

NOTE: If applicant "Displaced by Government Action" - complete FHA Form 3476 - Certificate of Eligibility.
9. Manager - Complete computation of adjusted income; calculate tenant's monthly rental payment and estimated assistance payment.
10. Manager - If applicant completely eligible, determine if applicant is acceptable for project. If not, notify applicant, note reason for non-acceptance and file all documents.
11. Manager - If applicant is eligible and acceptable, notify and set up interview.

*NOTE- At owner's discretion, furnish handout material- brochures, rules and regulations, community services, etc.

CHAPTER 2 SECTION V

12. Applicant
Manager * - During interview, manager explains management policy - rules, regulations, standards of conduct and answers questions.
13. Applicant
Manager - Inspect actual unit to be rented.
14. Applicant
Manager * - Explain lease - FHA Form 3133 - Model Form of Lease. Applicant signs lease, pays deposit and first month's rent.
15. Manager - Send two copies of signed Form 3131 to FHA-HUD office servicing your area; retains signed original of Form 3131 and all required certifications or proof of eligibility.
16. Applicant
Manager - Schedule move in.
17. Tenant - Signs for keys and moves in.
18. Tenant
Manager - Inspect unit, complete inspection forms - (see page , Inspection Form).
19. Manager - If applicant does not move in and application is cancelled, check appropriate box in part J of Form 3131 and send to HUD-FHA.

**INSTRUCTIONS FOR FILLING OUT APPLICATION FOR TENANT ELIGIBILITY
UNDER THE SECTION 236 PROGRAM FHA FORM NO. 3131 REV. 11/70**

1. The owner of the property or the project management, is responsible for the preparation of FHA Form No. 3131. Information of a personal nature is to be secured from the applicant. Entries for all other items as well as all computations are the responsibility of the project sponsor or management.

2. Information for Item D, Item E, and Item F, Mortgagor(s) Name or Names, Occupation, Years Employed, and Name of Employer, should be obtained from the head of the family making application. The information concerning minority group categories is requested for statistical purposes so the Department may determine the degree to which its programs are utilized by minority families.

Data for each individual member of the family, including husband and wife or other eligible head (F-1 to F-7), as to Name, Age, Sex, Family Relationship, Social Security Number, if any, and Income During the Last 12 Months is by source of income should be obtained from the applicant.

DEFINITION: "Family" or "household" means (a) two or more persons related by blood, marriage, or operation of law; or (b) a handicapped or elderly (62 or over) single person. "Eligible Minor" means a member of the family, except spouse, under 21 years of age, living in the household.

3. F-1 through F-8. Enter on these lines, the names of each individual member of the Family, including husband (or other eligible head) and spouse. If there are more than 7 persons in the family, show the same information for these persons on an attached sheet of paper (4 copies). In the next three columns enter for each person the age, sex, and relationship to the head. In the columns headed "Income Last 12 Months" enter for each individual the amount of income by type received during the last 12 months, and enter the total for each individual in last column. All income amounts should be entered to the nearest dollar; do not show cents. Current income should reflect income status at time of application, and expected income next 12 months, should represent the anticipated income of each individual over the next year. The sum of income from each source should be entered in line 8. (A statement explaining differences between anticipated income and either last year's or current income above or below, must be written or typed on the back of all copies of the form; or if more convenient, a copy of the statement may be stapled to the back of each copy of the form.)

4. F-9 through F-13. From the entries presented on lines 1 through 7 of Item F, and attachments, if any, the owner of the property or project manager should develop the entries for line 9 through 17. The number in household (line 9) is represented by the number of names listed. The number of eligible minors (line 10) (i.e., minors eligible for statutory income deduction of \$300 per minor) is the number of minors whose age is listed as under 21, related to the head by blood, marriage or operation of law, excluding the head of household or his spouse. The number of other minors (line 11) represents the number of minors that are not related by blood, marriage or law. The number of dependents (line 12) is the number of persons (adult or minor) deriving principal support from the family head, excluding his spouse. The number of handicapped (line 13) includes any person who has a physical impairment which is expected to be of continued duration, which substantially impedes his ability to live independently, and which would be improved by more suitable housing.

F-14 through F-17. Calculation of Adjusted Annual Income. The total amount of current or expected annual income, whichever is greater (the larger of Item F, Line 8, column (b) or (c)), is to be entered in the income column on line 14 as total annual income. Line 14 (a) shall in all cases be 5 percent of line 14 for social security withholding and similar payroll deductions. Line 14(b) shall be earnings of eligible minors from the same column used in line 14 (Note that only the earnings of eligible minors may be excluded. Welfare, social security, and other payments made on behalf of minors are income of the persons to whom paid, generally the head of household or some adult.) Income is adjusted further on line 15 by deducting an allowance of \$300 for each eligible minor (Line 10). This yields the adjusted annual income (F-16). This amount is then divided by 12 to obtain the adjusted monthly income (F-17). FHA shall review and verify all entries.

5. Payment Calculations (Item G) are to be completed by the housing owner or manager. Information on the area income limits for the applicant's family (G-1) will be obtained from the FHA insuring office. One of the boxes in G-2 should be checked to show if the limit used is (a) 135 percent of income eligible for occupancy of public housing or (b) 90 percent of income limit for occupancy of Section 221(d)(3) Below Market Interest Rate projects.

6. The amount of basic monthly rental for the unit at one percent interest (Item G-3) and the market rental for this unit at the full interest rate stated in the mortgage (Item G-4) are to be taken from the latest approved rental schedule.

7. Enter 25% of Adjusted Monthly Income (F-17) in G-5. The actual monthly rental the tenant must pay (G-6) is 25% of his adjusted income as entered in G-5, but in no event shall it exceed the Market Rental of the Unit (G-4), nor be less than the Basic Monthly Rental (G-3).

8. In Item H a check should be entered in each box which may apply, if special consideration is to be given the application of this tenant because of one or more of the following reasons: H-1, physical handicap (see paragraph 4 for definition); H-2, age (62 or over); H-3, displaced by government action; H-4, former occupant of property replaced or improved by this project; H-5, displaced by disaster.

9. When the housing owner or manager has completed and checked all items of information on FHA Form No. 3131 and has reviewed the entries with the applicant, the certification (Item I) must be signed by the applicant and his or her spouse.

10. The housing owner or manager shall check in Item J the applicable box indicating whether the applicant is or is not eligible, and whether he has occupied or will occupy the unit, noting the apartment number and/or address. He checks the appropriate box indicating type of structure and size of unit.

11. The housing owner or manager dates and signs the application, retains the original for his files and audit, and sends two copies of the form to the HUD-FHA insuring office. A certified copy of each form must be available for review and audit in the owner's or manager's file at all times.

12. Upon receipt of the FHA Form 3131 the insuring office reviews the form for accuracy and completeness, retains one copy of the form and sends one copy to the Statistics Branch, Office of Housing Management, RHM, Department of Housing and Urban Development, Washington, D. C. 20413, with the weekly FHA Form 2038c.

HM G 4351.1

CHAPTER 2 SECTION V

FHA FORM NO. 3131
Rev. 11/70

Form Approved
Budget Bureau No. 63R-1207

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

Loan Number _____ A. FHA Project No. _____

APPLICATION FOR TENANT ELIGIBILITY UNDER
THE SECTION 236 PROGRAM

B. Project Name and Address _____

C. Sponsor's Name, Address and ZIP Code (Please Type) _____

D. Name (Head of Family) and Present Address _____

▲ (Check One)

1 White (Non-Minority) 3 Oriental 5 Spanish American
2 Negro/Black 4 American Indian 9 Other Minority

E. EMPLOYMENT: (1) Occupation _____ (2) Social Security No. _____ (3) Years (3) Empl _____ (4) Employer (Name and Address) _____

Husband or Head _____
Spouse _____
Other _____

F. HOUSEHOLD COMPOSITION AND FAMILY INCOME:

NAME	Age	Sex	Relationship (Husband or Head)	Wages or Salary	INCOME LAST 12 MONTHS						Total Last 12 Months (Sum of all Entries)	Current Income <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Annual	Expected Income Next 12 Months	FHA Review
					▲ RETIREMENT		▲ BENEFITS PAYMENT							
					1. Social Security	2. Other	1. Disability	2. Unemployment	4. Welfare	Other				
1.														
2.														
3.														
4.														
5.														
6.														
7.														
9. No. in household -- ▲				8. TOTAL ▲						(a)	(b)	(c)		

10. No. of Eligible Minors ▲ _____ 12. No. of Dependents (Excl. Spouse) ▲ _____

11. No. of Other Minors ▲ _____ 13. No. of Handicapped -- ▲ _____

14. Total Annual Income (F-8(b) or (c)) -- ▲ \$ _____

(a) Less: 5% of Tot. Ann. Inc. (Sec. Instr. 4) --

(b) Less: Earnings of Eligible Minors --

15. Less: No. of Elig. Minors (F-10) X \$1300 --

16. Adjusted Annual Income -- ▲ \$ _____

17. Adjusted Monthly Income (F-16 + 12) -- ▲ \$ _____

G. PAYMENT CALCULATIONS:

1. Area Income Limits for this Family -- ▲ \$ _____

2. Based on: 1. 135% of Public Housing 2. 90% of Sec. 221(d)(3)

3. Basic Mo. Rental @ 1% -- \$ _____

4. Market Rental at full Interest -- ▲ \$ _____

5. 25% of Adjusted Monthly Income (F-17) -- \$ _____

6. Tenant's Monthly Rental Payments -- ▲ \$ _____

(G-3 if larger than G-5; otherwise the smaller of G-4 or G-5)

7. Estimated Assistance Payment (G-4 minus G-6) -- ▲ \$ _____

II. SPECIAL CONSIDERATION TO BE GIVEN BECAUSE: ▲

1. Of Physical Handicapped 2. Of Age (62 or over) 3. Government Action 4. Former Occupant 5. Displaced by Disaster

I. CERTIFICATION:

I/We hereby certify that the foregoing information is true and correct to the best of my/our knowledge and belief. Inquiries may be made to verify the statements herein.

Date _____ Signature(s) _____ (Husband or Head) _____ (Spouse) _____

WARNING Section 1001 of Title 18 of the United States Code makes it a criminal offense to make willfully false statements or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

J. REVIEW AND CERTIFICATION: (Check Applicable Boxes)

The above information has been reviewed and the applicant is is not eligible to occupy the dwelling unit designated.

Applicant -- Occupied Will Occupy -- Apartment ▲ _____

Address _____ On (Date) _____

▲ Type of Structure: 1. <input type="checkbox"/> Elevator 2. <input type="checkbox"/> Walk-up or Garden 3. <input type="checkbox"/> Single Family	▲ Size of Unit: 1. <input type="checkbox"/> 1-Bedroom 2. <input type="checkbox"/> 2-Bedrooms 3. <input type="checkbox"/> 3-Bedrooms 4. <input type="checkbox"/> 4-Bedrooms or more 5. <input type="checkbox"/> Efficiency 6. <input type="checkbox"/> Other _____	<input type="checkbox"/> Applicant did not move in and application is canceled (Check Box and send to FHA)
--	---	---

Date _____ Signature _____ (Housing Owner or Manager)

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

INSTRUCTIONS FOR FILLING OUT BIENNIAL CERTIFICATION OF
FAMILY INCOME AND COMPOSITION UNDER THE SECTION 236 PROGRAM FHA FORM NO. 3132 REV. 7/69

1. The owner of the property or the project management, is responsible for the preparation of FHA Form No. 3132 for each tenant every two years from the date the tenant first received assistance payments under Section 236 as evidenced by the date of occupancy shown on FHA Form No. 3131. Information of a personal nature is to be secured from the applicant. Entries for all other items as well as all computations are the responsibility of the project sponsor or management.
2. Information on the name and address of the project, Item B, and the sponsor's name, address and Zip code, Item C, should be supplied by the project owner or manager.
3. Information for Item D, Item E, and Item F and current income should be obtained from the applicant.

DEFINITION: "Family" or "household" means (a) two or more persons related by blood, marriage, or operation of law; or (b) a handicapped or elderly (62 or over) single person. "Minor" means a member of the family, except spouse, under 21 years of age, living in the household.

The total amount of income received in the last 12 months should be entered in F-1 to F-7. All income amounts should be entered to the nearest dollar; do not show cents. If there are more than 7 persons in the family, show the same information for these persons on an attached sheet of paper (3 copies). The sum of the income reported in each source of income column for all members should be entered on the TOTAL line. Give the current family income for all members and from all sources in the space headed "Important" whether current income differs from income in the last 12 months or is the same.
4. From the entries presented on lines F-1 to F-7 and attachments, if any, the owner of the project or the project manager should develop the entries for Items F-8 through F-17. The Number in Household (F-8) is represented by the number of names listed. The Number of Minors (F-9) is the number of persons whose age is listed as under 21 years, excluding the family head and his spouse.
5. The total amount of family income (F-12) is to be obtained from the entries on lines F-1 through F-7 and attachments, if any, and shall include income received during the last 12 months from all sources before taxes or withholding, of all members of the family who propose to live in the unit. Earnings of minors are deducted (F-12a) to obtain total adult income (F-12b). Unusual Income (F-13) shall in all cases include 5 percent of total family income (F-12) for Social Security withholding and similar payroll deductions; plus all or part of overtime pay which will be discontinued, income of a secondary wage earner which will terminate, unemployment compensation which does not occur regularly, or other income of a temporary nature which will be or has been discontinued (attach explanation). Adjusted Annual Income of Adults (F-14) is derived by subtracting Item F-13 from Item F-12b. This amount is adjusted further by deducting an allowance of \$300 for each minor person (under 21 years of age, excluding the mortgagee or his spouse)(F-15) to obtain the Certified Adjusted Annual Family Income (F-16). This amount is then divided by 12 to obtain the Certified Adjusted Monthly Income (F-17). If current income is higher or lower than income during the last 12 months, and if the current rate is expected to continue for the next 12 months, appropriate adjustment may be made in the figures shown in F-12 to F-17. Attach explanation.
6. Assistance Calculations, Item G, are to be completed by the housing owner or manager.
7. The amount of basic monthly rental for the unit at one percent, Item G-1, is to be developed by determining the amount of rental income attributable to this unit which is necessary to cover the cost of operating the project on the basis of payments to principal and interest due under a mortgage bearing interest at a rate of one percent per annum, with full allowance for all other operating expenses, but without a charge for mortgage insurance. Similarly, the fair market rental for the regular rate for this unit, Item G-2, is to be developed using the same operating costs as above but making allowance for payments to principal, interest at the mortgage rate, and mortgage insurance premium.
8. 25% of the certified monthly income, Item G-3, is obtained by multiplying the amount of the certified adjusted monthly income (F-17) by 0.25 or by dividing the Certified Adjusted Monthly Income by 4. This amount is then used to determine the tenants monthly rental payment, Item G-4, according to the following formula:

The tenants rent will be the amount of the basic rental at one percent (G-1) or 25% of the certified monthly income (G-3) whichever is the larger amount. If in this test Item G-3 is larger than G-1, then a comparison is made between Item G-3 and the fair market rental of the unit (G-2) and the smaller of these entries will become the monthly rent paid by the tenant. This amount is to be entered as Item G-4. Give the estimated tenant assistance payment in G-5 which is obtained by subtracting G-4 from G-2.
9. When the housing owner or manager has completed and checked all items of information on FHA Form No. 3132 and has reviewed the entries with the applicant, he has the applicant and his wife sign the certification.
10. The housing owner or manager checks in Item K whether this applicant is eligible or not for continued assistance (he may continue to occupy the unit without assistance), indicates the unit designation then enters the amount of the monthly rent which the applicant must pay, dates and signs the certification. He retains the original for purposes of audit and sends two copies of the form to the FHA insuring office. A certified copy of a current FHA Form 3131 or 3132 for each occupied unit must be available for review and audit in the owner's or manager's file at all times.
11. Upon receipt of the FHA Form 3132 the FHA insuring office retains one copy of the form and sends one copy to the FHA Statistics Section, Division of Research and Statistics, Washington, D. C. 20411, with the weekly FHA Form 2038c.

FHA FORM NO 3132 Rev. 7/69
(Previous edition obsolete)

Form Approved
Budget Bureau No. 63R-1208

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

A. FHA Project No.
▲

BIENNIAL CERTIFICATION OF FAMILY INCOME AND
COMPOSITION UNDER THE SECTION 236 PROGRAM

C. Sponsor's Name, Address and Zip Code (Please Type)

D. Project Name and Address

D. Name (Head of Family) and Present Address

E. EMPLOYMENT: 1. Occupation- 2. Employer (Name and Address)-

Husband _____
Wife _____
Other _____

F. HOUSEHOLD COMPOSITION AND FAMILY INCOME:

NAME	Age	Sex	Family Relation- ship	Social Security Number	INCOME DURING THE LAST 12 MONTHS:									
					Wages or Salary	RETIREMENT Social Security	Disa- bility	Unem- p.	Welfare	Other				
1. Husband or Head														
2.														
3.														
4.														
5.														
6.														
7.														
8. No. in Hshld. ▲				9. No. of Minors (Under 21) ▲				TOTAL ▲						

- 10. No. of Dependents (Exclude spouse) - ▲ _____
- 11. Number of Handicapped - - - - - ▲ _____
- 12. Total Family Income - - - \$ _____
- (a) Less Earn. of Minors - ▲ \$ _____
- (b) Total Adult Income - - - - - ▲ \$ _____
- 13. Less Unusual Income (See Instr. 5) ▲ \$ _____
- (a) 5% of Total Income - - \$ _____
- (b) Other - - - - - \$ _____
- 14. Adj. Annual Income of Adults (F-12(b) minus F-13) \$ _____
- 15. Less Number of Minors (F-9 x \$300) - - - - - \$ _____
- 16. Certified Adjusted Family Income - - - - - \$ _____
- 17. Certified Adjusted Monthly Income (F-16 ÷ 12) ▲ \$ _____

IMPORTANT: Give the Total Current Family Income:
 Weekly Monthly Annual ▲ \$ _____

- G. PAYMENT CALCULATIONS:
- 1. Basic Monthly Rental for Unit @ 1% \$ _____
 - 2. Fair Market Rental for Unit at Regular Rate - - ▲ \$ _____
 - 3. 25% of Certified Monthly Income (F-17) - - - - - \$ _____
 - 4. Tenants Monthly Rental Payment - - - - - ▲ \$ _____
(G-1 or G-3, whichever is more.)
 - If G-3 is more, then G-2 or G-3, whichever is less
 - 5. Assistance Payment (G-2 minus G-4) - - - - - ▲ \$ _____

H. CERTIFICATION:

I/we hereby certify that the foregoing information is true and correct to the best of my/our knowledge and belief. Inquiries may be made to verify the statements herein.

Date _____ Signatures _____ (Husband) _____ (Wife)

WARNING Section 1001 of Title 18 of the United States Code makes it a Criminal Offense to make a willfully false statement or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

K. REVIEW AND CERTIFICATION:

The above information has been reviewed and the applicant is is not eligible for continued reduced rental. The tenant or cooperative member may continue to occupy the dwelling unit designated _____ (Apt. No. or Address)
by making a payment of \$ _____ per month which is no change or an increase decrease of \$ _____ from the amount of the previous monthly payment.

Date _____ Signature _____ (Housing Owner or Manager)

CHAPTER 2 SECTION V

D. Forms and Instructions for Rent Supplement Program

(1) Check List for Processing Applicants

1. Applicant - Makes initial application (see Page 92.)
2. Manager - Makes rough evaluation of eligibility.
3. Applicant
Manager * - If apparently eligible, conduct screening interview and show model apartment. If applicant is interested, fill out Form 2501.
4. Manager - Complete FHA Form 2501 - Application for Tenant Eligibility for Rent Supplement.
5. Manager - Check with local credit sources.
6. Manager - Verify income - write letter to employer or welfare agency.
7. Manager - Visit applicant's present residence.
8. Manager - Verify eligibility indicated on Application (Item 7, Form 2501)
9. Manager - Complete computation of adjusted income and calculate amount of monthly supplemental payment.
10. Manager - If applicant completely eligible, determine if applicant acceptable for project.

If not, notify applicant, note reasons for nonacceptance and file all documents.
11. Manager - Send original and two copies of signed Form 2501, Application, with one copy of all required certification or proof to HUD-FHA office servicing the area.

* NOTE - At owner's discretion, furnish handout material--brochures, rules and regulations, community services, etc,

* At owner's discretion, furnish handout material--brochures, rules and regulations, community services, etc.

12. Manager - If applicant receives FHA certification, notify applicant and set up interview.
13. Applicant Manager * - During interview, explain management policy-rules, regulations, standards of conduct and answer questions.
14. Applicant Manager - Inspect actual unit to be rented.
15. Applicant Manager * - Explain lease - FHA Form 2503A - Model Form of Lease. Applicant signs lease, pays deposit and first month's rent.
16. Applicant Manager - Schedule move in.
17. Tenant - Signs for keys and moves in.
18. Tenant Manager - Inspect unit, complete inspection forms - (see page 109, Inspection Form).
19. Manager - If applicant does not move in and application is cancelled, check box in Part B, Item 11 of Form 2501 and send to HUD-FHA office.

* See footnote on page 124.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

INSTRUCTIONS FOR FILLING OUT APPLICATION FOR TENANT ELIGIBILITY FOR RENT SUPPLEMENT
HOUSING OWNER OR MANAGING AGENT SHOULD ASSIST APPLICANT IN FILLING OUT FORM

Part A. Applicant's Statement

Item 1 to 3. Enter name and present address of prospective tenant, and occupation, social security number, years employed and name of employer for both the tenant and spouse.

Item 4. Rent supplement payments shall be based on total household income expected during the next twelve months, less earnings of eligible minors and authorized deductions, calculated as shown on the form.

Lines 1 through 7. Enter on these lines, the names of each individual member of the prospective tenant's household, including husband (or other eligible head) and spouse. If there are more than 7 persons in the family, show the same information for these persons on an attached sheet of paper (4 copies). In the next three columns enter for each person the age, sex, and relationship to the head. In the column headed "Income last 12 months" enter for each individual the amount of income by type received during the last 12 months, and enter the total for each individual in the last column. All income amounts should be entered to the nearest dollar; do not show cents. Current income should reflect income status at time of application, and expected income next 12 months should represent the anticipated income of each individual over the next year. The sum of income from each source should be entered in line 8. A statement explaining differences between anticipated income and either last year's or current income above or below, must be written or typed on the back of all copies of the form; or if more convenient, a copy of the statement may be stapled to the back of each copy of the form.

Lines 9 through 13. From the entries presented on lines 1 through 7 of item 4, and attachments, if any, the housing owner or manager should develop the entries for line 9 through 16. The number in household, line 9, is represented by the number of names listed. The number of eligible minors, line 10, (i.e., minors eligible for statutory income deduction of \$300 per minor) is the number of minors whose age is listed as under 21, related to the head by blood, marriage or operation of law, excluding the head of household or his spouse.

The number of other minors, line 11, represents the number of minors that are not related by blood, marriage or law. The number of dependents, line 12, is the number of persons (adult or minor) deriving principal support from the family head, excluding his spouse. The number of handicapped, line 13, includes any person who has a physical impairment which is expected to be of continued duration, which substantially impedes his ability to live independently, and which would be improved by more suitable housing.

Lines 14 through 16. Calculation of Adjusted Annual Income. The total amount of income, item 4, line 8, column (c), expected in the next 12 months is to be entered in the income column at line 14 as total expected income. Earnings of eligible minors are deducted at line 14a to obtain net expected income for line 14b. (Note that only the earnings of eligible minors may be excluded. Welfare, Social Security, and other payments made on behalf of minors are income of the person to whom paid, generally the head of household or some adult). Income is adjusted further on line 15 by deducting an allowance of \$300 for each eligible minor (line 10) under 21 years of age related to the head by blood, marriage or operation of law, excluding the head of household or his spouse. This yields adjusted annual income line 16, which will be used in the computation of the rent supplement. See Part B, item 3.

Item 5. List the combined assets of all members of the household, whether related or unrelated, who will live in the dwelling unit. Exclude personal property, such as furniture, clothing, automobile, etc. The estimated value (based on original acquisition price) of any real estate owned by any member of the household,

less indebtedness, should be listed. Unpaid bills for food, medical expenses, etc. (but not for furniture, clothing, automobile, or other personal property) may be deducted.

Item 6. If the family has unusual and continuing expenses for disability or illness which are not compensated for by insurance or otherwise, show the amount of such annual expenses in item 6 and explain the nature of the disability or illness on a separate sheet (three copies). Include a similar justification in those cases where a wage earner in a household who is gainfully employed or is actively seeking gainful employment incurs expenses for the care of children (under 13 years of age) or dependent persons (excluding husband or wife) physically or mentally incapable of earning for themselves.

Item 7. To be eligible for rent supplement, the applicant's family or household income must be below the limits established for the locality in FHA 4475.6, and he must qualify under one of the eligibility requirements listed in item 7. Check the appropriate box or boxes and furnish proof as indicated if handicapped, 62 years old or older, or displaced by governmental action. Proof of age for other Federal benefits, such as Social Security or Medicare, will be satisfactory. If the applicant lives in substandard housing, a physical inspection of the property will be made. Proof shall be submitted or an inspection will be made if his present or former residence has been destroyed or extensively damaged by natural disaster. The applicant shall sign and date the application.

Part B. Eligibility for Rent Supplement

Items 1 through 6. These are to be filled in by the housing owner or his authorized managing agent. To determine the "Income for Supplement Payment" in item 5, deductions from "Adjusted Annual Income" may be made for disability or continuing illness and for child care from Part A, item 6.

Filing and Processing

1. The original and two copies of the application (with one copy of any required certification or proof) shall be submitted to the Federal Housing Administration Insuring Office for review. After review, the FHA Insuring Office will return the original and a Xerox copy and attachments to the housing owner, and FHA will retain the two carbon copies.
2. If the applicant moves in, the housing owner should note the date of move-in and identification of the dwelling unit in the space and check boxes provided in Part B item 10 and item 10a on his copy, and file the approved applications and attachments with the corresponding lease, alphabetically by applicant's last name, for future reference and audit. If the applicant does not move in and the application is cancelled, the box in Part B item 11 should be checked and the cancelled application should be sent to FHA. Upon receipt of cancelled applications, FHA will check Part B item 11 on the second carbon copy and will mail it to the Statistics Branch, Office of Housing Management, RHM, and will destroy the original and first carbon.
3. Certifications required in Part A item 7 should be retained by the housing owner after review by FHA, and attached to the approved copy of the application and lease of eligible tenants. They may be returned to the applicant in the case of rejection or cancellation.
4. When submitting the first monthly voucher to FHA the housing owner will return the Xerox copy with Part B, item 10 and 10a filled in. The FHA will record the information entered by the owner in Part B, item 10 and 10a on the two carbon copies of the application, making sure that the owner has furnished all requested information, and will mail the second carbon copy to the Statistics Branch, Office of Housing Management, RHM, Department of Housing and Urban Development, Washington, D.C. 20413.
5. Before submitting this Form, be sure to check the appropriate Box just above Part B, item 12 to indicate whether this is an application, amendment, or a recertification. If a recertification, also show the number, i.e. first, second, third, etc., for this tenant.

REMOVE THIS SHEET - THE REVERSE MAY BE USED AS WORKSHEET

FHA FORM NO. 7301 Rev. 6/76
(INSTRUCTIONS)

FHA FORM NO. 2501
Rev. 9/70
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
APPLICATION FOR TENANT ELIGIBILITY FOR RENT SUPPLEMENT
Form Approved
Budget Bureau No. 65-R1098

Project Name and Location _____ A Tenat
B Co-op Member
C Lease/Option

Rent Supp. Contract No. _____

FHA Project No. _____

PART A - APPLICANT'S STATEMENT:

1. Name (Head of Family or Household) _____ 2. Present Address _____

3. EMPLOYMENT: (1) Occupation - A _____ (2) Social Security Number _____ (3) Years Employed _____ (4) Employer _____

Husband or Head _____
Spouse _____

4. HOUSEHOLD COMPOSITION AND ANNUAL INCOME:

NAME	Age	Sex	Relationship	INCOME LAST 12 MONTHS						Total Last 12 Months (Sum of all Items)	Current Income (Weekly or Monthly)	Annual Income (Net 12 Months)	FHA Review
				Wages or Salary	Retirement Social Security	Retirement Other	Disability	Unemployment	Welfare				
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8) TOTAL										(a)	(b)	(c)	

(9) No. in Household A _____ (12) No. of Dependents (Excl. spouse) A _____

(10) No. of Eligible Minors A _____ (13) No. of Handicapped _____

(11) No. of other Minors A _____

(14) Total Expected Income (4-8)(c) _____ \$ _____
 a. Less: Earnings of Eligible Minors _____ \$ _____
 b. Net Expected Income _____ \$ _____

(15) Less: No. of Elig. Minors (4-10) X 300 _____ \$ _____

(16) Adjusted Annual Income _____ \$ _____

5. ASSETS: (All Household Members Combined)

(1) Cash on Hand \$ _____ (6) Real Estate _____
 (2) Checking Acc. _____ a. Orig. Price \$ _____
 (3) Savings Acc. _____ b. Unpaid Bal. _____
 (4) Bonds or Stocks _____ Equity (a minus b) _____ \$ _____
 (5) Other (List) _____ (7) Subtotal (All Assets) _____ \$ _____
 (8) Less: Unpaid Bills _____ (See Inst. 5) _____ \$ _____
 (9) Total Assets _____ \$ _____

6. ANNUAL EXPENSE FOR: (a) Disability or Continuing Illness _____ \$ _____
 (b) Care of Children _____ \$ _____
 (c) TOTAL UNUSUAL EXPENSES _____ \$ _____

7. ELIGIBILITY REQUIREMENTS: (Check Appropriate Box(es))

1. Physically Handicapped (Either Household Head or Spouse has a physical impairment which (a) is expected to be of long-continued and indefinite duration, (b) substantially impairs his ability to live independently and (c) is of such a nature that such ability could be improved by more suitable living conditions.) Submit letter from Doctor, Clinic, or VA.

2. Sixty-two or Older (Either Household Head or Spouse) Submit Birth Certificate or other evidence.

3. Duplaced by Government Action Submit Certificate of Eligibility, FHA Form No. 3476

4. Present Housing Substandard -
 1. Dilapidated Condition 3. No Private usable Flush Toilet
 2. No Hot Running Water 4. No Private Tub or Shower

5. Disaster Victim (Dwelling destroyed or extensively damaged by natural disaster)

I hereby certify that the foregoing information is true and complete to the best of my knowledge and inquiries may be made to verify the statements made herein.

Date _____ Signature of Applicant _____

WARNING Section 1001 of Title 18 of the United States Code makes it a Criminal Offense to make a willfully false statement or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

PART B - ELIGIBILITY FOR RENT SUPPLEMENT:

1. Number of Bedrooms Needed _____ 7. Unit Rent Per Month _____ \$ _____

2. Area Income Ceiling _____ \$ _____ 8. Applicant's Share (25% of Item 6 or Welfare Rent Allowance if larger) _____ \$ _____

3. Adjusted Annual Income (Part A Item 4(16)) _____ \$ _____ 9. Amount of Rent Supplement (7-8) _____ \$ _____

4. LESS: Unusual Expenses (Part A Item 6(c)) _____ \$ _____

5. Income for Supplement Payment (3-4) _____ \$ _____

6. Average Monthly Income (Item 5 +12) _____ \$ _____

RECOMMENDED FOR APPROVAL

Date _____ Signature _____ (Housing Owner or Manager)

10. Applicant occupied unit No. A _____ on A _____ (Date) _____

Address _____

11. Original Appl. code _____ 12. Amendment _____ 13. Recertification A. Certification No. _____

12. CERTIFICATE OF ELIGIBILITY:
 The above information has been reviewed and the applicant is is not eligible for rent supplement payments in an amount of \$ _____ per month.
 ENTRIES IN PART B CORRECTED AS SHOWN
 The housing owner shall include in the lease a requirement that the tenant shall report immediately to the housing owner when his total gross income (before deductions) reaches \$ _____ and also that the tenant shall recertify his current income one year from the date shown in Item 10. FEDERAL HOUSING ADMINISTRATION

13. Applicant did not move in and Application is Cancelled. (Check Box and Send to FHA)

(Date) _____ By _____ (Authorized Agent)

2501-1 TO FHA INSURING OFFICE, TO BE RETURNED TO HOUSING OWNER (SEE INSTRUCTION 11)

CHAPTER 3 - PHYSICAL CONSIDERATIONS

This Chapter offers suggestions as to physical security and the physical conditions which affect maintenance costs. It deals primarily with corrective measures. The most effective means of reducing maintenance costs are preventive in nature. When tenants know that they are a part of the project, they realize that they have a vested interest in keeping maintenance (and decorating) costs as low as possible.

There is also a direct relationship between maintenance and vandalism. A good maintenance program with emphasis on the immediate repair of inoperative equipment and damaged property sets a standard which can contribute to pride in the community and to a reduction in violence. Repairs should be made as soon as possible even if there is an inquiry into responsibility and payment for damages. This practice should apply to repairs requested by residents as well as to repairs in the common areas.

SECTION I - PHYSICAL SECURITY

One phase of project planning which substantially contributes to tenants' morale and well-being is physical security. Items which help promote a feeling of security include:

- Fence around the project.
- Adequate lighting in hallways, parking areas and grounds.
- Locked storage areas.
- Peepholes in apartment doors.
- Locked entranceways to high-rise units.
- Playground or recreation areas situated away from roads and driveways.
- Resident security patrols.

Security should be increased when rent is normally collected. This may include the employment of an off-duty policeman or trained security officer.

In projects situated in violence-prone areas, consideration may be given to an intercom system with the base station in the office or in the security guard office, if night guards are employed. It may also be possible to incorporate a manually operated distress signal in the fire alarm system. In some high-rise projects, closed circuit TV in the elevators and halls has proved valuable.

SECTION II - MAINTENANCE AND REPAIRS

An effective maintenance and repair program contributes substantially to the financial stability of a project and to the appearance of the project. Good maintenance and quick response to repair requests also keep tenants contented and reduces turnover.

The skill of the manager is reflected in the efficiency of maintenance and the supervision of maintenance personnel. The duties of maintenance personnel must be clearly defined and employees trained and supervised. This Chapter contains examples of viewpoints on the duties and responsibilities of maintenance personnel.

The requirements for maintenance work come from three general sources: Scheduled preventive maintenance, Inspection Reports, and requests from tenants.

- A. Scheduled maintenance is suitable for installed equipment and is based on manufacturers' recommendations and operating manuals. Scheduled preventive maintenance should also be established for vehicles, power mowers and similar equipment. Preventive maintenance based on the periodic inspection of all units, buildings and common areas will enable the maintenance personnel to make small repairs and avoid many large repairs.
- B. Inspection Reports of various types will reveal maintenance, decorating and repair work which is needed.
 - (1) HUD personnel will make an annual physical inspection and send to the owner a copy of FHA Form No. 2470, Page 150, which shows work required.
 - (2) Starting on Page 137 there are various inspection forms developed by owners for use in their projects.
 - (3) Starting on Page 140 there are various forms for recording requests for work made by tenants and for follow-up action. While most requests from tenants will be verbal, it is also desirable to have a form of work order request which may be completed by a tenant and left at the office.

The control of supplies, equipment and the working hours of maintenance employees is a normal management function. Starting on Page 134 there are several control methods.

SECTION III - MAINTENANCE DUTIES

A. Maintenance and Appliances

Maintaining a project in a satisfactory manner is a continuing problem. As previously stated in this Handbook, HUD-FHA inspects the projects annually to see if they are properly maintained. All projects have appliances that should be maintained properly. The costs of replacement of many items are eligible for reimbursement from the Reserve for Replacements Account.

The following excerpts from the Apartment Association of a large metropolitan area furnish some suggestions on the subject of maintenance.

(1) Maintenance and Appliances

- a. Almost all maintenance expense in a typical apartment project is involved in payroll, service calls, tenant requests, and other items which the resident manager can control or influence.

Let's begin with hiring the porter as this is an area of considerable expense and waste. Use some type of a formal application blank, and be sure that you have a good physical description, and know his marital status, address, telephone number, and past employment record. Make a thorough check of his references including a police check. Do not hire a porter who does not have a good attitude toward work or will not be polite and courteous to your tenants. Porter skills should include minor electrical and plumbing maintenance, painting, carpet cleaning, yard work, and pool maintenance if required.

Once the porter is on the payroll, give him jobs he is capable of doing, and educate him to do others. Provide a written list each morning, scheduling first the outside work that shows the most, and then the inside work. Organize the work in such a way that time is not wasted moving from one job to another. Save the best jobs to last so he will hurry through the others. Inspect the completed work each day and check it off the list before he leaves in the evening.

Servicemen are often called for things that the porter, maintenance men, or even manager could and should do.

As journeymen are quite expensive and charge a minimum call rate, you should avoid calling them to push reset buttons, flip breaker switches, change filters, and fix leaky faucets. When you do need a journeyman, use the entire minimum time you have paid for having him check other apartments, doing non-emergency repairs that you have delayed until he was there, and educating your maintenance man on what to do next time. Delay in answering service calls results from three causes:

1. The service company is necessarily understaffed to handle peak loads.
2. The manager has a reputation for making emergencies out of routine problems.
3. It is evident that the manager has neglected the following:
 - a. Before a new tenant moves in, check that each appliance operates properly.
 - b. Be sure that each new tenant is thoroughly familiar with the operation of all appliances.
 - c. When you request service, give a good description of the problem and of the appliance including its model number.
- b. The following are some helpful hints on maintenance and keeping your appliances at work:
 1. Know the location of the water meter cutoff, all apartment or fixture cutoffs, the gas meter cutoff, and the sewer cleanouts.
 2. Keep at least a few tools handy, including a water meter key, pipe wrench, screw driver and pliers.
 3. The water company will adjust bills for concealed leaks. Be sure to ask your plumber to give you an extra copy of his bill with an appropriate note that you can send to the water company with your request.
 4. A commode that does not stop running can waste up to forty dollars worth of water in a month. Watch for this problem and be sure that your tenants call it to your attention.

CHAPTER 3 SECTION III

5. Dirty air conditioning filters are by far the most common cause of cooling problems. Clean or replace filters monthly and always look for this cause first on complaints.
6. Check all hall and outside lights and replace bulbs almost daily for safety, decorative effect, and advertising.
7. If you smell gas in a kitchen, look to see if the pilot lights are out on the gas range. If that is not the problem, and the burners are shut off, call the gas company.
8. The gas company will usually adjust appliances and perform many other services free of charge.
9. Lawns and plantings are quite expensive and should be cared for by someone who knows what they are doing. Water in the evening to keep from wasting water and burning the grass. Use enough fertilizer. Prune and trim shrubs regularly to avoid an unkept look.
10. Laundry facilities are important to tenant satisfaction and as a selling tool. Keep them clean and promptly serviced.
11. The quality of latex paint can be compared on the wall by scratching it with a fingernail to see how badly it flakes or by rubbing it with a moistened finger to see what rubs off.
12. Dust and lint can be removed from draperies by tumbling them in a clothes dryer at low heat for 10-15 minutes. The drapery can then be hand pressed where needed and rehung. Bathroom deodorizer spray will remove most food or smoke odors from drapes.
13. Machine washable drapery fabrics are generally the cheapest in the long run even if they cost somewhat more initially. Investigate before dry cleaning drapes because they often distort and dry cleaning is so expensive that it is often better to replace the drapes.
14. Keep some carpet cleaner mixed up and available for emergency.

c. Helpful Hints in Keeping Appliances at Work

Many of these hints should be in the handouts given to tenants.

1. Range

Be sure electrical connections are secure. Use recommended heat levels to avoid boil overs. An ammonia dampened cloth, left overnight in the oven, speeds cleaning.

Removable broilers may be washed in sink or dishwasher. Know how to correctly use timer clock and automatic units. Use pans of recommended size with flat bottoms.

2. Refrigerator

Wash interior regularly -- all models.

Don't slam doors.

If refrigerator does not defrost automatically, do so regularly according to instructions.

Do not use sharp tools to loosen packages or ice.

Arrange food to permit air circulation.

Use vacuum cleaner to clean condenser grill on back or bottom.

Cover foods such as onions, cabbage, etc.

Make sure frozen foods are properly wrapped.

Cover liquids and moist foods, if your model requires this.

If refrigerator will not be used for a month or more, empty, defrost, unplug, and leave door ajar.

3. Freezer

Defrost as needed, according to instructions.

Wrap and store foods as recommended.

In case of power failure, keep door or lid closed.

Arrange food to permit air circulation.

4. Dishwashers

Be sure water is the proper temperature listed in the instruction book.

Follow recommended loading procedures.

Use only low-sudsing dishwasher detergents.

Do not slam door or tub.

If dishwasher drains through disposer unit, run disposer prior to operating dishwasher.
Remove stubborn stains with chlorine bleach, according to instructions. Close cover on dishwasher when not in use, to prevent food soil from hardening on plates and dishes. Follow instructions for washing pots and pans.
Heat cycle may be used as a plate warmer on some models. Check instructions.

5. Disposers

Consult instruction book for list of disposable items. In general, coffee, grease, egg shell, corn husk, and paper should not be put in disposer.
Always turn on COLD water prior to switching on disposer. Allow COLD water to run 30 seconds after food waste has been disposed of.
Keep top on disposer when not in use to prevent metal and glass objects from falling into hopper.
Study instructions on how to unjam disposer.
Know location and operation of reset button.
If dishwasher drains through disposer unit, run disposer prior to operating dishwasher.

6. Washers

Follow recommended loading instructions.
Do not overload.
Use low-sudsing detergents in correct amount.
Clean dispenser and lint filter regularly.
After tinting or dyeing, follow instructions for cleaning tub. (Only if such use is specifically permitted)
Wipe off soap, bleach, stains on exterior finish daily.
Consult instruction book when washing special fabrics.
Leave lid or door open when washing is finished so interior will dry.

7. Dryers

Do not overload.
Clean lint screen after each load.
Place delicate items in laundry net for drying.
Consult instruction book when drying special items to prevent overdrying.
Remove pins and other objects from clothing prior to drying.

Remove wash and wear items from dryer as soon as cycle ends to prevent re-wrinkling.

8. Window Air Conditioners

At the beginning of the season, remove unit from wall or window. Make solution of detergent and wash coils, filters and pan with brush, then take hose and rinse well. Be sure not to get the wiring wet. Oil fan motor. Reinstall unit and check for proper drainage. Check unit to be sure it is operating properly. Filters should be cleaned once a month during summer. If window unit is not cooling, check breaker or fuse box, check switch and thermostat, make sure filter is clean and if coils are frozen, turn fan on high and raise thermostat setting.

The following instructions are typical of those given to a maintenance man in a smaller project but represent the degree of detail which is desirable in the supervision of employees:

DUTIES AND RESPONSIBILITIES
MAINTENANCE MAN

DAILY: Remove garbage and papers.
Empty ashtrays and refill with clean water.
Sweep laundry rooms.
Sweep carpets in halls.
Vacuum first floor.
Hose down entrance and walks.

EVERY OTHER DAY:

Mop lobby with wet mop.
Alternate days with dry mop.
Burn papers in incinerator.

TWICE A WEEK:

Clean lint traps in laundry.

WEEKLY: Mop laundry rooms.
Vacuum all floors.
Sweep down stairwells.
Clean ashes out of incinerator.

CHAPTER 3 SECTION III

Clean ash trays with soap pads to remove stains.
Sweep and hose down garage.

WHENEVER NECESSARY:

Change burned out lights.
Change hall filters every 2 or 3 months.
Change filters in apartments at least twice yearly.
Oil fan motors semiannually.
Maintain apartments:
 Check faucet washers.
 Check and keep in operating order all toilets.

REPAIR OR REPLACE:

Ovens
Surface units
Dishwashers
Garbage disposals
Lights
Light Fixtures and switches
Doors and hinges
Hang pictures for new tenants
Keep washers and dryers in operating order.

SWIMMING POOL:

Pick up cigarette butts and paper in pool area.
Clean skimmers.
Test water.
Add chlorine.
Vacuum pool.
Clean swimming pool room.
Backwash filters and add alum.
Clean sides of pool with brush and detergent.

Oil mechanical equipment periodically.
Turn on air conditioner or heat - whichever is necessary.
Put skirt in elevator for move-in or move-out of furniture.
Render assistance in getting new tenant settled in apartment:

 Instruct in usage of appliances.
 Install TV antenna hook-up.

Water shrubs and lawn as needed.
Help in empty apartments as cleaning is done for new tenants:

 Take down light fixtures and replace after cleaned.

Check toilets and faucets.

Check all appliances to make sure they are in working order.

Purge air from water line in air conditioning room on roof.

SECTION IV - INSPECTION FORMS

The following check list can be used at checkout in conjunction with the initial inspection (Page 109) to determine repairs needed and form the basis for deductions from security deposits. When deductions from the security deposit are justified, the tenant is to be given a copy of the check list.

The check list should also be used independently prior to a move-in to verify completion of needed work.

MAINTENANCE CHECK LIST

PROJECT NAME _____

BUILDING NUMBER _____

APARTMENT NUMBER _____

MOVE-IN DATE _____

(OR) MOVE-OUT DATE _____

DATE APARTMENT CHECKED _____

- () 1. CHECK ALL PLUMBING WORKING PROPERLY
(TOILETS, FAUCETS, ALL PLUMBING IN APARTMENT.) MAKE SURE NO LEAKS.
- () 2. CHECK ALL APPLIANCES WORKING.
(DISHWASHER RUN THRU ONE TIME ON ALL CYCLES; TRY REFRIG-ERATOR, TRY DISPOSAL, AND TRY ELECTRIC OR GAS RANGE).
- () 3. CHECK HARDWARE IN ALL APARTMENTS IN PLACE AND WORKING PROPERLY. (ALL DOOR KNOBS, CLOSET HOOKS, CLOSET RODS, DOOR PULLS, NIGHT LOCKS, DOOR STOPS, MAGNETIC CATCHES, ETC.)
- () 4. CHECK WINDOWS AND SCREENS.
(NO BREAKS IN EITHER). (ALL SLIDING GLASS WINDOWS AND SCREENS WORKING CORRECTLY.) CLEAN OUT TRACKS ON ALL SLIDING GLASS DOORS AND WINDOWS. ALL SCREWS INSTALLED WHERE NEEDED.

CHAPTER 3 SECTION IV

- () 5. CHECK VENETIAN BLINDS.
(ALL BLINDS HUNG ON ALL WINDOWS. ALL BLINDS OPERATING PROPERLY.)
- () 6. CHECK DRY WALL THROUGHOUT APARTMENT.
(REPLACE IF DEFECTIVE. NO HOLES, NO SEAMS, IF POSSIBLE, NO CUTS, NO NAIL POPS).
- () 7. CHECK PAINT.
(ALL WALLS, CEILINGS, WOODWORK, TRIM TO BE CLEANED AND PAINTED.) NO SPOTS OR STREAKS OR SCRATCHES.
- () 8. CHECK FLOORING.
(ALL FLOORING INSTALLED, ALL FLOORS CLEANED AND WAXED. KITCHEN, AND ALL PARQUET BLOCK FLOORS OR WOOD STRIP AND ASPHALT TILE INCLUDED.)
- () 9. BATHROOMS CLEANED.
TUBS, TOILETS, TILE ON WALLS, TILE ON FLOOR, VANITIES, MIRRORS, MEDICINE CABINETS AND SINKS CLEANED SPOTLESS.
- () 10. ALL TOWEL BARS, TOILET PAPER HOLDERS, SOAP DISHES, INSTALLED AND CLEANED.
- () 11. CHECK TILE IN BATHROOMS FOR CRACKS OR FLAWS.
- () 12. ALL SHOEMOLD, SHELVES IN CLOSETS, SHELVES IN LIVING ROOM, BASE, ELECTRICAL OUTLET PLATES INSTALLED PROPERLY.
- () 13. ALL THRESHHOLDS, AND METAL STRIPS, INSTALLED WHERE NEEDED.
- () 14. CHECK THAT ALL DOORS CLOSE PROPERLY, NO RUBBING OR WARPING.
- () 15. CHECK ALL VENTS AND REGISTERS INSTALLED, WORKING AND PAINTED.
- () 16. CHECK HEATING AND AIR CONDITIONING (WHEN APPROPRIATE) TO BE SURE WORKING PROPERLY.
- () 17. CLEAN HEATING AND AIR CONDITIONING CLOSET.
- () 18. CHECK THAT FILTER INSTALLED IN ALL AIR HANDLING UNITS OR AIR CONDITIONING UNITS WHERE APPROPRIATE.
- () 19. ALL KITCHEN CABINETS CLEANED INSIDE AND OUTSIDE.
- () 20. ALL WINDOWS CLEANED (INSIDE AND OUTSIDE).
- () 21. CHECK THAT ALL ELECTRICAL OUTLETS WORKING PROPERLY.

- () 22. CHECK ALL LIGHTING.
(NEW BULBS IN ALL FIXTURES, AND ALL FIXTURES HUNG AND WORKING).
- () 23. CHECK IF ANY CHIPS OR CRACKS ON PLUMBING FIXTURES AND KITCHEN APPLIANCES.
- () 24. CHECK THAT THE FOLLOWING ITEMS ARE IN THE APARTMENT:
2 ICE CUBE TRAYS: 1 GARBAGE DISPOSAL TOP: AND 1 BATHTUB STOPPER.

OTHERS _____

COMMENTS _____

SIGNATURE _____ DATE _____
MOVE-IN SUPERINTENDENT OR RESIDENT MANAGER

DATE _____

SECTION V - WORK ORDER REQUESTS

Three types of requests are suggested for use in a project:

1. A routine request, Page 141, to be available to the tenants with instructions as to the intended use and place to submit the request. While it is desirable to receive a written, signed request, the office personnel should use the form to record verbal requests.
2. An emergency report, Page 142, is self-explanatory. With the office procedures there should be a detailed "follow-up" procedure to assure completed action on each emergency report.
3. The work memorandum, Page 143, is a simple form of instructions from the supervisor to the maintenance man and a report of work completed with a sequence of signatures to permit verification of work accomplished and time expended.

HM G 4351.1

MAINTENANCE AND REPAIR REQUEST
(For Use by Residents)

Date: _____

Resident's Name: _____

Apartment: _____ Building: _____

Type of maintenance or repair needed:

- Heating ()
- Air Conditioning ()
- Plumbing ()
- Electrical ()
- Other ()

Exact nature of problem and cause (if known):

(Signed)

For emergency service please call:

Office Hours: _____

After Hours: _____

HM G 4351.1

CHAPTER 3 SECTION V

EMERGENCY REPORT

(In Duplicate)

DATE _____

TIME - _____

MGR. _____
ENG. _____
P. MGR. _____

Receptionist, Guard, or available project personnel will complete this form in the following instances:

FIRE THEFT UTILITIES* WATER LEAKS POLICE ON PREMISES
OTHER # (Describe) _____

First reported to _____ Hr. _____ AM _____
First report from _____ PM _____

Describe report in detail: _____

(If additional room is needed for description, please use back of this report.)

ACTION TAKEN: _____ AM _____
Reported to: _____ Hr. _____ PM _____
Comments: Damage - Corrective Action Taken _____

Report following interruption in utilities on this form:

By Time
*HEAT *GAS *ELECTRICITY NOTIFIED: Manager _____
*HOT WATER * AIR CONDITIONING Chief Eng. _____
#INCINERATOR SMOKE #BREAKING & ENTERING Asst. Mgr. _____
#VANDALISM Prop. Mgr. _____

In case of utility interruption affecting more than one tenant, advise Manager, Chief Engineer, and Property Manager, except between 10 P.M. and 7 A.M. Between the hours of 10 P.M. and 7 A.M. the receptionist on duty will ask the engineer on duty if the Chief Engineer or others are to be notified prior to 7 A.M.

RECORD ITEM ON DAILY RECEPTIONIST'S
REPORT: SHIFT: _____

SIGNED: _____
Check if more information
on back

W O R K M E M O

Date _____ Time Received _____

Apt. _____ Address _____

Tenant's Name _____ Permission to enter

Yes No

Work Request: _____

Material Used: _____

Remarks: _____

Types of Repair: _____

Date Work Done _____ By _____

Time In _____ Time Out _____

Work Satisfactorily Completed _____

Tenant Signature

Maint. Rep. Signature _____

7/71

SECTION VI - CONTROL FORMS AND REPORTS

Several forms are reproduced on the next few pages. These forms suggest some of the ways of recording maintenance cost. An analysis of costs by use of these or other forms may identify excessive costs, lost time or ineffective maintenance personnel.

- A. The time check and work control card, starting below, was developed by the Knoxville Insuring Office for projects within their jurisdiction.
- B. The Monthly Maintenance Report, Page 146, is one format which will help evaluate your maintenance program.
- C. The Requisition Form, Page 147, may be appropriate for large projects with a supply facility or a project which is one of several under a central management agent.
- D. The Maintenance Record, Page 149, may be useful in detecting units which may be structurally defective in design, materials or workmanship. The record may also indicate tenants who would benefit by guidance in the use of facilities or assistance from social service agencies in the care and housekeeping practices which are desirable in project living.
- E. This is a reproduction of Form 2470, Annual Physical Inspection Report, which will be sent to you annually with entries indicating work necessary under the Regulatory Agreement.

Reproduced below is a copy of a time check and work order card. This may be an aid to your operation, by documenting a control procedure, in an effort to solve maintenance cost problems.

It is suggested this card be printed and, after use, submitted to the owners for filing and cross checking. Further control can be obtained if all materials used by the maintenance force in any given week were immediately priced, and marked to its specific use, as to the apartment number and building number, and identify the company from which such materials were purchased. This establishes an interrelation among labor cost, material cost and function. It is also suggested the card be processed in the following manner:

Manager's Responsibility

- | | |
|-----------------------------------|--------------------|
| 1. Apt. No. | 5. Work Ordered by |
| 2. Building No. | 6. Date Ordered |
| 3. Tenant's Name (for Complaints) | 7. Date Completed |
| 4. Date | 8. Approved by |
| 9. Work to be Done | |

7/71

Workman's Responsibility

- | | |
|---------------------------|------------------------------|
| 1. Work Time Started | 5. Material Used and Amount |
| 2. Work Time Completed | 6. Workman's Signature |
| 3. Total Time | 7. Time Required Per Item |
| 4. Area of Work (checked) | 8. Secure Tenant's Signature |

The time expended, i.e., total time and time per individual item, should be thoroughly analyzed by the manager. All work should be inspected by the manager for approval.

It is further suggested all tenants be notified of your new and concerted effort to bring more efficient service to the project, and their cooperation, watchful eye and signature is necessary to the success of your new time study and repair maintenance program.

Apt. No.	Bldg.				Date		
		Tenant's Name					
Work Ordered by		Work	Time Started				
Date Ordered			Time Completed				
Date Completed			Total Time				
		Out Doors <input type="checkbox"/>			In Doors <input type="checkbox"/>		
Lawn Care <input type="checkbox"/>	Windows <input type="checkbox"/>	Doors <input type="checkbox"/>	Living Room <input type="checkbox"/>				
Lights <input type="checkbox"/>	Painting <input type="checkbox"/>	Hallways <input type="checkbox"/>	Kitchen <input type="checkbox"/>	Bath <input type="checkbox"/>			
Walks <input type="checkbox"/>	Other <input type="checkbox"/>	Other <input type="checkbox"/>	Bed Room <input type="checkbox"/>				
Work to be Done Listed by Mgr.		Time	Material used and Amount				
1.							
2.							
3.							
Workman's Signature		Approved by	Tenant's Signature				

HM G 4351.1

CHAPTER 3 SECTION VI

MONTHLY MAINTENANCE REPORT

PROJECT _____ PERIOD FROM _____ TO _____

Summary: Number and Types of Repair and Maintenance Jobs

NUMBER OF JOBS

<u>TYPE</u>	<u>APARTMENTS</u>	<u>GENERAL PROJECTS AREA</u>	<u>TOTAL</u>
<u>Plumbing</u>	_____	_____	_____
<u>Electrical</u>	_____	_____	_____
<u>Structural</u>	_____	_____	_____
<u>Heating & Air Cool (Evap.)</u>	_____	_____	_____
<u>Other:</u>	_____	_____	_____

TOTALS

In addition to completed maintenance items, state following:

No. of work requests, after inspection, requiring no repair _____

No. of work requests pending but not completed _____

No. of incomplete work memos more than 48 hours since reported _____

REMARKS: Special conditions, unusual repair and maintenance problems this month

Signed _____
(Maint. Man) Date

Original-Executive Director
1 Copy-Chief Maintenance Man
1 Copy-Project File _____
(Resident Mgr.) Date

7/71

HM G 4351.1

CHAPTER 3 SECTION VI

R E Q U I S I T I O N

No. _____

Date _____

TO:

Please order (or supply) the following supplies (or services) for

PROJECT _____ ADDRESS _____

DATE REQUIRED _____

Quantity	Item or Description	Apartment or place to be used	To be completed by Central Office	
			Unit Price	Amount

SIGNED _____ APPROVED _____
 (Maint. Man-Gardener-Resident Manager) (Chief Maint. Man-Chief Gardener)

Executive Director

Prepare in Duplicate - Original to Central Office - Copy for project use.

7/71

HM G 4351.1

CHAPTER 3 SECTION VI

PURCHASE ORDER

NO. _____ Req. No. _____ Date _____ 19 _____

To _____

Address _____

Ship To _____

Address _____

For	Date Required	How Ship	Terms

Our order number must appear on all invoices - Packages, etc. Please notify us immediately if you are unable to ship complete order by date specified.

Please send _____ Copies of your invoice _____
Purchasing Agent

7/71

MAINTENANCE

RECORD

PROPERTY: 745 Royal Street OWNER: Simmons

Date	Suite #	Description of Problem	Contractor	Order #	Remarks
1/29		Broken connect. main ht. water riser at boiler	ABC plumbing	3400	Satis. Compl. 1/30 Bill \$76.75 okd.
A separate journal is maintained for each apartment					

INSURED PROJECT
MANAGEMENT GUIDE

PH G 4351.1

CHAPTER 3 SECTION VII

FHA FORM NO. 3470 (Rev. 5/83)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

ANNUAL PHYSICAL INSPECTION REPORT
(Use FHA 3470a Continuation Sheet if Necessary)

INSTRUCTIONS:
1. Prepare in accordance with Vol. VI, Book 2, Sec. 42 of FHA Manual.
2. Indicate clearly specific locations (grounds & buildings) where remedial action is required.
3. Place emphasis on items checked "M" or "I" and on previously reported corrective work where no remedial action has been taken.
4. Comment on any significant changes in neighborhood trends including transportation.

Page No. _____
No. of Pages _____

Project Name _____ Project Number _____ Date of Report _____

Location _____ No. of Units _____ No. Vacant _____

ITEMS INSPECTED				ITEMS INSPECTED			
	A	M	I		A	M	I
1 Landscaping				14 Laundries - Basements			
2 Drainage				15 Hot Water Heater			
3 Walks - Driveway				16 Ranges			
4 Playgrounds & Swimming Pools				17 Refrigerators			
5 Exterior Masonry				18 Coolers - Airconditioners			
6 Exterior Painting				19 Plumbing System			
7 Ventilators - Louvers				20 Tile			
8 Weatherproofing - Caulking - (Leaks)				21 Electrical System			
9 Gutters - Downspouts				22 Plaster			
10 Roofs				23 Trim & Doors			
11 Guard Rails - Stoops - Areas				24 Floors			
12 Garages - Incinerators				25 Public Halls - Elevators - Switchboards			
13 Boilers - Heating System				26 Decorating - Apartments			

Code: A - Acceptable M - Maintenance (Work to be done within one year) I - Items Requiring Immediate Attention

No. Buses/Trucks: _____ No. Project Employees: _____ No. Units Inspected: _____ Structural Compliance? Yes No If Yes, Explain: _____
 Treatment Occupancy? Yes No If Yes, Explain: _____
 Neighborhood Trends - Significant Change? Yes No If Yes, Explain: _____

This inspection was made on: _____ (Date) Approved: _____ (Date)

By: (Signature and Title) _____ Located at: _____
 By: Director (Signature) _____

Item No.	Full Description of Required Corrections (All M and I items)	Follow-up Inspection	Date

ANNUAL PHYSICAL INSPECTION REPORT

FHA FORM NO. 3470 Rev. 5/83

SECTION VIII - BIBLIOGRAPHY OF MAINTENANCE TRAINING MATERIALS

The following list of publications may be helpful in training maintenance assistants or handy man/janitors in the more common jobs around a project. While there is no substitute for the journeyman, plumber or electrician, a vast majority of the day-to-day maintenance problems can be avoided or reduced by a preventive maintenance program and a good handy man.

Selected publications are available from the Superintendent of Documents, Government Printing Office, Washington, D. C. (20402). GPO price list containing complete listings of available government publications by subject area are available free of charge.

Physical Maintenance and Lawn Care

1. Floors, Care and Maintenance. 1969. 35p. 30¢.
Cat. No. P 1.31/3:3/2
2. Better Lawns; Establishment, Maintenance, Renovation, Lawn Problems, Grasses (Being Revised)
Cat. No. A 1.77:51/6
3. Landscape Development (1967) 128p. il. 75¢
(Basic principals of landscaping development and maintenance)
Cat. No. I 20.12/2:L23
4. Planting and Maintenance of Trees, Shrubs, and Vines
1959. 12p. il. 20¢
Cat. No. D103.6/3:1110-1-323
5. Selecting Fertilizers for Lawns and Gardens. Rev. 1965.
(8) p. il. 5¢
Cat. No. A 1.77:89/2
6. Paint Manual for Control of Protective Coatings and their Application. 2nd edition, 1961. 262 p. il. Fabrikoid. \$1.75
Cat. No. I 27.19/2:P 16
7. Paints and Protective Coatings. 1969 (249) p. il. 16 dividers,
Plastic \$7.25
Cat. No. D 101.11:5-18
8. Plumbing Manual. 1940, reprinted 1969. 70p. il. 60¢
Cat. No. C 13.29:66
9. Simple Plumbing Repairs for the Home and Farmstead. 10¢
Cat. No. A 1.9:2202

CHAPTER 3 SECTION VIII

10. Termites and Borers: Old House Borer. Revised 1970. 8p. il. 10¢
Cat. No. A 1.35:501/3. Contrary to its name, this insect most
commonly attacks new construction.
11. Basic Handtools. Rev. 1963. 227p. il. \$1.50.
Cat. No. D 208.11:H 19/963
12. Cockroaches, How to Control Them. 1969. 8p. il. 10¢
Cat. No. A 1.35:430/6

PRICE LISTS: No. 72 - Homes: Construction, Maintenance,
Community Development

No. 41 - Insects: Worms and Insects Harmful
To Man, Animals, and Plants

No. 44 - Plants

CHAPTER 4 - FINANCIAL

This chapter covers the financial elements of project operation, from the basic problem of rent collection to the sources of financial relief.

SECTION I - RENT COLLECTION.

Projects need money to operate, and the primary source of funds is the rent paid by tenants. This aspect of project management calls for the exercise of tact, diplomacy, and the tenacity of a puppy pulling on a root. Despite the compassion for people who are identified as disadvantaged, the rent must be collected.

The rental schedule is computed to meet operating expenses, debt service and where authorized, the limited distribution. There is no "fat" in the rent schedule.

The degree of success in rent collection is related to the policies established and time spent on your tenant selection procedures. The operating practices in respect to payment of rent should be known to the tenants if the previous sections of this guide have had any influence on the sponsor.

The tenant must know the rules and management must make the rules real. There is no single set of procedures which will make collection of rent foolproof. Immediately following is the approach taken by a highly successful, socially motivated sponsor operating five subsidized projects.

RIVERSIDE-SAN BERNARDINO COUNTIES COUNCIL OF CHURCHES

Rent Supplement Housing Projects

Rent Collection - Rent Delinquency - Policy and Procedure

GENERAL:

The Council's Policy on Rent Collection is stated on pages 12 and 13 of the Council's Management Program for the operation of FHA 221(d)(3) Rent Supplement Housing Projects. Below is a brief re-statement of this policy, followed by a step by step procedure for its implementation:

POLICY:

Rent Collection Policy is based on the awareness that low income tenants experience unusual difficulty in catching up with rent payments once they fall behind. Management, therefore, is strict in requiring payment on the due date. Any rent delinquency is followed up promptly in accordance with the procedure provided.

Management is also aware that rent payment difficulties will occur and must be anticipated. In these situations special problems of tenants will be considered on an individual basis and suitable arrangements will be made to handle them in a manner consistent with the prompt payment policy.

Prepayments may be accepted and encouraged where the tenant's seasonal employment or manner of wage payment would otherwise make it difficult to accumulate the full rent when due.

Payments not on the due date also may be accepted from tenants receiving monthly or semi-monthly assistance checks from various agencies after the rent payment due date. The rent due will not be treated as late provided the full rent is paid the day the assistance check is received by the tenant. This practice will also apply to tenants receiving semi-monthly assistance checks where arrangements will be made to have the monthly rent paid in two installments as the checks are received.

Where rent delinquency appears likely to become chronic, Management will work directly with the tenant to correct the situation.

In the event a nonpayment situation persists despite all efforts by Management staff, the staff social worker and appropriate social or welfare agencies, legal action will be taken as warranted for collection or repossession of the apartment.

If payment is not made even after successful court action, Management will make every effort to have the tenant vacate voluntarily. Actual eviction will be avoided except in the most extreme and difficult situation.

PROCEDURE:

1. Two days after due date, Resident Manager will make personal contact with any rent delinquent tenants, by calling at the apartment in person.
2. If tenant is not at home, Manager will leave a "Rental Reminder" note (see form attached) requesting tenant to pay the next day or come to the office to discuss any other reason for lateness.
3. If Manager feels tenant is having difficulty or needs help, Manager will report the matter to the Staff Social Worker immediately. This report will be in the form of a short memorandum stating the situation, which will be the basis for a discussion between the Manager and Social Worker to find the necessary solution.
4. The Social Worker will then personally contact the tenant and make an acceptable rent payment plan or arrange with or refer tenant to an appropriate agency where assistance in this direction may be obtained.
5. The Social Worker will keep in close continuous touch with the tenant while the latter is experiencing rent payment difficulty, assisting with advice, counseling on budgeting and encouragement.

HM G 4351.1

CHAPTER 4 SECTION I

6. On the 6th of each month, the Manager will prepare a rent delinquency list for the Executive Director with the following information:

Project _____

Rent Delinquency List as of _____ 19__

Apt. No.	Address	Tenant	Mo. Rent (tenant share-----)	Total Due	Action, Status & Remarks
----------	---------	--------	---------------------------------	-----------	--------------------------------

- (a) Approximately every five (5) days, the Manager will send a progress report indicating payments in full or on account by delinquent tenants or other action or change in status of those still in arrears.
7. If the rent delinquency persists despite staff efforts or if the tenant does not cooperate in following an agreed payment plan or applying for assistance where available, the Manager and Social Worker will recommend commencement of legal action to the Executive Director.
8. The first step is the service of a "Three-Day Notice to Pay Rent or Quit" properly filled out and served on the tenant personally, if possible, by a project staff member. A sample form of the required three-day notice is attached. If personal service is unreasonably difficult, the Manager will discuss with the Executive Director the type of service to be made.
9. If the three-day notice service does not result in payment or a satisfactory payment plan in the time stated, with the approval of the Executive Director, the Manager and Social Worker will try to have the tenant vacate voluntarily in two or three days.

7/71

10. If no results are obtained in the time allowed by Management for payment or possession, upon the approval of the Executive Director, appropriate court action will be commenced.
 - (a) Via the Small Claims Court where circumstances indicate this route is practicable, considering the relatively high legal costs involved in "Unlawful Detainer" proceedings. Small Claims Court action may be initiated and carried through by the Resident Manager or other authorized agent of the Project Owner without the services of an attorney. The necessary form and instructions to effectively commence action for rent in this court are readily furnished by the clerk of this court when required.

It is to be noted that successful action in the Small Claims Court can only result in a judgment for rent, not for repossession of the apartment.
 - (b) Via an "Unlawful Detainer" action in the Justice Court or Municipal Court; if successful this will result in the project's right to payment or repossession. The services of an attorney is required for this type of action and the cost is relatively high.
11. If no payment is made after successful court action, with the approval of the Executive Director, the Manager and Social Worker shall make every effort to have the Tenant vacate the unit voluntarily.
12. If the tenant refuses to vacate voluntarily, as a last resort, the Executive Director will authorize the obtaining of a "Writ of Possession" and eviction by a Marshal where judgment has been obtained in an "Unlawful Detainer" action, or the start of an "Unlawful Detainer" proceeding where the Small Claims Court judgment has not resulted in tenant's voluntary vacating of the apartment.

7/71

SECTION II - ACCOUNTS AND FINANCIAL RECORDS:

Under the provisions of your Mortgagor's Certificate and the Regulatory Agreement, you are required to maintain your books and records in accordance with the requirements prescribed by the Secretary and to submit annual financial reports within 60 days after the close of your corporation's fiscal year. There follows a copy of a handbook (Form 2230) entitled "Handbook of FHA Requirements Governing Fiscal Operations, Accounting and Financial Reports for Multifamily Projects," and a copy of Form 2410 "Statement of Profit and Loss."

The Form 2230 Handbook outlines in detail the prescribed accounts to be established and maintained. It is suggested that you immediately have your accountant review this handbook and establish the necessary records to comply with the prescribed accounting requirements. If this is not done from the beginning then it becomes all the more difficult as time passes because of lost basic data and lost memory of the financial transactions that have occurred. Many times the knowledge of a transaction is needed to supplement basic documents as a posting media to the official records.

If it is not possible to immediately engage an accountant, there are certain basic records that should promptly be put in use and certain records to be established for use until an accountant can be engaged.

1. A rental receipt book should be obtained, preferably one which is prenumbered for control purposes and from which rental receipts can be prepared in duplicate. The original should always be issued to the tenant on payment of any rental, whether by check or in cash, and the duplicate used as a posting media and cash control. If it becomes necessary to void a receipt, it should be so marked and both copies retained so that all numbered receipts are accounted for. It should be made a point to see that all collections are deposited daily in a bank account established for the project operations. This will minimize the possibility of theft. The amount of each deposit must equal the total of the rental receipts included for that deposit.
2. A unit control card is suggested on which are posted the tenants' name, dates of occupancy and vacating, rental charges and rental payments. Cards for each of the three subsidized programs are included in this chapter.

SECTION II - ACCOUNTS AND FINANCIAL RECORDS: (Continued)

3. All disbursements, except those made from a petty cash fund, should be paid by check. A set of prenumbered checks, preferably preprinted with the project name, should be obtained for this use. Any voided checks should be so noted and retained so that all check numbers are accounted for. A petty cash fund is usually necessary but must be strictly controlled. It should be in the minimal amount required, i.e., \$25 or \$50. All disbursements from the fund must be supported by a receipt identifying its purpose for use as a control and posting media.

About the date of anticipated initial occupancy you will be requested by HUD to advise of the fiscal year adopted by your corporation, month income commenced and the individual to whom correspondence of a fiscal nature should be addressed. About 15 days prior to the end of each fiscal year you will be requested to furnish an annual financial report which complies with the requirements outlined in the Form 2230 Handbook. This report is to be submitted within 60 days after the end of the fiscal year in accordance with the Regulatory Agreement. This is why we urge the immediate establishment of your records and accounts in an orderly manner by your accountant.

HANDBOOK OF FHA REQUIREMENTS
GOVERNING
FISCAL OPERATIONS, ACCOUNTING,
AND FINANCIAL REPORTS
FOR
MULTIFAMILY HOUSING PROJECTS
(Other than Cooperative Housing)

Insured under the
NATIONAL HOUSING ACT

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411

FHA NO. 2230
Rev. Oct. 1966
(Formerly entitled
"Uniform System of
Accounts".)

TABLE OF CONTENTS

	<u>Page No.</u>
1. Introduction	I
2. FHA Authority for Supervision of Mortgagor	1
3. Certain Restrictions on Mortgagor's Operations	1
4. Maintenance of Books and Accounts	2
a. Outline of Prescribed Accounts	2
5. Distributions	5
a. Definition of Surplus Cash	5
b. Limitations on Distributions	5
6. Project Bank Accounts	5
7. Management Agreements	6
8. Financial Reports	6
a. Requirements for Preparation of Reports	6
Balance Sheet - (Exhibit A)	10
Statement of Profit and Loss	11
FHA Form No. 2410 - (Exhibit B)	
Statement of Surplus and Undivided Profits - (Exhibit C)	13
Statement of Receipts and Disposition of Funds - (Exhibit D)	14
Schedule of Changes in Fixed Assets - (Schedule 1)	16
Schedule of Compensation of Officers - (Schedule 2)	17

1. INTRODUCTION

This publication replaces earlier FHA instructions to mortgagors, entitled "Uniform System of Accounts". The instructions have been broadened to include more information on FHA controls over project operations in addition to requirements covering maintenance of books and accounts, and the submission of financial reports. Reporting requirements have been revised to make mandatory the use of an FHA printed form for submission of the annual Statement of Profit and Loss, and to add a report, a Statement of Receipts and Disposition of Funds, to those reports already required.

The instructions contained herein are prescribed for multifamily housing projects (other than Cooperative Housing) on which the Federal Housing Administration has insured or will insure the mortgage indebtedness.

The handbook is supplied as a guide to the project management and professional Accountants. It is not intended to be a treatise on accounting and reporting requirements, but has been prepared in the interest of obtaining complete and uniform financial information relative to the project by the FHA. These data are essential to FHA in the proper servicing of the mortgage loan and a summary of a volume of such data is of value both to FHA and the trade in the consideration of future transactions.

The requirements for record keeping and reporting as outlined in these instructions and the required exhibits and schedules are consistent with sound accounting principles and record keeping practices. It is presupposed, of course, that the project management and accounting staff are competent to comply with the requirements. Reference to the following booklets should prove useful:

- (1) "The Accounting System for all Builders"
Presented as an industry service by the Business Management
Committee of the National Association of Home Builders
August 1965
- (2) "Audit of Construction Contractors"
Prepared by the Committee on Contractor Accounting and Auditing
and the Committee on Cooperation with Surety Companies of the
American Institute of Certified Public Accounts
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2. FHA AUTHORITY FOR SUPERVISION OF MORTGAGOR

In consideration of the insurance of the mortgage by FHA, the mortgagor consents to the control and regulation by FHA of rents, charges, rate of return and methods of operation. The documents which set forth the mortgagor's responsibilities and which provide for FHA control of the project operation are the regulatory agreement, certificate of incorporation or corporate charter, or trust agreement. Currently, the control is exercised through a regulatory agreement whether the mortgagor be an individual, partnership, corporation, trust or some other entity. Prior to 1961, the control by FHA for the most part was through the use of a corporate charter, which provided for the issuance of preferred stock to the FHA. Regardless of the method used to obtain control, historically FHA has had the authority in addition to other regulatory rights, to require adherence to instructions such as those set forth in this handbook.

3. CERTAIN RESTRICTIONS ON MORTGAGOR'S OPERATIONS

Among other things, the Regulatory Agreement provides that project owners shall not without the prior written approval of the FHA:

- a. Convey, transfer or encumber any of the mortgaged property, or permit conveyance, transfer or encumbrance of such property.
- b. Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out funds except from "surplus cash", except for reasonable operating expenses and necessary repairs.
- c. Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner owning the property, or any right to manage or receive the rents and profits thereof, unless the transferees or assignees assume the obligations of the regulatory agreement by an instrument in writing satisfactory to the Commissioner.
- d. Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.
- e. Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.

-2-

- f. Permit the use of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Commissioner.

4. MAINTENANCE OF BOOKS AND ACCOUNTS

A certificate executed by the mortgagor at the time the mortgage is insured, as well as the Regulatory Agreement contains a requirement that the books and accounts of the operations of the mortgaged property shall be kept in accordance with the requirements of the FHA Commissioner and in such form as to permit a speedy and effective audit. Further, the mortgagor or owner agrees that:

"The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at all reasonable time by the Commissioner or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents."

The books and accounts must be complete and accurate. The books of original entry must be kept current at all times and frequent postings must be made to the ledger accounts. It is recommended that postings be made at least monthly, and it is required that year end adjusting entries be promptly recorded in the ledger accounts.

4a. OUTLINE OF PRESCRIBED ACCOUNTS

In order to ensure that the books are complete and to obtain uniformity in reporting, it is necessary to prescribe the accounts that must be maintained. The prescribed accounts are outlined below.

Care must be taken to classify the various items of income and expense under the proper accounts. It is probable that no one project will have use for all of the accounts but the accounts used should be in the group and order shown in the outline. If accounts for which no provision has been made are needed for recording certain transactions, they should be set up and classified in accordance with accepted accounting principles. Conversely, it is contemplated that for projects such as nursing homes, many of the accounts will not be applicable. The outline should be followed though as far as it applies:

OUTLINE OF ACCOUNTS

1000 Asset Accounts:	1191 Tenants' Security Deposits - Funded
1100 Current Assets:	In Separate Bank Account in Name of
1110 Cash in Office.	Project - Held in Trust (Contra).
1120 Cash in Bank.	1192 Deposits - Other - Funded in Separate
1121 Cash in Bank - In Name of Project	Bank Account - Held in Trust (Contra).
Held by Management Company.	1200 Prepaid Expenses:
1130 Tenants' Accounts Receivable.	1210 Fuel Inventory.
1140 Other Accounts Receivable	1220 Gasoline and Oil Inventory.
Loan and Advances.	1230 Supplies Inventory.
1141 Accounts Receivable - From	1240 Prepaid Property Insurance.
Management Company.	1250 Prepaid Mortgage Insurance.
1142 Accounts Receivable - From	1251 Prepaid Insurance - Other.
Other Projects.	1260 Prepaid Advertising.
1150 Notes Receivable - Other.	1270 Prepaid Taxes.
1151 Notes Receivable - Stockholders,	1290 Miscellaneous Prepaid Expenses.
Officers, Partners, Proprietor or	1300 Funds:
Trustee.	1310 Sinking Fund.
1152 Notes Receivable - Individuals.	1320 Cash-Reserve for Replacements.
1153 Notes Receivable - Builders,	1330 Securities - Reserve for Replacements.
Contractors, Sponsors.	1340 Mortgage Prepayments-Reserve for
1160 Accrued Receivables.	Replacements.
1170 Investments (Short Term).	1350 Cash-General Reserve.
1180 Mortgagee Escrow Deposits.	1360 Securities-General Reserve.
1190 Miscellaneous Current Assets.	1370 Mortgage Prepayments-General Reserve.

- 1400 Fixed Assets:
 - 1410 Land.
 - 1420 Buildings.
 - 1430 Building Equipment-Fixed.
 - 1431 Alterations.
 - 1440 Building Equipment-Portable.
 - 1450 Furniture-For Project Administrative Use.
 - 1451 Furniture and Equipment-Project Owned for Rental or Lease to Tenants.
 - 1460 Furnishings.
 - 1470 Maintenance Equipment.
 - 1480 Motor Vehicles.
 - 1490 Miscellaneous Fixed Assets.
 - 1491 Appreciation of Assets (Contra).
- 1500 Investments.
- 1600 Deposits Receivable.
- 1700 Suspense Accounts.
- 1800 Organization Expenses.
- 1900 Other-Assets.
- 2000 Liability Accounts:
 - 2100 Current Liabilities:
 - 2110 Accounts Payable.
 - 2111 Unpaid Construction Costs.
 - 2120 Accrued Wages Payable - Payroll Taxes, etc.
 - 2130 Accrued Interest Payable.
 - 2140 Dividends or Distributions Payable - Current.
 - 2150 Accrued Taxes.
 - 2160 Notes Payable (Short Term).
 - 2190 Miscellaneous Current Liabilities.
 - 2191 Tenants' Security Deposits Funded Held in Trust (Contra).
 - 2192 Deposits - Other-Funded-Held in Trust (Contra).
 - 2200 Prepaid Incomes:
 - 2210 Rent Deferred Credits.
 - 2220 Interest Deferred Credit.
 - 2230 Payable to Other Projects.
 - 2290 Miscellaneous.
 - 2300 Fixed Liabilities:
 - 2310 Notes Payable (Long Term).
 - 2311 Notes Payable - Surplus Cash.
 - 2312 Notes Payable - Other Projects.
 - 2320 Mortgage Payable.
 - 2321 Unpaid Construction Costs.
 - 2330 Bonds Payable.
 - 2390 Miscellaneous Fixed Liabilities.
 - 2900 Other Liabilities:
- 3000 Net Worth Accounts:
 - 3100 Capital Stock:
 - 3110 Preferred Stock.
 - 3120 Common Stock.
 - 3200 Surplus:
 - 3210 Earned Surplus.
 - 3211 Surplus-Paid In.
 - 3212 Donated Surplus.
 - 3240 Capital Surplus.
 - 3241 Appreciation of Assets (Contra).
 - 3242 Other.
 - 3250 Profit and Loss.
 - 3260 Dividends Paid or Payable Current.
- 3270 Withdrawal by Corporate or Noncorporate Individuals, Officers and/or Stockholders, Partners, Proprietor or Trustee.
- 3290 Withdrawal - By Others, Projects, etc.
- 4000 Valuation Accounts:
 - 4100 Depreciation Reserves:
 - 4120 Buildings.
 - 4130 Building Equipment-Fixed.
 - 4131 Alterations.
 - 4140 Building Equipment-Portable.
 - 4150 Furniture-For Project Administrative Use.
 - 4151 Furniture and Equipment-Project Owned for Rental or Lease to Tenants.
 - 4160 Furnishings.
 - 4170 Maintenance Equipment.
 - 4180 Motor Vehicles.
 - 4190 Miscellaneous Fixed Assets.
 - 4191 Appreciation of Assets. (Contra)
 - 4210 Reserve for Doubtful Accounts Receivable.
 - 4211 Reserve for Doubtful Notes Receivable.
 - 4310 Notes Receivable Discounted with Recourse.
 - 5000 Income Accounts:
 - 5100 Rent Incomes (Gross):
 - 5110 Houses.
 - 5120 Apartments.
 - 5130 Furniture and Equipment Owned by the Project.
 - 5140 Stores and Commercial.
 - 5150 Offices.
 - 5160 Basement.
 - 5170 Garage or Parking Spaces.
 - 5200 Vacancies:
 - 5210 Houses.
 - 5220 Apartments.
 - 5230 Furniture and Equipment Owned by the Project.
 - 5240 Stores and Commercial.
 - 5250 Offices.
 - 5260 Basement.
 - 5270 Garage or Parking Spaces.
 - 5300 Service Incomes.
 - 5400 Financial Incomes:
 - 5410 Interest Income.
 - 5420 Income from Investments.
 - 5430 Income from Sinking Fund.
 - 5440 Discounts Earned.
 - 5490 Miscellaneous Financial Income.
 - 5900 Other Incomes.
 - 6000 Project Expense Accounts:
 - 6200 Renting Expenses.
 - 6210 Advertising.
 - 6220 Commissions.
 - 6230 Concessions to Tenants.
 - 6240 Alterations.
 - 6290 Miscellaneous Renting Expenses.

-4-

- 6300 Administrative Expenses:
 - 6310 Office Salaries.
 - 6311 Office Expenses
 - 6312 Office Rent.
 - 6320 Management Fee.
 - 6330 Managers' or Superintendents' Salaries.
 - 6340 Legal (Project).
 - 6350 Auditing. Project (C.P.A. or P.A.)
 - 6360 Telephone and Telegraph.
 - 6370 Bad Debts.
 - 6390 Miscellaneous Administrative Expenses.
- 6400 Operating Expenses:
 - 6410 Elevator Payroll.
 - 6411 Elevator Power.
 - 6420 Fuel.
 - 6421 Engineers' Payroll.
 - 6430 Janitors' Payroll.
 - 6431 Janitors' Supplies.
 - 6440 Bus Operators' Payroll.
 - 6441 Gasoline, Oil and Grease.
 - 6450 Electricity.
 - 6451 Water.
 - 6452 Gas.
 - 6460 Exterminating Payroll.
 - 6461 Exterminating Supplies.
 - 6462 Exterminating Contract.
 - 6470 Garbage and Rubbish Removal.
 - 6490 Miscellaneous Operating Expenses.
- 6500 Maintenance Expenses:
 - 6510 Protection Payroll.
 - 6511 Protection Fee, Costs or Contracts.
 - 6520 Grounds Payroll.
 - 6521 Grounds Supplies and Replacements.
 - 6522 Grounds Contract.
 - 6530 Cleaning Payroll.
 - 6540 Repairs Payroll.
 - 6541 Repairs Material.
 - 6542 Repairs Contract.
 - 6550 Elevator Maintenance.
 - 6551 Air Conditioning Repair and Maintenance.
 - 6560 Decorating Payroll.
 - 6561 Decorating Supplies.
 - 6562 Decorating Contract.
 - 6570 Motor Vehicle Repairs.
 - 6580 Maintenance Equipment Repairs.
 - 6590 Miscellaneous Maintenance Expenses.
- 6600 Depreciation:
 - 6620 Buildings.
 - 6630 Building Equipment - Fixed.
 - 6631 Alterations.
 - 6640 Building Equipment - Portable.
 - 6650 Furniture for Project Administrative Use.
 - 6651 Furniture and Equipment - Project Owned for Rental or Lease to Tenants
 - 6660 Furnishings.
 - 6670 Maintenance Equipment.
 - 6680 Motor Vehicles.
 - 6690 Miscellaneous.
- 6700 Taxes and Insurance:
 - 6710 Taxes.
 - 6720 Insurance.
- 6800 Financial Expenses:
 - 6810 Interest on Bonds Payable.
 - 6820 Interest on Mortgage Payable.
 - 6830 Interest on Notes Payable (Long Term).
 - 6840 Interest on Notes Payable (Short Term).
 - 6850 Insurance on Mortgage.
 - 6890 Miscellaneous.
- 6900 Service Expenses:
 - 7100 Corporate Expense Accounts:
 - 7110 Officers' Salaries.
 - 7120 Legal Expenses (Corporate).
 - 7130 Federal Income Tax.
 - 7131 State Income Tax.
 - 7132 Other Corporate Taxes.
 - 7190 Other Corporate Expenses.

5. DISTRIBUTIONS

"Distribution" means any withdrawal or taking of cash or other assets of the project other than for mortgage payments or for payment of reasonable expenses incident to the construction, operation and maintenance of the project. No dividends or other distributions shall be declared or made except out of surplus cash.

5a. DEFINITION OF SURPLUS CASH

FHA has determined that "Surplus Cash" means any unrestricted cash remaining on hand after:

- (1) The payment of:
 - All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Federal Housing Commissioner.
 - All amounts required to be deposited in the Reserve Fund for Replacements.
 - All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Commissioner.
- (2) The segregation and recording of:
 - An amount equal to the aggregate of all special funds to be maintained by the project.
 - All tenant security deposits held.
 - All accounts and accrued items payable.

Before a determination of whether surplus cash is available for distribution, the project books must be tentatively closed on an interim quarterly or semi-annual basis. The certified public accountant or public accountant's work sheets which support the project surplus cash position at the interim periods will be retained to permit a speedy audit as prescribed by FHA.

5b. LIMITATIONS ON DISTRIBUTIONS

No distributions shall be made without the prior written approval of FHA except on the following conditions:

- (1) All distributions shall be made only as of and after the end of an annual, semi-annual or quarterly fiscal period, and only as permitted by the law of the applicable jurisdiction;
- (2) No distribution shall be made from borrowed funds, or prior to the completion of the project, or when there is any default under the Regulatory Agreement or under the Note or Mortgage;
- (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds;
- (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.

Special limitations apply to nonprofit and limited distribution mortgagors.

6. PROJECT BANK ACCOUNTS

All rents and other receipts (including those collected by management agents) shall be deposited in the name of the project in a bank whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions for such expenses of the project or for distributions of surplus cash. Any owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing to do so in violation shall hold such funds in trust.

Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account maintained in the name of the project. The balance in the account must not at any time be less than the aggregate of all outstanding obligations under said account for security deposits.

-6-

7. MANAGEMENT AGREEMENTS

Any management contract entered into by owners or any of them involving the project shall contain a provision that it shall be subject to termination with or without cause, and without penalty, upon written request by FHA. Upon such request, owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall immediately make arrangements satisfactory to FHA for continuing proper management of the project.

FHA will raise no objection to a written agreement in which a qualified management agent takes over the record keeping, collection of rents, payment of all bills, including mortgage payments, etc., for the project. The terms of the agreement should be completely spelled out as to the amount of fee payable to the management agent. The management agent is responsible for transmitting monthly or quarterly financial accountings to the project.

The management agent shall be responsible for the deposit in the name of the project of all rents or other receipts of the project received in a bank whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of the agreement for expenses of the particular project, and for monthly or quarterly financial accountings and transmittal of funds by the agent to the project.

The management agent must submit proof of a fidelity bond in a sufficient amount to protect FHA from loss. The management agent may not mingle the project's funds or bank account with any other bank accounts or with any funds of any other project either FHA insured, conventional, and/or with agent's own funds.

8. FINANCIAL REPORTS

FHA Regulations, the Regulatory Agreement and other documents through which the FHA Commissioner exercises control of the mortgagor contain the following or similar language:

"Within 60 days following the end of each fiscal year the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Commissioner, certified to be an officer or responsible "Owner" and, when required by the Commissioner, prepared and certified by a Certified Public accountant, or other person acceptable to the Commissioner."

"At the request of the Commissioner, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage."

Reports required pursuant to this authority should be prepared with the objective of supplying FHA with a full disclosure of the results of the project operations and the financial condition of the project at an interim date or as of the end of the annual accounting period.

8a. REQUIREMENTS FOR PREPARATION OF FINANCIAL REPORTS FOR ALL PROJECTS EXCEPT COOPERATIVE HOUSING

- A. If the project is owned by a mortgagor which was in existence and operating in other fields prior to the construction of the project, the information requested pertains to data to be obtained from separate books and records established for and relating only to the project.
- B. If the project is owned by a mortgagor which was organized for the specific purpose of constructing and operating a project on a nonprofit basis under Section 221, 231, or 232 the information pertains to all affairs of the mortgagor.
- I. The report must cover the entire fiscal period under review.
- II. The report must be prepared on an accrual basis after recording all year end adjustments and must be based on an examination of the books and records of the mortgagor entity. The report should be prepared by a Certified Public Accountant but may be prepared by a Public Accountant, provided that at the time of its submission the Public Accountant furnishes the date upon which he was licensed by the State, or if he is not licensed, a resume of his qualifications in addition to the certifications required below.
- III. The report must consist of:
 - (A) BALANCE SHEET in the form required by Exhibit A. This Balance Sheet must reflect all prepaid and deferred items.

-7-

(For nonprofit elderly housing projects only:

If founders' fees, life membership contracts or similar funds were received, the balance sheet must show:

- (a) In an appropriately titled Fund (Asset) account, the aggregate of the cash so received which is on hand at the end of the fiscal year.
Note: Disbursements from this Fund should be made only as expressly authorized by the Board of Directors or equivalent body.
- (b) In appropriately titled Deferred Income (Liability) accounts, those portions so received which have not been earned at the end of the fiscal year. Note: If there are differences in the condition under which the funds were received, separate accounts shall be established for each class. For example, if certain classes of funds are refundable either in whole or in part while others are not, separate accounts are required.)

(B) STATEMENT OF PROFIT AND LOSS (or STATEMENT OF INCOME AND EXPENSE) for the year under review must conform with the following requirements.

- (1) Must be on the printed form supplied by FHA. (Form No. 2410) (Exhibit B)
- (2) Must show Gross Potential Income less Vacancies to arrive at the Net Rental Income.
- (3) Any apartments or commercial space occupied but not producing income must be shown as an expense under the applicable expense classification and a supporting schedule submitted to convey the names of such occupants together with their connection with the project. If none, so state.

(For Section 221 nonprofit projects only:

- (a) If gross potential unit rental income reported differs from that shown on the Form 2458 in effect, a detailed statement accounting for the difference must be attached.
- (b) Any expenses reported for salaries or other compensation to supervisory or administrative employees, or officers, directors or stockholders must be supported by a schedule showing duties, salary paid and date of prior written approval of the Commissioner.
- (c) Any receipts from charges for facilities or services (other than reimbursement for breakage or damage by tenants) shall be fully explained.)

(For nonprofit elderly housing projects only:

- (a) Any receipts for services or facilities properly classifiable as "Miscellaneous" or "Service" or "Other" income as provided under The Outline of Prescribed Accounts shall be fully identified as to the services or facility provided, rates, etc.
- (b) Receipts from donations; subsidy payments; those portions of founders' fees, life membership contracts and similar funds which have been earned during the current year, etc., shall be reported and fully identified.
- (c) If gross potential income from occupancy charges reported differs from that shown on the Form 2458-A, a detailed statement accounting for the difference must be attached.)

(C) (1) STATEMENT OF EARNED SURPLUS, in the form required by Exhibit C. Include in comments explanation of changes in account other than profit or loss for period.

(2) STATEMENT OF CAPITAL OR OTHER SURPLUS in accordance with Exhibit C. Include in comments full explanation of origin, additions and deductions during the operating period. If more than one type of capital or other surplus, furnish separate statement for each type.

(D) STATEMENT OF RECEIPTS AND DISPOSITION OF FUNDS in no less detail than shown in Exhibit D, with footnotes, if applicable.

(1) SCHEDULE OF FUNDS IN BANKS - list name of each depository and balances.

(E) SUPPORTING DATA in the form of explanatory comments or appropriate schedules which must include the following:

- (1) Complete detailed analysis of any accounts or notes receivable other than regular tenant accounts. Include date acquired, original amount, terms, name of borrower and balance due.
- (2) A breakdown of the items making up the total amount on deposit with the Mortgagee in anticipation of future disbursements for mortgage insurance premiums, taxes, property insurance, etc. This amount should be confirmed in writing by the Mortgagee.

-8-

- (3) An analysis of all required reserve funds, this analysis to include:
- (a) Statement as to the amount required. If more than one fund is required to be established, separate statement must be submitted for each fund.
 - (b) Statement as to form in which these funds are provided; if in cash, the names of the depository of each fund; if invested in securities or in prepayment to the mortgage (where Charter permits), the full details.
 - (c) Statement of withdrawals during the year, if any, stating the purpose of such withdrawals and citing the authority therefor.
- (4) Schedule showing full details and explanations of any changes in fixed assets in the form required by Schedule 1.
- (5) A list of accounts payable with designation of any accounts more than 60 days old and detailed analysis of accounts other than trade creditors, to include date incurred, original amount, purpose, terms, creditor and balance due. Accrued expenses are to be shown separately from accounts payable.
- (6) A statement supporting any amount shown as accrued taxes which must include: (a) each type of tax, (b) basis for the accrual and (c) when due.
- (7) Details of any loans or notes payable other than the insured mortgage. Include date incurred, original amount, purpose, terms, creditor, balance due.
- (8) If initial report, give full details concerning the issuance of all stock and/or investments including the names of the stockholders or individuals interested, proportionate interest of each and the consideration received by the corporate or noncorporate projects (consideration should be itemized to show amount of cash, land, services, etc.) Also furnish list of officers, directors and individuals financially interested. Thereafter, furnish details of any changes in the officers, directors and stockholders, etc., occurring during the year. If no change, so state.
- (9) If any dividends were paid or other distributions (including purchase or redemption of any of the stock of the Corporation) made to owners or stockholders, show the amount declared on each class of stock, the period for which declared, date of declaration and date of payment.
- (10) If this is a consolidated report covering two or more projects for which you are reporting to this Administration, include schedules supporting the following accounts showing the amounts applicable to each project:
- (a) Reserve Fund for Replacements and other funds.
 - (b) Fixed assets of each classification and the corresponding reserve for depreciation.
 - (c) Mortgage Payable.
 - (d) Bank balance of each project.
 - (e) Bank accounts and balances of tenants' security deposits funded.
 - (f) Funds held in trust.
- (11) Comments on and explanation of all other Balance Sheet items not fully explained by the title of the account.

(For Section 221 nonprofit projects only:

A computation developing the amount of "Residual Receipts" at the end of the fiscal year, and a statement of the date on which such receipts were deposited in the Residual Receipts Fund. An analysis of this fund is required as specified in (3) (a), (b) and (c) above.)

(For nonprofit elderly housing projects only:

If initial report, give full details concerning any and all donations; subsidy payments; founders' fee, life membership contracts or similar funds; etc., including original amounts received or due, from whom received or due, amounts expended and purpose for which expended. In all subsequent reports, give full details concerning any such amounts received, due and expended during the year.)

IV. The Accountant's Certificate must include all three statements cited below or their equivalent and must be unqualified.

- (1) The books of the project are being kept in accordance with the requirements of the Federal Housing Administration.
- (2) Having examined the books and records of (name of the mortgagor) and having made such tests as we consider necessary under the circumstances, we are of the opinion that the accompanying balance sheet and related statements of income and net worth present fairly the position at (insert report date) and the results of its operations, after recording all year end adjustments and accrual entries for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

-9-

- (3) I have prepared this report independently in my capacity as an Independent Accountant and I declare that I am in no way connected with the mortgagor financially or otherwise.
- V. The following certification by two officers of the mortgagor must accompany the report: "We hereby certify that we have examined the foregoing financial statement of (insert mortgagor's name) and, to the best of our knowledge and belief, the same is a true statement of the financial condition as of (insert date of report)."

NOTE: Any inquiries concerning treatment of special items or additional information will be given prompt attention if addressed to the Federal Housing Administration Insuring Office to which the report is to be submitted.

-10-

Exhibit A

BALANCE SHEET

FHA Project No. _____

Name of Project _____

For Year Ending _____ 19 _____

Assets:

Liabilities:

Capital and/or Net Worth:

The arrangement of the Balance Sheet is left to the style used by the Certified Public Accountant or Public Accountant.

However the account classifications set forth in the "Outline of Prescribed Accounts" must be followed.

Exhibit C and D together with Schedules 1 and 2 are required in support of the Financial Statements.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - FEDERAL HOUSING ADMINISTRATION
STATEMENT OF PROFIT AND LOSS

Form Approved
Budget Bureau No. 63-R1029

FHA FORM NO. 2410

Year	For The	month	Ending		.19
5000 - INCOME ACCOUNTS					
5100 - RENT INCOME:					
5110-Houses				\$	
5120-Apartments					
5130-Furniture & Equipment-Owned by Project for rent or lease					
5140-Stores and Commercial					
5150-Offices					
5160-Basement					
5170-Garage or Parking Spaces					
TOTAL RENT INCOME - POTENTIAL @ 100% OCCUPANCY					
5200 - VACANCIES:					
5210-Houses				\$	
5220-Apartments					
5230-Furniture & Equipment-Owned by Project for rent or lease					
5240-Stores and Commercial					
5250-Offices					
5260-Basement					
5270-Garage or Parking Spaces					
TOTAL VACANCIES					
NET RENTAL INCOME (Rent Income LESS Vacancies)					\$
5300 - SERVICE INCOME:					
				\$	
TOTAL SERVICE INCOMES					
5400 - FINANCIAL INCOME:					
5410-Interest Income				\$	
5420-Income From Investments					
5430-Income From Sinking Fund					
5440-Discounts Earned					
5490					
TOTAL FINANCIAL INCOME					
5900 - OTHER INCOME:					
				\$	
TOTAL OTHER INCOME					
TOTAL INCOME					\$
6000 - PROJECT EXPENSE ACCOUNTS					
6200 - RENTING EXPENSE:					
6210-Advertising				\$	
6220-Commission					
6230-Commissions to Tenants					
6240-Alterations Written-Off					
6290					
TOTAL RENTING EXPENSES					\$
6300 - ADMINISTRATIVE EXPENSE:					
6310-Office Salaries				\$	
6311-Office Expenses					
6312-Office Rent					
6320-Management Fee					
6330-Managers' or Superintendents' Salaries					
6340-Legal Expenses (Project)					
6350-Auditing Expenses (Project) CPA or PA					
6360-Telephone and Telegraph					
6370-Bad Debt					
6390-Miscellaneous					
TOTAL ADMINISTRATIVE EXPENSES					
6400 - OPERATING EXPENSE:					
6410-Elevator Payroll				\$	
6411-Elevator Power					
6420-Fuel					
6421-Engineers' Payroll					
6430-Janitors' Payroll					
6431-Janitors' Supplies					
6440-Bus Operators' Payroll					
6441-Casualty, Oil and Grease					
6450-Electricity					
6451-Water					
6452-Gas					
6460-Externisting Payroll					
6461-Externisting Supplies					
6465-Externisting Contract					
6470-Garbage and Rubbish Removal					
6490-Miscellaneous					
TOTAL OPERATING EXPENSES					
TOTAL EXPENSES TO PAGE 2					

HM G 4351.1

6000 - PROJECT EXPENSE ACCOUNTS (CONT'D.)			
TOTAL EXPENSES FROM PAGE 1			\$
6500 - MAINTENANCE EXPENSE:			
6510-Protection Payroll	\$		
6511-Protection Fee, Cost or Contract		\$	
6520-Grounds Payroll			
6521-Grounds Supplies and Replacements			
6522-Grounds Contract			
6530-Cleaning Payroll			
6540-Repairs Payroll			
6541-Repairs Material			
6542-Repairs Contract			
6550-Elevator Maintenance			
6551-Air Conditioning, repair and Maintenance			
6560-Decorating Payroll			
6561-Decorating Supplies			
6562-Decorating Contract			
6570-Motor Vehicle Repairs			
6580-Maintenance Equipment Repairs			
6590-Miscellaneous			
TOTAL MAINTENANCE EXPENSES			
6600 - DEPRECIATION:			
6620-Buildings		\$	
6630-Building Equipment - Fixed			
6631-Alterations			
6640-Building Equipment - Portable			
6650-Furniture For Project Administrative Use			
6651-Furniture & Equipment-Project Owned for rental or lease			
6660-Furnishings			
6670-Maintenance Equipment			
6680-Motor Vehicles			
6690-Miscellaneous			
TOTAL DEPRECIATION			
6700 - TAXES AND INSURANCE:			
6710-Taxes(List)	\$		
6720-Insurance			
TOTAL TAXES AND INSURANCE			
6800 - FINANCIAL EXPENSE:			
6810-Interest on Bonds Payable		\$	
6820-Interest on Mortgage Payable			
6830-Interest on Notes Payable (Long Term)			
6840-Interest on Notes Payable (Short Term)			
6850-Insurance on Mortgage			
6890-Miscellaneous			
TOTAL FINANCIAL EXPENSES			
6900 - SERVICE EXPENSE (List)			
		\$	
TOTAL SERVICE EXPENSES			
TOTAL COST OF OPERATIONS			\$
OPERATING PROFIT OR (LOSS)			
7100 - CORPORATE EXPENSE:			
7110-Officers' Salaries		\$	
7120-Legal Expenses (Corporate)			
7130-Federal Income Tax	\$		
7131-State Income Tax		\$	
7132-Other Corporate Taxes			
7190-Other Corporate Expenses			
TOTAL CORPORATE EXPENSES			
NET PROFIT OR LOSS			\$

GPO 887-461

FMA FORM NO. 2410

STATEMENT OF SURPLUS OR UNDIVIDED PROFITS

FHA Project No. _____

Name of Project _____

For Year Ending _____ 19 _____

Surplus or undivided profits*
_____, 19__ (beginning of period)

\$ _____

Add—Credits to surplus (list):

_____	\$ _____
_____	_____
_____	_____
_____	_____

Total _____

Deduct—Debits to surplus (list):

_____	_____
_____	_____
_____	_____
_____	_____

Surplus or undivided profits balance*
_____, 19__ (end of period)

\$ _____

* If deficit, enter in (red).

Earned surplus and undivided profits per books, end of
year _____ 19__ , as shown on Federal Income Tax
Return (Schedule M-2, Line 8)

\$ _____

a. If surplus and undivided profits differs from I.R.S. M-2 schedule, explain.

b. If surplus includes both earned and contributed amounts, identify each.

STATEMENT OF RECEIPTS AND DISPOSITION OF FUNDS

FHA Project No. _____

Name of Project _____

For Year Ending _____ 19 _____

	<u>Detail</u>	<u>Total</u>
<u>Cash Receipts from All Sources</u>		
Rental of apartments or homes, stores, commercial and offices	\$	\$
Garages or parking spaces and basements		
Services, furniture and equipment		
Sale of equipment or assets		
Releases from reserves		
Additional capital invested		
Advances or loans payable		
Interest on investments or reserves		
Tenants' security deposits received		
All other - Detail in footnote	_____	
Total		
<u>Disposition of Cash</u>		
Administrative excluding officers' salaries		
Management fees or charges		
Other - Rental advertising, etc.		
Operating expenses - Utilities, etc.		
Payrolls		
Maintenance expense		
Taxes - Real Estate		
Taxes - Other		
Insurance - Fire, liability, etc.		
Tenants' security deposits refunded		
Tenants' security deposits - Funded as Trustee		
Equipment, improvements or other assets		
Capitalized assets - purchased		
Prepaid interest or insurance		
All other - Detail in Footnote	_____	
Total		_____
Balance to page 2		\$ _____

	<u>Detail</u>	<u>Total</u>
Continued from page 1 - Balance		\$
<u>Financial Requirements - Cash Paid out or Transferred to Trust Accounts</u>		
Amortization of mortgage	\$	
Reserve for replacements - Funded		
Interest on mortgage		
Mortgage insurance premium		
Payment on notes, equipment, etc.		
All other - Detail in footnote		
Total	_____	_____
Balance		
Balance of cash receipts used as follows:		
Dividends paid or other distributions		
Officers' salaries, Schedule 2		
Advances to officers - proprietors or trustees		
Advances to stockholders		
Advances to others - Projects, etc.		
Debt reduction:		
Payments on loans - Principal		
Payments on loans - Interest		
Payments on outstanding construction contracts		
Prepayment on mortgage		
Stock redemption		
Reduction of surplus cash notes payable		
Other - Liabilities, etc., detail in footnote		
Total	_____	_____
Balance		
Add: Working bank or unrestricted cash balances beginning of year		_____
Balance		
Deduct: Working bank or unrestricted cash balances at end of year		_____
Balance		=====

CHANGES IN FIXED ASSET ACCOUNTS

Schedule 1

FHA Project No. _____
 Name of Project: _____
 Year Ended Date _____ 19 _____

-16-

Fixed Asset List	Assets		Depreciation Reserve		Net Carrying Amount
	Balance Date	Additions	Deductions	Balance Date	
	19			19	

If other than calendar year end, use appropriate date of fiscal year.

Explanatory Notes.

HM G 4351.1

-17-

COMPENSATION OF OFFICERS

Schedule 2

FHA Project No. _____
Name of Project _____
Fiscal Year Ending _____ 19____

Name of Officer List	Official Title	Time devoted to business	Percent of stock or interest owned	Amount of compensation	Expenses and allowances
-------------------------	----------------	-----------------------------	---------------------------------------	---------------------------	----------------------------

SECTION III - BUDGET AND MONTHLY ACCOUNTINGS

While a budget is not required by HUD procedures, it is a very practical control device in the early stages of operation. On page 180 is a form (HUD-93211) which is available and contains most of the pertinent entries, even though it is designed for a cooperative project. The expenses estimated on Form 2264 used in processing the project were just that, estimates. A pro rata share of the projected expenses can be listed on the budget form and checked monthly against actual operating expenses. The maintenance and decorating costs should, obviously, be less in the first year or two of operation. When operating expenses, taxes, utilities exceed the projected figure, a rent increase may be requested. Rent increases are discussed, starting on Page 199. The budget need not be submitted to the HUD office, but may be helpful in substantiating the need for a rent increase.

It is frequently helpful to prepare a simple monthly accounting for the benefit of owners and managers, particularly in the early stages of project operation. Forms HUD-93479, 93480 and 93481, which may on occasion be required by HUD, are designed to provide a simple evaluation of the financial condition of a project and indicate that managerial action needed to correct unsatisfactory conditions or practices. These forms are reproduced on Pages 182-186 with an instruction page.

HM G 4351.1

CHAPTER 4 SECTION III

HUD-9211
April 1971
(Formerly FHA-3211)

Form Approved
OMB No. 67-R0774

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
MONTHLY REPORT OF COOPERATIVE HOUSING CORPORATIONS

PROJECT NAME _____ PROJECT NO. _____
NUMBER OF UNITS IN PROJECT _____ COVERS FISCAL YEAR BEGINNING _____

REPORTING BASIS: CASH ACCRUAL COMBINATION REPORT COVERING MONTH ENDING _____

INSTRUCTIONS: Submit in duplicate to the HUD Area or HUD-FHA Insuring Office by the 15th day of the month following the end of the month covered by this report. Column No. 1 must be in agreement with the annual budget Form HUD-92240. Use HUD Handbook HM 4371.2 to classify by code amounts entered on blank lines. Use separate sheets, if necessary, to supply required information. Amounts may be rounded off to nearest dollar, if desired and type ink may be used. It may be a convenience to set up the first two columns at the beginning of the fiscal year and make photocopies for use throughout the year.

EXPENSES	ACCOUNT NO.	1 Annual Budget	2 Max. Budget (1/12 Ann.)	3 Expenses This Month	4 Expenses To Date	5 Budget To Date	6 Over (Under) To Date
1. Vacancy & Collection Loss	6270			XXXXXX	XXXXXX	XXXXXX	XXXXXX
2. Employee Apartment Rent	6230			XXXXXX	XXXXXX	XXXXXX	XXXXXX
3. Apartment Rental Expense	6200						
4. Management Fee	6320						
5. Legal Expense	6340						
6. Audit Expense	6350						
7. Telephone	6360						
8. Officer & Adm. Salaries	6310						
9. Office Expenses	6311						
10. Misc. Administrative Exp.	6390						
11.							
12.							
13.							
14.							
15. Fuel	6420						
16. Electricity	6450						
17. Water & Sewer	6451						
18. Veh. & Equip. Oper. Expense	6441						
19. Janitor's Payroll	6430						
20. Janitor's Supplies	6431						
21. Estimating	6462						
22. Rubbish Removal	6470						
23. Parking Area Expense	6480						
24.							
25.							
26.							
27. Ground Maintenance	6520						
28. Painting & Decorating	6560						
29. Structural Repairs	6540						
30. Heating & Air Cond. Maint.	6510						
31. Plumbing Maintenance	6511						
32. Electrical Maintenance	6512						
33. Elevator Maintenance	6550						
34. Pool Maintenance	6521						
35. Maintenance Supplies	6515						
36. Maintenance Payroll	6585						
37. Misc. Maintenance Repair	6590						
38.							
39. Real Estate Taxes	6710						
40. Employer's Payroll Taxes	6711						
41. Miscellaneous Taxes	6719						
42. Property & Liability Insurance	6720						
43. Workmen's Compensation	6721						
44. Fidelity Bonds	6722						
45. Miscellaneous Insurance	6729						
46.							
47.							
48.							
49. Ground Rent	6815						
50. Mortgage Ins. Premium	6850						
51. Mortgage Interest	6820						
52. Mortgage Principal	7220						
53. Replacement Reserve	7220						
54. General Operating Reserve	7365						
55. Painting Reserve	7330						
56. Physical Equipment Purch.	7420						
57. Capital Improvements	7400						
58. TOTAL EXPENSE							

HUD-9211

Instructions for the Preparation of Monthly Accounting as
Required by Amendment No. 2 of the Modification Agreement

Forms HUD-93479, HUD-93480, HUD-93481,
For Use Before and After Final Endorsement

Original of this report is to be submitted to the mortgagee and two copies to the HUD office having jurisdiction. These reports are to be prepared on a cash basis and submitted not later than the tenth day of the month following the month of operation covered.

- (a) Reports shall be prepared starting with the month prior to the effective date of the deferment period and ending with the month prior to the terminal date of the deferment period, except when deferment is for a period prior to final endorsement, the accounting shall start the first day of the month in which occupancy commences to satisfy advance amortization.

In the event the Modification Agreement is executed on a date later than its effective date, a separate report for each month is to be submitted at the time the Modification Agreement is executed and returned to the mortgagee.

SCHEDULE A:

LINE 1. The initial report shall show cash on hand and in bank, or a zero balance; subsequent accountings shall reflect the figure shown on line 3 of the previous month's report. Receipts for month are to be shown on the appropriate line and shall include, regardless of the period covered, all collections for apartment rents, including prepaid rent, garage rent, advances provided by stockholders and affiliates to meet operating expenses or mortgage requirements and other income. In reporting advances, state specifically the individual or entity making the advance.

Excluded from the above are Working Capital Deposits prior to final endorsement, Mortgage Advances and Tenants' Security Deposits.

LINE 2. Disbursements: (Includes Mortgage Payments)

Show total of actual monies disbursed for project operating expenses during the month covered as supported by Form HUD-93480, Schedule of Disbursements.

Exclude from this report all cost certifiable items and disbursements from working capital deposits and/or mortgage proceeds.

LINE 3. The amount shown on this line represents cash on hand and in the bank at the end of the month. (Cannot be less than zero (0) balance.)

- (a) Show on this line the amount due the mortgagee under the mortgage as modified on the first of the month following the month for which the report is rendered. Include in this amount the required monthly payment to the Reserve for Replacements Fund unless payment has been waived. It is the intent of Amendment 2 to the Modification Agreement that there shall be applied against the principal of the mortgage the net excess income derived from operations during the period covered by the deferment. Excess income remitted to the mortgagee in any preceding month may be used as a credit against a regular monthly payment for any month in which the net income is not sufficient to make the regular monthly payment. In the event that previously remitted excess income is so used, the amount to be shown on this line is the regular scheduled payment less the amount of previously remitted excess income used as a credit.

- (b) Mortgage payments are due on the first day of the month, therefore, good business judgment dictates that the payment to be made on the first of the month is derived from income received during the previous month. The cash on hand at the end of the month less the payment due the mortgagee on the following day represents excess income as defined in Amendment 2 of the Modification Agreement and therefore must be remitted to the mortgagee concurrently with the regular scheduled monthly payment.

LINES 4, and 5. These lines are self-explanatory.

LINE 6. Show on this line the monthly gross potential for apartments (beds) and the dollar amount of vacancies. Unit rents may not be reduced during the term of the Modification Agreement without prior approval of the local HUD office having jurisdiction. If there has been a change in rental rates, either upward or downward (as approved by HUD), show on separate schedule total amount of change in gross potential.

- 2 -

LINE 7. Show on this line for garages same information as required by Line 6 for apartments.

LINES 8, 9, 10. These lines are self-explanatory.

LINE 11. Show accounts payable as at the end of the month covered by the report as detailed on Schedule C (HUD-93481).

LINE 12. Show on line 12(a) the outstanding liability for security deposits made by tenants.

Line 12(b) shall reflect the total amount of security deposits that have been funded in a separate account as required by the Corporate Charter or Regulatory Agreement which should agree with Line 12(a).

LINE 13. Show on this line the amount of cumulative advances made during the period of the Modification Agreement less any amounts repaid with the approval of the mortgagee. In no event shall income be used to repay any advances made prior to one month preceding the effective date of the Modification Agreement.

When Item 4 of Amendment 2 is stricken from the Modification Agreement, there shall not be any repayment of advances during the deferment period.

LINE 14. To be executed by the party who signed the Modification Agreement or his duly authorized representative.

SCHEDULE B:

List all disbursements made during the month covered by the report showing date of disbursement, check number, payee, purpose and amount.

Show sufficient detail under the column "purpose" to enable the mortgagee and HUD to adequately identify the purpose of the disbursement.

SCHEDULE C:

List all amounts owed as at the end of the month covered by the report. Show date incurred, to whom owed, purpose for which the obligation was incurred and the amount of the obligation.

Show sufficient detail under purpose to enable the mortgagee and HUD to adequately identify the purpose of the obligation.

HM G 4351.1

CHAPTER 4 SECTION III

HUD-93479
April 1971
(Formerly FHA-3479)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
MONTHLY REPORT FOR ESTABLISHING NET INCOME
As Required By Modification Agreement
Report To Be Prepared On Cash Basis Only

Form Approved
OMB No. 63-R929

SCHEDULE A

Project No. _____ Project Name _____

Report For The Month Of _____ 19 _____

- 1. Cash on Hand and in Bank - Beginning of Month \$ _____
 ADD: Received During Month For:
 - (a) Apartment rents \$ _____
 - (b) Garage rents \$ _____
 - (c) Commercial rents \$ _____
 - (d) Other income (Specify) _____
 _____ \$ _____
 _____ \$ _____
 _____ \$ _____
 - (e) Advances by: _____ \$ _____
- Receipts \$ _____
- TOTAL CASH** \$ _____
- 2. Less Disbursements - (Detailed on Schedule B) _____
- 3. Cash on Hand and in Bank End of Month \$ _____
 - (a) Less minimum monthly payment due mortgagee, 1st of next month _____
 - (b) Excess income per modification agreement _____
 - *Remitted to mortgagee - Date: _____ Check No.: _____
- 4. No. of Units (Beds) Occupied End of Month _____
- 5. No. of Units (Beds) Vacant End of Month _____
- 6. Apts. (Beds) - Monthly Gross Potential \$ _____ Vacancies \$ _____
- 7. Garages - Monthly Gross Potential \$ _____ Vacancies \$ _____
- 8. Tenant Accounts Receivable - End of Prior Month \$ _____
- 9. Tenant Accounts Receivable - End of This Month \$ _____
- 10. Accounts Payable - End of Prior Month \$ _____
- 11. Accounts Payable - End of This Month (Schedule C) \$ _____
- 12. Tenants' Security Deposits
 - (a) Liability to date \$ _____
 - (b) Amount funded in separate account \$ _____
- 13. Net Cumulative Advances Made During Period of Modification \$ _____
- 14. I hereby certify that this is a true and correct Report.

Signed _____ Title _____

HUD-Wash., D.C.

HM G 4351.1

HUD-93480
April 1971
(Formerly FHA-3480)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Form Approved
OMB No. 63-R0929

SCHEDULE B

SCHEDULE OF DISBURSEMENTS

MONTH OF _____ 19 _____

DATE	CHECK NO.	PAYEE	PURPOSE	AMOUNT
				\$

TOTAL DISBURSEMENTS (ENTER ON LINE 2 - SCHEDULE A)

HUD-Wash., D.C.

\$ _____

HM G 4351.1

CHAPTER 4 SECTION III

HUD-93481
April 1971
(Formerly FHA-3481)

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Form Approved
OMB No. 63-R0929

SCHEDULE OF ACCOUNTS PAYABLE

SCHEDULE C

AS AT _____ 19 ____

DATE INCURRED	TO WHOM OWED	PURPOSE	AMOUNT
			\$

TOTAL ACCOUNTS PAYABLE (Enter Line 11, Schedule A) \$ _____

140758-P

HUD-Wash., D.C.

SECTION IV - RESERVE FOR REPLACEMENTS AND FORM 2419

The Commitment for Insurance and the Regulatory Agreement both require the establishment of a Reserve Fund for Replacements. This fund is designed to assure that funds are available to replace installed items in a project. This may cover a broad variety of items. The normal wear-out period for ranges, refrigerators, water heaters, air conditioners, floor tile, bathroom tile and other items is based on experience. In older projects, an FHA Form 2419 (which follows) lists all items included and the expected wear-out period.

Under the AMP procedure, Form 2419 is not used. Area or Insuring offices may prepare, as a matter of convenience and guidance, a Form 2419, or similar listing, based on their experience. The monthly deposit to the Reserve for Replacements Fund may be revised periodically to meet current requirements based on experience. While held as a project asset, disbursements from the Fund are made on the request of the owner with the approval of the Insuring or Area office.

The Fund may be used on occasion to avoid default when the financial difficulty is not the result of mismanagement or diversion of funds. When unavoidable financial difficulties arise, the owner may request that the Fund be used or deposits to the Fund be suspended for a period of time for a specific purpose.

When a project has demonstrated several years of financial stability and has been able to make replacements from normal project income rather than from withdrawals from the Replacement Reserve, deposits may be suspended indefinitely. In unusual cases, the Reserve for Replacements may be used to prepay a portion of the principal of the mortgage.

In the event of a change in project ownership by a transfer of physical assets, the Reserve Fund for Replacements remains with the project and is a consideration in the contract of sale.

Project Name _____ Project No. _____

I - BREAKDOWN OF RESERVE FOR REPLACEMENTS

ITEM	Estimated Total Replacement Cost including Installation Cost	Less % For Salvage or Trade-in Allowance	Replacement Cost Less Salvage or Trade-in Allowance	Estimated Useful Life In Years	Number of Replacements (during Econ. Life)	Replacement Reserve During Econ. Life (d x f)
a	b	c	d	e	f	g
RANGES: Res. <input type="checkbox"/> Electric <input type="checkbox"/> Gas						
CENT'L. KIT. <input type="checkbox"/> Gas <input type="checkbox"/> Electric						
REFRIGERATORS: Res. <input type="checkbox"/> Gas <input type="checkbox"/> Electric						
CENT'L. KIT. <input type="checkbox"/> Gas <input type="checkbox"/> Electric						
PLUMBING: Fixtures & Fittings						
HEATING SYSTEM: Boiler or Furnace						
AIR CONDITIONING MECHANICAL EQUIPMENT						
VENTILATING FANS & BLOWERS						
ROOFING						
FLASHING, GUTTERS & DOWNSPOUTS						
RESILIENT TILE FLOORING						
CARPET						
DOOR & WINDOW SCREENS						
ELEVATORS						
OTHER						
Total of Column (g) .. \$ _____						
Annual Reserve for Replacements (Total of Col. g ÷ _____ years Economic Life) .. \$ _____						
Total for Public Space	\$ _____	Total for Dwellings	\$ _____			
Total for Tenant Space	\$ _____	Total for Garages & Accessory Bldgs.	\$ _____			
Total for all Interior Work	\$ _____	Total for all Exterior Work	\$ _____			
Date _____ Architectural _____		Approval _____				
Date _____ Valuation _____		Date Approved _____ Chief Architect _____ Deputy <input type="checkbox"/>				
		Date _____ Chief Valuator _____ Deputy <input type="checkbox"/>				

SECTION V - RESIDUAL RECEIPTS:

In subsidized projects, a Residual Receipts Account must be established and maintained with the mortgagee. Funds to be deposited in the Residual Receipts Account are those which are in excess of project requirements. A subsidized project processed with statistically perfect cost data and an accurate market prognosis will generate income to the dollar required to meet debt service, operating expense, and authorized distributions. Projects which generate less income than required must have special servicing and attention to correct insufficiencies of data and human frailties in forecasting. When income exceeds requirements, the excess is to be deposited in the Residual Receipts Account.

Funds which must be deposited in the Residual Receipts Account come from several sources. Nonprofit sponsored projects include in the mortgage proceeds, funds known as an Allowance to Make Project Operational (AMPO Funds). Any AMPO Funds not used for the specified purpose during construction are placed in the Residual Receipts Account at final endorsement. When AMPO Funds are placed in the Residual Receipts Account, they lose their identity as AMPO Funds and become part of the Residual Receipts Account.

The primary source of funds for the Residual Receipts Account subsidized projects, both nonprofit and profit motivated, is net income. When there has been occupancy prior to final endorsement or, more precisely, prior to cut off date for cost certification, net income shown on the operating statement required at final endorsement will be placed in the Residual Receipts Account. Net income from normal operations is defined in the Regulatory Agreement and is computed at the time the annual financial statement is made. If there is any question about the computation of Residual Receipts, the accountant or bookkeeper responsible for the annual financial statement should contact the Area or Insuring Office for assistance.

Another source of funds which must be considered for deposit in the Residual Receipts Account is rent collections from over-income tenants. A tenant in a BMIR project who is permitted to occupy a unit when his income exceeds the maximum will pay to the mortgagor 120% of the BMIR Rent or 25% of the amount by which his income exceeds the limit, whichever is the lesser.

CHAPTER 4 SECTION V

SECTION V - RESIDUAL RECEIPTS: (Cont'd)

A tenant in a rent supplement project who, after recertification, is found to be over-income will pay an increased rental corresponding to the reduced rent supplement payment previously made in his behalf.

In a below-market interest rate project, the collections from over-income tenants must be accounted for on FHA Form No. 1709. While excess rental collections do not have to be maintained in a separate account, the accounting must be separate and the owner must be prepared to deposit such collections in the Residual Receipts Account. In a financially stable project which is generating "net income," the collections from over-income tenants are treated as other income in determining the amount to be deposited in the Residual Receipts Account. In a project which is experiencing financial difficulties through no mismanagement on the part of the owners, collections may be used to meet essential operating expenses, provided satisfactory accounting is made for such use.

In a limited distribution project, the economic rent differential will be identified separately and will not, under any circumstances, be distributed to stockholders, used to pay authorized dividends or distributions, or used to meet operating expenses when project income is distributed to owners or stockholders.

In summarizing, a project which is financially stable and generating funds in excess of requirements, will deposit the excess funds in the Residual Receipts Account. A project which is in legitimate financial difficulty or facing default could not realistically be required to deposit funds in the Residual Receipts Account, which if held could help alleviate the critical situation.

Residual Receipts are an asset of the mortgagor entity and, as such, may be used under certain circumstances, but only at the direction of or with the concurrence of the Area or Insuring office. Residual Receipts may, with HUD approval, be used to provide additional amenities or capital improvements for the tenants' benefit. A project which has generated Residual Receipts for two or three consecutive years and is obviously financially stable may be permitted to use a portion of the Residual Receipts to pay "Residual Receipts" notes or use up to 50% of the Residual Receipts Account to prepay the mortgage.

SECTION V - RESIDUAL RECEIPTS: (Cont'd)

In a Section 236 project, net income is also deposited in the Residual Receipts Account. Unexpended AMPO Fund and net income from operations are to be deposited. Collections in excess of basic rentals will not be deposited in the Residual Receipts Account but will be remitted monthly to the HUD Comptroller with a Form 3104, Page 197.

CHAPTER 4 SECTION VI

SECTION VI - SUBSIDY REQUIREMENTS:

- A. Section 221(d)(3) BMIR: The subsidy for this program is to the owner in the form of a below-market interest rate which currently is 3%. Assistance is passed on to qualified tenants in the form of lower rents which are possible because of the reduced cost of a project developed with a lower interest rate.

In consideration of the subsidy, prospective tenants whose incomes exceed the maximum limit for the family size will not be admitted to the project.

The Regulatory Agreement requires that management recertify the current income of each tenant every two years, using Form 1705, and the same procedures as at initial application. In those cases where recertification shows residents to be over-income and who are permitted to remain in a project and pay "market rent," the excess amounts collected must be accounted for and considered for deposit to the residual receipts account with the mortgagee.

The owner shall identify tenants whose incomes exceed the maximum, plus an allowable 5% differential.

The over-income tenant, if agreed, shall pay an "adjusted market rent," by adding to the BMIR Rent the lesser of (1) or (2):

- (1) 20% of the BMIR Rent.
- (2) 25% of the amount of excess income over the maximum limitation. If this figure is less than \$60 per year, no rental increase is necessary.

Form HUD-91709, which follows, shall be kept on a monthly basis, and all excess funds will be credited to the Residual Receipts Account of the project, and are not intended to accrue to the benefit of the mortgagor or to be considered an asset of the project. The management must be prepared to deposit in the Residual Receipts Account with the mortgagee any funds collected from over-income tenants.

Form HUD-91709 will be audited periodically by HUD personnel.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HUD-91709
April 1971
(Formerly PHA-1709)

Schedule of Computation of Rental Income in Excess of BMIR Rent
Paid by Over Income Tenants

Project Name _____ Month _____ '79

Project Number _____

UNIT NO.	TENANT NAME	DATE OF 1705	GROSS FAMILY INCOME OF ALL ADULT MEMBERS	OCCUPANCY DATE	BMIR RENT	RENTAL CHARGE	EXCESS (I)	REMARKS

MONTHLY TOTAL

(1) Insert amount by which the "Rental Charge" exceeds the "BMIR Rent." The total of this column is available for credit to the residual receipts account.

HUD-Wash., D.C.

HUD-91709

HM G 4351.1

Unit Control Card

To facilitate record keeping of information needed to submit monthly excess rental collections, managers may wish to use a unit control card. Each manager can develop a card which fits his individual project's needs best, making sure to include certain information. A sample Unit Control Card is shown below.

UNIT # _____		UNIT CONTROL CARD - MAYFAIR APARTMENTS									
		SECURITY DEPOSIT \$ _____			* INCOME LIMIT \$ _____ / % _____						
ADDRESS _____				\$ _____ BMR MONTHLY RENTAL							
IN	OUT	TENANT	NO. IN FAMILY	GROSS ANNUAL INCOME	LEASE NO.	DEBIT MO. AMOUNT	CREDIT DATE AMOUNT	BALANCE	EXCESS	REMARKS	

* Income limits - ratio of bedrooms to number of persons as given on FHA form 1729

CHAPTER 4 SECTION VI

B. Section 236. The subsidy under this program is paid to the mortgagee on behalf of the owner. Payments are made directly to the mortgagee. Management must report each month on FHA Form 3104, Monthly Report of Excess Income, all rents collected in excess of basic rental for each unit and return these excess amounts to HUD-FHA. The form must be prepared and submitted even though there may not be any excess funds collected.

1. Monthly Report of Excess Income - Section 236.

The Regulatory Agreement for Section 236 projects requires owners to periodically pay HUD all rental charges collected in excess of the basic rental charges. Each month, owners/managers must submit FHA Form 3104 - Monthly Report of Excess Income - together with a detailed schedule of each occupied unit. Owners must submit a report each month, even though a remittance for that particular month is not required.

Form 3104 must be prepared and remitted by the tenth of each month following the month for which it is prepared.

Use either typewriter or ball point pen.

Make four copies -

Original to Assistant Commissioner-Comptroller, HUD-FHA, Washington, D. C. (Title and address printed on form).

One copy - send to local HUD Area or Insuring Office.

One copy - send to Assistant Commissioner for Multi-family Housing

Federal Housing Administration
Department of Housing and Urban Development
Washington, D.C. 20411

One copy - retain in owner/manager files.

Furnish following information using either typewriter or ball point pen:

Project Number.

Project Name and Address - mailing address if different from project address.

Total rental collections in excess of approved basic rental for all occupied units in project - enter dollar amount.

Signature & Title of Mortgage Official - Authorized owner representative.

Date - date form signed.

Report for the Month of: - indicate month and year covered in report.

CHAPTER 4 SECTION VI

A check payable to "Federal Housing Administration" for the total rental collections in excess of approved basic rental must accompany the original Form 3104 - amount (4) shown in "Total" on the completed Form 3104.

A detailed schedule of each occupied unit must be made for each monthly Form 3104. Information required includes: Basic rental and fair market rental for each occupied unit, amount of excess rental, if any.

There is no HUD Form currently available for furnishing the information above. The suggested format on Page 198 may be helpful.

Copies - Original for owner/manager files with FHA Form 3104.
One copy to HUD Area or Insuring Office.

HM G 4351.1

FHA Form No. 3104

Form Approved
Budget Bureau No. 63-R1213

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FEDERAL HOUSING ADMINISTRATION MONTHLY REPORT OF EXCESS INCOME (Section 236)		
TO: Assistant Commissioner-Comptroller Federal Housing Administration Dept. of Housing & Urban Development Washington, D. C. 20412 Attn: Receipts and Deposits Section	FHA Project No.: Name & Mailing Address of Project:	
<p>INSTRUCTIONS: In accordance with the provisions of Section 236(g) of the National Housing Act, and the FHA regulations promulgated thereunder, project owners must each month remit all collections in excess of the approved basic rentals for each occupied dwelling unit. Prepare this form in quadruplicate on the 10th of each month to report the prior month's collections. A report must be submitted each month, whether or not a remittance is required. Forward original to addressee. When the collection for any month is in excess of the approved basic rental for each occupied unit, a remittance made payable to "Federal Housing Administration" for the total excess collections must accompany this report. Forward a copy of this report to the local FHA insuring office and a copy to the Assistant Commissioner for Multifamily Housing, Federal Housing Administration, Department of Housing and Urban Development, Washington, D. C. 20411. Retain a copy for your records.</p> <p>A detailed schedule of each occupied unit must be prepared as of the end of each month showing the basic and the fair market rental charge for each occupied unit, and the amount of the excess rental, if any, being remitted to FHA. This schedule must be prepared each month regardless of whether excess funds are being remitted.</p> <p>A copy of this schedule must be attached to your retained copy of FHA Form No. 3104, Monthly Report of Excess Income, and made available, upon request, for audit by the FHA or the Comptroller General of the United States.</p>		
Total rental collections in excess of approved basic rental per unit for all occupied units in the project. \$ _____		
I certify that the above information is true and correct.		
Signature & Title of Mortgagor Official:	Date:	Report for the Month of: _____, 19__
<p>WARNING: Section 1010 of Title 18, U. S. C., "Federal Housing Administration transactions," provides: "Whoever, for the purpose of . . . influencing in any way the action of such Administration . . . makes, passes, utters, or publishes any statement, knowing the same to be false . . . shall be fined not more than \$5,000 or imprisoned not more than two years, or both."</p>		

HUD-Wash., D. C.

INSURED PROJECT
MANAGEMENT GUIDE

HM G 4351.1

CHAPTER 4 SECTION VI

B. 2.

Date (Month and year covered in schedule)

Project Name _____

Address _____

Project Number _____

Unit #	Tenant Name	25% Tenant's Monthly Income	Basic Rental	Fair Market Rental	Tenant Rental Payment	Excess Above Basic Rental
		\$	\$	\$	\$	\$

Name (of individual preparing data)

Total \$

Date (date prepared)

(Amount of excess Income Due & Payable to HUD)

HM G 4351.1

B. 2.

Unit Control Card

To facilitate record keeping of information needed to submit monthly excess rental collections, managers may wish to use a unit control card. Each manager can develop a card which fits his individual project's needs best, making sure to include certain information. A sample Unit Control Card is shown below.

UNIT CONTROL CARD - MAYFAIR APARTMENTS

UNIT # _____ SECURITY DEPOSIT \$ _____ BASIC MONTHLY RENTAL \$ _____ FAIR MARKET MONTHLY RENTAL \$ _____

ADDRESS _____

IN	OUT	TENANT	No. IN FAMILY	25% MO. INCOME*	LEASE NO.	DEBT MO.	DEBT AMOUNT	RATE	CREDIT AMOUNT	BALANCE	EXCESS**	REMARKS

* 25% of tenant's monthly adjusted income ** Amount over basic rental

C. Rent Supplement Requirements

Under the Rent Supplement Program HUD makes subsidy payments to the owner on behalf of the resident in accordance with a Rent Supplement Contract. Mortgagor receives a monthly payment from HUD-FHA upon submission of FHA Form 2505, Schedule of Rent Supplement Payments Due and SF Form 1034, Public Voucher for Purchases and Services Other Than Personal. Management should prepare its schedule and voucher prior to the first of the month so they can be completed by the first of the month and submitted to HUD-FHA, which reviews, approves and forwards them to the HUD Comptroller's office for payment.

1. FHA Form 2505 - Schedule for Rent Supplement Payments Due

So HUD will be able to pay rent supplements, the owner/manager must each month submit two forms to the HUD Area or Insuring Office - Form 2505 and SF 1034, as follows:

As of the first day of each month, the project owner/manager must prepare Form 2505 for the prior month.

Use either typewriter or ballpoint pen.

Prepare at least three (3) copies.

Original and one copy - send to HUD Area or Insuring Office.

One copy for manager's file - other copies as needed.

Include the following information:

Month and year for which the supplement payments are due.

Project Name.

Project Number.

Tenant's Name - List head of family or household (column 1).

Last name first.

Place all names listed in alphabetical order.

Tenant's unit number or address (column 2).

Amount of tenant's rent supplement (column 5)

Indicate amount in dollars.

Amount corresponds to rent supplement approved by FHA as shown on FHA Form 2501.

Date occupies (column 3).

Include date only for vacating tenants.

C. 1.(con't)

For partial month occupancy, prorate rent based on a 30-day month. For example:

Tenant occupied unit 13 days and monthly supplement was
 $\$48.00 - \$48 \times 13 = \$624.00 \div 30 = \20.80 or \$21.00
rounded figure.

Compute and enter totals -

Number of units (column 2)

Total (\$) amount of rent supplement due (column 5)

Signature - authorized official.

Date.

Note: If more than one sheet is needed to complete listing, indicate page number and total number of pages in upper right hand space provided. Only the last page needs to carry signature and date.

Standard Form 1034 - Public Voucher for Purchases and Services Other Than Personal.

SF-1034 - Public Voucher for Purchases and Services Other Than Personal must accompany FHA Form 2505 outlined above.

Use either typewriter or ballpoint pen.

Prepare one SF 1034 (white) and at least four (yellow) copies (yellow copy is SF-1034a).

Original (white) and three copies (yellow) - send to HUD Area or Insuring Office with FHA Form 2505.

One copy (yellow) for manager's file - other copies as needed.

C. 1. (con't)

Include the following information:

Date voucher prepared.
Contract number (project number) and date.
Payee's Name, Address and ZIP code (owner's name and address.)
"Articles or Services" - wording such as:
 Rent supplements for the month of (month name & year)
 as per the attached schedule for Project _____
 (project/contract number).
Amount - dollar total - same total as shown on FHA Form
2505 - column 5. (Amount of Rent Supplement) Total.

Total - repeat same (\$) figure provided in Amount column.

Do not fill in any of the form below the line on which Total appears.

Both forms (FHA 2505 and SF 1034) should be sent to the Area or Insuring Office no later than the 10th of the month following the month to which rent supplement payment applies.

After receipt in the Area or Insuring Office, all the information regarding tenants' eligibility and amounts of rent support as well as the total entered on FHA Form 2505 will be verified. Any necessary changes or corrections will be noted. Verification usually takes two to four days.

The verified Form 2505, and the Voucher, SF 1034, will be air-mailed to the HUD Comptroller and within five working days after receipt, the voucher will be scheduled for payment by the Treasury Department. The rent supplement payment check will be accompanied by a Voucher copy for identification purposes.

Should the housing owner take exception to any corrections and it is established that the changes were in error, appropriate adjustment will be made on a subsequent rent supplement schedule and voucher.

C. 1. (con't)

Note: Many mortgagees assess a late charge. Since it is possible, even probable, that the rent supplement payment check will reach the project owner after the 15th of the month, do not rely on this check to make monthly mortgage payment. Good management practice would establish a cushion fund to cover mortgage payment and thereby avoid paying a late charge.

C. 1.

FHA FORM NO. 2905

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

SCHEDULE OF RENT SUPPLEMENT PAYMENTS DUE

Month of _____, 19____ Page ____ of ____ Pages

Project Name -		Project No. (Use suffix "201" if Section 202 e/apply)		
Tenant Name	Unit Number or Address	Date Occupied (Initial period only)	Date Vacated (if applicable)	Amount of Rent Supplement
(1)	(2)	(3)	(4)	(5)
TOTALS		XXXXXXXXXXXX	XXXXXXXXXXXX	
I hereby certify that the above information is true and correct.				
Signature of Authorized Official: _____			Date: _____	

HM G 4351.1

CHAPTER 4 SECTION VI

C. 1.

NUMBER AND DATE OF ORDER		DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)</i>	QUAN- TITY	UNIT PRICE COST PER		AMOUNT (¹)
(Use continuation sheet(s) if necessary) (Payee must NOT use the space below) TOTAL							
PAYMENT: <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE		APPROVED FOR = \$ _____ BY: _____ TITLE _____		EXCHANGE RATE = \$1.00 _____ _____ _____		DIFFERENCES _____ _____ _____ Amount verified; correct for <i>(Signature or initials)</i>	
Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.							
_____ <i>(Date)</i>		_____ <i>(Authorized Certifying Officer)²</i>			_____ <i>(Title)</i>		
ACCOUNTING CLASSIFICATION <i>(Appropriation symbol must be shown; other classification optional)</i>							
PAID BY	CHECK NUMBER	ON TREASURER OF THE UNITED STATES		CHECK NUMBER	ON <i>(Name of bank)</i>		
	CASH	DATE		PAYEE ³			
\$				PER	TITLE		

¹ When stated in foreign currency, insert name of currency.
² If the ability to certify and authority to approve are combined in one person, one signature only is necessary, otherwise the approving officer will sign in the space provided, over his official title.
³ When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.

HM G 4351.1

CHAPTER 4 SECTION VI

C. 1.

Standard Form No. 1034a 7 GAO 1000 1034-210		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL				VOUCHER NO.	
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION			DATE VOUCHER PREPARED		SCHEDULE NO.		
			CONTRACT NUMBER AND DATE		PAID BY		
			REQUISITION NUMBER AND DATE				
PAYEE'S NAME AND ADDRESS					DATE INVOICE RECEIVED		
					DISCOUNT TERMS		
					PAYEE'S ACCOUNT NUMBER		
					GOVERNMENT B/L NUMBER		
SHIPPED FROM		TO		WEIGHT			
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <small>(Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)</small>	QUAN- TITY	UNIT PRICE		AMOUNT	
				COST	PER		
						TOTAL	
PAYMENT: <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE		(Payee must NOT use the space below)				DIFFERENCES _____ _____ _____ Amount verified; correct for _____ (Signature or initials)	
MEMORANDUM							
ACCOUNTING CLASSIFICATION							
PAID BY	CHECK NUMBER	ON TREASURER OF THE UNITED STATES			CHECK NUMBER	ON (Name of bank)	
	CASH	DATE					
	\$						

C. 2.

Unit Control Card

To facilitate record keeping of information needed to obtain monthly rent supplement payments, managers may wish to use a unit control card. Each manager can develop a card which fits his individual project's needs best, making sure to include certain information. A sample Unit Control Card is shown below.

UNIT # _____		UNIT CONTROL CARD - MAYFAIR APARTMENTS								
ADDRESS _____		SECURITY DEPOSIT \$ _____		APPROVED MONTHLY RENT \$ _____		INCOME LIMIT \$ _____				
IN	OUT	TENANT	NO. IN FAMILY	25% ADJUSTED MONTHLY INCOME	LEASE NO.	DEBIT AMOUNT	CREDIT AMOUNT	BALANCE	SUPPLEMENT	REMARKS

1/ 25% of tenant's adjusted monthly income
Income limits - ratio number of bedrooms to number of persons as given on FHA form 1729

CHAPTER 4 SECTION VII

SECTION VII - FINANCIAL RELIEF:

The best way to avoid situations requiring financial relief or leading to a mortgage default is for the mortgagor to be well informed as to the status and trends of all facets of project operations. Although some problems may arise unexpectedly, such as increased real estate taxes, most conditions causing financial hardship arise over a period of time and can be detected in their early stages by alert and conscientious management.

While it is impossible to list all the possible causes of financial hardship or default, it should be emphasized that seemingly unimportant conditions or trends often lead to or grow into matters of crucial importance. For instance, careless maintenance and grounds cleanup can definitely have an adverse effect on occupancy rates; but the owner or management agent who does not keep himself informed may not be aware of careless maintenance until the occupancy rate has already begun to drop. Similarly, bad will between the resident manager and residents or among the residents themselves can lead to falling occupancy rates, inability to collect rent or rising maintenance costs due to destructive behavior. Comparison of periodic income and expense audits and occupancy reports can point out areas where special attention is needed.

When a mortgagor has reason to believe that an adverse situation or trend is developing or is faced with imminent default, he should immediately examine his whole operation to (1) determine the basic cause of the problem, and (2) take whatever steps he can to correct it. Rising costs may require that expenses be cut as low as possible, though care must be taken that maintenance or management standards are not adversely affected. Careful scrutiny of expenses, however, will often reveal unnecessary expense items which can be eliminated. It may be necessary to obtain new management with better skills, a different philosophy of management and management resident relations, or both.

The mortgagor should not wait until faced with imminent default to consult with servicing personnel in the Area or Insuring Office. They have knowledge and experience about project operations in the area and are in a position to point out problems and recommend solutions the mortgagor may be unaware of. If improvement of operations and reduction of expenses will not be sufficient to avoid a default situation, or if these measures are inappropriate, as when property taxes are unexpectedly increased, it may be necessary to request the mortgagee and HUD to grant some form of financial relief. These are:

- A. Rent Increase: By provision of the Regulatory Agreement, HUD will entertain a written request for a rent increase to compensate for any net increase in taxes and operating expenses over which owners have no effective control. It is not necessary to wait until a year end financial statement is available to submit a request for a rent increase.

Before requesting approval from HUD of a rent increase, the mortgagor should carefully consider the local rental market to determine if a rent increase will allow the project to remain competitive. An increase which serves to reduce occupancy over a long term will be of no advantage. The attitude of the present residents as to the reasonableness of a rent increase is also important. While residents have no formal part in approving a rent increase, mortgagors on occasion have found an increase unacceptable when the residents did not consider it reasonable or justified.

A mortgagor must also be certain that all unnecessary expenses are reduced to a minimum before requesting a rent increase. If the Reserve for Replacements has been built to a level sufficient to cover normal anticipated replacement costs, suspension of reserve payments should be considered in lieu of a rent increase.

A request for a rent increase must be supported by a forecast of when the increased rental income will enable the project to reach a sustaining income level. Evidence of increased expenses must also be submitted. This can be in the form of one or more of the following:

1. Official notice of increased property taxes or utility rates, etc.
2. A recent audited financial statement accompanied by a detailed breakdown of recent income and expense items, or
3. Submission for several consecutive months of Forms HUD-93479, 93480, 93481 (see pages 182-186) or other back-up data acceptable to the Area or Insuring Office.

The Area or Insuring Office will consider requests for rent increases in light of the mortgagor's plans to hold down expenses and eliminate unnecessary expense items. A rent increase will sometimes not be feasible because of:

1. A low occupancy rate.
2. A high occupancy rate but with all residents on long term basis, or
3. Unfavorable market conditions.

It is emphasized that HUD approved rents are computed on the basis of the minimum income which will cover all necessary expenses and are maximums which cannot be exceeded without the specific written approval of the Area or Insuring Office Director. In a subsidized project particularly, rents can rarely be reduced to meet market conditions without adverse long-term effect on the financial stability of the project. Therefore, other forms of relief will not be considered by the Area or Insuring Office if the rents being charged are below the approved maximum.

However, a mortgagor which is able to reduce rents because of efficient operations or a reduction of tax or utility rates is certainly encouraged to do so. In such cases, a revised Form HUD-92458, Rental Schedule, showing the new rates should be sent to the Area or Insuring Office for informational purposes.

- B. Suspension of Reserve for Replacements Payments: Suspension of reserve payments may be considered prior to a rent increase, provided the reserve has been built up to a level adequate to cover normally anticipated replacement costs, or may be given in conjunction with a rent increase if a rent increase alone will not be sufficient. Requests for suspension of reserve payments should be addressed directly to the Area or Insuring Office.

The supporting documentation necessary for consideration of a written request for suspension of reserve payments is the same as that required for a rent increase, except that, in addition, a plan must be submitted showing in detail how expenses will be reduced during the suspension period and that income will be sufficient at the end of the period to resume full payments.

- C. Modification of the Mortgage (Deferment of Principal Payments):
Deferment of principal payments, generally for a six-month period, is reserved for more serious cases of financial hardship in which other forms of relief are either not sufficient or not feasible. A deferment of principal payments is not normally granted without a concurrent suspension of reserve payments.

The mortgagee must concurrently approve a deferment of principal payments. Therefore, a deferment request should be addressed both to the mortgagee and to the Area or Insuring Office. The documentation required is the same as that for a rent increase request. In addition, a workable, realistic reinstatement plan must be submitted to the Area or Insuring Office showing (a) the operational improvements to be made, and (b) the manner and time-frame in which the project can be expected to reach an income level sufficient to meet operating expenses, full debt service, and start to repay delinquencies and advances.

The mortgagor should keep in mind that a deferment of principal payments will necessarily decrease the remaining number of payments in which to amortize the principal balance, since the term of the mortgage is not extended. Therefore, at the end of the modification period when full payments are resumed, the monthly payments will be larger than before the modification period.

- D. Forbearance Agreement (Section 236 Mortgages only): Due to the language of the statute controlling the computation of interest reduction payments for a Section 236 mortgage, modification of the mortgage to defer principal payments is of no benefit to the mortgagor. Therefore, a special Forbearance Agreement must be used for Section 236 mortgages which may provide for forbearance of principal and interest. The requirements for approval of a Forbearance Agreement are the same as those required for approval of a Modification Agreement.

CHAPTER 5

CHAPTER 5 - FORMS AND CIRCULARS

This chapter consists of reproduced forms to which reference has been made and which are considered essential to the understanding of the total management process.

The Regulatory Agreements for Rent Supplement Projects are the same as for BMIR Projects; for Limited Distribution Regulatory Agreement, Form No. 1730 - for Nonprofit Regulatory Agreement, Form No. 1733.

FHA FORM NO. 1720
Rev. Oct., 1969
(Prior Revisions Obsolete)U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATIONREGULATORY AGREEMENT FOR LIMITED DISTRIBUTION MORTGAGOR PROJECTS
UNDER SECTION 221(d)(3) OF THE NATIONAL HOUSING ACT, AS AMENDED

Project No.

Mortgagee

Amount of Mortgage Note

Date

Mortgage Recorded:

State

County

Date

Book

Page

This Agreement entered into this

day of

, 19

between

whose address is

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors, acting by and through the Federal Housing Commissioner (hereinafter called Commissioner).

In consideration of the endorsement for insurance by the Commissioner of the above described note or in consideration of the consent of the Commissioner to the transfer of the mortgaged property, and in order to comply with the requirements of Section 221(d)(3) of the National Housing Act, as amended, and the Regulations adopted by the Commissioner pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, shall promptly make all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Commissioner of an amount equal to \$ _____ per month unless a different date or amount is approved in writing by the Commissioner. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America, shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Commissioner. In the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Commissioner may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.
 - (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved or required in writing by the Commissioner.
 - (c) Owners shall establish and maintain, in addition to the reserve fund for replacements, a residual receipts fund by depositing thereto, with the mortgagee, the residual receipts, as defined herein, within 60 days after the end of the semiannual or annual fiscal period within which such receipts are realized. Residual receipts shall be under the control of the Commissioner, and shall be disbursed only on the direction of the Commissioner, who shall have the power and authority to direct that the residual receipts, or any part thereof, be used for such purpose as he may determine.

- 2 -

3. Real property covered by the mortgage and this Agreement is described in Schedule A attached hereto.
4. The Owners covenant and agree that:
 - (a) Admission to the project shall be limited to families having a low or moderate income which does not exceed the limits established by the Commissioner and in effect at the time of admission;
 - (b) Preference or priority for admission to the project and for placement on the waiting list, which Owners shall maintain, shall be extended to those families of low or moderate incomes who have certificates of eligibility as displaced families;
 - (c) On forms approved by the Commissioner they will obtain from each prospective tenant a certification of income prior to admission to the project, and a recertification of income from each tenant at least every two years following the date of admission;
 - (d) If any recertification discloses that family income exceeds the limits established by the Commissioner and in effect at the time of recertification, they shall either terminate the lease, or require the tenant to pay an increased rental in an amount computed in accordance with the formula prescribed by the Commissioner;
 - (e) They shall require all tenants to execute a lease in the form prescribed by the Commissioner, and shall not rent any unit in the project for less than 30 days nor more than one year;
 - (f) The rent charged for each unit shall not exceed the upper limit of the range shown for such type of unit on the rental schedule approved in writing by the Commissioner, and shall include the reasonable use of all utilities shown on said schedule, but in no event shall the total gross monthly rents for all dwelling units exceed the gross monthly dwelling income for all units approved by the Commissioner on the rental schedule;
 - (g) No increase will be made in the amount of the gross monthly dwelling income for all units as shown on the rental schedule unless such increase is approved by the Commissioner, who will at any time entertain a written request for an increase properly supported by substantiating evidence and within a reasonable time shall:
 - (1) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance expenses over which Owners have no effective control, or
 - (2) Deny the increase stating the reasons therefor;
 - (h) If there are rent supplement units in the project, the determination as to the eligibility of tenants for admission to such units and the conditions of continued occupancy shall be in accordance with the Rent Supplement Contract executed by the Owners and the Commissioner which is incorporated in and made a part of this Agreement;
 - (i) They will rent commercial facilities, if any, at not less than the rental approved by the Commissioner;
 - (j) In selecting tenants they shall not discriminate against any person or persons by reason of the fact that there are children in the family.
5. Upon prior written approval of the Commissioner, the Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and Owners for any facilities and/or services which may be furnished by the Owner or others to such tenant upon his request, in addition to the facilities and services included in the approved Rental Schedule.
6. Owners shall not without the prior written approval of the Commissioner:
 - (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property;
 - (b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds, other than from surplus cash, except for reasonable operating expenses and necessary repairs;
 - (c) Convey, assign, or transfer any beneficial interest in any trust holding title to the mortgaged property, or the interest of any general partner in a partnership owning the mortgaged property, or any right to manage or receive the rents and profits from the mortgaged property;
 - (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
 - (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except from surplus cash and except on the following conditions:

- 3 -

- (1) All distributions shall be made only as of or after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction; all such distributions in any one fiscal year shall be limited to six per centum on the initial equity investment, which shall be determined by the Commissioner; the right to such distribution shall be cumulative;
 - (2) No distribution shall be made from borrowed funds or prior to the completion of the project, or when there is any default under this agreement or under the note or mortgage;
 - (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds;
 - (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
- (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project;
- (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any fund collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account;
- (h) Permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Commissioner;
- (i) Incur any liability, direct or contingent, other than for current operating expenses, exclusive of the indebtedness secured by the mortgage and necessarily incident to the execution and delivery thereof;
- (j) Pay any compensation, including wages or salaries, or incur any obligations, to themselves, or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or to any of their nominees;
- (k) Enter into any contract or contracts for supervisory or managerial services.
7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the insured mortgage.
8. Owners shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors or permit an adjudication in bankruptcy, the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within forty-five days.
9. (a) Owners shall provide for the management of the project in a manner satisfactory to the Commissioner. Any management contract entered into by Owners, or any of them, involving the project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by the Commissioner addressed to the Owners. Upon receipt of such request Owners shall immediately terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents.
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Commissioner.
- (e) Within sixty days following the end of each fiscal year the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of the mortgagor prepared in accordance with the requirements of the Commissioner, certified to by an officer or responsible Owner and, when required by the Commissioner, prepared and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.

- 4 -

(f) At the request of the Commissioner, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.

(g) All rents and other receipts of the project shall be deposited in the name of the project in a bank, whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as limited by paragraph 6 (e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall immediately deliver such property to the project and failing so to do shall hold such property in trust.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, creed, or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Department of Housing and Urban Development (24 CFR, Subtitle A, Part 1) issued pursuant to that title, and regulations issued pursuant to Executive Order 11063.

11. Upon a violation of any of the above provisions of this Agreement by Owners, the Commissioner may give written notice thereof to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Commissioner, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Commissioner within thirty days after the date such notice is mailed or within such further time as the Commissioner reasonably determines it necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Commissioner may:

(a) (1) If the Commissioner holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;

(2) If said note is not held by the Commissioner - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and the holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations;

(b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the mortgagee's obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project;

(c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the perfect operation, and operate the project in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage;

(d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Commissioner because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Commissioner their rights: the rents, profits, income and charges of whatever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

13. As used in this Agreement the term:

(a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", and any other security for the note identified herein, and endorsed for insurance or held by the Commissioner;

(b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;

(c) "Mortgagor" means the original borrower under the mortgage and its successors and assigns;

- 5 -

- (d) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors and assigns;
- (e) "Mortgaged Property" includes all property, real, personal, or mixed covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Commissioner;
- (f) "Project" includes the mortgaged property and all its other assets of whatsoever nature or whatsoever estate, used in or owned by the business conducted on said mortgaged property, which business is providing housing and other such activities as are incidental thereto;
- (g) "Surplus Cash" means any cash remaining after:
- (1) the payment of:
 - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Federal Housing Commissioner;
 - (ii) All amounts required to be deposited in the reserve fund for replacements;
 - (iii) All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Commissioner; and
 - (2) the segregation of:
 - (i) An amount equal to the aggregate of all special funds required to be maintained by the project;
 - (ii) All tenant security deposits held;
- (h) "Residual Receipts" means any cash remaining at the end of a semiannual or annual fiscal period after deducting from surplus cash the amount of all distributions as that term is defined below and as limited by Paragraph 6(e) hereof;
- (i) "Family" means (1) two or more persons related by blood, marriage, or operation of law who occupy the same unit; (2) a handicapped person who has a physical impairment which is expected to be of long continued and indefinite duration, substantially impedes his ability to live independently, and is of such a nature that his ability could be improved by more suitable housing conditions; (3) a single person, 62 years of age or older; or (4) a single person less than 62 years of age provided that occupancy by such persons is limited to 10% of the dwelling units in the project, unless the occupants receive rent supplement benefits pursuant to a rent supplement contract in which instance the 10 percent limitation shall not be applicable;
- (j) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project;
- (k) "Income" means the gross annual income of the family from all sources before taxes and withholding, after giving effect to exclusions allowed by the Commissioner;
- (l) "Default" means a default declared by the Commissioner when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice.
14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Commissioner and his successors so long as the contract of mortgage insurance continues in effect; and during such further time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.
15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.
16. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.
17. The following Owners:
- do not assume personal liability for payments due under the note and mortgage, to the reserve for replacements, or for matters not under their control, except:

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- 6 -

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first hereinabove written.

Seal

Owners

WITNESS

By _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT
acting by and through the FEDERAL HOUSING
COMMISSIONER

By _____
Authorized Agent

(Add proper acknowledgements)

FHA FORM NO. 1733
Rev. Oct., 1969
(Prior revisions obsolete)

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

REGULATORY AGREEMENT FOR NON PROFIT AND PUBLIC MORTGAGORS
UNDER SECTION 221(d)(3) OF THE NATIONAL HOUSING ACT, AS AMENDED

Project No.

Mortgagee

Amount of Mortgage Note

Date

Mortgage Recorded:

State

County

Date

Book

Page

This Agreement entered into this _____ day of _____, 19____

between

whose address is

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors, acting by and through the Federal Housing Commissioner (hereinafter called Commissioner).

In consideration of the endorsement for insurance by the Commissioner of the above described note or in consideration of the consent of the Commissioner to the transfer of the mortgaged property, and in order to comply with the requirements of Section 221(d)(3) of the National Housing Act, as amended, and the Regulations adopted by the Commissioner pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 18 hereof, shall promptly make all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Commissioner of an amount equal to \$ _____ per month unless a different date or amount is approved in writing by the Commissioner. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America, shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Commissioner. In the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Commissioner may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

(b) Where Owners are acquiring a project already subject to an Insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved or required in writing by the Commissioner.

(c) Owners shall establish and maintain, in addition to the reserve fund for replacements, a residual receipts fund by depositing thereto, with the mortgagee, the residual receipts, as defined herein, within 60 days after the end of the semiannual or annual fiscal period within which such receipts are realized. Residual receipts shall be under the control of the Commissioner, and shall be disbursed only on the direction of the Commissioner, who shall have the power and authority to direct that the residual receipts, or any part thereof, be used for such purpose as he may determine.

3. Real property covered by the mortgage and this Agreement is described in Schedule A attached hereto.

-2-

4. The Owners covenant and agree that:

- (a) Admission to the project shall be limited to families having a low or moderate income which does not exceed the limits established by the Commissioner and in effect at the time of admission;
- (b) Preference or priority for admission to the project and for placement on the waiting list, which Owners shall maintain, shall be extended to those families of low or moderate incomes who have certificates of eligibility as displaced families;
- (c) On forms approved by the Commissioner they will obtain from each prospective tenant a certification of income prior to admission to the project, and a recertification of income from each tenant at least every two years following the date of admission;
- (d) If any recertification discloses that family income exceeds the limits established by the Commissioner and in effect at the time of recertification, they shall either terminate the lease, or require the tenant to pay an increased rental in an amount computed in accordance with the formula prescribed by the Commissioner;
- (e) They shall require all tenants to execute a lease in the form prescribed by the Commissioner, and shall not rent any unit in the project for less than 30 days nor more than one year;
- (f) The rent charged for each unit shall not exceed the upper limit of the range shown for such type of unit on the rental schedule approved in writing by the Commissioner, and shall include the reasonable use of all utilities shown on said schedule, but in no event shall the total gross monthly rents for all dwelling units exceed the gross monthly dwelling income for all units approved by the Commissioner on the rental schedule;
- (g) No increase will be made in the amount of the gross monthly dwelling income for all units as shown on the rental schedule unless such increase is approved by the Commissioner, who will at any time entertain a written request for an increase properly supported by substantiating evidence and within a reasonable time shall:
 - (1) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance expenses over which Owners have no effective control, or
 - (2) Deny the increase stating the reasons therefor;
- (h) They will rent commercial facilities, if any, at not less than the rental approved by the Commissioner;
- (i) If there are rent supplement units in the project, the determination as to the eligibility of tenants for admission to such units and the conditions of continued occupancy shall be in accordance with the Rent Supplement Contract executed by the Owners and the Commissioner which is incorporated in and made a part of this Agreement;
- (j) In selecting tenants they shall not discriminate against any person or persons by reason of the fact that there are children in the family.

5. Upon prior written approval of the Commissioner, the Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owner or others to such tenant upon his request in addition to the facilities and services included in the approved Rental Schedule.

6. Owners agree that no dividends of any kind will be paid on the capital stock issued by the corporation, except as the charter may authorize due to domiciliary requirements.

7. Owners shall not without the prior written approval of the Commissioner:

- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property;
- (b) Assign, transfer, dispose of, encumber any personal property of the project, including rents, or pay out any funds, except for reasonable operating expenses and necessary repairs;
- (c) Convey, assign, or transfer any beneficial interest in any trust holding title to the mortgaged property, or the interest of any general partner in a partnership owning the mortgaged property, or any right to manage or receive the rents and profits from the mortgaged property;
- (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
- (e) Engage in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project;

-3-

- (f) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any fund collected as security deposit shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account;
- (g) Permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Commissioner;
- (h) Incur any liability, direct or contingent, other than for current operating expenses, exclusive of the indebtedness secured by the mortgage and necessarily incident to the execution and delivery thereof;
- (i) Pay any compensation, including wages or salaries, or incur any obligations, to themselves, or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or to any of their nominees;
- (j) Enter into any contract or contracts for supervisory or managerial services.
8. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the insured mortgage.
9. Owners shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors or permit an adjudication in bankruptcy, the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within forty-five days.
- 10.(a) Owners shall provide for the management of the project in a manner satisfactory to the Commissioner. Any management contract entered into by Owners, or any of them, involving the project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by the Commissioner addressed to the Owners. Upon receipt of such request Owners shall immediately terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents.
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Commissioner.
- (e) Within sixty days following the end of each fiscal year the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of the mortgagor prepared in accordance with the requirements of the Commissioner, certified to by an officer or responsible Owner and, when required by the Commissioner, prepared and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.
- (f) At the request of the Commissioner, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.
- (g) All rents and other receipts of the project shall be deposited in the name of the project in a bank, whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project. Any owner receiving funds of the project shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any owner receiving property of the project in violation of this Agreement shall immediately deliver such property to the project and failing so to do shall hold such property in trust.
11. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, creed, or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Department of Housing and Urban Development (24 CFR, Subtitle A, Part 1) issued pursuant to that title, and regulations issued pursuant to Executive Order 11063.

-4-

12. Upon a violation of any of the above provisions of this Agreement by Owners, the Commissioner may give written notice thereof to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Commissioner, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Commissioner within thirty days after the date such notice is mailed or within such further time as the Commissioner reasonably determines is necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Commissioner may:
- (a) (1) If the Commissioner holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
 - (2) If said note is not held by the Commissioner - notify the holder of the note of such default and request the holder to declare a default under the note and mortgage, and the holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations;
 - (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the mortgagor's obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project;
 - (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage;
 - (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
13. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Commissioner because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Commissioner their rights to the rents, profits, income and charges of whatever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.
14. As used in this Agreement the term:
- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", and any other security for the note identified herein, and endorsed for insurance or held by the Commissioner;
 - (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
 - (c) "Mortgagor" means the original borrower under the mortgage and its successors and assigns;
 - (d) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors or assigns; such term includes a nonprofit corporation executing this Agreement in its capacity as a contract purchaser of the project pursuant to a Sales Agreement with a Builder-Seller mortgagor;
 - (e) "Mortgaged Property" includes all property, real, personal, or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Commissioner;
 - (f) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing and other such activities as are incidental thereto;
 - (g) "Residual Receipts" means any cash remaining after:
 - (i) the payment of:
 - (j) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Federal Housing Commissioner;
 - (k) All amounts required to be deposited in the reserve fund for replacements;

-5-

(11) All obligations of the project other than the mortgage insured or held by the Commissioner unless funds for payment are set aside or deferment of payment has been approved by the Commissioner, and

(2) the segregation of:

(i) An amount equal to the aggregate of all special funds required to be maintained by the project;

(ii) All tenant security deposits held;

(b) "Family" means (1) two or more persons related by blood, marriage, or operation of law who occupy the same unit; (2) a handicapped person who has a physical impairment which is expected to be of long continued and indefinite duration, substantially impedes his ability to live independently, and is of such a nature that his ability could be improved by more suitable housing conditions; (3) a single person, 62 years of age or older; or (4) a single person less than 62 years of age provided that occupancy by such persons is limited to 10% of the dwelling units in the project, unless the occupants receive rent supplement benefits pursuant to a rent supplement contract in which instance the 10 percent limitation shall not be applicable.

(c) "Income" means the gross annual income of the family from all sources before taxes and withholding, after giving effect to exclusions allowed by the Commissioner;

(d) "Default" means a default declared by the Commissioner when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice.

15. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Commissioner and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.

(a) In the event this Agreement is executed by a nonprofit corporation in its capacity as a contract purchaser of the project pursuant to a Sales Agreement with a Builder-Seller mortgagor, it agrees that all of the provisions hereof shall continue to bind it in its capacity as title owner of the project upon consummation of the purchase. In the event the purchase is not consummated at final endorsement or such later time as may be agreed to in writing by the Commissioner, its obligations hereunder shall terminate.

16. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the right and obligations set forth and supersede any other requirements in conflict therewith.

17. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

18. The following Owners:

do not assume personal liability for payments due under the note and mortgage, to the reserve for replacements, or for matters not under their control, provided that such Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first hereinabove written.

Seal

Owners

Witness

By _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT
acting by and through the FEDERAL HOUSING COMMISSIONER

By _____
Authorized Agent

(Add proper acknowledgements)

FHA FORM NO. 1728
October 1969

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

MODEL FORM OF LEASE

(for use under Section 221(d)(3) Below Market Interest Rate cases
for Tenants not receiving rent supplement payments)

FHA PROJECT NO. _____

This Agreement made and entered into this _____ day of _____, 19____,
_____, as LANDLORD, and
_____, as TENANT.

WITNESSETH:

WHEREAS the LANDLORD is the Mortgagee on a mortgage covering the project in which the hereinafter described dwelling unit is situate, which mortgage is insured under Section 221(d)(3) of the National Housing Act, as amended, and which mortgage bears interest at the below market rate provided for under Section 221(d)(5) of said Act; and

WHEREAS the LANDLORD has entered into a Regulatory Agreement with the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner (hereinafter called Commissioner) which provides that admission to the project shall be limited to families having a low or moderate income which does not exceed the limits established by the Commissioner and in effect at the time of admission; and,

WHEREAS, pursuant to said Regulatory Agreement, LANDLORD has agreed (1) to obtain a certification of TENANT'S income prior to admission to the project and a recertification of income at least every two years following admission to the project and (2) if any recertification discloses that TENANT'S income exceeds the limits established by the Commissioner and in effect at the time of said recertification, LANDLORD shall either terminate the lease or require the TENANT to pay an increased rental in accordance with the formula prescribed by the Commissioner.

NOW THEREFORE,

1. The LANDLORD leases to the TENANT and TENANT leases from the LANDLORD dwelling unit _____ in the project known as _____ for the term commencing on the _____ day of _____, 19____ and ending on _____ day of _____, 19____ at a monthly rental of \$ _____, subject to adjustment as hereinafter provided.

2. The monthly rental, stipulated herein, shall include all utilities, approved by the Commissioner, which shall in no event include telephone. LANDLORD covenants and agrees to furnish to the TENANT at reasonable times and in reasonable amounts all such utilities.

3. Said rent shall be payable monthly in advance on or before the first calendar day of each month at _____ to LANDLORD or to such other person or persons as the LANDLORD from time to time by written notice designates.

4. Unless terminated as provided herein, this lease shall be automatically renewed for successive terms of one month each at the aforesaid rental, subject to adjustment as herein provided, payable in advance without demand on the first day of each month. Either party may terminate this lease at the end of the initial term or any successive term by giving 30 days written notice in advance to the other party.

5. TENANT agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy with respect to the amount of rental he will be obligated to pay and his right of occupancy.

6. TENANT agrees that a recertification of family income shall be made to the LANDLORD on a form prescribed by the Commissioner at least every two years from the date of this lease; provided, however, that in any event, TENANT shall recertify his family income upon the execution of any subsequent lease of the aforesaid dwelling unit.

7. TENANT agrees that if any recertification discloses his family income exceeds the limitations established by the Commissioner and in effect at the time of recertification, then LANDLORD shall have the option of either (a) giving the TENANT 30 days written notice to quit and deliver up possession of the premises whereupon this lease shall terminate or (b) increasing the TENANT'S rental to an amount computed in accordance with the formula prescribed by the Commissioner. If the TENANT'S rental is increased in accordance with this paragraph, LANDLORD shall give TENANT 30 days notice of the increased rental by an addendum to be made part of this lease stating the new amount the TENANT will be required to pay.

- 2 -

8. Without the prior written approval of the LANDLORD, the TENANT shall not assign this lease, sublet the dwelling unit, give accommodation to any roomers or lodgers or permit the use of the dwelling unit for any purpose other than as a private dwelling solely for the TENANT and his immediate family.

9. TENANT agrees to pay to the LANDLORD any rental which should have been paid but for (a) TENANT'S misrepresentation in his initial income certification or recertification, or in any other information furnished to the LANDLORD; or (b) TENANT'S failure to supply income recertifications when required or to supply information requested by the LANDLORD.

10. TENANT for himself and his heirs, executors and administrators agrees as follows:

(a) to pay the rent herein stated promptly when due, without any deductions whatsoever, and without any obligation on the part of the LANDLORD to make any demand for the same;

(b) to keep the dwelling unit in a clean and sanitary condition, and to comply with all the laws, health and policy requirements with respect to said dwelling unit and appurtenances, and to save the LANDLORD harmless from all fines, penalties and costs for violations or noncompliances by TENANT with any of said laws, requirements, or regulations, and from all liability arising out of any such violations or noncompliance;

(c) not to use the dwelling unit, or any part of the project, for any purpose deemed hazardous by insurance companies carrying insurance thereon;

(d) that if any damage to the dwelling unit shall be caused by his acts or neglect, the TENANT shall forthwith repair such damage at his own expense, and should the TENANT fail or refuse to make such repairs within a reasonable time after the occurrence of such damage, the LANDLORD may, at his option, make such repairs and charge the cost thereof to the TENANT, and the TENANT shall thereupon reimburse the LANDLORD for the total cost of damages so caused;

(e) to permit the LANDLORD, or his agents, or persons authorized by him, or any representative of any holder of a mortgage on the project, to enter the dwelling unit at reasonable times for the purpose of making inspections and repairs and replacements; to permit the LANDLORD to show the dwelling unit to prospective tenants during the last thirty days of the term of this Lease;

(f) not to install a washing machine, dryer, air conditioning unit, or any other electrical equipment in the dwelling unit without the prior approval of the LANDLORD;

(g) to have no animals or pets of any kind on the project, other than those expressly permitted in writing by the LANDLORD;

(h) to permit the LANDLORD or his agents to bring any appropriate legal action in the event of a breach or threatened breach by the TENANT of any of the covenants or provisions of this Lease.

11. The TENANT, by the execution of this Lease, admits that the dwelling unit described herein has been inspected by him and meets with his approval. The TENANT acknowledges hereby that said dwelling unit has been satisfactorily completed, and that the LANDLORD will not be required to repaint, replaster, or otherwise perform any other work, labor, or service which it has already performed for the TENANT. The TENANT admits that the dwelling unit is in a tenable condition, and agrees, at the expiration or prior termination of the Lease, to deliver up and surrender said dwelling unit to the LANDLORD in as good condition as when received, reasonable wear and tear excepted.

12. No alteration, addition, or improvements shall be made in or to the dwelling unit without the prior consent of the LANDLORD in writing.

13. TENANT agrees not to waste utilities furnished by the LANDLORD; not to use utilities or equipment for any improper or unauthorized purpose, and not to place fixtures, signs, or fences in or about the dwelling unit without the prior permission of the LANDLORD in writing. If such permission is obtained, TENANT agrees, upon termination of the Lease, to remove any fixtures, signs or fences, at the option of the LANDLORD, without damage to the dwelling unit.

14. The LANDLORD shall maintain the project in good repair and the dwelling unit in tenable condition, except in case of damage arising from the acts or neglect of the TENANT, or his agents.

15. TENANT hereby makes a deposit of one month's rental against any damage except reasonable wear done to the dwelling unit by the TENANT, his family, guests, or agents; and agrees to pay when billed the full amount of such damage in order that the deposit will remain intact. Upon termination of this Lease, the deposit is to be refunded to the TENANT or to be applied to pay such damage or any rent delinquency.

16. TENANT further agrees that if he should fail to pay the rent herein stipulated promptly when due, or should fail to comply with any and all other provisions of this Lease, then it shall be lawful for the LANDLORD, at his election or option, to re-enter and take possession of the dwelling unit, the TENANT hereby expressly waiving any and all notices to vacate said dwelling unit, and thereupon this Lease shall terminate, without prejudice, however, of the right of the LANDLORD to recover from the TENANT all rent due up to the time of such re-entry.

- 3 -

17. This Lease shall be subordinate in respect to any mortgage that is now on or that hereafter may be placed against said project, and the recording of any mortgage shall have preference and precedence and be superior and prior in lien to this Lease, irrespective of the date of recording and the TENANT agrees to execute any such instrument without cost, which may be deemed necessary or desirable to further effect the subordination of this Lease to any mortgage, and a refusal to execute such instrument shall entitle the LANDLORD, or the LANDLORD'S assigns and legal representatives to the option of cancelling this Lease without incurring any expense or damage and the term hereby granted is expressly limited accordingly.

18. Failure of the LANDLORD to insist upon the strict performance of the terms, covenants, agreements and conditions herein contained, or any of them, shall not constitute or be construed as a waiver or relinquishment of the LANDLORD'S right thereafter to enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect.

19. In return for the TENANT'S continued fulfillment of the terms and conditions of this Lease, the LANDLORD covenants that the TENANT may at all times while this lease remains in effect, have and enjoy for his sole use and benefit the dwelling unit hereinabove described.

WITNESS:

_____ LANDLORD

_____ By: _____

_____ _____ TENANT

Husband

_____ _____
Wife

HUD-Wash., D. C.

FHA FORM NO. 3134
Rev. 9/69
(Previous edition obsolete)U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATIONREGULATORY AGREEMENT FOR BUILDER-SELLER MORTGAGORS
UNDER SECTION 236 OF THE NATIONAL HOUSING ACT, AS AMENDED

Project No.

Mortgagee

Amount of Mortgage Note

Date

Mortgage: Recorded:

State

County

Date

Book

Page

This Agreement entered into this _____ day of _____, 19____

between

whose address is

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors, acting by and through the Federal Housing Commissioner (hereinafter called Commissioner).

In consideration of the endorsement for insurance by the Commissioner of the above described note or in consideration of the consent of the Commissioner to the transfer of the mortgaged property, and in order to comply with the requirements of Section 236 of the National Housing Act, as amended, and the Regulations adopted by the Commissioner pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by Paragraph 20 hereof, shall promptly make all payments due under the note and mortgage; provided, however, that the Commissioner shall make payments to the mortgagee on behalf of the Owners in accordance with the interest reduction contract between the mortgagee and the Commissioner.
2. Owners shall faithfully and diligently comply with the terms of its Sales Agreement to convey the Project to a nonprofit housing corporation approved by the Commissioner and referred to hereafter as the nonprofit purchaser, and the Owners agree that the consideration for the conveyance of the project to such nonprofit purchaser shall not exceed that permitted by the Regulations under Section 236.
3. During the period of time commencing on the date of the initial endorsement of the Note by the Commissioner for insurance, and ending on the date of final endorsement, or such later date as may be agreed to in writing by the Commissioner, such period of time hereinafter being referred to as the Nonprofit Sale Period, the Owners shall in a manner satisfactory to the Commissioner and consistent with the terms of the Sales Agreement cause all Surplus Cash to be deposited monthly with a depository satisfactory to the Commissioner under an escrow agreement approved by the Commissioner. During the Nonprofit Sale Period the Surplus Cash so deposited shall be disbursed only on the direction of the Commissioner who shall have the power and the authority to direct that such Surplus Cash, or any part thereof be used for such purpose as he may determine. Upon the termination of the Nonprofit Sale Period the Owners agree that the Surplus Cash deposited during the Nonprofit Sale Period shall continue subject to the control of the Commissioner who may direct that all or part of such Surplus Cash may be applied to the reduction of the mortgage in a manner satisfactory to the Commissioner or may be used for such other purposes as he may direct and determine.
4. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Commissioner of an amount equal to \$ _____ per month unless a different date or amount is approved in writing by the Commissioner. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Commissioner. In the event of a default in the terms of the Mortgage, pursuant to which the loan has been accelerated, the Commissioner may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

(b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Commissioner.

- 2 -

- (c) At the termination of the Nonprofit Sale Period, if the Project has not been conveyed to the nonprofit purchaser approved by the Commissioner, Owners shall establish and maintain, in addition to the reserve fund for replacements, a residual receipts fund by depositing thereto, with the mortgagee, the residual receipts, as defined herein, within 60 days after the end of the semiannual or annual fiscal period within which such receipts are realized. Residual receipts shall be under the control of the Commissioner, and shall be disbursed only on the direction of the Commissioner, who shall have the power and authority to direct that residual receipts, or any part thereof, be used for such purpose as he may determine.
5. Owners agree that: (a) the builder's fee, the Allowance to Make the Project Operational, and such further amount as the Commissioner may determine shall be held by the mortgagee; and (b) immediately prior to final endorsement all of such amounts shall be disbursed by the mortgagee into an escrow and shall not be paid to the Owners unless the Project is conveyed to the nonprofit purchaser within the Nonprofit Sale Period, and (c) that if the Project is not conveyed to the nonprofit purchaser within the Nonprofit Sale Period, all such amounts shall be applied as a reduction against the mortgage or in such other manner as the Commissioner shall direct.
6. Real property covered by the mortgage and this Agreement is described in Schedule A attached hereto.
7. The Owners covenant and agree that:
- (a) with the prior approval of the Commissioner, they will establish for each dwelling unit (1) a basic rental charge determined on the basis of operating the project with payments of principal and interest under a mortgage bearing interest at one percent and (2) a fair market rental charge determined on the basis of operating the project with payments of principal, interest and mortgage insurance premiums due under the insured mortgage on the project;
- (b) the rental charged for each unit, which will include all utilities except telephone, will be equal to 25% of the tenant's income or the basic rental, whichever is greater, but in no event shall the rental charged exceed the fair market rental;
- (c) they shall limit admission to the project to those families whose incomes do not exceed the limits prescribed by the Commissioner, with the exception of those tenants who agree to pay fair market rental;
- (d) preference for occupancy shall be given to those families displaced from an urban renewal area, or as a result of governmental action, or as a result of a disaster determined by the President to be a major disaster, and to those families whose incomes are within the lowest practicable limits for obtaining rental units in the project;
- (e) on forms approved by the Commissioner they will obtain from each prospective tenant, prior to admission to the project, a certification of income, and a recertification of income from all tenants who are not paying fair market rental at intervals as required by the Commissioner;
- (f) if any recertification reveals a change in income whereby the tenant becomes eligible for a lower or higher rental, such adjustment in rental charged shall be made, provided that rental shall never be less than basic rental and shall never exceed fair market rental;
- (g) in a manner prescribed by the Commissioner, they will obtain written evidence substantiating the information given on the tenants' certifications and recertifications of income and shall retain the evidence in their files for three years;
- (h) they shall require all tenants who do not pay the fair market rental to execute a lease in the form prescribed by the Commissioner, and shall not rent any unit in the project for less than 30 days nor more than one year;
- (i) they shall remit to the Commissioner on or before the tenth day of each month the amount by which the total rentals collected on the dwelling units exceeds the sum of the approved basic rentals for all occupied units, which remittance shall be accompanied by a monthly report on a form approved by the Commissioner, provided that a monthly report must be filed even if no remittance is required;
- (j) they shall not restrict occupancy by reason of the fact that there are children in the family, except in those projects that are designed primarily for elderly persons;
- (k) they will rent commercial facilities, if any, at not less than the rental approved by the Commissioner;
- (l) no change will be made in the basic rental or fair market rental unless approved by the Commissioner;
- (m) no tenant shall be permitted to rent more than one unit at any given time without the prior written approval of the Commissioner;
- (n) if there are rent supplement units in the project, the determination as to the eligibility of tenants for admission to such units and the conditions of continued occupancy shall be in accordance with the Rent Supplement Contract executed by the Owners and the Commissioner which is incorporated in and made a part of this Agreement.

- 3 -

8. Upon prior written approval of the Commissioner, the Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owner or others to such tenant upon his request, in addition to the facilities and services included in the approved Rental Schedule.
9. Owners shall not without the prior written approval of the Commissioner:
- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property;
 - (b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds, other than from surplus cash, except for reasonable operating expenses and necessary repairs;
 - (c) Convey, assign, or transfer any beneficial interest in any trust holding title to the mortgaged property, or the interest of any general partner in a partnership owning the mortgaged property, or any right to manage or receive the rents and profits from the mortgaged property;
 - (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
 - (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except from surplus cash and except on the following conditions:
 - (1) No distribution shall be made during the Nonprofit Sale Period, and Surplus Cash obtained during the Nonprofit Sale Period shall be deposited and disbursed as required by Paragraph 3 of this Agreement;
 - (2) All distributions shall be made only as of or after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction; all such distributions in any one fiscal year shall be limited to six per centum on the initial equity investment, as determined by the Commissioner; and the right to such distribution shall be cumulative.
 - (3) No distribution shall be made from borrowed funds or prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
 - (4) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds;
 - (5) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project;
 - (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project;
 - (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any fund collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account;
 - (h) Permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Commissioner;
 - (i) Incur any liability, direct or contingent, other than for current operating expenses, exclusive of the indebtedness secured by the mortgage and necessarily incident to the execution and delivery thereof;
 - (j) Pay any compensation, including wages or salaries, or incur any obligations, to themselves, or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or to any of their nominees;
 - (k) Enter into any contract or contracts for supervisory or managerial services.
10. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the insured mortgage.
11. Owners shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors or permit an adjudication in bankruptcy, the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within forty-five days.

- 4 -

12. (a) Owners shall provide for the management of the project in a manner satisfactory to the Commissioner. Any management contract entered into by Owners or any of them involving the project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by the Commissioner addressed to the Owner and the management agent. Upon receipt of such request, Owners shall immediately terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents.
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Commissioner.
- (e) Within sixty days following the end of each fiscal year the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of the mortgage prepared in accordance with the requirements of the Commissioner, certified to by an officer or responsible Owner and, when required by the Commissioner, prepared and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.
- (f) At the request of the Commissioner, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.
- (g) All rents and other receipts of the project shall be deposited in the name of the project in a bank, whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project, remittances to the Commissioner as required under Paragraph 7(i) above, or for distributions of surplus cash as limited by Paragraph 9(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall immediately deliver such property to the project and failing so to do shall hold such property in trust.
13. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, creed, or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Department of Housing and Urban Development (24 CFR, Subtitle A, Part 1) issued pursuant to that title, and regulations issued pursuant to Executive Order 11063.
14. Upon a violation of any of the above provisions of this Agreement by Owners, the Commissioner may give written notice, thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Commissioner, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Commissioner within thirty days after the date such notice is mailed or within such further time as the Commissioner determines is necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Commissioner may:
- (a) (1) If the Commissioner holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
- (2) If said note is not held by the Commissioner - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and the holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations;
- (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the mortgagee's obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project;
- (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Owners are again in a position to operate the project in compliance with the terms of this Agreement and in compliance with the requirements of the note and mortgage;

- 5 -

- (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
- (e) Terminate the interest reduction payments to the mortgagee made pursuant to Paragraph 1 hereinabove.
15. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Commissioner because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Commissioner their rights to the rents, profits, income and charges of whatever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.
16. As used in this Agreement the term:
- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", and any other security for the note identified herein, and endorsed for insurance or held by the Commissioner;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Mortgagor" means the original borrower under the mortgage and its successors and assigns;
- (d) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors and assigns;
- (e) "Mortgaged Property" includes all property, real, personal, or mixed covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Commissioner;
- (f) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing and other such activities as are incidental thereto;
- (g) "Surplus Cash" means any cash remaining after:
- (1) the payment of:
- (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Federal Housing Commissioner;
- (ii) All amounts required to be deposited in the reserve fund for replacements;
- (iii) All obligations of the project other than the mortgage insured or held by the Commissioner unless funds for payment are set aside or deferment of payment has been approved by the Commissioner;
- (iv) Remittances due to the Commissioner as required by Paragraph 7(i); and
- (2) the segregation of:
- (i) An amount equal to the aggregate of all special funds required to be maintained by the project;
- (ii) All tenant security deposits held;
- (iii) That portion of rentals which must be remitted to the Commissioner in accordance with Paragraph 7(i), but not yet due.
- (h) "Residual Receipts" means any cash remaining at the end of a semiannual or annual fiscal period after deducting from surplus cash the amount of all distributions as that term is defined below and as limited by Paragraph 9(e) hereof;
- (i) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 9(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project;
- (j) "Income" means the gross annual income of the family from all sources before taxes and withholding, after giving effect to exclusions allowed by the Commissioner;
- (k) "Default" means a default declared by the Commissioner when a violation of the Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice;

(1) "Family" means (1) two or more persons related by blood, marriage, or operation of law, who occupy the same unit; (2) a handicapped person who has a physical impairment which is expected to be of long continued and indefinite duration, substantially impedes his ability to live independently, and is of such a nature that his ability to live independently could be improved by more suitable housing conditions; (3) a single person, 62 years of age or older; or (4) a single person less than 62 years of age provided that occupancy by such persons is limited to 10% of the dwelling units in the project.

17. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Commissioner and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage: Provided, That any other provisions of this Agreement to the contrary notwithstanding, this Agreement shall not be applicable to or bind the nonprofit purchaser if the sale of the Project to said nonprofit purchaser has been approved by the Commissioner in writing and, provided further, that such nonprofit purchaser has executed with the Commissioner, and recorded a Regulatory Agreement in a form approved by the Commissioner, or has obtained an approval in writing by the Commissioner that the execution of such Agreement is not required.

18. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

19. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

20. The following Owners:

do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control, provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated, namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first hereinabove written.

Seal

Owners

WITNESS

By _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT
acting by and through the FEDERAL HOUSING
COMMISSIONER

By _____

Authorized Agent

(Add proper acknowledgments)

FHA FORM NO. 3135
Rev. 9/69
(Previous edition obsolete)U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATIONREGULATORY AGREEMENT FOR NONPROFIT MORTGAGORS
UNDER SECTION 236 OF THE NATIONAL HOUSING ACT, AS AMENDED

Project No.

Mortgagee

Amount of Mortgage Note

Date

Mortgage Recorded:

State

County

Date

Book

Page

This Agreement entered into this _____ day of _____, 19____

between

whose address is

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors, acting by and through the Federal Housing Commissioner (hereinafter called Commissioner).

In consideration of the endorsement for insurance by the Commissioner of the above described note or in consideration of the consent of the Commissioner to the transfer of the mortgaged property, and in order to comply with the requirements of Section 236 of the National Housing Act, as amended, and the Regulations adopted by the Commissioner pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 18 hereof, shall promptly make all payments due under the note and mortgage; provided, however, that the Commissioner shall make payments to the mortgagee on behalf of the Owners in accordance with the interest reduction contract between the mortgagee and the Commissioner.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Commissioner of an amount equal to \$ _____ per month unless a different date or amount is approved in writing by the Commissioner. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Commissioner. In the event of a default in the terms of the Mortgage, pursuant to which the loan has been accelerated, the Commissioner may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.
 - (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved or required in writing by the Commissioner.
 - (c) Owners shall establish and maintain, in addition to the reserve fund for replacements, a residual receipts fund by depositing thereto, with the mortgagee, the residual receipts, as defined herein, within 60 days after the end of the semi-annual or annual fiscal period within which such receipts are realized. Residual receipts shall be under the control of the Commissioner, and shall be disbursed only on the direction of the Commissioner, who shall have the power and authority to direct that the residual receipts, or any part thereof, be used for such purpose as he may determine.
3. Real property covered by the mortgage and this Agreement is described in Schedule A attached hereto.
4. The Owners covenant and agree that:
 - (a) with the prior approval of the Commissioner, they will establish for each dwelling unit (1) a basic rental charge determined on the basis of operating the project with payments of principal and interest under a mortgage bearing interest at one percent and (2) a fair market rental charge determined on the basis of operating the project with payments of principal, interest and mortgage insurance premiums due under the insured mortgage on the project;
 - (b) the rental charged for each unit, which will include all utilities except telephone, will be equal to 25% of the tenant's income or the basic rental, whichever is greater, but in no event shall the rental charged exceed the fair market rental;
 - (c) they shall limit admission to the project to those families whose incomes do not exceed the limits prescribed by the Commissioner, with the exception of those tenants who agree to pay fair market rental;
 - (d) preference for occupancy shall be given to those families displaced from an urban renewal area, or as a result of governmental action, or as a result of a disaster determined by the President to be a major disaster, and to those families whose incomes are within the lowest practicable limits for obtaining rental units in the project;
 - (e) on forms approved by the Commissioner they will obtain from each prospective tenant, prior to admission to the project, a certification of income, and a recertification of income from all tenants who are not paying fair market rental at interest as required by the Commissioner;

- 2 -

- (f) If any recertification reveals a change in income whereby the tenant becomes eligible for a lower or higher rental, such adjustment in rental charged shall be made, provided that rental shall never be less than basic rental and shall never exceed fair market rental;
- (g) In a manner prescribed by the Commissioner, they will obtain written evidence substantiating the information given on the tenants' certifications and recertifications of income and shall retain the evidence in their files for three years;
- (h) they shall require all tenants who do not pay the fair market rental to execute a lease in the form prescribed by the Commissioner, and shall not rent any unit in the project for less than 30 days nor more than one year;
- (i) they shall remit to the Commissioner on or before the tenth day of each month the amount by which the total rentals collected on the dwelling units exceeds the sum of the approved basic rentals for all occupied units, which remittance shall be accompanied by a monthly report on a form approved by the Commissioner, provided that a monthly report must be filed even if no remittance is required;
- (j) they shall not restrict occupancy by reason of the fact that there are children in the family, except in those projects that are designed primarily for elderly persons;
- (k) they will rent commercial facilities, if any, at not less than the rental approved by the Commissioner;
- (l) no change will be made in the basic rental or fair market rental unless approved by the Commissioner;
- (m) no tenant shall be permitted to rent more than one unit at any given time without the prior written approval of the Commissioner;
- (n) if there are rent supplement units in the project, the determination as to the eligibility of tenants for admission to such units and the conditions of continued occupancy shall be in accordance with the Rent Supplement Contract executed by the Owners and Commissioner which is incorporated in and made a part of this Agreement.
5. Upon prior written approval of the Commissioner, the Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved Rental Schedule.
6. Owners agree that no dividends of any kind will be paid on the capital stock issued by the corporation, except as the charter may authorize due to domiciliary requirements.
7. Owners shall not without the prior written approval of the Commissioner:
- Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property;
 - Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds, except for reasonable operating expenses and necessary repairs;
 - Convey, assign, or transfer any beneficial interest in any trust holding title to the mortgaged property, or the interest of any general partner in a partnership owning the mortgaged property, or any right to manage or receive the rents and profits from the mortgaged property;
 - Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
 - Engage in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project;
 - Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any fund collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account;
 - Permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Commissioner;
 - Incur any liability, direct or contingent, other than for current operating expenses, exclusive of the indebtedness secured by the mortgage and necessarily incident to the execution and delivery thereof;
 - Pay any compensation, including wages or salaries, or incur any obligations, to themselves, or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or to any of their nominees;
 - Enter into any contract or contracts for supervisory or managerial services.
8. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the insured mortgage.
9. Owners shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors or permit an adjudication of bankruptcy, the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within forty-five days.
10. (a) Owners shall provide for the management of the project in a manner satisfactory to the Commissioner. Any management contract entered into by Owners, or any of them, involving the project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by the Commissioner addressed to the Owners. Upon receipt of such request Owners shall immediately terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.

- 3 -

- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents.
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Commissioner.
- (e) Within sixty days following the end of each fiscal year the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of the mortgagee prepared in accordance with the requirements of the Commissioner, certified to by an officer or responsible Owner and, when required by the Commissioner, prepared and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.
- (f) At the request of the Commissioner, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.
- (g) All rents and other receipts of the project shall be deposited in the name of the project in a bank, whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project and remittances to the Commissioner as required under Paragraph 4(i) above. Any owner receiving funds of the project shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any owner receiving property of the project in violation of this Agreement shall immediately deliver such property to the project and failing so to do shall hold such property in trust.
11. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, creed, or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Department of Housing and Urban Development (24 CFR, Subtitle A, Part 1) issued pursuant to that title, and regulations issued pursuant to Executive Order 11063.
12. Upon a violation of any of the above provisions of this Agreement by Owners, the Commissioner may give written notice, thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Commissioner, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Commissioner within thirty days after the date such notice is mailed or within such further time as the Commissioner reasonably determines in necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Commissioner may:
- (a) (1) If the Commissioner holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
- (2) If said note is not held by the Commissioner - notify the holder of the note of such default and request the holder to declare a default under the note and mortgage, and the holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations;
- (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the mortgagee's obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project;
- (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage;
- (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain;
- (e) Terminate the interest reduction payments to the mortgagee made pursuant to Paragraph 1 hereinabove.
13. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Commissioner because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Commissioner their rights to the rents, profits, incomes and charges of whatever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.
14. As used in this Agreement the term:
- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", and any other security for the note identified herein, and endorsed for insurance or held by the Commissioner;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Mortgagor" means the original borrower under the mortgage and its successors and assigns;
- (d) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors or assigns; such term includes a nonprofit corporation executing this Agreement in its capacity as a contract purchaser of the project pursuant to a Sales Agreement with a Builder-Seller mortgagee;
- (e) "Mortgaged Property" includes all property, real, personal, or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Commissioner;



- (f) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing and other such activities as are incidental thereto;
 - (g) "Residual Receipts" means any cash remaining after:
 - (1) the payment of:
 - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Federal Housing Commissioner;
 - (ii) All amounts required to be deposited in the reserve fund for replacements;
 - (iii) All obligations of the project other than the mortgage insured or held by the Commissioner unless funds for payment are set aside or deferment of payment has been approved by the Commissioner;
 - (iv) Remittances due to the Commissioner as required by Paragraph 4(i); and
 - (2) the segregation of:
 - (i) An amount equal to the aggregate of all special funds required to be maintained by the project;
 - (ii) All tenant security deposits held;
 - (iii) That portion of rentals which must be remitted to the Commissioner in accordance with Paragraph 4(f), but not yet due.
 - (h) "Family" means (1) two or more persons related by blood, marriage, or operation of law, who occupy the same unit; (2) a handicapped person who has a physical impairment which is expected to be of long continued and indefinite duration, substantially impeding his ability to live independently, and is of such a nature that his ability to live independently could be improved by more suitable housing conditions; (3) a single person, 62 years of age or older; or (4) a single person less than 62 years of age provided that occupancy by such persons is limited to 10% of the dwelling units in the project;
 - (i) "Income" means the gross annual income of the family from all sources before taxes and withholding, after giving effect to exclusions allowed by the Commissioner;
 - (j) "Default" means a default declared by the Commissioner when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice.
15. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Commissioner and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.
- (a) In the event this Agreement is executed by a nonprofit corporation in its capacity as a contract purchaser of the project pursuant to a Sales Agreement with a Builder-Seller mortgagee, said nonprofit corporation agrees that all of the provisions hereof shall continue to bind it in its capacity as title owner of the project upon consummation of the purchase. In the event the purchase is not consummated at final endorsement or such later time as may be agreed to in writing by the Commissioner, its obligations hereunder shall terminate.
16. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.
17. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.
18. The following Owners:
- do not assume personal liability for payments due under the note and mortgage, in the reserve for replacements, or for matters not under their control, provided that such Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated, namely:
 - (a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and
 - (b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.
- IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first hereinabove written.

Seal _____
 _____ Owners

WITNESS

_____ By _____

_____ SECRETARY OF HOUSING AND URBAN DEVELOPMENT
 acting by and through the FEDERAL HOUSING COMMISSIONER

_____ By _____
 _____ Authorized Agent

(Add proper acknowledgment)

200314 Rev. 6/89

FHA FORM NO. 3136
Rev. 9/69
(Previous edition obsolete)U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATIONREGULATORY AGREEMENT FOR LIMITED DISTRIBUTION MORTGAGORS
UNDER SECTION 236 OF THE NATIONAL HOUSING ACT, AS AMENDED

Project No.

Mortgagee

Amount of Mortgage Note

Date

Mortgage Recorded:

State

County

Date

Book

Page

This Agreement entered into this

day of

19

between

whose address is

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors, acting by and through the Federal Housing Commissioner (hereinafter called Commissioner).

In consideration of the endorsement for insurance by the Commissioner of the above described note or in consideration of the consent of the Commissioner to the transfer of the mortgaged property, and in order to comply with the requirements of Section 236 of the National Housing Act, as amended, and the Regulations adopted by the Commissioner pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of the mortgage, or during any time the Commissioner is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, shall promptly make all payments due under the note and mortgage; provided, however, that the Commissioner shall make payments to the mortgagee on behalf of the Owners in accordance with the interest reduction contract between the mortgagee and the Commissioner.
 2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Commissioner of an amount equal to \$ _____ per month unless a different date or amount is approved in writing by the Commissioner. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America, shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Commissioner. In the event of a default in the terms of the Mortgage, pursuant to which the loan has been accelerated, the Commissioner may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.
 - (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved or required in writing by the Commissioner.
 - (c) Owners shall establish and maintain, in addition to the reserve fund for replacements, a residual receipts fund by depositing thereto, with the mortgagee, the residual receipts, as defined herein, within 60 days after the end of the semiannual or annual fiscal period within which such receipts are realized. Residual receipts shall be under the control of the Commissioner, and shall be disbursed only on the direction of the Commissioner, who shall have the power and authority to direct that the residual receipts, or any part thereof, be used for such purpose as he may determine.
3. Real property covered by the mortgage and this Agreement is described in Schedule A attached hereto.
 4. The Owners covenant and agree that:
 - (a) with the prior approval of the Commissioner, they will establish for each dwelling unit (1) a basic rental charge determined on the basis of operating the project with payments of principal and interest under a mortgage bearing interest at one percent and (2) a fair market rental charge determined on the basis of operating the project with payments of principal, interest and mortgage insurance premiums due under the insured mortgage on the project;

- 2 -

- (b) the rental charged for each unit, which will include all utilities except telephone, will be equal to 25% of the tenant's income or the basic rental, whichever is greater, but in no event shall the rental charged exceed the fair market rental;
 - (c) they shall limit admission to the project to those families whose incomes do not exceed the limits prescribed by the Commissioner, with the exception of those tenants who agree to pay fair market rental;
 - (d) preference for occupancy shall be given to those families displaced from an urban renewal area, or as a result of governmental action, or as a result of a disaster determined by the President to be a major disaster, and to those families whose incomes are within the lowest practicable limits for obtaining rental units in the project;
 - (e) on forms approved by the Commissioner they will obtain from each prospective tenant, prior to admission to the project, a certification of income, and a recertification of income from all tenants who are not paying fair market rental at intervals as required by the Commissioner;
 - (f) if any recertification reveals a change in income whereby the tenant becomes eligible for a lower or higher rental, such adjustment in rental charged shall be made, provided that rental shall never be less than basic rental and shall never exceed fair market rental;
 - (g) in a manner prescribed by the Commissioner, they will obtain written evidence substantiating the information given on the tenants' certifications and recertifications of income and shall retain the evidence in their files for three years;
 - (h) they shall require all tenants who do not pay the fair market rental to execute a lease in the form prescribed by the Commissioner, and shall not rent any unit in the project for less than 30 days nor more than one year;
 - (i) they shall remit to the Commissioner on or before the tenth day of each month the amount by which the total rentals collected on the dwelling units exceeds the sum of the approved basic rentals for all occupied units, which remittance shall be accompanied by a monthly report on a form approved by the Commissioner, provided that a monthly report must be filed even if no remittance is required;
 - (j) they shall not restrict occupancy by reason of the fact that there are children in the family, except in those projects that are designed primarily for elderly persons;
 - (k) they will rent commercial facilities, if any, at not less than the rental approved by the Commissioner;
 - (l) no change will be made in the basic rental or fair market rental unless approved by the Commissioner;
 - (m) no tenant shall be permitted to rent more than one unit at any given time without the prior written approval of the Commissioner;
 - (n) if there are rent supplement units in the project, the determination as to the eligibility of tenants for admission to such units and the conditions of continued occupancy shall be in accordance with the Rent Supplement Contract executed by the Owners and the Commissioner which is incorporated in and made a part of this Agreement.
5. Upon prior written approval of the Commissioner, the Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owner or others to such tenant upon his request, in addition to the facilities and services included in the approved Rental Schedule.
6. Owners shall not without the prior written approval of the Commissioner:
- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property;
 - (b) Assign, transfer, dispose of, or encumber any personal property of the project, including tents, or pay out any funds, other than from surplus cash, except for reasonable operating expenses and necessary repairs;
 - (c) Convey, assign, or transfer any beneficial interest in any trust holding title to the mortgaged property, or the interest of any general partner in a partnership owning the mortgaged property, or any right to manage or receive the rents and profits from the mortgaged property;
 - (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;
 - (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project, except from surplus cash and except on the following conditions:
 - (1) All distributions shall be made only as of or after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction; all such distributions in any one fiscal year shall be limited to six per centum on the initial equity investment, as determined by the Commissioner, and the right to such distribution shall be cumulative;

- 3 -

- (2) No distribution shall be made from borrowed funds or prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
- (3) Any distribution of any funds of the project, which the party receiving such funds, is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds;
- (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
- (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project:
- (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any fund collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account;
- (h) Permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Commissioner;
- (i) Incur any liability, direct or contingent, other than for current operating expenses, exclusive of the indebtedness secured by the mortgage and necessarily incident to the execution and delivery thereof;
- (j) Pay any compensation, including wages or salaries, or incur any obligations, to themselves, or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust, or to any of their nominees;
- (k) Enter into any contract or contracts for supervisory or managerial services.
7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the insured mortgage.
8. Owners shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors or permit an adjudication in bankruptcy, the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within forty-five days.
9. (a) Owners shall provide for the management of the project in a manner satisfactory to the Commissioner. Any management contract entered into by Owners, or any of them, involving the project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by the Commissioner addressed to the Owners. Upon receipt of such request Owners shall immediately terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Commissioner for continuing proper management of the project.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any reasonable time by the Commissioner or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents.
- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Commissioner.
- (e) Within sixty days following the end of each fiscal year the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of the mortgagor prepared in accordance with the requirements of the Commissioner certified to by an officer or responsible Owner and, when required by the Commissioner, prepared and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.
- (f) At the request of the Commissioner, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.

- 4 -

(a) All rents and other receipts of the project shall be deposited in the name of the project in a bank, whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project, remittances to the Commissioner as required under Paragraph 4(i) above, or for distributions of surplus cash as limited by Paragraph 6(e) above. Any owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any owner receiving property of the project in violation of this Agreement shall immediately deliver such property to the project and failing so to do shall hold such property in trust.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, creed, or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Department of Housing and Urban Development (24 CFR, Subtitle A, Part I) issued pursuant to that title, and regulations issued pursuant to Executive Order 11063.
11. Upon a violation of any of the above provisions of this Agreement by Owners, the Commissioner may give written notice, thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Commissioner, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Commissioner within thirty days after the date such notice is mailed or within such further time as the Commissioner reasonably determines is necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Commissioner may:
 - (a)(1) If the Commissioner holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
 - (2) If said note is not held by the Commissioner - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and the holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Commissioner as provided in the Regulations;
 - (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the mortgagor's obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project;
 - (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage;
 - (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain;
 - (e) Terminate the interest reduction payments to the mortgagee made pursuant to Paragraph 1 hereinabove.
12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Commissioner because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Commissioner their rights to the rents, profits, income and charges of whatever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.
13. As used in this Agreement the term:
 - (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", and any other security for the note identified herein, and endorsed for insurance or held by the Commissioner;
 - (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
 - (c) "Mortgagor" means the original borrower under the mortgage and its successors and assigns;
 - (d) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors and assigns;

- 5 -

- (e) "Mortgaged Property" includes all property, real, personal, or mixed covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Commissioner;
- (f) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is to provide housing and other such activities as are incidental thereto;
- (g) "Surplus Cash" means any cash remaining after:
- (1) the payment of:
 - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Federal Housing Commissioner;
 - (ii) All amounts required to be deposited in the reserve fund for replacements;
 - (iii) All obligations of the project other than the mortgage insured or held by the Commissioner unless funds for payment are set aside or deferment of payment has been approved by the Commissioner;
 - (iv) Remittances due to the Commissioner as required by Paragraph 4(i); and
 - (2) the segregation of:
 - (i) An amount equal to the aggregate of all special funds required to be maintained by the project;
 - (ii) All tenant security deposits held;
 - (iii) That portion of rentals which must be remitted to the Commissioner in accordance with Paragraph 4(i), but not yet due.
- (h) "Residual Receipts" means any cash remaining at the end of a semiannual or annual fiscal period after deducting from surplus cash the amount of all distributions as that term is defined below and as limited by Paragraph 6(e) hereof;
- (i) "Family" means (1) two or more persons related by blood, marriage, or operation of law, who occupy the same unit; (2) a handicapped person who has a physical impairment which is expected to be of long continued and indefinite duration, substantially impedes his ability to live independently, and is of such a nature that his ability to live independently could be improved by more suitable housing conditions; (3) a single person, 62 years of age or older; or (4) a single person less than 62 years of age provided that occupancy by such persons is limited to 10% of the dwelling units in the project;
- (j) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project;
- (k) "Income" means the gross annual income of the family from all sources before taxes and withholding, after giving effect to exclusions allowed by the Commissioner;
- (l) "Default" means a default declared by the Commissioner when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice.
14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Commissioner and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.
15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.
16. The invalidity of any clause, part or provision of this Agreement shall not effect the validity of the remaining portions thereof.
17. The following Owners:
- do not assume personal liability for payments due under the note and mortgage, to the reserve for replacements, or for matters not under their control, except:
- (a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and
 - (b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

HM G 4351.1

CHAPTER 5

- 6 -

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first hereinabove written.

Seal

Owners

WITNESS

By _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT
acting by and through the FEDERAL HOUSING
COMMISSIONER

By _____
Authorized Agent

(Add proper acknowledgments)

FHA FORM NO. 3133

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

MODEL FORM OF LEASE

(for use under Section 236 when Tenant does not pay fair market rental)

FHA PROJECT NO. _____

This Agreement made and entered into this _____ day of _____
between _____, as LANDLORD, and _____
as TENANT.

WITNESSETH:

WHEREAS, the LANDLORD is the Mortgagor on a mortgage covering the project in which the hereinafter described unit is situate, which mortgage is insured under Section 236 of the National Housing Act, as amended; and,

WHEREAS, the Mortgagee on the aforementioned mortgage has entered into an interest reduction contract with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which provides that the Commissioner will make interest reduction payments to the Mortgagee on behalf of the LANDLORD which payments will reduce the monthly payments due by the LANDLORD under the mortgage; and,

WHEREAS, pursuant to a Regulatory Agreement between the LANDLORD and the Secretary, the LANDLORD has established a basic rental schedule and a fair market rental schedule for each unit in the project, which schedules have been approved by the Commissioner; and,

WHEREAS, pursuant to said Regulatory Agreement, the LANDLORD has agreed (1) that the rental charged for the unit hereinafter described shall be the basic rental or 25% of TENANT'S income whichever is greater, but in any event not to exceed the fair market rental and (2) that a recertification of the TENANT'S income will be obtained at intervals required by the Federal Housing Commissioner and that the rental charged shall be adjusted by the LANDLORD to reflect income changes shown by the recertifications; and,

WHEREAS, the LANDLORD has determined that the TENANT is eligible to pay less than the fair market rental;

NOW THEREFORE,

1. The LANDLORD leases to the TENANT and TENANT leases from the LANDLORD dwelling unit _____ in the project known as _____ for the term commencing on the _____ day of _____, 19____ and ending on the _____ day of _____, 19____ at a monthly rental of \$ _____, subject to adjustment as hereinafter provided.

2. The monthly rental, stipulated herein, shall include the costs of all hot and cold water, janitor service, electric current, gas and heat (all of which utilities LANDLORD covenants and agrees to furnish to the TENANT at reasonable times and in reasonable amounts). LANDLORD shall not collect any charges for such utilities in addition to the monthly rental.

3. Said rent shall be payable monthly in advance on or before the first calendar day of each month at _____ to LANDLORD or to such other person or persons as the LANDLORD from time to time by written notice designates.

4. Unless terminated as provided herein, this lease shall be automatically renewed for successive terms of one month each at the aforesaid rental, subject to adjustment as herein provided, payable in advance without demand on the first day of each month. Either party may terminate this lease at the end of the initial term or any successive term by giving 30 days written notice in advance to the other party.

5. TENANT agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy with respect to the amount of rental he will be obligated to pay and his right of occupancy.

6. TENANT agrees that a recertification of income shall be made to the LANDLORD at least every two years from the date of this lease; provided, however, that in any event, TENANT shall recertify his income upon the execution of any subsequent lease of the aforesaid premises.

7. TENANT agrees that the monthly rental payment is subject to adjustment by the LANDLORD to reflect income changes which are disclosed on any of TENANT'S recertifications and TENANT agrees to be bound by such adjustment. LANDLORD agrees to give thirty days written notice of any such adjustment to the TENANT, by an addendum to be made a part of this lease, stating the amount of the adjusted monthly rental which the TENANT will be required to pay.

8. LANDLORD and TENANT agree that, if upon recertification, 25% of TENANT'S income is sufficient to pay fair market rental, then TENANT'S rental shall be increased to the fair market rental of \$ _____ and TENANT shall no longer be required to make the income recertifications required by this lease.

9. The TENANT shall not assign this lease, sublet the premises, give accommodation to any roomers or lodgers, or permit the use of the premises for any purpose other than as a private dwelling solely for the TENANT and his family.

- 2 -

10. TENANT agrees to pay to the LANDLORD any rental which should have been paid but for (a) TENANT'S misrepresentation in his initial income certification or recertification, or in any other information furnished to the LANDLORD; or (b) TENANT'S failure to supply income recertifications when required or to supply information requested by the LANDLORD.

11. TENANT for himself and his heirs, executors and administrators agrees as follows:

(a) to pay the rent herein stated promptly when due, without any deductions whatsoever, and without any obligation on the part of the LANDLORD to make any demand for the same;

(b) to keep the premises in a clean and sanitary condition, and to comply with all laws, health and policy requirements with respect to said premises and appurtenances, and to save the LANDLORD harmless from all fines, penalties and costs for violations or noncompliances by TENANT with any of said laws, requirements, or regulations, and from all liability arising out of any such violations or noncompliance;

(c) not to use premises for any purpose deemed hazardous by insurance companies carrying insurance thereon;

(d) that if any damage to the property shall be caused by his acts or neglect, the TENANT shall forthwith repair such damage at his own expense, and should the TENANT fail or refuse to make such repairs within a reasonable time after the occurrence of such damage, the LANDLORD may, at his option, make such repairs and charge the cost thereof to the TENANT, and the TENANT shall thereupon reimburse the LANDLORD for the total cost of damages so caused;

(e) to permit the LANDLORD, or his agents, or any representative of any holder of a mortgage on the property, or when authorized by the LANDLORD, the employees of any contractor, utility company, municipal agency or others, to enter the premises for the purpose of making reasonable inspections and repairs and replacements;

(f) not to install a washing machine, dryer, or air conditioning unit in the apartment without the prior approval of the LANDLORD;

(g) to have no animals or pets of any kind on the premises, other than those expressly permitted in writing by the LANDLORD;

(h) to permit the LANDLORD or his agents to bring unlawful detainer and any other appropriate legal action in the event of a breach or threatened breach by the TENANT of any of the covenants or provisions of this lease.

12. The TENANT, by the execution of this agreement, admits that the dwelling unit described herein has been inspected by him and meets with his approval. The TENANT acknowledges hereby that said premises have been satisfactorily completed, and that the LANDLORD will not be required to repaint, replaster, or otherwise perform any other work, labor, or service which it has already performed for the TENANT. The TENANT admits that the premises are in a tenable condition, and agrees that at the end of the occupancy hereunder to deliver up and surrender said premises to the LANDLORD in as good condition as when received, reasonable wear and tear excepted.

13. No alteration, addition, or improvements shall be made in or to the premises without the prior consent of the LANDLORD in writing.

14. TENANT agrees not to waste utilities furnished by the LANDLORD; not to use utilities or equipment for any improper or unauthorized purpose; and not to place fixtures, signs, or fences in or about the premises without the prior permission of the LANDLORD in writing. If such permission is obtained, TENANT agrees, upon termination of the lease, to remove any fixtures, signs or fences, at the option of the LANDLORD, without damage to the premises.

15. TENANT hereby makes a deposit of one month's rental against any damage except reasonable wear done to the premises by the TENANT, his family, guests, or agents; and agrees to pay when billed the full amount of any such damage in order that the deposit will remain intact. Upon termination of this Lease, the deposit is to be refunded to the TENANT or to be applied to any such damage or any rent delinquency.

16. TENANT further agrees that if he should fail to pay the rent herein stipulated promptly when due, or should fail to comply with any and all other provisions of this Agreement, or in the event that this Agreement shall terminate pursuant to the provisions hereof, then in any of said cases it shall be lawful for the LANDLORD, at his election or option, to re-enter and take possession, the TENANT hereby expressly waiving any and all notices to vacate said premises, and thereupon this Agreement shall terminate.

17. If TENANT defaults in making any payment required by this Agreement, and the LANDLORD has obtained the services of any attorney with respect to the collection thereof, the TENANT covenants and agrees to pay to the LANDLORD any costs or fees involved, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted, and if a suit is instituted, the TENANT shall also pay the costs of the suit.

18. This Agreement shall be subordinate in respect to any mortgages that are now on or that hereafter may be placed against said premises, and the recording of such mortgage or mortgages shall have preference and precedence and be superior and prior in lien to this Agreement, irrespective of the date of recording and the TENANT agrees to execute any such instrument without cost, which may be deemed necessary or desirable to further effect the subordination of this Agreement to any such mortgage or mortgages, and a refusal to execute such instrument shall entitle the LANDLORD, or the LANDLORD'S assigns and legal representatives to the option of cancelling this Agreement without incurring any expense or damage and the term hereby granted is expressly limited accordingly.

- 3 -

19. Failure of the LANDLORD to insist upon the strict performance of the terms, covenants, agreements and conditions herein contained, or any of them, shall not constitute or be construed as a waiver or relinquishment of the LANDLORD'S right thereafter to enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect.

20. In return for the TENANT'S continued fulfillment of the terms and conditions of this Agreement, the LANDLORD covenants that the TENANT may at all times while this Agreement remains in effect, have and enjoy for his sole use and benefit the property hereinabove described.

WITNESS:

_____ LANDLORD
By: _____
_____ TENANT
 Husband
_____ *Wife*

RHA 7205
RHA 7206
EDUCATIONS

HM G 4351.1

CHAPTER 5

FHA FORM NO. 2503A
Rev. 4/64

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

MODEL FORM OF LEASE
(for use under rent supplement program)

FHA PROJECT NO. _____

This Agreement made and entered into this _____ day of _____, between _____, as LANDLORD, and _____, as TENANT

WITNESSETH:

WHEREAS, LANDLORD has entered into a Rent Supplement Contract with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which provides that the Commissioner will pay a portion of the rent on behalf of qualified tenants pursuant to Section 101 of the Housing and Urban Development Act of 1965, Public Law 89-117, 89th Congress, H. R. 7984, August 10, 1965; and

WHEREAS, the Commissioner has approved the monthly rental for the unit and has reviewed an Application for Tenant Eligibility and has certified that TENANT is eligible for rent supplement payments in the amount of \$ _____ per month; and

WHEREAS, the Rent Supplement Contract provides that a recertification of TENANT's income shall be made yearly, except with respect to tenants who are 62 years of age or older, and that the rent supplement payment shall be adjusted by the Commissioner to reflect income changes shown on the recertification; and

WHEREAS, the Rent Supplement Contract requires that TENANT agree to report immediately to the LANDLORD any increase in income which will result in a monthly income of four or more times the monthly rental in order that the Commissioner may discontinue rent supplement payment; and

WHEREAS, the Commissioner may grant a temporary increase in rent supplement payments where a tenant's income has decreased due to illness, loss of job, or other hardship beyond his control; and

WHEREAS, pursuant to regulatory agreement with LANDLORD, the Commissioner may approve adjustments in the monthly rent;

NOW THEREFORE,

1. The LANDLORD leases to the TENANT and the TENANT hires from the LANDLORD dwelling unit _____ in the premises known as _____ for the term commencing on the _____ day of _____ and ending on the _____ day of _____ at a monthly rental of \$ _____
2. The monthly rental, stipulated herein, shall include the costs of all hot and cold water, janitor service, electric current, gas and heat (all of which utilities LANDLORD covenants and agrees to furnish to the TENANT at reasonable times and in reasonable amounts). LANDLORD shall not collect any charges for such utilities in addition to the monthly rental.
3. Of the monthly rental, TENANT agrees to pay, as TENANT's share, the sum of \$ _____ being the difference between the monthly rental and the aforesaid amount of monthly rent supplement payment to be made by the Commissioner pursuant to the Rent Supplement Contract.
4. TENANT further agrees, in the event the amount of monthly rent supplement payment is adjusted by the Commissioner, as provided above, to pay in lieu of the amount specified in the preceding paragraph, the difference between the monthly rental and the adjusted amount of rent supplement payment. LANDLORD agrees to give written notice to TENANT, by an addendum to be made a part of this lease, immediately upon such adjustment made by the Commissioner, stating the new amount the TENANT will be required to pay as TENANT's share of the monthly rental.
5. Said rent shall be payable monthly in advance on or before the first calendar day of each month at _____ to LANDLORD or to such other person or persons as the LANDLORD from time to time by written notice designates.
6. Unless terminated as provided herein, this lease shall be automatically renewed for successive terms of one month each at the aforesaid rental, subject to adjustment as herein provided, payable in advance without demand on the FIRST day of each month. Either party may terminate this lease at the end of the initial term or any successive term by giving 30 days written notice in advance to the other party.

- 2 -

7. TENANT agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy with respect to the amount of rent supplement benefits for which TENANT is eligible and in determining TENANT's share of the monthly rental.

8. TENANT agrees to comply promptly with all requests by the LANDLORD or the Federal Housing Commissioner for information and certifications concerning the total current family income of the TENANT, the composition of the TENANT's family and other requirements for occupancy.

9. TENANT agrees to report immediately to the LANDLORD if his monthly income increases to or is more than \$ _____ (this amount is equal to four times the monthly rental for the unit).

10. TENANT, except in the case of tenants who are 62 years of age or older, agrees that a recertification of income shall be made to the Commissioner each year from the date of the original certification by the Commissioner.

11. TENANT understands that the rent supplement payment and TENANT's share of the monthly rental is subject to adjustment to reflect these income changes and agrees to be bound by such adjustment.

12. LANDLORD and TENANT understand that, where by reason of an increase in income, TENANT is no longer entitled to rent supplement benefits, TENANT may continue to occupy the unit but in no event shall the rent exceed the monthly rental approved by the Commissioner.

13. Without LANDLORD's written consent, the TENANT shall not assign this lease; give accommodation to any roomers, lodgers, or other persons not listed in this paragraph; permit the use of the premises for any purpose other than as a private dwelling solely for the TENANT and his family, consisting of the following named persons:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

14. TENANT agrees to reimburse the Commissioner for any excess rent supplement payments made by the Commissioner during any period when an appropriate adjustment or termination of payments was not made.

(a) because of TENANT's failure to report an increase in income to the Housing Owner, as required by paragraph 9.

(b) because of TENANT's misrepresentation of statements made in TENANT's application for rent supplement payments, recertification of income or any other information furnished to LANDLORD or Commissioner, or

(c) because of TENANT's failure to supply information requested by the LANDLORD or the Commissioner.

15. TENANT for himself and his heirs, executors and administrators agrees as follows:

(a) to pay the rent herein stated promptly when due, without any deductions whatsoever, and without any obligation on the part of the LANDLORD to make any demand for the same.

(b) to keep the premises in a clean and sanitary condition, and to comply with all laws, health and policy requirements, with respect to said premises and appurtenances, and to save the LANDLORD harmless from all fines, penalties and costs for violations or noncompliances by TENANT with any of said laws, requirements, or regulations, and from all liability arising out of any such violations or noncompliance.

(c) not to use premises for any purpose deemed hazardous by insurance companies carrying insurance thereon.

(d) that if any damage to the property shall be caused by his acts or neglect, the TENANT shall forthwith repair such damage at his own expense, and should the TENANT fail or refuse to make such repairs within a reasonable time after the occurrence of such damage, the LANDLORD may, at his option, make such repairs and charge the cost thereof to the TENANT, and the TENANT shall thereupon reimburse the LANDLORD for the total cost of damages so caused.

(e) to permit the LANDLORD, or his agents, or any representative of any mortgage on the property, or when authorized by the LANDLORD the employees of any contractor, utility company, municipal agency or others, to enter the premises for the purpose of making reasonable inspections and repairs.

PROJECT PLANNING

REAL ESTATE ACQUISITION

AREA ELIGIBILITY

RHA 7205

PROJECT APPLICATIONS

RHA 7206

(f) not to install a washing machine or dryer in the apartment without the prior written approval of the LANDLORD.

(g) to have no animals or pets of any kind on the premises, other than those expressly permitted in writing by the LANDLORD.

(h) to permit the LANDLORD or his agents to bring unlawful detainer and any other appropriate legal action in the event of a breach or threatened breach by the TENANT of any of the covenants or provisions of this Lease.

(i) the TENANT, by the execution of this Agreement, admits that the dwelling unit described herein has been inspected by him, and meets with the approval of the TENANT. The TENANT acknowledges hereby that said premises have been satisfactorily completed, and that the LANDLORD will not be required to repaint, replaster, or otherwise perform any other work, labor, or service which it has already performed for the TENANT. The TENANT admits that the premises are in a tenable condition, and agrees that at the end of the occupancy hereunder to deliver up and surrender said premises to the LANDLORD in as good condition as when received, reasonable wear and tear excepted.

16. No alteration, addition, or improvements shall be made in or to the premises without the consent of the LANDLORD in writing.

17. TENANT agrees not to waste utilities furnished by the LANDLORD; not to use utilities or equipment for any improper or unauthorized purpose; and not to place fixtures, signs, or fences in or about the premises without the prior revocable permission of the LANDLORD in writing.

18. TENANT agrees to make a deposit of \$25.00 against any damage except reasonable wear done to the premises by the TENANT, his family, guest, or agent; to pay when billed the full amount of any such damage in order that the deposit will remain intact. Upon termination of this Lease, the deposit is to be refunded to the TENANT or to be applied to any such damage or any rent delinquency.

19. TENANT further agrees that if he should fail to pay the rent herein stipulated promptly when due, or should fail to comply with any and all other provisions of this Agreement, or in the event that this Agreement shall terminate pursuant to the provisions hereof, then in any of said cases it shall be lawful for the LANDLORD, at his election or option, to re-enter and take possession, the TENANT hereby expressly waiving any and all notices to vacate said premises, and thereupon this demise shall absolutely terminate.

20. If TENANT defaults in making any payment required by this Agreement, and the LANDLORD has obtained the services of any attorney with respect to the collection thereof, the TENANT covenants and agrees to pay to the LANDLORD any costs or fees involved, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted, and if a suit is instituted, the TENANT shall also pay the costs of the suit.

21. This instrument shall not be a lien against said premises in respect to any mortgages that are now on or that hereafter may be placed against said premises, and the recording of such mortgage or mortgages shall have preference and precedence and be superior and prior in lien of this Agreement, irrespective of the date of recording and the TENANT agrees to execute any such instrument without cost, which may be deemed necessary or desirable to further effect the subordination of this Agreement to any such mortgage or mortgages, and a refusal to execute such instrument shall entitle the LANDLORD, or the LANDLORD's assigns and legal representatives to the option of cancelling this Agreement without incurring any expense or damage and the term hereby granted is expressly limited accordingly.

22. Failure of the LANDLORD to insist upon the strict performance of the terms, covenants, agreements and conditions herein contained, or any of them, shall not constitute or be construed as a waiver or relinquishment of the LANDLORD's right thereafter to enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect.

23. In return for the TENANT's continued fulfillment of the terms and conditions of this Agreement, the LANDLORD covenants that the TENANT may at all times while this Agreement remains in effect, have and enjoy for his sole use and benefit the property hereinabove described.

WITNESS:

_____ LANDLORD
By: _____

_____ TENANT
 Husband

_____ s i f r

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

CIRCULAR

RHM 7465.6

8/10/70

Cancellation
Date:

SUBJECT: Prohibition of Certain Provisions
in Low-Rent Public Housing Leases

1. PURPOSE. To prohibit certain unfair or unreasonable provisions in low-rent public housing leases.
2. BACKGROUND. The question of tenant rights is an area of great neglect. Over the years, the law with respect to landlord-tenant relations has clearly been focused more on the interests of the landlord than that of the tenant. Historically, it was based on ownership and interest in land in an agrarian society. After consultation with organizations representing the Local Housing Authorities, tenants, and consideration of the new developments in Landlord and Tenant Law, HUD has decided that the kinds of lease provisions set forth in the following section were unfair and unreasonable with respect to tenants and unnecessary from the standpoint of management and should be prohibited in all Local Housing Authority leases.
3. CLASSIFICATION AND EXAMPLES OF PROHIBITED PROVISIONS.
 - a. Lease clauses which fall within the classifications listed below shall not be included in any low-rent public housing lease. If included in any existing leases, the Local Housing Authority shall take immediate steps to delete such clauses by amending existing leases, or executing new leases which do not include such clauses.
 - b. If there is any question as to whether or not a particular provision in a lease which an LHA is using or proposing to use comes within one of the prohibited classifications, the LHA should submit the lease form to the HUD Regional Counsel for clarification and opinion.

RHM 7465.6

c. Following each classification below is a lease provision which has been taken from actual LHA leases. These are included as illustrative of the kind of provision covered by that classification and which should be prohibited. There are many similar provisions which also fall within the prohibited category.

- (1) Confession of Judgment: Constitutes prior consent by tenant to any lawsuit the landlord may care to bring against him in connection with the lease and to a judgment in favor of the landlord.

Illustration

"The Tenant does hereby irrevocably constitute and appoint any attorney of any court of record in this state, for him and in his name, from time to time, * * * to confess judgment in favor of the Landlord or his assigns, and against the Tenant, for the amount due under this lease, together with the cost of such proceedings * * *."

- (2) Distrain for Rent or Other Charges: Agreement by tenant that landlord is authorized to take property of the tenant and hold it as a pledge until the tenant performs the obligation which the landlord has determined the tenant has failed to perform.

Illustration

"* * *if default shall be made in the payment of rent and any other charges due, or any part thereof, or in any of the covenants or agreements herein contained, to be kept by the Tenant, it shall be lawful for the Management or its legal representatives to re-enter into and upon said premises, or any part thereof, either with or without process of law, and repossess the same, and to distrain for any rent that may be due thereon, at the election of said Management, * * *."

- (3) Exculpatory Clauses: Agreement by tenant not to hold the landlord or landlord's agents liable for any acts or omissions whether intentional or negligent on the part of the landlord or the landlord's authorized representatives or agents.

RHM 7465-6

Illustration

"The Landlord shall not be liable for failure to supply water service or electricity and gas services for any cause whatsoever; nor shall the Landlord nor any of its representatives or employees be liable for any damage to person or property of the Tenant, his family, or his visitors, which might result from the condition of these or other premises of the Landlord, from theft or from any cause whatsoever."

- (4) Waiver of Legal Notice by Tenant Prior to Actions for Eviction or Money Judgments: Agreement by tenant that the landlord may institute suit without any notice to the tenant that the suit has been filed, thus preventing the tenant from defending against the lawsuit.

Illustration

"The Tenant does hereby irrevocably constitute and appoint any attorney of any court of record in any court in this state, for him and in his name, from time to time, to waive the issuance of process and service thereof * * *."

- (5) Waiver of Legal Proceedings: These clauses authorize the landlord to act to evict the tenant or hold or sell the tenant's possession whenever the landlord determines that a breach or default has occurred, without notice to the tenant or any determination by a court of the rights and liabilities of the parties.

Illustration

"Upon termination of said lease for any cause, the Landlord, its representative, agents or assigns, shall have the right, without further demand or notice, to reenter the leased premises and remove all persons therefrom without legal notice or the institution of any legal proceedings whatsoever, and the said Tenant further waives the benefit of any family, homestead or other exemptions and consents that the Tenant's furniture or other belongings may be held or sold by the Landlord in order to collect any rent or other sums which may be due to it."

8/70

Page 3

RHM 7465.6

- (6) Waiver of Jury Trial: These clauses authorize the landlord's lawyer to appear in court for the tenant and waive the right to a trial by jury.

Illustration

"The Tenant does hereby irrevocably constitute and appoint any attorney of any court of record in any court in this state, for him and in his name, from time to time, * * * to waive trial by jury * * *."

- (7) Waiver of Right to Appeal Judicial Error in Legal Proceedings: These clauses authorize the landlord's lawyer to waive the right to appeal for judicial error in any suit or the right to file a suit in equity to prevent the execution of a judgment.

Illustration

"The Tenant does hereby irrevocably constitute and appoint any attorney of any court of record in any court in this state, for him and in his name, from time to time * * * to make an agreement * * * waiving and releasing all errors which may intervene in any proceedings for the confession of a judgment and all rights of appeal and rights to a writ of error and agreeing that no complaint in equity shall be filed to interfere with operation of said judgment or any execution issued thereon, and consenting to an immediate execution upon such judgment."

- (8) Tenant Chargeable with Costs of Legal Actions Regardless of Outcome: These clauses provide that the tenant agrees to pay attorney's fees or other legal costs whenever the landlord decides to take action against the tenant even though the court determines that the tenant prevails in the action. This does not mean that the tenant as a party to a lawsuit may not be obligated to pay attorney's fees or other costs if he loses the suit.

Illustration

"The Resident agrees to pay the Housing Authority charges for reasonable attorney's fees if the Housing Authority must take legal action in connection with his residence; for service of legal notices * * *."

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

RHM 7465.8

2/22/71

Cancellation
Date:**SUBJECT:** Requirements and Recommendations To Be Reflected in Tenant
Dwelling Leases for Low-Rent Public Housing Projects

1. PURPOSE. To set forth standards and criteria of management-tenant relationships to be embodied in dwelling leases in the low-rent public housing program.
2. BACKGROUND.
 - a. The traditional landlord-tenant relationship has been substantially changed in recent years by State statutes in many states as well as by a long series of legal decisions. This has been particularly true in public housing, the courts indicating that Local Housing Authorities have certain duties and obligations which cannot be avoided or circumvented by contractual provisions in leases with tenants. In line with these decisions and as a result of extensive discussions involving organizations representing Local Housing Authorities and tenants, HUD recently issued Circular RHM 7465.6, dated 8-10-70, prohibiting the inclusion in public housing leases of certain unfair or unreasonable provisions.
 - b. Agreement was also reached regarding the provisions that should be included in such leases to reflect the obligations, responsibilities, and duties of both management and tenants. It was the belief of all the participants in such discussions that leases which reflect the obligations imposed upon public landlords by the courts, and the correlative obligations of tenants, would improve management-tenant relationships and promote an improved housing environment to the advantage of the low-rent housing program, its beneficiaries, and the communities in which such housing is located.

3. REQUIREMENTS.

- a. The Annual Contributions Contract between a Local Housing Authority and HUD provides in Part II, Section 203(B):

"The Local Authority shall not permit any family to occupy a dwelling in any Project except pursuant to a written lease for such dwelling executed by a responsible member of such family, which lease shall contain all relevant provisions necessary to meet the requirements of the Act and of this Contract, and which lease shall provide that the Local Authority shall not terminate the tenancy other than for violation of the terms of the lease or other good cause. In terminating a tenancy, the Local Authority shall inform the tenant in a private conference or other appropriate manner the reasons for the eviction and give the tenant an opportunity to make such reply or explanation as he may wish."

- b. To implement this provision of the Contract, all such dwelling leases shall include provisions covering:

- (1) Names of the parties to the lease and the identification of the premises leased.
- (2) The amount and due date of rental payments, and a proviso that management will accept rental payments without regard to any other charge owed by the tenant to management.
- (3) The utilities and quantities thereof to be furnished to the tenant by management.
- (4) The process by which rents and eligibility for occupancy shall be determined and redetermined including:
 - (a) The frequency of such rental and eligibility determinations.
 - (b) The information which the tenant shall supply to permit such determinations.

RHM 7465, 8

- (c) The standards by which rents, eligibility, and appropriate dwelling unit size shall be judged.
 - (d) The circumstances under which a tenant may request a redetermination of rent.
 - (e) The effect of misrepresentation by the tenant of the facts upon which rent or eligibility determinations are based.
 - (f) The time at which rent changes or notice of ineligibility shall become effective.
- (5) The limitation upon the tenant of his right to the use and occupancy of the dwellings.
 - (6) The responsibilities of the tenant in the maintenance of his dwelling and such other project areas as may be assigned to him for maintenance and upkeep, if any; and his obligations for intentional or negligent failure to do so.
 - (7) The use of separate legal process to collect monetary claims for damages.
 - (8) The responsibility of management to maintain the buildings and any unassigned community areas in a decent, safe, and sanitary condition in accordance with local housing codes and HUD regulations, and its obligations for failure to do so.
 - (9) The responsibility of management to provide the tenant with a written statement of the condition of the dwelling unit (when the tenant initially enters into occupancy and when he vacates the dwelling unit), and the conditions under which the tenant may participate in the inspection of the premises which is the basis for such statement.
 - (10) The circumstances under which management may enter the premises during the tenant's possession thereof.

2/71

GENERAL ESTIMATE ACQUISITION

AREA ELIGIBILITY
RHA 7205

PROJECT APPLICATIONS
RHA 7206

RHM 7465.8

- (11) The formalities that shall be observed by management and tenant in giving notice one to the other as may be called for under the terms of the lease.
 - (12) The circumstances under which management may terminate the lease, all limited to good cause, and the length of notice required for the tenant to exercise his right to terminate.
 - (13) The agreement that any tenant grievance or appeal from management's decision shall be resolved in accordance with LHA procedures consistent with HUD regulations covering such procedures.
 - (14) The usual signature clause attesting that the lease has been executed by the parties.
- c. No lease shall contain language which establishes less than the minimum responsibilities and obligations on each of the parties as provided in the model lease shown as Appendix 1, with respect to the above required provisions.
 - d. These provisions shall not apply to leased housing units.
4. RECOMMENDATIONS.
- a. Security deposits when required by LHAs should be limited to an amount not in excess of one month's rent, or some reasonable set amount. Provision should be made for the gradual build up of such security deposit; and any interest earned upon such security deposit should be considered money due to the tenant upon vacation of the premises less any amounts owing to management. Management should consult with tenants concerning an appropriate depository for such funds.
 - b. Penalties for late payments for rent are no longer assessed by many LHAs. Since such penalties have proved ineffective in improving rent collections and tend to exacerbate tenant-management relationships, it is strongly urged that they not be imposed.

2/71

RHM 7465.8

5. UTILITY ALLOWANCE. With respect to utility allowances (paragraph 3b(3) above), attention is called to the provisions of Circular RHM 7465.7, dated 2-1-71, on Charges to Tenants for Excess Use of Utilities in Low-Rent Public Housing Projects. This sets forth the process that shall be used in establishing reasonable amounts or quantities of utilities to be supplied, and which prohibits the imposition of utility charges unless such charges are determined by individual or check meters, or result from the use of major tenant-supplied appliances.
6. MODEL FORM OF LEASE. Appendix 1 attached hereto is one form of lease which embodies the requirements and recommendations set forth above. The lease is a model only and other language may be substituted to reflect the particular operational requirements of the project involved or the requirements of State law, so long as each lease includes provisions which establish no less than the minimum responsibilities and obligations on each of the parties provided in the model lease attached as required by paragraph 3 above.

MODEL LEASE FORM

1. DESCRIPTION OF THE PARTIES AND PREMISES. The _____

(Management) does hereby lease to

(Local Housing Authority) _____
(Tenant) the dwelling unit
described below, under the terms and conditions stated herein.

Address _____
Occupancy Date _____

2. AMOUNT AND DUE DATE OF RENTAL PAYMENTS. Monthly rent of \$ _____
shall be due and payable in advance on the _____ of each month
beginning _____ 19____. This rent will remain in effect
unless adjusted in accordance with the provisions of Section 5 hereof.

/Alternate provision may be used if it is determined that a tenant
may pay rent in installments, as per example, "monthly rent of
\$ _____ shall be due and payable in advance in _____
installments on the _____ day and _____ day of each month beginning
_____ 19____." /

3. SECURITY DEPOSIT. /Security deposits are not necessarily
required. If it is determined not to have a security deposit this
section shall be eliminated. If security deposits are utilized, the
alternate procedures for their collection are indicated. /

Tenant agrees to pay \$ _____ as a security deposit to be used by
Management at the termination of this lease toward reimbursement of
the cost of repairing any intentional or negligent damages to the
dwelling unit caused by Tenant, his family, or dependents, and any
rent or other charges owed by Tenant. Payment of the security
deposit is to be made /upon occupancy/ /by payment of \$10 upon
occupancy and \$2 per month for the following _____ months of
occupancy until the balance is paid. /

/The following provision may be used to provide for interest on
security deposits. /

Management agrees to deposit such security deposit in an interest-
bearing account, crediting such interest as may accrue to Tenant's
security deposit. Management agrees to return the security deposit,
with such accrued interest as may have been earned, to Tenant when
he vacates, less any deductions for any of the costs indicated above.
If such deductions are made, Management will give Tenant a written
statement of any such costs for damages and/or other charges to be
deducted from the security deposit. The security deposit may not be
used to pay rent or other charges while Tenant occupies the dwelling
unit.

RHM 7465.8

APPENDIX 1

4. UTILITIES. Management agrees to furnish the following utilities in accordance with the current Schedule of Utilities posted in the Project Office:

List utilities to be furnished

Management will not be responsible for failure to furnish utilities by reason of any cause beyond its control.

If heat is to be furnished by Management, add:
Management agrees to furnish heat when necessary or as specified by local law/.

If heat is to be furnished by Tenant, add:
Tenant agrees to furnish heat to the dwelling unit and agrees to maintain sufficient heat to prevent freezing of piped water. If for any reason, Tenant is unable to maintain sufficient heat, he shall immediately notify Management. Tenant will be charged for any damages resulting from his failure to maintain sufficient heat or to notify Management, unless for any cause beyond his control./

5. REDETERMINATION OF RENT, DWELLING SIZE, AND ELIGIBILITY. Once each year Once every two years if elderly tenant as requested by Management, Tenant agrees to furnish accurate information to Management as to family income, employment, and composition, for use by Management in determining whether the rental should be changed, whether the dwelling size is still appropriate for Tenant's needs, and whether Tenant is still eligible for low-rent housing. This determination will be made in accordance with the approved Schedule of Rents and Statement of Income and Occupancy Limits available in the Project Office.

- a. Rent as fixed in Section 2 hereof or as adjusted pursuant to the above will remain in effect for the period between regular rent redeterminations unless during such period:

- (1) Tenant can show a change in his circumstances (such as a decline in income) which would justify a reduction in rent pursuant to the Schedule of Rents or such other circumstances as would create a hardship situation.
- (2) Tenant commences to receive public assistance or his public assistance is terminated. Such a change must be reported to Management within ten (10) days of its occurrence.
- (3) It is found that Tenant has misrepresented to Management the facts upon which his rent is based, so that the rent he is paying is less than he should have been charged. If this is found then the increase in rent may be made retroactive.

2/71

RHA 7205

RHA 7206

ONS

APPENDIX 1

In the event of any rent adjustment pursuant to the above, Management will mail or deliver a "Notice of Rent Adjustment" to Tenant in accordance with Section 9 hereof. In the case of rent decreases, the adjustment will become effective the first of the following month. In case of rent increases, the adjustment will have effect the first of the second following month, unless the rent increase results from a finding of intentional misrepresentation under Section 5a(3) above.

- b. If Management determines that the size of the dwelling unit is no longer appropriate to Tenant's needs, Management may amend this lease by notice to Tenant, in accordance with Section 9 hereof, that Tenant will be required to move to another unit within the project in which he lives, giving Tenant a reasonable time in which to move.
- c. If Management finds that Tenant's income has increased so that it is above the approved income limits for continuing occupancy in low-rent housing, Management will then determine whether or not Tenant can, with reasonable effort, find other suitable housing.
 - (1) If Management determines that due to special circumstances Tenant will be unable to find other suitable housing, Tenant may remain in low-rent housing so long as the special circumstances exist, but the monthly rental will be increased in accordance with the approved Schedule of Rents. Management will notify Tenant of the rent adjustments in accordance with Section 9 hereof. The adjustment will become effective the first of the second following month.
 - (2) If Management determines that Tenant can, with reasonable effort, find other suitable housing, it will notify Tenant that Tenant has ____ months to find other housing and move, in accordance with Section 9 hereof.
6. OCCUPANCY OF THE DWELLING UNIT. Tenant agrees not to assign this lease, nor to sublet or transfer possession of the premises; nor to give accommodation to boarders or lodgers without the written consent of Management. Tenant further agrees not to use or permit the use of the dwelling unit for any purpose other than as a private dwelling unit solely for Tenant and his family and/or dependents. This provision does not exclude reasonable accommodation of tenant's guests or visitors. Tenant agrees to abide by such necessary and reasonable regulations as may be promulgated by Management for the benefit and well being of the housing project and the tenants.

RHM 7465.8

APPENDIX 1

7. DAMAGE AND REPAIR. Tenant shall use reasonable care to keep his dwelling unit in such condition as to prevent health or sanitation problems from arising. Tenant shall notify Management promptly of known need for repairs to his dwelling unit, and of known unsafe conditions in the common areas and grounds of the project which may lead to damage or injury. Except for normal wear and tear, Tenant agrees to pay reasonable charges for repair of intentional or negligent damage to the leased premises or project caused by Tenant, his family, or dependents. Such charges shall be billed to Tenant and shall specify the items of damages involved, correctional action taken, and the cost thereof. Management agrees to accept rental money without regard to any other charges owed by Tenant to Management, and to seek separate legal remedy for the collection of any other charges which may accrue to Management from Tenant.

Management shall maintain the buildings and common areas and grounds of the project in a decent, safe, and sanitary condition in conformity with the requirements of local housing codes and applicable regulations or guidelines of the Department of Housing and Urban Development. Management shall make all necessary repairs, alterations, and improvements to the dwelling unit with reasonable promptness at its own cost and expense, except as otherwise provided in this Section. If repairs of defects hazardous to life, health, and safety are not made or temporary alternative accommodations offered to the Tenant within seventy-two hours of Tenant's reporting same to Management, and if it was within Management's ability to correct the defect or obtain the correction thereof, then Tenant's rent shall abate during the entire period of the existence of such defect while he is residing in the unrepaired dwelling. Rent shall not abate if the tenant rejects reasonable alternative temporary accommodation.

Additional provisions may be inserted where Tenant assumes maintenance responsibilities.

8. INSPECTIONS. When Tenant moves in, Management shall inspect the dwelling unit and shall give Tenant a written statement of the condition of the dwelling unit and the equipment in it. Tenant and/or his representative may join in such inspection.

Tenant agrees that the duly authorized agent, employee, or representative of Management will be permitted to enter Tenant's dwelling unit for the purpose of examining the condition thereof or for making improvements or repairs. Such entry may be made only during reasonable hours, after advance notice in writing to Tenant of the date, time, and purpose, provided, however, that Management shall have the right to enter Tenant's dwelling unit without prior notice to Tenant if Management reasonably believes that an emergency exists which requires such entrance. Management must promptly notify Tenant in

2/71

Page 4

writing of the date, time, and purpose of such entry, and of the emergency which necessitated it.

When Tenant vacates, Management will inspect the dwelling unit and give Tenant a written statement of the charges, if any, for which Tenant is responsible. Tenant and/or his representative may join in such inspection.

9. LEGAL NOTICES. Any notice required hereunder will be sufficient if delivered in writing to Tenant personally, or to an adult member of his family residing in the dwelling unit, or if sent by certified mail return receipt requested properly addressed to Tenant, postage prepaid. Notice to Management must be in writing, and either delivered to a Management employee at the Management office of the project within which Tenant resides or at the Central office of the Local Housing Authority, or sent to Management by certified mail, properly addressed, postage prepaid.
10. TERMINATION OF THE LEASE. This lease may be terminated by Tenant at any time by giving fifteen (15) days written notice in the manner specified in Section 9.

Tenant agrees to leave the dwelling unit in a clean and good condition, reasonable wear and tear excepted, and to return the keys to Management when he vacates.

This lease may be terminated by Management at any time by the giving of written notice as set forth in Section 9, not less than thirty (30) days prior to termination. Such notice may only be given for good cause, such as nonpayment of rent, serious or repeated interference with the rights of other tenants, serious or repeated damage to the premises, creation of physical hazards, or over-income status. Notice by either party to this lease may be given on any day of the month. If Management should elect to terminate this lease, Tenant must be told in a private conference, by a duly authorized representative of Management, the reason(s) for the eviction, and must be given an opportunity to make such reply or explanation as he may wish. At the time of the conference, Tenant must be informed of:

- a. The specific reasons for the proposed eviction and the alleged facts upon which it is based; and
- b. His right to request a hearing upon the proposed eviction in the manner provided in Section 11 of this lease.

HM G 4351.1

RHM 7465.8

APPENDIX 1

11. GRIEVANCE PROCEDURE. All grievances or appeals arising under this lease shall be processed and resolved pursuant to the grievance procedure of Management which is in effect at the time such grievance or appeal arises, which procedure is posted in the Project Office and incorporated herein by reference.
12. CHANGES. This lease, together with any future adjustments of rent or dwelling unit, evidences the entire agreement between Management and Tenant. No changes herein shall be made except in writing, signed and dated by both parties.

IN WITNESS WHEREOF, the parties have executed this lease agreement
this _____ day of _____ 19____, at _____,
(City)

(State)

(Tenant)

(Local Housing Authority)

By: _____

Title: _____

RHA 7205
RHA 7206
RHA 7207
RHA 7208
RHA 7209
RHA 7210
RHA 7211
RHA 7212
RHA 7213
RHA 7214
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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.)

FORDHAM

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 programing 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.



AREA ELIGIBILITY
RHA 7205

RHA 7206
CONDITIONS



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.

7205.1

AREA ELIGIBILITY

CHAPTER 1

- (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.

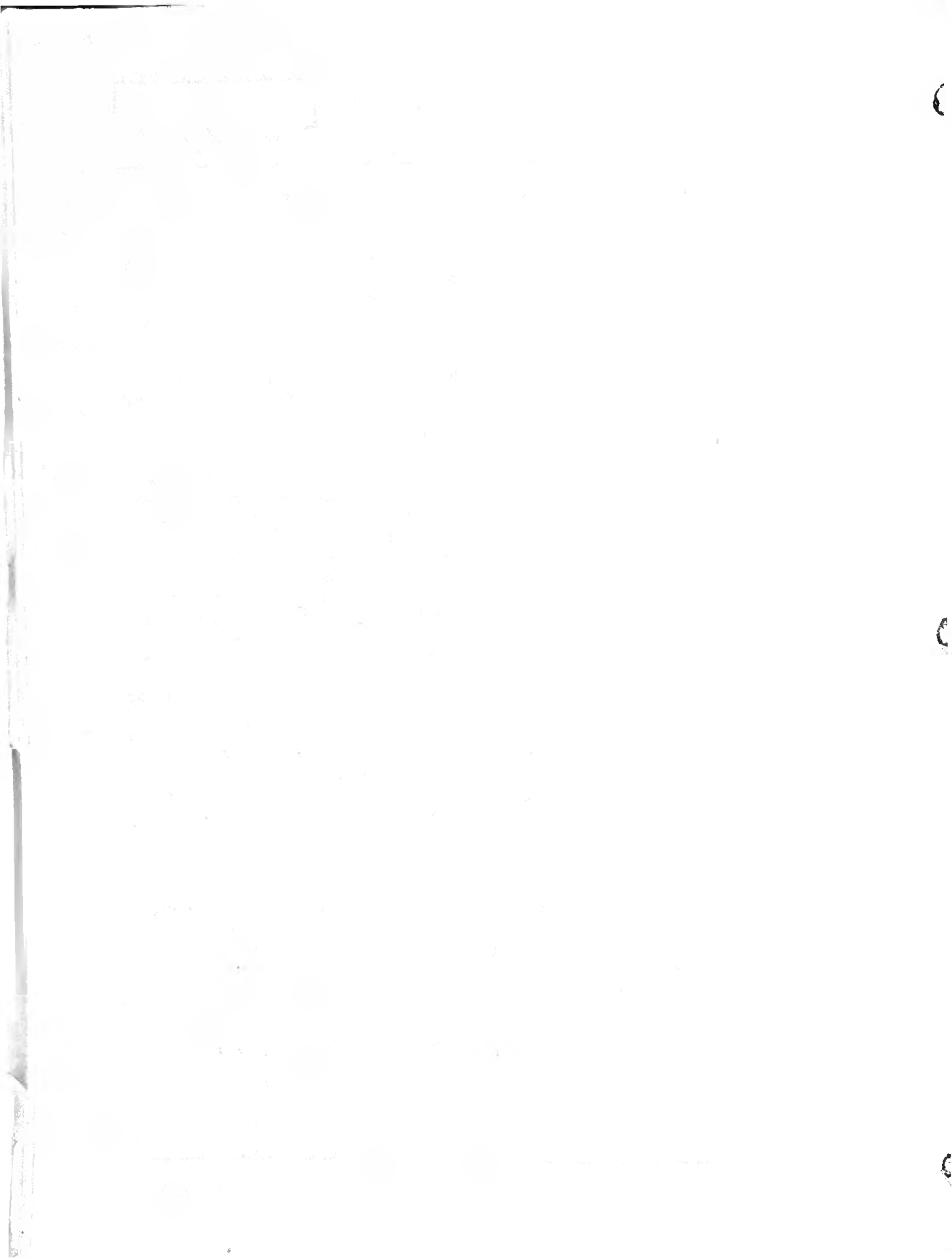
* INCLUSION OF PUBLICLY OWNED LAND IN URBAN RENEWAL AREAS

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

7205.1

AREA ELIGIBILITY
CHAPTER 2, SECTION 1

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 inappro- priately 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 CONDITIONS

JUL 14 1969

a. 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:

RHA 7205.1

AREA ELIGIBILITY
CHAPTER 2

- (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:

RHA 7205.1

AREA ELIGIBILITY

CHAPTER 2

- (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.

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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

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.

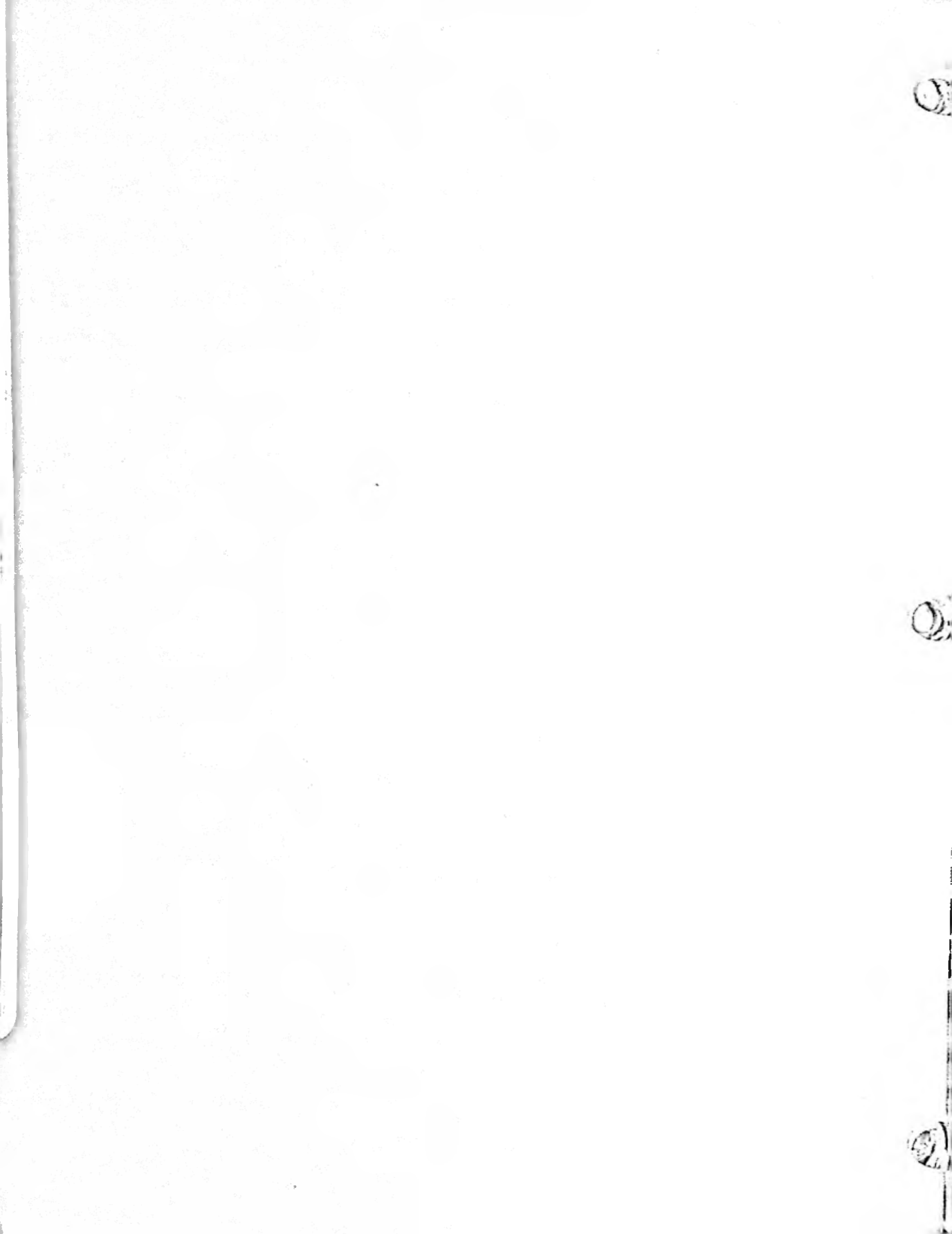
REPORTING WHEN TIME IS IMPORTANT

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."

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 1 SECTION 1

(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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 1 SECTION 1

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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 1 SECTION 1

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.
	<p><u>Budget Data</u></p>
R-131	<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.)



CIRCULAR

RHM 7206.1

Simplification Circular No. 1
Office of the Assistant Secretary for
Renewal and Housing Management

2/10/70
FORDHAM
Cancellation
Date:

SUBJECT: REVISED SURVEY AND PLANNING SUBMISSION REQUIREMENTS

1. PURPOSE. This Circular revises the checklist of data and information to be submitted with a Survey and Planning Application. The application checklist is shortened in recognition of the fact that the basic purpose of the survey and planning period of an urban renewal project is to develop a feasible plan for redevelopment and rehabilitation of the renewal area, including planning for persons and businesses who will be displaced.
2. REVISED SURVEY AND PLANNING APPLICATION CHECKLIST. In lieu of the Survey and Planning Application checklist contained in Urban Renewal Handbook 7206.1, Chapter 1, Section 1, an LPA shall submit only the following items:

<u>Code No.</u>	<u>Item To Be Submitted</u>
R 101	Form HUD-6100, Survey and Planning Application.
R 102	Form HUD-6101, Urban Renewal Area Data.
R 103	Report on Urban Renewal Area.
R 117	Report on Citizen Participation.
R 121	Estimate of Federal grant requirement.
R 131	Form HUD-627, Survey and Planning Budget.
R 134	Narrative statement in support of budget estimates.

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- R 141 Form HUD-6103A, Legal Information Report for Urban Renewal Project--Part I, if clearance and redevelopment activities are contemplated.
- R 142 Form HUD-6103B, Legal Information Report for Urban Renewal Project--Part II, if rehabilitation activities are contemplated.
- R 143 Documentation in support of Codes No. R 141 and R 142.
- R 144 Resolution of applicant authorizing filing of application.
- R 145 If LPA is not the locality, resolution of governing body of locality approving filing of application.

3. LAND ACQUISITION POLICY STATEMENT. The Land Acquisition Policy Statement, previously required to be submitted with both a Survey and Planning Application and a Part I Loan and Grant Application, may be submitted only once. It shall be submitted prior to the acquisition of any land. Whenever possible, it should cover all projects in the community and should be submitted separately from any application.

APPENDIX 1-SUGGESTED FORM OF RESOLUTION OF APPLICANT APPROVING
UNDERTAKING OF SURVEYS AND PLANS FOR AN URBAN RENEWAL
PROJECT AND FILING OF AN APPLICATION

(INSTRUCTIONS: Submit seven certified copies to HUD. 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 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 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 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 Title I, in that area proposed as an Urban Renewal Area, situated in 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 APPLICANT):

1. That the proposed Urban Renewal Area described above is √a slum, blighted, deteriorated, or deteriorating area √1/ appropriate for an urban renewal project, √that the development of such Area for predominantly nonresidential uses is necessary for the proper development of the community, √2/ 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.

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

2/ The bracketed clause is to be included only if Federal financial assistance is sought for a nonresidential exception project (see 7205.1, Area Eligibility, Chapter 2).

PROJECT APPLICATIONS
CHAPTER 1 SECTION 1 APPENDIX 1

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, and (c) the requirement that the locality present to 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 the United States of America and the Secretary of Housing and Urban Development be, and they hereby are, assured of full compliance by the (Name of 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.
5. 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, and (b) that 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.
6. That the filing of an application by the (Name of Applicant) for an advance of funds from the United States of America^{1/} in an amount not to exceed _____ dollars (\$ _____) for surveys and plans for an urban renewal project 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 execute and file such application with the Secretary of Housing and Urban Development, 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).

^{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."

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)



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."

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."

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 1 SECTION 2

(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> <p>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).</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 available information--of how the proposed</p>

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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 1 SECTION 2

Application Code No.	Item to be Submitted
T-111	<p data-bbox="519 347 1248 487">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 data-bbox="519 521 1248 661">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 data-bbox="519 694 1090 720">Estimate of Federal grant requirements:</p> <p data-bbox="519 753 1233 809">a. Cost of properties to be acquired. (See RHM 7208.1, Real Estate Acquisition, Chapter 3.)</p> <p data-bbox="519 842 1276 983">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 data-bbox="519 1016 1345 1156">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 data-bbox="519 1190 1305 1330">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 data-bbox="519 1363 1305 1485">e. Other costs, including site clearance, rehabilitation, land acquisition and disposition expenses, relocation expenses, property management, and interest.</p> <p data-bbox="519 1519 1276 1596">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

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 1 SECTION 2

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 1-SUGGESTED FORM OF RESOLUTION OF APPLICANT 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: Submit seven certified copies to HUD. See 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.)

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 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 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 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 described as follows: (Insert description of proposed Urban Renewal Area); and

WHEREAS it is the intention of the (Name of Applicant) expeditiously to prepare such surveys and plans and promptly upon completion thereof to file an application for Federal financial assistance for such an urban renewal project:

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

PROJECT APPLICATIONS
CHAPTER 1 SECTION 2 APPENDIX 1

1. That the proposed Urban Renewal Area described above is a slum, blighted, deteriorated, or deteriorating area^{1/} appropriate for an urban renewal project, that the development of such Area for predominantly nonresidential uses is necessary for the proper development of the community,^{2/} 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.

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, and (c) 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 the United States of America and the Secretary of Housing and Urban Development be, and they hereby are, assured of full compliance by the (Name of 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.

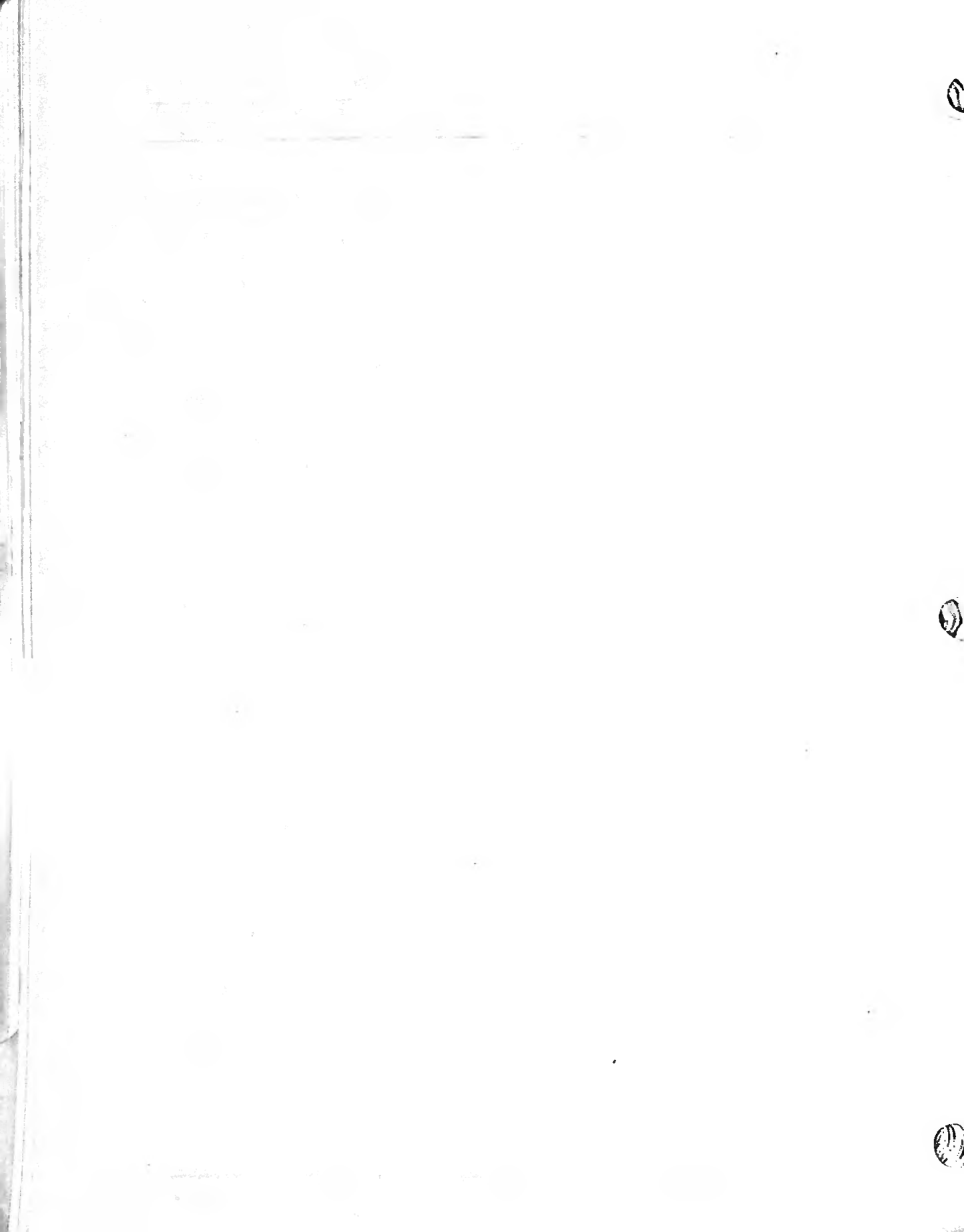
5. That it is the sense of this body (a) that a feasible method for the relocation of individuals and families displaced from the Urban Renewal Area, in conformity with the requirements of Title I, can be prepared, (b) that local grants-in-aid can and will be provided in an amount which will not be less 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

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

^{2/} The bracketed clause is to be included only if Federal financial assistance will be sought for a nonresidential exception project (see 7205.1, Area Eligibility, Chapter 1).

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 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.

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:

PROJECT APPLICATIONS
CHAPTER 2

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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

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>(a) Land in public use, identifying each type of public use.</p> <p>(b) Each property within project area in mixed use, and predominant use of each such property.</p> <p>(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>(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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

Application Code No.	Item to be Submitted
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> <p>(1) How the Urban Renewal Plan is in conformity with the general plan and the Workable Program.</p> <p>(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.</p> <p>(3) Relationship of major Urban Renewal Plan proposals to existing or proposed development in the surrounding area.</p> <p>(4) Reasons for basic physical planning decisions, particularly as related to the social or economic objectives of the community. The public facilities and</p>

Application Code No.	Item to be Submitted
	<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>(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><u>Report on Minority Group Consideration:</u></p> <p>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> <ul 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>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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

Application Code No.	Item to be Submitted
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>

Application Code No.	Item to be Submitted
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

RHM 7206.1

PROJECT APPLICATIONS

CHAPTER 2

Application Code No.	Item to be Submitted
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="554 334 1243 506">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="496 537 802 565"><u>Land Disposal Report:</u></p> <ol data-bbox="496 596 1234 1609" style="list-style-type: none"> <li data-bbox="496 596 1234 741">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="496 772 1234 944">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="496 975 1234 1609">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="547 1411 1217 1467">(1) Disposal parcel number or other identification of the land. <li data-bbox="547 1498 1035 1526">(2) Name of proposed redeveloper. <li data-bbox="547 1557 1173 1609">(3) Proposed date by which the redeveloper will acquire the land.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

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>

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2

Application Code No.	Item to be Submitted
	<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>

Application Code No.	Item to be Submitted
	<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>

RHM 7206.1
PROJECT APPLICATIONS
CHAPTER 2

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	<u>Urban Renewal Plan</u> , as approved by the governing bodies of the LPA and the locality.
R-302	<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.)
R-303	<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.)

Application Code No.	Item to be Submitted
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	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, Land Marketing and Redevelopment, Chapter 4, Section 3.)
R-312	<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.

RHM 7206.1

CIRCULAR

Simplification Circular No. 2
Office of the Assistant Secretary for
Renewal and Housing Management

2/10/70

Cancellation
Date:

FORDHAM

SUBJECT: REVISED PART I LOAN AND GRANT APPLICATION REQUIREMENTS

1. PURPOSE. This Circular revises the submission requirements in Urban Renewal Handbook RHM 7206.1, Chapter 2, Section 1, Checklist for Part I Loan and Grant Application.
2. REVISED COST ESTIMATE AND FINANCING REPORT. The checklist of items to be submitted in Code No. R 226, Cost Estimate and Financing Report, is rescinded and replaced by the following:
 - (1) Form HUD-6200, Project Cost Estimate and Financing Plan.
 - (2) Statements in support of estimates of noncash local grants-in-aid.
 - (3) Statement in support of estimate of proceeds from project land.
 - (4) Data in support of proposed sharing of net project cost.
 - (5) Form HUD-6220, Project Expenditures Budget.
 - (6) Form HUD-6121, Data Supporting Project Expenditures Budget, including statements called for on form.

For additional information on submission requirements for Code No. R 226, see Circular RHM 7215.1, Revised Part I Loan and Grant Application Requirements, and Circular RHM 7218.1, Revised Project Expenditures Budget Requirements.

3. REVISED LEGAL DATA. The checklist of items to be submitted in Code No. R 231, Legal Data, is rescinded and replaced by the following:

- (1) Resolution of applicant authorizing filing of application.
- (2) Opinion of LPA counsel respecting:
 - (a) Part I Loan and Grant Application;
 - (b) Urban Renewal Plan; and
 - (c) Proposed publication or posting of notice of public hearing on the project.

The LPA shall attach to this opinion the text of the proposed notice of the public hearing. The LPA shall use the attached Appendix as a suggested form of opinion in lieu of Appendices 2 and 4 in Urban Renewal Handbook RHM 7206.1, Chapter 2, Section 1.

- (3) 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.
- (4) 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 the providing entity as to the legality of the proposal.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 1APPENDIX 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^{1/} 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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 1

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 2-SUGGESTED FORM OF OPINION OF LPA COUNSEL RESPECTING
PART I LOAN AND GRANT APPLICATION, URBAN RENEWAL PLAN,
AND PROPOSED 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 _____ Date _____
_____ of LPA)

Gentlemen:

Re: Part I Loan and Grant Application, Urban
Renewal Plan, and Proposed 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) (hereinafter called the "Local Public Agency") in the above-identified project, 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 Part I 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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 2

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.

4. The Plan in form and substance is in accord with applicable law. The Plan, when duly approved by the (Governing Body) of the (Locality) and by _____ 4/ will be 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 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.

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.

4/ Indicate every other public body or official required by State or local law to approve the Plan before it becomes valid. If no such approval is required, insert "no other public bodies or officials".

-
- (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.

7. 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 after completion of the following actions:

(Indicate all local approvals of application, execution of proposed cooperation agreements, and any other actions required by State law as prerequisites to the authority of the applicant to carry out and finance the project and project activities described in the application)

8. 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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 2

- (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.
9. To my knowledge there is no pending or threatened litigation of any kind concerning the Plan.
10. I have examined the text of the proposed 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.
11. I have reviewed the LPA's proposed schedule for publication or posting of the notice and find that it conforms to applicable Federal, State and local law, and that said 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 community, the first publication being not less than 10 days prior to the date of the hearing.

(Signature)

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)

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

or

I. 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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 3

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)

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 project, 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.

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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 4

- (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.

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) ten^{1/} 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.)

RESOLUTION^{3/} 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.

RHM 7206.1

PROJECT APPLICATIONS
CHAPTER 2 APPENDIX 5

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;

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

^{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 ^{11/}individuals and^{12/} 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

^{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.

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.
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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

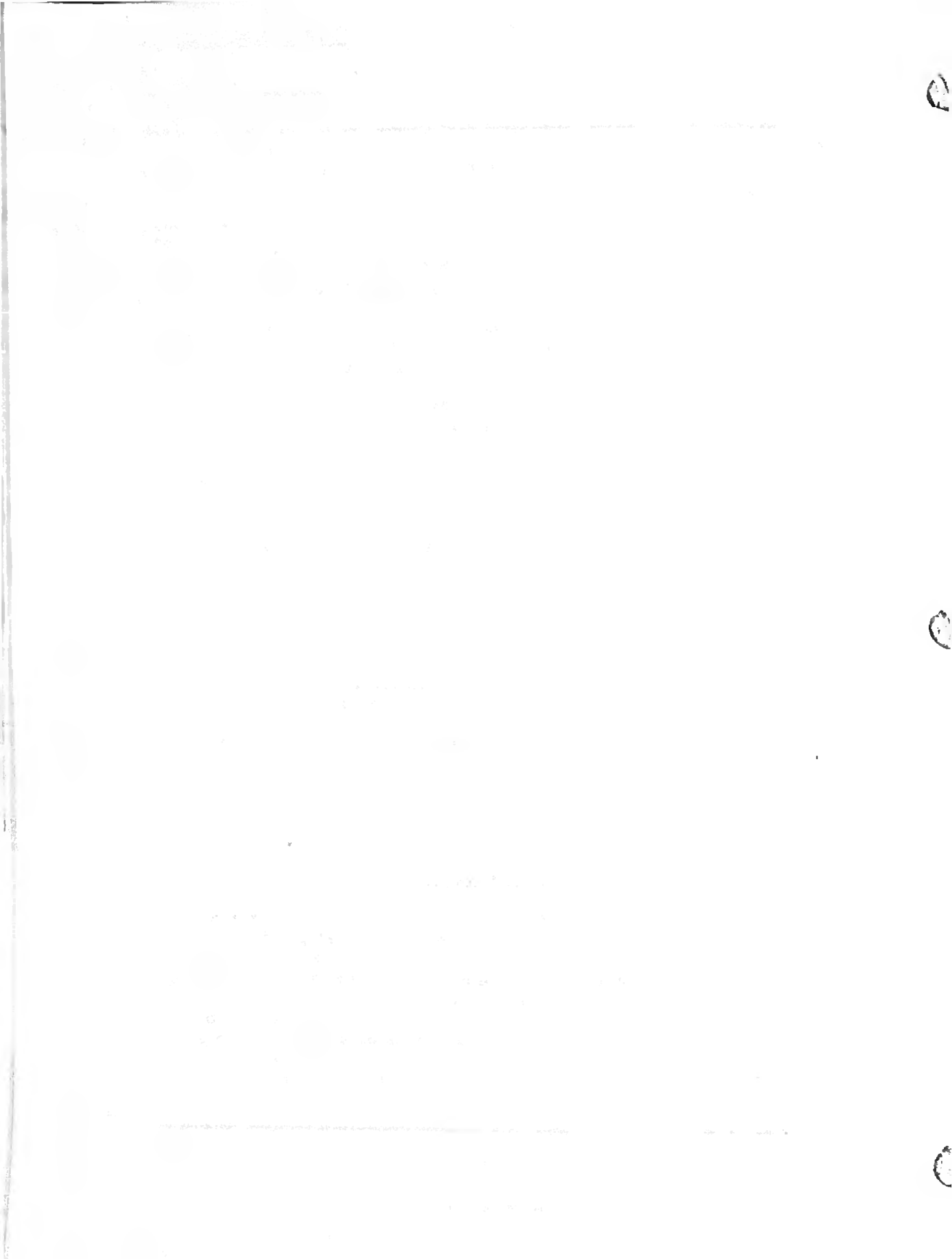
- 1/ Omit the bracketed material if the Schedule of Average Annual Gross Rentals is to be submitted later.
- 2/ Omit the bracketed material if fixed Relocation Payments are not to be made, or if the Fixed Relocation Payments Schedule is to be submitted later.
- 3/ List any Urban Renewal Plan graphic 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 2. APPLICATION FOR LOAN AND GRANT

SECTION 2. PART II LOAN AND GRANT APPLICATION

SUBMISSION OF DOCUMENTATION

Five copies of the Part II Loan and Grant Application shall be submitted to HUD in the same manner as the Part I Loan and Grant Application. The original or first copy of each code item shall be placed in Binder No. 1, and one copy in each of the other binders.

CHECKLIST FOR PART II LOAN AND GRANT APPLICATION

Application Code No.	Item To Be Submitted	Refer To Handbook
R 301	Urban Renewal Plan, as approved by governing bodies of LPA and locality.	RHA 7207.1 Chapter 4
R 302	Resolution of governing body of locality approving Urban Renewal Plan and feasibility of relocation.	RHA 7206.1 Chapter 2 Section 2 Appendix 1
R 303	Resolution of LPA governing body approving Urban Renewal Plan and conditions under which relocation payments will be made. Evidence of approvals, required by State and local law, of other official bodies is also to be submitted.	RHA 7206.1 Chapter 2 Section 2 Appendix 2
R 304	Opinion of LPA counsel respecting Urban Renewal Plan.	RHA 7206.1 Chapter 2 Section 2 Appendix 3
R 305	Executed cooperation agreements, or other binding commitments, and other evidence respecting provision of local grants-in-aid.	RHA 7215.1 Chapter 1 Section 5 Appendix 3
R 306	Certifications by donors of starting dates of local grant-in-aid work already commenced, if not previously submitted as part of Code No. R 226.	RHA 7215.1 Chapter 1 Section 2

RHA 7206.1

PROJECT APPLICATIONS
CHAPTER 2 SECTION 2

Application Code No.	Item To Be Submitted	Refer To Handbook
R 307	Affidavit of publication or posting of notice of public hearing.	RHA 7206.1 Chapter 3
R 308	Excerpts from or minutes of public hearing.	RHA 7206.1 Chapter 3
R 309	Explanation of LPA's solutions to each question raised by HUD at time of its approval of Part I Loan and Grant Application, including submission of additional documentation specifically requested by HUD.	
R 310	Disposal or cooperation agreement, plus supporting documentation, when required prior to approval of Part II for land to be redeveloped for public or nonprofit use.	RHA 7214.1 Chapter 4 Section 3
R 311	Statement as to whether or not displacement and housing resources data submitted with Part I are still valid; if not, current data on amendatory Form HUD-6122, Estimated Housing Requirements and Resources for Displaced Families, with appropriate explanation.	RHA 7212.1 Chapter 1
* R 312	Certificate of the LPA, 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.	

*

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NOV 25 1969

CIRCULAR

RHM 7206.1

Simplification Circular No. 3
Office of the Assistant Secretary for
Renewal and Housing Management

2/10/70

Cancellation

Date: APR 9 1970

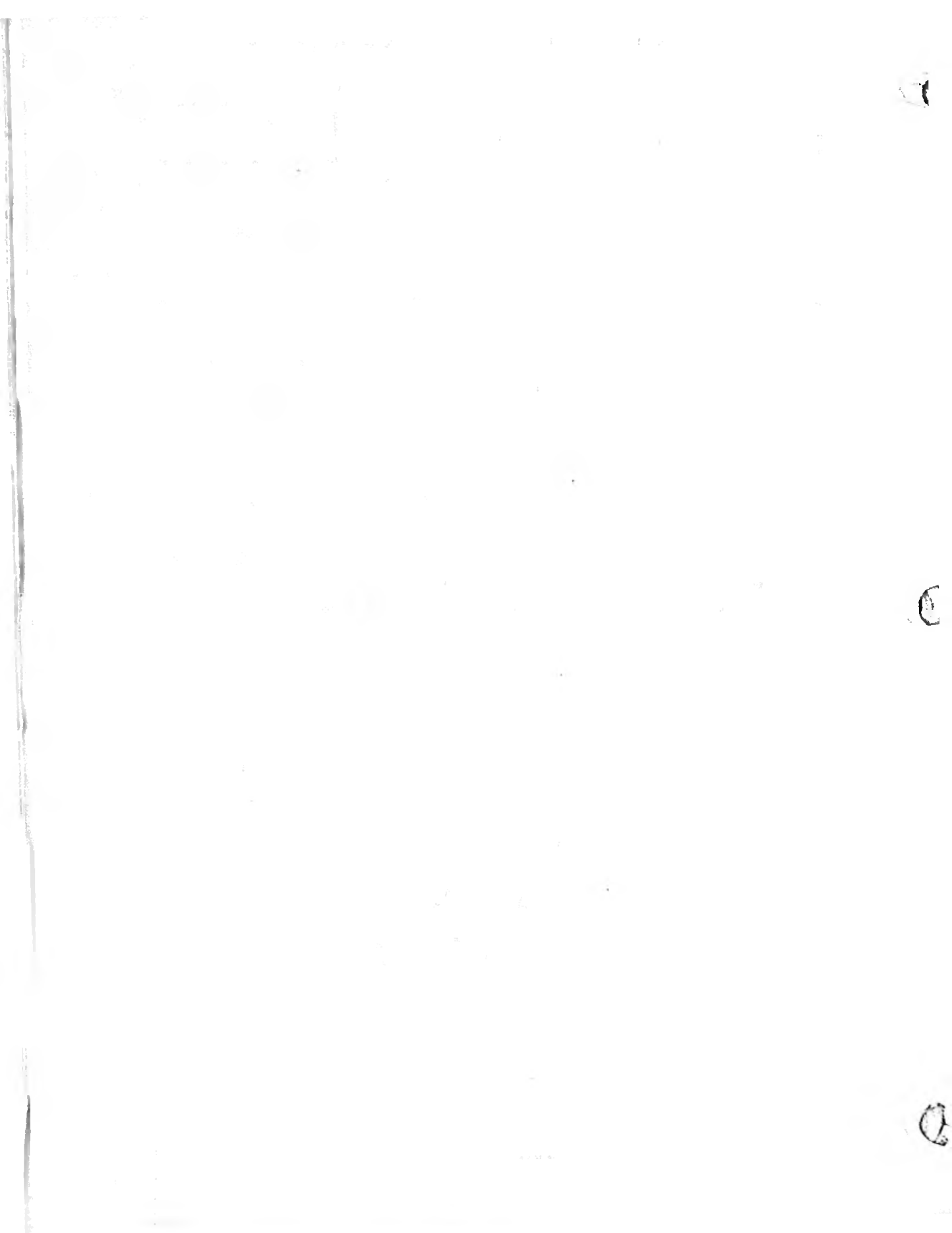
SUBJECT: REVISED PART II LOAN AND GRANT APPLICATION REQUIREMENTS

1. PURPOSE. This Circular revises the submission requirements in Urban Renewal Handbook RHM 7206.1, Chapter 2, Section 2, Checklist for Part II Loan and Grant Application.
2. ELIMINATION OF REQUIREMENTS FOR CERTIFICATION BY DONORS OF STARTING DATES OF LOCAL GRANT-IN-AID ALREADY COMMENCED. Code No. R 306, Certification by Donors of Starting Dates of Local Grant-in-Aid Work Already Commenced, is eliminated from the Part II Loan and Grant Application checklist. The LPA shall maintain in its files evidence relating to the starting date of such work.

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APR 6 1970

Law Library



APPENDIX 1-SUGGESTED FORM OF RESOLUTION OF GOVERNING BODY OF
LOCALITY APPROVING URBAN RENEWAL PLAN AND FEASIBILITY
OF RELOCATION

(INSTRUCTIONS: Submit five certified copies to HUD.1/ 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 LPA, the resolution must be appropriately revised to reflect such fact.)

RESOLUTION^{2/} 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 for the health, safety, and welfare of children residing in the general vicinity of the site covered by the Plan; and

1/ See guide form of Certificate of Recording Officer accompanying resolution in 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."

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

RHA 7206.1

PROJECT APPLICATIONS
CHAPTER 2 SECTION 2 APPENDIX 1

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

1/ 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/

2/ 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

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

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

WHEREAS the (LPA) (Governing Body) has caused to be made a competent independent analysis of the local supply of hotel and other transient housing; and1/

WHEREAS the Local Public Agency has prepared and submitted a program for the relocation of individuals and2/ 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 and2/ 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.

PROJECT APPLICATIONS
CHAPTER 2 SECTION 2 APPENDIX 1

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 Urban Renewal Plan, to (Educational Institution or Hospital) for redevelopment in accordance with the use or uses specified in the Plan,

-
- 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.

(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).71/

7. That the redevelopment of the Urban Renewal Area for predominantly nonresidential uses is necessary for the proper development of the community.72/

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.73/

11. That it is hereby found and determined that the program for the proper relocation of 7 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 of the Project; and that such dwellings or dwelling units available or to be made available to such displaced 7 individuals and 4 families are at least equal in number to the number of displaced 7 individuals and 4 families, are not generally less desirable in regard to public

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 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.

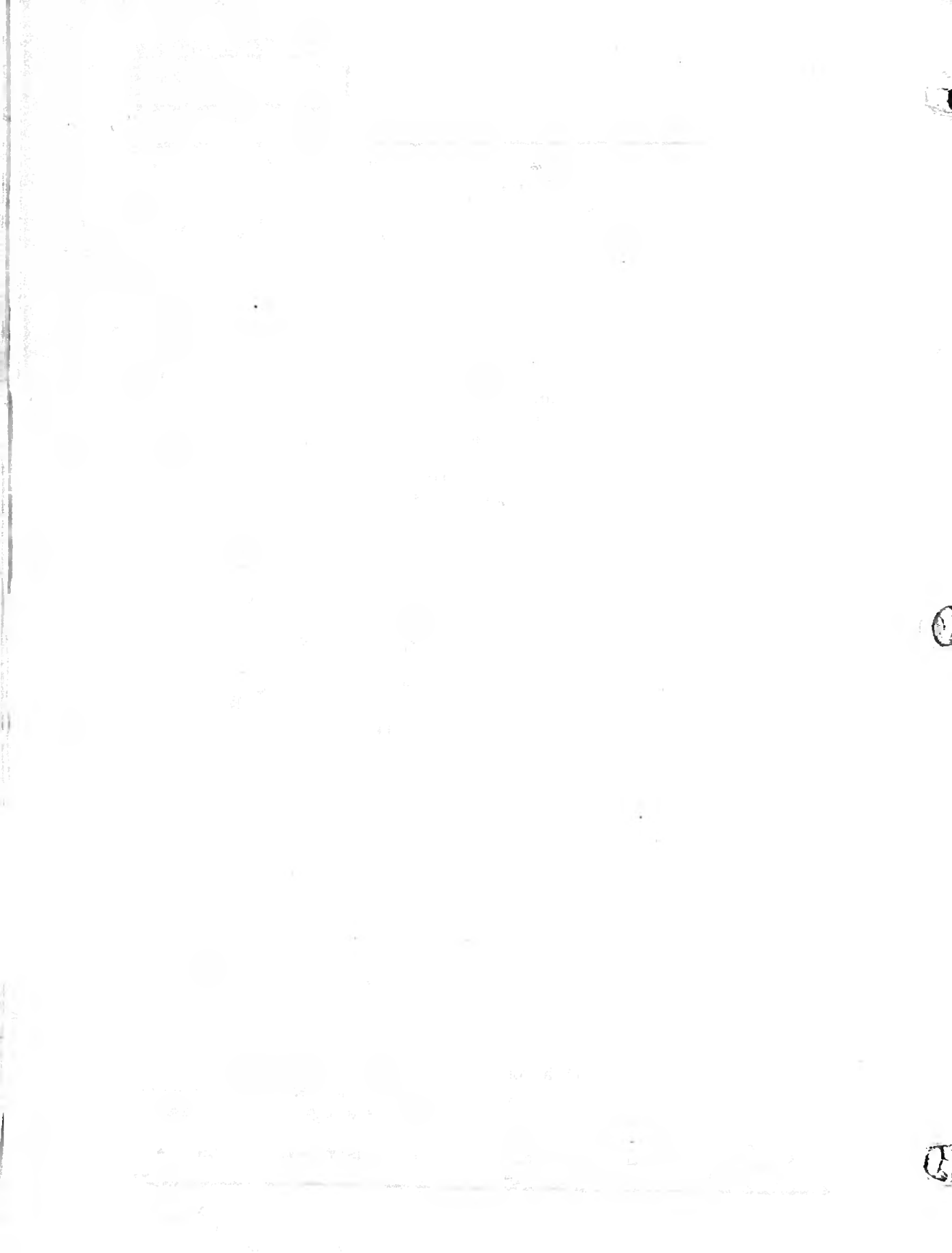
utilities and public and commercial facilities than the dwellings of the displaced individuals and^{1/} families in the Project area, are available at rents or prices within the financial means of the displaced individuals and^{1/} families, and are reasonably accessible to their places of employment.

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, 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 2-SUGGESTED FORM OF RESOLUTION OF LPA GOVERNING BODY
APPROVING URBAN RENEWAL PLAN AND CONDITIONS UNDER
WHICH RELOCATION PAYMENTS WILL BE MADE

(INSTRUCTIONS: Submit five certified copies to HUD.1/ 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 1). 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/ See guide form of Certificate of Recording Officer accompanying resolution in 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."

PROJECT APPLICATIONS
CHAPTER 2 SECTION 2 APPENDIX 2

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 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/}

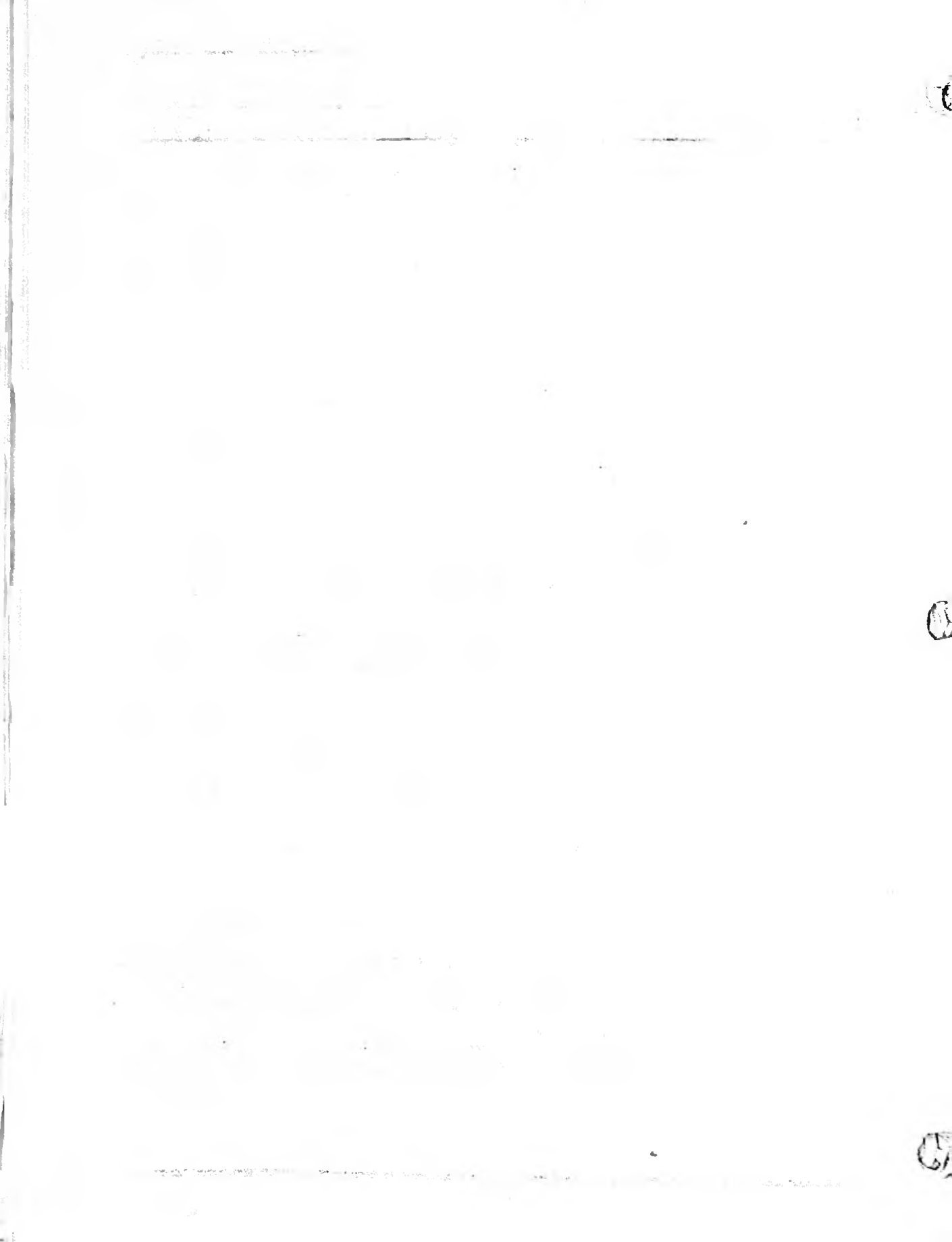
1/ If clearance is the sole treatment proposed, omit the bracketed language.

2/ Include the bracketed material only if the project is a nonresidential exception project (see 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.



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.7

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.

RHA 7206.1

PROJECT APPLICATIONS
CHAPTER 2 SECTION 2 APPENDIX 3

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.⁷

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.⁷ 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)

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

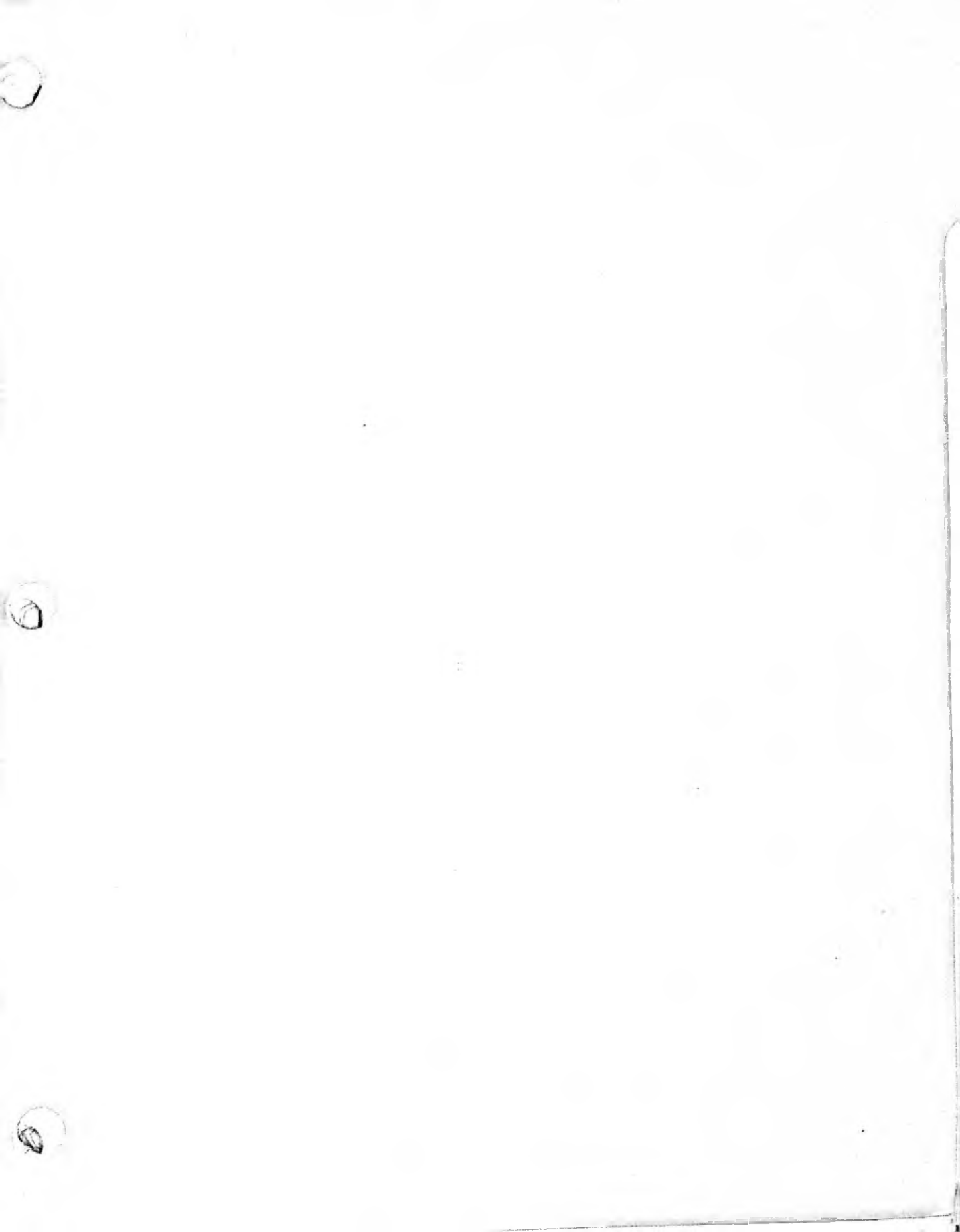
9. SUBMISSION REQUIREMENTS TO HUD. The applicant shall include with its Survey and Planning, Part I, Part II, Combined Parts I and II, or Neighborhood Development Program Application, the following (in addition to copies of the material in paragraph 5) for both the State clearinghouse and the metropolitan 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.

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.





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RHM 7384.1

5-5-70

Cancellation
Date:**SUBJECT:** Replacement of Low- and Moderate-Income Housing Units
Demolished or Removed by Urban Renewal

1. PURPOSE. This Circular sets forth initial policies and requirements for carrying out Section 210 of the Housing and Urban Development Act of 1969. That Act added a new provision (Section 105(h)) to Title I of the Housing Act of 1949, as amended, which establishes certain requirements for one-to-one replacement of low- and moderate-income housing units that are demolished or removed by an urban renewal project or a Neighborhood Development Program (NDP). The provisions of the Circular will be incorporated in a forthcoming revision of the Urban Renewal Handbook (RHM 7207.1) and the Neighborhood Development Program Handbook (RHM 7384.1).
2. REQUIREMENTS. The new Section 105(h) requirements apply to all conventional urban renewal projects for which a survey and planning contract is executed after December 24, 1969, as well as 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. For all such projects or programs that include the demolition or removal of any residential structure or structures, HUD will require that there be provided standard low- and moderate-income housing units at least equal in number to the number of units that were occupied by low- and moderate-income families and individual householders and were demolished or removed by the urban renewal project or by NDP activities in the area subject to the requirement. Replacement housing is to be provided in the area within which the LPA has jurisdiction; however, HUD may take into consideration housing outside that area, where appropriate (see paragraphs 2d and 2e). Also, if the overall vacancy rate for standard housing in the area 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 exercise the waiver provision of Section 105(h) (see paragraph 3).

An LPA seeking HUD approval for execution-type activities for any urban renewal project covered by Section 105(h) must provide assurances that the requirements of the Section will be met. The following criteria apply.

- a. Number of Replacement Units To Be Provided. The number of replacement housing units required to be provided 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, and subsequently vacated and demolished or removed.

- b. Replacement Units. Replacement housing units may be provided through rehabilitation (see paragraph 2c) 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 (see paragraph 2e).

- 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, bringing up to standards a unit that previously was deficient with respect to sanitary facilities, running water, or electrical and heating facilities, or one which was 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, there must be provided at least five replacement housing units.

- 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 Area of Jurisdiction of LPA. In order to meet the requirements of Section 105(h), 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 (see paragraph 5 below) must indicate the objectives to be realized through replacement housing units so located and acceptable assurances that the units will be provided in accordance with the timing requirements that must be met (see paragraph 7). 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.

3. WAIVER PROVISION.

- a. General. If HUD determines that the percentage of vacancies for all existing housing units in the area within which the LPA has jurisdiction 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 in the area available for occupancy by low- and moderate-income families and individual householders being displaced by the urban renewal project. Such housing units must be available on a nondiscriminatory basis.
- b. Request for Waiver. A request for waiver must be in writing and must indicate, with respect to the area within which the LPA has jurisdiction, (1) the overall vacancy rate, and (2) the availability of existing standard housing for low- and moderate-income families and individual householders to be displaced by the project. If necessary to support a waiver, HUD may request that a statistically reliable survey be conducted. Ordinarily, the request for waiver should be submitted with Part I of the Application for Loan and Grant (see paragraph 5a(2)(e)). However, if, during the time that the project is in execution, the overall vacancy rate in the area within which the LPA has jurisdiction increases to 5 percent or more, the LPA may submit a request for waiver of the Section 105(h) requirements with respect 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 that occupy or occupied structures remaining to be demolished or removed.

- c. Granting of Waiver. If a waiver is granted, HUD will advise the LPA, in writing, of the nature and extent of the waiver. Section 105(h) requirements will be waived only to the extent that HUD determines that there are existing standard housing units in the area within which the LPA has jurisdiction, which will be available for occupancy by low- and moderate-income families and individual householders being displaced by the urban renewal project. If, after a waiver has been granted, information available to HUD indicates that the overall vacancy rate in the area within which the LPA has jurisdiction has dropped below 5 percent, or that changes have taken place in the availability of standard housing 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, Section 105(h) 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.
- d. Advice and Assistance. HUD will provide technical direction and services necessary to assist the LPA in the development of the documentation required to support a request for waiver.
4. DEFINITION OF LOW- AND MODERATE-INCOME 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 Circular RHM 7207.1, dated 2-18-69, for general definitions of low- and moderate-income housing and the sources of such units.)

5. SUBMISSION REQUIREMENTS.

a. Conventional Urban Renewal Projects

(1) Survey and Planning Application.

(a) No additional submissions are required for a Survey and Planning Application under review by HUD as of December 24, 1969, or submitted prior to the date of this Circular. However, contracts for planning advances executed after December 24, 1969, will include a statement that the project is subject to the requirements of Section 105(h).

(b) A Survey and Planning Application submitted after the date of this Circular must include a statement in the applicant's resolution (Checklist Code No. R-144, R-145, T-121, or T-122) recognizing that the project will be subject to the requirements of Section 105(h).

(2) Part I - Loan and Grant Application. The Loan and Grant Application, Part I, for all projects 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 Section 105(h) 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 and 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), modified, as required, to reflect dwelling units occupied by low- or moderate-income families and individual householders.

(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, locations, type (e.g., new or rehabilitated; low-rent public or private), and date expected to be available for occupancy.

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- (d) If applicable, documentation in support of a request for consideration of replacement housing units in an area outside the jurisdiction of the LPA (see paragraph 2e).
- (e) If applicable, documentation in support of a request for waiver of Section 105(h) requirements (see paragraph 3).
- (3) Part II - Loan and Grant Application. The Loan and Grant Application, Part II, for all projects 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 of Section 105(h).
- b. NDP. The Neighborhood Development Program Handbook, RHM 7384.1, Chapter 7, Section 2, will be revised to reflect the new replacement housing requirements and the 5 percent vacancy rate criterion established in Section 105(h). Until this revision is issued, the same data as required with Parts I and II of the Loan and Grant Application for an urban renewal project will be required to be submitted with each initial and subsequent NDP application which contemplates, during the action year, the removal or demolition of units occupied by low- and moderate-income families and individual householders (see paragraph 5a(2)).
- c. Additional Submissions. When urban renewal plan changes or subsequent-year plans for urban renewal areas in an NDP which is subject to Section 105(h) requirements involve the demolition or removal of housing units not previously scheduled for removal, that were occupied by low- or moderate-income families or individual householders, the LPA must provide additional assurances that the Section 105(h) replacement housing requirements will be met. The request for HUD approval of such plans or plan changes shall include the same type of data as described in the preceding subparagraphs of this paragraph 5.
6. CONTRACT PROVISION. Loan and grant contracts for projects for which a contract for planning advance was executed after December 24, 1969, will include a provision requiring the LPA to meet the requirements of Section 105(h). Also, NDP agreements executed after December 24, 1969, for urban renewal areas subject to the requirements of Section 105(h) will contain a provision to this effect.
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7. TIMING REQUIREMENTS.

- a. Conventional Urban Renewal Projects. Only housing units located in structures, construction or rehabilitation of which begins on or after the date of approval of the Survey and Planning Application for an urban renewal project, may be counted as replacement housing. Construction or rehabilitation should proceed at a rate reflecting substantial progress toward meeting Section 105(h) requirements. As a general guideline, at least 80 percent of the required number of units should either be available for occupancy, under construction, or in process of rehabilitation at the time of project closeout.
- b. NDP. Replacement housing units for an NDP must be located in structures, construction or rehabilitation of which was begun in anticipation of replacement of the housing units to be demolished or removed by the NDP. Construction or rehabilitation of replacement housing units should proceed at a rate to assure that the units are available for occupancy within three years of the time that existing units are demolished or removed by project activities.

8. FOLLOWUP ACTION.

- a. LPA. The LPA shall establish a mechanism for reviewing progress toward the provision of replacement housing units on a regular basis. The rate of progress should correspond to the number of dwelling units demolished or removed as reported on Form HUD-6000, Physical Progress Report. In order to provide a summary of progress in compliance with Section 105(h) requirements, an annual report will be required to be submitted indicating the number of housing units demolished or removed and the number of replacement units completed, under construction or in process of rehabilitation, and planned. The report will be required to be submitted until replacement housing units at least equal in number to the number of units demolished and removed have been provided. Pending receipt of specific instructions regarding reporting requirements, the LPA should keep complete records that will yield information of the same general nature as described in paragraph 5a(2)(c) above.
- b. HUD. HUD will review progress toward the provision of replacement housing units on a regular basis and will provide all possible technical assistance and, to the extent that funds are available, financial assistance, to help achieve the rate and volume of housing production necessary to comply with Section 105(h) requirements. Periodic visits to the LPA to review progress toward compliance with the requirement for providing

low- and moderate-income housing in urban renewal projects planned for predominantly residential reuse (see Circular RHM 7207.1 dated 2-18-69) will include a review of progress toward meeting the replacement housing requirements of Section 105(h). The LPA's annual reports (see paragraph 8a) will be used by HUD to evaluate progress in providing replacement units and will be considered in future Federal funding of urban renewal projects in the locality.

9. EFFECT OF SECTION 105(h) REQUIREMENTS ON RELATED REQUIREMENTS.

- a. 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 Section 105(h) requirements. As in the past, relocation feasibility for each urban renewal project (including NDP) 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. LPA requirements in connection with the assurance of adequate relocation resources (see Urban Renewal Handbook RHM 7212.1, Chapter 1) are not affected by the requirements of this Circular.
- b. Residential Reuse Projects. Housing units provided in compliance with Section 105(f) requirements for low- and moderate-income housing in an urban renewal area planned for predominantly residential reuse (see Circular RHM 7207.1, dated 2-18-69) may also be counted in determining compliance with Section 105(h) requirements.

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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.)

- 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

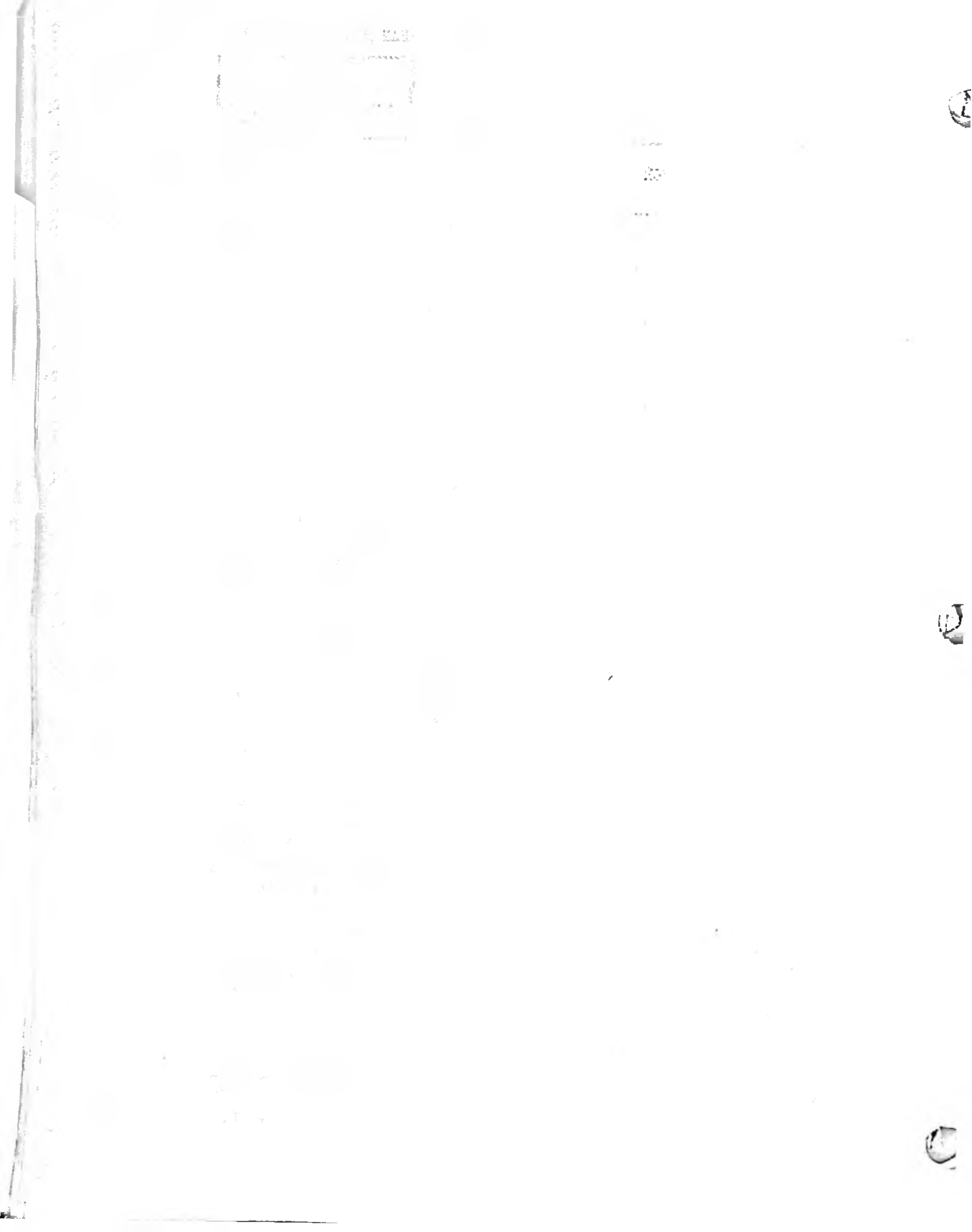
a. Clearance and Redevelopment

- (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:

- 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.)



CIRCULAR

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RHM 7207.1

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Cancellation
Date: 8-31-70**SUBJECT: Historic Preservation Activities**

The purpose of this circular is to remind all local public agencies of their responsibilities toward historic buildings, structures, and sites within urban renewal project areas.

This responsibility is clearest concerning buildings which have been placed on the National Register, created by Public Law 89-665. Recent problems in several localities have served to underscore the need to reiterate these responsibilities to all LPA's.

The Urban Renewal Handbook, RHM 7207.1, Project Planning, Chapter 2, relative to the National Register, states:

"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 for every project or in subsequent project amendatories, as appropriate.

"Information concerning the properties in each municipality listed on the National Register may be obtained from the Regional Office or from the respective state liaison officer for the National Register appointed by the State governor. LPA's should confirm the current listings prior to submissions of the Part I Loan and Grant Application for every project, because the National Register will be undergoing revisions at frequent intervals."

When a structure listed on the National Register, or another structure of equal historic interest, exists within an urban renewal project area, the local public agency should make every effort to preserve the building in concert with the remainder of its proposed project activities. The LPA should thoroughly familiarize itself with the various financial aids HUD offers it in connection with the preservation of historic

structures. These include the utilization of Title I funds to carry out historic preservation work as part of a project's gross project cost. They are described, or referred to, in the Urban Renewal Handbook, RHM 7207.1, Project Planning, Chapter 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.

7207.1

PROJECT PLANNING
CHAPTER 2

- (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 IPA 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 IPA 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.

7207.1

PROJECT PLANNING
CHAPTER 2

- (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.

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

7207.1

PROJECT PLANNING
CHAPTER 2

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
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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. LPA 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 measured 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);

7207.1

PROJECT PLANNING
CHAPTER 2

- (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;
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- (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,

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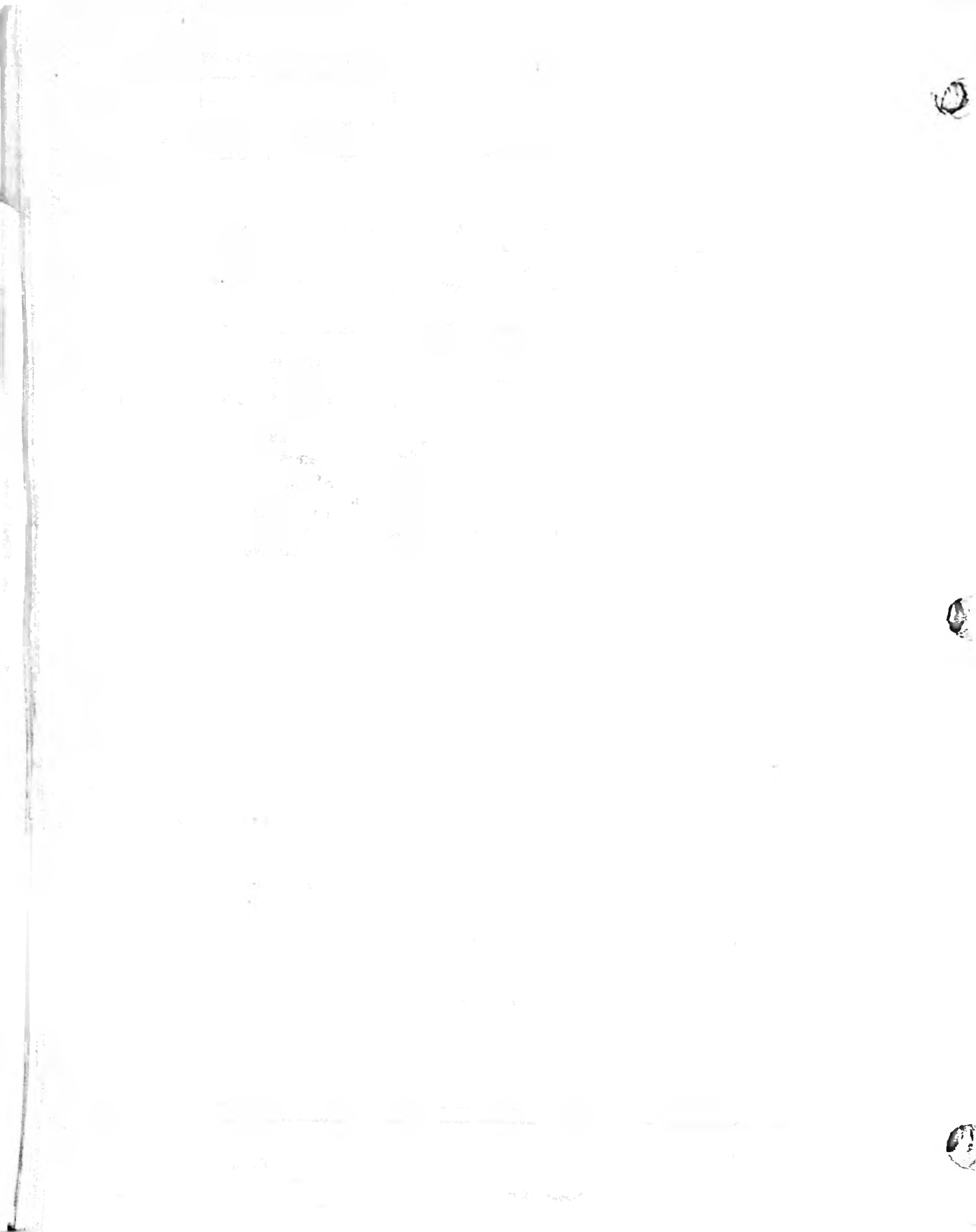
PROJECT PLANNING
CHAPTER 2

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

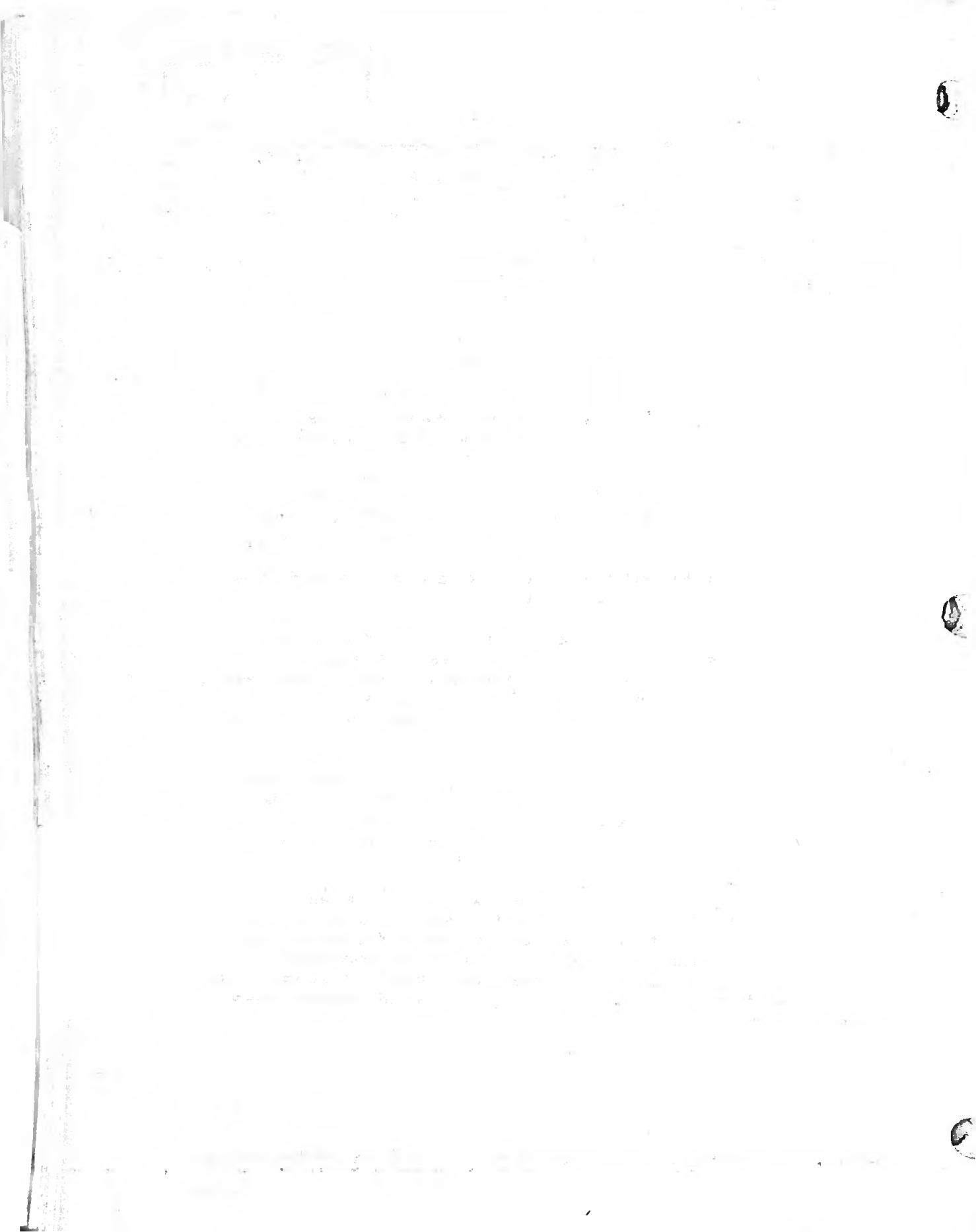
The Urban Renewal Plan must meet the requirements of Federal, State, and local law. If the requirements of State or local law conflict with the requirements set forth here, the LPA shall so advise the Regional Office.

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.



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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
<p>lished by the Plan and whose locations are fixed or which, if tentative, are subject to only minor modification.</p> <p>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.</p> <p>c. Land uses not covered by Cla and Clb</p> <p>2. Land Use Provisions and Building Requirements</p>	<p>Land uses need not be broken down in greater detail than the categories established in the local zoning ordinance.</p> <p>To be prepared for each use category mapped under Clb and Clc.</p>
<p>a. Statement of uses to be permitted</p> <p>b. Additional regulations, controls, or restrictions to be imposed by the Plan on the sale,</p>	<p>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.</p> <p>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.</p> <p>Residential uses will not be permitted in areas acquired and planned for industrial redevelopment..</p> <p>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</p>

REAL ESTATE ACQUISITION
RHA 7208

RHA 7207.1

PROJECT PLANNING
CHAPTER 4, SECTION 2

OUTLINE OF PLAN

ELEMENTS

PREPARATION

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lease, or retention of all real property acquired, and on the preservation of structures, not acquired, which are moved for historic or architectural purposes.

amendment. Reference to any documents which are not a part of the Plan will not be acceptable.

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. *

Statements covering C2a and C2b shall be so drafted that they may be recorded in public land records.

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.

- 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

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	

RHA 7207.1

PROJECT PLANNING
CHAPTER 4, SECTION 2

OUTLINE OF PLAN

ELEMENTS

PREPARATION

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
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- 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

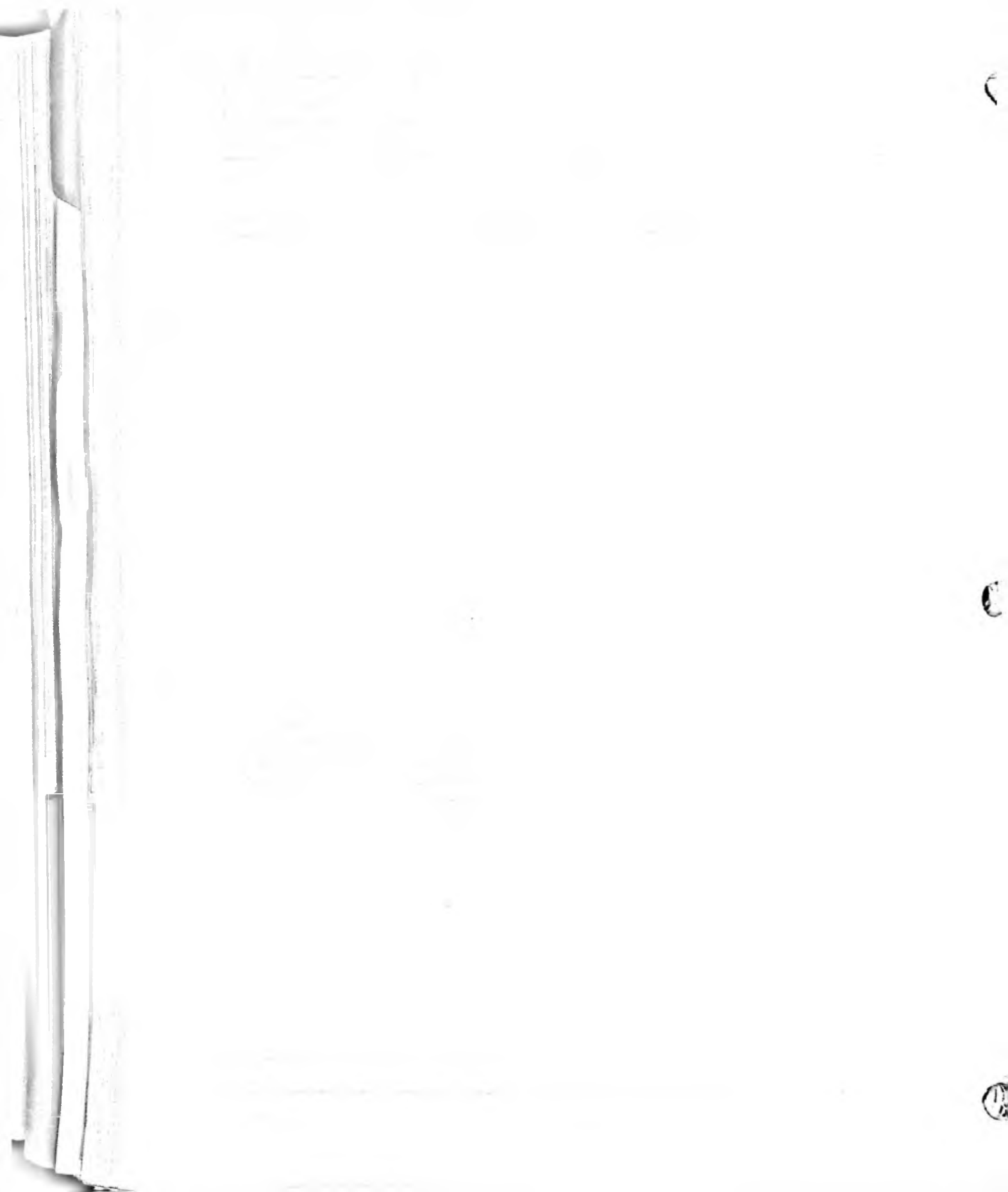
Any Plan change which causes a project to become predominantly residential must include low- and moderate-income housing provision requirements.

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REAL ESTATE ACQUISITION
RHA 7208



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;

7207.1

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.

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 Grant. 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

7207.1

PROJECT PLANNING
CHAPTER 4 SECTION 3

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,

7207.1

CHAPTER 4, SECTION 3
APPENDIX 1

- 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.

7207.1

CHAPTER 4, SECTION 3
APPENDIX 1

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

7207.1

CHAPTER 4, SECTION 3
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 /

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APPENDIX - PROCLAIMER CERTIFICATE
RELATIVE TO URBAN RENEWAL PLANAMENDMENTS, CHANGES, OR MODIFICATIONS
Aug 1 1970

(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) _____.

REAL ESTATE ACQUISITION
RHA 7208

RHM 7207.1

- 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.

April 14 1970

RHM 7207.1

- * 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 _____, 19____.]
- 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 Section 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 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.]

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

REAL ESTATE ACQUISITION
RHA 7208

RHM 7207.1

An additional legal opinion respecting the modified Plan 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 of _____ 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 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

[Signature]

CIRCULAR

RHM 7207.1

2/10/70

Simplification Circular No. 4
Office of the Assistant Secretary for
Renewal and Housing Management

Cancellation

Date:

SUBJECT: REVISED SURVEY AND PLANNING APPLICATION REQUIREMENTS

1. PURPOSE. This Circular revises the submission requirements in Urban Renewal Handbook RHM 7207.1, Chapter 5, Section 1, for Code No. R 103 of the Survey and Planning Application.
2. REVISED REPORT ON URBAN RENEWAL AREA. In Urban Renewal Handbook RHM 7207.1, Chapter 5, Section 1, the information under the heading "Report on Urban Renewal Area" is rescinded and replaced by the following:

The Report on Urban Renewal Area (Checklist Code No. R 103) shall include the following:

- (1) 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).
- (2) Map of locality clearly identifying:
 - (a) City limits.
 - (b) Boundaries of urban renewal area.
 - (c) Location of other urban renewal activities.
 - (d) 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.

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- (3) Generalized land use map of project area and vicinity, showing:
 - (a) Boundaries of urban renewal area.
 - (b) 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.
 - (4) Statement as to whether the area is subject to flooding, or has unusual topographic or subsoil conditions. Description of extent and character of the problem. (See RHM 7207.1, Project Planning, Chapter 2.)
 - (5) 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).
 - (6) Proclaimer certificate relative to eligibility of area. (See Circular RHM 7206.1, Subject: Proclaimer Certificate Relative to Eligibility of Area for Urban Renewal Treatment to Accompany Survey and Planning Application.)
 - (7) 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.

CIRCULAR

RHM 7207.1

2/10/70

Simplification Circular No. 5
Office of the Assistant Secretary for
Renewal and Housing Management

**Cancellation
Date:**

SUBJECT: REVISED PART I LOAN AND GRANT APPLICATION REQUIREMENTS

1. PURPOSE. This Circular revises the submission requirements in Urban Renewal Handbook RHM 7207.1, Chapter 5, Section 2, for a Part I Loan and Grant Application. The codes affected are Code No. R 212, Project Area Report, Code No. R 214, Report on Planning Proposals, and Code No. R 215, Report on Minority Group Considerations.
2. REVISED PROJECT AREA REPORT. In Urban Renewal Handbook RHM 7207.1, Chapter 5, Section 2, the information under the heading "Project Area Report" is rescinded and replaced by the following:

The Project Area Report (Checklist Code No. R 212) shall include:

- (1) Statement as to basis for any revisions in project boundaries from those shown in Survey and Planning Application.
- (2) Map of project area and immediately surrounding area, showing:
 - (a) Boundaries of project area.
 - (b) If the project involves both clearance and rehabilitation, boundaries of sections of area proposed for each type of treatment.
 - (c) 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

REAL ESTATE ACQUISITION
RHA 7208

SOCIAL DEVELOPMENT

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).

- (d) Existing land use of each property, including designation of:
 - (1) Land in public use, identifying each type of public use.
 - (2) Each property within project area in mixed use, and predominant use of each such property.
 - (3) Each vacant parcel within project area determined to be residential in character.
- (e) Districts, sites, buildings and structures of historic or architectural value. Identify separately those listed on the National Register.

(3) Project area data:

- (a) Form HUD-6120, Summary of Project Data. All data reported on Form HUD-6120 must be based on exterior inspections of each 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.

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.

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- (b) Proclaimer certificate relative to eligibility of area and clearance treatment. (See Circular RHM 7206.1, Subject: Proclaimer Certificate Relative to Eligibility of Area and Clearance Treatment to Accompany Loan and Grant Application.)
- (c) Justification, if applicable, of inclusion of any sizable area not meeting distribution of deficiencies test in RHM 7205.1, Area Eligibility, Chapter 1.
- (4) If applicable, evidence supporting eligibility of project under one of Categories V through XII (see 7205.1, Area Eligibility, Chapter 2).
- (5) 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.)
- (6) Statement explaining how (a) the Workable Program for Community Improvement is of sufficient scope and content to furnish a basis for evaluation of the need of the project, (b) the project area is identified for urban renewal treatment, and (c) the project proposals are generally in accord with the Workable Program. This statement is not required if the project received Federal recognition prior to August 10, 1965. Also, it is not required if (a) the requirements were satisfied when the Survey and
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Planning Application was approved, (b) pertinent proposals in the Workable Program have not undergone major change, and (c) the 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.)

- (7) 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 2e above) are of historic or architectural value. (See RHM 7207.1, Project Planning, Chapter 2, pages 4-1 and 4-2.) Also state the date and the procedure used to verify the current designation of districts, sites, structures and buildings listed on the National Register.

3. REVISED REPORT ON PLANNING PROPOSALS. In Urban Renewal Handbook RHM 7207.1, Chapter 5, Section 2, the information under the heading "Report on Planning Proposals" is rescinded and replaced by the following:

The Report on Planning Proposals (Checklist Code No. R 214) shall include:

- (1) Statement describing:
- (a) How the Urban Renewal Plan is in conformity with the general plan and the Workable Program.
 - (b) The 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.

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- (c) The relationship of major Urban Renewal Plan proposals to existing or proposed development in the surrounding area.
 - (d) The reasons for basic physical planning decisions, particularly as related to the social or economic objectives of the community.
 - (e) The public facilities and 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.
- (2) Justification for:
- (a) 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.
 - (b) Any other project activity which will have a substantially deleterious effect on such property.
- (3) 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.
- (4) If project reuse will be predominantly residential, statement which explains how low- and moderate-income housing requirements will be met:
- (a) If project received Federal recognition on or after August 2, 1968, statement explaining how a majority of the housing

units provided in the 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.

- (b) 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, subject: Low- and Moderate-Income Housing Requirements For Residential Urban Renewal Projects, for more details on this requirement.)

- (5) Proclaimer certificate relative to achieving urban renewal objectives through rehabilitation. (See Circular RHM 7207.1, Subject: Proclaimer Certificate Relative to Achieving Urban Renewal Plan Objectives through Rehabilitation to Accompany Loan and Grant Application.)

4. REVISED REPORT ON MINORITY GROUP CONSIDERATIONS. In Urban Renewal Handbook RHM 7207.1, Chapter 5, Section 2, the information under the heading "Report on Minority Group Considerations" is rescinded and replaced by the following:

The Report on Minority Group Considerations (Checklist Code No. R 215) shall include the following:

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- (1) 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: (a) the community at-large, (b) neighborhoods housing displaced families, (c) the project area before and after redevelopment, (d) schools and other public facilities serving displaced families and families living in the project area after redevelopment.
 - (2) 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 1 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.
 - (3) 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.
 - (4) 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

RHM 7207.1

shall identify the qualifications of persons consulted to represent minority groups.

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.

REAL ESTATE ACQUISITION
RHA 7208

SOCIAL DEVELOPMENT

(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.

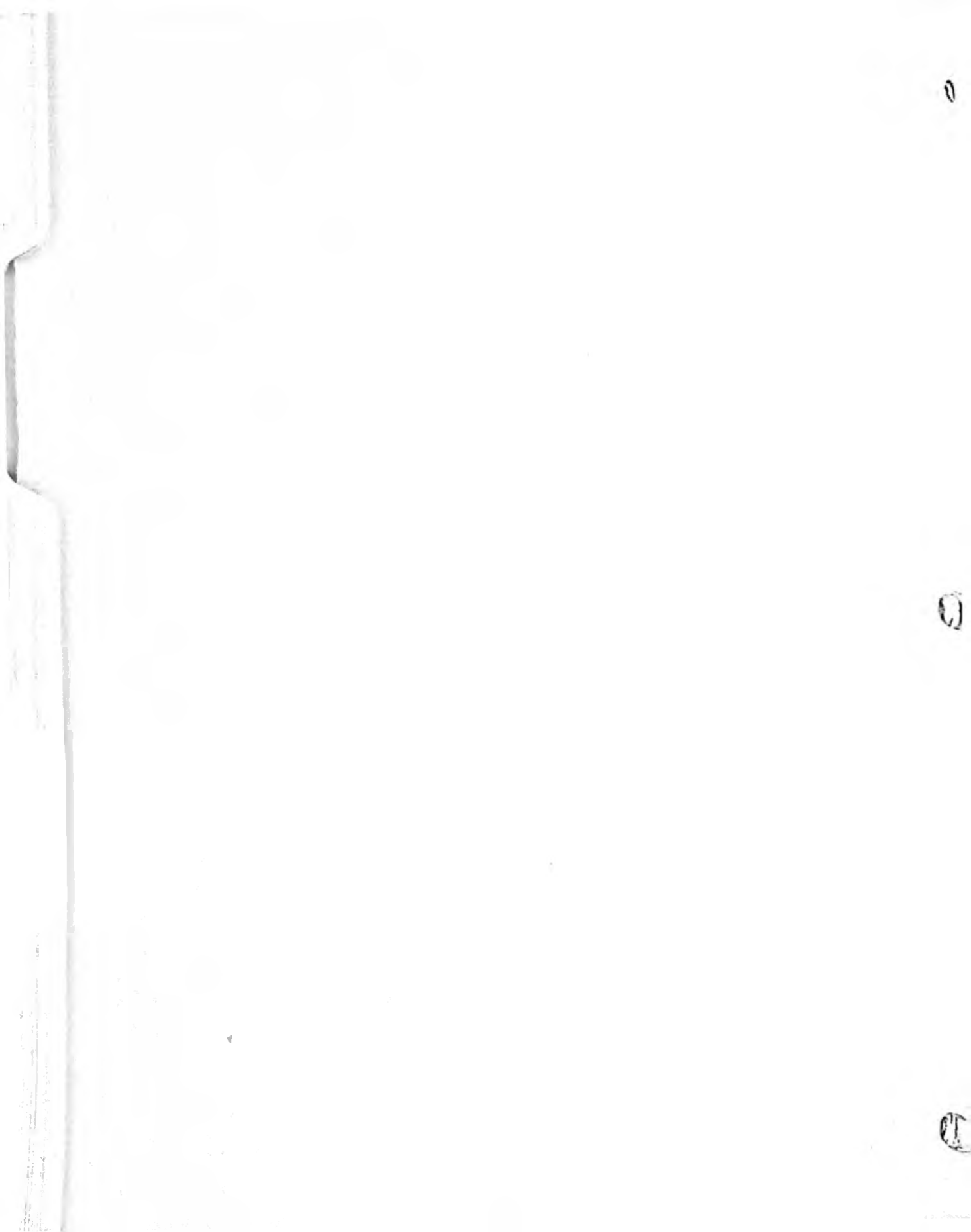
Each map shall show the names of existing streets, streams, and railroads.

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.

SOCIAL DEVELOPMENT

REAL ESTATE ACQUISITION
RHA 7208



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

URBAN RENEWAL HANDBOOK

CIRCULAR

RHM 7208.1

12/4/70

**Cancellation
Date:**

SUBJECT: Proclaimer Certificate Relative to Establishment
of Fair Market Value for Property to Be Acquired

1. PURPOSE. This Circular provides a proclaimer certificate to be used in certain circumstances in the establishment of fair market value for properties to be acquired. In these circumstances HUD concurrence in fair market value is no longer required.
2. REVISED PART I (OR COMBINED PARTS I AND II) LOAN AND GRANT REQUIREMENTS. Urban Renewal Handbook RHM 7208.1, Chapter 3, requires one complete set of acquisition appraisals to be submitted for review with a Part I Loan and Grant Application as part of the Land Acquisition Report, required as Application Code No. R 222, in RHM 7206.1, Chapter 2, Section 1 (and in RHM 7225.1, Chapter 2, Section 2, for disaster area projects). Such appraisals need not be submitted to HUD for review. *
3. ESTABLISHMENT OF FAIR MARKET VALUE OF PROPERTY TO BE ACQUIRED.
 - a. Proclaimer Procedure. Urban Renewal Handbook RHM 7208.1, Chapter 4, Section 1, requires a submission of both the first and second acquisition appraisals and any supplementary appraisals updating the first appraisals with its request for HUD concurrence in acquisition prices. HUD concurrence in acquisition prices is no longer required in certain circumstances. In these cases the appraisals do not have to be submitted to HUD. Hereafter, an LPA shall:
 - (1) Develop its own comprehensive statement of policy and procedures consistent with HUD policies and procedures and applicable statutes governing acquisition of property for urban renewal.
 - (2) Adopt by resolution of the governing body of the LPA the statement of land acquisition policy and procedures.
 - (3) File the statement and the adopting resolution with HUD, as a matter of record, within 30 days after adoption.

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- (4) Utilize the proclaimer set forth in the Appendix for acquisition of properties:
- (a) For which HUD concurrence in price has not yet been sought; i.e., for which a Form HUD-6144 has never been submitted.
 - (b) Which are not in public ownership.
 - (c) Which do not and did not at the time of filing of the Survey and Planning Application (or Request for Concurrence in Planning a Three-Fourths Grant Project with Limited Project Costs), involve any direct or indirect interest of 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.
 - (d) For which the lowest acceptable appraisal is less than \$100,000 (including fixtures which are real property) and for which the highest acceptable appraisal does not exceed the lowest acceptable appraisal by more than 15 percent or more than 25 percent for each parcel for which the lowest acceptable appraisal is less than \$7,500.
 - (e) The proclaimer procedure for real estate acquisition is not to be utilized if amounts allowable for real estate acquisitions under the latest budget (including amounts available in contingencies) is exceeded by the sum of the following^{1/}:
 - 1 Cost of property previously acquired.
 - 2 Acquisition prices previously approved by HUD
 - 3 Fair market value determinations previously made by the LPA for properties not acquired but included in prior proclaimer certificates.

^{1/} For NDP's this provision does not limit the budget flexibility of an LPA to utilize contingencies or other unobligated funds in Form HUD-6275, Expenditures Budget, for real estate acquisition (see RHM 7385.1, Chapter 1.)

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- * 4 Fair market value determinations for properties included in proclaimer being filed.
- 5 The acquisition prices of the remaining properties to be acquired as those prices were estimated for the purpose of the latest budget amount allowable for real estate acquisition.
- (f) For which the fair value determination of the LPA is not higher than the highest acceptable appraisal and no lower than the lowest acceptable appraisal.
- (5) Submit separately to HUD, on a confidential basis, within the above 30 days after adoption and prior to acquisition of any of these parcels, a columnar listing of parcels covered by the proclaimer being filed. The listing should contain the parcel number, the square feet of each parcel, the dates of all appraisals made and appraisal values of the first, second, and, if necessary, third appraisals for each parcel and the fair market value established for each parcel.
- b. Submission of Proclaimer Certificates. A Proclaimer Certificate shall be submitted in advance of acquisition for each parcel covered by the Proclaimer. No eminent domain proceedings shall be instituted until seven days after mailing of the Proclaimer Certificate to HUD. This policy applies to both conventional eminent domain proceedings and to quick-taking condemnation. *
- c. Establishment of Fair Value. The LPA shall establish the fair value of properties without HUD concurrence. It shall be prepared to fully justify and substantiate the determination of fair value at any time that it may be challenged. For single-family or duplex owner-occupants, the minimum price paid by an LPA shall be the average of the prices set forth in the independent appraisals rounded to the next lowest dollar.
- d. Procedure for Properties Not Covered by Proclaimer. For properties to be acquired which are not covered by the proclaimer procedure, as described above, the procedure in the Urban Renewal Handbook RHM 7208.1, Chapter 4, Section 1, for prior HUD concurrence in price is still applicable.

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4. THIRD APPRAISALS WITHOUT HUD CONCURRENCE. In cases where the highest acceptable appraisal exceeds the lowest acceptable appraisal by more than 15 percent or for each parcel for which the lowest acceptable appraisal is less than \$7,500, where the highest acceptable appraisal exceeds the lowest acceptable appraisal by more than 25 percent, the LPA may contract for a third appraisal, without HUD approval to obtain the third appraisal, provided Form HUD-639, Form of Agreement for Final Appraisal, is used without modification and sufficient funds are available in the budget for such appraisal. After the receipt of the third appraisal, the LPA, at its option, is permitted to use any two of the three appraisals which are within 15 percent of each other or, for each parcel for which the lowest acceptable appraisal is less than \$7,500, which are within 25 percent of each other, with regard to such two appraisals, the LPA may use the proclaimer procedure as it would have been used if the two appraisals to be used had been the original two appraisals.

If after the third appraisal, no two of the three appraisals are within 15 percent of each other, or, for each parcel for which the lowest acceptable appraisal is less than \$7,500, which are within 25 percent of each other, the HUD concurrence procedure should be used.

- * 5. CONDEMNATION PROCEDURES. Establishment of fair market value of properties by the proclaimer procedure shall constitute HUD concurrence in the institution of condemnation proceedings provided that:
- a. The LPA has negotiated for the purchase and made a final offer as required in the Urban Renewal Handbook RHM 7208.1, Real Estate Acquisition, Chapter 4, Section 2, before instituting the proceedings.
 - b. The LPA does not take any action to cause title to, or possession of, the property to be vested in the LPA before final determination of the compensation to be paid.
 - c. The property is not being required for rehabilitation and disposal by the LPA (see RHM 7210.1, Rehabilitation, Chapter 1, Section 9) or for disposal to a redeveloper for rehabilitation. *

APPENDIX - PROCLAIMER CERTIFICATE
RELATIVE TO ESTABLISHMENT OF FAIR MARKET VALUE
FOR PROPERTY TO BE ACQUIRED

(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. Each parcel, /Name/ Urban Renewal Area, Project No. _____, listed in the attachment to this proclaimer certificate has been appraised by at least two qualified, independent, professional real estate appraisers and a written and signed copy of each such appraisal is contained in the Local Public Agency files.
- 2. Each such appraisal has been reviewed by _____ (Name) _____, /a/ qualified Local Public Agency real estate advisor /on the Local Public Agency staff/ (or) /under contract to the Local Public Agency/ and all corrections, revisions, or additions requested by such reviewer have been made by the original appraisers. *
- 3. The reviewer has prepared a written report which indicates that the appraisals are complete and consistent in the factual data contained therein, comply with existing statutory and administrative requirements of the Department of Housing and Urban Development, and are acceptable for the determination of fair market value.
- 4. Based upon such appraisals and the review thereof, the Local Public Agency has established the fair market of each parcel listed herein and all documentation related to such determination is contained in the Local Public Agency files.
- * 5. The latest budget amount allowable for real estate acquisition /including amounts available in contingencies/ ^{1/} as approved by HUD on _____ (Date) _____ is not exceeded by the sum of the following:

1/ Applicable to conventional urban renewal projects, but not to NDP. *

RHM 7208.1

APPENDIX

- * a. Cost of property previously acquired.
- b. Acquisition prices previously approved by HUD for properties not acquired.
- c. Fair market value determinations previously made by the LPA for properties not acquired but included in prior proclaimer certificates.
- d. Fair market value determinations for properties included in the proclaimer being filed.
- e. The acquisition prices of the remaining properties to be acquired as those prices were estimated for the purpose of the above mentioned budget amount allowable for real estate acquisition.

LISTING OF PARCELS TO BE ACQUIRED

PARCEL NUMBER	AREA IN SQUARE FEET

*

APPENDIX

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

James M. Smith

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CHAPTER 1. OBJECTIVES AND POLICY

In carrying out its real estate acquisition program, the LPA shall:

- (1) Recognize its obligation impartially to protect the interests of all concerned, to pay fair prices to owners, and to prevent the payment of prices that are excessive.
- (2) Make every reasonable effort to reach agreement with each property owner as to the price to be paid for his property before instituting condemnation proceedings.
- (3) Use the available acquisition methods and practices in such ways as to minimize hardship to owners and tenants.
- (4) Conduct its appraisal, property inspection, negotiation, and condemnation activities so that any condition or occupancy of property in violation of law will be given rightful consideration in determining the purchase price.
- (5) Adopt effective measures to prevent speculation in the properties to be acquired.
- (6) To the degree fully consistent with the foregoing principles and the negotiation policy prescribed in RHM 7208.1, Real Estate Acquisition, Chapter 4, Section 2, acquire the properties at the lowest possible cost to the project.

COORDINATION WITH OTHER ACQUISITION PROGRAMS

The LPA shall coordinate its acquisition of project land with other public acquisition programs whenever savings in project costs can be effected. Severance damages incurred because the LPA fails to coordinate a partial taking of a parcel with the acquisition of the remainder for another public program are not eligible for inclusion in Gross Project Cost. Exceptions are made only if the LPA demonstrates that the saving of cost from moving ahead with project acquisition would more than offset the severance damage.

The LPA may pay its proportionate share of the total acquisition and demolition cost of a parcel acquired in cooperation with another agency. The total cost for land, improvements, and incidentals shall be prorated on the basis of the land area, unless another basis is * justified by the LPA and approved by the Area Office for a particular * case not involving a Federal-aid highway.

The LPA may arrange for a collaboration in the use of appraisal reports, title evidence, and negotiating services, with the costs to be shared equitably. The LPA may also agree to a consolidation of the trial of condemnation proceedings.

TIMING OF LAND ACQUISITION

Ordinarily land may be acquired as soon as the public hearing on the project has been held, the Urban Renewal Plan has been approved by the governing body of the locality, and the Contract for Loan and Grant has been authorized by HUD. In certain cases, however, HUD may authorize, and provide loan funds to finance, earlier acquisition of land as contemplated by Section 102(a) of the Housing Act of 1949, as amended (see RHM 7228.1, Other Renewal Assistance -- Early Land Acquisition).

After the effective date of the Contract for Loan and Grant, the LPA shall begin land acquisition with the least possible delay.

REMOVAL OF CERTAIN RESTRICTIONS

The LPA shall take all steps to remove or abrogate any legally enforceable provisions in any instruments which restrict the ownership, use, or occupancy of any land acquired by the LPA on the basis of race, creed, color, or national origin.

LPA LAND ACQUISITION POLICY STATEMENT

Section 402 of the Housing and Urban Development Act of 1965 requires that, as a condition of eligibility for Federal assistance under Title I of the Housing Act of 1949, the LPA shall satisfy HUD that it will follow certain prescribed policies in any acquisition of real property by eminent domain.

- * The Land Acquisition Policy Statement should only be submitted once. Whenever possible, it should cover all the urban renewal projects in the community and should be submitted separately from any application. The Land Acquisition Policy Statement should assure HUD that, in the acquisition of real property for any project or activity involved, the LPA will: *

- (1) Make every reasonable effort to acquire each property by negotiated purchase before instituting eminent domain proceedings against the property. (See RHM 7208.1, Real Estate Acquisition, Chapter 4, Section 2, under heading, "Negotiations Required Before Condemnation.")

- (2) Not require any owner to surrender the right to possession of his property until the LPA pays, or causes to be paid, to the owner (a) the agreed purchase price arrived at by negotiation, or (b) in any case where only the amount of the payment to the owner is in dispute, not less than 75 percent of the appraised fair value as approved by the LPA and concurred in by HUD. (See 7208.1, Real Estate Acquisition, Chapter 4, Section 2, under heading, "Payment to Owner Before Taking Possession.")
- (3) Not require any person lawfully occupying property to surrender possession without at least 90 days' written notice from the LPA of the date on which possession will be required. (See 7208.1, Real Estate Acquisition, Chapter 4, Section 2, under heading, "Taking Possession.")

References to eminent domain proceedings in the LPA statement include administrative takings and similar proceedings for the compulsory acquisition of real property.

ACQUISITION OF LIMITED INTERESTS IN PROPERTY TO CONTROL FUTURE USE

Limiting the interest acquired in a property to the minimum interests needed to ensure that the property and its future use and development will conform to the Urban Renewal Plan may, in some situations, provided a low-cost means of achieving the objectives of the Plan.

Acquisition of limited interests of that kind, and in the sense used in Item (1) of the Land Acquisition Report (see 7208.1, Real Estate Acquisition, Chapter 3), means acquisition of only such interest in a property as is needed to enable the LPA to require that the property and its future utilization and development by its owner and his successors in interests conform to the requirements of the Urban Renewal Plan. Although the acquisition of such an interest may be sufficient, in some cases, to accomplish the purposes of the Urban Renewal Plan with respect to the property involved, it will not give the LPA a disposable interest in the land.

The acquisition of a limited interest of this type will involve the acquisition of a negative easement or similar servitude in the land that limits the future use of the property to the uses permitted by the Urban Renewal Plan. If necessary, to make the existing property conform to the requirements of the Urban Renewal Plan, the interest acquired may also include the acquisition of the right to remove from the land one or more buildings, part of a building, or other structures that do not conform to the plan.

Acquisition of such interests, unless unlawful in the State, may be accomplished in several ways: (1) by agreement with the owner, (2) by conveyance of the interest by the owner to the LPA, (3) by condemnation of the interest after every reasonable effort has been made to acquire the interest by negotiated purchase, or (4) by conveyance by the owner of his entire interest in the property to the LPA and reconveyance of the property by the LPA to the owner subject to the land use controls and the requirements of the Urban Renewal Plan and any reservation in the LPA of the right to remove designated improvements. A conveyance and reconveyance for this purpose is regarded as an acquisition only, rather than as an acquisition and disposal of land.

Regardless of the acquisition method followed, the acquisition of a negative easement or servitude, either with or without the right to remove structures, is a partial taking in which the compensation under State law generally would be measured by before-and-after valuations.

The removal of an acquired structure may be accomplished only by the LPA's acquiring the structure, including the right to enter on the land and remove the structure, and then removing it as a project activity. Compensation cannot be paid to an owner for removal of the structure by the owner.

At the time of acquiring a limited interest in a property for the purpose of subjecting the property to the land use controls of the Urban Renewal Plan, the LPA may also obtain a voluntarily given agreement from the owner to develop or redevelop his property in accordance with the Urban Renewal Plan. An affirmative obligation by an owner to develop or redevelop his property cannot be obtained by condemnation, however. Moreover, the compensation to be paid to the property owner must be based solely on the compensation that the owner is entitled to receive for the interests and rights acquired, exclusive of any incidental agreement of the owner to develop or redevelop his property. Consequently, the device of acquiring limited interests of the type described earlier can be an assured means of achieving the objectives of the Urban Renewal Plan only with respect to properties that either conform to the plan or can be made to conform to the plan by removing part or all of the existing structures and improvements from the land.

A proposal to acquire a limited interest must, of course, be consistent with the Urban Renewal Plan. When the LPA requests HUD concurrence in a proposed price for the acquisition of a limited interest in a property, the Request for Concurrence in Acquisition Prices, Form HUD-6114, must delimit the interest to be acquired, as well as state the proposed acquisition price.

ACQUISITION OF PROPERTY FOR AIR RIGHTS PROJECT

Real estate acquisition for an air rights site in an air rights project area will include air rights in an area consisting principally of land in highways, railway or subway tracks, bridge or tunnel entrances, or other similar facilities. In an urban renewal project, the surface use of the land in which air rights may be acquired is not restricted.

Air rights includes 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 ensure continuing compatibility between the surface and airspace uses. The acquisition of real property and interests therein shall be limited to what is reasonably necessary for the foregoing purposes.

The necessary interests in land for air rights development may consist of any of the following:

- (1) Fee simple estate in the airspace and in the surface areas required for the development of the foundations, platforms, and airspace.
- (2) Fee simple estate in the land area involved, reserving to the former owner a perpetual easement for the continuation and, if appropriate, the expansion of the existing surface uses.
- (3) A perpetual easement for the construction, reconstruction, operation, and maintenance of foundations, platforms, and the housing and related facilities and uses to be developed in the airspace.
- (4) Long-term lease of the necessary land and airspace. Generally, leasing of air rights will be acceptable only if a single payment is made in advance for the entire lease term.

Air rights acquired over public streets, alleys, and other public rights-of-way must be acquired without cost to the project. This applies also to land in these areas acquired in fee simple for supporting foundations and columns, access facilities, or other eligible purpose. Air rights over other kinds of land may be acquired at fair market value of the rights acquired or at the amount by which the value of the property is diminished by reason of the severance of the air rights, whichever is the greater.

ACQUISITION OF PROPERTY AFFECTED BY COAL MINE SUBSIDENCE OR UNDER-
GROUND MINE FIRES

Section 110(e) of the Housing Act of 1949, as amended, authorizes within project costs an increase in the acquisition price paid by the LPA for property which has been damaged because of the subsidence or collapse of underlying coal mines, or underground mine fires. These amounts are in addition to amounts otherwise allowable as the price payable to the owner and are to be made only if the LPA acquires the property from an individual, family, business concern, or nonprofit organization which was the owner of the property at the time the damage first occurred. The increased amount will equal any diminution in the value of the property which is reasonably attributable to the damage and which represents a loss for which the owner has not yet received, or cannot receive, compensation from other sources.

This provision of Section 110(e) can be used only where State or local law authorizes expenditures of this nature. In such jurisdictions, the amendment may be applied to existing and future projects, and to any project property not yet acquired.

CHAPTER 2. REAL ESTATE SERVICES

SECTION 1. ACQUISITION APPRAISALS

1. GENERAL REQUIREMENT. Two satisfactory, independent appraisals are required for each parcel to be acquired.
2. EFFECT OF PROCLAIMER PROCEDURE. See Circular RHM 7208.1, "Proclaimer Procedure Relative to Establishment of Fair Market Value for Property to be Acquired" for additional and revised requirements concerning acquisition appraisals and HUD concurrence in acquisition prices. This Circular supersedes this section for parcels which are covered by the proclaimer procedure.
3. FIRST APPRAISAL OF EACH PROPERTY.
 - a. Estimate of Real Estate Purchases for Part I or Combined Part I-II Application. The first of the two acquisition appraisals provides the basis for the estimate of real estate purchases in the Part I or Combined Part I-II Loan and Grant Application (see RHM 7218.1, Budget and Budget Reports, Chapter 2, Section 3, and Form HUD-6220, Project Expenditures Budget).
 - b. Estimate of Real Estate Purchases for Application for Early Land Acquisition Loan. The first appraisals also provide the basis for the estimate of real estate purchases in the budget for an Application for Early Land Acquisition Loan or request for authorization of early land activities with local funds. The appraisals are submitted with the application or request.
 - c. Timing of Appraisals. Arrangements for the first appraisals should be timed so that the appraisers can complete these appraisals, without undue haste, shortly before the LPA expects to be ready otherwise to submit its application or request.
 - d. Preliminary Estimates. If an LPA finds that the appraisals of the parcels to be identified for acquisition in an application or request will not be completed by the time the LPA will otherwise be ready to submit its application or request, the LPA may support the estimate of real estate purchases in its budget by obtaining and submitting a preliminary estimate of payments for real estate. A preliminary estimate shall be prepared by a qualified real estate appraiser, either staff or fee, in accordance with the scope of services in Form HUD-667, Form of Agreement for Preliminary Estimates of Payments for Real Estate.

4. SECOND APPRAISAL OF EACH PROPERTY. The second set of appraisals shall be obtained promptly after HUD approves the Part I or Combined Part I-II Loan and Grant Application or, with the prior concurrence of the Area Office, while Part I or Combined Part I-II is being reviewed and processed by HUD. If an LPA finds that a still earlier procurement of the second appraisals would prevent or reduce delay in starting its negotiations with the owners, the LPA may contract for the second appraisals before it submits Part I or Combined Part I-II. The LPA must first obtain the concurrence of the Area Office in the LPA's proposed earlier procurement and in the LPA's finding, which shall be submitted with its proposal, that earlier procurement of the appraisals will enable the LPA to accelerate the start of negotiations and will not cause the appraisals to be completed substantially ahead of the time when the local governing body is expected to approve the Urban Renewal Plan and the LPA can begin its negotiations with the owners.
5. SECOND ACQUISITION APPRAISALS FOR PARCELS COVERED BY AN APPLICATION FOR EARLY LAND ACQUISITION. For an early land acquisition program, the second appraisals of the properties identified for early land acquisition may be obtained as soon as HUD approves the Application for Early Land Acquisition Loan or authorizes early land acquisition activities with local funds. With the prior concurrence of the Area Office, the second appraisals may be obtained while the LPA's application or request is being reviewed and processed by HUD.
6. ADDITIONAL APPRAISALS.
- a. Appraisals for Damages. A separate appraisal shall be obtained covering the taking of, or compensable damage to, fixtures, machinery, or equipment, if the estimates of any such damage are excluded from the appraisals of the realty.
 - b. LPA Request for Additional Appraisals. HUD may require additional appraisals. If the LPA desires additional appraisals, it shall obtain prior HUD approval.
 - c. Updating of Appraisals. When appropriate, the LPA shall have the first appraisals brought up to date or supplemented, either while the second appraisals are being prepared or immediately after they are received, so that the LPA and the Area Office will have two satisfactory and reasonably current appraisals of each property at the time the LPA requests HUD concurrence in proposed acquisition prices (see RHM 7208.1 Real Estate Acquisition, Chapter 4, Section 1). (See paragraph 2 above for additional requirements.
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7. SELECTION OF APPRAISERS. First and second appraisals and any needed fixture-damage appraisal shall be made by appraisers selected by the LPA. Appraisals in addition to the two real estate appraisals and one fixture-damage appraisal for a property shall be obtained from appraisers designated by the Area Office when HUD requests the additional appraisal and by the LPA when it initiates the request. Appraisals shall be obtained from professional appraisers in private practice unless HUD has concurred in the procurement of the services from another source. Selection of appraisers need not be by competitive bidding unless required by State or local law.
8. COMPENSATION. Fees may be established either as a lump sum or as an amount for each parcel, based on prevailing rates in the community for equivalent services. The fee shall include all services, supplies, and expenses. Compensation shall not be based on the amount of the valuation. Per diem compensation is permitted only for consulting and advisory services on an intermittent or temporary basis. Rates for testifying as an expert witness in condemnation proceedings shall be stated in the contract.
9. USE OF APPRAISERS FOR OTHER REAL ESTATE SERVICES. An appraiser shall not act as a negotiator for the LPA or the owner in the acquisition of land which he has appraised. However, in the disposal of land, he may act as a broker or redeveloper on land which he did not appraise or has appraised for acquisition purposes only.
10. FORM HUD-639, FORM OF AGREEMENT FOR FINAL APPRAISAL. The scope of appraisal services is contained in Form HUD-639, Form of Agreement for Final Appraisal. The appraisal report for each parcel shall be identified by the official parcel number as defined in RHM 7208.1, Real Estate Acquisition, Chapter 3. Where unlawful conditions or occupancy of property exist, the LPA shall provide any legal guidance needed by the appraiser in taking such conditions into account in his opinion of fair market value.
11. AWARD OF APPRAISAL CONTRACTS WITHOUT HUD CONCURRENCE. The LPA may contract for appraisal services without HUD concurrence as long as the contract does not necessitate an increase in the budget line item for the service involved.
12. CONTRACTS REQUIRING PRIOR HUD CONCURRENCE. For contracts which require HUD concurrence, the LPA shall submit:
 - a. Two copies of the proposed form of contract, if Form HUD-639 is not to be used.

- b. Explanation of any deviations from Form HUD-639 in the proposed form of contract.
 - c. Explanation and justification of any proposals which are not in accordance with HUD requirements.
13. EVIDENCE SUPPORTING APPRAISAL CONTRACTS. The LPA files shall contain a full record of all actions respecting each appraisal contract, including:
- a. Resolution of the LPA governing body authorizing the award of the contract.
 - b. If more than one appraiser was considered, identification of others considered, summary of bids or proposals received, and, if the low bid or proposal is not accepted, statement of the considerations governing the selection of the appraiser.
 - c. If only one appraiser was considered, explanation of the basis for the selection.
 - d. Actions taken to determine the prevailing rates in the locality for equivalent services, and statement of the basis for the LPA's determination of the amount of compensation provided in the proposed contract.
 - e. Signed statement by the appraiser setting forth his technical qualifications, general appraisal experience, specific experience in appraising properties of the type involved in the project, the courts in which he has testified as an expert witness, and other information pertinent to establishing his professional qualifications.
 - f. Signed statement by the appraiser that no conflict of interest is involved in the performance of the services. The statement shall conform to Item 15 of Form HUD-639.
14. EVIDENCE SUPPORTING APPRAISAL CONTRACTS FOR APPRAISERS DESIGNATED BY HUD. Only items d, e, and f in paragraph 13 above are required in the case of appraisers designated by HUD.
15. CONTRACTS OR AGREEMENTS WITH PUBLIC AGENCIES. Arrangements to secure appraisal services through other public agencies or entities shall be made in accordance with the requirements in RHM 7217.1, LPA Administration, Chapter 2.
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CHAPTER 2. REAL ESTATE SERVICES

SECTION 2. REAL ESTATE NEGOTIATIONS

Real estate negotiations may be performed by qualified members of the LPA staff or by experienced real estate brokers under contract.

The LPA shall employ a sufficient number of negotiators, staff and fee, to ensure that all owners of properties to be acquired will be interviewed promptly and that the real estate acquisition program will be completed expeditiously.

CONTRACT SERVICES

The LPA may contract for option negotiation services without HUD concurrence, provided that:

- (1) The contract conforms to Form HUD-6143, Form of Agreement for Services of Real Estate Agent, and the provisions of this Section.
- (2) The LPA's records contain evidence that the compensation to be paid (a) is within the approved budget amount for such services, and (b) complies with the requirements prescribed below under the heading "Compensation."
- (3) The LPA's records contain evidence that the contractor is qualified, including a signed statement of the negotiator setting forth his qualifications and experience in negotiating the purchase of real property.
- (4) The contract is approved and authorized by the LPA governing body.

COMPENSATION

Fees for negotiation services shall be reasonable and proper and shall not exceed those customarily paid by other public agencies in the same locality for equivalent services. The LPA, unless it is also the agency responsible for low-rent public housing projects, shall confer with the LHA to ensure that the rates of compensation to be paid by the LHA and LPA in the future will be consistent. If the proposed basis or rates of compensation for the two programs are not consistent, the LPA shall so inform the Regional Office and obtain the concurrence of the Regional Office in a compensation schedule before executing any contracts for negotiation services.

The compensation shall not exceed fees computed in accordance with the following schedule for offers to sell obtained by the negotiator and accepted by the LPA.

Approved Valuation

Less than \$2,000	\$25 plus 3% of excess above \$500
\$2,000 to \$5,000	\$70 plus 2% of excess above \$2,000
\$5,000 to \$10,000	\$130 plus 1 $\frac{1}{2}$ % of excess above \$5,000
\$10,000 to \$20,000	\$205 plus 1% of excess above \$10,000
\$20,000 to \$50,000	\$305 plus 2/3% of excess above \$20,000
\$50,000 to \$200,000	\$505 plus 0.2% of excess above \$50,000
\$200,000 or more	\$805 plus 0.1% of excess above \$200,000

Approved Valuation as used in this schedule means the acquisition price first concurred in by HUD. If this price is subsequently revised, the revision shall not affect the amount of the fee to be paid.

If title to more than one parcel is in the same owner, the fee for all options obtained by the negotiator from that owner and accepted by the LPA shall be the amount of the fee provided by the schedule for the parcel having the highest approved valuation, plus one-half of the scheduled fee for each of the remaining parcels. All parcels in the same ownership shall be assigned to one negotiator.

No fee shall be paid with respect to:

- (1) Property acquired from the Federal government, a State, a political subdivision thereof, or an agency or instrumentality of the Federal, State or local government.
- (2) Property acquired from a member of the governing body of the municipality or the LPA or any official or employee of the municipality or the LPA who performs any responsible function in connection with the project.

- (3) Property donated to the project as a local grant-in-aid.
- (4) Property on which an offer to sell is not accepted by the LPA.

A uniform flat fee per parcel or a schedule providing incentive payments based on the percentage of the assigned parcels successfully optioned may be used even if it establishes fees for some parcels above the foregoing schedule of maximum fees, provided that the aggregate of the fees under each contract, assuming offers to sell are obtained by the negotiator and accepted by the LPA for all parcels under the contract, would not exceed the aggregate fees that would be paid for the same performance under the prescribed schedule of maximum fees.

TIMING OF SERVICES

Contracts for negotiating services may be executed in the planning stage if provision is made in the survey and planning budget for costs to be incurred for negotiating services to be started before HUD approves the Part II Loan and Grant Application. Negotiations for the acquisition of properties may begin as soon as the governing body of the locality has approved the Urban Renewal Plan and HUD has concurred in acquisition prices for the properties involved.

In an early land acquisition program, contracts for negotiating services may be executed as soon as HUD has (1) approved the Application for Early Land Acquisition Loan and the budget for such activities, or (2) authorized the LPA to undertake early land acquisition activities with local funds. Negotiations may then begin for properties for which HUD has concurred in proposed acquisition prices.

INSTRUCTIONS TO NEGOTIATORS

Before executing each contract for negotiation services, the LPA shall assure itself, through a conference with the negotiator, that the negotiator understands and will conform to the policies and requirements that govern negotiations and the acquisition of properties, as prescribed in 7208.1, Real Estate Acquisition, Chapter 4, Section 2, and in the contract for his services, Form HUD-6143. To ensure that the negotiator fully understands his duties and responsibilities, the LPA shall review the proposed service contract with the negotiator and furnish him complete information with respect to:

- (1) Objectives of the acquisition program and the policy and requirements governing negotiation methods and practices (7208.1, Real Estate Acquisition, Chapter 1 and Chapter 4, Section 2).

- (2) Terms and conditions of purchases, including the payment by the LPA of settlement costs (7208.1, Real Estate Acquisition, Chapter 4, Section 2).
- (3) Provisions for relocation payments if the owner occupies the property (see 7212.1, Relocation, Chapter 3, Section 2).
- (4) Requirement that the LPA, which includes its negotiator representatives, shall protect impartially the interests of all concerned, pay fair prices to owners, and use available acquisition methods and practices to minimize hardship to owners and tenants (7208.1, Real Estate Acquisition, Chapter 4, Section 2).

RECORD OF NEGOTIATIONS

The LPA shall require the negotiator, pursuant to Paragraph 11 of Article II of Form HUD-6143, to maintain a separate log of his negotiations on each parcel, or group of parcels in the same ownership, and to furnish such record to the LPA upon request, so that the LPA will have evidence, before instituting an eminent domain proceeding, that it made every reasonable effort to acquire the property by negotiated purchase before instituting the proceeding.

CHAPTER 2. REAL ESTATE SERVICES

SECTION 3. TITLE AND RELATED SERVICES

Title services, cadastral surveys, and any legal services, other than staff, required in the acquisition of real property, shall be obtained by contract in accordance with the procedures in 7217.1, LPA Administration, Chapter 2.

TIME OF PROCUREMENT

Contracts for title services required in carrying out the project shall be executed in the planning stage but shall not obligate the LPA to pay for services except as ordered and delivered. The amount included in the survey and planning budget for title services shall be limited to the estimated amount of the obligations to be incurred under the contract for title reports and services ordered during the planning stage.

Services to be provided under contracts for surveys and acquisition legal services shall be limited to the stage in which the contract is executed.

TITLE SERVICES

The contract for title services shall provide for preliminary title reports, assurance of title upon acquisition of each property, and consolidated assurance of title for all project land, or major segments thereof, upon completion of acquisition.

A title service contract may also provide for the ownership data and property map required by 7208.1, Real Estate Acquisition, Chapter 3.

Title assurance shall be of a type and from a source that is acceptable to prudent buyers and lenders in the locality.

Title assurance shall be obtained for each parcel at the time payment is made for the parcel. If the title assurance is furnished by an incorporated title company, the assurance at the time of taking title may consist of an interim certificate under which formal assurance will be issued on demand.

SURVEYS

Surveys of the boundaries of individual parcels shall not be obtained without the prior concurrence of HUD.

A survey of the exterior boundaries of project land, assuming completion of the acquisition program, may be obtained when and if a

RHA 7208.1

REAL ESTATE ACQUISITION

CHAPTER 2 SECTION 3

topographic survey is required for planning purposes or if required for land disposal purposes.

LEGAL SERVICES

If legal services in connection with real estate acquisition are to be obtained from other than LPA staff counsel, the services shall be obtained by contract (see 7217.1, LPA Administration, Chapter 2).

CHAPTER 3. PREPARATION FOR LAND ACQUISITION

1. REQUEST FOR CONCURRENCE IN PLANNING THREE-FOURTHS GRANT PROJECT WITH LIMITED PROJECT COSTS. With a request for Concurrence in Planning Three-Fourths Grant Project with Limited Project Costs (see RHM 7206.1, Project Applications, Chapter 1, Section 2), the LPA is required to submit Items No. b and c listed below in paragraph 2. Real estate acquisition expense, as distinguished from expenditures for real estate purchases, is not an eligible project cost and, consequently, need not be detailed in the request for HUD concurrence in the planning of the project.
2. SURVEY AND PLANNING APPLICATION. With the Survey and Planning Application (see RHM 7206.1, Project Applications, Chapter 1, Section 1), the LPA is required to submit:
 - a. Cost estimates, with an explanation and justification of the included in the Survey and Planning Budget, Form HUD-627 (see RHM 7218.1, Budgets and Budget Reports, Chapter 1), for procurement of:
 - (1) Ownership data and property map (see paragraph 7 of this Chapter).
 - (2) First and second acquisition appraisals, including anticipated supplemental appraisals in the planning stage (see RHM 7208.1, Real Estate Acquisition, Chapter 2, Section 1).
 - (3) Land surveys, if required (see RHM 7208.1, Real Estate Acquisition, Chapter 2, Section 3).
 - (4) Title services to be ordered in the planning stage (see RHM 7208.1, Real Estate Acquisition, Chapter 2, Section 3).
 - (5) Any negotiation services (see RHM 7208.1, Real Estate Acquisition, Chapter 2, Section 2) to be obtained after the governing body of the locality approves the Urban Renewal Plan but before HUD approves the Part II or Combined Part I-II Loan and Grant Application and the Project Expenditures Budget, Form HUD-6220.
 - b. Initial estimate of payments for real estate and the basis and source of the estimate. (See RHM 7215.1, Financing and Financial Reports, Chapter 1, Section 2.) The estimate may

be based on the ratio of market value to assessed value obtained by comparing recent sales with assessed values. Professional advice shall be obtained in estimating the value of properties that are not assessed. An assembly-cost factor representing the estimated excess, if any, of payments for property over market value, should be added to the estimated value. If the LPA wishes to contract for this estimate, Form HUD-667, Form of Contract for Preliminary Estimates of Payments for Real Estate, is available.

3. ESTIMATE OF ACQUISITION COST. The LPA estimate of acquisition cost furnished in the tabulation (Appendix 1, Tabulation of Property To Be Acquired) and entered as Real Estate Purchases on Form HUD-6220, Project Expenditures Budget, shall be based on the first acquisition appraisal, or a Preliminary Estimate of Payments for Real Estate (see RHM 7208.1, Real Estate Acquisition, Chapter 2, Section 1). The estimate shall reflect the anticipated relationship between the aggregate amount that will have to be paid for the properties and the sum of the appraiser's valuations. The LPA's explanation of its estimate of this land-assembly cost factor shall include an analysis of the experience of recent public land acquisition programs in the locality, particularly any conducted by the LPA. The estimate of acquisition cost shall also include the estimated amount of any payments of consequential damage to real or personal property not to be acquired.
4. PROPERTY SELECTED AND APPRAISED WHILE CARRYING OUT PROJECT. If provision is made in the Urban Renewal Plan and the Land Acquisition Report for the acquisition of any properties or interests in property that will be selected and appraised while carrying out the project, include an amount for such acquisitions in the budget item, Real Estate Purchases, state the amount, and explain how it was derived.
5. EARLY LAND ACQUISITION APPLICATIONS. The documentation on real estate acquisition to be submitted with an Application for Early Land Acquisition Loan or request for HUD authorization of early land acquisition activities with local funds (see RHM 7228.1, Other Renewal Assistance--Early Land Acquisition, Chapter 2) is the same as set forth for a Part I or Combined Part I-II Loan and Grant Application (see RHM 7206.1, Project Applications, Chapter 2), except that:
 - a. Documentation shall be limited to properties proposed for early land acquisition.

b. Land Acquisition Report shall include the following additional items.

- (1) Identification of any properties in a conservation or rehabilitation area that are to be acquired for purposes other than rehabilitation by the LPA, together with a statement of the LPA's justification for such early land acquisitions.
- (2) Statement of circumstances, if any, in which presently unidentified properties will be acquired in an area of the project for which clearance is contemplated.
- (3) Estimates, for each category of acquisition identified in subparagraphs (1) and (2) above, of the number of parcels to be acquired, their land area in square feet, and their acquisition cost.

6. ESTIMATE OF ACQUISITION COST FOR AN APPLICATION FOR EARLY LAND ACQUISITION LOAN. The estimate of acquisition cost provided in the Tabulation of Property To Be Acquired (Appendix 1) and entered as Real Estate Purchases in the budget shall be prepared in the same manner and on the same basis as prescribed for a Part I or Combined Part I-II Loan and Grant Application (see RHM 7206.1, Project Applications, Chapter 2).

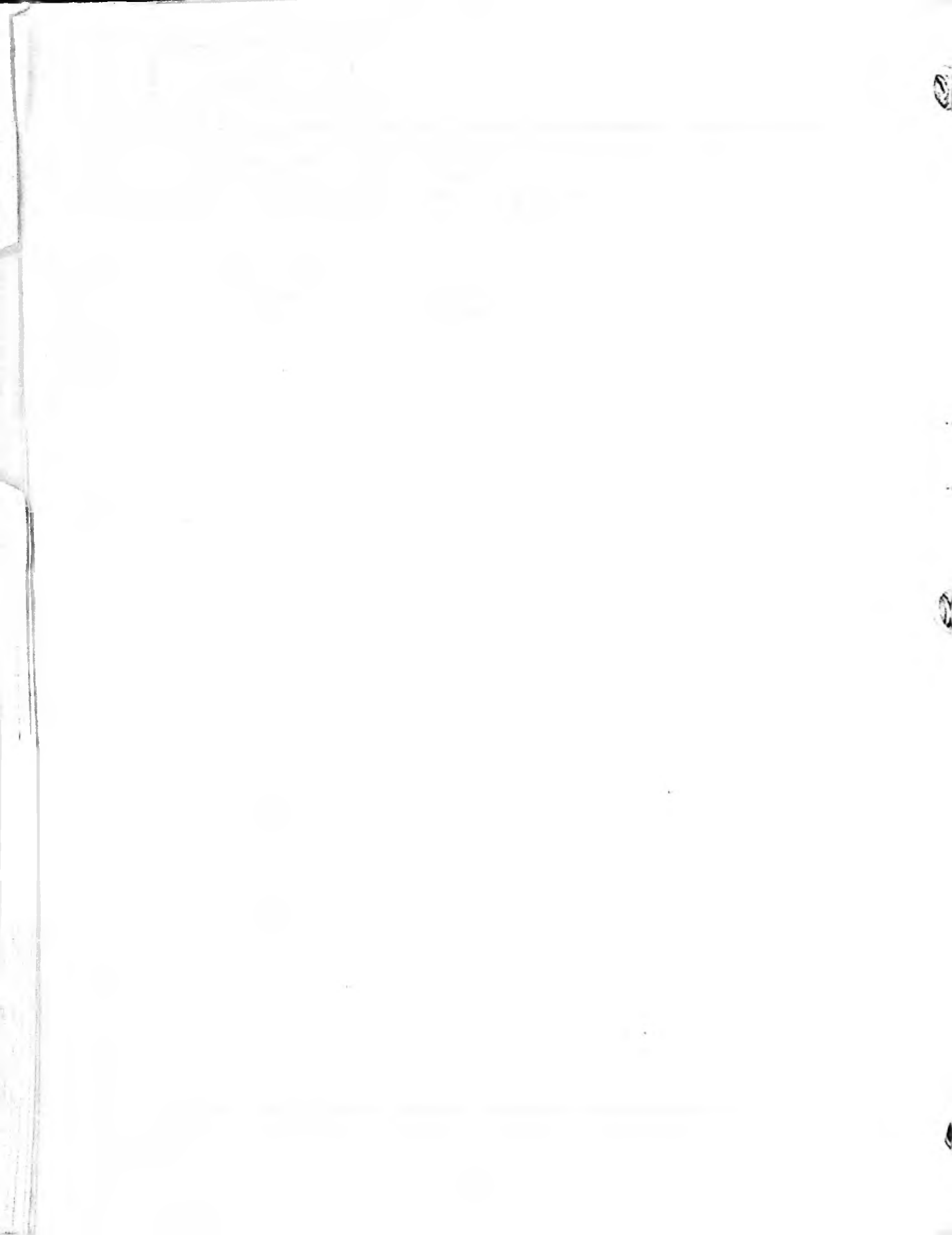
7. OWNERSHIP DATA AND PROPERTY MAP. Data on the ownership of properties in the project area and a property map are required for appraisal and acquisition purposes and will also serve other useful purposes in carrying out the project. The ownership data and property map may be prepared by qualified members of the LPA's staff or by contract (see RHM 7217.1, LPA Administration, Chapter 2) with a title company or title searching service. Provision for the ownership data and property map may be included in a contract for title services (see RHM 7208.1, Real Estate Acquisition, Chapter 2, Section 3).

a. Ownership Data. Before preparing the Property Map and contracting for appraisal services, the LPA shall obtain the following data on each parcel:

- (1) Name and address of the owner of the record.
- (2) Legal description of the parcel.
- (3) Information on the conveyance to the present owner as follows:

- (a) Date of the conveyance.
 - (b) Book and page of recordation.
 - (c) Name of the grantor.
 - (d) Stated consideration.
 - (e) Unpaid amount of any mortgages or encumbrances to which title was subject in the conveyance and on which Federal documentary stamp taxes or State or local transfer taxes were not required.
 - (f) Amount of Federal documentary stamps affixed, if conveyance was before January 1, 1968.
 - (g) Amount of any State or local transfer tax based on the consideration paid, if available from the record of the conveyance.
- b. Definition of Term "Parcel." "Parcel" means any tract or contiguous tracts of land in the same ownership, whether one or more platted lots or parts of lots. Easements and rights-of-way for utilities and similar interests which encumber project land shall be considered as separate parcels, if to be acquired.
- c. Property Map. The Property Map should include the entire project area and should show the project boundary streets, alleys, rights-of-way and approximate lot lines as they currently exist. Names of streets and alleys shall be shown within the right-of-way lines. The maps may be at any appropriate, readable scale. The LPA may use any appropriate system of designating and numbering parcels to conform with the data tabulation referred to below. Boundary lines of publicly-owned property and privately-owned property not to be acquired shall be delineated differently from boundaries of privately-owned property to be acquired. A title box shall identify the project, the LPA, and the date of preparation of the map. A legend shall be provided to explain symbols and other markings used on the map.
- (1) A tabulation including the parcel number, the name of the owner and the land area in square feet for each parcel to be acquired shall be included on the map or as an attachment to the map. A listing of the areas of streets, alleys, and other rights-of-ways to be vacated or acquired shall be included as part of the tabulation.
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- (2) If the project is too large to be included on one map, segments of the project shall be shown on separate sheets. The cover sheet of a segmented property map shall contain an overlay map showing the segments corresponding to the areas on the individual sheets.
- (3) If the project area is changed after the first submission, two copies of the revised portions of the maps shall be submitted to the Area Office.



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

URBAN RENEWAL HANDBOOK

RHM 7208.1

2/10/70

CIRCULAR

Simplification Circular No. 6
Office of the Assistant Secretary for
Renewal and Housing Management

Cancellation

Date:

SUBJECT: REVISED PART I LOAN AND GRANT APPLICATION REQUIREMENTS

1. PURPOSE. This Circular revises the submission requirements in Urban Renewal Handbook RHM 7208.1, Chapter 3, for Code No. R 222 of the Part I Loan and Grant Application.
2. REVISED LAND ACQUISITION REPORT. In Urban Renewal Handbook RHM 7208.1, Chapter 3, the information under the heading "Part I Loan and Grant Application" is rescinded and replaced by the following:

The Land Acquisition Report (Checklist Code No. R 222) shall include:

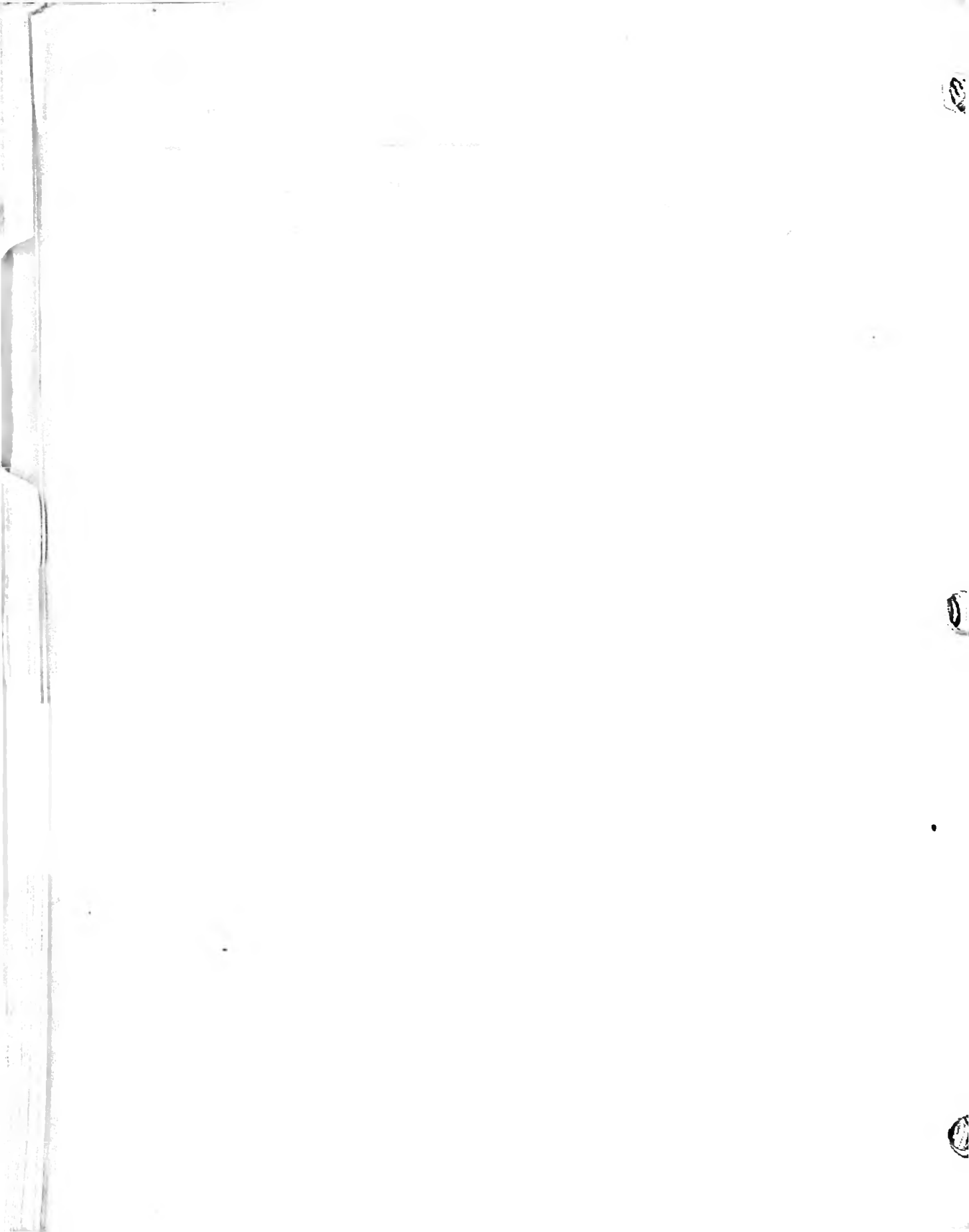
- (1) Property Map. (See "Property Map" below.)
- (2) Tabulation of property to be acquired, conforming to Appendix 1 - Tabulation of Property to Be Acquired.
- (3) Identification of each critical property to be acquired involving public ownership or other public interest, including public utilities; railroad rights-of-way; schools, churches, and 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.

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- (4) 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 and the proposed method of handling claims.
- (5) 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.
3. LAND ACQUISITION POLICY STATEMENT. The Land Acquisition Policy Statement, previously required to be submitted with both the Survey and Planning Application and Part I Loan and Grant Application, may be submitted only once. It shall be submitted prior to the acquisition of any land. Whenever possible, it should cover all projects in the community and should be submitted separately from any application.
4. ESTIMATED COST OF REAL ESTATE PURCHASES. The cost of real estate purchases shall be estimated and justified in Code No. R 226, Cost Estimate and Financing Report, in a statement in support of the Project Expenditures Budget. (See Circular RHM 7218.1, Revised Project Expenditures Budget Requirements, for additional details.)

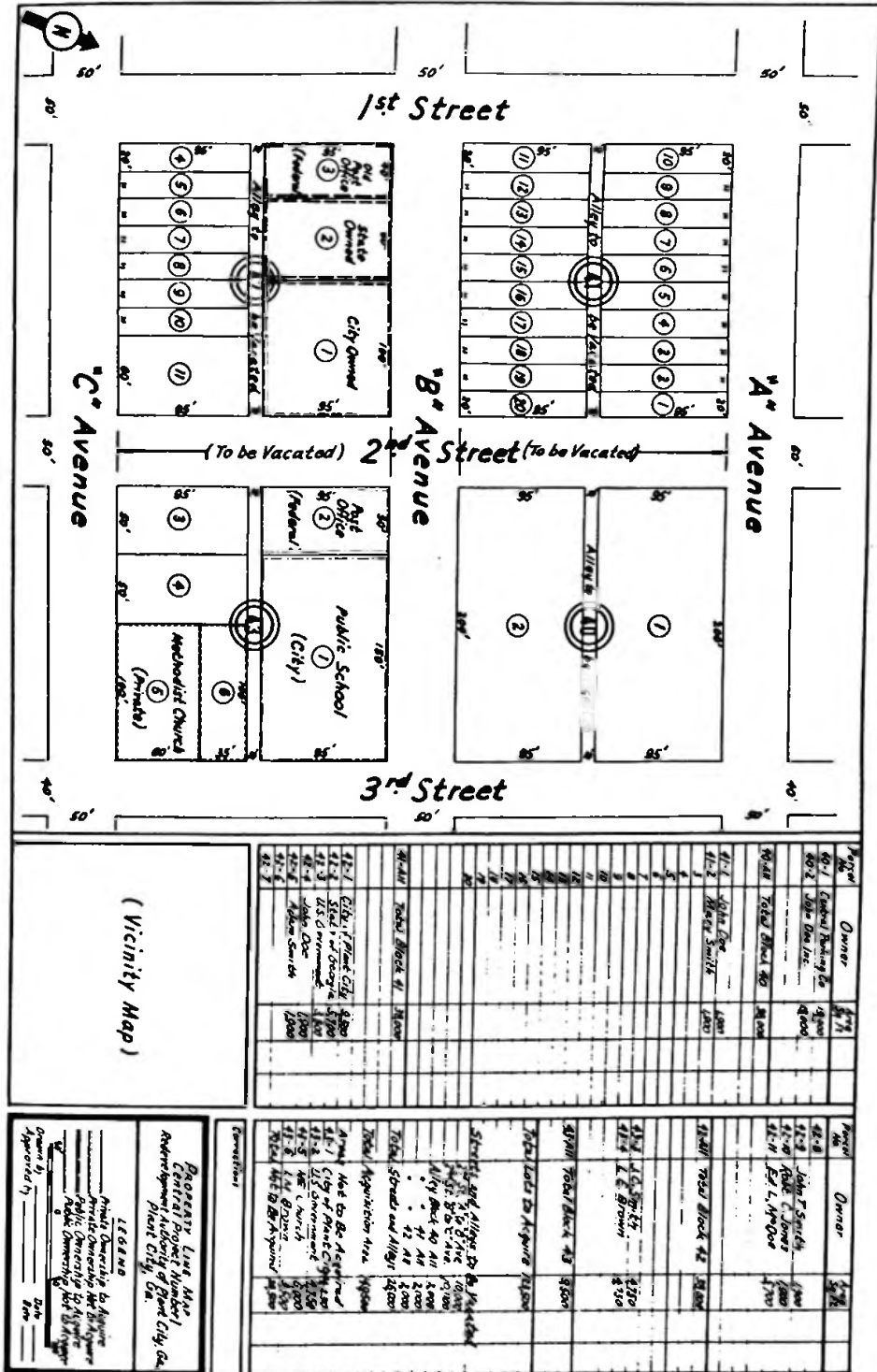
RHA 7208.1

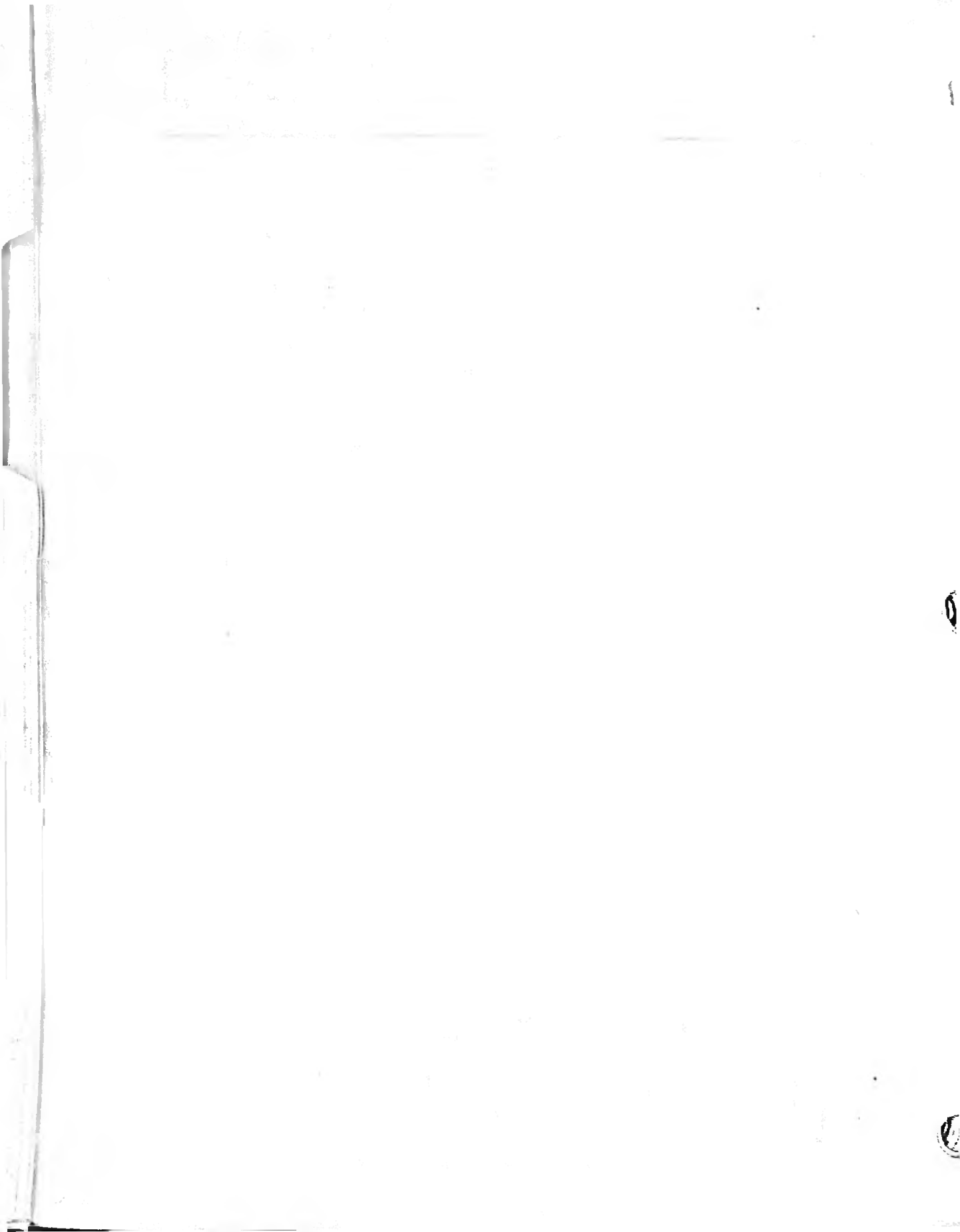
APPENDIX 1 - TABULATION OF PROPERTY TO BE ACQUIRED

Estimates of Value and Acquisition Cost	No. of Parcels	Land Area in Square Feet	Appraiser's Valuations		LPA Estimate of Acquisition Cost
			Land Only	Total	
a. Total purchases and donations			\$	\$	\$
b. Purchases (Total)			\$	\$	\$
Federally owned or leased					
Other publicly owned					
Private-ly owned					
Public utility easements		_____			
Damage to property not taken		_____	_____		
c. Donations (Total)			\$	\$	\$
Vacation of streets and other public rights-of-way			_____	_____	_____
Donations by LPA					
Donations by other entities					



RHA 7208.1





CHAPTER 4. LAND ACQUISITION PROCEDURES

SECTION 1. DETERMINATION OF ACQUISITION PRICES

The LPA may open negotiations for the purchase of property for a project after the Urban Renewal Plan has been approved by the governing body of the locality and the acquisition prices for the properties to be acquired have been established by the LPA and concurred in by HUD.

After the Part I Loan and Grant Application has been approved by HUD, the LPA may request HUD concurrence in proposed acquisition prices for parcels for which the LPA has obtained two satisfactory appraisals.

In an early land acquisition program, negotiations with owners may be started before the local governing body approves the Urban Renewal Plan but not until HUD has approved the early land acquisition budget and the acquisition prices for the properties involved.

FINAL PREPARATION FOR LAND ACQUISITION

Not later than 15 days after the LPA is notified of HUD approval of the Part II Loan and Grant Application, the LPA shall submit to the Regional Office its proposed progress schedule for completing each of the following:

- (1) Compliance with any special conditions of the HUD approval of the Part II Loan and Grant Application which must be met before land is acquired. Furnish separate dates for each land disposal agreement required by the approval to be consummated before acquiring land.
- (2) Organization and staffing of the LPA to carry out the land acquisition program.
- (3) Submission to HUD of the proposed form of option or offer to sell to be used in negotiating agreements with owners, if not previously submitted.
- (4) Execution of contracts for the second appraisal and for title and negotiation services, if not already executed.
- (5) Execution of contract for land-acquisition legal services, if these services are not to be performed by LPA staff counsel.

- (6) Submission to HUD of the second acquisition appraisals and any supplements to the first appraisal reports, which have not been submitted previously.
- (7) Arrangement for Owners', Landlords', and Tenants' form of public liability insurance coverage for acquired properties, to become effective upon the acquisition of the first property. (See 7217.1, LPA Administration, Chapter 4, Section 1.)
- (8) Submission to HUD of Form HUD-6114, Request for Concurrence in Acquisition Prices, covering all properties not covered by any previously submitted Forms HUD-6114.

REQUEST FOR HUD CONCURRENCE IN ACQUISITION PRICES

The LPA shall request HUD concurrence in proposed acquisition prices and the terms and conditions of acquisition on Form HUD-6114, Request for Concurrence in Acquisition Prices. If the filing of a request is authorized by resolution of the LPA governing body, the resolution may also authorize purchase of the parcels covered by the request at the proposed prices and upon the proposed terms and conditions, after HUD concurrence.

The acquisition prices proposed by the LPA shall represent the fair market value of each parcel, except when the price is restricted to a lower amount by a provision below under the heading "Limitations on Charges to Gross Project Cost."

REVIEW OF APPRAISALS

Before preparing a request, the LPA shall review the second appraisals of the properties covered by the request and compare them with the first appraisals to determine whether any change in the properties or in market conditions warrants any change in the first appraisals. To the extent necessary to make proper determinations of acquisition prices, the LPA shall obtain supplemental appraisal reports from the first appraiser. Supplemental appraisals shall be obtained promptly so that the acquisition program will not be delayed.

If there is a wide discrepancy between appraisals on any parcel, the LPA shall endeavor to ascertain the cause of the variation and obtain correction of any errors. If an appraiser submits a supplemental or new report revising his valuation, the original report as well as the supplemental or superseding report shall be transmitted to the HUD Regional Office with Form HUD-6114. A superseded appraisal report shall be retained in the LPA files.

The LPA's determinations of proposed acquisition prices shall be made after making on-site reviews of all appraisals of each parcel and after considering any report of unlawful condition or occupancy of the property.

The LPA may request concurrence in separate prices for separate interests in the same parcel, such as a leased fee and leasehold estate. Each interest shall be separately listed and identified. Undivided interests may be acquired individually, without separate HUD concurrence, at a price equal to the pro rata share of the total acquisition price.

Proposed acquisition prices which include fixture damage shall be supported either by a separate appraisal of damage or by a properly made estimate of damage in at least one of the appraisal reports.

Proposed land donations shall be listed separately and shall be clearly identified as donations.

SUBMISSION OF REQUEST TO HUD

The LPA's initial request on Form HUD-6144 for HUD concurrence in acquisition prices may be submitted to the Regional Office as soon as all required appraisals of the properties covered by the request have been completed and the Part I Loan and Grant Application has been approved by HUD. Negotiations with the owners of such properties shall not be started, however, until the governing body of the locality has approved the Urban Renewal Plan and HUD has concurred in acquisition prices for the properties on Form HUD-6144. Although options to purchase may be taken that early, the LPA shall not enter into any agreements to purchase property for the project, by accepting an offer to sell or otherwise, until the LPA receives notification of HUD approval of the Part II Loan and Grant Application and a HUD-approved Project Expenditures Budget.

Under an Early Land Acquisition Loan or HUD authorization to undertake early land acquisition activities with local funds, the LPA may begin its negotiations with owners as soon as the acquisition prices for their properties have been concurred in by HUD on Form HUD-6144 and the LPA's budget for the early land acquisition program has been approved by HUD.

The initial request for HUD concurrence in acquisition prices shall include:

- (1) Two signed and two conformed copies of Form HUD-6144.

RELOCATION
SOCIAL DEVELOPMENT
RHA 7019

- (2) One signed set of first and second acquisition appraisals and all supplemental or additional appraisals obtained by the LPA, unless previously submitted, covering the parcels listed on the Form HUD-6114.
- (3) Original and one copy of a statement describing the administrative organization of the LPA for land acquisition and the arrangements made by the LPA for negotiations with owners and for title services, unless the statement was submitted previously.
- (4) Original and one copy of the proposed form of option or offer to sell, unless previously submitted.
- (5) Original and one copy of a statement which shall:
 - (a) Explain the basis for any proposed acquisition prices that exceed the highest appraisal, are below the lowest appraisal, or involve a wide discrepancy in the appraisals.
 - (b) State the basis for any proposed prices for the acquisition of limited interests in property solely to ensure that the future use of the designated parcels will be in accordance with the Urban Renewal Plan.
 - (c) Identify any parcels to be acquired for the project that are owned or occupied by the Federal government, whether or not the parcel is covered by the request. If any Federally-owned property has been, or is to be, reported excess to the needs of the Federal agency having custody of the property, identify it separately and exclude it from the list of parcels for which acquisition prices are proposed.
 - (d) Identify any property covered by the request that is owned by a public entity or a nonprofit institution, if the property was acquired by the present owner from the Federal government for a nominal consideration or at a discounted price.
 - (e) Identify any parcels to be acquired by the project that are wholly or partly in a proposed right-of-way for a Federal-aid highway, whether or not any of the parcels are covered by the request. State whether the LPA will be reimbursed for the cost of acquisition and demolition or the State or other public entity will acquire the right-of-way directly.

- (f) Identify any properties covered by the request that are owned by the LPA, the local government, a member of the LPA governing body, or any officer or employee of the LPA who exercises a responsible function in connection with the carrying out of the project. Include each property so owned at any time after the filing of a Survey and Planning Application or a Request for Concurrence in Planning Three-Fourths Grant Project, even though the property is not at the time of the submission still in such ownership.
- * (g) Identify any parcels covered by the request that are to be acquired for rehabilitation by the LPA or for resale as-is for rehabilitation by the purchaser.
- (h) Identify any parcels covered by the request that are not specifically designated by the Urban Renewal Plan (or Application for Early Land Acquisition Loan) for acquisition. For such parcels, furnish a copy of the LPA governing body's determination to acquire the properties and a statement of the authority and justification for the determination. *
- (i) Show the aggregate amount of the proposed acquisition prices for the parcels listed on Form HUD-6144.
- (6) Proposed revision of Form HUD-6220, Project Expenditures Budget, if the sum of the proposed acquisition prices, excluding donations, for the properties listed on Form HUD-6144, plus the estimated and previously approved acquisition prices for the remainder of the properties to be acquired, exceeds the amount set forth in the approved budget for payments for real estate. (See RHM 7218.1, Budgets and Budget Reports, Chapter 2, Section 3.)

SUBSEQUENT REQUESTS FOR CONCURRENCES

If the LPA's first request for HUD concurrence in acquisition prices does not cover all parcels to be acquired, each subsequent request for concurrences for additional parcels shall include, with respect to the parcels covered by the request, items No. 1, 2, 5(a), 5(b), 5(d), 5(f), 5(g), 5(h), 5(i), and 6.

ACTION AFTER HUD CONCURRENCE

When the LPA receives HUD concurrence on Form HUD-6144, the LPA shall acquire the properties in accordance with Section 2 of this Chapter.

After the LPA receives HUD concurrence in an acquisition price for a parcel, the LPA shall not obtain any supplemental or additional appraisals of the parcel without prior written concurrence of the Regional Office.

When the LPA receives a supplemental or additional appraisal, it shall submit one copy of the appraiser's report with a request on Form HUD-6144 for HUD concurrence either in the previously established acquisition price or in a proposed revised price.

REVISION OF APPROVED PRICE OR OTHER TERMS OR CONDITIONS

The LPA may request HUD concurrence in a revision of the approved acquisition price or the terms or conditions of acquisition for any parcel.

A proposed revised price shall be consistent with prices that have been paid, or established, for similar properties.

The LPA shall request a revised price whenever the LPA finds that an unacquired property, as appraised, has become materially altered by fire, a revised determination of boundaries, or other cause. The proposed revision may be based on the original appraisals if a sound determination can be made that way. Otherwise the LPA shall obtain supplementary reports from the original appraisers or a new appraisal of the property as altered.

The LPA's request for a revision shall include:

- (1) Two signed and two conformed copies of Form HUD-6144.
- (2) One signed copy of any supplemental or additional appraisals obtained by the LPA on any parcels covered by the request.
- (3) LPA's explanation and justification for the proposed revisions.

- (4) Proposed revision of Form HUD-6220, Project Expenditures Budget, if approval of the requested prices will cause the sum of the approved acquisition prices and the estimated acquisition prices for any properties for which acquisition prices have not yet been established to exceed the amount budgeted for real estate purchases. (See 7218.1, Budgets and Budget Reports, Chapter 2, Section 3.)

LIMITATIONS ON CHARGES TO GROSS PROJECT COST

The limitations prescribed below on acquisition prices for certain types of properties establish the maximum amount that can be charged to Gross Project Cost for the acquisition of the properties, whether by purchase, donation, or condemnation.

Streets, Alleys, and Public Rights of Way

Gross Project Cost shall not include the cost of value of any land acquired by the vacating of streets, alleys, or other public rights-of-way.

Property of LPA, Local Government, or Certain Officials

If a parcel is owned, or was owned 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, by (a) the LPA, (b) the municipality, (c) a member of the LPA governing body, or (d) an officer or employee of the LPA who exercises any responsible function in carrying out the project, the maximum amount chargeable to Gross Project Cost, for the acquisition of the parcel by purchase, donation, or condemnation, shall not exceed the lowest of the following:

- (1) The fair market value, as concurred in by HUD.
- (2) The price paid by such owner, if the owner acquired the property after the filing of an application or request as defined above except by, or as a consequence of, foreclosure of a tax lien.
- (3) The price received by such owner, if sold after the filing of an application or request as defined above.

Price for Purchase or Donation of Public Property

The determination of fair market value for a property owned by a public entity shall not reflect:

RELOCATION
SOCIAL DEVELOPMENT
RHA 7212

- (1) Enhancement or diminution in the value attributable to the undertaking of the project.
- (2) Enhancement in value from any cause after the first acquisition of privately owned property for the project.
- (3) If owned by the LPA or the municipality, enhancement in value attributable to improvement of the property started after the filing of a Survey and Planning Application or a Request for Concurrence in Planning Three-Fourths Grant Project with Limited Project Costs.

The determination of fair market value shall not exceed the highest satisfactory appraisal, properly adjusted to take the foregoing factors into account.

The fair market value of publicly owned property to be sold or donated to the project shall be the value of the property for private uses for which the property is suitable or adaptable. Exceptions to this principle may be granted by the HUD Regional Office only if (1) the LPA provides adequate supporting documentation establishing that public use of the property has been, or is to be, discontinued solely because of the undertaking of the project and (2) the LPA certifies to HUD that every item of information or evidence relevant to such a determination is included in the supporting documentation and was considered by the LPA in making its own determination.

Donation to Project

The cash value of real property donated to the project is the same as the fair market value of the estate or interest actually transferred to the project, subject to the valuation limitations stated above. Any cost incurred by the LPA for title curative work or for the elimination of outstanding interests, liens, or encumbrances shall be deducted from the fair market value of the property in fee simple to determine the cash value.

Property Acquired by Public or Nonprofit Institution From Federal Government

If a property owned by a public entity or a nonprofit institution was acquired by it from the Federal government for a nominal consideration or at a discount from its value or with Federal financial assistance, the maximum acquisition price and maximum charge to Gross Project Cost for the acquisition of the property for the project shall be the lower of:

- (1) The net price paid by such owner plus the present estimated value of any improvements made by the owner since acquiring the property from the Federal government.
- (2) The fair market value, as concurred in by HUD.

Federal Surplus Property

If any federally owned property to be acquired for the project has been determined to be surplus to the needs of the Federal government, HUD will upon request of the LPA, make arrangements either for the General Services Administration to sell the property to the LPA or for HUD to sell the property to the LPA in accordance with Section 108 of the Housing Act of 1949, as amended.

COORDINATION OF PUBLIC ACQUISITION PROGRAMS

If the LPA contemplates the acquisition of part of any property and the remainder or adjoining portion is to be acquired for another public program, the acquisition price shall not include any allowance for severance damage.

RELOCATION

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URBAN RENEWAL HANDBOOK

February 1968

A HUD HANDBOOK

RHA 7200.0 through RHA 7228.1

TRANSMITTAL NOTICE

2/68

1. This Notice transmits the following:
The new Urban Renewal Handbook.
2. Explanation of Material Transmitted:
The Urban Renewal Handbook prescribes the Federal policies and requirements applicable to a Local Public Agency 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 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.

Material in the new Handbook is primarily a conversion of existing policies and requirements in the Urban Renewal Manual and LPA Letters and some previously unpublished material, all reorganized into a new format. This Handbook is issued by Renewal and Housing Assistance 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 series 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 the issuance of new and revised pages.
 - (1) Filing. Handbooks are issued in 8 x 10 $\frac{1}{2}$ 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 RHA 7200 through RHA 7228.
 - (3) Transmittal. A Transmittal Notice, such as this one, 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 and 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. They are similar in purpose and extent to the "Letter to All Local Public Agencies" previously used.
 - d. Guide. Guides are used to provide program participants with material of an advisory nature. Generally, they supplement or augment Handbook issuances.

The Urban Renewal Handbook is organized in a manner similar to the former Urban Renewal Manual, i.e., by grouping of related subjects identified by subject classification numbers. Each Urban Renewal Handbook transmitted herewith contains the following:

- a. A package of materials identified by subject classification numbers RHA 7200.0 through RHA 7228.1. No material has been issued under RHA 7201 or RHA 7220.
- b. A set of tabbed subject classification dividers.

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. Each new locality undertaking renewal activities will receive one Urban Renewal Handbook. Requests for any additional Handbooks must be made to the Regional Office.

Those program participants which are presently receiving the Urban Renewal Manual releases through the Superintendent of Documents will now receive these materials directly from HUD in the same quantities. Program participants should not subscribe to the Urban Renewal Handbook through the Superintendent of Documents. For this purpose, a "program participant" is a local public agency engaging in urban renewal activities.

The important changes or additions to policies and requirements now reflected in the new Urban Renewal Handbook are listed below.

- a. 7200.1, General, Chapter 1. HUD forms are not exhibited in the new Handbook. A list of forms commonly used by LPA's is included as an Appendix to Chapter 1. Forms are available from the Regional Office.
- b. 7204.1, Community Requirements, Chapter 3, incorporates changes in policy to implement certain provisions of the Housing Act of 1964, effective September 2, 1967, with respect to the adequacy and enforcement of local housing codes as a prerequisite for approval of an urban renewal project.
- c. 7205.1, Area Eligibility, Chapter 2, reflects a new eligibility category for air rights projects.
- d. 7207.1, Project Planning:
 - (1) The provisions of an LPA Letter on historic preservation will be incorporated into the Handbook later.
 - (2) Chapter 1--The policies under "Mid-Planning Conference" alert the LPA to the necessity, in most cases, of a mid-planning conference to confirm project feasibility.
- e. 7208.1, Real Estate Acquisition:
 - (1) Chapter 1, incorporates a policy based on agreement with the Bureau of Public Roads, which provides for the proration of acquisition (and demolition) costs on the basis of land area instead of the proportion of the improvements.
 - (2) Chapter 1 provides for acquiring limited interests in land to accomplish the Urban Renewal Plan.
 - (3) Chapter 2, Section 1, reflects existing HUD policy, providing for the submission by the LPA of a preliminary estimate of real estate payments in lieu of first appraisals.
 - (4) Chapter 2, Section 1, clarifies existing policy that an appraiser shall not act as a negotiator for the LPA or the owners in the acquisition of land which he has appraised.

However, in the disposal of land, he may act as a broker or redeveloper on land which he did not appraise or has appraised for acquisition purposes only.

- (5) Chapter 2, Section 2, now requires that all parcels in the same ownership be assigned to one negotiator.
- (6) Chapter 2, Section 2, provides for a uniform flat fee per parcel or a schedule providing incentive payments.
- (7) Chapter 3 includes items (i) and (k) to the Land Acquisition Report, clarifying existing policy, with respect to not-to-be acquired properties.
- (8) Chapter 4, Section 1, provides requirements for identifying parcels in the request for HUD concurrence in acquisition prices.

f. 7209.1, Site Preparation and Project Improvements:

- (1) Chapter 1--Item 13 of eligible project improvements (certain air rights site platforms and foundations) clarifies the exception to the general rule that any eligible project improvement may be offered as a noncash grant-in-aid.
- (2) Chapter 4, Section 3--Sets forth a statutory change in bidding requirements which now applies only to proposed contracts of more than \$2,500.

g. 7210.1, Rehabilitation

- (1) The term "rehabilitation" is defined to include a type of treatment for an entire project area, or a section of a project area. The term "conservation" is discontinued.
- (2) Provides for including in eligible project costs the cost of carrying out rodent extermination measures.
- (3) Policies and requirements relating to property rehabilitation standards now refer to HUD publication PG-50, Rehabilitation Guide for Residential Properties, which has replaced FHA No. 950, Minimum Property Standards for Urban Renewal Rehabilitation.

h. 7213.1, Social Development, the surveys previously called "diagnostic surveys" are called "social surveys."

- i. 7214.1, Land Marketing and Redevelopment, incorporates previous Manual provisions, 50 LPA Letters, and previously unpublished policies. Specific matters users should note are as follows:
- (1) Chapter 2, Section 2--Item No. 9 of the Land Disposal Report has been clarified to indicate that dedications also are to be covered by the required statement.
 - (2) Chapter 2, Section 3:
 - (a) The timing requirement for submission of the LPA's proposed schedule for land marketing has been changed. The appropriate procedures and timing requirements when residential disposal is involved are found in Chapter 2, Section 4. The Regional Office will advise on the appropriate timing for non-residential disposal.
 - (b) The policies under "HUD Approval of Proposed Transfers" has been clarified to include transfers of stock interests.
 - (c) The policies under "Rehabilitation Requirements" have been included to clarify the LPA's responsibilities in the resale of property subject to rehabilitation.
 - (d) The requirements under "Sale of Improvements for On-Project or Off-Project Removal" clarify policy. Of particular note is the "engineer's final estimate of cash" as an exception to the requirement for two appraisals.
 - (3) Chapter 3, Section 4--Contains new material which should be noted.
 - (4) In Chapter 4, the following should be particularly noted:
 - (a) The LPA will have fewer submission requirements if one of the nineteen approved methods of disposal is followed. Section 1 contains the five standard methods and Section 3, the fourteen special methods which allow for reduced submission requirements.
 - (b) Public hearings are required for certain types of negotiated disposals.
- j. 7215.1, Financing and Financial Reports, Chapter 5--The requirement that an LPA must obtain prior HUD consent for each proposed investment involving cash borrowed directly from the Federal government has been deleted in order to reduce processing time.

k. 7216.1, Local Grants-in-Aid, reflects a clarification of terminology. The term "Public facilities," as previously used to refer to both Item 2 project improvements and supporting facilities has been dropped and the terms "project improvements" and "supporting facilities" have been used where applicable.

1. 7221.1, Accounting:

- (1) Minor changes have been made in account numbering.
- (2) "R" prefixes have been removed from account numbers. Various forms referring to account numbers will be revised later to reflect these changes, but such forms will continue in use until their revision.
- (3) In Chapter 2, Section 4, Accounts 1401, 1403, and 1404 have been revised to provide that total costs incurred during survey or planning will be charged to the above accounts, except the cost of furniture and equipment which will be utilized in an ensuing project or activity.

Noncash local grants-in-aid contributed by the LPA and by others have been consolidated into the 1480 series of accounts. Former Account series 1485 (Assistance by Others) is cancelled.

- m. 7227.1, Letter of Consent--Contains statements of policy which have not been issued to LPA's previously, but which reflect general practice in HUD.
- n. 7228.1, Early Land Acquisition--A chapter has been added concerning the policy and requirements for disposition of land reflecting existing HUD policy.

3. Filing Instructions:

The new Urban Renewal Handbook should be filed in one or more 3-ring looseleaf binders. Tabbed dividers are provided for easier reference. Transmittal Notices should be retained inside the front cover of the Handbook. The LPA Letters which are to be retained (listed below) should be kept separate from the Handbook.

The following LPA Letters and the several LPA Letters dated after February 23, 1968, are current Letters and should be retained until they are incorporated into the Handbook.

445 (Pertains to interest rate determinations)

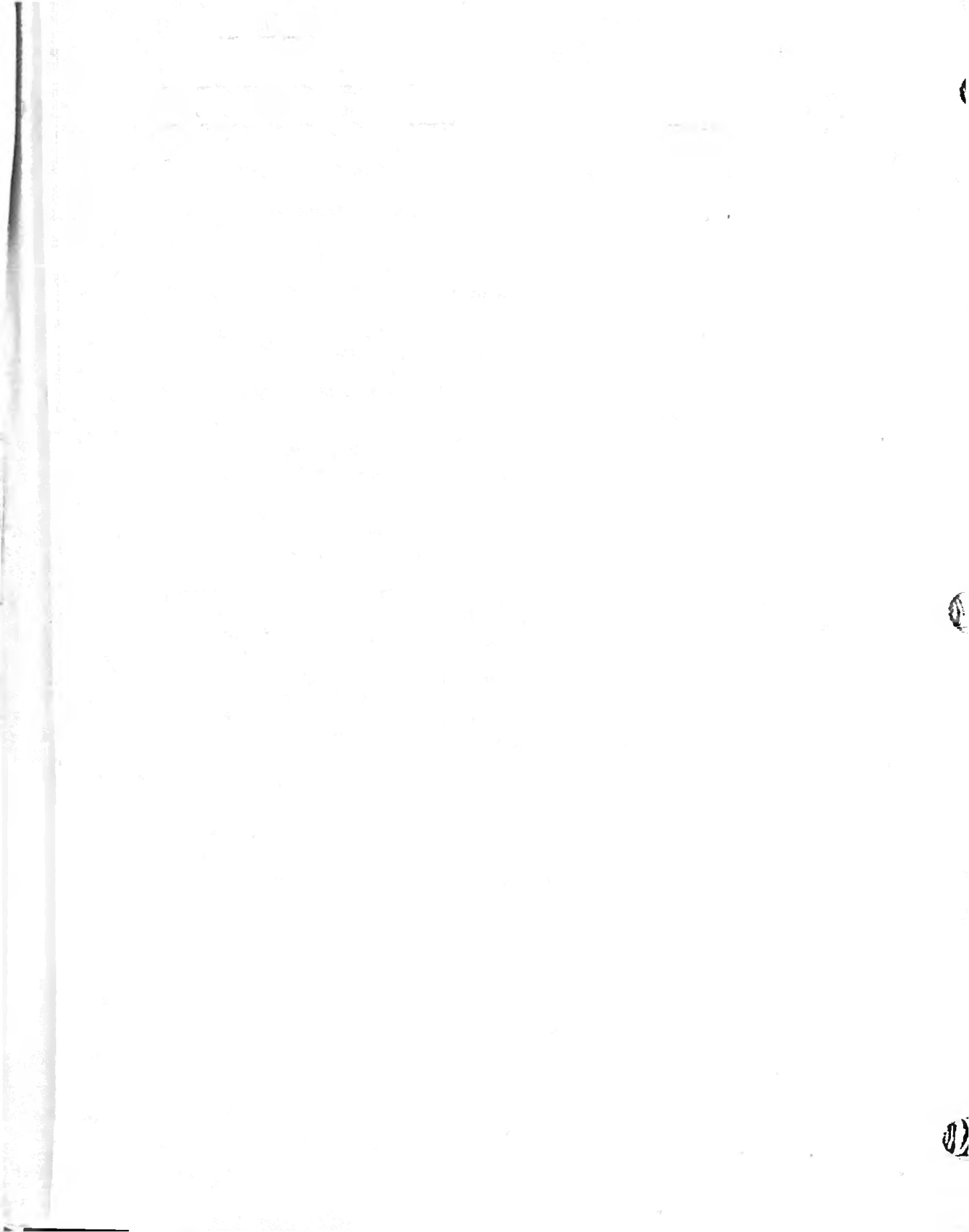
LPA Letters pertaining to RAA Rehabilitation Loans and Grants

341 (Revised)	393
342 (Revised)	408
349	411
349 Supplement No. 1	417
359 (Revised)	417 Supplement No. 1
371	421
378	428
380	428 Supplement No. 1
380 Supplement No. 1	429
383	434
389	439
392	440

Policies and requirements pertaining to rehabilitation loans and grants are being converted to the Handbook and will be issued later.

The Urban Renewal Manual (Books I, II, and III) and all LPA Letters, except those listed above and those Letters or supplements issued after February 23, 1968, are cancelled and should be discarded.

An information copy of material issued for the Code Enforcement Grant Program, the Demolition Grant Program, and the Community Renewal Program, will also be provided to Local Public Agencies engaged in urban renewal activities.



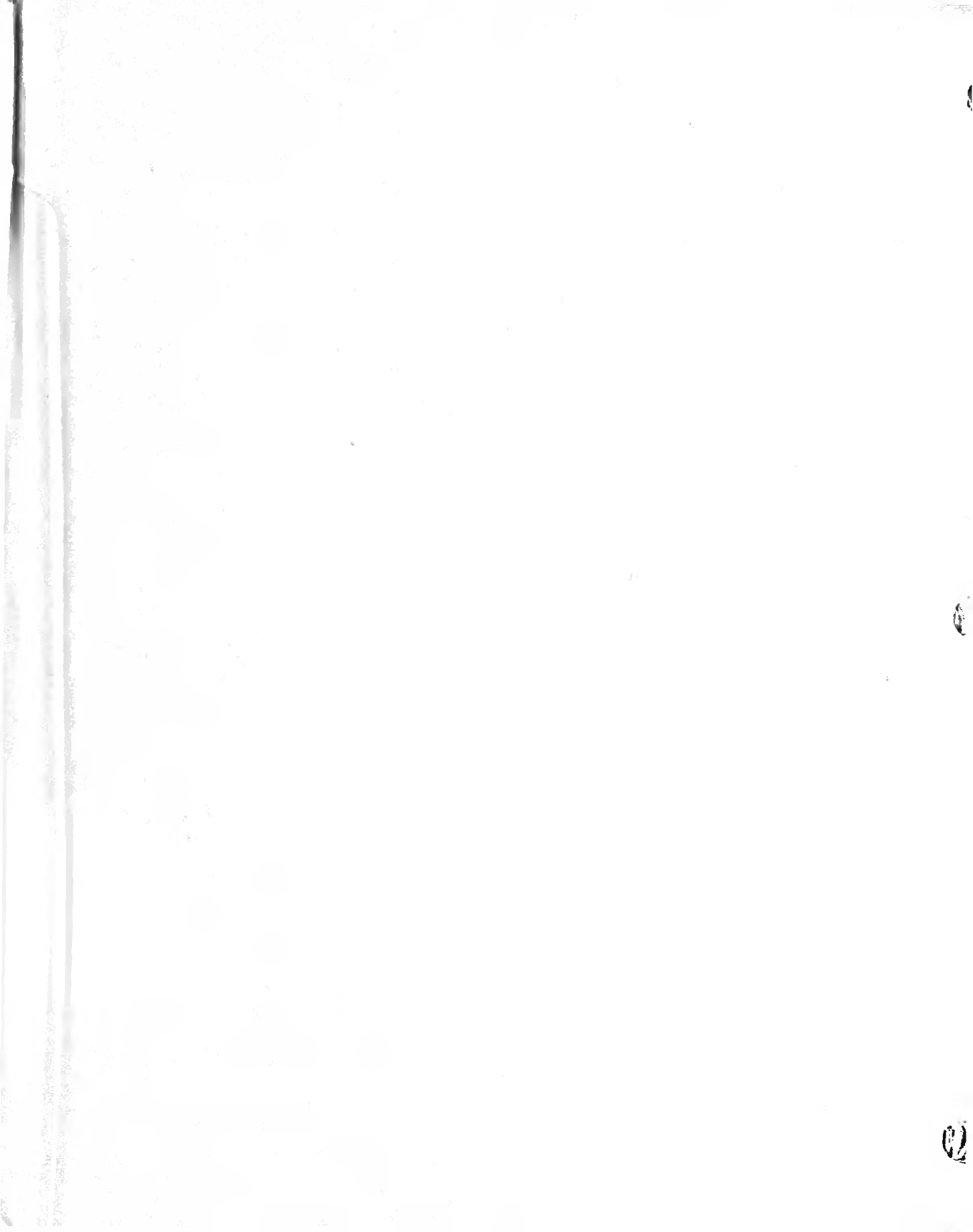


TABLE OF CONTENTS

- RHM 7200.0. TABLE OF CONTENTS
 HUD Regional and Area Offices
- RHM 7200.1. GENERAL
 Chapter 1. Introduction
 Appendix 1. List of Urban Renewal Forms
- RHM 7201.1. (Reserved)
- RHM 7202.1. PROGRAM POLICIES AND DIRECTIONS
 Chapter 1. Maximum Utilization of Capital Grant Funds
 Section 1. National Goals and Urban Renewal
 Priorities
 Section 2. Policies Governing Requests for Grant
 Increases
 Section 3. Limitations of Planning Time.

 Chapter 2. Design in Urban Renewal
 Chapter 3. Acceleration by LPA of Urban Renewal Projects
 Involving Sites for Low-Rent Public Housing
- RHM 7203.1. EQUAL OPPORTUNITY REQUIREMENTS
 Chapter 1. Nondiscrimination Requirements
 Appendix 1. Reprint from Code of Federal Regulations
 Chapter 2. Equal Employment Opportunity
- RHM 7204.1. COMMUNITY REQUIREMENTS
 Chapter 1. Workable Program for Community Improvement
 Chapter 2. The General Plan
 Chapter 3. Comprehensive System of Codes and Ordinances
- RHM 7205.1. AREA ELIGIBILITY
 Chapter 1. General Eligibility Requirements
 Chapter 2. Project Eligibility Categories
 Chapter 3. Reporting Litigation
- RHM 7206.1. PROJECT APPLICATIONS
 Chapter 1. Survey and Planning
 Section 1. Survey and Planning Application
 Appendix 1. Suggested Form of Resolution of
 Applicant Approving Undertaking
 of Surveys and Plans for an Urban
 Renewal Project and Filing of an
 Application

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- Section 1. Survey and Planning Application (Cont'd)
- 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
- Section 2. Request for Concurrence in Planning Three-Fourths Grant Project with Limited Project Costs
- Appendix 1. Suggested Form of Resolution of Applicant 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
- 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
- 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
- Chapter 2. Application for Loan and Grant
- Appendix 1. Suggested Form of Resolution Applicant Authorizing Filing of Application
- Appendix 2. Suggested Form of Opinion of LPA Counsel Respecting Part I Loan and Grant Application, Urban Renewal Plan, and Proposed Notice of Public Hearing
- Appendix 3. Suggested Form of Opinion of LPA Counsel Respecting Urban Renewal Plan to Accompany Part II Loan and Grant Application

- 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
- Appendix 5. Suggested Form of Resolution of Governing Body of Locality Approving Urban Renewal Plan and Feasibility of Relocation
- Appendix 6. Suggested Form of Resolution of LPA Governing Body Approving Urban Renewal Plan and Conditions Under Which Relocation Payments Will Be Made

Chapter 3. Public Hearing on the Project

RHM 7207.1. PROJECT PLANNING

- Chapter 1. Selection and Treatment of Project Areas
- Chapter 2. Planning Proposals
- Chapter 3. Zoning Proposals
- Chapter 4. Urban Renewal Plan
 - Section 1. General Requirements
 - Section 2. Outline and Preparation
 - Section 3. Plan Changes
- Chapter 5. Submission Requirements
 - Section 3. Map and Plan Presentation

RHM 7208.1. REAL ESTATE ACQUISITION

- Chapter 1. Objectives and Policy
- Chapter 2. Real Estate Services
 - Section 1. Acquisition Appraisals
 - Section 2. Real Estate Negotiations
 - Section 3. Title and Related Services
- Chapter 3. Preparation for Land Acquisition
 - Appendix 1. Tabulation of Property to be Acquired
- Chapter 4. Land Acquisition Procedures
 - Section 1. Determination of Acquisition Prices
 - Section 2. Acquisition Methods
 - Section 3. Records and Reports

RHM 7209.1. SITE PREPARATION AND PROJECT IMPROVEMENTS

- Chapter 1. Project Improvements
- Chapter 2. Site Clearance
- Chapter 3. Submission Requirements
- Chapter 4. Execution of Site Clearance and Project Improvements
 - Section 1. General
 - Section 2. Preparation of Contract Documents and Related Materials

REQUIREMENTS - RHA 7203

REQUIREMENTS - RHA 7203

RHA 7204

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- Chapter 4. Execution of Site Clearance & Project Improvements (Cont'd)
 - Section 3. Bidding Procedures and Award of Contracts
 - Section 4. Administration of Contract Work
 - Section 5. Force Account Work

RHM 7210.1. REHABILITATION

- Chapter 1. Policies and Requirements
 - Section 1. Objectives and Definitions
 - Section 2. Criteria for Designation of Rehabilitation Areas
 - Section 3. Eligible Costs
 - Section 4. Contract Services
 - Section 5. Property Rehabilitation Standards
 - 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
 - Appendix 2. Sample Format for Property Rehabilitation Standards
 - Section 6. Determining Feasibility of Property Rehabilitation
 - Section 7. Rehabilitation Report
 - Section 8. Minimum Requirements During Execution
 - Section 9. Rehabilitation by the LPA

RHM 7211.1. PROPERTY MANAGEMENT

- Chapter 1. Administration of Property Management Program
- Chapter 2. Temporary Leasing of Structures and Land
- Chapter 3. Leases and Rents
- Chapter 4. Real Estate Tax Payments and Credits
- Chapter 5. Records and Insurance

RHM 7212.1. RELOCATION

- Chapter 1. Objectives and Submission Requirements
- Chapter 2. Planning for Relocation
 - Section 1. Relocation Program
 - Section 2. Estimates of Housing Needs and Resources
- Chapter 3. Carrying Out the Relocation Program
 - Section 1. Relocation Activities
 - Appendix 1. Regulations Governing Relocations Payments
 - Appendix 2. Relocation Adjustment Payments
 - Appendix 3. Table A. Examples of Computation of Relocation Adjustment Payment
 - Appendix 4. Small Business Development Payments
 - Appendix 5. Settlement and Storage Costs
 - Section 2. Relocation Reports and Records

RHM 7213.1. SOCIAL DEVELOPMENT

- Chapter 1. Social Survey and Referral System
- Chapter 2. Early Establishment of Site Office
- Chapter 3. Tax Exempt Status for Voluntary Neighborhood Organizations

RHM 7214.1. LAND MARKETING AND REDEVELOPMENT

- Chapter 1. Land Marketing Policy and General Requirements
 - Section 1. Objectives and Policy
 - Section 2. Real Estate Services
- Chapter 2. Preparation for Land Marketing
 - Section 1. Survey and Planning Application
 - Section 2. Planning Stage
 - Section 3. Execution Stage
 - Section 4. Coordination with FHA
- Chapter 3. Low or Moderate-Income Housing
 - Section 1. Statutory Requirement
 - Section 2. Disposal for Low-Rent Public Housing Use
 - Section 3. Disposal for Moderate-Income Housing
 - Section 4. Coordination with FHA on Section 221(d)(3) Housing
 - Section 5. Preparation of Illustrative Plans
 - Section 6. Allocation of FNMA Funds
 - Section 7. Rent Supplement Program
- Chapter 4. Selection of Redevelopers
 - Section 1. Standard Methods of Offering Land to Private Redevelopers
 - Section 2. Procedures for the Six Standard Methods
 - Section 3. Negotiated Disposal Methods for Special Redevelopers
 - Section 4. Actions Following Selection of Redeveloper

(Appendixes to RHM 7214.1)

- Appendix 1. Sequence and General Submission Requirements
- Appendix 2. Copies of Reports and Appraisals to be Submitted to HUD
- Appendix 3. Chart for Determining Required Contract Language Pertaining to Equal Opportunity in Employment
- Appendix 4. Lettered Paragraphs of Required Contract Language
- Appendix 5. Valuation of Property for Provision of Moderate-Income or Low-Rent Housing Under Section 107
- Appendix 6. Tabulation of Land Disposal Estimates
- Appendix 7. Modifications to Form HUD-6209A for Disposal to a Private Redeveloper for Post Office Use, and Letter of Intention
- Appendix 8. Reserved
- Appendix 9. The "Turnkey" Process for the Provision of Low-Rent Public Housing

URBAN RENEWAL HANDBOOK

REQUIREMENTS - RHA 7203

RHA 7204

RHM 7215.1. FINANCING AND FINANCIAL REPORTS

- Chapter 1. Developing the Financing Plan
 - Section 1. Calculating and Sharing Project Cost
 - Section 2. Submission Requirements
- Chapter 2. Survey and Planning Funds
 - Section 1. Planning Advance
 - Section 2. Non-Federal Financing
- Chapter 3. Federal Grants
 - Section 1. Introduction
 - Section 2. Capital Grant Progress Payments, Relocation Grant Payments, and Rehabilitation Grant Payments
 - Section 3. Major Completion Grant Payment
 - Section 4. Submission of Requisition for Grant Payment
- Chapter 4. Borrowing Funds to Meet Project Costs
 - Section 1. Direct Federal Loans
 - Section 2. Federally Secured, Private Short-Term Loans
 - Appendix 1. Private Financing Schedule for Project Notes Issued to Finance Renewal Assistance Projects (Date)
 - Section 3. Interest Rates on Loans and Advances
 - Section 4. Transfer of Funds from Project Temporary Loan Repayment Fund to Project Expenditures Account
 - Section 5. Definitive Loan to Finance Imputed Capital Value Leased Land
 - Section 6. Supporting Documentation to Requests for Approval of Financing Transactions
 - Section 7. Report on Changes from Latest Approved Project Cost Estimate and Financing Plan
- Chapter 5. Investment of Excess Cash
 - Appendix 1. Suggested Form of Agreement Concerning Investments

RHM 7216.1. LOCAL GRANTS-IN-AID

- Chapter 1. Cash Grants-In-Aid
- Chapter 2. Noncash Local Grants-In-Aid
 - Section 1. General Eligibility
 - Section 2. Supporting Facilities
 - Section 3. Grants-In-Aid Other Than Supporting Facilities
 - Section 4. Nondiscrimination Requirements
 - Appendix 1. Suggested Form of Nondiscrimination Assurance by Donor of Noncash Local Grant-In-Aid

- Section 5. Contract Requirements
 Section 6. Certifications

RHM 7217.1. LPA ADMINISTRATION

Chapter 1. LPA Management

- Section 1. HUD Audits and Accounting Contact
 Section 2. Retention of Project Records
 Section 3. LPA Trainee Program
 Section 4. Administrative Practices
 Section 5. Political Activity
 Section 6. Project Photographs
 Section 7. Disposition of LPA Personal Property
 Appendix 1. Table of Useful Lives of Office Furniture
 and Equipment
 Section 8. Distribution of LPA Administrative Costs
 Section 9. Acknowledgement of Federal Financial Assistance
 Section 10. Progress Schedules

Chapter 2. LPA Contracts for Professional and Technical Services

Chapter 3. Labor Standards

- Section 1. Applicability of Requirements
 Section 2. Determination of Prevailing Salaries of Technical
 Personnel
 Section 3. Determination of Prevailing Wage Rates of Laborers
 and Mechanics
 Section 4. Enforcement of Labor Standards

Chapter 4. Insurance and Bonding

- Section 1. LPA Coverages
 Section 2. Demolition and Project Improvement Contractor Coverage
 Section 3. Property Lessee Coverage
 Section 4. Noncash Local Grant-In-Aid Work

Chapter 5. Citizen Participation

- Section 1. General
 Section 2. Project Area Committee

Chapter 6. Employee Benefit Programs

- Section 1. General
 Section 2. Life Insurance
 Section 3. Health Insurance
 Section 4. Retirement Plans--General
 Section 5. Public Retirement Plans
 Section 6. Private Retirement Plans
 Section 7. Equity Plans

RHM 7218.1 BUDGETS AND BUDGET REPORTS

Chapter 1. Survey and Planning

Chapter 2. Project Execution

- Section 1. Eligibility of Project Expenditures
 Section 2. Eligibility of Costs of Project on Three-Fourths
 Grant Basis with Limited Project Costs
 Section 3. Project Expenditures Budget

Appendix 1. Worksheet for Computing Net Payable Execution
 Fee for Line 17, HUD-6220.

- Section 4. Report on Budgetary Status of Urban Renewal Project
 and Project Balance Sheet

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- Chapter 3. Annual Administrative Staff Expense Budget
 - Appendix 1. Schedule of Personal Services and Related Expense
 - Appendix 2. Schedule of (Travel, Publications, etc.)

RHM 7219.1 LPA PROGRESS REPORTS

RHM 7220.1. (Reserved)

RHM 7221.1. ACCOUNTING

Chapter 1. Books of Account and Records

Section 1. General

Appendix 1. Legal Fees and Expenses

Appendix 2. Legal Fees and Expenses (Detail Accounts)

Section 2. Cash Journals

Appendix 1. Cash Receipts Journal

Appendix 2. Cash Disbursements Journal

Section 3. Revolving Fund for Joint Activities

Section 4. Tenant Accounting

Appendix 1. Tenant's Ledger

Appendix 2. Adjustment Slip

Appendix 3. Notice of Occupancy

Appendix 4. Vacate Notice

Appendix 5. Authorization for Rent Refund

Appendix 6. Notice of Change in Rent

Appendix 7. Daily Summary

Appendix 8. Analysis of Adjustments

Appendix 9. Tenant Ledger Control

Appendix 10. Rent Roll Control

Section 5. Computation of Interest

Section 6. Accounting for Annual Administrative Staff Expense Budget

Section 7. Escrow Accounts for Rehabilitation Loan and Grants

Appendix 1. Escrow Account Cash Receipts and Disbursements Journal

Appendix 2. Disposition of Funds (Escrow Account)

Chapter 2. Classifications and Definitions

Section 1. Chart of General Ledger Accounts

Section 2. Definitions of General Ledger Accounts

Section 3. Chart of Cost Accounts

Section 4. Definitions of Cost Accounts

Section 5. Three-Fourths Capital Grant Project with Limited Project Costs

Chapter 3. Typical Transactions

RHM 7222.1. PROJECT COMPLETION

Chapter 1. Final Audit

Chapter 2. Financial Settlement

RHM 7223.1. OTHER RENEWAL ASSISTANCE--FEASIBILITY SURVEY

Chapter 1. Policies and Requirements

Chapter 2. Submission Requirements

Section 1. Feasibility Survey Application

Appendix 1. Suggested Form of Resolution of Applicant Authorizing Filing of Feasibility Survey Application

Section 2. Feasibility Survey Report

Chapter 3. Financing and Administration

RHM 7224.1. OTHER RENEWAL ASSISTANCE--GNRP

Chapter 1. Policies and Requirements

Chapter 2. Submission Requirements

Section 1. General Neighborhood Renewal Plan Application

Appendix 1. Suggested Form of Resolution of Applicant Approving Undertaking of General Neighborhood Renewal Plan and Filing of Application for Federal Advance of Funds

Appendix 2. Suggested Form of Resolution of Governing Body of Locality Approving Undertaking of General Neighborhood Renewal Plan and Filing of Application for Federal Advance of Funds

Section 2. Submission of General Neighborhood Renewal Plan

Appendix 1. Suggested Form of Resolution of Governing Body of LPA Approving General Neighborhood Renewal Plan

Appendix 2. Suggested Form of Opinion of LPA Counsel Respecting Approval of General Neighborhood Renewal Plan by Governing Body of LPA

Section 3. GNRP Local Approval Data

Appendix 1. Suggested Form of Resolution of Governing Body of Locality Approving General Neighborhood Renewal Plan

Appendix 2. Suggested Form of Opinion of Local Public Agency Counsel Respecting General Neighborhood Renewal Plan to Accompany GNRP Local Approval Data

Chapter 3. Financing and Administration

RHM 7225.1. OTHER RENEWAL ASSISTANCE--DISASTER PROJECT

Chapter 1. Policies and Requirements

Section 1. General

Section 2. Workable Program

Section 3. Urban Renewal Plan

Section 4. Relocation

Chapter 2. Submission Requirements

Section 1. Survey and Planning Application

Appendix 1. Instructions for Completing
HUD-6101C, Urban Renewal Area
Data--DisasterAppendix 2. Suggested Form of Resolution of
Applicant Approving Undertaking
of Surveys and Plans for a
Disaster Project and Filing of
an ApplicationAppendix 3. Suggested Form of Resolution of
Governing Body of Locality in
Connection with Filing of an
Application for Undertaking of
Surveys and Plans for a Disaster
Project

Section 2. Application for Loan and Grant

Appendix 1. Suggested Form of Resolution of
Applicant Authorizing Filing of
ApplicationAppendix 2. Suggested Form of Resolution of
Governing Body of Locality Approving
Urban Renewal Plan for a Project

RHM 7226.1. OTHER RENEWAL ASSISTANCE--AIR RIGHTS PROJECT

Chapter 1. Policies and Requirements

Chapter 2. Submission Requirements

RHM 7227.1. OTHER RENEWAL ASSISTANCE--LETTER OF CONSENT

Chapter 1. Policies and Requirements

Chapter 2. Documentation to Accompany Request for Letter of
Consent

RHM 7228.1. OTHER RENEWAL ASSISTANCE--EARLY LAND ACQUISITION

Chapter 1. Policies and Requirements

Chapter 2. Submission Requirements

Appendix 1. Instructions for Completion of Forms

Appendix 2. Suggested Form of Resolution of LPA
Authorizing Filing of Application for
Early Land Acquisition Loan and Approving
Conditions Under Which Relocation Payments
Will Be Made

Chapter 2. Submission Requirements (Cont'd)

- Appendix 3. Suggested Form of Opinion of LPA
Counsel Respecting Application for
Early Land Acquisition Loan
- Appendix 4. Suggested Form of Resolution or Ordinance
of Governing Body of Locality Approving
Early Land Acquisition Activities, Approving
Feasibility of Relocation, if Appropriate,
and Assuming Responsibility for any
Loss That May Arise
- Appendix 5. Opinion of Counsel for Locality Concerning
Resolution or Ordinance of Governing Body
of Locality Approving Early Land
Acquisition Activities

Chapter 3. Early Land Disposition

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HUD REGIONAL OFFICES		GENERAL JURISDICTIONAL AREA	
REGION	REGIONAL ADMINISTRATOR	ADDRESS AND TELEPHONE NUMBER	
I	James J. Barry	Room 405, John F. Kennedy Federal Bldg., Boston, Mass. 02203 Area Code 617 223-4066	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
II	S. William Green	26 Federal Plaza, New York, N.Y. 10007 Area Code 212 264-8068	New York, New Jersey, Puerto Rico, Virgin Islands
III	Warren P. Phelan	Curtis Bldg., 6th and Walnut Sts., Philadelphia, Pa. 19106 Area Code 215 597-2560	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia
IV	Edward H. Baxter	Peachtree-Seventh Bldg., Atlanta, Ga. 30323 Area Code 404 526-5585	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee
V	George J. Vavoulis	360 North Michigan Avenue, Chicago, Ill. 60601 Area Code 312 353-5680	Illinois, Indiana, Minnesota, Michigan, Ohio, Wisconsin
VI	Richard L. Morgan	Federal Office Bldg., 819 Taylor St., Fort Worth, Texas 76102 Area Code 817 334-2867	Arkansas, Louisiana, New Mexico, Oklahoma, Texas
VII	Harry T. Morley	Room 300, Federal Office Bldg., 911 Walnut St., Kansas City, Mo. 64106 Area Code 816 374-2661	Iowa, Kansas, Missouri, Nebraska

RHM 7200.0

<u>HUD REGIONAL OFFICES</u>			
REGION	REGIONAL ADMINISTRATOR	ADDRESS AND TELEPHONE NUMBER	GENERAL JURISDICTIONAL AREA
VIII	Robert C. Rosenheim	Samsonite Bldg., 1050 South Broadway, Denver, Colo. 80209 Area Code 303 837-4061	Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming
IX	Robert H. Baida	450 Golden Gate Ave., P.O. Box 36003, San Francisco, Calif. 94102 Area Code 415 556-4752	Arizona, California, Hawaii, Nevada, Guam, American Samoa
X	Oscar P. Pederson	Arcade Plaza Bldg., Seattle, Washington 98101 Area Code 206 583-5415	Alaska, Idaho, Oregon, Washington

RHM 7200.0

HUD AREA OFFICES		GENERAL JURISDICTIONAL AREA
AREA OFFICE	AREA DIRECTOR	ADDRESS AND TELEPHONE NUMBER
Boston	M. Daniel Richardson	Bullfinch Bldg., 15 New Chardon St., Boston, Mass. 02114 Area Code 617 223-4111
Hartford	Lawrence L. Thompson	999 Asylum Avenue, Hartford, Conn. 06103 Area Code 203 244-3638
Manchester	Creeley S. Buchanan	Davidson Bldg., 1230 Elm Street, Manchester, N. H. 03101 Area Code 603 669-7681
Buffalo	Frank D. Cerabone	Grant Bldg., 560 Main St. Buffalo, N. Y. 14202 Area Code 716 842-3537
Camden	Philip G. Sadler	The Parkade Bldg., 519 Federal St., Camden, N. J. 08103 Area Code 609 963-2301
New York	John B. Maylott	120 Church St., New York, N.Y. 10007 Area Code 212 264-0522
		Massachusetts, Rhode Island
		Connecticut
		Maine, New Hampshire, Vermont
		Western New York State
		Southern New Jersey
		Eastern and Upper New York State

COMMUNITY REQUIREMENTS
RHA 7204

EQUAL OPPORTUNITY
REQUIREMENTS : RHA 7203

DIRECTIONS - RHA 7202

HUD AREA OFFICE		ADDRESS AND TELEPHONE NUMBER	GENERAL JURISDICTIONAL AREA
AREA OFFICE	AREA DIRECTOR		
Newark	Peter J. Longarzo	Gateway I Bldg., Raymond Plaza, West and Market Sts., Newark, N.J. 07102 Area Code 201 645-3010	Northern New Jersey
San Juan (Commonwealth Office)	Angel Enrique-Sanz	P.O. Box 3869, GPO, San Juan, P.R. 00936 (Dial Long Distance Operator) 622-0201	Puerto Rico, Virgin Islands
Pittsburgh	Charles J. Lieberth	Federal Bldg., 1000 Liberty Ave., Pittsburgh, Pa. 15222 Area Code 412 644-2802	Western Pennsylvania, West Virginia
Birmingham	Jon W. Pitts	Daniel Bldg., 15 South 20th St., Birmingham Ala. 35233 Area Code 205 325-3264	Alabama
Detroit	William C. Whitbeck	10th Floor, Book Bldg., 129 Washington Blvd. Detroit, Mich. 48226 Area Code 313 226-7900	Michigan
Dallas	Manuel A. Sanchez, III	1114 Commerce St., Dallas, Texas 75202 Area Code 214 749-3730	East, North, and West Texas and New Mexico

HUD AREA OFFICES

AREA OFFICE	AREA DIRECTOR	ADDRESS AND TELEPHONE NUMBER	GENERAL JURISDICTIONAL AREA
Little Rock	Wayne H. Babbitt	Union National Bank Bldg., One Union National Plaza, Little Rock, Ark. 72201 Area Code 501 372-5401	Arkansas
New Orleans	Guy J. Seghers, Jr.	Plaza Tower, 1001 Howard Ave., New Orleans, La. 70113 Area Code 504 527-2063	Louisiana
Oklahoma City		301 North Hudson St., Oklahoma City, Okla. 73102 Area Code 495 231-4891	Oklahoma
San Antonio	Finnis E. Jolly	Callison Bldg., 410 South Main Ave., San Antonio, Texas 78204 Area Code 512 225-4685	Southwest Texas
Kansas City	David W. Baker	One Gateway Center, 5th and State Sts., P.O. Box 1339, Kansas City, Kans. 66117 Area Code 816 374-4355	Kansas, Western Missouri
Omaha	Guy J. Birch	Univac Bldg., 7100 West Center Rd., Omaha, Neb. 68106 Area Code 402 221-4221	Iowa, Nebraska

RHM 7200.0

HUD AREA OFFICES

AREA OFFICE	AREA DIRECTOR	ADDRESS AND TELEPHONE NUMBER	JURISDICTIONAL AREA
St. Louis	Elmer E. Smith	210 North 12th St. St. Louis, Mo. 63101 Area Code 314 622-4760	Eastern Missouri
San Francisco	James H. Price	681 Market St., San Francisco, Calif. 94105 Area Code 415 556-2238	Nevada, Hawaii, Guam, American Samoa, Northern California
Los Angeles	Raymond Carrasco	2500 Wilshire Blvd., Los Angeles, Calif. 90057 Area Code 213 688-5127	Arizona, Southern California
Portland	Russell H. Dawson	520 Southwest 6th Ave. Portland, Ore. 97204 Area Code 503 226-3963	Oregon, Southern Idaho
Seattle	Marshall D. Mayors	Arcade Plaza Bldg., 1321 Second Ave., Seattle, Wash. 98101 Area Code 206 583-7456	Alaska, Washington, Northern Idaho

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

URBAN RENEWAL HANDBOOK

RHM 7200.1

CIRCULAR

9/11/70

Cancellation

Date: 12/31/70

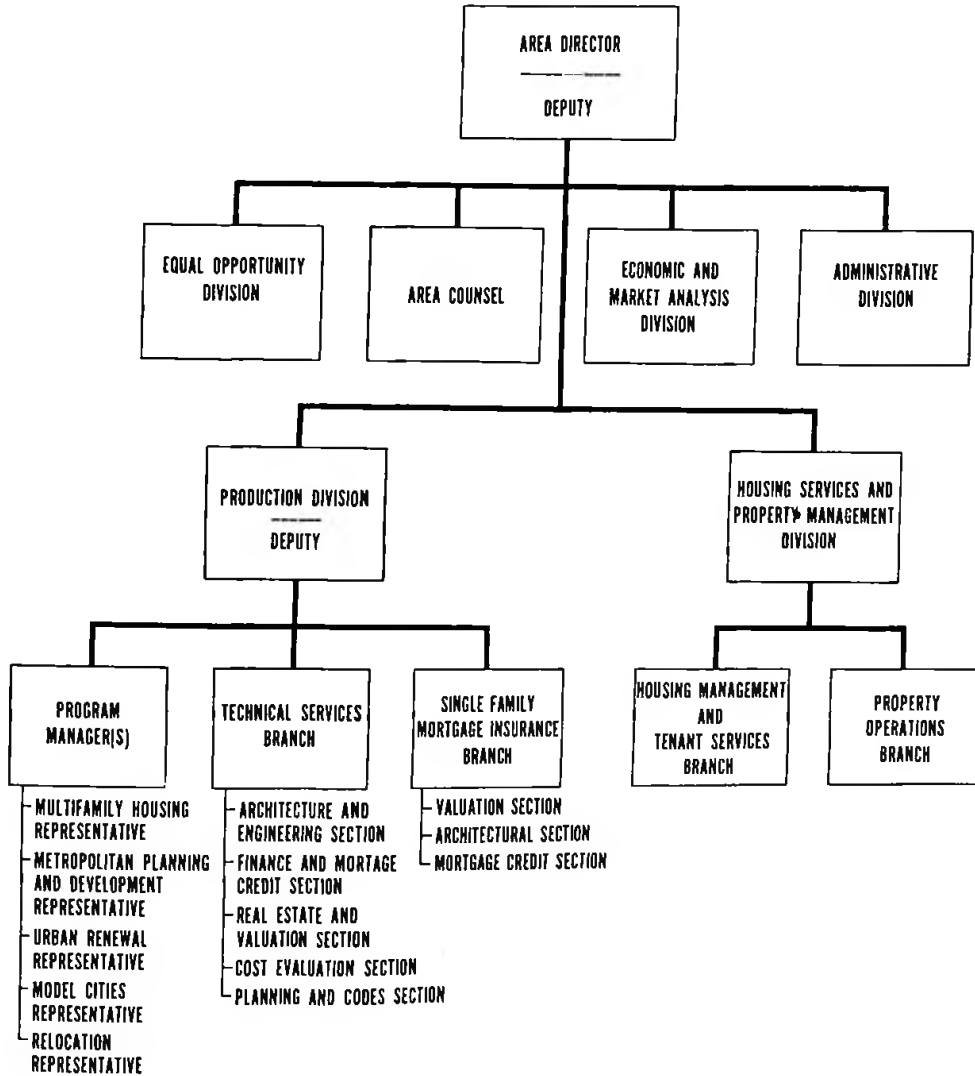
SUBJECT: Effect of New HUD Structure on Public Bodies

1. PURPOSE. This Circular discusses the effect of the establishment of Area Offices on public bodies and the revision of the Regional Office role.
2. BACKGROUND. In November 1969, Secretary George Romney announced the new organization of the Department of Housing and Urban Development. As a result of the new organization, four new Regional Offices were created. Area Offices, a new level of offices to assist public bodies, were also created within each Region except Region VIII (Denver).
3. FUNCTIONS AND ORGANIZATION.
 - a. Regional Offices will be responsible for supervising, monitoring and coordinating Area Office activities on a regional basis.
 - b. Area Offices will generally perform the same functions Regional Offices previously performed. They will be responsible for application review and processing for renewal assistance programs and for provision of field assistance to public bodies, and assuring compliance with HUD policies and requirements. An Area Office consists of the following major organizational units: Production Division, Housing Services and Property Management Division, Equal Opportunity Division, Economic and Market Analysis Division, Administrative Division, and the Area Counsel. An organizational chart is attached. (See appendix 1.)
 - (1) The Production Division, headed by a Director, is the focal point for all HUD program production activity in the Area Office. The Division generally is responsible for the production of all HUD-assisted programs, including renewal assistance programs. Its responsibilities include FHA mortgage insurance for the geographical jurisdiction of the FHA Insuring Office formerly located in the city in which the Area Office is now located.

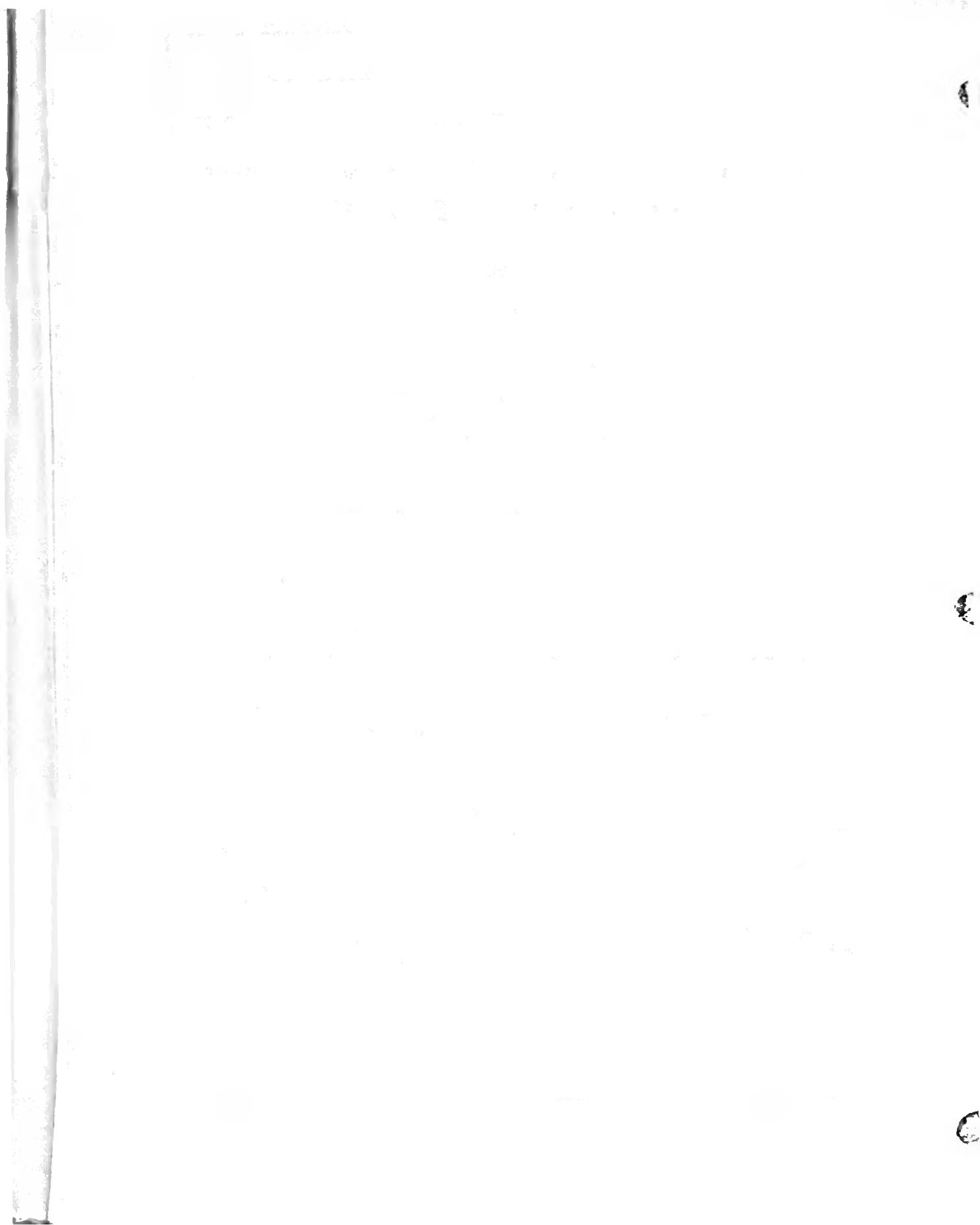
DIRECTIONS - RHA 7202
EQUAL OPPORTUNITY
REQUIREMENTS - RHA 7203
COMMUNITY REQUIREMENTS
RHA 7204

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- (2) The Housing Services and Property Management Division, headed by a Director, is responsible for the management of all HUD-assisted housing programs, including community services; property disposition, including rehabilitation and management; and mortgage and loan contract servicing.
4. LOCATIONS AND JURISDICTIONS. A list of locations and jurisdictions of HUD Regional and Area Offices is attached to this Circular. Most of these Area Offices will become fully operational on or about September 30, 1970. Regional Offices will advise affected public bodies of opening dates in each instance.
5. DELAYED OPENING OF CERTAIN AREA OFFICES. In some regions, Area Offices are not scheduled to open until 1971, and in Region VIII the workload is small enough that no Area Office will be established for the time being. Therefore, in those situations, the Regional Office will function in the dual capacity of performing Regional Office functions as well as those functions that each Area Office will assume when it is opened.
6. DOCUMENT SUBMISSION AND TECHNICAL ASSISTANCE REQUESTS.
- a. A public body shall submit applications, required forms, and other documentation or communications to and request all technical assistance from:
- (1) Area Office as soon as it becomes operative, or
- (2) Regional Office if an Area Office has not been established.
- b. Exceptions to the above requirement are: Requisitions for Project Temporary Loan Payments (Direct Federal Loans) and Requisitions for Capital Grant Payment, Relocation Grant Payment, or Rehabilitation Grant Reimbursement, which the public body shall continue to send to the Regional Office.
7. EFFECT OF NEW ORGANIZATION ON PROGRAM HANDBOOK. References to Regional Office now appearing in Urban Renewal, Neighborhood Development Program, Community Renewal Program, Code Enforcement Grant, Demolition Grant, Certified Area, and Interim Assistance Grant Handbooks should be construed as applying to Area Office by those public bodies that will be under the jurisdiction of an Area Office.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
DEPARTMENT AREA OFFICE**



REQUIREMENTS : RHA 7203
 COMMUNITY REQUIREMENTS
 RHA 7204



REGIONAL AND AREA OFFICE LOCATIONS
AND JURISDICTION

1. REGION I -- Boston, Massachusetts:

Maine, New Hampshire, Vermont, Massachusetts, Connecticut,
Rhode Island

a. Manchester, New Hampshire Area Office:

States of Maine, New Hampshire, Vermont

b. Boston, Massachusetts Area Office:

States of Massachusetts and Rhode Island

c. Hartford, Connecticut Area Office:

State of Connecticut

2. REGION II -- New York, New York:

New York, New Jersey, Puerto Rico, Virgin Islands

a. New York, New York Area Office:

New York Counties of:

Bronx	Clinton	Oneida
Broome	Columbia	Onondaga
Kings	Cortland	Oswego
Nassau	Delaware	Otsego
New York	Dutchess	Rensselaer
Orange	Essex	St. Lawrence
Putnam	Franklin	Saratoga
Queens	Fulton	Schenectady
Richmond	Greene	Schoharie
Rockland	Hamilton	Sullivan
Suffolk	Herkimer	Tioga
Westchester	Jefferson	Thompson
Albany	Lewis	Ulster
Cayuga	Madison	Warren
Chenango	Montgomery	Washington

b. Buffalo, New York Area Office:

New York Counties of:

DIRECTIONS - RHA 7202
 EQUAL OPPORTUNITY
 REQUIREMENTS - RHA 7203
 COMMUNITY REQUIREMENTS
 RHA 7204

APPENDIX 2

Allegany	Ontario
Cattaraugus	Orleans
Chautaugua	Schuyler
Chemung	Seneca
Erie	Steuben
Genesee	Wayne
Livingston	Wyoming
Monroe	Yates
Niagara	

c. Newark, New Jersey Area Office:

New Jersey Counties of:

Bergen	Morris
Essex	Passaic
Hudson	Somerset
Hunterdon	Sussex
Mercer	Union
Middlesex	Warren
Monmouth	

d. Camden, New Jersey Area Office:

New Jersey Counties of:

Atlantic
Burlington
Camden
Cape May
Cumberland
Gloucester
Ocean
Salem

e. San Juan, Puerto Rico -- Commonwealth Area Office:

Commonwealth of Puerto Rico, Territory of the Virgin Islands

3. REGION III -- Philadelphia, Pennsylvania:

Pennsylvania, Delaware, Maryland, District of Columbia,
Virginia, West Virginia

a. Pittsburgh, Pennsylvania Area Office:

State of West Virginia

Pennsylvania Counties of:

Allegheny	Fulton
Armstrong	Greene
Beaver	Huntingdon
Bedford	Indiana
Blair	Jefferson
Butler	Lawrence
Cambria	McKean
Cameron	Mercer
Clarion	Potter
Clearfield	Somerset
Crawford	Venango
Elk	Warren
Erie	Washington
Fayette	Westmoreland
Forest	

4. REGION IV -- Atlanta, Georgia:North Carolina, South Carolina, Georgia, Florida, Kentucky,
Tennessee, Alabama, Mississippia. Birmingham, Alabama Area Office:

State of Alabama

5. REGION V -- Chicago, Illinois:

Minnesota, Wisconsin, Illinois, Michigan, Indiana, Ohio

a. Detroit, Michigan Area Office:

State of Michigan

6. REGION VI -- Fort Worth:

New Mexico, Oklahoma, Texas, Arkansas, Louisiana

a. Oklahoma City, Oklahoma Area Office:

State of Oklahoma

APPENDIX 2

b. Dallas, Texas Area Office:

State of New Mexico

Texas Counties of:

Archer	Hamilton	Palo Pinto
Baylor	Hardeman	Parker
Bosque	Haskell	Shackelford
Brown	Hood	Somervell
Callahan	Jack	Stephens
Clay	Johnson	Tarrant
Coleman	Jones	Taylor
Comanche	Knox	Throckmorton
Eastland	Lampasas	Wichita
Erath	Mills	Wilbarger
Foard	Montague	Wise
		Young
Anderson	Fannin	McLennan
Bell	Franklin	Milam
Bowie	Freestone	Morris
Camp	Grayson	Navarro
Cass	Gregg	Panola
Cherokee	Harrison	Rains
Collin	Henderson	Red River
Cooke	Hill	Rockwall
Coryell	Hopkins	Rusk
Dallas	Hunt	Smith
Delta	Kaufman	Titus
Denton	Lamar	Upshur
Ellis	Limestone	Van Zandt
Falls	Marion	Wood
Angelina	Houston	Robertson
Austin	Jasper	Sabine
Brazoria	Jefferson	San Augustine
Brazos	Leon	San Jacinto
Burleson	Liberty	Shelby
Chambers	Madison	Trinity
Colorado	Matagorda	Tyler
Fort Bend	Montgomery	Walker
Galveston	Nacogdoches	Waller
Grimes	Newton	Washington
Hardin	Orange	Wharton
Harris	Polk	

Andrews	Garza	Nolan
Armstrong	Glasscock	Ochiltree
Bailey	Gray	Oldham
Borden	Hale	Parmer
Brewster	Hall	Pecos
Briscoe	Hansford	Potter
Carson	Hartley	Presidio
Castro	Hemphill	Randall
Childress	Hockley	Reagan
Cochran	Howard	Reeves
Coke	Hudspeth	Roberts
Collingsworth	Hutchinson	Runnels
Concho	Irion	San Salea
Cottle	Jeff Davis	Schlescher
Crane	Kent	Scurry
Crockett	King	Sherman
Crosby	Lamb	Sterling
Culberson	Lipscomb	Stonewall
Dallam	Loving	Sutton
Dawson	Lubbock	Swisher
Deaf Smith	Lynn	Terrell
Dickens	Martin	Terry
Donley	McCulloch	Tom Green
Ector	Menard	Upton
El Paso	Midland	Ward
Fisher	Mitchell	Wheeler
Floyd	Moore	Winkler
Gaines	Motley	Yoakum

c. San Antonio, Texas Area Office:

Texas Counties of:

Aransas	Gonzales	Lee
Atascosa	Guadalupe	Live Oak
Bandera	Hays	Medina
Bastrop	Hidalgo	Nueces
Bee	Jackson	Real
Baxar	Jim Hogg	Refugio
Blanco	Jim Wells	San Patricio
Brooks	Karnes	Starr
Burnet	Kendall	Travis
Caldwell	Kenedy	Uvalde
Calhoun	Kerr	Val Verde
Cameron	Kimble	Victoria
Comal	Kinney	Webb
De Witt	Kleberg	Willacy
Dimmit	La Salle	
Goliad	Lavaca	

RHM 7200.1

APPENDIX 2

Duval	Llano	Wilson
Edwards	McMullen	Zapata
Fayette	Mason	Zavala
Frio	Maverick	
Gillespie	Williamson	

d. Little Rock, Arkansas Area Office:

State of Arkansas

e. New Orleans, Louisiana Area Office:

State of Louisiana

7. REGION VII -- Kansas City, Missouri:

Nebraska, Iowa, Kansas, Missouri

a. Omaha, Nebraska Area Office:

States of Iowa and Nebraska

b. Kansas City, Kansas Area Office:

State of Kansas

Missouri Counties of:

Andrew	Harrison
Atchison	Henry
Barry	Hickory
Barton	Holt
Bates	Mercer
Benton	Miller
Buchanan	Morgan
Caldwell	Newton
Camden	Nodaway
Carroll	Pettis
Cass	Platte
De Kalb	Polk
Gentry	Pulaski
Greene	Putnam
Grundy	Ray
	St. Clair

Cedar	Jackson	McDonald
Chariton	Jasper	Saline
Christian	Johnson	Stone
Clay	Laclede	Sullivan
Clinton	Lafayette	Taney
Dade	Lawrence	Vernon
Dallas	Linn	Webster
Daviess	Livingston	Worth

c. St. Louis, Missouri Area Office:

Missouri Counties of:

Adair	Knox	Putnam
Audrain	Lewis	Ralls
Bollinger	Lincoln	Randolph
Boone	Macon	Reynolds
Butler	Madison	Ripley
Callaway	Maries	St. Charles
Cape Girardeau	Marion	St. Francois
Carter	Miller	St. Louis
Clark	Mississippi	St. Louis City
Cole	Moniteau	Ste. Genevieve
Cooper	Monroe	Schuyler
Crawford	Montgomery	Scotland
Dent	New Madrid	Scott
Douglas	Oregon	Shannon
Dunklin	Osage	Shelby
Franklin	Ozark	Stoddard
Gasconade	Pemiscot	Texas
Howard	Perry	Warren
Howell	Phelps	Washington
Iron	Pike	Wayne
Jefferson	Pulaski	Wright

8. REGION VIII -- Denver, Colorado:

Montana, Wyoming, Utah, Colorado, North Dakota, South Dakota

9. REGION IX -- San Francisco, California:

California, Nevada, Arizona, Hawaii, Territory of Guam,
American Samoa

APPENDIX 2

a. San Francisco, California Area Office:

States of Nevada and Hawaii, Territory of Guam, American Samoa

California Counties of:

Alameda	Marin	San Mateo
Contra Costa	Mariposa	Santa Clara
Del Norte	Mendocino	Santa Cruz
Fresno	Merced	Solano
Humboldt	Monterey	Sonoma
Kings	Napa	Stanislaus
Lake	San Benito	Tulare
Madera	San Francisco	
Alpine	Modoc	Siskiyou
Amador	Nevada	Sutter
Butte	Placer	Tehama
Calaveras	Plumas	Trinity
Colusa	Sacramento	Tuolumne
El Dorado	San Joaquin	Yolo
Glenn	Shasta	Yuba
Lassen	Sierra	

b. Los Angeles, California Area Office:

State of Arizona

California Counties of:

Inyo	Riverside
Imperial	San Bernardino
Kern	San Diego
Los Angeles	San Luis Obispo
Mono	Santa Barbara
Orange	Ventura

10. REGION X -- Seattle, Washington:

Alaska, Washington, Oregon, Idaho

a. Seattle, Washington Area Office:

State of Alaska

Idaho Counties of:

Benewah	Kootenai
Bonner	Latah
Boundary	Lewis
Clearwater	Nez Perce
Idaho(part)	Shoshone

Washington Counties of:

Chelan	Mason
Clallam	Okanogan
Cowlitz	Pacific
Douglas	Pierce
Grays Harbor	San Juan
Island	Skagit
Jefferson	Snohomish
King	Thurston
Kitsap	Wahkiakum
Kittitas	Whatcom
Lewis	Yakima
Adams	Grant
Asotin	Lincoln
Benton	Pend Oreille
Columbia	Spokane
Ferry	Stevens
Franklin	Walla Walla
Garfield	Whitman

b. Portland, Oregon Area Office:

State of Oregon

Washington Counties of:

Clark
Klickitat
Skamania

Idaho Counties of:

Ada	Cassia	Lincoln
Adams	Clark	Madison
Bannock	Custer	Minidoka

RHM 7200.1

APPENDIX 2

Bear Lake
Bingham
Blaine
Boise
Bonneville
Butte
Camas
Canyon
Caribou

Elmore
Franklin
Fremont
Gem
Gooding
Idaho (part)
Jefferson
Jerome
Lemhi

Oneida
Owyhee
Payette
Power
Teton
Twin Falls
Valley
Washington

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

RELOCATION
RHA 7212PROGRAM POLICIES AND
DIRECTIONS - RHA 7202SOCIAL DEVELOPMENT
RHA 7213EQUAL OPPORTUNITY
REQUIREMENTS - RHA 7203MIGRATION AND PROJECT
COMMUNITY REQUIREMENTS
RHA 7204

REHABILITATION

PROPERTY MANAGEMENT
RHA 7211

**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.

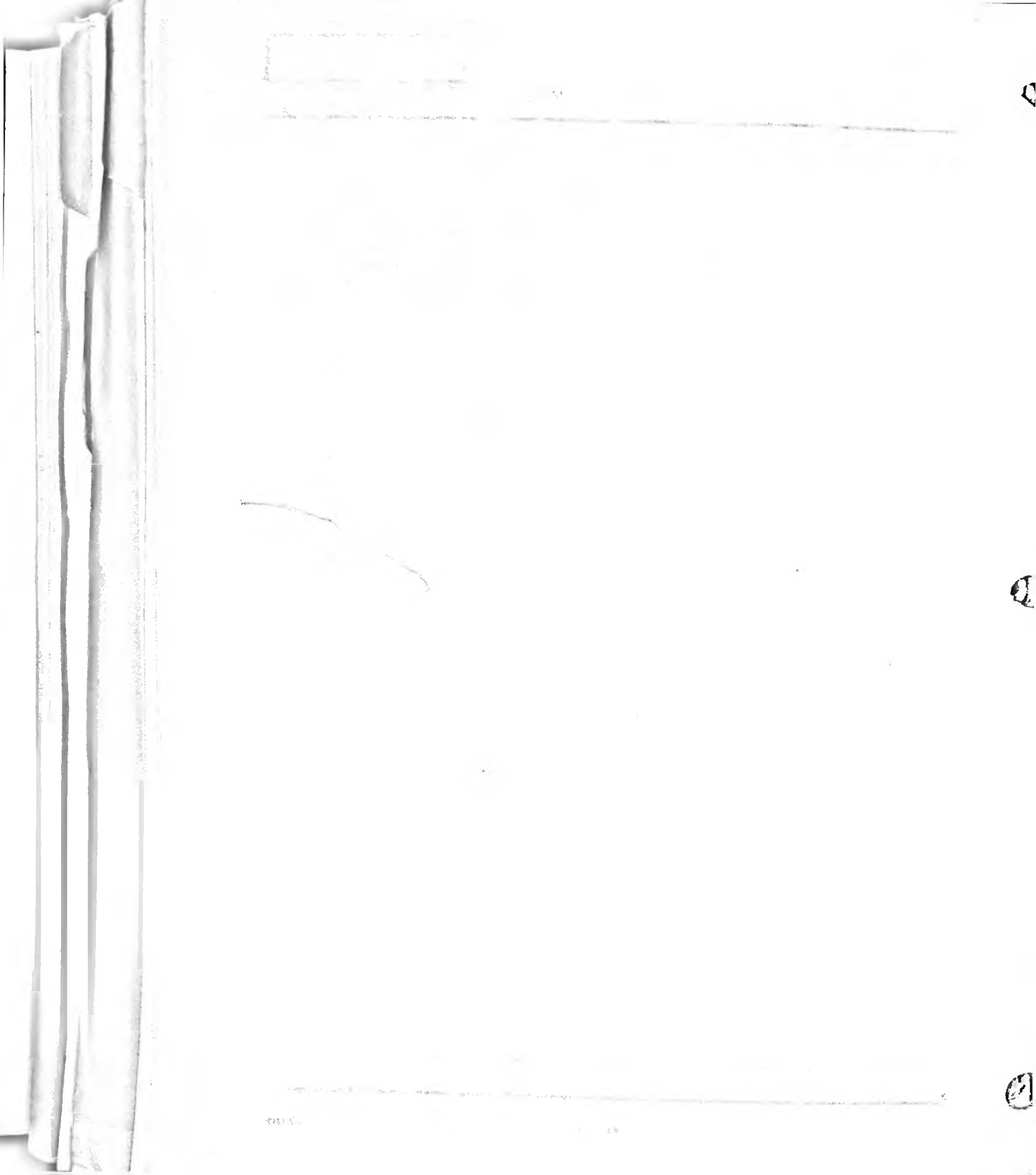
- a. Civil and Criminal. Any false statement made willfully and knowingly in a proclaimer certificate may subject the signers to conviction for a felony under Section 1001 of Title 18 of the United States Code, punishable by fine of not more \$10,000, imprisonment of not more than 5 years, or both. The 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.
-

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.



JURISDICTIONS - RHA 7202

REQUIREMENTS - RHA 7203

REQUIREMENTS
RHA 7204



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

RHA 7204

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

EQUAL OPPORTUNITY REQUIREMENTS
CHAPTER 1

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:

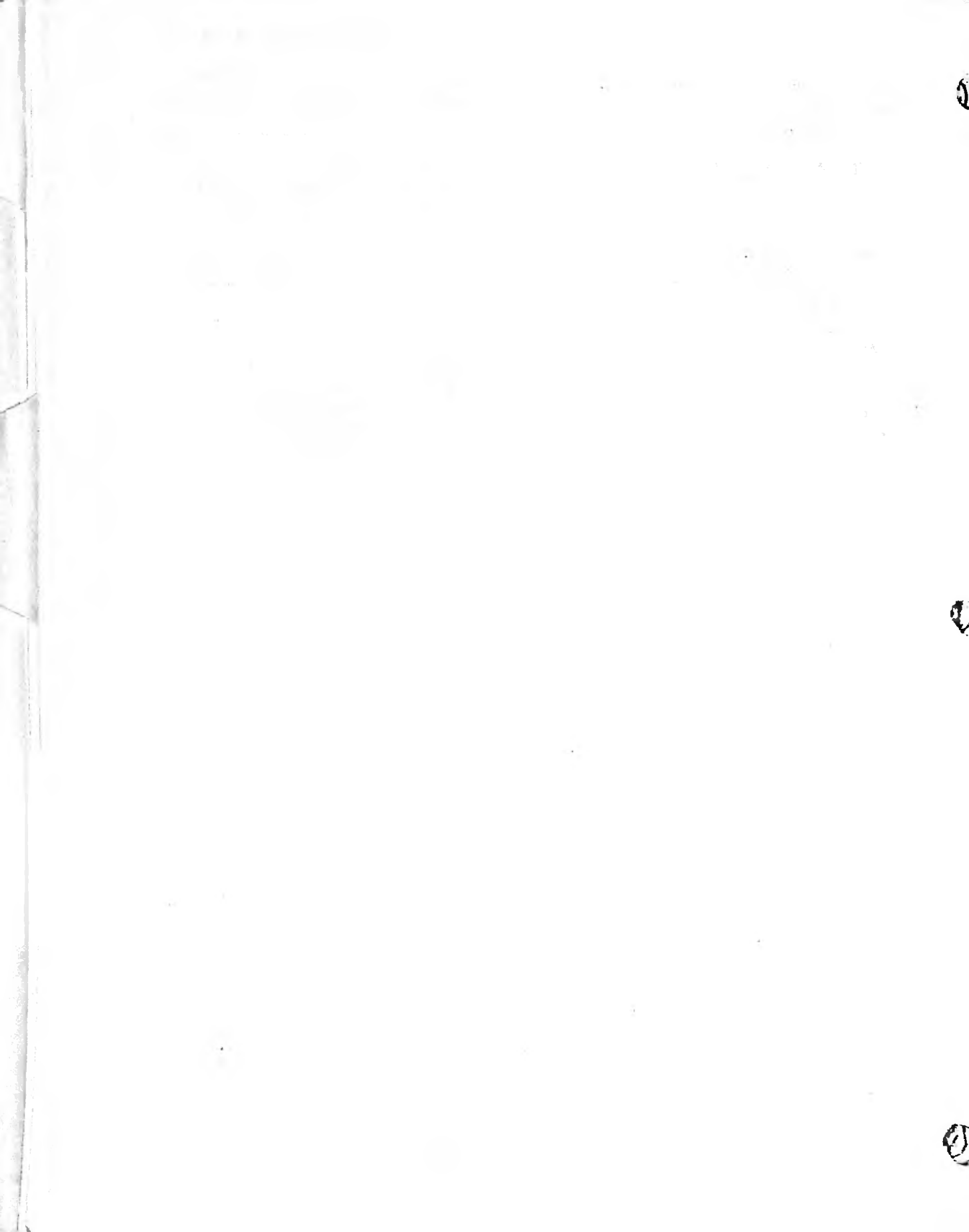
- (1) Name, address, and telephone number of the complainant.
- (2) Name and address of the redeveloper or public facility involved in the alleged discrimination.
- (3) Description of the actions considered to be discriminatory.
- (4) Time and place actions occurred.
- (5) Other pertinent information.
- (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.

CIRCULATIONS - RHA 7204
COMMUNITY REQUIREMENTS
RHA 7204



REPRINT FROM CODE OF FEDERAL REGULATIONS, TITLE 14, SUBTITLE A, PP. 14-22.

**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.
1.2 Definitions.
1.3 Application of Part 1.
1.4 Discrimination prohibited.
1.5 Assurances required.
1.6 Compliance information.
1.7 Conduct of investigations.
1.8 Procedure for effecting compliance.
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), 82 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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EQUAL OPPORTUNITY REQUIREMENTS
CHAPTER 1, APPENDIX 1

§ 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

EQUAL OPPORTUNITY
CHAPTER 1, APPENDIX 1

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.

(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-

EQUAL OPPORTUNITY REQUIREMENTS
CHAPTER 1, APPENDIX 1

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

EQUAL OPPORTUNITY REQUIREMENTS
CHAPTER 1, APPENDIX 1

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 non-compliance 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-

EQUAL OPPORTUNITY REQUIREMENTS
CHAPTER 1, APPENDIX 1

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. 150j.
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.



DIRECTIONS - RHA 7202

COMMUNITY REQUIREMENTS
RHA 7204

EMERGENCY

EMERGENCY



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. 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.
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- 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)

<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)

RHM 7200.1

GENERAL

CHAPTER 1 APPENDIX 1

<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-6221	4-66	Summary of Annual Administrative Staff Expense 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

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

URBAN RENEWAL HANDBOOK

CIRCULAR

RHM 7200.1

6/3/70

AUG 14 1970

Cancellation
Date:

SUBJECT: Proclaimer Procedure for Urban Renewal Program

1. PURPOSE. This Circular implements the new proclaimer procedure. Five proclaimer certificates to be used by local public agencies (LPA's) in lieu of execution stage submissions requiring HUD review are being issued by separate Circulars. Their use should result in important time savings for the LPA's and HUD.
2. GENERAL EXPLANATION. 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. Properly executed proclaimers will be accepted as having met HUD requirements. This procedure may be used immediately and becomes mandatory for all LPA's on November 15, 1970. This will give LPA's time to adapt their operations to this new procedure. Until that time, the existing HUD procedures are optional.
 - 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 were made in compliance with existing statutory and administrative requirements.

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- b. Assurance of Compliance. The proclaimer certificate will substitute for the submission of documents previously required for HUD review and approval. HUD will accept the locality's assurance of compliance, and the locality will be free to proceed to the next stage of its program without waiting for HUD concurrence. A proclaimer certificate will not be reviewed except on a postaudit basis. HUD will maintain its responsibility for insuring compliance with program requirements through postaudits which seek to verify the statements of fact made in proclaimer certificates. These field reviews may be performed at any time during the planning or execution phase.
- c. Benefits. The new procedure will thus reduce HUD processing time and enable the locality to proceed more rapidly with the planning and execution of its program.
- d. Who Signs. The proclaimer certificate will be signed by the appropriate local official or officials designated in the proclaimer certificates. Depending on the matter at hand, it may be a professional member of the LPA staff, such as an engineer or architect, or the executive director, the chairman of the LPA or the mayor. Proclaimer certificates should be displayed or distributed at the first meeting of the LPA governing body after their execution.
- e. Accountability. It is to be understood that in submitting a proclaimer certificate, the local officials have freely and consciously accepted responsibility for the representations contained in the proclaimer certificate, and they have considered the matter in a careful and deliberate manner. The signers will be held accountable for the representations contained in the proclaimer certificates and will be subject to applicable civil and criminal provisions of the United States Code.
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3. SANCTIONS AGAINST MISREPRESENTATION.

- a. Civil and Criminal. Any false statement made willfully and knowingly in the proclaimer certificates 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 than \$10,000, imprisonment of not more than 5 years, or both; the signers may also 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 suit.
- b. Administrative. In addition to the foregoing statutory sanctions, misrepresentation in proclaimer certificates by local officials may also 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.

4. 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. The LPA shall submit an original of the proclaimer and one copy of the resolution authorizing the use of proclaimers as a matter of record to HUD.

5. MODIFICATION OF FORMS. When existing forms used in connection with the proclaimer procedure specify HUD approval, the HUD-approval requirements should be disregarded.

PROGRAM POLICIES AND DIRECTIONS - RHA 7202
SITE PREPARATION AND PROJECT
REHABILITATION
PROPERTY MANAGEMENT

1. The first part of the document discusses the importance of maintaining accurate records of all transactions.

2. It is essential to ensure that all entries are supported by appropriate documentation and receipts.

3. The second part of the document outlines the various methods used to collect and analyze data.

4. These methods include both qualitative and quantitative approaches, each with its own strengths and limitations.

5. The third part of the document provides a detailed overview of the theoretical framework underlying the research.

6. This framework is based on a combination of established theories and new insights from recent research.

7. The fourth part of the document describes the research methodology and the specific procedures followed.

8. The methodology is designed to be both rigorous and replicable, ensuring the reliability of the findings.

9. The fifth part of the document presents the results of the study, which show a clear relationship between the variables.

10. These results are consistent with the theoretical framework and provide valuable insights into the phenomenon being studied.

11. The sixth part of the document discusses the implications of the findings and their potential applications.

12. The findings have significant implications for both theory and practice, and they suggest several areas for further research.

13. Finally, the document concludes with a summary of the key points and a final thought on the importance of the research.

APPENDIX 1 - FORM OF RESOLUTION
AUTHORIZING USE OF PROCLAIMER CERTIFICATES

WHEREAS, HUD authorizes Local Public Agencies carrying out urban renewal projects to certify to the existence and documentation of certain facts and requirements, subject to a postaudit by HUD and in lieu of the submission of such documentation for prior review and approval by HUD, as set forth in such regulations, policies, and requirements of the Secretary as shall be in effect from time to time;

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: *

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

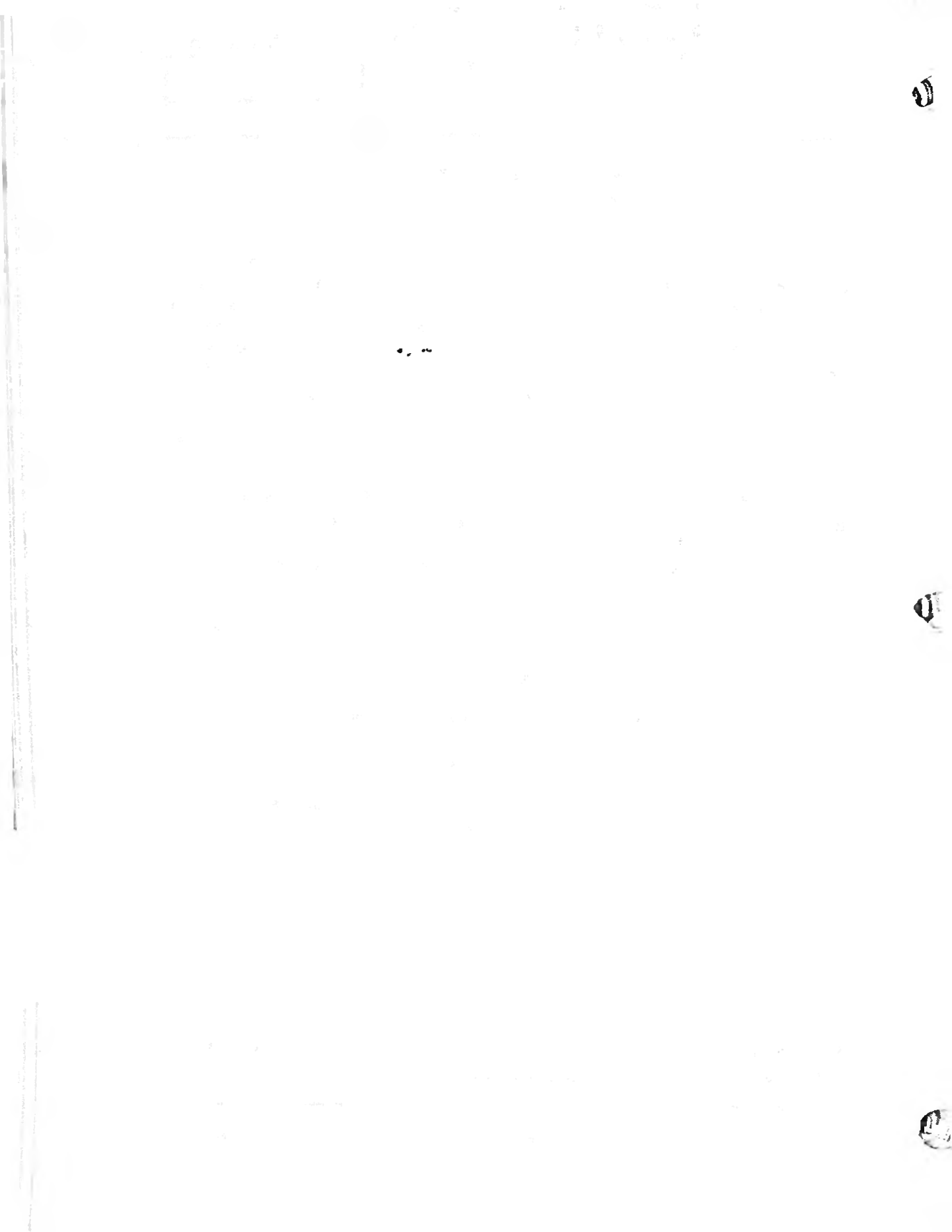
1. (Title of Proclaimer Certificate)
2. (Title of Proclaimer Certificate)
3. (Title of Proclaimer Certificate)

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

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

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

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SITE PREPARATION AND PROJECT
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PROPERTY MANAGEMENT
RHA 7211



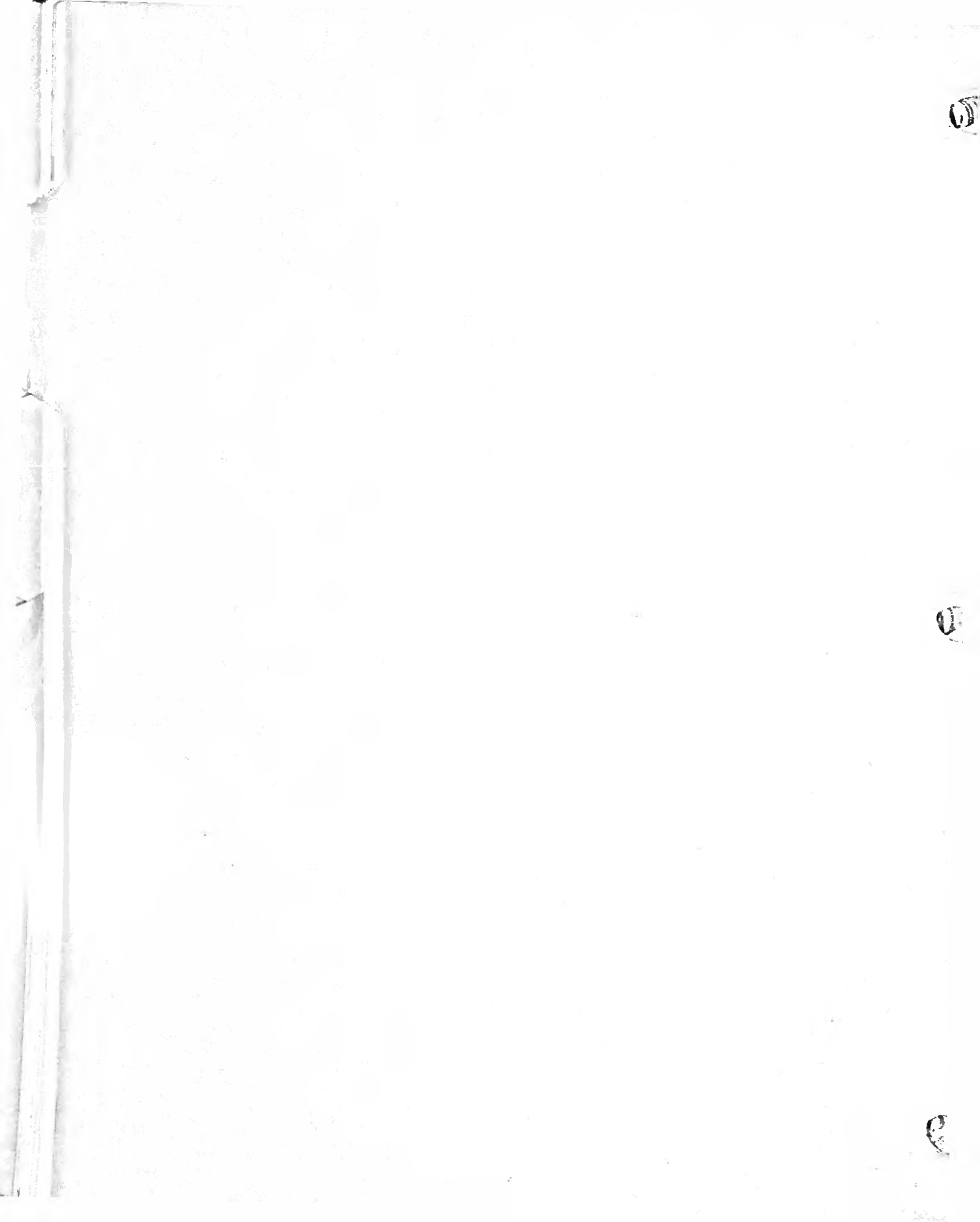
PROGRAM POLICIES AND DIRECTIONS - RHA 7202

SITE PREPARATION AND PROJECT

(1)

(2)

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CIRCULAR **FORDHAM**

RHM 7202.1

2/16/70

APR 6 1970

Cancellation
Date:

Law Library

SUBJECT: Housing and Urban Development Act of 1969

1. PURPOSE. This Circular summarizes the provisions of the Housing and Urban Development Act of 1969, signed by the President on December 24, 1969, which modify Title I of the Housing Act of 1949, as amended. Implementing policies and procedures for these provisions will be issued shortly.
2. PROVISIONS OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1969 WHICH MODIFY TITLE I. The following is a Section-by-Section summary of the provisions of the Housing and Urban Development Act of 1969 as they modify Title I:
 - a. Section 201--Urban Renewal Grant Authority. Section 201 increases the aggregate amount of capital grants which may be made under the urban renewal program by \$1,700 million on July 1, 1970. The cumulative authorization for the program thus becomes \$11,325 million. The Section also provides that not less than 35 percent of the amounts available to HUD for grants under Title I of the Housing Act of 1949, as amended, for each of fiscal years 1970 and 1971, shall be for grants under the Neighborhood Development Program.
 - b. Section 202--Extension of Urban Renewal Assistance to the Trust Territory of the Pacific Islands and to Indian Tribes. Section 202 makes the Trust Territory of the Pacific Islands and the Indian tribes, bands, groups, and nations (including Alaska Indians, Aleuts, and Eskimos) of the United States eligible for urban renewal loans and grants. It also makes the Indian tribes, bands, groups, and nations (including Alaska Indians, Aleuts, and Eskimos) eligible for demolition grants, code enforcement grants, and interim assistance grants.
 - c. Section 203--Extension of Period of Eligibility of Local Grants-in-Aid for Certain Urban Renewal Projects and Neighborhood Development Programs. Section 203 revises the time period requirements for determining eligibility for local grant-in-aid credit in the case of urban renewal projects for which Survey and Planning Applications were submitted to, but not approved by, HUD on or before December 24, 1969, to provide that a public improvement or facility is eligible

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for credit if construction commenced not more than four years (instead of three years) prior to the HUD authorization for Loan and Grant Contract for the project and that expenditures by educational institutions or hospitals are eligible for credit if made eight years (instead of seven years) prior to such HUD contract authorization. These revised time period requirements for local grant-in-aid credit eligibility also apply to urban renewal areas which are part of a Neighborhood Development Program for which an application for loan or grant was submitted to, but not approved by, HUD on or before December 24, 1969.

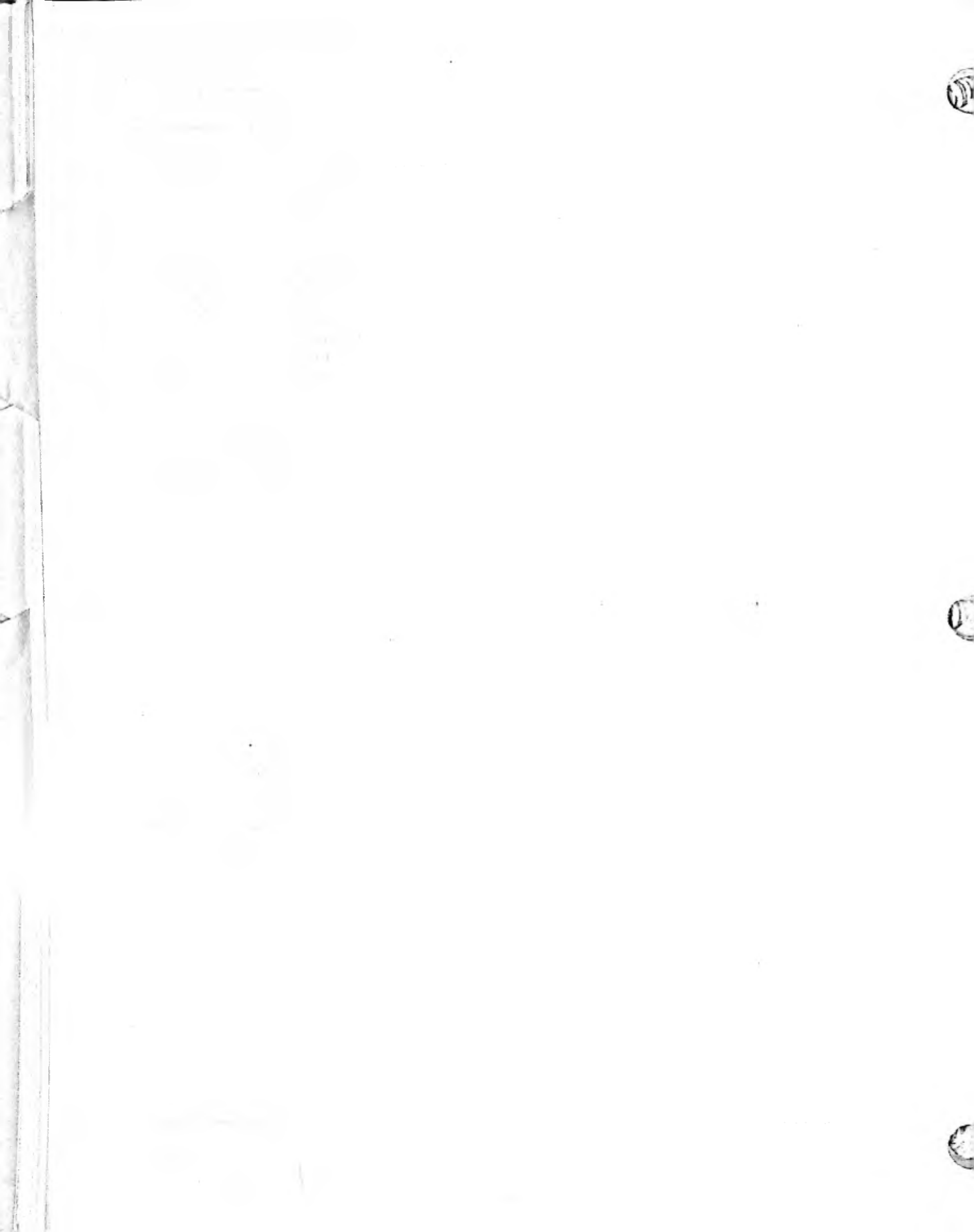
- d. Section 204--Inclusion of Enclosed Pedestrian Malls as Eligible Urban Renewal Activities. Section 204 allows covered pedestrian malls and walkways (including any necessary roofs, walls, columns, lighting, and climate control facilities) as eligible for inclusion in urban renewal gross project costs as Item 1 or Item 2 expenditures.
- e. Section 205--Rehabilitation Grants. Section 205 increases the maximum Section 115 rehabilitation grant from \$3,000 to \$3,500.
- f. Section 206--Local Grant-in-Aid Credit for Certain Facilities Built on Behalf of Public Universities. Section 206 provides that medical facilities otherwise eligible for noncash grant-in-aid credit may receive such credit if built on behalf of (as well as if built by) a public university.
- g. Section 207--Income Limitation Under Rehabilitation Loan Program. Section 207 removes the requirement limiting eligibility for Section 312 residential rehabilitation loans to persons whose annual income is within locally applicable income limits for the Section 221(d)(3) below-market-interest-rate program. Priority, however, is to be given to applicants whose incomes are within those limits.
- h. Section 208--Supplemental Grants for Urban Renewal Programs. Section 208 authorizes HUD to make supplemental grants in any amount HUD determines is necessary to enable LPA's to borrow funds from private sources for carrying out urban renewal activities. Previously, the amount of each supplemental grant was limited to the amount by which the interest cost of a loan from private sources exceeded the interest cost for a direct Federal loan. This revision would make the present supplemental grant authority more flexible and enable those grants to be used in some cases, not previously anticipated, which could arise because of changes in the money market.

- i. Section 209--Review of Relocation Plans Under Urban Renewal Program. Section 209 requires HUD, by December 24, 1970, and every two years thereafter, to review each locality's relocation plans and its effectiveness in carrying out those plans.
 - j. Section 210--Replacement of Housing Units Where Project Involves Demolition or Removal of Residential Structures. Section 210 requires that any housing units occupied by low- or moderate-income families demolished or removed by urban renewal projects, which receive Federal recognition after December 24, 1969, shall be replaced, on a one-to-one basis, with standard housing units for occupancy by low- and moderate-income families. Replacement housing may be provided, by construction or rehabilitation, under federally-assisted or State-assisted housing programs, and may include units of low-rent housing in private accommodations assisted under Section 23 of the United States Housing Act of 1937. Replacement housing is to be provided in the area within which the LPA has jurisdiction; however, HUD may take into account housing beyond the limits of the jurisdiction where appropriate. If the vacancy rate for the area is greater than five percent, HUD may waive the replacement requirement to the extent that it determines that there are existing standard housing units in the area available for occupancy by displaced low- and moderate-income families.
3. PROVISION OF THE ACT WHICH AFFECTS THE URBAN RENEWAL PROGRAM.
- a. Section 404--Employment Opportunities for Lower Income Persons in Connection With the Urban Renewal Program. Section 404 requires that in its administration of the Urban Renewal Program, among others, HUD shall require, to the greatest extent feasible, (1) that opportunities for training and employment arising in connection with the planning and carrying out of projects be given to lower income residents of project areas, and (2) that contracts for project work be awarded to business concerns which are located in, or owned in substantial part by residents of, project areas.

FORDHAM

APR 6 1970

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

CIRCULAR

RHM 7202.3

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:

SITE PREPARATION AND PROJECT
IMPROVEMENTS - DUA 7200
PROPERTY MANAGEMENT
DUA 7211

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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. *

SITE PREPARATION AND PROJECT REHABILITATION IMPROVEMENTS, DHA 7200
 OPERITY MANAGEMENT DHA 7211

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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."

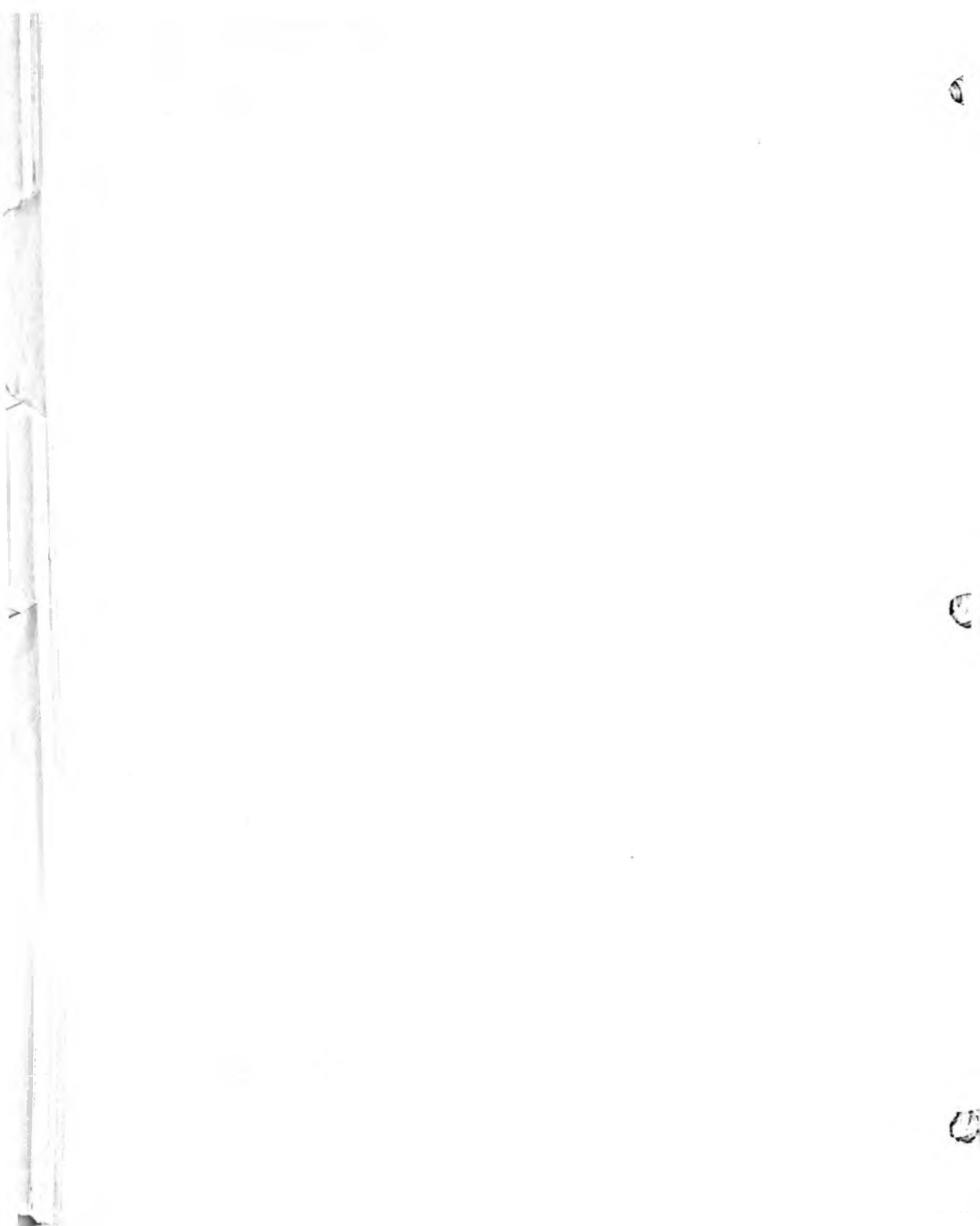
Part I Applications

"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."

PROPERTY MANAGEMENT
BHA 7211
SITE PREPARATION AND PROJECT
IMPROVEMENTS - BHA 7208



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.

RHA 7212

HUD 7212

SITE PREPARATION AND PROJECT
IMPROVEMENTS - DHA 7200
REHABILITATION

A 7211

- 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.

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.

SITE PREPARATION AND PROJECT
IMPROVEMENTS - DHA 7200
REHAB.
MANAGEMENT
DHA 7211

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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 1 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 alternation 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:
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- (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.



CIRCULAR

MAY 1971
 Law Library

CD 7202.5

4/13/71

Cancellation

Date: 10/15/71

SUBJECT: 1971 Disadvantaged Youth Summer Employment Program

1. PURPOSE. The purpose of this Circular is to urge local public agencies participating in HUD-assisted projects to provide as many summer jobs as possible for disadvantaged youths. Nationwide plans are being coordinated by the Department of Labor. In addition, a staff member within each Regional Office has the responsibility to coordinate the HUD efforts for this program.
2. PARTICIPATION IN PROGRAM. Every local agency and contractor participating in HUD renewal programs is urged to make a maximum effort this year to stimulate the employment of disadvantaged youth wherever possible and needed within your existing operations. These jobs should be meaningful and preparatory to more responsible positions in the agency on a permanent long-term basis to the maximum extent possible. There are many jobs that need to be done as part of the programs and contracts you administer which, if filled by disadvantaged youths, would not only meet a public need but also augment inadequate family incomes and open up possible career opportunities for the youths at a future time.
3. SUGGESTED EMPLOYMENT POSITIONS. There are many meaningful job possibilities which should be considered by local agencies and contractors when the need for additional jobs or vacancies arise. They may include:
 - a. Rehabilitation aides
 - b. Survey aides
 - c. Community organization aides
 - d. Interviewers
 - e. Relocation aides
 - f. Office aides
 - g. Construction helpers
 - h. Movers helpers
 - i. Clean-up workers
 - j. Custodial helpers
 - k. Maintenance workers
4. ALLOWABLE COSTS. The following are allowable local agency costs in connection with the employment of disadvantaged youths: staff director

SITE PREPARATION AND PROJECT
 IMPROVEMENTS - RHA 7209
 PROPERTY MANAGEMENT
 RHA 7211

and supervisors, crew-chiefs, wages and expenses for the youths employed, purchase of material and equipment, insurance coverage, and property leases. HUD's policy is to handle these programs on as informal a basis as possible. Plans should be based on the level of funds available within existing budgets. A line item change can be agreed upon by the Area Office, the city, and the local agency.

5. REPORTS. In order to insure maximum success with the youth employment program, local agencies should designate an appropriate staff member to coordinate efforts, followup on results, and make periodic progress reports. The employment report form, HUD-7036, to be supplied, should be completed and submitted to your Area Office at the end of each reporting date indicated on the form. Appendix 1 contains a listing of HUD Regional Youth Coordinators.

 HUD'S 1971 REGIONAL YOUTH COORDINATORS

Region I	Mr. Harold J. Morrison Department of Housing and Urban Development 405 John F. Kennedy Federal Building Boston, Massachusetts 02203 617/223-4361
Region II	Shirley McClintock Special Assistant to Regional Administrator Department of Housing and Urban Development 26 Federal Plaza New York, New York 10007 212/264-8033
Region III	Miss Marie Cook, Economist Department of Housing and Urban Development Curtis Building 6th and Walnut Streets Philadelphia, Pennsylvania 19106 215/597-2696
Region IV	Mr. Roy Jones Department of Housing and Urban Development Peachtree-Seventh Building Atlanta, Georgia 30323 404/526-3541
Region V	Elston Wagner Housing Management and Community Services Department of Housing and Urban Development 360 North Michigan Avenue Chicago, Illinois 60601 312/353-4687
Region VI	Mrs. Juanita Gregory Special Assistant to Regional Administrator Department of Housing and Urban Development Federal Office Building 819 Taylor Street Fort Worth, Texas 76102 817/334-2867

 SITE PREPARATION AND PROJECT
 IMPROVEMENTS - RHA 7209
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APPENDIX 1

Region VII Mrs. Billie Hagan
 Department of Housing and Urban
 Development 816/374-5661
 300 Federal Office Building
 911 Walnut Street
 Kansas City, Missouri 64106

Region VIII Robert Barela
 Assistant Regional Administrator for
 Equal Opportunity
 Department of Housing and Urban
 Development 303/837-4726
 Federal Building
 19th & Stout Streets
 Denver, Colorado 80202

Region IX William E. Riker
 Labor Relations
 Department of Housing and Urban
 Development 415/556-6739
 450 Golden Gate Avenue
 P. O. Box 36003
 San Francisco, California 94102

Region X Spencer E. Nevan
 Special Assistant to the Regional Administrator
 Department of Housing and Urban Development
 Arcade Plaza Building (426) 206/583-0220
 1321 Second Avenue
 Seattle, Washington 98101

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT REPORT ON EMPLOYMENT OF YOUTH BY LPA'S, LHA'S, CDA'S, PRIVATE CONTRACTORS AND OTHER RECIPIENTS OF DIRECT OR INDIRECT HUD PROGRAM FUNDS*						DATE REPORT PREPARED:			
This form is to be used to record the results of each of two reporting periods, June 1-July 23 and June 1-Sept. 15th. Please answer all questions and return the report to your Regional Youth Coordinator, HUD Regional Office, by the last day of each reporting period. Simply note the appropriate period at the top of the column..									
1. NAME OF AGENCY OR PRIVATE CONTRACTOR						REPORTING PERIOD:			
2. TYPE OF AGENCY OR ORGANIZATION EXCEPT PROPERTY DISPOSITION, I.E. (LPA, LHA, City, County, Municipality, Consulting Firm, etc)									
3. ADDRESS AND ZIP CODE									
4. Your agency's total number of employees as of June 1, 1971.									
5. Number of disadvantaged youth hired in this reporting period. For the final report give total number hired over the summer, June 1 - September 15. (See Reverse side of form for assistance in defining "disadvantaged.")									
6. Percentage of agency staff defined as disadvantaged youth and hired in support of the 1971 summer program. For the final report give total number hired over the summer, June 1 - September 15.									
7. Total amount of Federal, State, and local funds spent on salaries, training or other costs in direct support of disadvantaged youth hired for the 1971 summer program. For final report give total amount spent over the summer, June 1 - September 15:									
a. FEDERAL FUNDS								\$	
b. STATE FUNDS								\$	
d. LOCAL FUNDS								\$	
8. Did your agency initiate any new activities in 1971 for disadvantaged youth in employment or training areas? If "YES," please describe them. (If additional space is required, staple sheets to this form.)						<input type="checkbox"/> YES <input type="checkbox"/> NO			
9. Where possible, please note the general reaction of the disadvantaged youth hired to the summer program.									
10. NUMBER OF "DISADVANTAGED" YOUTH IN EACH MINORITY CATEGORY		WHITE <i>(Non-minority)</i>	NEGRO/ BLACK	AMERICAN INDIAN	ORIENTAL	SPANISH AMERICAN	OTHER MINORITIES		
* Individual contractors to a HUD assisted agency should complete a separate form for each reporting period and submit it to the contracting Agency. The HUD assisted agency will attach each submission to the report it completes for its HUD Regional Youth Coordinator.									

SITE PREPARATION AND PROJECT IMPROVEMENTS - RHA 7719
 PROPERTY MANAGEMENT - RHA 7719

For guidance "disadvantaged" youth is defined by U.S. Department of Labor, Manpower Administration Order No. 1-69 dated January 16, 1969 as a poor person who does not have suitable employment and who is under 22 years of age. A youth is considered poor when his family is receiving cash welfare payments or has annual net income below the limits shown on this form. Individual beneficiaries of HUD assisted programs can also be included, where appropriate, in disadvantaged youth hiring programs.

In case there is a question as to whether youths employed by your agency qualify as "disadvantaged," the local U.S. Employment Service Office should be consulted.

**POVERTY INDEX TABLE DETERMINING FAMILY
INCOME BELOW THE POVERTY LINE**
(For All States Except Hawaii And Alaska)

FAMILY SIZE	INCOME <i>(Non-Farm)</i>
1.	\$1,900
2.	2,500
3.	3,100
4.	3,800
5.	4,400
6.	5,000
7.	5,600

NOTE: For persons from families with more than 7 members, sponsors may add \$600 for each additional member of a non-farm family.

Source: Office of Economic Opportunity
Guidelines issues 12/1/70

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT REPORT ON EMPLOYMENT OF YOUTH BY LPA'S, LHA'S, CDA'S, PRIVATE CONTRACTORS AND OTHER RECIPIENTS OF DIRECT OR INDIRECT HUD PROGRAM FUNDS*					DATE REPORT PREPARED:	
This form is to be used to record the results of each of two reporting periods, June 1-July 23 and June 1-Sept. 15th. Please answer all questions and return the report to your Regional Youth Coordinator, HUD Regional Office, by the last day of each reporting period. Simply note the appropriate period at the top of the column.						
1. NAME OF AGENCY OR PRIVATE CONTRACTOR					REPORTING PERIOD:	
2. TYPE OF AGENCY OR ORGANIZATION EXCEPT PROPERTY DISPOSITION, I.E. (LPA, LHA, City, County, Municipality, Consulting Firm, etc)						
3. ADDRESS AND ZIP CODE						
4. Your agency's total number of employees as of June 1, 1971.						
5. Number of disadvantaged youth hired in this reporting period. For the final report give total number hired over the summer, June 1 - September 15. (See Reverse side of form for assistance in defining "disadvantaged.")						
6. Percentage of agency staff defined as disadvantaged youth and hired in support of the 1971 summer program. For the final report give total number hired over the summer, June 1 - September 15.						
7. Total amount of Federal, State, and local funds spent on salaries, training or other costs in direct support of disadvantaged youth hired for the 1971 summer program. For final report give total amount spent over the summer, June 1 - September 15:					[REDACTED]	
a. FEDERAL FUNDS					\$	
b. STATE FUNDS					\$	
d. LOCAL FUNDS					\$	
8. Did your agency initiate any new activities in 1971 for disadvantaged youth in employment or training areas? If "YES," please describe them. (If additional space is required, staple sheets to this form.)					<input type="checkbox"/> YES <input type="checkbox"/> NO	
9. Where possible, please note the general reaction of the disadvantaged youth hired to the summer program.						
10. NUMBER OF "DISADVANTAGED" YOUTH IN EACH MINORITY CATEGORY	WHITE (Non-minority)	NEGRO/BLACK	AMERICAN INDIAN	ORIENTAL	SPANISH AMERICAN	OTHER MINORITIES
* Individual contractors to a HUD assisted agency should complete a separate form for each reporting period and submit it to the contracting Agency. The HUD assisted agency will attach each submission to the report it completes for its HUD Regional Youth Coordinator.						

SITE PREPARATION AND PROJECT IMPROVEMENTS, BHA 7700

PROPERTY MANAGEMENT BHA 7711

For guidance "disadvantaged" youth is defined by U.S. Department of Labor, Manpower Administration Order No. 1-69 dated January 16, 1969 as a poor person who does not have suitable employment and who is under 22 years of age. A youth is considered poor when his family is receiving cash welfare payments or has annual net income below the limits shown on this form. Individual beneficiaries of HUD assisted programs can also be included, where appropriate, in disadvantaged youth hiring programs.

In case there is a question as to whether youths employed by your agency qualify as "disadvantaged," the local U.S. Employment Service Office should be consulted.

POVERTY INDEX TABLE DETERMINING FAMILY

INCOME BELOW THE POVERTY LINE

(For All States Except Hawaii And Alaska)

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5.....	4,400
6.....	5,000
7.....	5,600

NOTE: For persons from families with more than 7 members, sponsors may add \$600 for each additional member of a non-farm family.

Source: Office of Economic Opportunity
Guidelines issues 12/1/70

SITE PREPARATION AND PROJECT
IMPROVEMENTS - PHA 7900

MANAGEMENT
PHA 7911



CIRCULAR

CD 7202.6

4/23/71

**Cancellation
Date:**

SUBJECT: Housing and Urban Development Act of 1970

1. PURPOSE. This circular summarizes the provisions of the Housing and Urban Development Act of 1970, approved by the President on December 31, 1970, which modify Title I of the Housing Act of 1949, as amended. Implementing policies and procedures for these provisions will be issued shortly.
2. PROVISIONS OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1970 WHICH MODIFY TITLE I.
 - a. Section 201--Urban Renewal Grant Authority. This section increases the aggregate amount of capital grants which may be made under the urban renewal program by \$1.5 billion on July 1, 1971, and requires that not less than 35 percent of available funds during the fiscal years of 1970 through 1974 be made available for Neighborhood Development Programs.
 - b. Section 206--Expenses in connection with the Sale of Surplus Federal Lands to Local Urban Renewal Agencies. This section permits any property management or other expenses incurred when Federal surplus real property is transferred to HUD for sale to a local urban renewal agency to be charged against the gross proceeds realized. Under existing law all the proceeds from such a transfer and sale must be deposited into the Treasury.
 - c. Section 212--Relocation Payments. This section authorizes the payment to displaced business concerns of fixed amounts in lieu of their total certified actual moving expenses where it is determined that it is impractical for a displaced business concern to calculate the amount of such expenses. Provisions for implementing section 212 will be issued in a separate circular.
 - d. Section 213--Early Closeout of Urban Renewal Projects. This section provides the authority to compute the net project cost and close out the project at no additional cost to the locality, in cases where the local public agency does not expect to dispose of remaining urban renewal project land, in the reasonably near future, because of circumstances beyond the control of the LPA.

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IMPROVEMENTS - RHA 7209
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The locality would receive an additional grant equal to one-third (or one fourth) of the estimated disposition proceeds from the undisposed land. When such land is subsequently disposed of in accordance with the Urban Renewal Plan the net proceeds realized would be paid to HUD. Under existing law early project closeout is only permitted where 5 percent or less of project land remains unsold.

- e. Section 741--Amendments to Title I of the Housing Act of 1949. Subsection (a) exempts land acquisition activities authorized by subsection (b) below from the provision which prohibits urban renewal grants for projects consisting of open land.

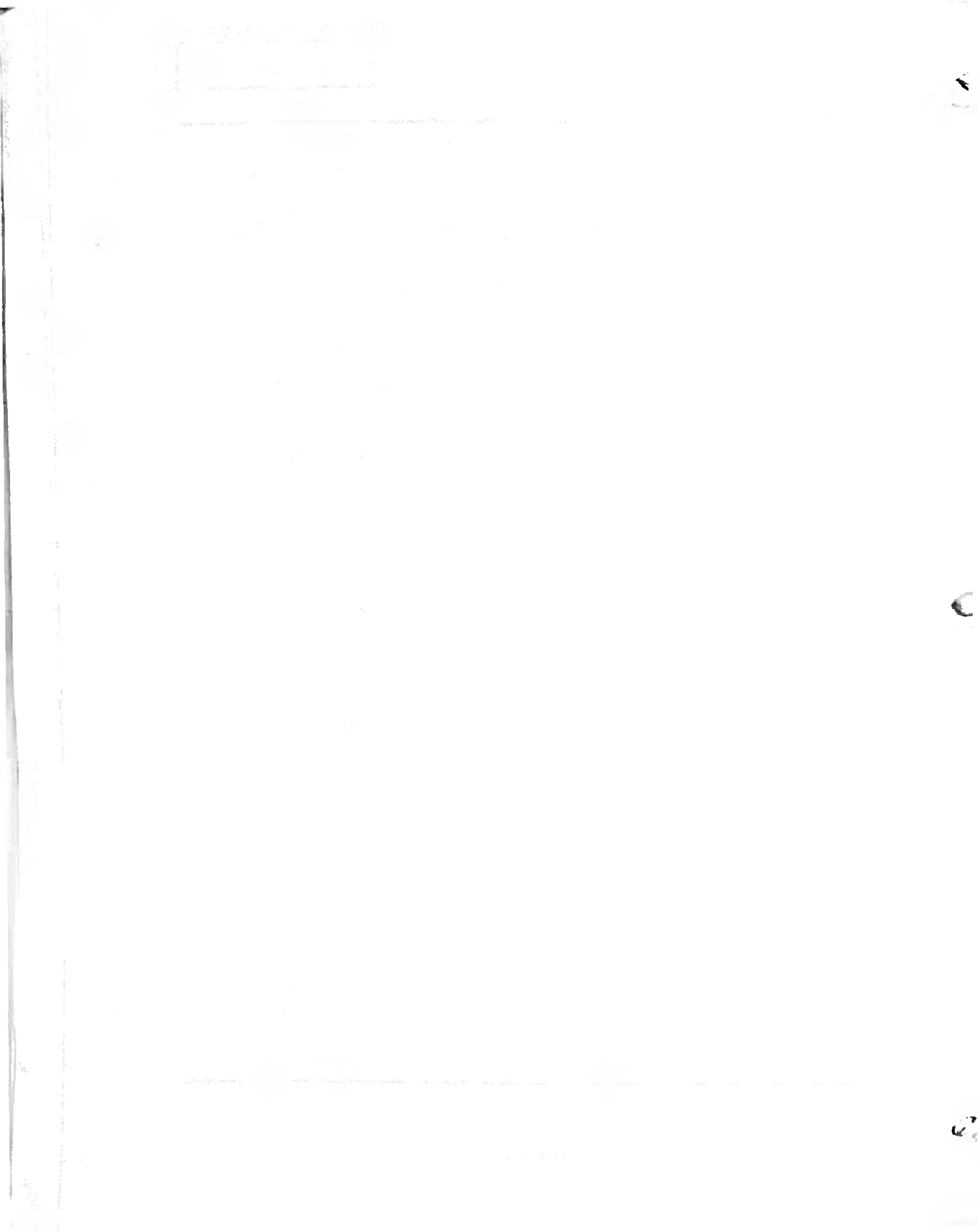
Subsection (b) amends section 110(c)(1) of the Housing Act of 1949 to include in the definition of "urban renewal project" the acquisition by a local public agency of land or space which is vacant, unused, underused, or inappropriately used, if the Secretary determines that: (1) the land or space may be developed for uses consistent with emphasis on housing for low- and moderate-income facilities; (2) at a reasonable cost; (3) without major residential clearance activities; and (4) with full consideration to the preservation of beneficial features of the urban and natural environment. These uses could include schools, hospitals, parks, essential public facilities, and all uses associated with new communities in town or similar large-scale undertakings related to inner city needs, including concentrated sources of employment.

Subsection (c) amends the definition of "urban renewal projects" to include the construction of foundations and platforms necessary for the development of air rights sites in accordance with certain subsections of title VII.

3. PROVISIONS OF THE ACT WHICH AFFECT THE URBAN RENEWAL PROGRAM.

- a. Section 116--FHA Rehabilitation Standards for Housing in Urban Renewal Areas. This section requires that uniform property standards be applied for properties located within urban renewal areas and those located outside such areas, in those cases where properties are approved for mortgage insurance prior to rehabilitation.
- b. Title V--Consolidation of Existing Research Authorities. Title V consolidates HUD's research authorities, including the Urban Renewal Demonstration Program, under a general authorization to conduct programs of research, studies, testing and demonstrations which relate to the missions and programs of the Department. The appropriation of such sums as may be necessary are authorized.

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- c. Section 505--Demonstration with Respect to Abandoned Properties.
This section authorizes the Secretary to undertake a two-year demonstration grant program to assist public bodies in testing methods of arresting housing abandonment with \$20 million authorized for the two-year period.



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, GMRP, 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

SEP 14 1970

RHM 7202.1

PROGRAM POLICIES AND DIRECTIONS
CHAPTER 1 SECTION 1

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 preceding project will clearly be endangered by failure to proceed expeditiously with the proposed new project.

PRIORITIESGeneral 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

FILE PREPARATION AND PROJECT IMPROVEMENTS - RHA 7209

MANAGEMENT 44-7211

RHM 7202.1

PROGRAM POLICIES AND DIRECTIONS
CHAPTER 1 SECTION 3

(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.

PROGRAM POLICIES AND DIRECTIONS
CHAPTER 2Action 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.

-
- (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.

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**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

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

URBAN RENEWAL HANDBOOK

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Cancellation
Date:

SUBJECT: Proclaimer Certificate Relative to Establishment
of Fair Market Value for Property to Be Acquired

1. PURPOSE. This Circular provides a proclaimer certificate to be used in certain circumstances in the establishment of fair market value for properties to be acquired. In these circumstances HUD concurrence in fair market value is no longer required.
2. REVISED PART I (OR COMBINED PARTS I AND II) LOAN AND GRANT REQUIREMENTS. Urban Renewal Handbook RHM 7208.1, Chapter 3, requires one complete set of acquisition appraisals to be submitted for review with a Part I Loan and Grant Application as part of the Land Acquisition Report, required as Application Code No. R 222, in RHM 7206.1, Chapter 2, Section 1 (and in RHM 7225.1, Chapter 2, Section 2, for disaster area projects). HUD will now accept estimates of acquisition cost which may be based on first appraisals. These appraisals need not be submitted to HUD for review.
3. ESTABLISHMENT OF FAIR MARKET VALUE OF PROPERTY TO BE ACQUIRED.
 - a. Proclaimer Procedure. Urban Renewal Handbook RHM 7208.1, Chapter 4, Section 1, requires a submission of both the first and second acquisition appraisals and any supplementary appraisals updating the first appraisals with its request for HUD concurrence in acquisition prices. HUD concurrence in acquisition prices is no longer required in certain circumstances. In these cases the appraisals do not have to be submitted to HUD. Hereafter, an LPA shall:
 - (1) Develop its own comprehensive statement of policy and procedures consistent with HUD

SITE PREPARATION AND PROJECT
IMPROVEMENTS - RHA 7209

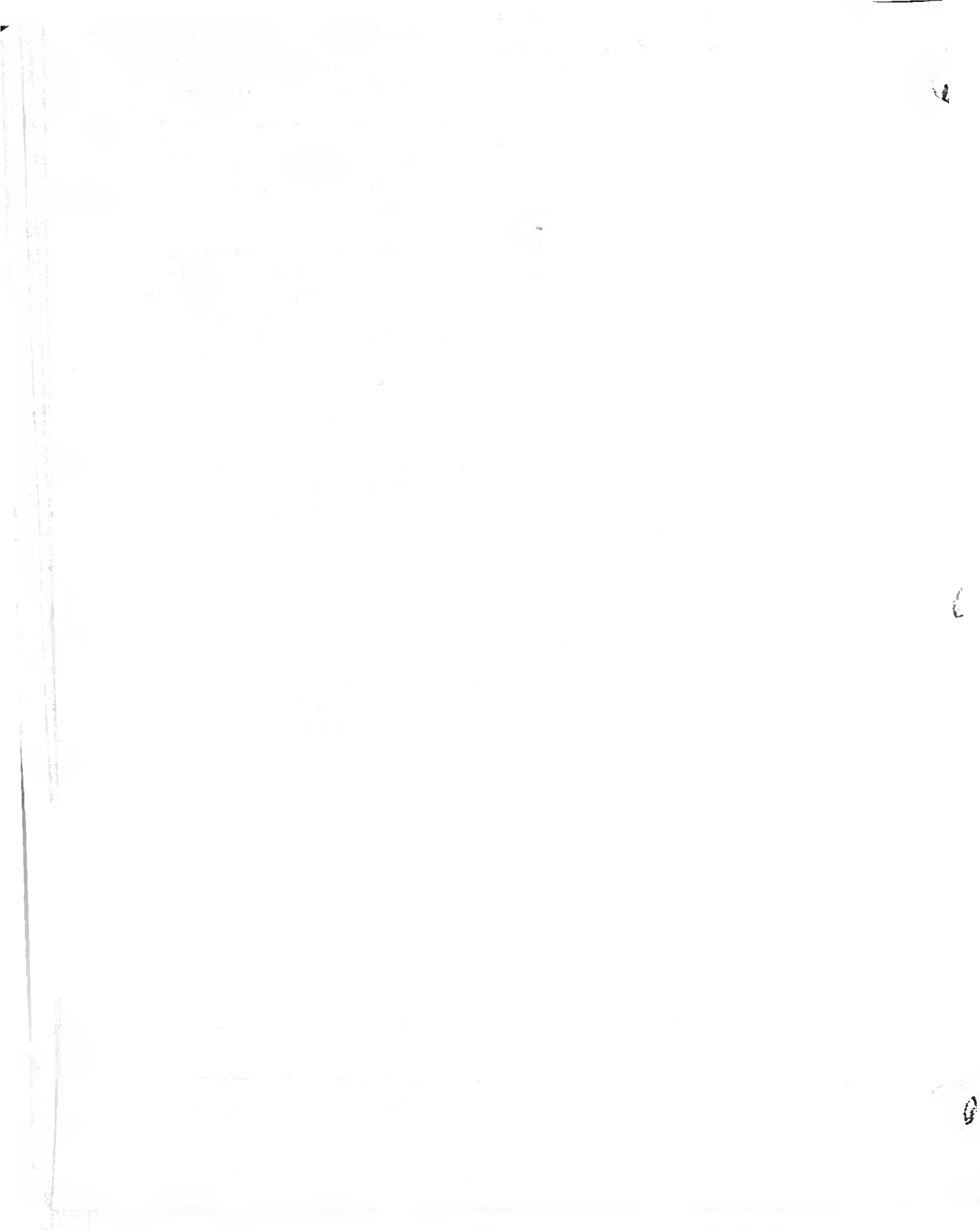
PROPERTY MANAGEMENT
RHA 7201

policies and procedures and applicable statutes governing acquisition of property for urban renewal.

- (2) Adopt by resolution of its governing body the statement of land acquisition policy and procedures.
 - (3) File the statement and the adopting resolution with HUD as a matter of record.
 - (4) Utilize the proclaimer set forth in the Appendix, for acquisition of properties:
 - (a) For which HUD concurrence in price has not yet been sought.
 - (b) Which are not in public ownership.
 - (c) Which do not and did not at the time of filing of the Survey and Planning Application (or Request for Concurrence in Planning a Three-Fourths Grant Project with Limited Project Costs), involve any direct or indirect interest of 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.
 - (d) For which the lower appraisal is less than \$100,000 and for which the higher appraisal does not exceed the lower appraisal by 15 percent or more.
 - (e) For which the total amounts of the fair value determinations of the LPA, together with the fair value determinations for other acquisitions by the LPA, would not exceed the latest approved budget amount for real estate acquisition.
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Aug 14 1970

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- (f) For which the fair value determination of the LPA is between the acceptable higher and lower appraisals.
- b. Establishment of Fair Value. The LPA shall establish the fair value of properties without HUD concurrence. It shall be prepared to fully justify and substantiate the determination of fair value at any time that it may be challenged. For single-family or duplex owner-occupants, the minimum price paid by an LPA shall be the average of the prices set forth in the independent appraisals.
- c. Procedure for Properties Not Covered by Proclaimer. For properties to be acquired which are not covered by the proclaimer procedure, as described above, the procedure in the Urban Renewal Handbook RHA 7208.1, Chapter 4, Section 1, for prior HUD concurrence in price is still applicable.
4. THIRD APPRAISALS WITHOUT HUD CONCURRENCE. In cases where a higher appraisal exceeds a lower appraisal by 15 percent or more, the LPA may contract for a third appraisal without HUD concurrence provided Form HUD-639, Form of Agreement for Final Appraisal, is used without modification and sufficient funds are available in the budget.



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APPENDIX - PROCLAIMER CERTIFICATE
RELATIVE TO ESTABLISHMENT OF FAIR MARKET VALUE
FOR PROPERTY TO BE ACQUIRED

(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. Each parcel listed in the attachment to this proclaimer certificate has been appraised by at least two qualified, independent, professional real estate appraisers and a written and signed copy of each such appraisal is contained in the Local Public Agency files.
2. Each such appraisal has been reviewed by _____ (Name), a qualified Local Public Agency staff appraiser or a qualified real estate appraiser under contract to the Local Public Agency and all corrections, revisions, or additions requested by such reviewer have been made by the original appraisers.
3. The reviewer has prepared a written report which indicates that the appraisals are complete and consistent in the factual data contained therein, comply with existing statutory and administrative requirements of the Department of Housing and Urban Development, and are acceptable for the determination of fair market value.
4. Based upon such appraisals and the review thereof, the Local Public Agency on _____ (Date) adopted a resolution establishing the fair market of each parcel listed herein

SITE PREPARATION AND PROJECT
IMPROVEMENTS - RHA 7209

PROPERTY MANAGEMENT
RHA 7211

RHM 7208.1

and all documentation related to such determination is contained and readily available in the Local Public Agency files.

5. The total amounts of the fair value determinations, together with such determinations for other acquisitions by the Local Public Agency would not exceed the amount entered as land purchases in the Project Expenditures Budget, as approved by HUD on _____ (date)_____.

LISTING OF PARCELS TO BE ACQUIRED

PARCEL		VALUE												
NO.	AREA IN SQ. FT.	FIRST APPRAISAL			SECOND APPRAISAL			THIRD APPRAISAL						
		NAME	DATE	VALUE	NAME	DATE	VALUE	NAME	DATE	VALUE				

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URBAN RENEWAL HANDBOOK

RHM 7208.1

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 Executive Director

Executive Director

Name of Local Public Agency



CHAPTER 4. LAND ACQUISITION PROCEDURES

SECTION 2. ACQUISITION METHODS

Real estate acquisition shall be started as early as practicable and then carried to completion expeditiously.

TIMING OF NEGOTIATIONS AND ACQUISITIONS

As soon as the governing body of the locality approves the Urban Renewal Plan, the LPA may open negotiations for the acquisition of properties on which HUD has concurred in acquisition prices on Form HUD-6114, Request for Concurrence in Acquisition Prices. Options to purchase or offers to sell may be obtained but shall not be accepted, and no property shall be acquired, until HUD has approved the Part II Loan and Grant Application and the project expenditures budget.

In an early land acquisition program, the LPA may begin negotiations and obtain options or offers to sell on properties on which HUD has concurred in acquisition prices on Form HUD-6114, after the public hearing on the proposed early land acquisition program has been held. However, no properties shall be acquired and no options or offers to sell shall be accepted until HUD has approved the Application for Early Land Acquisition Loan, or authorized the LPA to undertake early land acquisition activities with local funds, and has approved the budget for the early land acquisition activities.

Acquisition activity as early as indicated in the preceding two paragraphs is permitted but not required.

After the effective date of the Contract for Loan and Grant, the LPA shall proceed promptly to carry out a full-scale acquisition program in which all properties to be acquired for the project will be either acquired or placed in condemnation after a reasonable negotiating period.

Each parcel on which HUD has concurred in an acquisition price shall be assigned promptly to a staff or contract negotiator. If the initial request on Form HUD-6114 does not cover all properties to be acquired, the LPA shall request price concurrences for the remaining parcels with the least delay practicable, so as to achieve, as nearly as possible, a single, unified acquisition program.

RESPONSIBILITY TO PROPERTY OWNERS AND TENANTS

In acquiring real estate, the LPA shall protect impartially the interests of all concerned, pay fair prices to owners, and utilize available acquisition methods and practices to minimize hardship to owners and tenants.

POLICY ON NEGOTIATIONS

The negotiations of an LPA with a property owner for the acquisition of real property or any interest therein, except property of a kind specifically exempted below, shall be on the basis of offering the owner initially the full amount of the acquisition price determined by the LPA and concurred in by HUD to represent fair compensation for the property to be acquired. Negotiations exempted from the foregoing initial-offer policy must, of course, also be conducted fairly and impartially.

Properties Covered by the Policy

The policy and requirements apply to the LPA's negotiations with owners for the acquisition of all properties, except:

- (1) Property proposed for purchase from an owner who is under no compulsion to sell, i.e., where the LPA is not committed or required to acquire the property and will buy the property only if it can do so at an acceptable price and on an acceptable basis without resorting to a trial of the issue of value or compensation in an eminent domain proceeding.
- (2) Property owned by the Federal government, a State or local government, or an instrumentality thereof.
- (3) Property donated to the project.
- (4) Property of an owner who voluntarily and knowingly offers to sell his property to the project for less than its fair market value and executes a statement to that effect.
- (5) Any property for which the HUD concurred-in acquisition price is more than \$100,000, or any group of properties in the same ownership for which the sum of the concurred-in acquisition prices is more than \$100,000.

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- (6) Any specifically identified property or interest in real property, regardless of its value, of such an unusual character that the LPA finds, with Regional Office concurrence, that the fair compensation for the property should be determined by negotiating the basis of compensation and the amount thereof without first making a firm initial offer to the owner. Examples of the kinds of property and property interests for which such a finding may be appropriate are cemeteries, railroad operating properties, utility easements, limited interests and servitudes in land, and special-purpose industrial plants and similar properties involving complicated or controversial determinations of what is a fixture, i.e., realty, and what is personalty.

Basis for Policy

The principal purposes of the policy are (1) to protect the interests of property owners, especially the unsophisticated or poorly informed who have limited ability to negotiate with LPA representatives, and (2) to put all negotiations for the acquisition of real property on a basis that acknowledges and accepts the obligation of public entities to treat all owners fairly, impartially, and consistently in negotiating the acquisition of their properties.

The policy accepts as valid the principle that the owner of a property to be taken for a public purpose generally should not be forced to bargain with an LPA to obtain an offer of the full amount determined, with HUD concurrence, to represent the fair compensation for his property. The policy thus recognizes that a public entity armed with the power of eminent domain has a public duty, in its negotiations with owners, not only to protect the public interest, but also to safeguard the rights and interests of the owners.

The LPA's real estate representative, accordingly, must recognize that the central purpose of his negotiations of purchase prices should be to induce each owner to sell his property to the LPA at a price that represents the compensation that the owner would be entitled under eminent domain law to receive and the LPA would be obligated under such law to pay. With that objective in mind, negotiations will be conducted as they should be--from the viewpoint of seeking agreement as to fair compensation, rather than as a bargaining procedure that pits the power of the public body against the negotiating ability of the owner.

SITE PREPARATION AND PROJECT
IMPROVEMENTS - RHA 7209
RHA 7211
PROPERTY MANAGEMENT
RHA 7211

The policy has not been made applicable to negotiations for the purchase of properties in situations where the owner is under no compulsion to sell because in such cases the owner is under no pressure or threat of condemnation action and is entirely free to sell or not to sell as he pleases. If he chooses to sell, he does so voluntarily and needs no more protection than a seller of property in a private sale.

* Individual properties or groups of properties in the same ownership * having a HUD concurred-in acquisition price of more than \$100,000 have also been excepted from the requirement because the determination of the proper valuation and compensation at such value levels is likely to require negotiation to reach a fully objective determination of value.

Other exceptions have been made, as noted, where the policy would be inappropriate or unnecessary.

The negotiations with an owner of property, which the LPA would acquire by condemnation if an agreement with the owner as to the purchase price cannot be reached through negotiation, shall be started as soon as feasible after the required appraisals of the property have been completed and the price determined to represent the fair compensation for the property has been concurred in by the Regional Office.

In every case for which the prescribed negotiating policy is applicable, the owner shall be offered initially the full measure of compensation authorized by the HUD price concurrence. In making the initial offer, the LPA or its real estate representative shall explain to the owner in a personal interview, if feasible, the policy of offering owners initially, and without any bargaining, the full price determined on the basis of competent appraisal to be the fair compensation for the * property. If two or more properties are in the same ownership, the offered price may be the sum of the prices concurred in by HUD, rather than separate prices for each property. *

Before, or preferably during, the first interview, each owner shall be furnished a written statement of the amount and the terms and conditions of the offer and an explanation of the steps the local agency will take if the owner elects to reject the local agency's offer. Merely sending a letter to an owner-occupant or a nonoccupant owner residing in the same locality is not enough. Effective personal negotiations are as necessary, if not more essential, under a full-fair-offer procedure, as when using the conventional trading method of negotiation.

The LPA's real estate representatives and staff members who will have dealings with property owners must be able to explain the LPA's acquisition policies and practices, including the full-fair-offer policy, and be able to assure owners that the LPA's policy is to protect the interests of the owners as well as the public interest. The real estate representative who negotiates with an owner must understand thoroughly the steps taken and the method used to determine the price offered to the owner, and he must be able to explain the process convincingly to the owner. His approach to the owner must never be an arbitrary one. But he must make it clear to the owner, on the other hand, that the offer is the full amount determined by the LPA, and concurred in by HUD, to be the compensation that the owner is entitled to receive for his property and that the offer will not be changed unless evidence that the offered price is not sound is furnished by the owner or otherwise found by the LPA to exist.

The policy must never be regarded or explained by negotiators, or anyone else, as requiring or establishing an inflexible one-price system. Because the objective is the payment of fair and proper compensation, price adjustments can be made, and they should be proposed by the LPA whenever needed to correct a previously concurred-in acquisition price for a property. If an error of appraisal or other justification for revising a concurred-in acquisition price is discovered, the LPA shall submit a request for a revision to the Area Office, with appropriate explanation and justification.

*

NEGOTIATIONS REQUIRED BEFORE CONDEMNATION

The Land Acquisition Policy Statement, which the LPA submits (see RHM 7208.1, Real Estate Acquisition, Chapter 3), commits the LPA, * in its acquisition of real property for the project, to "make every reasonable effort to acquire each property by negotiated purchase before instituting eminent domain proceedings against the property." This means that (1) the LPA, directly or through its real estate agent, must make a diligent, conscientious effort to induce the owner to accept a fair and proper price for his property, and (2) if that effort is unsuccessful, the LPA shall make a final offer to the owner in writing. The final offer shall include an invitation to discuss the acquisition of his property with the LPA, afford a reasonable period of time for the owner to accept or reject the invitation, and include a notification of the date on which the LPA intends to institute eminent domain proceedings if agreement cannot be reached on the purchase of the property within the time specified.

PAYMENT OF FAIR PRICES

The price paid for the acquisition of each property must be supported by the records of the LPA as being fair to the owner as well as to the LPA. This requirement that the LPA's price determination be properly documented does not place the LPA under any obligation to disclose its appraisals or other supporting documents or records.

A property subject to the foregoing negotiation policy and requirements may be purchased by the LPA at a price below the HUD concurred-in acquisition price if the reduction in the price represents an agreed-upon valuation for elements of, or rights in, the property, which were included in the appraisals and the concurred-in acquisition price but are reserved in the vendor in the purchase agreement, as provided below under the heading "Reservation of Rights in Vendor."

The price for a property must, of course, also be changed, and a revised concurrence in the acquisition price obtained from the Area Office, if the value of the property has been significantly enhanced or reduced due to a change in the physical property from its condition or character when appraised.

The negotiation policy and requirements do not modify the limitations on acquisition prices and charges to Gross Project Cost for certain acquisitions, as set forth in RHM 7208.1, Real Estate Acquisition, Chapter 4, Section 1, under the heading, "Limitations on Charges to Gross Project Cost."

PROTECTION OF INTERESTS OF OWNERS AND OCCUPANTS

To minimize hardships and soften the impact of real estate acquisition on property owners, the occupants, and any persons employed on the premises, the LPA shall:

- (1) Take appropriate steps to ensure, insofar as possible, that all tenants as well as property owners, are provided full information regarding the contemplated property acquisition and are given as much advance notice as possible of the time the LPA expects to require possession of the properties. (See below under heading "Taking Possession.")
- (2) Endeavor to obtain an agreement of sale on each property as soon as feasible after opening acquisition negotiations in the project area.

- (3) Permit 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 disposal operations.
- (4) In the negotiation of agreements for the acquisition of owner occupied properties and properties occupied by business and institutions, give early and special attention to the timing of both the acquisition of title and the delivery of possession, so as to minimize any adverse effect of the acquisition on the occupants.
- (5) Make full use of the procedures below under the heading "Reservation of Rights in Vendor," as a means of reducing or eliminating hardship on owners and lessees.

TAKING POSSESSION

- * The LPA's Land Acquisition Policy Statement assures HUD that the LPA will "not require any person lawfully occupying property to surrender possession without at least 90 days' written notice from the LPA of the date on which possession will be required." *

The notice of at least 90 days required by the LPA's statement shall be a written notice and shall be given to an owner-occupant as well as a tenant. If the property is acquired through eminent domain proceedings, the 90-day notice shall not be given prior to the date on which the LPA acquires title to, or the right to possession of, the property. If the LPA has entered into an agreement with the owner to purchase the property, the date set in the notices to tenants for surrendering possession shall be not earlier than 90 days after the LPA gives the notice and not earlier than the date on which the owner is obligated under the agreement to deliver title or the right to possession to the LPA. An agreement on the time for delivering possession in a contract with an owner for the purchase of his property fulfills the requirement for notice to him as an occupant.

ACCEPTANCE OF OFFERS OF OWNERS

Offers of owners shall be accepted or rejected promptly. No offer shall be accepted, however, before HUD approves the Part II or Combined Part I-II Loan and Grant Application and the project expenditures budget. In the case of early land acquisition, no offer shall be accepted before (1) the public hearing on the early land acquisition activities has been held, (2) HUD has approved the Application for

Early Land Acquisition Loan or authorized the LPA to undertake early land acquisition activities with local funds, and (3) HUD has approved the budget for the early land acquisition activities.

Before accepting an offer to sell or to stipulate as to the value of a property in a condemnation proceeding, the LPA shall:

- (1) Determine that the price, terms, and conditions of the offer are within the HUD concurrence and the requirements above.
- (2) Inspect the property and ascertain that it conforms substantially to the property as appraised.
- (3) Approve and authorize acceptance of the offer by resolution of its governing body, if the acquisition was not previously authorized.

TERMS AND CONDITIONS

Each property shall be acquired on the following basis:

- (1) Title shall be subject only to:
 - (a) Reservations, outstanding interests, encumbrances, and exceptions to title approved by HUD on Form HUD-6144,
 - (b) Any reservations which are authorized by the LPA in the manner described below under the heading "Reservation of Rights in Vendor."
- (2) 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 or under a voluntarily given right of entry and possession, whichever occurs first, unless (a) 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 (b) neither the seller nor the LPA can obtain a cancellation or refund of the 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.

In the case of a project 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 cannot be charged to Gross Project Cost but must be paid by the LPA and 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, shall provide for such 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 that requirement.

Relocation payments are authorized (see 7217.1, Relocation, Chapter 3, Section 1) 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.

- (3) Rents and deposits collected by the vendor from tenants shall, in accordance with a uniform practice adopted by the LPA governing body, either:
- (a) Be prorated as of the date of closing; or
 - (b) Be retained by the vendor for the rental period in which title is acquired by the LPA.

Any deposits or rent prepaid to the vendor beyond the end of the current rental period or beyond one month after closing, whichever occurs first, shall be paid by the vendor to the LPA at closing. (See 7211.1, Property Management, Chapter 3.)

The transfer of deposits and prepaid rent is not mandatory for projects on a three-fourths grant basis with limited project costs.

- (4) The expense of closing, including examination and evidence or assurance of title and preparation and recording instruments of conveyance to the LPA, shall be paid by the LPA, but the LPA shall not pay for State or local transfer taxes from which the LPA is exempt by law, or any cost of clearing title. The foregoing closing expense of the LPA is not an eligible project cost in a three-fourths grant project with limited project cost and must be borne by the LPA.

Each property shall be acquired on the basis set forth above, and the agreement for the purchase or any stipulation of the LPA in a condemnation proceeding shall so provide.

ASSURANCE OF TITLE TO ACQUIRED PROPERTY

At the time payment is made for a parcel and title is vested in the LPA, the LPA shall have:

- (1) Obtained evidence or assurance of title showing title to the parcel vested in the LPA, subject only to exceptions concurred in by HUD on Form HUD-6114.
- (2) Inspected the property immediately before title vests to determine:
 - (a) That the property conforms substantially to the property as appraised.
 - (b) That there is no evidence of work or labor having been performed, or materials furnished, in connection with the improvement of the property that might entitle anyone to a lien on the premises.
 - (c) That, after taking title, there will be no outstanding rights of possession or interests adverse to the rights of the LPA, except easements or other interests that are not to be acquired for the project.

A detailed settlement statement shall be prepared at each closing or acquisition of property by condemnation. A copy shall be furnished to the seller or condemnee. Deeds and other instruments required to vest title of record in the LPA shall be recorded.

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RHA 7208.1

RESERVATION OF RIGHTS IN VENDOR

Any acquisition of property from an owner who occupies the property may be subject to a reservation in the owner of the right to retain possession of the owner-occupied portion of the property without payment of rent, for a period not exceeding 60 days, if authorized by the LPA in accordance with RHA 7211.1, Property Management, Chapter 3.

The LPA may permit a property owner to continue his occupancy without rent for an additional period or to reserve the right to remove buildings or improvements, if the price is adjusted accordingly. The value of the reserved interest or right shall be deducted from the approved acquisition price to determine the price that the LPA may pay for the property.

The value of a reserved interest or right shall be determined by the LPA on the basis of adequate and documented supporting data.

A reservation of interest or rights shall be permitted only when it will not interfere with the carrying out of the project. The duration of the reserved rights shall be specified in the agreement of sale. If the reservation involves the removal and relocation of improvements intact, the terms and conditions of the reservation shall insure that the improvements when relocated, will be sound and standard structures and will not contribute to the spread of slum conditions or blight.

The terms and conditions of a reservation must not obligate relocation grant funds or other project funds for any expenditure in connection with reserved interests or rights.

The acceptance of an offer subject to a reservation shall be approved and authorized by the LPA governing body.

ACQUISITION BY CONDEMNATION

HUD concurrence in an acquisition price on Form HUD-6114 constitutes HUD concurrence in the institution of condemnation proceedings, provided that:

- (1) The LPA made every reasonable effort to acquire the property by negotiated purchase and made a final offer to the owner in writing, as required above under the heading, "Negotiations Required Before Condemnation," before instituting the proceeding.

- (2) The LPA does not take any action to cause title to, or possession of, the property to be vested in the LPA before final determination of the compensation to be paid.
- * (3) The property is not being acquired for rehabilitation and disposal by the LPA (see RHA 7210.1, Rehabilitation, Chapter 1, Section 9) or for disposal to a redeveloper for rehabilitation.*

A condemnation proceeding shall be instituted only after approval and authorization of the action by the LPA governing body. The LPA shall arrange for representation by competent counsel experienced in the conduct of such proceedings.

- If the LPA proposes to institute condemnation proceedings for the acquisition of property to be rehabilitated, the prior concurrence of HUD is required. The LPA's proposal shall be submitted to HUD for concurrence, together with an opinion of LPA counsel to the effect that the LPA has the legal authority to acquire property to be rehabilitated in accordance with the Urban Renewal Plan, and the basis for the opinion, including any pertinent statutes or court decisions. (A previous prohibition of the acquisition of property by condemnation for the specific purpose of making the property available to an LHA for rehabilitation and use for low-rent public housing has been rescinded.) *

The LPA may, without prior concurrence of HUD, take title to, or possession of, any property after the compensation to be paid for the property has been determined by agreement with the owner or by a court award, and the compensation for the property has been paid or tendered to the parties entitled thereto.

QUICK-TAKING CONDEMNATION PROCEEDINGS

A proposal to take title or possession by a "quick-taking" condemnation proceeding or other similar action, before reaching agreement with the owner as to price, shall be submitted to HUD for concurrence. The submission shall include:

- (1) Certified copy of the resolution of the LPA governing body approving the proposed action, subject to HUD concurrence.
- (2) Description of the proposed procedure, including citations of authority, unless previously submitted.

- (3) The proposal of the LPA for depositing the estimated just compensation in court or otherwise making it available to the property owner.
- (4) Explanation of the reasons for requiring title or possession before reaching agreement with the owner or obtaining a court award.
- (5) Statement authorized by the LPA governing body that:
 - (a) The LPA has made every reasonable effort to acquire the property by negotiated purchase and that, before instituting the quick-taking proceeding, the LPA will make a final offer to the owner in writing (as required above under the heading, "Negotiations Required Before Condemnation").
 - (b) The LPA will not require any person lawfully occupying property to surrender possession without at least 90 days' written notice from the LPA of the date on which possession will be required, such notice to be given on or after the day on which the LPA takes title to, or the right to possession of, the property.
 - (c) The LPA will not require the owner to surrender the right to possession of his property until the LPA pays, or causes to be paid, to the owner the agreed purchase price arrived at by negotiation, or in any case where only the amount of the payment to the owner is in dispute, not less than 75 percent of the HUD concurred-in acquisition price. (See below under heading, "Payment to Owner Before Taking Possession.")
- (6) Statement of the measures that the LPA will adopt:
 - (a) To prevent project costs from being inflated by interest on awards.
 - (b) To carry out the LPA's property management responsibilities on all properties included in the proposed quick-taking action.

Payment to Owner Before Taking Possession

If only the amount of the payment to the owner is in dispute, item 5(c) will be regarded as being met by a deposit in court of at least 75 percent of the HUD concurred-in acquisition price, provided

SITE PREPARATION AND PROJECT
IMPROVEMENTS - RHA 7209
REHABILITATION

the deposit is withdrawable by the owner without prejudice to his right to obtain a subsequent determination of the value of the property by the court. If State or local eminent domain law does not provide for such a deposit or other payment to the owner of at least 75 percent of the LPA's valuation of the property before the LPA can take possession of the property, the LPA shall pay such an amount to the owner in addition to following the requirements of its own law. This 75 percent payment would be applied to the ultimate price for the property established by the eminent domain proceedings. Once judgment has been rendered in an eminent domain proceeding with respect to property which the LPA has not previously taken possession of, the requirement will be regarded as being met either by direct payment of the award to the owner or by deposit in court of the amount of the award. A tender of payment to the owner, whether or not accepted by the owner, will be regarded as complying with the requirement.

Negotiations With Owners

After instituting a condemnation proceeding, with or without a quick-taking, the LPA shall continue making every reasonable effort to reach agreement with each owner before trial of the proceeding.

Plans for the negotiations with property owners and for the scheduling of trials, insofar as practicable, shall afford owners full opportunity to negotiate settlements before trial.

Blanket Condemnation Proceedings

The LPA's Land Acquisition Policy Statement, which the LPA submits with its application for Federal assistance, precludes the filing of a blanket condemnation proceeding against any area until every reasonable effort has been made to acquire by negotiated purchase, all known interests designated for acquisition in the area. When the LPA has either acquired, or made every reasonable effort to acquire by negotiated purchase, each known interests in an area, the LPA may file a blanket condemnation proceeding against the area to acquire the parcels and known interests not yet acquired and to perfect the LPA's title to the area.

Condemnation Awards

The charge to Gross Project Cost for acquisition of property by condemnation shall not exceed the HUD concurred-in acquisition price unless the award follows a trial on the merits of the issue of value according to law.

Any amount paid pursuant to a stipulation or agreement with the owner in excess of the HUD concurred-in acquisition price shall be disallowed. Interest on the award, and any court costs included in the judgment, may be excluded in determining whether a judgment is within the approved acquisition price.

Payment of the judgment following a trial on the merits of the issue of value is an eligible project cost, except for:

- (1) Any part of a judgment attributable to severance damages sustained because the LPA failed to coordinate its acquisition of a part of a property with the acquisition of the remainder for another public program.
- (2) The excess of the judgment over the HUD concurred-in acquisition price, if the property is a type subject to the provisions in Section 1 of this Chapter under the heading, "Limitations on Charges to Gross Project Cost."

Appeals

The LPA shall determine whether or not to appeal an award. HUD concurrence in the LPA's determination is not required.

Interest on Condemnation Awards

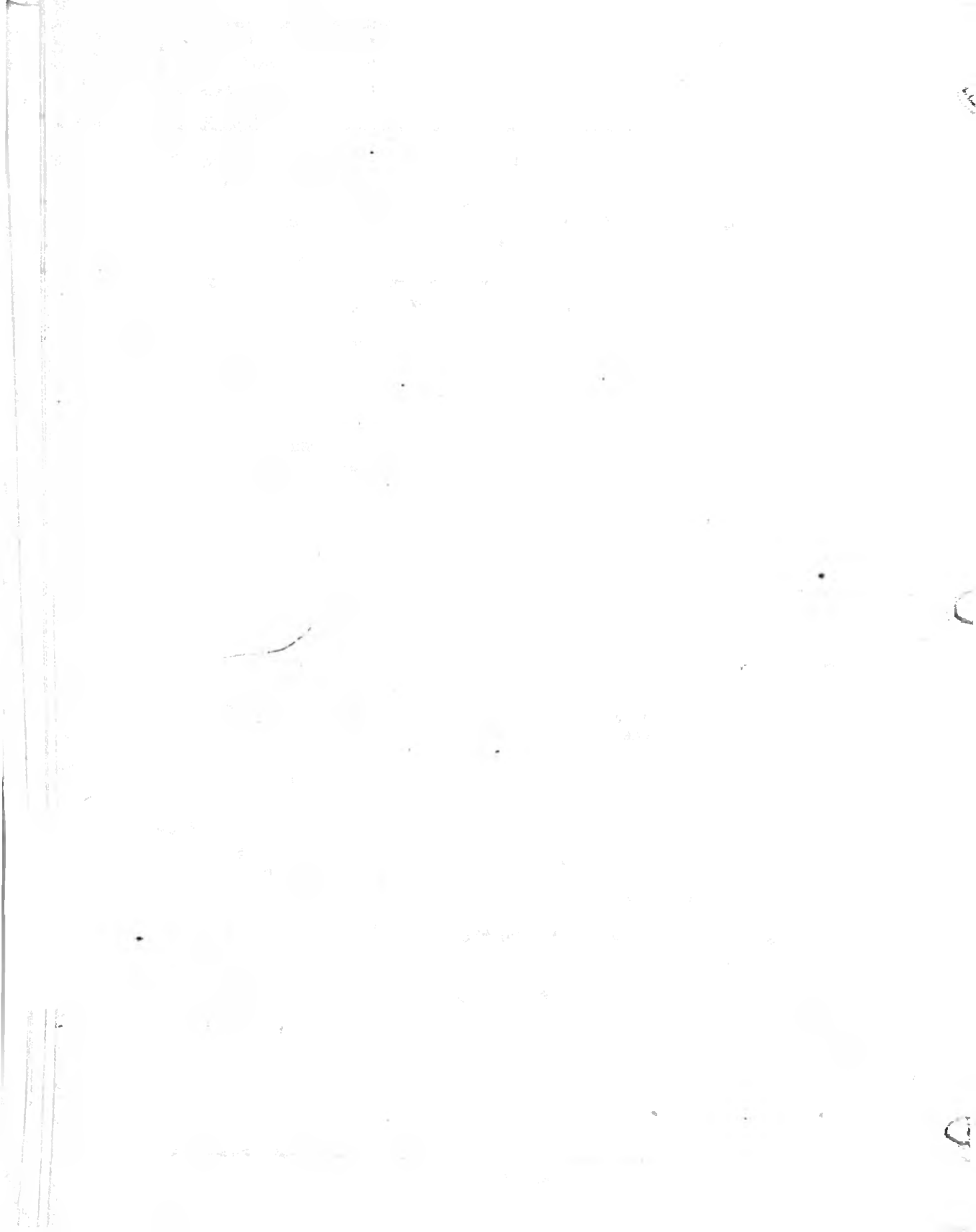
HUD will disallow any interest costs on condemnation awards that could have been avoided by prompt payment of the award, deposit of money with the court, the making of an advance payment to the owner on account of the award, or the prevention of unnecessary delay.

TITLE TO PROJECT LAND

When acquisition has been completed, the LPA shall obtain consolidated assurance of title covering the project land as a whole. As an alternative, the LPA may obtain such assurance for each major segment as it is required.

The assurance of title shall show the LPA to be vested with a good and indefeasible title.

The consolidated assurance of title and evidences of title shall be preserved. However, if abstracts of title were obtained, they may be delivered to the redeveloper when the land is conveyed, if the conveyance is by quitclaim deed.



CHAPTER 4. LAND ACQUISITION PROCEDURES

SECTION 3. RECORDS AND REPORTS

The LPA shall maintain all records of its land acquisition program until at least three years after the project is completed.

LAND ACQUISITION SUMMARY

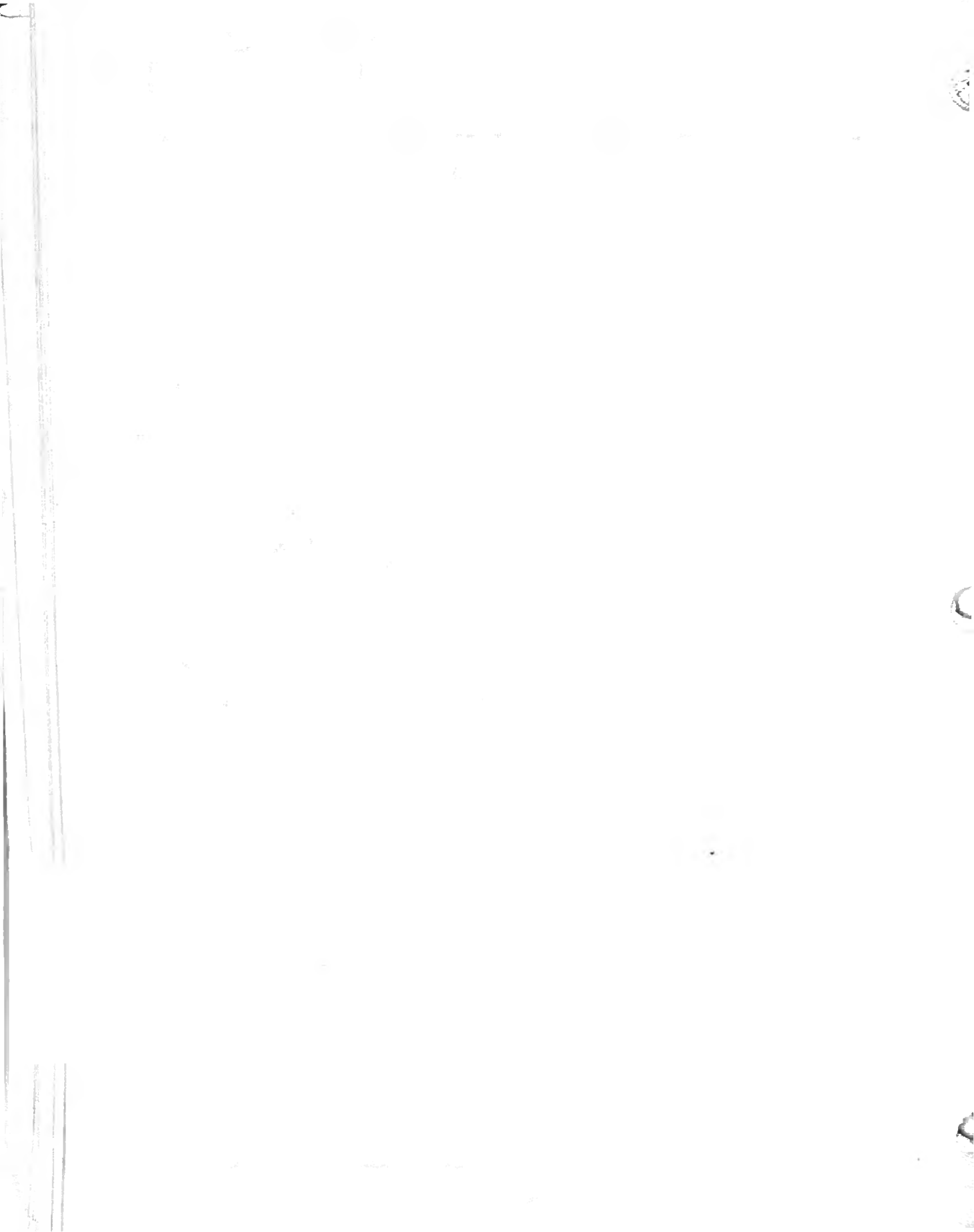
The LPA shall maintain a running record in summary from showing major actions and items of information on each parcel as follows:

- (1) Approved maximum acquisition price.
- (2) Date of offer of owner.
- (3) Date of acceptance of offer.
- (4) Date condemnation proceeding authorized by LPA governing body.
- (5) Date condemnation proceeding instituted.
- (6) Date title vested in LPA.
- (7) Acquisition price, if by purchase or stipulation.
- (8) Acquisition price, if by court award after trial of the issue of value.

SUBMISSION OF REPORTS

Form HUD-6000, Physical Progress Report (See 7219.1, LPA Progress Reports) is submitted to the Regional Office semiannually. This form requires information on the status of the land acquisition program.

Form HUD-6163, Report on Status of Land Acquisition, Disposition, and Redevelopment, is submitted to the Regional Office semiannually (see 7219.1, LPA Progress Report). The form requires information on the status of acquisition.



S I E PREPARATION AND PROJECT
IMPROVEMENTS - RHA 7209

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SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1

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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SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1

- (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

SEP 11 1970

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1

LAW 11

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.

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1TEMPORARY 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

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1

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.

- (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 nonprofit 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.



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* 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.



SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1

- * 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 mantles, and of interior works of art which are an integral part of the

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RHA 7209.1

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1

* 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

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 1

- * 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 mantles, 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. *

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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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RHA 7209.1

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 2

- * 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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SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 2

- * 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. *

RHA 7209.1

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 2

*** 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.

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 2

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

RHA 7209.1

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 2

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.

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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.



CIRCULAR

RHM 7209.1

Simplification Circular No. 7
Office of the Assistant Secretary for
Renewal and Housing Management

2/10/70

Cancellation

Date: APR 9 1971

SUBJECT: REVISED PART I LOAN AND GRANT APPLICATION REQUIREMENTS

1. PURPOSE. This Circular revises the submission requirements in Urban Renewal Handbook RHM 7209.1, Chapter 3, for Code No. R 224 in the Part I Loan and Grant Application.
2. REVISED PROJECT IMPROVEMENTS REPORT. In Urban Renewal Handbook RHM 7209.1, Chapter 3, the information under the heading "Project Improvements Report" is rescinded and replaced by the following:

The Project Improvements Report (Checklist Code No. R 224) shall include:

- (1) 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.
- (2) Information relating to local design standards:
 - (a) Full description of all pertinent established local design standards. Standards approved in a previous submission for a project may be incorporated by reference to the specific previous submission containing these standards, provided no change has been made.

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- (b) If there are no established local standards, description of those used by the LPA and the basis for their adoption.
- (c) Justification for the use of any standards higher than those generally observed in the community.
- (3) 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 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 water pollution control agency, shall also be submitted with each such finding.
3. ESTIMATED COST OF PROJECT IMPROVEMENTS. The cost of site clearance and project improvements shall be estimated and justified in Code No. R 226, Cost Estimate and Financing Report. Site clearance and project improvement work to be performed with Item 1 funds shall be described in a narrative statement in support of the Project Expenditures Budget. (See Circular RHM 7218.1, Subject: Revised Project Expenditures Budget Requirements.) Site clearance and project improvement work to be performed with Item 2 funds shall be described in a narrative statement in support of the Project Cost Estimate and Financing Plan. (See Circular RHM 7215.1, Subject: Revised Part I Loan and Grant Application Requirements.)
4. IMPROVEMENTS OF EXCESS SIZE AND CAPACITY. In Urban Renewal Handbook RHM 7209.1, Chapter 1, pages 5 and 6, the information under the heading "Improvements of Excess Size and Capacity" is rescinded. Project improvements must conform to local standards, as stated on page 4, unless the standards are too low to support the urban renewal objectives. Project improvements

that exceed local design standards will also be acceptable to HUD, provided that the improvement is not extravagant in relation to the objectives of the urban renewal project.



SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 1

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.

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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.

RHM 7209.1

CHAPTER 4, SECTION 2
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.

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.

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/Title/

/Name of Local Public Agency/

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

URBAN RENEWAL HANDBOOK

CIRCULAR

RHM 7209.1

AUG 14 1970

6/3/70

Cancellation

Date:

Proclaimer Certificate Relative to Technical Specifications
Conformance with Local Standards or Standards Necessary to

SUBJECT: Support Urban Renewal Objectives for Project Improvements

1. PURPOSE. This Circular provides a proclaimer certificate to be used in lieu of HUD review and approval of technical specifications with project improvement contract documents.
2. MODIFICATION OF SUBMISSION REQUIREMENTS FOR PROJECT IMPROVEMENTS AND CONTRACT DOCUMENTS. In Urban Renewal Handbook RHM 7209.1, Chapter 4, Section 2, page 3, the following paragraph is added after the last paragraph under the heading "Contract Submission Requirements."

SUBMISSION OF PROCLAIMER IN LIEU OF HUD REVIEW AND APPROVAL OF TECHNICAL SPECIFICATIONS. The LPA shall follow the proclaimer procedure described below in order to eliminate the need for HUD review and approval of the technical specifications which must be submitted with the contract 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 shown in the Appendix with all of the contract documents required above. HUD need not review nor approve the technical specifications contained in such documents unless budget approvals are exceeded. In such cases, HUD may review specifications where there are significant cost increases, if necessary, to determine the reasons for the increases. This procedure does not change any other requirement of Urban Renewal Handbook RHM 7209.1, including the requirement for HUD clearance of the proposed contractor.

In Urban Renewal Handbook RHM 7209.1, Chapter 1, page 4-1, the following paragraph is added after the second paragraph under the heading, "Conformance with Local Standards."

The LPA may prepare technical specifications for contract documents for specific project improvements based upon their conformance to local standards, or standards necessary to support urban renewal objectives. Although such specifications must be submitted, HUD need not review and approve such specifications if accompanied by the proclaimer certificate in the Appendix.

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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. Documentations 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.

- c. The technical specifications in the contract documents (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 technical 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 technical specifications have been certified by the individual named 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.
2. Based upon my review of the above described 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 to standards necessary to support the urban renewal objectives, referred to in paragraph 1b.

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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]

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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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SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 5

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

SITE PREPARATION AND PROJECT IMPROVEMENTS
CHAPTER 4 SECTION 5

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.

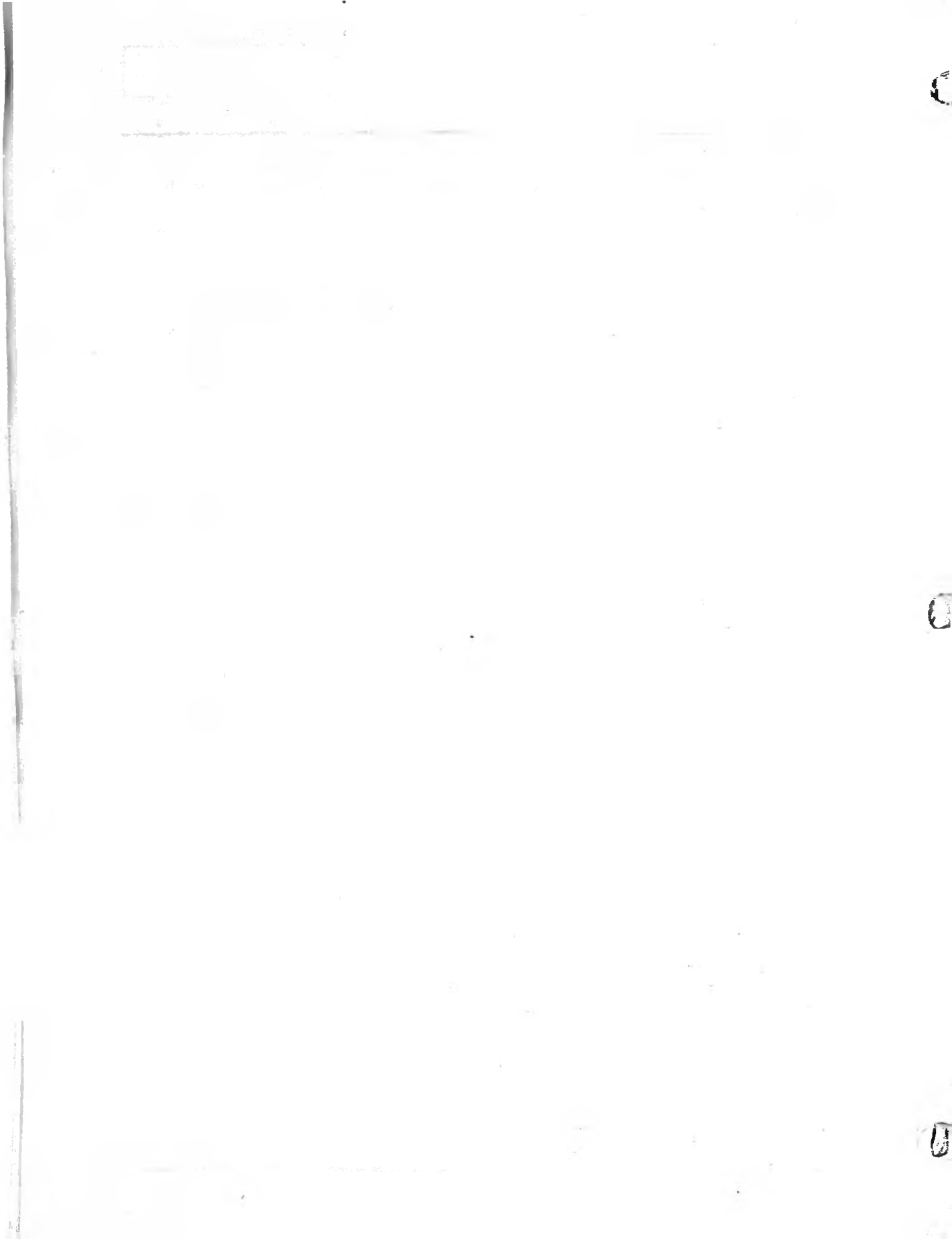
PROGRESS RECORDS AND REPORTS

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.

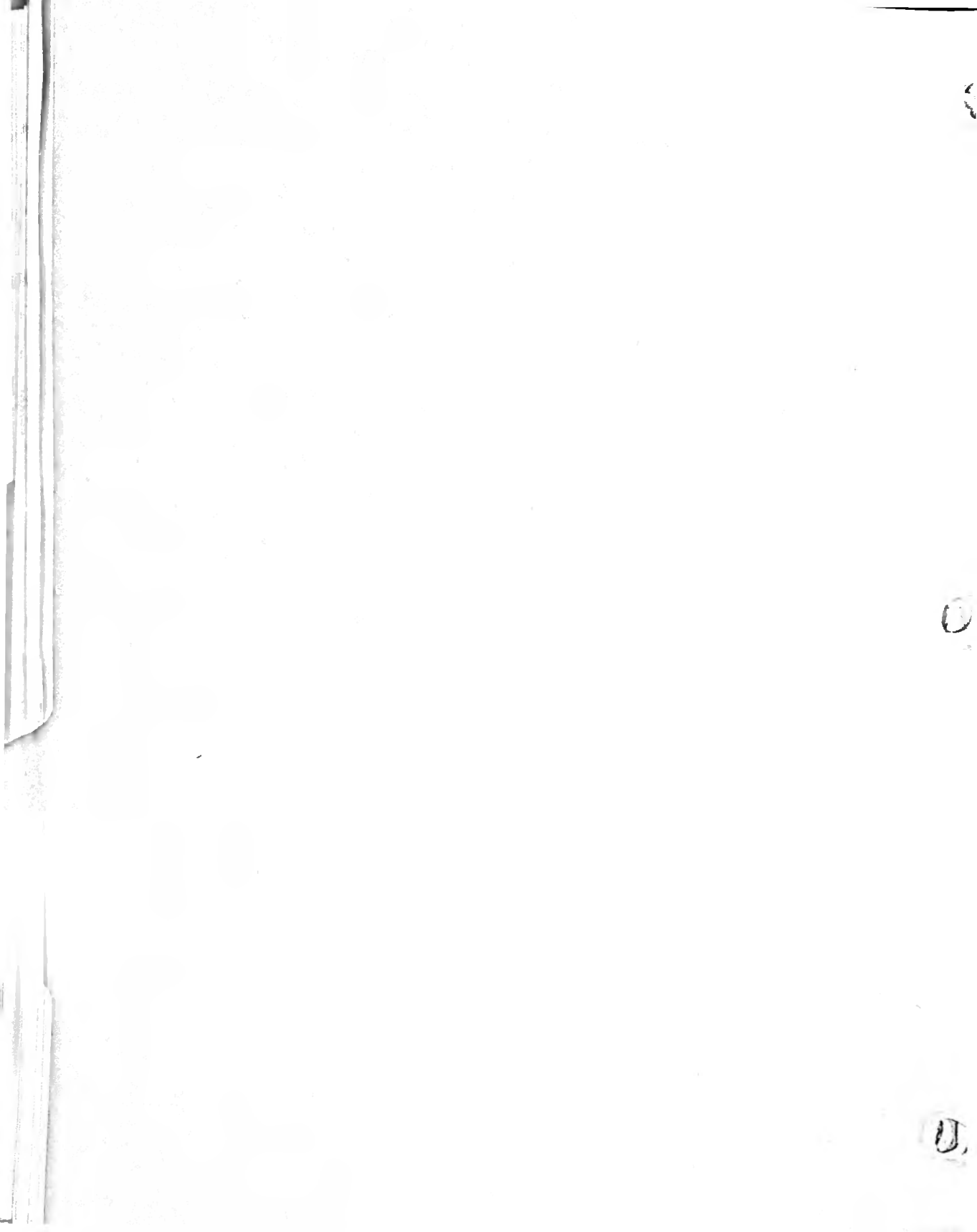
PROJECT IMPROVEMENTS AND SITE PREPARATION

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. *

- (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 re-inspections 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:

RHA 7210.1

REHABILITATION
CHAPTER 1 SECTION 3

- * (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.

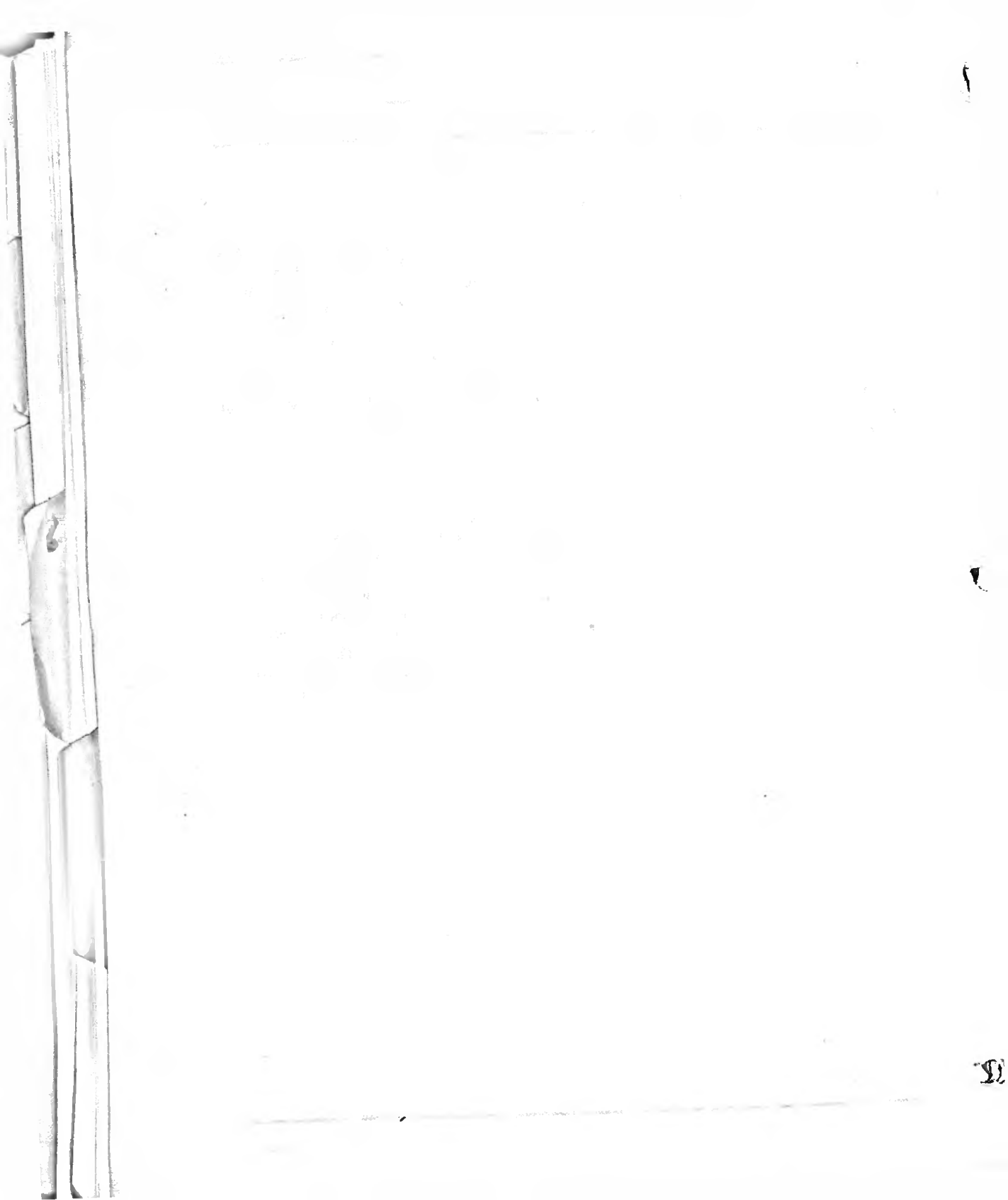
CHAPTER 1. POLICIES AND REQUIREMENTS

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.
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- (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-

RHA 7210.1

REHABILITATION
CHAPTER 1 SECTION 5

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).

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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.

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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.

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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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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.

RHA 7210.1

REHABILITATION
CHAPTER 1 SECTION 8

- (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.

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CHAPTER 1. POLICIES AND REQUIREMENTS

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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

RHA 7210.1

REHABILITATION

CHAPTER 1 SECTION 9

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 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.

- 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.

RHA 7210.1

REHABILITATION

CHAPTER 1 SECTION 9

- 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.

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.

(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.

1. 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:

- (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-
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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,

REHABILITATION

CHAPTER 1 SECTION 9

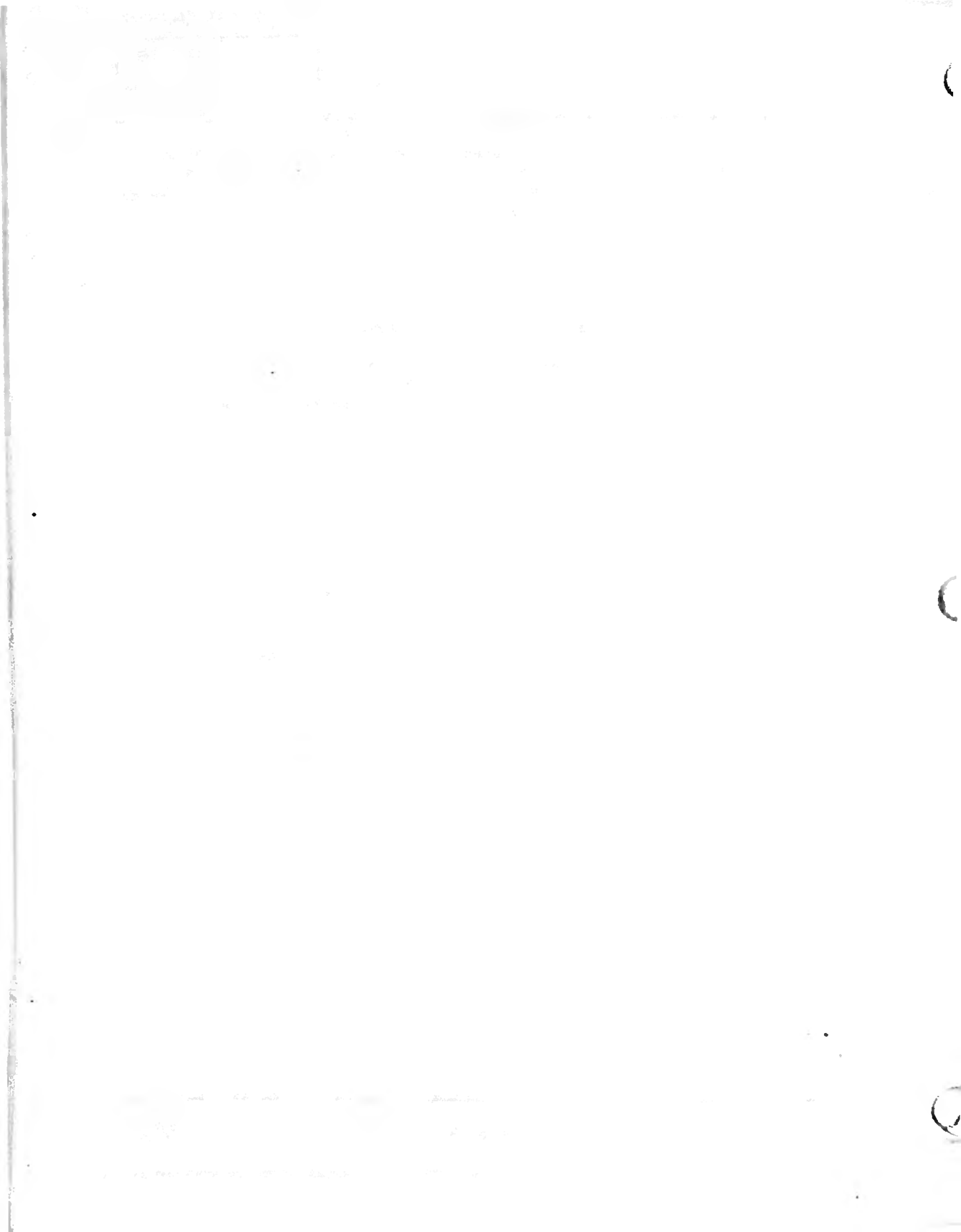
- if rehabilitation of a property is completed and immediate sale is not foreseen, the property should be leased. The LPA is responsible for providing a high level of security and protection during the time the property is under direct custody, and the cost of providing security guards, protective personnel 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.

- 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.

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CHAPTER 2. SUBMISSION REQUIREMENTS**SURVEY AND PLANNING APPLICATION**

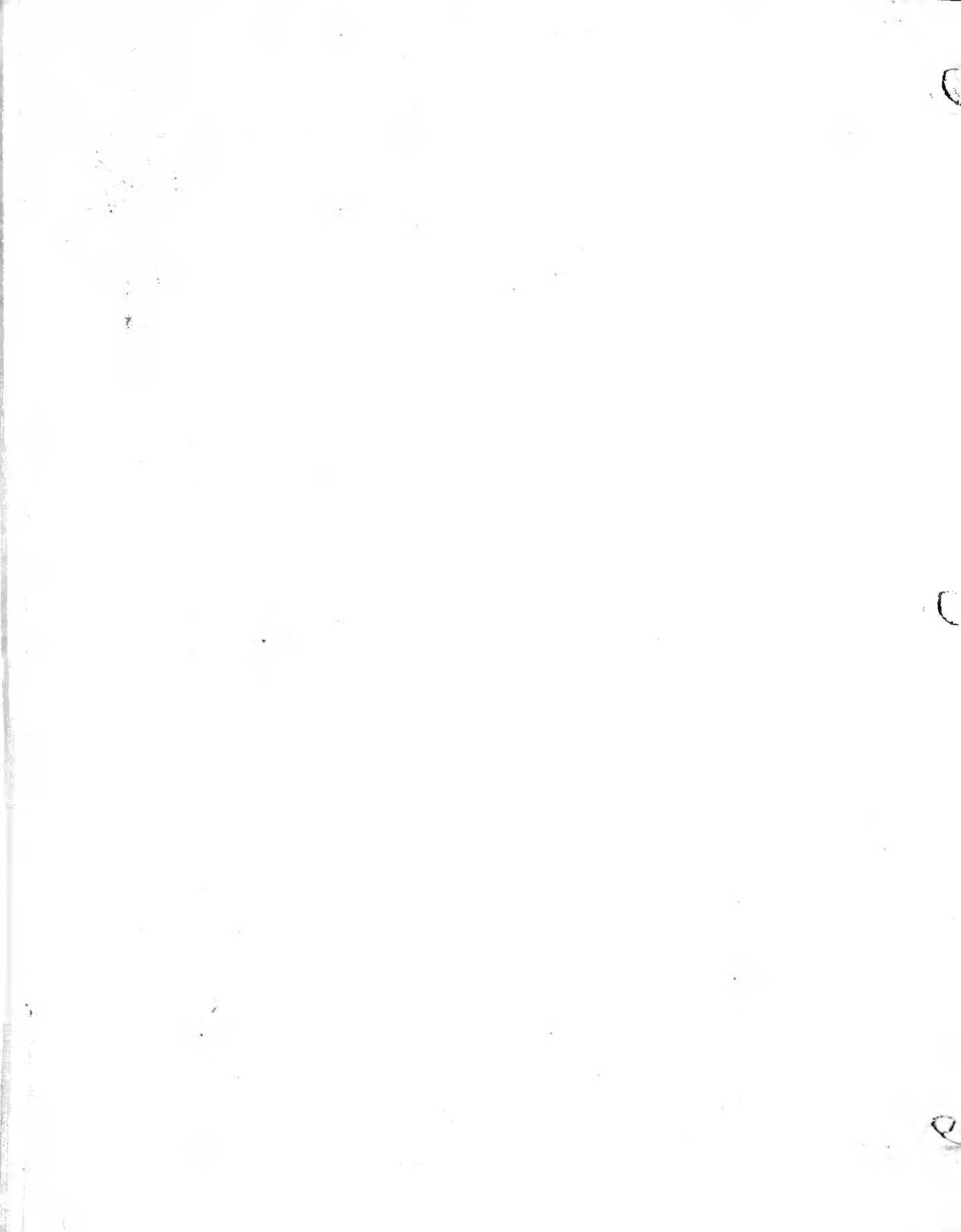
With the Survey and Planning Application (see 7206.1, Project Applications, Chapter 1, Section 1), the LPA shall submit:

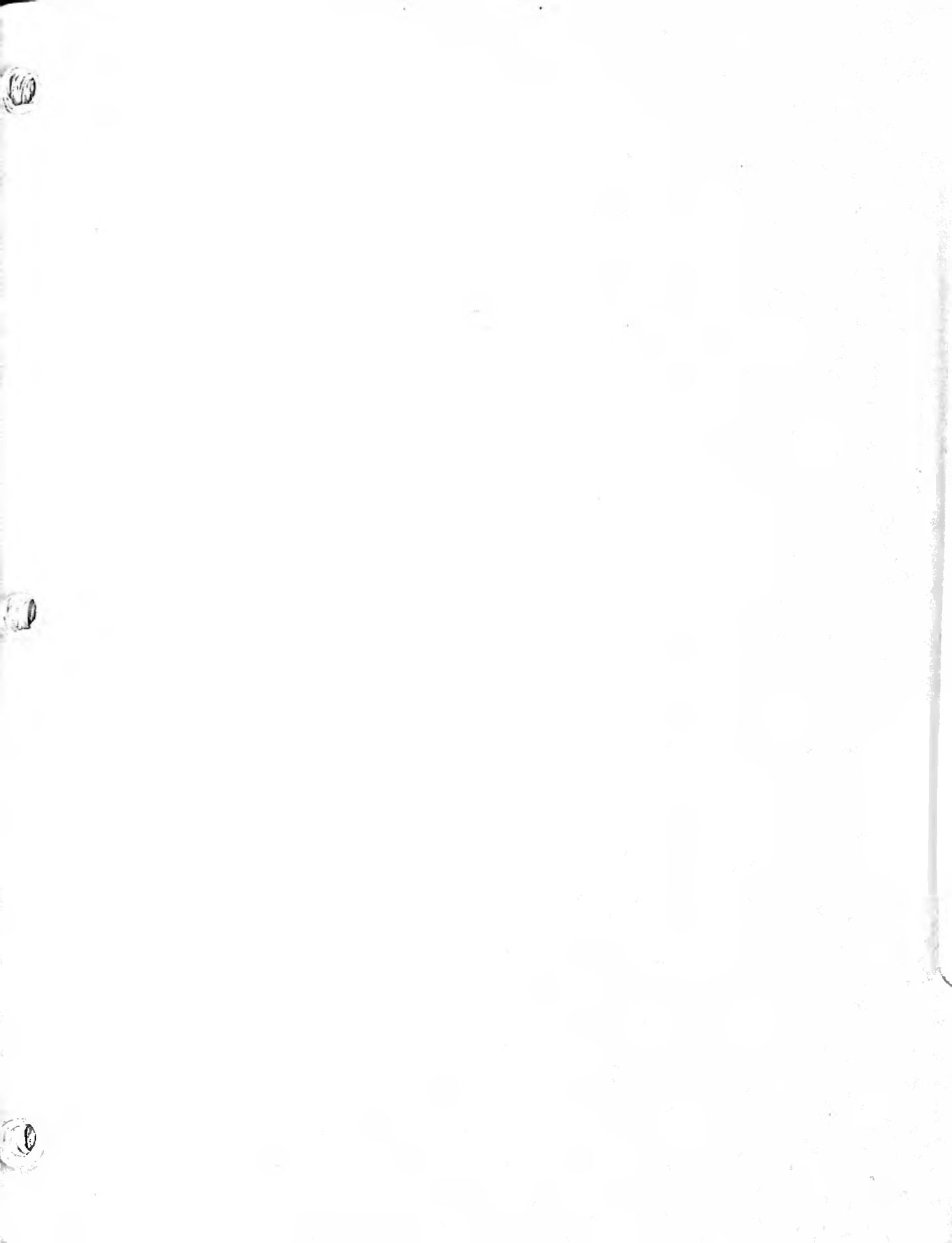
- (1) Rehabilitation Data (Checklist Code No. R 115), including:
 - (a) Preliminary evidence that each of the required factors listed in 7210.1, Rehabilitation, Chapter 1, Section 2, for the proposed treatment is present.
 - (b) Results of the limited exterior survey (see 7210.1, Rehabilitation, Chapter 1, Section 6).
- (2) Estimated costs of planning for rehabilitation on Form HUD-627, Survey and Planning Budget. If any work is to be performed under contract or by agreement, list on Form HUD-681, Survey and Planning Work Activities To Be Performed Under Contract.
- (3) Statement as to the amount of Federal grant funds needed for rehabilitation grants, if these grants are to be made (see 7215.1, Financing and Financial Reports, Chapter 1, Section 2).

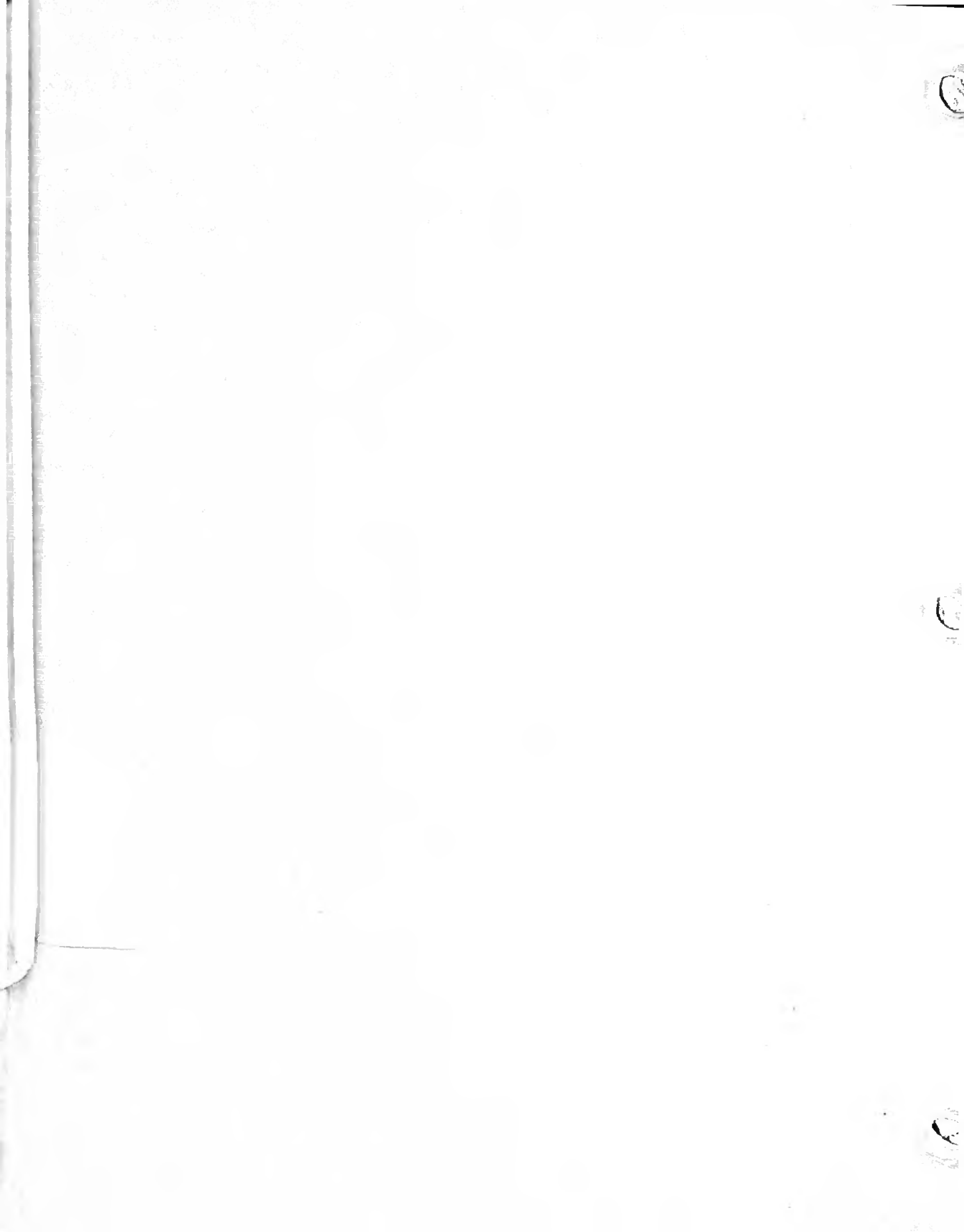
PART I LOAN AND GRANT APPLICATION

With the Part I Loan and Grant Application (see 7206.1, Project Applications, Chapter 2, Section 1), the LPA shall submit:

- (1) Rehabilitation Data (Checklist Code No. R 221), including:
 - (a) Specific evidence that each of the required factors listed in 7210.1, Rehabilitation, Chapter 1, Section 2, for the proposed treatment is present.
 - (b) Rehabilitation Report (see 7210.1, Rehabilitation, Chapter 1, Section 7).
- (2) Cost estimates for carrying out rehabilitation activities, on Form HUD-6220, Project Expenditures Budget, and HUD-6121, Data Supporting Project Expenditures Budget.







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.

- (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

PROPERTY MANAGEMENT
CHAPTER 1

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.
-

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.

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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.

PROPERTY MANAGEMENT
CHAPTER 2

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

- * 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. *

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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

PROPERTY MANAGEMENT
CHAPTER 3

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.

RHA 7211.1

PROPERTY MANAGEMENT
CHAPTER 3

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.

Dec 15 1969

RHA 7211.1

PROPERTY MANAGEMENT
CHAPTER 4

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

RHA 7211.1

PROPERTY MANAGEMENT
CHAPTER 4

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

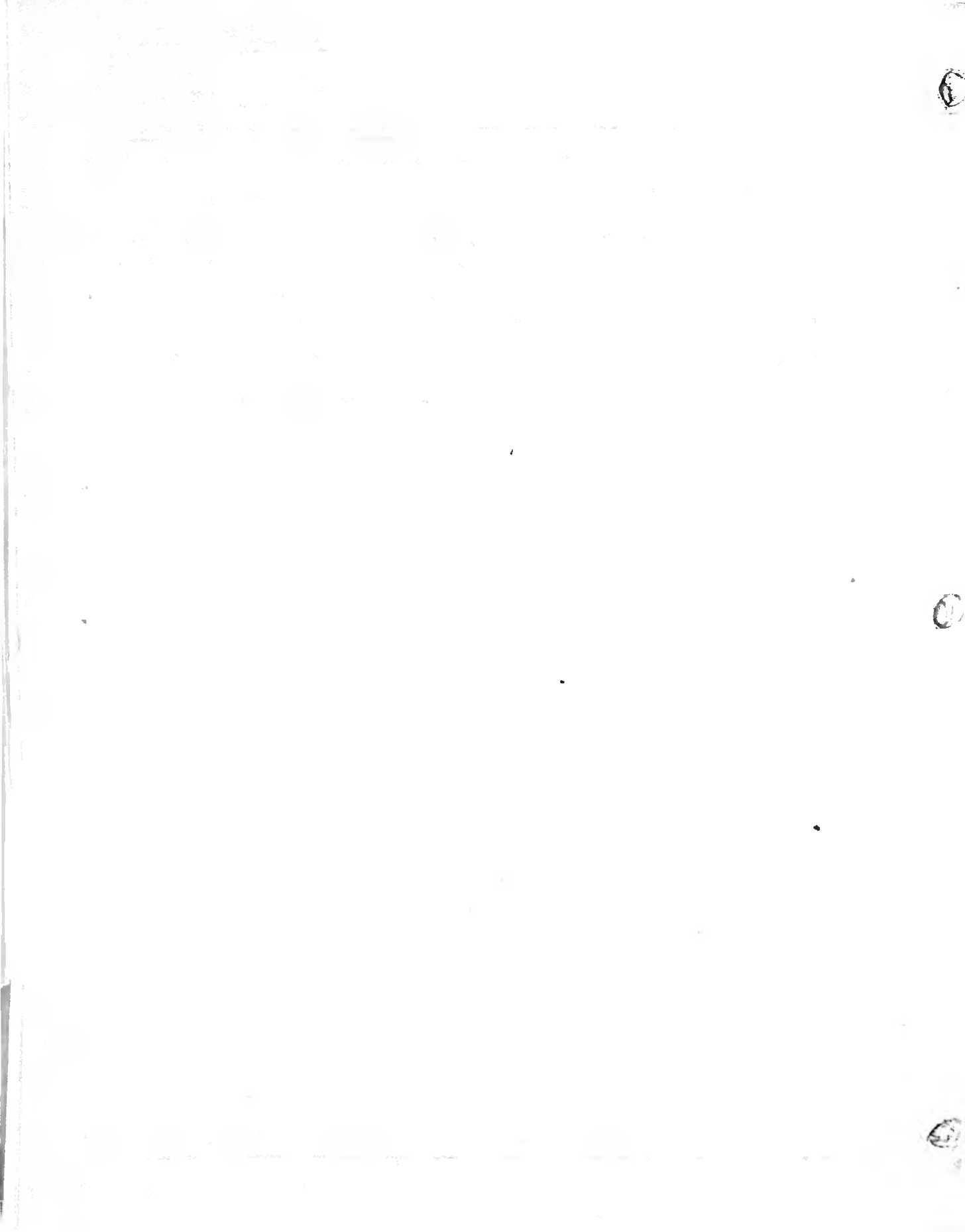
RECORDS

Property management records shall be maintained in accordance with the accounting requirements in 7221.1, Accounting, Chapter 1, Section 4.

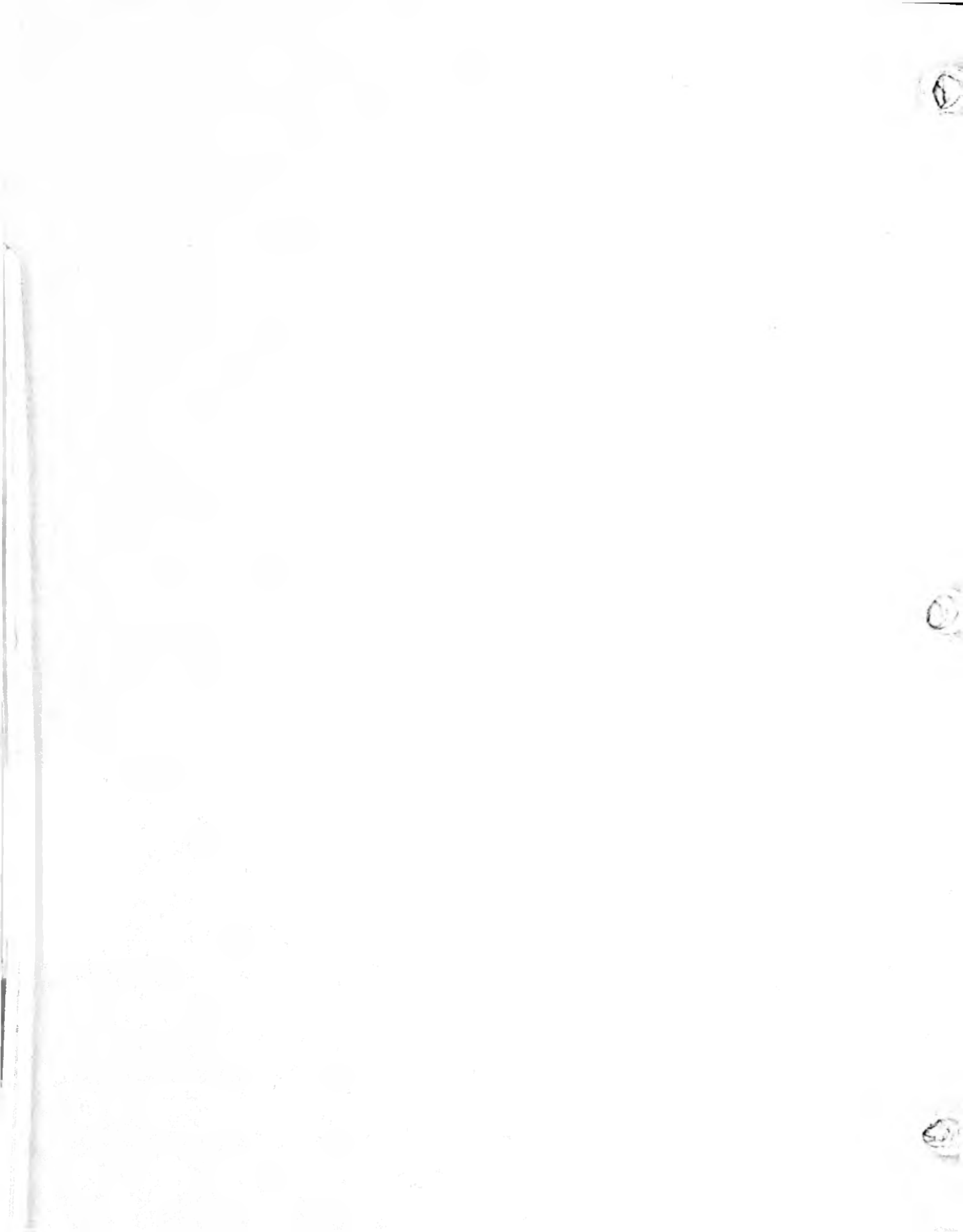
The LPA shall provide the management contractor with any forms or notices which are required for the maintenance of accounting records.

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

RHM 7212.1

RELOCATION
CHAPTER 1

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> <p>1. Name of agency which will administer relocation operations.</p> <p>2. Description of organization of relocation staff.</p> <p>B. Relocation Standards.</p> <p>1. Physical and occupancy standards.</p> <p>Standards for relocation housing shall be described with respect to:</p> <p>a. Sanitary, heating, cooking, and lighting facilities.</p> <p>b. Structural conditions.</p> <p>c. Occupancy, indicating number of bedrooms for families of various sizes.</p>	<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 substandard 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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RHA 7212.1

RELOCATION
CHAPTER 2 SECTION 1

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> <p style="text-align: right;">*</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>

RHA 7212.1

RELOCATION

CHAPTER 2 SECTION 1

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>

RHM 7212.1

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>

RHA 7212.1

RELOCATION

CHAPTER 2 SECTION 1

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>

RHA 7212.1

RELOCATION

CHAPTER 2 SECTION 1

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.

RHA 7212.1

RELOCATION
CHAPTER 2 SECTION 1

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.

RHM 7212.1

RELOCATION

CHAPTER 2 SECTION 2

- (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.

RHA 7212.1

RELOCATION
CHAPTER 2 SECTION 2

- (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.

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:

¹ As 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.

RHA 7212.1

RELOCATION

CHAPTER 3 SECTION 1

- (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.

- (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.

RHM 7212.1

RELOCATION

CHAPTER 3 SECTION 1

- (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 constructed 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.

RHA 7212.1

RELOCATION

CHAPTER 3 SECTION 1

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.



NOV 25 1969

RHA 7212.1

CHAPTER 3 SECTION 1 APPENDIX 1

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

Sec.

- 3.100 Statement of applicable law.
- 3.101 Definitions.
- 3.102 Relocation payments by the Agency.
- 3.103 Basic eligibility conditions--displacement from an urban renewal area.
- 3.103a Basic eligibility conditions--displacement from a code enforcement or demolition grant area.
- 3.103b Basic eligibility conditions--displacement from an area receiving interim assistance.
- 3.103c Eligibility--relocation adjustment payment; additional relocation payment; replacement housing payment.
- 3.103d Notice of intention to move.
- 3.104 Administration of relocation payments.
- 3.105 Fixed relocation payments to individuals and families.
- 3.106 Determining moving expenses of business concern.
- 3.107 Determining actual direct loss of property.

9/69

- 3.108 Filing of claims.
 3.109 Limitations on amount of relocation payments.
 3.110 Determinations in condemnation proceedings.

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

CHAPTER 3 SECTION 1 APPENDIX 1

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

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 prepayment 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.

- (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.

- (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

(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

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(d)(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

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 (i) when it acquired or proposes to acquire the property occupied by the claimant,

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. (3) 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

\$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.

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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.

RHA 7212.1

RELOCATION

CHAPTER 3 SECTION 1 APPENDIX 2

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 displaces 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

RHA 7212.1

RELOCATION

CHAPTER 3 SECTION 1 APPENDIX 2

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.

RHA 7212.1

RELOCATION

CHAPTER 3 SECTION 1 APPENDIX 2

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.

RHA 7212.1

RELOCATION
CHAPTER 3 SECTION 1 APPENDIX 3

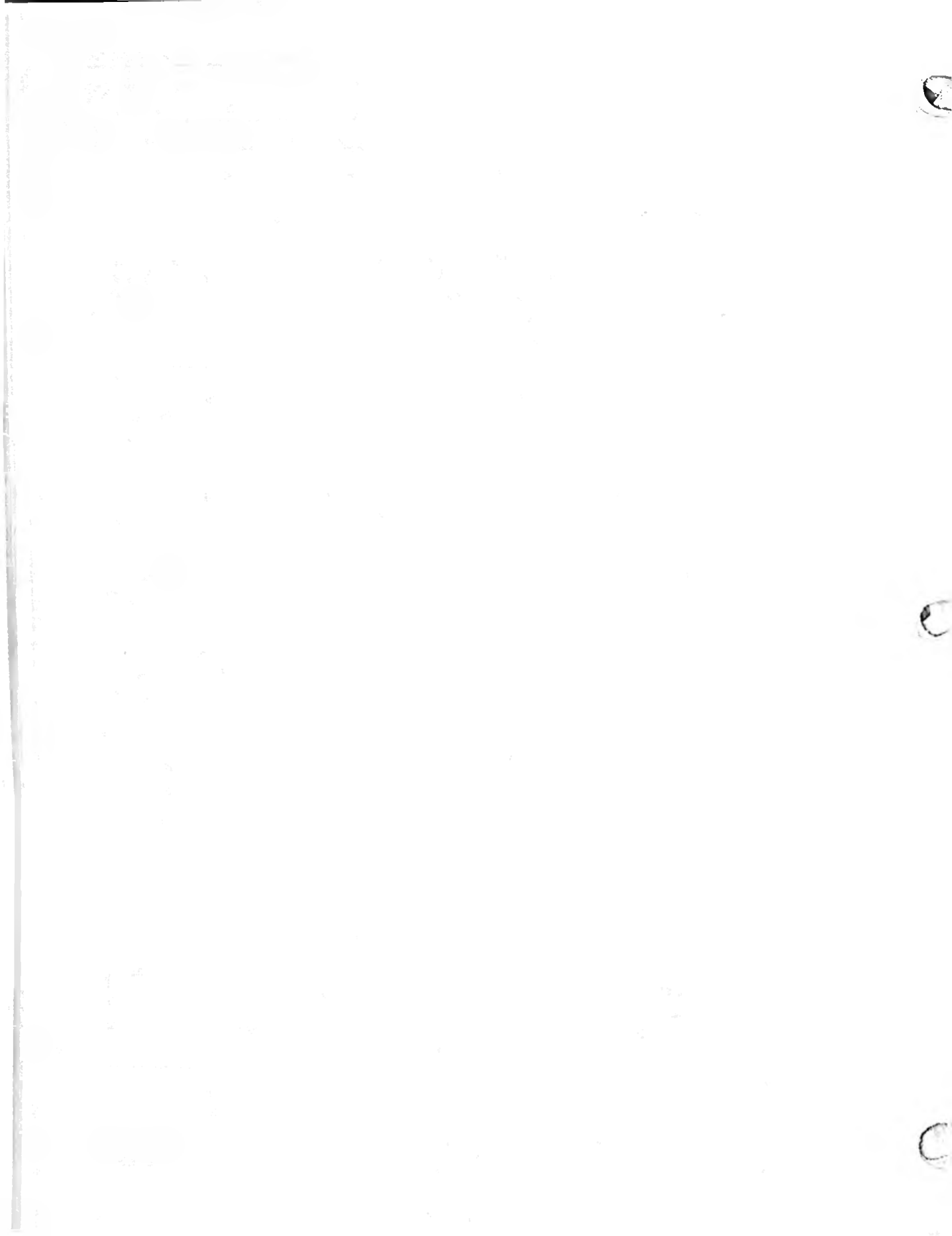
TABLE A. EXAMPLES OF COMPUTATION OF RELOCATION ADJUSTMENT PAYMENT

CLAIMANT	AVERAGE ANNUAL GROSS RENTAL FOR UNIT OF ADEQUATE SIZE (from Form HUD-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

SOCIAL DEVELOPMENT
DUA 7212



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.

SOCIAL DEVELOPMENT
RHA 7212

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.

SOCIAL DEVELOPMENT
DUA 7112

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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

RELOCATION

CHAPTER 3 SECTION 1 APPENDIX 5

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

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:

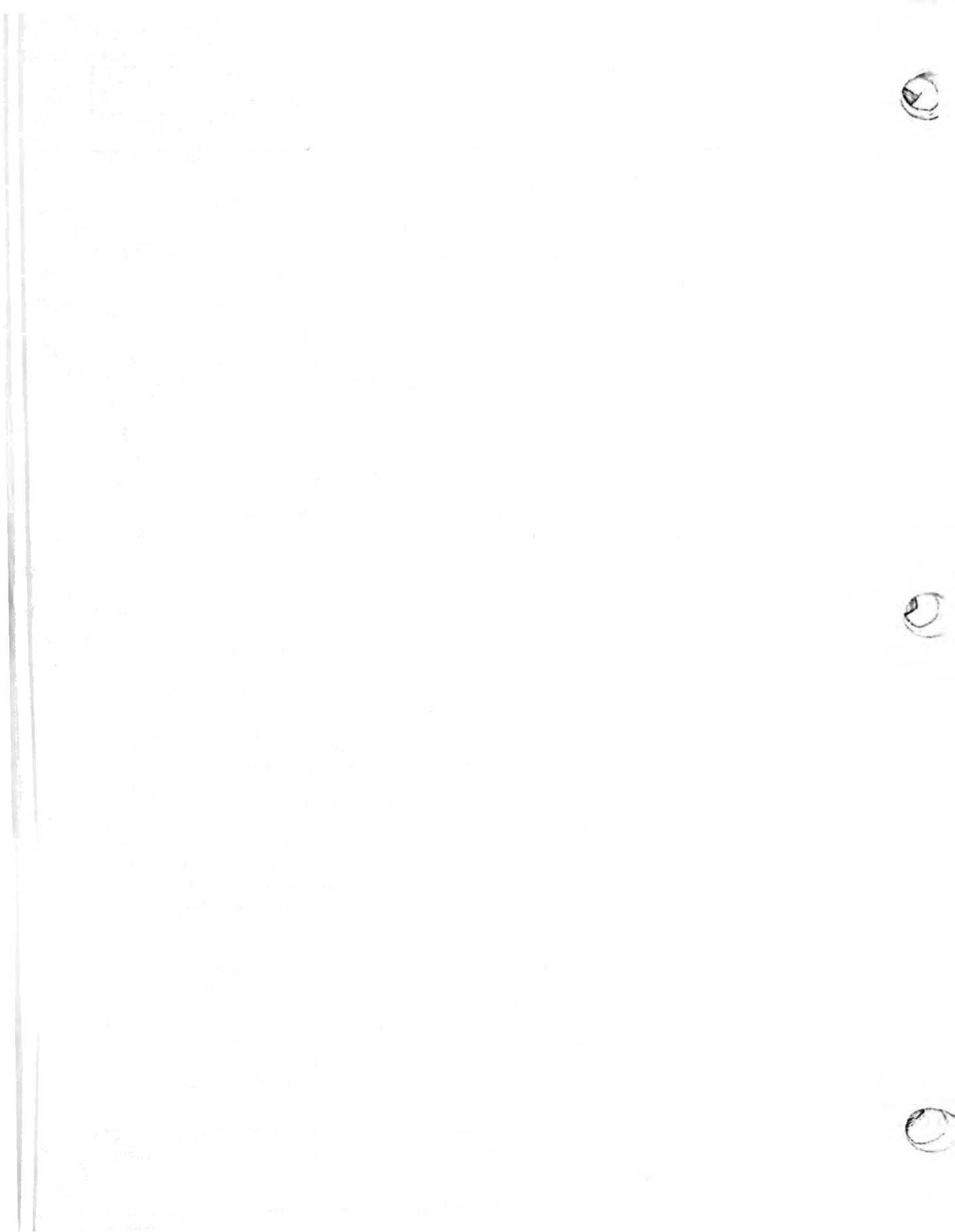
- (1) Cost of the move to storage, including carting, dismantling or disconnecting, and crating.
- (2) Insurance for carting and storing.
- (3) When the family or individual makes a permanent move, or the business concern reestablishes in another location, cost of the move from storage, including carting 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.



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URBAN RENEWAL HANDBOOK

RHM 7212.1

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Cancellation Date:

SUBJECT: Periodic Review of Relocation Plans

SOCIAL DEVELOPMENT
DUA 7019

1. PURPOSE. This Circular sets forth initial policies and requirements for carrying out the provisions of Section 209 of the Housing and Urban Development Act of 1969, enacted December 24, 1969. The substance of this Circular will be incorporated in a forthcoming revision of the Urban Renewal Handbook (RHM 7212.1) and the Neighborhood Development Program Handbook (RHM 7384.1 Chapter 7).
2. REQUIREMENT.
 - a. Statutory Requirement. Section 209 of the 1969 Act amends Section 105(c) of the Housing Act of 1949, as amended, by the addition of a new subparagraph (3) which reads as follows:

"(3) Within one year after the date of the enactment of this paragraph, and every two years thereafter, the Secretary shall review each locality's relocation plan under this subsection and its effectiveness in carrying out such plan."
 - b. Carrying Out the Requirement. To carry out the statutory requirement, HUD will review the progress and performance of local agencies in carrying out approved relocation plans. The nature and extent of HUD's review will be governed by the extent to which relocation activities have progressed for each project.
 - c. Applicability. The requirement for HUD review of relocation plans applies to all urban renewal projects, including Neighborhood Development Programs (NDPs).
3. TIMING OF REVIEWS.
 - a. General. To the maximum extent possible, reviews will be timed to coincide with or follow peak periods of relocation activity.

b. Conventional Urban Renewal Projects.

- (1) Projects Approved After December 24, 1969. HUD will review the relocation plan for each urban renewal project at the time that compliance with Section 105(c)(1) relocation feasibility requirements is determined, and every two years thereafter.
- (2) Projects Approved On or Prior to December 24, 1969. HUD will review the relocation plan for each urban renewal project on or before December 24, 1970, and every two years thereafter.

- c. Neighborhood Development Programs. HUD will review the relocation plan for each NDP at the time that compliance with Section 105(c)(1) relocation feasibility requirements is determined for each action year. Furthermore, following the first action year of an NDP, applications for subsequent action years will be evaluated in the light of the effectiveness of relocation activities carried out during the preceding action year.

4. BASIS FOR EVALUATING RELOCATION PLANS.

- a. Visit to Locality. As a general rule, each review of relocation plans and performance will include a visit to the locality by a HUD representative. Exceptions may be made in the following cases: (1) the initial review of a relocation plan for a conventional urban renewal project to determine compliance with Section 105(c)(1) relocation feasibility requirements, (2) the review of a relocation plan for the first action year of an NDP, and (3) the initial review of a relocation plan for a conventional urban renewal project approved during the year ending December 24, 1969. In some instances it may be possible to undertake the relocation review during a visit for the purpose of providing technical assistance to local agency staff on other project matters. A visit to the locality will include an examination of relocation records and interviews with local agency staff. In some cases, the visit may include interviews with site occupants and with a random sampling of individuals, families, and business concerns which have been relocated.
 - b. Evaluation. HUD's evaluation of the locality's effectiveness in carrying out relocation plans will be based both on the observations of HUD representatives during visits to the locality and on data submitted to HUD in relocation and audit reports and regular project submissions.
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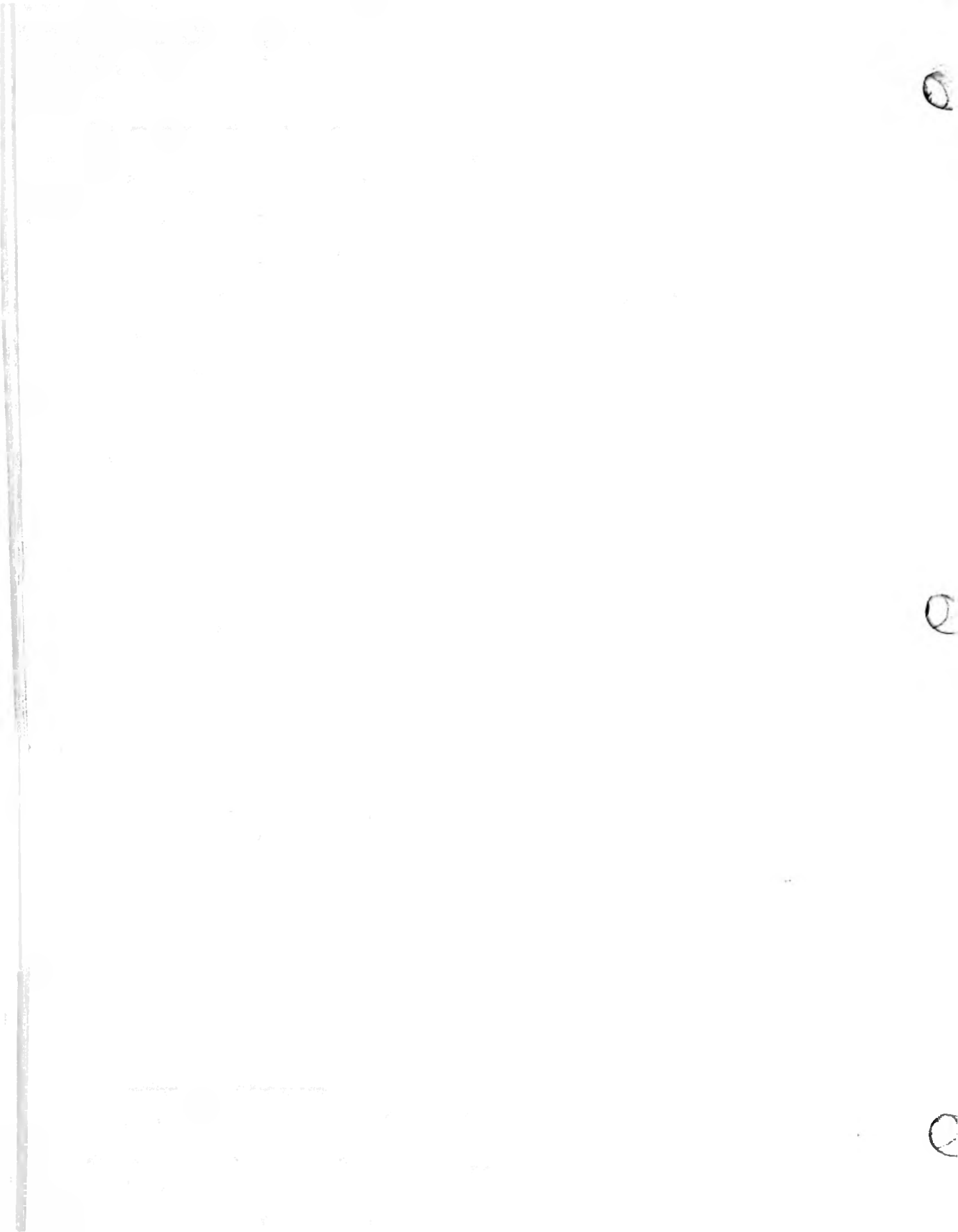
5. POSTREVIEW ACTION. As promptly as possible following review, local agency officials will be advised, in writing, of the results of the evaluation. When an evaluation indicates that the plans are not being effectively carried out or that there is an apparent need for some type of corrective action, the local public agency shall promptly notify the appropriate HUD Office of the steps it is taking to institute corrections, or shall explain the reasons why corrective action is not appropriate. The failure to take corrective actions to meet HUD relocation performance standards when notification of deficiencies is received may be considered to be a violation of the agency's contractual obligations, and HUD will take such actions as it deems necessary to carry out its statutory obligations.

SOCIAL DEVELOPMENT
DUA 7019

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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.

RHA 7212.1

RELOCATION

CHAPTER 3 SECTION 2

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.

RHA 7212.1

RELOCATION

CHAPTER 3 SECTION 2

- (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.

TRANSMITTAL

Date: 8/21/68

RHA 7212.1

RELOCATION
CHAPTER 2 SECTION 3SECTION 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.

SOCIAL DEVELOPMENT
DATA 7212

RHA 7212.1

RELOCATION
CHAPTER 2 SECTION 3

<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.

SOCIAL DEVELOPMENT
RHA 7213



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.

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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.