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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

June 3, 1980

CITY MANAGER'S OFFICE
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SACRAMENTO, CA 95814
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Redevelopment Agency of the
City of Sacramento
915 I Street
Sacramento, California 95814

SUBJECT: Adopting Relocation Policies Pertaining to Rehabilitation Programs Administered by the Sacramento Housing and Redevelopment Agency

SUMMARY

Attached is a resolution by which you (1) rescind Resolution No. 2676 adopted August 23, 1977, setting forth the "Relocation Policies Pertaining to Rehabilitation and Limited Acquisition Administered by the Sacramento Housing and Redevelopment Agency"; and (2) adopt a new document entitled "Relocation Policies Pertaining to Rehabilitation Programs Administered by the Sacramento Housing and Redevelopment Agency".

BACKGROUND

Present relocation policies relating to rehabilitation programs and limited acquisition programs administered by the Agency are set forth in Resolution No. 2676 adopted August 23, 1977. The Federal Government has recently issued special regulations for meeting relocation requirements for tenants occupying property to be rehabilitated under the Federal Section 312 Rehabilitation Loan Program. These changes require an up-dating of the Agency's policy. Also, the limited acquisition program has been discontinued and should be deleted from the policy.

In order to update this policy, revisions have been prepared to reflect those changes. The attached resolution rescinds Resolution No. 2676 and adopts a new "Relocation Policies Pertaining to Rehabilitation Programs" reflecting

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY

Date 6-10-80

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

the elimination of the limited acquisition program and the addition of the Section 312 Rehabilitation Loan Program. The HUD relocation requirements for the Section 312 Program are set forth in Paragraph II (page 3) and are incorporated by reference to the Federal Register citation.

FINANCIAL DATA

No financial impact.

VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of June 2, 1980, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution by the following vote:

AYES: Coleman, Knepprath, Luevano, A. Miller, Serna, Teramoto, B. Miller
NOES: None

ABSENT: Fisher, Walton

RECOMMENDATION

It is my recommendation that you adopt the attached resolution.

Respectfully submitted,

WILLIAM G. SELINE
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Myrna Eberline

RESOLUTION NO. 2914

Adopted by the Redevelopment Agency of the City of Sacramento

June 10, 1980

ADOPTING RELOCATION POLICIES PERTAINING TO REHABILITATION PROGRAMS ADMINISTERED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. Resolution No. 2676 adopted August 23, 1977 relating to "Relocation Policies Pertaining to Rehabilitation and Limited Acquisition Administered by the Sacramento Housing and Redevelopment Agency" is hereby rescinded.

Section 2. The Redevelopment Agency hereby approves and adopts the "Relocation Policies Pertaining to Rehabilitation Programs Administered by the Sacramento Housing and Redevelopment Agency", attached hereto as Exhibit "A".

CHAIRPERSON

ATTEST:

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
Date 6-10-80

EXHIBIT "A"

RELOCATION POLICIES

PERTAINING TO REHABILITATION PROGRAMS ADMINISTERED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

I. Occupants displaced by activities of the Agency Rehabilitation Program shall be entitled to relocation assistance as outlined below:

A. ELIGIBILITY

Eligibility for relocation assistance is established when displacement occurs as a result of authorized property rehabilitation conducted under the Community Development Block Grant Funding program pursuant to the Housing and Community Development Act of 1974.

B. DISPLACEMENT DETERMINATION

The Agency must determine that rehabilitation is in accordance with the Community Development program and cannot reasonably be undertaken without vacation of the property.

C. NOTICE REQUIREMENT

The Agency shall notify the owner(s) and occupant(s) of the property that the property must be vacated because rehabilitation activities will be undertaken. The notice:

1. shall state that:

(a) the property is scheduled for rehabilitation and for what reason; and

(b) such activity is expected to cause vacation of the property and an estimate of the rehabilitation time; and

(c) occupants who move after rehabilitation has been completed to the point of vacation of the structure is no longer required will not be eligible for a relocation payment.

2. shall be in writing, sent by certified or registered mail, return receipt requested, or personally served with a request for written receipt.

D. RELOCATION PAYMENTS

Occupants eligible for relocation assistance under the Agency Rehabilitation Program may receive the following relocation payments:

1. Permanent Moves

A family or individual moved from a rental unit to replacement housing from a structure to be rehabilitated shall be considered a permanent move.

(a) A fixed payment moving expense allowance not to exceed $300 (based on the FHWA moving costs schedule) and an automatic $200 dislocation allowance.

(b) Priority under rental assistance programs administered by the Agency.

(c) If housing units under the rental assistance

program are not available, a rental assistance payment will be provided in accordance with the Uniform Relocation Act.

(d) To persons determined ineligible for rental assistance programs a rental assistance payment will be provided in accordance with the Uniform Relocation Act.

2. Temporary Moves

An owner-occupant who moves from a structure to be rehabilitated shall be considered a temporary move.

(a) Actual reasonable moving costs and related expenses for the move to and from temporary accommodations.

(b) For a homeowner who retains ownership of the dwelling to be rehabilitated, the reasonable cost of renting a comparable temporary dwelling for the period vacation is deemed necessary.

(c) No temporary move will be made as a result of acquisition under the Community Development Block Grant program.

II. Appropriate assistance for all tenants occupying property to be rehabilitated under a Section 312 Rehabilitation loan shall be determined according to provisions of 24 CFR Part 510, Section 510.113, subsections (b) through (h) [See Attachment 1].

Federal Register

Monday
August 13, 1979

ATTACHMENT 1

Part IV

Department of Housing and Urban Development

Office of the Assistant Secretary for Community, Planning and Development

Section 312 Rehabilitation Loan Program; Interim Rule

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Community, Planning and Development

24 CFR Part 510

[Docket No. R-79-688]

Section 312 Rehabilitation Loan Program; Interim Rule

AGENCY: Department of Housing and Urban Development (HUD), Office of Community Planning and Development.

ACTION: Interim rule and Request for Comments.

SUMMARY: HUD is revising the requirements which apply when a tenant (not an owner-occupant) is displaced as a result of a Section 312 Rehabilitation Loan or is permitted to continue in occupancy of the property. The maximum rent that may be charged to a residential tenant who is permitted to continue in occupancy after the rehabilitation will, in some cases, be increased. Also, small residential rehabilitation projects that do not exceed $2,500 per dwelling unit and do not displace any tenants are being exempted from the rules.

EFFECTIVE DATE: September 26, 1979. Comments due: October 12, 1979.

ADDRESSES: Send comments to the Rules Docket Clerk, Office of General Counsel, Room 5218, Department of Housing and Urban Development, 451 7th Street, SW., Washington, D.C. 20410. Each person submitting a comment should include his/her name and address, refer to the document by the docket number indicated in the heading, and give reasons for any recommendation. Copies of all written comments received will be available for examination by interested persons in the Office of Rules Docket Clerk, at the address listed above.

FOR FURTHER INFORMATION CONTACT: Mr. Harold J. Huecker, Director, Relocation and Real Estate Division, HUD/Community Planning and Development, 451 7th Street, SW., Washington, D.C. 20410 (202) 755-6336.

SUPPLEMENTAL INFORMATION: By memorandum dated July 11, 1978, the Department directed that no Section 312 rehabilitation loan involving the displacement of a tenant shall be approved unless the tenant is provided adequate relocation assistance. On April 11, 1979, that requirement was published as an interim rule at 24 CFR 510.105(g)(2)(ii) (44 FR 21752). Under that rule tenants occupying property to be rehabilitated are afforded the same rights and assistance prescribed for tenants occupying property to be rehabilitated or to be acquired for a Section 8 substantial rehabilitation project under the Neighborhood Strategies Area (NSA) Program (see 24 CFR 881.309; 43 FR 4236).

The relocation rules under the NSA substantial rehabilitation program are in most respects the same as those provided under HUD regulations at 24 CFR Part 42 (44 FR 30946; May 29, 1979) which implement the Uniform Relocation Assistance and Real Property Acquistion Policies Act of 1970 (Uniform Act). To make the Section 312 relocation rules easier to read and understand, the Department is eliminating the reference to the NSA rules and replacing it with a reference to the Uniform Act rules and a specific statement of the differences between the Uniform Act relocation rules and the Section 312 relocation rules.

In issuing relocation rules implementing various HUD-assisted programs the Department has attempted to ensure as much uniformity as is practical. However, to facilitate needed rehabilitation while ensuring that no tenant will suffer disproportionate hardships as a result of Section 312 financed rehabilitation, the Department has determined that two basic modifications to the Section 312 relocation rules are necessary. These modifications are discussed below.

Limitation on Rent of Tenants not Displaced

Under the Section 312 rehabilitation loan program relocation rules at 24 CFR 510.105(g)(2)(ii), the maximum rent, including utility costs, of a residential tenant, who continued to occupy a rehabilitated dwelling unit after the rehabilitation, was limited to 25% of his adjusted income for a 4-year period. In some cases, this rule required the local government to provide a subsidy to reduce the rent of a tenant occupying such a dwelling unit or to declare the person to be displaced if he moved. However, because the Section 312 program does not contain a source of funding to provide this subsidy, the rehabilitation of many tenant-occupied dwelling units which require rehabilitation has become infeasible.

For this reason, the Department is adopting at § 510.113(g) a rule under which the tenant's maximum rent, including utility charges, for the first year of the 4-year guarantee shall be limited to the *greater* of (1) 25 percent of the tenant's gross income, or (2) the actual rent for the dwelling, including utility charges, prior to loan approval. The tenant's rent may be increased at the end of the first, second, and third years by an amount not to exceed the sum of (1) the average monthly increase in utility charges and property taxes over the previous year, plus (2) five (5) percent of the monthly contract rent (excluding utilities) charged during the prior year.

The Department believes that the rent charged to a tenant who is already paying a rent that exceeds 25% of his income would be no more than could normally be expected if the rehabilitation did not take place. For this reason, a person who moves following establishment of such a rent is not considered to have been displaced as a result of the rehabilitation.

The Department believes that the application of a mandatory 25% income ceiling on rents makes many needed rehabilitation projects infeasible. Where such rehabilitation is prevented, tenant-occupants receive neither the benefits of Section 312 financed repairs nor any rent protection. Under the modification being adopted, the tenant benefits from the rehabilitation while paying a rent not generally different than he would pay if the Section 312 rehabilitation did not take place.

Tenant not Eligible for Relocation Assistance if Section 312 Loan does not exceed $2,500.

At § 510.113(c)(2), the Department is adopting a rule stating that if the Section 312 rehabilitation loan financing provided for a dwelling unit does not exceed $2,500 and the local government determines that the tenant will not be required to move (permanently or temporarily) because of the rehabilitation work, the tenant will not be eligible for relocation assistance.

The amortization of a $2,500 loan at 3% interest is approximately $13 per month. The Department believes that the resulting increase in a tenant's rent would generally not force the person to move from the property and therefore he should not be eligible for relocation assistance if he should move anyway.

Given the administrative and financial costs of applying relocation requirements, the Department does not believe that projects with such minimal impact on the occupants should be governed by the Section 312 relocation rules.

Provision of Assistance under the Section 8 Existing Housing Program to Displaced Tenants

The Department is retaining the present rule under which a displaced tenant who voluntarily elects to rent a specific replacement dwelling unit may be given a Certificate of Family Participation under the Section 8 Existing Housing Program in lieu of the rental assistance payment described in § 42.453 of the Department's regulations implementing the Uniform Act. If a Certificate is offered under the conditions described in § 510.113(f), the displaced tenant does not have the right to insist on a payment computed under 24 CFR 42.453.

However, the Department wishes to make it clear that the tenant has complete freedom of choice in selecting a replacement dwelling unit. Moreover, a tenant who meets applicable eligibility criteria must be given a rental assistance payment under 24 CFR 42.453, unless under the conditions described at § 510.113(f) the Public Housing Agency (PHA) administering the Section 8 Existing Housing Program (24 CFR Part 882) is able to issue the displaced tenant a Certificate of Family Participation under that program. However, it is emphasized that a displaced residential tenant cannot automatically receive a Certificate. First, the tenant must meet Section 8 eligibility requirements in 24 CFR Part 889. Second, the PHA must have sufficient units to issue the tenant the Certificate, based on selection criteria described in its Administrative Plan and approved by the HUD Field Office.

Waiver Procedure

The purpose of the Section 312 relocation rules is to assure that tenant-occupants do not suffer undue hardship as a result of Section 312 financed rehabilitation. The Department recognizes that there are circumstances where the complexity of the rules and the potential cost of applying the rules could deter a property owner from participating in the program. In some cases, this could preclude rehabilitation work that, in the absence of the rules, would be advantageous to both the owner and the tenant.

To assure that the rules do not create hardships for the tenants whom they are designed to help, the Department has included a waiver provision at § 510.113(h) that permits a fully informed tenant to waive his rights under the rules. It is expected that tenants will take advantage of the rule in those cases where the owner offers a lease agreement which, in the tenant's judgment, provides suitable protections. The waiver provision might also be used to deal with limited rehabilitation that might cause the tenant to temporarily relocate for a short period.

Under the existing rules, very few tenant-occupied dwellings are being rehabilitated under the Section 312 Rehabilitation Loan Program. The changes discussed above are urgently needed to enable the rehabilitation of these dwellings, particularly under the Section 312 multi-family program, to proceed. Because of this pressing need, the Department finds it impractical to provide for public comment in advance of the effective date of this rule. The Department is therefore publishing the following requirements as an interim rule effective on the date. However, the Department is providing for a 60-day public comment period as indicated above. The rule may be changed after consideration of comments received.

A finding of inapplicability regarding environmental impact has been prepared in accordance with Procedures for Protection and Enhancement of Environmental Quality. A copy of this finding is available for inspection and copying in the Office of the Rules Docket Clerk at the above address.

(Sec. 312, United States Housing Act of 1964 (42 U.S.C. 1452b); sec. 7(d) Department of Housing and Urban Development Act (42 U.S.C. 3535(d)).

Accordingly, 24 CFR Part 510 is amended as follows:

§ 510.105 [Amended]

1. Section 510.105(g)(2) has been rewritten to read as follows:

* * * * *

(g) * * *

(2) Prior to approval of a Section 312 loan, the locality shall certify to HUD that, in carrying out the rehabilitation of tenant-occupied properties, it will comply with the provisions of § 510.113.

* * * * *

2. Section 510.105(g)(3) is deleted.

* * * * *

3. Section 510.113 is established as follows:

§ 510.113 Relocation.

(a) *Applicability of Uniform Act.* The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) and HUD implementing regulations at 24 CFR Part 42 apply to the displacement of certain persons as a result of a Section 312 rehabilitation loan provided in connection with an urban renewal project or neighborhood development program under Title I of the Housing Act of 1949, as amended, or a comprehensive city demonstration program under Title I of the Demonstration Cities and Metropolitan Development Act of 1966.

(b) *Rehabilitation not subject to the Uniform Act.* To ensure appropriate assistance to all tenants occupying property to be rehabilitated under a Section 312 loan, HUD has determined that requirements identical to those contained in 24 CFR Part 42 (Uniform Relocation Assistance and Real Property Acquisition), as modified by paragraphs (c) through (h) of this section, shall apply with respect to any tenant (not an owner-occupant) who is displaced as a result of rehabilitation financed by a Section 312 loan when the Uniform Act does not apply to the rehabilitation. The special modifications in paragraphs (c) through (h) of this section apply only when the rehabilitation is not subject to the Uniform Act.

(c) *Eligibility—residential tenants.* (1) Except as provided in paragraph (c)(2) of this section, each residential tenant occupying the property to be rehabilitated shall be issued either a notice of displacement (discribed at 24 CFR 42.205) or a notice of right to continue in occupancy (described at 24 CFR 42.207). The local government shall issue the appropriate notice within thirty (30) days after it receives HUD notification of loan approval and reservation of funds. If the tenant is not issued either of these notices within such 30-day period, he shall automatically be eligible for relocation assistance as described at 24 CFR 42.205(b).

(2) If the Section 312 rehabilitation loan financing provided for a dwelling unit does not exceed $2,500 and the local government determines that the tenant will not be required to move because of the rehabilitation work, the tenant is not eligible for either a notice of displacement or a notice of right to continue in occupancy.

(d) *Eligibility—nonresidential tenants.* The local government shall determine whether or not a nonresidential-tenant will be required to move as a result of the rehabilitation. If a nonresidential tenant is ordered to vacate the premises in connection with the rehabilitation or the local government determines that undue hardships (e.g., substantial increase in rent or costly suspension of operations) will result from the rehabilitation, it shall promptly issue the tenant a notice of displacement (described at 24 CFR 42.205).

(e) *Definition of "initiation of negotiations".* For purposes of applying the relocation requirements described at 24 CFR Part 42 to Section 312 rehabilitation activities described in paragraph (b) of this section, the date of HUD notification of loan approval and reservation of funds shall be considered to be the "initiation of negotiations."

(f) *Section 8 rental assistance.* A displaced residential tenant who elects to rent a replacement dwelling, is entitled to a rental assistance payment computed in accordance with 24 CFR 42.453, unless a Public Housing Agency administering the Section 8 Existing Housing Program (24 CFR Part 882) determines in accordance with the Section 8 eligibility criteria in 24 CFR Part 889 and selection criteria described in its Administrative Plan approved by HUD that the displaced tenant can be issued a Certificate of Family Participation under that program. Assistance under the Certificate can only occur when the tenant has voluntarily selected a replacement dwelling which (1) meets the housing quality standards and other requirements of that program and (2) the landlord of the replacement dwelling unit is willing to participate in the program. If a tenant who meets the eligibility criteria at § 42.451 elects to rent a replacement dwelling that cannot be assisted under the Section 8 Existing Housing Program, he/she must be offered the rental assistance payment described at § 42.453.

(g) *Maximum rent under notice of right to continue in occupancy.* A residential tenant who receives a notice of right to continue in occupancy (described at § 42.207) is assured that his maximum housing cost (defined at 24 CFR 42.67) will be controlled for a four-year period.

(1) During the first year of the four-year period, the tenant's monthly housing cost shall not exceed (i) twenty-five percent (25%) of the gross income of all adult members of the household, or (ii) the actual rent and utility charges prior to HUD notification of loan approval and reservation of funds, whichever is greater.

(2) At the end of the first, second, and third years, the rent may be increased. The monthly increase, however, shall not exceed the sum of (i) the average monthly increase in the owner's costs for utility charges and property taxes over the previous year, plus (ii) five percent (5%) of the monthly contract rent (exclusive of utilities) charged during the prior year.

(h) *Waiver of right to continue in occupancy.* Nothing in these regulations shall prevent a fully informed tenant, who will not be required to relocate permanently, from waiving his right to be issued a notice of right to continue in occupany. The waiver shall be in a format prescribed by HUD.

Issued at Washington, D.C., July 17, 1979.

Robert C. Embry, Jr.,

Assistant Secretary for Community Planning and Development.

[FR Doc. 79-24812 Filed 8-10-79; 8:45 am]

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