

rehabilitation programs relied on a public subsidy, precluding persons displaced through a privately sponsored Section 8 substantial rehabilitation from relocation benefits was a completely unacceptable position in New Jersey; the state's position was that there should be a broader interpretation of federal law and regulations by HUD and statutory change accordingly.

Initially there were many who expressed concern that our position would jeopardize the financial feasibility of rehabilitation projects by adding Uniform Relocation Act level relocation costs. However, the Senate bill S. 1108 and the prevailing sentiment of the conference have now clearly moved toward the position New Jersey has held since first confronting this problem a number of years ago. Adoption of those provisions of S. 1108 that eliminate what is felt to be very superficial distinctions in relocation eligibility between privately and publicly sponsored Section 8 rehabilitation projects will eliminate serious inequities that have presented very difficult interface problems for the state.

#### INCREASED BENEFIT LEVELS

While those involved with displacement in highway projects have, understandably, a somewhat different perspective on relocation than those in housing and community development, there certainly appears to be no argument about the need to increase benefit levels (as called for in S. 1108) that have remained the same since the passage of the 1970 act--despite what is by now very acute inflation. Particularly important and more pertinent to the housing programs that cause displacement, however, is the need to examine who pays for relocation when you have public-private collaboration (as in privately sponsored Section 8) and a very definite profit aspect involved.

#### PAYING FOR RELOCATION

New Jersey's situation has been considerably more complicated from this standpoint. When the federal community development program first started, state statutes and regulations could be applied to federally-assisted projects in the absence of HUD regulations. An opportunity was thus provided to invoke the state's position: Persons displaced by Section 8 substantial rehabilitation, irrespective of sponsor and acquisition, were eligible for uniform benefits. In the face of the state's position, developers and the state's own Housing Finance Agency (HFA) were greatly discomforted by this: The HFA was apprehensive over the prospect of having to provide for relocation costs as an item that could be mortgaged and possibly render a project financially infeasible as a consequence;

developers found this of even greater concern. While not desiring to jeopardize rehabilitation projects that would provide housing for those of low and moderate income (the New Jersey HFA had been a leader among state financing agencies in this respect), the state's relocation administrators held the position that the added income accruing to a project from the sale of the developer's equity interest for tax shelter purposes could be used, in part, to cover relocation expenses in conjunction with the public contribution. In this way, there would be a more equitable sharing of costs in a public-purpose project wherein private financial advantages could be realized.

With the subsequent development of initial federal regulations that still did not require equal benefits in all Section 8 rehabilitation projects (neighborhood strategy areas were an exception), the state's position was weakened because federal regulations took precedence over state law in federally-assisted projects. However, developers anxious to receive state grants-in-aid for relocation were disposed to negotiate with the state despite the primacy of the federal regulations in a federally-subsidized project. It now appears from recent HUD regulations that there are changes with respect to federally-subsidized rehabilitation that look for some of the relocation benefits to be assumed by the developer--i.e., the private owner would now be responsible for moving costs and a four-year rental assistance payment. New Jersey's prior efforts to assign these costs to developers, at least in part, helped point the direction for the recent HUD changes and similar proposals in S. 1108.

#### RENTAL ASSISTANCE

While there are many other dimensions to this particular relocation problem, I would close by singling out the state's agreement on changes in rental assistance with some of the sentiments expressed by Joseph Barry, a major developer of Section 8 substantial rehabilitation projects in New Jersey, in a 1979 hearing before the Congressional Subcommittee on Intergovernmental Relations, and H.J. Huecker of HUD in his paper for this conference. Rental assistance under the Uniform Relocation Act, which covers four years, should be the same as Section 8 rental assistance, which covers five years, and is renewable. As Barry advocates, New Jersey prefers annual payments as opposed to the one lump sum method. New Jersey has always made annual payments that ensure that this rental assistance is used for the purpose intended. Consistent with these purposes, the state recently advised relocation agencies to seek out Section 8 units for displacees in lieu of a four-year relocation rental assistance payment.

## Relocation Needs As Seen by Portsmouth Housing and Redevelopment Authority

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project were to be provided uniform and equitable treatment in conjunction with their relocation. While the Portsmouth Redevelopment and Housing Authority, Portsmouth, Virginia, has encountered little difficulty in its displacement and acquisition programs in addressing the basic goal of the act, it is strongly felt that the law and accompanying regulations must be amended and updated in order to continue to address legislative intent and to make the act responsive to today's conditions and needs. Only through such revisions can the act continue to provide uniform and equitable treatment of displacees. The following represent several revisions that have been suggested to accomplish this goal.

#### MOVING EXPENSES

The \$10 000 in-lieu-of payment for businesses has proven to be inadequate in today's market, particularly for large business concerns. Further, computation of the average annual net earnings by using only the two years prior to acquisition in most instances has not provided a true picture of the displaced firm's earlier operations. During this period, many former patrons have moved out of the area due to redevelopment and displacement activities, thereby considerably decreasing net earnings. Increasing the maximum in-lieu-of payment and increasing the time period for computing average net earnings from two to five years (permitting business concerns to select the most representative two years) would prevent windfalls as well as inequities.

#### REPLACEMENT HOUSING PAYMENTS

There is a critical need for increases in both the \$15 000 replacement housing payment for displaced homeowners and the \$4000 payment to tenants. The differential ceiling amount for homeowners is unreasonable in today's housing market because in the vast majority of cases this payment is insufficient to permit homeowners to purchase a replacement dwelling free from a mortgage. Further, dispersal of the rental assistance payment for tenants and certain others in a lump sum has often encouraged tenants to rent standard units that are well above their continued ability to pay. After these monies have been expended, many tenants often

are forced to move back into substandard housing. Although a comprehensive counseling program is essential to carrying out a successful relocation program--and such a program is in place at this authority and many other agencies--the enticement of receiving a check for \$4000 often distorts the purpose for which the assistance is intended.

One suggested method of updating the replacement housing payment schedule for tenants would be the establishment, by geographic area, of a schedule of maximum differential payments, similar to the procedure used by HUD to establish and update fair-market rents. This would help ensure equitable compensation for displaced tenants, taking into account differentials in housing costs throughout the country. A similar method could be used for homeowner payments that are pegged to the Consumer Price Index or some other relevant guideline.

#### DOWN PAYMENT ASSISTANCE

The down payment assistance available to tenants and certain others is presumably designed to encourage qualified tenants to purchase rather than rent, and the requirement for matching funds over \$2000 is correspondingly intended to be an incentive for tenants to become homeowners. However, the authority notes that this requirement has seemed to discourage many tenants who might have otherwise become homeowners, leaving them with the feeling that they have somehow been penalized.

#### RELOCATION INCENTIVE FUNDING

Together with the other needed amendments, the problem of having to use community development block grant monies for relocation costs has placed a significant burden on other eligible programs, oftentimes precluding a locality from undertaking activities necessitating displacement. Therefore, it is recommended that the development of incentive funding be considered for communities undertaking large-scale community revitalization activities involving displacement.

[N.B. These and other initiatives have been offered by me in testimony before members of the U.S. Senate Intergovernmental Relations Committee on behalf of the National Association of Housing and Redevelopment Officials.]

## Proposed Revisions in the Uniform Relocation Act

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The 1970 Uniform Relocation Act, based on the experience of the District of Columbia's Department of Housing and Community Development, has been successful in its intent to provide meaningful information, services, and payments to displacees required to relocate as a result of government-related endeavors. Agencies have been compelled to ensure the eventual relocation of residential displacees into suitable and standard replacement housing and supplemental payments have enhanced this process. Thus, the goals have generally been achieved. The exception may be the households whose financial resources disqualified them for subsidized housing while market-

rate housing actually exceeded their means.

A proposed solution to this inequity may be an increase in the range of financial assistance for all categories of displacees. The District of Columbia has incorporated programs to supplement the \$15 000 replacement housing payment for homeowners up to an additional \$10 000 and down payment assistance for displaced tenants up to \$11 000. These provisions have significantly increased home ownership opportunities among D.C. residents. The Uniform Act should be amended to include similar benefits.

Nevertheless, this still leaves a void for