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LAND ACQUISITION
MEMORANDUM #188

188-1 HIGHWAY RELOCATION ASSISTANCE STUDY

Increasing cognizance is being taken of the need to relocate and reestablish persons, business concerns, farmers, and nonprofit organizations displaced as a result of the Federal-aid highway program, and to do so promptly and equitably. Accordingly, the Congress, in Section 12(a) of the Federal-Aid Highway Act of 1966, directed the Secretary of Commerce and others, in cooperation with the Secretary of Housing and Urban Development, to make a study of the relocation problem, with special emphasis on the adequacy of relocation payments and assistance rendered to displaced groups and individuals; the need for additional payments or other financial assistance; the feasibility of constructing facilities within the right-of-way or upon real property adjacent thereto to aid relocatees; the financing of such relocation accommodations; and related matters.

Pursuant to this Congressional mandate, the Bureau of Public Roads has consulted with the Department of Housing and Urban Development and has assembled, analyzed and evaluated data obtained from State highway departments, a broad variety of city officials, local housing and relocation agency officials, and other groups and individuals.

Several bills have already been introduced in the 90th Congress, 1st Session, pertaining in whole or in part to relocation assistance.

Past Highway Relocation Experience. Under the Federal-Aid Highway Act of 1962, (23 U.S.C., Sec. 133) relocation advisory assistance is provided by every State for relocating individuals and families displaced by Federal-aid highway projects, and reimbursement is made from Federal funds for the project prorata of relocation payments which may be authorized by State law to be paid. Such payments may not exceed \$200 in the case of a residential move and \$3,000 in the case of a business relocation. Incidentally, though not required by Federal law, 50 jurisdictions also offer relocation advisory assistance to businesses and nonprofit organizations.

As of January 1, 1967, a total of 33 States, the District of Columbia, and Puerto Rico, were authorizing the payment of moving costs which were reimbursable in whole or in part under the provisions of the Federal-Aid Highway Act of 1962. Of these, the laws of 21 States substantially coincide with reimbursement provisions of the Federal-Aid Highway Act of 1962. In the other 14 States and New York City, considerable variation exists as to the amount and nature of the payments made. Some exceed the requirements of the 1962 Federal-Aid Highway

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Act, and as a result a portion of such payments are not eligible for Federal reimbursement.

It is significant to note that during the period July 1, 1967, to June 30, 1970, the States not authorized to pay relocation costs expect to relocate 25,673 individuals, 1,664 businesses and nonprofit organizations, and 411 farms.

Data for the past 18 months (April 1, 1965, to October 1, 1966) are noteworthy. Owners and tenants were approximately equally divided among the total of 49,605 residents involved in relocation during that period. Though relocation advisory assistance was offered to all, only 18,404 or 37 percent requested such assistance, and 7,241 or approximately 15 percent were relocated as a direct result of such assistance.^{1/}

The preponderance of the individuals and families displaced were below the midrange of the rental or residence value scale. Of the almost 50,000 displaced, 17,820 were in residences valued below \$6,000 or had a monthly rental value of \$60 or less; 22,466 were in homes valued between \$6,000 to \$15,000 or had a monthly rental value between \$61 and \$110; and the balance of 9,319 were in residences valued over \$15,000 or had a monthly rental value over \$110.

These data indicated that the relocation problem was predominantly an urban one, with approximately 83 percent of the relocations in urban areas, and the remaining 17 percent in rural areas.

During this 18-month period, 30,716 individual moving cost payments were made, of which 27,651 involved residential moves, and 3,065 involved businesses, farms, or nonprofit organizations. Total payments for moving aggregated \$5,993,552, of which \$3,054,643 involved residential purposes, and \$2,938,909 concerned businesses, farms, and nonprofit organizations. Residential payments averaged \$110 each, and the other group averaged \$959 each.

It is of interest to note that in those States that authorize the payment of moving costs, 38.9 percent of the displacees requested relocation advisory assistance; whereas, in those States that do not authorize the payment of moving costs, only 17.5 percent of the displacees asked for assistance.

During the last several years, the Bureau of Public Roads has sought to encourage the State highway departments to use local public agencies in handling highway relocation activities. Since the passage of the 1962 Federal-Aid Highway Act, contracts have been executed in 49 cities and counties located in 21 States, involving the relocation of 32,443 families and 3,740 business establishments.

^{1/} The several different Federal and federally assisted programs have varying objectives, and accordingly, may have varying impact on the relocatees involved. For example, urban renewal programs are directed at the clearance and rehabilitation of deteriorated areas, whereas the highway program objectives have transportation goals in mind. A recent study reveals 90 percent of the households displaced as a consequence of urban renewal projects in the 132 cities surveyed received counseling and financial or other assistance from local agencies in the relocation process. See Summary of the Bureau of the Census Survey of Families Displaced from Urban Renewal Sites, The Housing of Relocated Families, March, 1965.

Future Highway Relocation. The nature and possible future dimensions of the highway relocation problem are revealed by the following facts. It is estimated that 168,519 individuals, families, businesses, farmers, and nonprofit organizations will be displaced during the 3-year period commencing July 1, 1967. This will average 56,170 per year. Approximately 23 percent of this aggregate will be located in rural areas and 77 percent in the urban areas of the Nation.

The vast bulk of these displacements will involve residences. Of the 168,519 total, 146,950 or 87.4 percent affect persons or families, of which 86,154 are owners and 60,796 are tenants. Business and nonprofit organizations will total 16,679, and farms are involved in the remaining 4,890 instances.

The greater numbers of those displaced will result from Interstate highway improvement. For Interstate System projects, 81,617 residence units will need to be relocated, and 10,576 businesses, farms, and nonprofit organizations. On primary Federal-aid System projects, 56,525 residence units will need to be relocated and 8,908 businesses, farms, and nonprofit organizations. The balance of 8,808 residence units and 2,085 businesses, farms, and nonprofit organizations will be associated with secondary Federal-aid System projects.

Estimates reveal that the greater number of projected displacements will involve the midrange or lower cost housing. Some 22,897 units were estimated to be valued under \$6,000; 40,096 were valued between \$6,001 and \$15,000, and the balance of 23,196 units were valued over \$15,000. It is estimated that during the same period, 60,776 tenants will be displaced, and of these, 25,870 will be from rental units of \$60 or less. Many of the State highway departments reported that a major difficulty in relocating low or moderate income families is the shortage of low-rent housing, either public or private.

Future business and other nonresidential displacements have been analyzed in terms of their total estimated costs of relocation, and these findings are significant. Of the aggregate of 16,679, 11,951 are urban in location, and the remaining 4,728 are rural. Of the total, the majority--10,654--will entail estimated moving costs of \$3,000 or less. Some 5,058 will involve relocation costs estimated from \$3,001 to \$25,000 each, and 967 units could run up moving costs to over \$25,000. These statistics further serve to underline the need for the removal of the present limits on the payment of relocation moving costs.

About the same relationship exists between numbers of farms and their estimated relocation costs. Of the total 4,890 farms estimated to be displaced by highway improvement during the next 3 years, 4,055 are estimated to have relocation costs of \$3,000 or less. Approximately 714 will have moving costs ranging from \$3,001 to \$25,000. And the remaining 121 will have such costs in excess of \$25,000.

Estimated Relocation Costs. The costs have been estimated for the period July 1, 1967, to June 30, 1970, measured by the levels of relocation payments recommended in the foregoing paragraphs, to be approximately \$178 million, or in excess of \$59 million annually. Of this 3-year aggregate, \$96 million involve Interstate System projects, \$70 million involve primary Federal-aid System projects, and the remaining \$12 million involve secondary Federal-aid System projects.

This same total expressed in terms of types of displaces consists of \$59 million for residential relocation, \$103 million for business and nonprofit organization relocation, and \$16 million for farm relocations.

The magnitude of estimated moving payments under the Federal-Aid Highway Act of 1962, using present payment levels as a base, is approximately \$37 million for the 3-year period. While only 35 jurisdictions now make such payments, the foregoing estimates have been made as if all States were making such payments.

Accordingly, the extra cost for the 3-year period, if relocation payment levels recommended in this report are adopted, would be approximately \$141 million, or \$47 million annually.

The Joint Development Concept in Urban Areas. The Bureau of Public Roads will continue to foster the joint development of urban highway and other urban facilities where opportunities exist of so doing at reasonable cost. This program will stimulate local programs through which cities can meet some of their needs for better housing, parks, playgrounds, open space, and other improvements, and for business and commercial redevelopment by combining them with planned highway improvement. At the same time, it offers one of the most effective solutions possible for the relocation of persons and businesses. Because of the advantages of joint development, these can all be provided in less total space and at a lower total cost.

The economics of the joint development concept provide a solid base upon which to proceed. The urban freeway, on the average, frequently requires approximately 40 percent of a blockwide width, and this area may cost about 80 percent of the total cost of the entire block. The relatively disproportionate cost results because highway departments must pay for land and improvements taken, plus damages to the remainder of the property. Accordingly, the cost imputed to the remaining 60 percent of the blockwide physical area would be only the remaining 20 percent of the cost. Upon this relatively simple economic base can be built urban facilities of great potential to the urban dweller.

Typical slum housing could be replaced, under a joint development program, with an equal number of comparable-cost housing units on approximately one-third of the land area, with modern highrise, air-conditioned buildings. This would mean that the equivalent of only one block in three would be needed for replacement housing. The equivalent of two blocks would be available for other development such as additional housing, schools, public buildings, outdoor recreation facilities, public parking, or private buildings or stores.

Opportunities for application of this joint development concept could be many since over \$10 billion remain to be invested in the 2,500 miles of urban freeways now planned or underway. The whole block acquisition idea has recently been applied successfully on a New Orleans project. The joint development concept is also being explored, in terms of feasibility, in other cities of the Nation, including the District of Columbia.

An air pollution problem may be involved in the joint development concept. Indeed, urban areas generally are the victims of air pollutants, caused by a variety of producers including industrial activities, motorized vehicles, and others. Motor vehicles pollutants are largely of two varieties, hydrocarbons and carbon monoxide.

More specifically in terms of the joint development idea, inquiry may be made as to whether housing or other structure immediately above an urban freeway would be subject to greater impact of motor vehicle pollutants than a similar structure adjacent to freeways, a structure farther removed from such facilities, or even a structure completely apart from freeways with parking facilities built right into the structure itself.

There is only meager and inadequate research data available relating to this query. A recent study of commuter carbon monoxide exposure by road type in 11 of the largest cities of the Nation reveals that the lowest mean exposure rate occurred along expressways (23 particles per million), the next lowest along arterials (28 ppm), and the highest concentration in the city center (36 ppm).^{1/} Another study, admittedly of a very limited scope, in Denver indicated that if the urban street system were to be augmented with freeways, hydrocarbon emission for the total level could be reduced by approximately 13 percent, and carbon monoxide emission could be reduced in excess of 5 percent.^{2/} The findings of neither of these investigations are conclusive, of course.

Where it is reasonable to do so, it is suggested that whole-block acquisitions be undertaken in the urban areas. If the application of the concept is undertaken with judgment, in all probability the total costs would not greatly exceed normal right-of-way expenses, in most instances. Accordingly, it is suggested that the entire land costs, including acquisition of existing improvements, be financed out of Highway Trust Funds in the first instance. It is possible, in some cases, that a portion of the cost differential could be reimbursed to the Trust Fund if the subsequent use of the lands is for non-public purposes. This increase, in planned highway expenditures on some projects, is recommended on the assumption that only in this way can freeway facilities be brought into being in a land-scarce urban complex.

Additional funds will need to be made available to finance additional land requirements, the construction of buildings, improvements, and other facilities. These additional funds should not be provided from Highway Trust Funds. The purpose of these facilities involve other than transportation goals, and accordingly, expenditures should be drawn from other sources. Moreover, funds for public and private urban structures, other than transportation facilities, have traditionally come from a variety of other Federal, State, and local sources.

In recognition of the air pollution elements associated with joint urban development possibilities, the Bureau of Public Roads has reviewed much of the available literature on air pollution in cities; has consulted with officials of the Department of Health, Education and Welfare who are concerned with this problem; has attended the recent National Conference on Air Pollution^{3/}; and is formulating a program of research needs to measure the dimensions on the air pollution problem in connection with urban freeways, and will pursue such research as is considered vital in meeting the needs of the air pollution program.

1/ "The Exposure to Carbon Monoxide of Occupants of Vehicles Moving in Heavy Traffic," by Robert M. Brice and Joseph F. Roesler, U. S. Department of Health, Education and Welfare, June 1966.

2/ Interim report to the Executive Committee, Denver Metropolitan Area Transportation Study, Colorado Department of Highways in cooperation with the Bureau of Public Roads, U. S. Department of Commerce, July 1966, p. 15.

3/ December 12-14, 1966, Washington, D. C.

It should be noted, however, that the air pollution problem in the cities of the Nation is a much larger problem than that potentially associated with joint urban development and that solutions to the larger problem may need to be obtained through improvements in motor vehicle combustion and carburation. A reasonably adequate solution so obtained would automatically constitute the best answer to the possible problem associated with joint development.

Recommendations. In light of the needs for relocation assistance arising out of Federal-aid highway improvements, the following recommendations are tendered for consideration; this study, by its very direction, was limited to highway improvement programs. The data were derived from highway department and other sources. Although these recommendations are designed specifically to apply to Federal-aid highway improvement programs, it may well be appropriate to consider them in the broader context of all government programs involving relocation.

(1) Residence Relocation Payments. An eligible residential owner or tenant who moves from a dwelling acquired for highway purposes should, if authorized by an appropriate Federal law, have the option of accepting (a) a fixed moving expense payment in lieu of reimbursement for actual expenses, determined according to an approved schedule,^{1/} which payment in no case shall exceed \$200; or (b) reasonable actual expense of moving for a distance not to exceed 100 miles; (c) a relocation allowance equal to the moving expense allowance in either (a) or (b), or \$100, whichever is the lesser; and (d) an additional payment of \$300 to be paid if the displacee purchases a home or dwelling in which he relocates, within a year after the date of taking.

In the vast majority of past or future residential relocations, the \$200 specified in (a) should be sufficient; 35 States reported that out of 42,145 residential moves only in 2,530 instances (or 6 percent of the total) did moving costs exceed \$200 during the 18-month period reported. A distance limitation is necessary, if the payment limitation is removed, and 100 miles appears to be a reasonable limit; it may well be assumed that any move in excess of 100 miles is for the benefit of the relocatee. The current regulations of the Department of Housing and Urban Development authorize the payment of moving cost for a distance of up to 100 miles.^{2/} The additional relocation allowance specified in (c) is in the nature of a bonus for a forced relocation and would tend to compensate for other expenses incidental to the relocation. Finally, the \$300 payment specified in (d) would help defray expenses incident to the purchase of another residence such as closing costs, attorney's fees, title search charges, mortgages, financing charges, and other related expenses. The suggested payment will help to defray these expenses which invariably aggregate more than \$300.

(2) Relocation Payments for Business Establishments, and Nonprofit Organizations. An eligible business establishment or nonprofit organization shall be paid (a) its reasonable and necessary moving expenses of relocation for a distance not to exceed 100 miles, except if it is estimated that such costs will exceed \$25,000, the relocation must be advertised and public bidding used, and the moving payment would be established by the bid of the lowest responsible bidder; or (b) a relocation allowance in an amount equal to the average annual

^{1/} Such a schedule should be coordinated with other comparable and prevailing schedules of other agencies.

^{2/} (Section 3, 109(a)(3) of HUD regulations).

net earnings of the business, or \$2,500, whichever is the lesser.1/ If residence is also associated with a business use, the payments suggested in recommendation (1) would also be paid.

A business as referred to above, would include both owner and tenant-operated establishments. If a displaced business or activity is discontinued, the owner would be paid an amount that does not exceed the estimated costs allowable had the business or activity been moved. The allowable moving costs in this case shall not exceed the estimated cost of moving 100 miles from the point from which such business or nonprofit organization is being displaced. The payment should not, in any event, exceed the market value of the property that would have been moved.

There is no justification for imposing a limitation on the reimbursement for business moving costs. Data obtained from 35 State highway departments for the 18-month period studied indicate that an estimated 534 of the 3,541 businesses displaced, or 15 percent, involved moving costs in excess of \$3,000.

While business discontinuances take place regularly and without regard to dislocation, they seem to be at a relatively low level as associated with the Federal-aid highway program, being only 22.7 percent during the period October 23, 1962 to March 31, 1964. During 1963, the Housing and Home Finance Agency (now Housing and Urban Development) experienced a 35-percent business discontinuance, even though its relocation payments were substantially more generous than the federally assisted highway program.2/ However, the HUD business discontinuance rate dropped to 30 percent for the year ended June 30, 1966.3/ No comparable statistic for the Federal-aid highway program is available.

(3) Relocation Payments for Farms. An eligible farmer shall be paid (a) his reasonable actual expenses of relocation for a distance not to exceed 100 miles, except if it is estimated that such costs will exceed \$25,000, the relocation must be advertised and public bidding techniques used, and the moving payment would be established by the bid of the lowest responsible bidder; or (b) a relocation allowance of \$500, providing the farm is no longer an operating economic unit as a result of the taking. If a farm residential move is also involved, the payments suggested in recommendation (1) would also be paid.

The relocation of farm units has not been a major problem in the federally assisted highway program. In most instances, only relatively small portions of any farm holding are taken for highway purposes.

(4) Relocation Advisory Assistance. In addition to the recommended payments, relocation assistance should be provided for the relocation of residents, business enterprises, nonprofit organizations, and farm units. Such

1/ Average annual net earnings are defined in H. R. 386, 90th Congress, 1st Session, Section 3(b).

2/ Study of Compensation and Assistance for Persons Affected by Real Property Acquisition in Federal and Federally Assisted Programs, Committee Print No. 31, House Committee on Public Works, 88th Congress, 2nd Session, December 22, 1964, p. 30.

3/ Data obtained from the office of Madison Jones, Director, Relocation Staff, Office of Community Development, Department of Housing and Urban Development.

assistance should include the furnishing of information concerning all reasonable available means to alleviate the impact of displacement. The cooperation of Federal, State and local agencies should be sought, to the extent that these can be helpful, in the relocation process. All relocatees need to be advised of the availability of such assistance.

All State highway departments now provide advisory assistance in connection with residential displacements, and all but two provide such service to businesses on a volunteer basis. This recommendation would result in such service being provided in all States, on the basis of reasonably uniform standards. Ways and means will be sought to extend the nature and quality of the service provided.

(5) Project Relocation Plan. It is recommended that after July 1, 1968, all State highway departments be required to submit an acceptable relocation plan for each project which will involve the taking of residences or businesses in an urban area having a population of over 50,000, according to the latest available census, if it is planned that Federal-aid funds will be requested to cover any project costs. Urban areas with a population of less than 50,000 may be included if in the opinion of the Federal Highway Administrator the need for an acceptable relocation plan exists. Such a plan should be submitted even though Federal financial assistance is confined merely to construction costs. A relocation plan would not be required, however, in connection with right-of-way acquisition involving isolated hardship cases or protective purchasing. The relocation plan for each project should include, but not be limited to: (a) how the relocation of residents, businesses, and nonprofit organizations will be organized, managed, and executed; (b) assembly and analysis of number and types of relocatee, available replacement housing and other facilities, comparisons of rental or price ranges, and related information such as social services available; (c) available leadtime and its sufficiency in terms of facilitating an orderly relocation program; (d) information concerning concurrent displacement by other private and governmental agencies; (e) any other information that will be helpful in making a reasonably accurate determination that the authorization of the project will result in minimum hardship to those affected.

This recommendation will spur much closer cooperation between various Federal, State, and local agencies than has existed heretofore. In some instances, longer range plans will need to be evolved to provide the necessary relocation housing.

The States were queried as to the impact a mandatory requirement of the availability of decent, safe, and sanitary replacement housing would have on their highway programs. There was an overwhelming response from 42 of the States that such a requirement would create serious problems and delays in the highway program.

(6) New Relocation Housing. To the extent that the Plan relies upon new construction for the relocation of displaced persons, it is recommended that the State highway departments consult with appropriate Federal, State, and local agencies to program the construction of low-rent housing units and housing units designed for occupancy by families or individuals of moderate income. Depending upon the income levels of the persons to be displaced, the State highway department will also find it advantageous to consult with local builders concerning the provision of new housing at competitive sales prices and rental levels. To the extent feasible, consultation should be initiated sufficiently early in the

development of plans for the highway project so that new housing units required as a relocation resource may be completed as early as possible in relation to the needs of the individuals and families to be displaced.

The coordination recommended has been undertaken in some urban areas, and is most desirable.

(7) Stipulated Leadtime. It is recommended that the State highway departments make every reasonable effort to acquire real property needed for highway purposes by negotiated purchase. No person who is in lawful possession of a property purchased for the construction of a Federal-aid highway project shall be required to surrender possession of it without at least 90 days written notice.

The purpose of this suggestion is to provide more leadtime. It will enable the property owner or tenant to find alternate accommodations under a minimum of time pressure. A more comprehensive and planned acquisition program is likely to result.

(8) Effective Date of Relocation Payments. It is recommended that the effective date of the relocation payments specified in recommendations (1), (2), and (3) be designated so as to allow an adequate time for compliance. These payments should be made out of Highway Trust Funds, in accordance with the cost-sharing provisions of each of the Federal-aid highway programs.

This period should be of such length so as to permit the Bureau of Public Roads to devise and promulgate necessary procedures to implement the new policy, and the States to enact the necessary enabling legislation. Under present laws in most States, it would be illegal to make the indicated payments.

(9) Cost of Administration of Relocation Program. It is recommended that reasonable costs of administration^{1/} of the relocation program be eligible for Federal-aid reimbursement in the same manner as other Federal-aid project costs. Headquarters costs, as distinguishable from project associated costs, should also be made eligible for Federal reimbursement.

This recommendation would go beyond existing practices of the Bureau of Public Roads with respect to administrative or management costs of the State highway departments in connection with the Federal-aid highway programs. It is important that relocation administrative costs be eligible for Federal-aid reimbursement to provide every incentive for the job to be done at the State level and in a manner commensurate with the need.

(10) Assistance to Small Businesses. It is recommended that ways and means be devised to further assist any small business concern in continuing in business at its existing location in reestablishing itself, or in purchasing or establishing a new business, if it is determined that such a business concern has suffered substantial economic injury as a result of its displacement in whole or in part, by a federally-assisted highway project. The funds involved in such an assistance program would not come from Highway Trust Funds. The program would continue to be administered by the Small Business Administration with the necessary coordination with the Bureau of Public Roads.

^{1/} Pursuant to regulations that could be promulgated at an appropriate time.

Reports from many State highway departments indicated that very few small businesses qualify under the present programs of the Small Business Administration. The revision suggested will probably have a much more beneficial effect on affected small businesses than will additional relocation allowances. Incidentally, 22 of the State highway departments have made it a practice to utilize the service of the Small Business Administration to the maximum extent possible.

Illustrative of the potential benefits that such a broadened approach could make possible is a small enterprise that was relocated after 50 years at the same location, in connection with the improvement of Interstate 495 in North Andover, Massachusetts. A \$225,000 loan from Small Business Administration provided a new plant which has increased sales and added seven employees. Operations are profitable, and the loan is being repaid promptly.

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LS-1

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