

# ADMINISTRATIVE PLAN

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Voluntary Property Acquisition Funded Under the  
Iowa Department of Economic Development (IDED)  
Community Development Block Grant Program

DRAFT

City of Cedar Rapids, Iowa

Approved by the City of Cedar Rapids, Iowa City Council  
On October XX, 2009

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## **Background Information**

In June, 2008 the City of Cedar Rapids experienced a flood of the Cedar River that went well beyond the bounds of what the Corps of Engineers had established as a “500 year” flood event.

The Cedar River and its tributaries flood within the corporate limits on a periodic basis. Between January 1973 and April 2003 the Cedar River gauge recorded more than 70 days that the Cedar River was above flood stage (Cedar Rapids Metro-Area Hazard Mitigation Plan (CRMAHMP), 2007). Since January 1973, flooding of the Cedar River in Cedar Rapids at a level of three feet or more above flood stage has occurred on five separate occasions: April 1993, July 1993, August 1993, May 1999, and July 1999 (CRMAHMP, 2007). In April 1993 the Cedar River crested at 19.27', 7.27' above flood stage (12') and resulted in total damages of approximately \$780,000. The 1993 flood had significantly less impact on Cedar Rapids in comparison to the recent flooding that occurred June 2008.

The flooding from the Cedar River in 2008 crested June 13 at 31.12', 19.12' above flood stage (12'). River flooding inundated 10 square miles or approximately 14% of the corporate city limits. There were 7,198 parcels affected by flooding: 5,390 residential, 1,049 commercial, 84 industrial, 51 agricultural, 486 property tax exempt (government, schools, churches, Red Cross, Salvation Army), and 138 other (utilities & railroad companies). Financial impacts of the floods are estimated in upwards of \$604 million dollars including damages to utilities, roads, bridges, residences, school, churches, public buildings, and the commercial district.

On June 20, 2008 an official Notice of Funds Available (NOFA) was released by FEMA in response to disaster 1763-DR. The City held a series of neighborhood meetings August 4<sup>th</sup>, 7<sup>th</sup>, 18, and 19<sup>th</sup> presenting detailed information on flood impacted property acquisition. The City solicited the interest of property owners in participating in the voluntary property acquisition program subsequent to that meeting. 1175 interested property owners contacted the City expressing their interest in participating in the program contingent on available funding. The City submitted the official Notice of Interest (NOI) on September 12, 2008.

On September 29, 2008, Iowa Homeland Security and Emergency Management Division (HSEMD) invited the City to apply for HMGP funds. The City Council approved seeking the HMGP funds in conjunction with the flood management strategies on October 8, 2008. On December 10, 2008 City Council approved the Preferred Property Acquisition Strategy which included 192 properties in the Greenway area, approximately 554 properties in the Construction/Study area and 6,452 properties in the Neighborhood Revitalization area.

Hazard Mitigation Grant Project (HMGP) funds will be used to acquire eligible properties in the Greenway. Community Development Block Grant (CDBG) funding from the Iowa Department of Economic Development (IDED) will be utilized to purchase properties in the Construction/Study area and the Neighborhood Revitalization Area, as well as those determined to be ineligible for funding through FEMA's Hazard Mitigation Grant Program. The application was submitted to the Iowa Department of Economic Development in July 2009 to apply for CDBG program funding which included 1,182

parcels from both areas indicating a desire to be voluntarily acquired with up to an additional 200 properties that may be added.

Jennifer Pratt, City Planner for City of Cedar Rapids Community Development is responsible for administering the grant on behalf of the City of Cedar Rapids.

This administrative plan was created to explain how the program would be administered within the community. The community is committed to making the program work as efficiently and quickly as possible, so that the affected property owners may promptly make informed decisions regarding their property.

## **The Property Acquisition Process**

### **Valuation Methodology for Properties to be Acquired**

For the CDBG project, the 2008 pre-disaster assessed value as determined by the City of Cedar Rapids Assessor will be offered only to the individual who owned the property at the time of the flood event. If the buyout participant voluntarily purchased the flood-damaged property after the flood, they may be offered only what was paid to acquire the property (i.e., the amount of the purchase transaction), unless the pre-flood assessed value is less than the amount of the purchase transaction. In such cases, the buyout participant is offered the lesser of the two amounts.

With the following two cases, the post-flood owner has not voluntarily acquired the property and therefore may be offered the pre-flood assessed value rather than the amount of the purchase transaction (as stated in the above paragraph).

- In cases where the individual who owned the property at the time of the flood event has passed away, the heirs to the estate will be offered the pre-flood assessed value.
- In cases where the individual who owned the property at the time of the event has lost title to the property through situations such as bankruptcy or repossession, the post-flood owner legally appointed will be offered the pre-flood assessed value.

With the following cases, exceptions may apply to qualify for the pre-flood assessed value:

- In cases where the individual who owned the property at the time of the flood event resides in a nursing home, the property owner will be offered the pre-flood assessed value if the flood-damaged property was their primary residence prior to moving to the nursing home and the property was vacant and not being rented at the time of the flood.
- If the structure was demolished prior to the City's offer to purchase because of imminent threat to life or property created by the flood event, the property owner will be offered the pre-flood assessed value.

If the buyout participant has received flood insurance which exceeds the assessed value of the structure, the participant will be offered the assessed land value only. No Duplication of Benefits is deducted from the land value.

Properties that are eligible for pre-flood Fair Market Value (FMV) are those whose structure is located in the identified Construction/Study area and the Neighborhood Revitalization area and who were owners of the structure before the flood event occurred.

## **Community Priorities for Property Acquisition**

The Construction/Study area is currently under study by the Army Corps of Engineers (ACOE) to determine a flood management system project. The 554 parcels located in this area may potentially be impacted by the proposed project and therefore qualify for a voluntary property acquisition.

The Neighborhood Revitalization area is the outlying area impacted by the flood consisting of over 6,000 parcels. To qualify for a voluntary property acquisition, structures must be determined to be beyond reasonable repair. It is estimated approximately 600 parcels fit this category.

### Definitions:

**Beyond Reasonable Repair:** Not financially or structurally feasible to repair.

**Owner-Occupant:** Holds title to the property with valid deed or valid real estate contract that pre-dates the flood events; Continues to hold title to the property to the date of the City's offer to purchase; Will certify to having lived in the house as his/her/their primary residence as of the date of the flood event.

**Primary Residence:** is defined as the owner's principal place of residence. The owner must have resided at the site previous to the flood event to be considered primary. This will be verified in order of preference by 1) Homestead Exemption on this property; 2) Income tax returns; or 3) Owner-signed certification stating that the property is their primary residence.

**Investor-Owner:** Holds title to the property with valid deed or valid real estate contract that pre-dates the flood event; Continues to hold title to the property to the date of the City's offer to purchase and did not occupy the unit as of the date of the flood event; The investor-owner shall provide, the City with additional information as may be required by the City, including available information on any tenants.

**Tenant:** Is a person who has the temporary use and occupancy of real property owned by another. (the term "person" means any individual, family, partnership, corporation or association.)

**90 Day Tenant Occupant;** a displaced person who has actually and lawfully occupied the dwelling to be acquired for the project for at least 90 days immediately prior to:

- a) the initiation of the Offer to Buy if the tenant has reoccupied the dwelling post flood event

Any commercial properties or vacant lots may either be contiguous and/or adjoining to the parcels identified in the Construction/Study area and the Neighborhood Revitalization. Structures in the Neighborhood Revitalization area must be determined as beyond reasonable repair.

In all areas, parcels will be grouped and prioritized for purchase. Groupings include residential owner occupied, all other residential, and commercial parcels, and will be staged in this order. Prioritizing in this order is consistent with the Community Development Block Grant Program.

## **Community Pre-Acquisition Activities**

- The City determined to use the pre-flood tax assessed property value for establishing market value. An adjustment factor of the property tax assessed value will not be used for this project as the City of Cedar Rapids property assessed values are determined to be market value.
- The City identified approximately 554 parcels in the Construction/Study area and approximately 600 parcels in the Neighborhood Revitalization area. The parcels in the Construction/Study area are currently under study by the Army Corps of Engineers (ACOE) to determine a flood management system project. The Neighborhood Revitalization area is the outlying parcels impacted by the flood and the structures must be determined to be beyond reasonable repair to qualify for a voluntary property acquisition. Property owners were recently offered the opportunity to participate in the Community Development Block Grant Program (CDBG) application for voluntary acquisition funding. 1,182 parcels indicated an interest for a voluntary acquisition and those parcels have been included in the CDBG application to IDED.
- The pre-acquisition activities will include the following:
  - Work with FEMA and Small Business Administration (SBA) to obtain information on the proceeds received through those agency programs for each property
- The property owners will be responsible for paying property taxes due to the date the property is transferred to the City of Cedar Rapids.

## **Properties Contaminated by Hazardous Materials**

The City shall take steps to ensure that a property with past or present commercial or industrial use, or that is adjacent to such property, or that is suspected of having hazardous contaminants may be present at the site, is not contaminated at the time of acquisition. It shall ensure that the property owner provides information identifying what, if any, hazardous materials have been deposited or stored on the property. If the State/Grantee and HUD determine that a Phase I environmental site assessment is necessary, the City, HUD or the State/Grantee may conduct one prior to the property acquisition.

If abatement is warranted, the hazardous materials must be removed at the property owner's expense (any cleanup costs associated with obtaining clean-site certification, and any costs associated with hazardous materials are not eligible project costs).

The property owner must provide An ASTM 1527-05 certification from the appropriate State agency that the site is clean before the City can purchase any interest in the property.

The seller must also agree to indemnify the State/Grantee, HUD and the City for any liability arising from previous contamination of the property.

For Residential properties, the City shall obtain a signed Individual Property Hazardous Material Survey form from the property owner in addition the required Iowa Real Estate Transfer-Groundwater Hazard Statement form.

## **Timing of Offers to Property Owners**

As soon as feasible after the City's public meeting and/or announcement of the grant award, and after the duplication of benefits confirmation, the City's acquisition firm will issue a letter (via certified mail) to the owner including a written Offer to Buy Real Estate and Acceptance along with the written Statement of Determination of Fair Compensation. Parcels will be grouped and prioritized for purchase. Groupings include residential owner occupied, all other residential, and commercial parcels, staged in this order. The sellers will be asked to schedule a meeting with their designated agent to review and answer questions about the Offer to Purchase. Promptness of response and readiness of property title for sale will determine priority and timeframe for acquisition. Staff levels will be maximized in an attempt to expedite processing requests anywhere from 30 days to six months.

In the case of a tenant (not an owner-occupied) a Notice of Right to Continue in Occupancy, within thirty (30) days of the date specified for the initiation of sale.

Note: The offer process may be delayed a couple months to allow for start up time for parcel file and document preparation.

## **Acquisition Offers to Property Owners**

The offer must be sent by certified or registered mail, return receipt request or hand delivered and receipt documented. In addition to the amount of just compensation, the offer will be dated for the date issued which will include an expiration date. If the property is tenant or owner-occupied, the City must issue in either case a written Notice of Relocation Eligibility.

The City will acquire all land and improvements associated with the properties subject to this program. For any commercial property acquired under this program, the city will obtain a Clean Site certificate, where appropriate, and provide it to HUD for approval prior to the City's acquisition.

As applicable, insurance proceeds for real estate damage, other public payments as determined by HUD that represent a duplication of payment for the real estate, property taxes due and owing, and other payments required to clear special assessments, liens or judgments, will be paid prior to closing or deducted at the time of closing. The city will receive individual determinations by FEMA and SBA of the deductions or credits on FEMA and/or SBA funds already disbursed.

The City will provide to the current property owner an incentive payment in an amount equal to the flood insurance premiums actually paid by the current property owner for a NFIP Policy for structure coverage. The credit to the current property owner shall equal the premiums paid for a maximum of 5 years prior to flood event.

The City will not close and take possession of a property until the house is uninhabited by the sellers(s) and all personal property has been removed from the property. In order to accomplish this transfer of ownership and possession in a manner that does not place the seller or the City in a position of financial risk or other liability, a process has been designed to use an acquisition firm to manage the acquisition, relocation and closing function with assistance of outside legal services.

After the City and the seller have executed the Offer to Purchase, the property has been inspected as needed, notices and meetings with tenants conducted and the deed to the property has been drafted, and title related issues has been clear, the acquisition firm will coordinate a closing of the transaction as soon as possible provided the property is not occupied. If the property to be acquired is occupied the closing documents will be retained by the acquisition firm until the seller has purchased a replacement dwelling or has found other accommodations. In this case, if the seller has scheduled the closing for the replacement dwelling, the City's acquisition firm will coordinate the closing of the transaction such that the seller will move from the property acquired by the City concurrent with the closing. In either case, the property owner has 6 months from date of offer to find to purchase a replacement dwelling or find other accommodations.

Regarding Supplemental Housing Payments to Primary Owner-Occupants, see Item #3, for coordination of payment under this section.

The city will provide a written purchase price at the time an Offer is presented to seller. An example of the form that will be used is attached – Offer to Buy Real Estate and Acceptance. Essential factors in the form include:

- A mutually agreed upon date by the City and the seller to close on the property.
- The seller must provide clear title to the city's satisfaction before the closing can occur. The seller must convey by warranty deed.
- The City will allow two weeks from the date the offer is made for the seller to decide whether to accept. The City will permit an extension of the expiration date, if requested in writing by the seller, up to an additional two weeks. It is the intention of the City to make as many offers as quickly as possible. Sellers will be reminded that if they do not want to accept the offer, they must let the city know as soon as possible.
- The seller will grant access to the city to inspect the flood damaged property for personal property, hazardous materials, etc. that must be removed prior to closing.
- The seller agrees to remove, at their expense, prior to closing, all vehicles and vehicle parts, firewood, construction material debris, and other personal property located on the site.
- The seller is required to purchase or rent a decent, safe and sanitary housing unit within 6 months of acceptance of the City's Offer that is located outside of the Greenway Voluntary Acquisition area, Zone A, the National Flood

Insurance Program (NFIP) Flood Hazard rate map boundaries to be eligible for Replacement Housing benefits.

- The offer is subject to the specific offer terms for each property per the Addendum to Offer to Buy Real Estate and Acceptance.

The Acquisition firm will certify the property owner is either a National of the United States or qualified alien before offering pre-flood market value for the property. A Citizenship or Alien Status Declaration & Release form will be required from each property owner. Documentation can include, but is not limited to, a birth certificate, driver's license, social security card, green card, etc. Any review of these certifications must be conducted in a non-discriminatory manner. The standard of review should be consistent for all persons. If the agent has reason to believe that a person's certification is invalid, and that, as a result, the person may be an alien not lawfully present in the United States, verification should be obtained from the local Bureau of Citizenship and Immigration Service.

### **Deductions from Property Acquisition Offer**

The City will receive a Settlement Sheet of individual determinations by FEMA and SBA of the deductions or credits on FEMA and/or SBA funds already disbursed. As applicable, insurance proceeds for real estate damage other public payments as determined by FEMA that represent a duplication of payment for the real estate.

A Statement of Determination of Fair Compensation will be completed by the acquisition agent, which indicates the fair market value and the estimated total amount to be deducted to avoid duplication of benefits.

### **Process If Offer Accepted by Property Owner(s)**

If the property owner accepts the City's offer, the following will be undertaken:

1. The acquisition firm will submit the original signed offer to the City for approval by the City Council. The offer will be placed on the first available City Council meeting agenda.
2. The seller will provide the acquisition firm with the property abstract. The acquisition firm will be responsible for delivering the abstract to the title company for continuation. If the abstract has been lost or destroyed, the property owner will sign an Affidavit of Abstract Loss and the City will obtain a Report of Title.
3. The updated abstract or Report of Title, whichever is applicable, will be delivered by the acquisition firm to Legal for issuing a title opinion to the property owner and providing deed for the property to include any required restrictions or required covenants.
4. The acquisition firm will function as the program's closing agent providing sample forms of affidavits and releases. Upon receipt of the necessary title-clearing documents from the seller, the closing agent will prepare a closing statement utilizing the HUD-1 Settlement Statement Form, and set up the closing. The acquisition firm

will confirm and coordinate the required property inspections and prepare appropriate requisitions for closing.

5. Only if the property owner is occupying the property to be acquired by the City, the acquisition firm will not close the transaction and the City will not take title to the subject property until the property owner has found rental unit or a replacement home by obtained an accepted lease or offer, whichever is applicable, on a property and is ready to close and take possession of that replacement property. The intention for the process is that the City wishes to arrange to take title to the flood damaged properties when the owner is ready to vacate and take possession of their chosen replacement property.
6. If the flood damaged property the City is seeking to acquire is not occupied, the City's acquisition firm may proceed to close the transaction and take possession of the flood damaged property prior to the property owner finding a replacement home or rental unit.
7. If the seller previously purchased a replacement property prior to the City's acquisition transaction of flood damaged property, the City's acquisition firm will proceed with the closing and take possession of the flood damaged property.

### **Process If Offer Rejected by Property Owner(s)**

If the offer is rejected and the property owner chooses not to sell the property, the acquisition staff will close the property's file by documenting the rejection and "de-obligate" the funds reserved for the property's acquisition and relocation payments.

### **Appeals Process for Property Owners**

If, after the presentation of the offer, the seller believes the offer price is incorrect due to factual errors and/or can present additional information directly relating to the pre-flood market value, the City will have an appeal process as described below:

The seller may appeal the estimate of pre-flood value after presentation of the City's offer to purchase and before the expiration date of the offer to purchase. Within two weeks of the City's offer to purchase, the seller shall present a written statement to their designated acquisition agent for delivery to the City which includes the reason for the appeal which shall include factual information and any data that support the reason for the appeal to increase the offer price.

The seller will assume the responsibility of securing an appraisal (at pre-flood value) from a certified appraiser approved by the City and incurring the expense of the appraisal. The seller will understand that the pre-flood appraised value will be taken under consideration after the total project budget expenses are known and any revision in the acquisition offer will be subject to City Council approval. The seller is NOT guaranteed that the appraisal price will be used to determine the offer price and should anticipate that the City will not exceed its total project budget.

Within 30 days of filing the written appeal statement, the seller must provide the appraisal report to the acquisition agent for delivery to the City for review. The seller may submit a written request to the acquisition agent for delivery to the City for a 14-day extension to allow

the additional time necessary to secure the appraisal. In the case that the seller exceeds the 30-day period to obtain and submit the appraisal, and does not provide a written request for an extension, the original offer to purchase price will prevail.

The City's appeal review board will be a three-person review board consisting of persons who have not been involved directly in the matters under appeal. These persons will be familiar with the statutes and regulations involved and review the records that relate to the matter under appeal. Promptly after the information and appraisal is presented to the City, the review board shall meet to review the appraisal for a decision. The decision will report the rationale underlying the decision, showing appropriate calculations and may cite the sections of the law or regulations that support the determination. The decision of the review board will be reported to the property owners designated acquisition agent. At that time, the acquisition agent will notify the property owner in writing of the review board decision and provide a copy of the appeal decision.

NOTE: (1) The federal program only allows the "as is" purchase price plus verifiable documented flood repair costs to post-flood owned properties. (2) If the city chooses to offer more than what the program funds will pay, the portion over the allowed amount will be the responsibility of the City.

## **Contracted Services**

- Title searches and abstracts – Unknown at this time
- Acquisition, Relocation Assistance & Property Management – Unknown at this time
- Legal for title opinions – Unknown at this time
- Hazardous Materials Inspections & Assessments – Unknown at this time
- Demolition and Debris Removal – Unknown at this time
- Historic preservation or environmental compliance surveys – Historical and Architectural Reconnaissance Survey for the City of Cedar Rapids Voluntary property Acquisition Project/Greenway Acquisition Project Report, HADB 57-068, Prepared by – Marlys Svendsen and Justine Zimmer, Iowa Homeland Security and Emergency management Division (IHSEMD), January 15, 2009.

The professional services are secured on a request for qualifications basis, which will lead to a negotiable price with the most qualified applicant (CFR-1336). See attached for bid services with which specifications is price basis.

The City will submit for approval the awarded contract(s) to the . Patrick Roberts, Housing Project Manager, Community Development Division, Iowa Department of Economic Development, 200 E. Grand Avenue, Des Moines, IA 50309-1819.

## **Debarred and Suspended Vendors**

The City will take action by checking the website [www.epls.gov](http://www.epls.gov) prior to the City requesting a bid/quote from a vendor to determine who has been disbarred. This World Wide Web site is provided as a public service by General Services Administration (GSA) for the purpose of efficiently and conveniently disseminating information on parties that are excluded from receiving Federal contracts, certain subcontracts, and certain Federal financial and non-financial assistance and benefits, pursuant to the provisions of 31 U.S.C. 6101, note, E.O. 12549, E.O. 12689, 48 CFR 9.404, and each agency's codification of the Common Rule for Non-procurement suspension and debarment.

## **Additions to Purchase Offer**

One of the key eligibility requirements for CDBG property acquisition projects is that the participation is voluntary on the part of both buyers and sellers. As the property acquisitions funded under CDBG are voluntary on the part of the property owners, the property owners are not entitled to receive benefits under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA). In order to be exempt from providing the benefits and assistance to property owners outlined in URA, the community must meet the following conditions:

- The governing authority must make offers to purchase on a voluntary basis
- The governing authority will not use its power of eminent domain to acquire the property, should negotiations with the property owner fail
- The governing authority is not pursuing the purchase of the property as part of a known project
- The same criteria will be used for all property acquired under this program
- All property owners will receive written determinations of valuation for their property

Tenants, both residential and commercial, will receive assistance as directed by URA, as the acquisition is involuntary on their part.

## **Funding Sources**

The community will utilize Federal, State and local funding in order to provide URA benefits to tenants of acquired properties. Federal, State and local funding will also be used to provide Supplemental Housing Payments to property owners, to allow them to relocate to a comparable dwelling outside of the SFHA.

## **Incentive Payment for Flood Insured Properties**

The City will provide to the current property owner an incentive payment in an amount equal to the flood insurance premiums actually paid by the current property owner for a NFIP Policy for structure coverage. The credit to the current property owner shall equal the premiums paid for a maximum of 5 years prior to flood event.

## Supplemental Housing Payments to Primary Owner-Occupants

The voluntary nature of this program does not obligate the City to provide relocation benefits. However, the city has opted to provide relocation benefits to pre-flood primary owner-occupants who accept the City's offer to purchase their flood damaged residential property. These benefits will help the owner-occupants secure replacement housing. It is anticipated that almost all owner-occupants will be able to use the relocation assistance as a major source of funds to purchase decent, safe and sanitary replacement housing outside of a 100-year special flood hazard area.

1. Owner-Occupants: In order to be eligible for owner-occupant benefits, the owner-occupant must:
  - a. Accept the City's Offer to Buy Real Estate and Acceptance.
  - b. Meet the definition of owner-occupant.
  - c. The flood-damaged home must be located in the 100 year flood plain.
  - d. Purchase or rent a decent, safe and sanitary housing unit within 6 months of acceptance of the City's Offer to Buy Real Estate and Acceptance that is located outside of the Greenway Voluntary Acquisition Area, Zone A, National Flood Insurance Program (NFIP) Flood Hazard rate map boundaries.

2. The City will provide two types of relocation benefits for owner-occupants: a Replacement Housing Benefit Payment and a Moving Expense Payment. The Replacement Housing benefit is for the purchase of a home or rental of a unit. A Notice of Relocation Eligibility explaining the specific benefits to the owner-occupant will be made in person by the acquisition firm's relocation staff after the City's offer to purchase the flood damaged property is presented. The seller will be asked to sign a receipt for Notice. The Notice will notify the owner of the expiration date of the Replacement Housing Benefit.

The City will make a Replacement Housing Benefit Payment based on the owner-occupants purchasing replacement housing which is decent, safe and sanitary within 6 months from the owner-occupant's acceptance of the City's offer to purchase the flood damaged property. The payment amount of the Replacement Housing benefit cannot exceed \$10,000.00, and the amount is based on need.

3. The payment will be released only after the closing on the property the City is purchasing from the owner-occupant and at the closing on the replacement house. If the flood damaged property the City is seeking to acquire is not occupied, the City may close the transaction prior to the property owner finding a replacement home or rental unit. The owner-occupant will be required to provide to the relocation staff a copy of the offer to purchase of the replacement house prior to the closing of the replacement house to allow adequate time for inspection, approval and process. If a replacement unit is not purchased within 6 months of the owner-occupant's acceptance of the City's offer to purchase the flood damaged structure, the relocation money will

be de-obligated and made available for additional acquisitions. The Relocation staff will notify the owner-occupant in writing of the imposing deadline. The owner-occupant may request an extension of the six-month period, to the Relocation staff, if he/she can show good reason as to why the replacement has not been purchased.

4. If an owner-occupant wants to purchase another house before the City makes its offer, the purchase is at the owner's risk. If the City then makes its offer to purchase the flood damaged property and the owner accepts, the replacement unit previously purchased must be outside of a 100-year special flood hazard area and pass a decent, safe and sanitary inspection to qualify for the Replacement Housing Benefit. Adjustments to the Replacement Housing Benefit, as described below, will be made as required.

The Replacement Housing benefit payment will be made at the closing of the city's purchase and upon prior submission of a deed or other evidence acceptable to the City of the amount paid for the replacement housing unit. Note: This information must be provided in advance of the closing to allow adequate time for inspection, approval and processing.

5. If the replacement housing unit costs less than the combined total of the City's purchase price and the Replacement Housing Benefit, the City will reduce the Replacement Housing benefit to equal the cost of the replacement housing unit. As a result, the total of the City's purchase price and the Replacement Housing benefit equals the cost of the replacement housing unit. If the cost of that unit is less than the City's purchase price of the flood damaged structure, the Replacement Housing benefit will not be paid.

For instance, the owner-occupant receives \$30,000 as the purchase price of the flood damaged property and qualifies for the \$10,000 Relocation Housing benefit payment for a total of \$40,000. The owner-occupant then purchase a replacement housing unit for \$38,000; the City will provide \$8,000 as the Relocation Housing benefit payment. If the replacement housing unit cost was less than \$30,000 (the City's purchase price for the flood damaged property), the owner-occupant would only receive the Moving Expense benefit. If the replacement housing unit costs less than the total City payment for acquisition and the Replacement Housing benefit, but requires repairs to make it decent, safe and sanitary, the City will let the owner-occupant use the balance of the benefit to have those specific repairs completed. In addition, when the replacement housing unit costs less than the total of the City's acquisition and Replacement Housing Payments, the City will permit the Replacement Housing Payment, as needed, to be used to pay eligible closing costs on the replacement housing unit that represents costs normally paid by the owner. It will not include items such as pre-paid interest points or mortgage insurance.

If the maximum relocation assistance payment is not required to purchase the replacement dwelling selected by the displaced person, certain costs can be considered as part of the replacement unit's purchase price, for the purposes of this program only, when calculating the Replacement Housing benefit payment. Eligible costs are those costs necessary to correct decent, safe

and sanitary deficiencies and to make the replacement dwelling more comparable and functionally similar to the flood damaged unit the City is acquiring. Eligible examples of those items to make the replacement dwelling more comparable and functionally similar are a garage, an extra bathroom and handicapped accessibility that exists in the former dwelling.

Excluded are the costs of a cosmetic nature, including general remodeling, carpeting, "updating", siding, window treatments and other items. The displaced person must provide satisfactory evidence of the construction costs of the functionally similar item(s) and a construction schedule which must be approved before the funds can be authorized for release.

6. **Mobile Homes:** The owner-occupant may purchase a mobile home and qualify for the Replacement Housing benefit provided that the unit is decent, safe and sanitary. If the purchase price is less than the combined total of the City's acquisition price for the flood damaged structure and Relocation benefit, the Replacement Housing benefit will be adjusted to reflect the actual purchase price of the mobile home and lot.

If the mobile home lot is rented, the City will make a payment based upon the lesser cost of the actual lot rent for 42 months or \$3,000 and the cost of the mobile home in determining the Replacement Housing benefit payment. The total Replacement Housing payment paid for a mobile home and lot, whether purchased or rented, will not exceed the appropriate Replacement Housing benefit payment.

7. The City will pay the approved Relocation Housing benefit to the heirs and assigns, if the other family members were living in the flood damaged unit prior to the flood event, and if they will occupy the replacement housing unit which is being purchased. The purchase agreement on the replacement housing unit must have been accepted if the closing has not yet occurred. A moving expense payment will be made if there is personal property to be moved from the flood damaged structure.

8. All owner-occupants receiving the Replacement Housing benefit must relocate to housing units that are decent, safe and sanitary. The decent, safe and sanitary standard is similar to HUD Housing Quality Standards. The decent, safe and sanitary inspection is not a certification or guarantee of the house's condition or of its major systems (such as heating, plumbing, and electrical). A qualified individual will inspect the items that are specifically listed in federal regulations 49 CFR, Part 24.

After the owner-occupant has an accepted purchase agreement for the housing replacement unit and has received the City's offer to purchase the flood damaged property, he/she is to call their Relocation Agent to schedule the decent, safe and sanitary inspection. The owner-occupant will also provide the name and phone number of the person who can provide access to the property. It may take several days for the actual inspection to take place. If the house is located outside the area, it will be necessary for the City to work with the nearest local public agency to schedule an inspection.

When the decent, safe and sanitary inspection is made of the replacement housing unit, the inspector will provide a list of items that are in violations. Many of the violations can be solved quickly and inexpensively and should not cause the sale to be lost. Common problems are missing hand rails, improperly vented water heaters, missing lights switch cover plates and water heater drip legs, copper gas lines and exposing wiring. It is the responsibility of the buyer and seller to reach an agreement as to who pays for the required repairs.

9. Any person displaced from a dwelling may receive an expense and dislocation allowance up to \$850 as a Moving Expense Payment. The following schedule or fixed method is based on the number of rooms in the flood-impacted dwelling:

Number of Rooms	Fixed rate per Room
1	\$500.00
2	\$550.00
3	\$600.00
4	\$650.00
5	\$700.00
6	\$750.00
7	\$800.00
8	\$850.00

The Moving Expense Payment will be made in connection with the Supplemental Housing Payment to Primary Owner-Occupants.

### **Tenant Relocation Assistance Payments**

The City will provide relocation assistance in conformance with the Uniform Act in concert with the Robert T. Stafford Disaster Relief Act of 1974 provisions for tenants of the flood damaged property. The tenants of the flood damaged property are considered to be involuntarily displaced when the City accepts an offer to purchase the flood damaged property. Accordingly, the City will award Tenant Relocation Benefit standards for eligible tenants in accordance with the URA regulations.

1. To be eligible for the Tenant Residential Relocation Benefits, the tenant must:
  - a. Have been, as of the date of initiation of negotiations, a legal residential occupant of the flood damaged property for which the City Council has approved acceptance of the purchase offer.

- b. The tenant can prove evidence of the tenancy for a minimum of 90 days prior to the initiation of offer.
  - c. Purchase or rent a decent, safe and sanitary replacement housing unit that is located outside of Zone A on NFIP Flood Hazard rate maps.
2. The relocation agent will determine benefits in accordance with the Uniform Relocation Act and funding source requirements, which will not exceed \$5,250 (unless housing of last resort provisions are utilized if approved by FEMA Region (7) Seven).
  3. All tenants receiving the Relocation benefits must relocate to housing units that are decent, safe and sanitary and are located outside of Zone A on NFIP Flood Hazard rate maps.

The decent, safe and sanitary inspection is not a certification or guarantee of the housing unit's condition or of its major systems (such as heating, plumbing and electrical). A qualified individual will inspect, at minimum, the items that are specifically listed in federal regulations (49 CFR, Part 24).

## **Non-Federal Cost Share**

To be determined.

## **Inspections of the Property to be Acquired**

For residential property the Addendum to Offer to Buy Real Estate and Acceptance provides that the City will have the right to inspect the premises once the seller accepts the offer. The purpose of the inspection is to determine if there are any hazardous materials on site, serious safety risks or unique fixtures to the property that the City would need to deal with upon its acquisition. A further requirement of the Offer to Buy Real Estate and Acceptance provides that the seller agrees to remove from the property, at their expense and prior to closing, all vehicles, wood, construction materials, debris and personal property. The purpose of this provision is to ensure that the City is not burdened with the cost and risk of injury or expense of removal of the abandoned personal property.

## **Demolition of Structures on the Acquired Property**

The City will bid out demolitions on a competitive basis using the City's normal procurement procedure. Some structure demolitions may have already occurred because of imminent threat to life or property through FEMA'S Public Assistance Program (PAP). However, in cases where the structure remains upon the City obtaining possession of the property, the City's acquisition firm will inspect each parcel prior to demolition to identify any pre-demolition issues. Items of inspection will be the presence of any material or equipment visible on the property that would impact demolition. The demolition of voluntarily acquired properties will be handled under CDBG. All demolitions will be performed by a demolition contractor.

The City will follow all City, County, and State regulations pertaining to demolitions and hazardous material mitigation. The demolitions will be prioritized in three categories; Clean Structure, Remediation and RCAM (Regulated Contaminated Asbestos Material). Weather is not an issue for demolishing of a clean structure. However winter conditions does not allow

the demo of RCAM structure. A bid item will be included for well capping and septic system abandonment if applicable.

## **Salvage**

To be determined.

## **Changes to the Budget or Scope of Work**

To be determined.

## **Disposition of Equipment**

As defined in 44 CFR §13.3, equipment means “tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.”

## **Disposition of Supplies**

As defined in 44 CFR §13.3, supplies means “all tangible personal property other than *equipment*.”

## **Grant Closeout**

Once the owners of all eligible properties have been contacted and acquisitions have either been completed or declines, a review of the files will be completed by staff following the clearing of all fixtures from the subject properties. Any program revisions that may have occurred will be noted in the Administrative Plan and all files will be kept in accordance with the Community’s standard file policies and procedures. At completion of the grant activities, the community shall provide the following to IDED through the State:

- A photograph of the property site after project implementation
- A copy of the recorded deed and attached deed restrictions
- Latitude and Longitude coordinates for each property
- Signed Statement of Voluntary Participation from the owner of each property
- ~~A completed FEMA form AW-501 for each property identified on FEMA’s Repetitive Loss Lost~~

## **Record Retention and Audit Requirements**

To be determined.

~~Records will be maintained for a minimum of three (3) years from the date that HSEMD provides written notification to the community that the grant has been closed. Record retention must comply with 44 CFR, §13.26. Audit requirements will be in compliance with the Single Audit Act requirements and OMB Circular A-133.~~

## **Greenspace Management**

### **Future Federal Benefits**

After settlement of the property acquisition transaction, no disaster assistance for any property from any Federal entity may be sought or provided with respect to the property, and no flood insurance benefits for that property for claims related to damage occurring after the date of the settlement.

### **Post-Settlement Transfer of Property Interest**

To be determined.

### **Monitoring Reporting and Inspection**

To be determined.

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