

Option Agreement Guidance

If you intend to use HOME funds for acquisition, you may not enter into a purchase and sale agreement because it is too binding. Please Never call the agreement a Purchase and Sale Agreement. Instead, you can enter into an Option Agreement or a Conditional Contract (more on the difference below).

Regardless of which instrument you use, the following language should be in any agreement that will be used for acquisition of property with federal funds.

1. Informational Notice to Seller

BEFORE you enter into an Option Agreement, in fact, before you negotiate and before you even speak to the Seller about potential interest in the property, you must give the Seller an Informational Notice (Example in **Attachment A**.) This is to inform the Seller that the property will not be acquired through eminent domain if the negotiations fail, and is required for all property acquired with federal funds. Before you provide this Notice to the Seller of Voluntary Acquisition, you should get a valuation of the property from a professional to be able to say the amount offered represents the current market value of the property. You cannot just use the listing price, but ask a real estate professional for a valuation.

2. Environmental Review

Prior to committing federal funds, the City has to perform an environmental review (ER). It is CRITICAL that the following exact language be in the Option Agreement:

Notwithstanding any other provision of this Contract, Purchaser shall have no obligation to purchase the Property, and no transfer of title to the Purchaser may occur, unless and until the City of Eugene as the Responsible Entity has provided Purchaser and/or Seller with a written notification that: (1) it has completed a federally required environmental review and its request for release of federal funds has been approved and, subject to any other Contingencies in this Contract, (a) the purchase may proceed, or (b) the purchase may proceed only if certain conditions to address issues in the environmental review shall be satisfied before or after the purchase of the property; or (2) it has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required. The Responsible Entity shall use its best efforts to conclude the environmental review of the property expeditiously.

3. Option Agreement Term

Because there are several steps that must occur before the funds for acquisition are committed through a HOME loan agreement, the Option Agreement term should likely be 6-12 months, depending on the project proposal. If there is new construction or significant rehabilitation involved in the project proposal (with Federal funds or any other source of funds) then the longer Option Term is necessary.

The action steps that take so long are the following: after the Option Agreement is signed, the project proposal (application for funding) must be submitted to the City. It must be reviewed and recommended for funding. The final decision for funding must be made by City Council and the

Consortium Governing Board. An environmental review must be performed, and the ER time frame varies widely depending on the conditions at the particular site. Examples of ER issues to be reviewed and researched are: historic preservation, archaeological significance, toxic materials, explosive and flammable materials, endangered species, and noise. Depending on the proposed project, there may be a public comment period associated with the environmental review that also takes time to complete. After the environmental review is complete, the funds must be committed through an agreement that must be reviewed by all parties. All other financing for the project must also be committed before the HOME funds can be committed. Once all funds are committed, the HOME agreement is executed, and all the requirements have been fulfilled, the property closing can occur.

4. Uniform Relocation Act

If you are acquiring an existing residential building, there are some regulations to follow regarding relocation of the current residents. Whether you are acquiring an existing building or vacant land for new construction, in the Option Agreement you must attach the “Uniform Relocation Act Addendum” included here as **Attachment B** to be signed by the Seller.

For occupied properties, in recent years we have found it may be a good idea to include one other relocation provision in the Option Agreement. Uniform Relocation Act requirements go into effect when you submit an application for federal funds. In your application you will be asked to estimate the amount of funds you would need for relocation assistance payments, based on preliminary income information of the current residents. During the Option Agreement term, as existing residents move in or out of the property, they are required to sign “Move-In” Forms or “Move-out” Forms (Examples in **Attachments C and D**). These forms protect the Potential Buyer of the property from having to pay relocation expenses for residents who were not living in the property at the time they submitted the application for federal funds and made the original estimation.

Only the property manager or Seller would know who is moving in and out of the property. You could therefore add a provision into the Option Agreement for the Seller to provide a rent roll on a monthly basis, to inform the Potential Buyer when anyone moves out or in, and to require the Move-in/Move-out forms to be signed.

5. Purchase Price Language

The Uniform Relocation Act also has requirements related to Seller protections. The Informational Notice in Attachment A is intended to reassure the Seller that eminent domain will not be used to acquire the property should negotiations fail. Another way the federal government wishes to reassure Sellers is by offering fair market value for the property when federal funds are used for acquisition. This is discussed further in the Appraisal section below. The Seller must sign a Disclosure to Seller of Fair Market Value to show that an appraisal has determined that the price negotiated through Voluntary Acquisition is fair. This gives the Seller peace of mind that they will receive a fair price. An EXAMPLE of this language is the following, but this exact language is not required:

Section X. Purchase Price. The Buyer shall bear the cost of hiring a mutually acceptable licensed appraiser to determine the fair market value of the Property. The purchase price shall be Four hundred thousand dollars (\$400,000). Seller will be advised of the fair market value of the Subject Property prior to closing. If the appraised value is determined to be higher or lower than the purchase price, the price will be agreed upon between free negotiations between the Buyer and Seller in accordance with the procedures for voluntary acquisition under URA.

Please note that when using federal funds for acquisition, it is somewhat difficult to justify paying a purchase price above appraised value. If the appraised value is less than the offer, the Buyer can only pay a nominal amount above the appraised value and would have to document the justification for why it was necessary and reasonable.

6. Earnest Money

Since you would be asking a Seller for a 6-12 month Option Agreement term, you are likely going to want to offer some Option money or earnest money to show your strong interest. The guidance is that the amount of Option money offered should be “nominal.” This is recommended to be no more than 3% of the offered purchase price.

7. Appraisal

The Uniform Relocation Act requires that you get an appraisal by the time you actually acquire the property, and inform the Seller of the Fair Market Value of the property in writing prior to closing. An example of the Fair Market Value notification that a Seller would have to sign prior to closing is in [Attachment E](#).

It is recommended that the original amount offered to purchase a property be a highly educated estimate of the value so that a second stage of negotiations would not have to occur. It is also recommended that the Buyer and Seller agree on an appraiser so that both parties would accept the outcome of the appraisal. Federal funds cannot be used to acquire property that requires a purchase price more than slightly above Fair Market Value. You can pay an amount slightly higher than FMV only if you have written justification (likely with HUD’s written approval.)

8. Site Limiting Action Avoidance

During the Option Agreement term before the environmental review is complete, the Seller is not permitted to make any changes to the property beyond very basic maintenance. It is highly recommended to include language in the Option Agreement spelling out this requirement.

An example of a Site Limiting Action Avoidance Addendum is in [Attachment F](#).

9. Other Contingencies

Common contingencies that are often included in Option Agreements include:

- Buyer Agency board approval
- City Award of Federal Funds
- Financing
- Environmental Review clearance
- Appraisal not higher than offer in Option Agreement
- Others specific to each agency, or the Seller's requirements

10. Option Agreement v. Conditional Contract

The **option** is NOT a purchase and sales agreement: it still gives the buyer a chance to walk away even if the ER is completed. HUD's regulations at 24 CFR 58.22(d) allow for an option agreement for any project prior to the completion of the environmental review when the environmental review language is included (see above), and the cost of the Option money is a nominal portion of the purchase price.

The **conditional contract** includes conditions that must be met for the obligation to purchase to become binding. Specifically a conditional contract binds the buyer to purchase the property and when the conditions contained in the sales contract are met. HUD has set very specific restrictions for the use of conditional contracts. A Responsible Entity (RE) (City of Eugene) may allow a recipient, sub-recipient, or third party to enter into a conditional purchase contract for an existing multifamily residential property before the HUD environmental review of the property is complete when HUD or non-HUD funds will be used for acquisition and/or rehabilitation of the multifamily structure, provided that:

- For conditional contracts, HUD does not allow for flexibility for a non-refundable deposit. If a deposit is nonrefundable, it must be \$1,000 or less for single-family property and no more than 3% of the purchase price for multifamily projects.
- the structure is not located within a Special Flood Hazard Area;
- the conditional contract includes the appropriate environmental review language (see above);
- If the environmental review requires conditions to mitigate any environmental impacts, then the Responsible Entity (if it is not the Purchaser) should enter into an agreement with the Purchaser to ensure that the conditions will be undertaken.

Attachments:

- A. Sample Informational Notice to Seller
- B. Sample Uniform Relocation Act Addendum
- C. Sample Move-In Notice
- D. Sample Move-out Notice
- E. Sample Fair Market Value Notification
- F. Sample Site Limiting Action Avoidance Addendum

Organizational Letterhead
(date)

Dear _____:

(Name of Agency/Person) _____, is interested in acquiring property you own at (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD).

Please be advised that (Name of Agency/Person) _____ does not have authority to acquire your property by eminent domain. In the event we cannot reach an amicable agreement for the purchase of your property, we will not pursue this proposed acquisition.

We are prepared to offer you (\$) _____ to purchase your property. We believe this amount represents the current market value of your property. Please contact us at your convenience if you are interested in selling your property.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance.

If you have any questions about this notice or the proposed project, please contact
(name) _____, (title) _____,
(address) _____, (phone) _____.

Sincerely,

(Buyer name and title) _____

(Place on organizational letterhead)

**Disclosures to Seller for Voluntary Acquisition
Addendum to Option Agreement**

This addendum confirms certain terms and conditions related to the contemplated purchase of the property you own located at **address, city, state** (the Subject Property). The parties to the contemplated sale are: **organization name** (Buyer) and **organization name** (Seller).

Buyer is prepared to pay **dollar amount** for clear title to the Subject Property except for items of record. Because Federal Funds are anticipated to be used for some or all of the purchase price, we are required to disclose to you as Seller certain terms and conditions established under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

1. Seller acknowledges that the sale of the property is voluntary.
2. Seller acknowledges that Buyer does not have the power to acquire the site by condemnation (i.e. eminent domain).
3. Seller will be advised of the fair market value of the Subject Property prior to closing and the price will be agreed upon between free negotiations between the Buyer and Seller in accordance with the procedures for voluntary acquisition under URA.
4. Seller acknowledges that owner-occupants of the Subject Property are not eligible to receive relocation assistance under URA because the contemplated sale is voluntary.

If this letter accurately reflects your understanding of the terms relating to the sale of the Subject Property, please so acknowledge the fact by signing and dating a copy of this letter in the place provided below.

Seller: _____
Insert Org Name

By: _____
Insert Org Representative Name



NOTICE OF INTENT TO OCCUPY – HOUSING Move-In Notice

Property Address:

List name of tenant who will occupy **this rental unit**: _____
(Print Name of Prospective Tenant)

On (date) , (agency) submitted an application to the City of Eugene/Springfield for financial assistance under a program funded by the Department of Housing and Urban Development (HUD) to acquire the property. Because Federal funds are to be used to acquire this property, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) may apply to persons in occupancy at the time the application was submitted for HUD funding.

However, if you choose to occupy this property subsequent to the application for federal financial assistance, as a new tenant, you will not be eligible for relocation payments or assistance under the URA.

This notice is to inform you of the following information **before you enter into any lease agreement and/or occupy the property located at the above address:**

- ◆ You may be displaced by the project.
- ◆ You may be required to relocate temporarily.
- ◆ You may be subject to a rent increase.
- ◆ You will not be entitled to any relocation payments or assistance provided under the URA. If you have to move or your rent is increased as a result of the above project, you will not be reimbursed for any such rent increase or for any costs or expenses you incur in connection with a move as a result of the project.

Please read this notification carefully prior to signing a rental agreement and moving into the project. If you have any questions about this notice or the proposed project, please contact Ellen Meyi-Galloway, Housing Finance Analyst, 99 West 10th Ave, Eugene, OR 97401, by email at Ellen.E.Meyi-Galloway@ci.eugene.or.us, or by phone at 541-682-5532.

Once you have read and have understood this notice, please sign the statement below if you still desire to lease the unit.

All signers on the lease/rental agreement must sign below:

Tenant Signature Date

Phone No. _____

(Place on organizational letterhead)

Disclosures to Seller of Fair Market Value and Final Purchase Offer

This disclosure provides you with certain information related to the contemplated purchase of the property you own located at **address, city, state** (the Subject Property). The parties to the contemplated sale are: **organization name** (Buyer) and **organization name** (Seller). Pursuant to the Disclosures to Seller for Voluntary Acquisition attached to the **Option Agreement** signed on **date**, the Buyer is required to inform you of the fair market value of the Subject Property.

The fair market value of the Subject Property, as determined by an appraisal report completed by **appraiser name** and dated **date** is **amount**. The final purchase offer is **amount** under the terms and conditions set forth within the Option Agreement. In accordance with federal procedures you are hereby offered the opportunity to withdraw from any agreement or option for the sale of the property by notice to **buyer**.

As Seller of the Subject Property, we hereby acknowledge our receipt of understanding of the information presented above. We agree to proceed with the sale of the Subject Property in accordance with the terms and conditions of the Option Agreement signed on date between the Seller and Buyer.

Seller: _____
Insert Org Name

By: _____
Insert Org Representative Name

CERTIFICATION OF AVOIDING CHOICE-LIMITING ACTIONS ON A FEDERALIZED SITE

This form is designed for affordable housing developers proposing to use HOME acquisition funds within the Eugene / Springfield HOME jurisdiction (Jurisdiction) and other owners who may own parcels of land that will site future HOME projects. This certification must be signed by both the potential Buyer and Site Owner of a future HOME project certifying that you recognize that the date that a HOME development application is submitted to the Jurisdiction, the future HOME project becomes federalized. As such, no choice-limiting actions including but not limited to site acquisition, site work, storage of materials, environmental mitigation, soil removal or remediation or any other ground-disturbing activity, may occur on the site until the Jurisdiction, as the Responsible Entity for environmental reviews, issues an environmental completion letter to the Potential Buyer/HOME Project Applicant and Site Owner (if different).

I hereby certify that no choice-limiting actions will occur on the site after the date the project is federalized, which is date that the HOME application is submitted to the HOME Jurisdiction. I hereby understand the requirement and will not undertake any work on the site without prior consultation with the Jurisdiction. I hereby certify that any work on the site after the date that the HOME application is submitted could affect the viability of the project moving forward.

Potential Buyer/HOME Project Applicant Signature
Representative: (print name)

Date

Site Owner Signature

Site Owner: (print name)

(sign twice if sponsor and owner are the same)

Date

RESIDENT RELOCATION GUIDANCE

Acquiring an existing, occupied residence using federal funds can be complicated because of the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). There are several steps to ensure compliance under URA. HOME Consortium staff can assist developers/ housing providers with URA requirements when projects are approved for HOME funding and prepare to enter into HOME loan agreements. However, some URA requirements begin even before the HOME Consortium will receive the application for funding.

Please see the HUD Handbook 1378 for information about how the URA applies to your project. This document is only a summary and does not cover the details of the URA. Please contact Ellen Meyi-Galloway at Ellen.E.Meyi-Galloway@ci.eugene.or.us or (541) 682-5532 with questions.

1. Informational Notice to Seller

Before you enter into an Option Agreement to acquire a property, before you negotiate, and before you even speak to the Seller about potential interest in the property, you must give the Seller an Informational Notice (Example in **Attachment A**.) This is to inform the Seller of URA requirements, including that the property will not be acquired through eminent domain if the negotiations fail. This is required for all property acquired with federal funds.

2. URA Addendum in Option Agreement

When the Seller agrees to execute an Option Agreement for acquisition of the existing building, the Seller must agree to the URA regulations, including that he or she will not expect relocation payments under URA. The URA addendum applies to acquiring an existing building or vacant land for new construction, because it ensures the Seller understands federal URA requirements. The sample "Uniform Relocation Act Addendum" is **Attachment B** to be signed by the Seller.

3. The General Information Notice

The first two items above were notifications to the Seller about the URA requirements. The General Information Notice (GIN) is the first notification to residents that the building in which they reside may be acquired using federal funds. A brochure must be included with the GIN, called Relocation Assistance to Tenants Displaced from Their Homes. The Consortium contact information is included on the brochure and the developer contact information is on the GIN in case residents have questions. The GIN must be provided to residents before submitting the application for HOME funds. Residents must sign the Notice or sign certified mail receipt to show receipt of the GIN. A sample GIN and the brochure are included as **Attachment C**.

4. Self-Certifications of Income

In the HOME program, there are income restrictions for residents in HOME designated units. Therefore, if existing residents are over-income at the time of acquisition, those residents may be displaced by the project. The URA requires that the housing provider acquiring the property provide relocation assistance to those residents who are displaced as a result of a project. HOME funds may be used to provide relocation assistance for a HOME project. Relocation assistance must be calculated and included in the request for HOME funds. Therefore Self-certifications of Income are required of each existing resident to predict whether the resident will be income-eligible to stay in their housing after acquisition, or whether they will be over-income and displaced by the project. Please refer to HUD Handbook 1378 or contact the Consortium if you need help calculating relocation assistance.

It may be a good idea to include a provision in the Option Agreement that the developer may request income information from the existing tenants. This will ensure the Seller and Seller's property manager give permission to engage with current residents. An example of the Self Certification of Income is in [Attachment D](#).

5. Move-In, Move-Out Notices

When developers submit an application for federal funds, the project is subject to all the federal requirements. At that point every existing resident could potentially be eligible for relocation assistance. In the HOME application developers must estimate the amount of funds needed for relocation assistance payments, based on preliminary income information of the current residents. After the HOME application submittal and prior to the acquisition, if existing residents move in or out of the property, they are required to sign "Move-In" Forms or "Move-out" Forms (Examples in [Attachments E and F](#)). The Move-in Notice protects the developer from having to pay relocation expenses for residents who moved into the property after the developer made the original estimation of relocation needs. The Move-out Notice protects the developer from having to pay relocation expenses for residents who chose to move for their own reasons and not because of the future acquisition.

Only the property manager or Seller would know who is moving in and out of the property. Developers may add a provision into the Option Agreement for the Seller to provide a rent roll on a monthly basis, to inform the developer when anyone moves out or in, and to require the Move-in/Move-out forms to be signed.

6. Notice of Eligibility and Notice of Non-Displacement

After the project has been approved for HOME funds, the developer enters into a HOME Loan Agreement with the HOME Consortium. At the time that the HOME Agreement is finalized, the Consortium will send notifications to the residents based on the self-certifications of income each submitted. Residents will receive a Notice of Non-Displacement if they are income-eligible to stay in the housing unit after acquisition by the developer. Residents will receive a Notice of Eligibility for Relocation Assistance if they are over-income and will be displaced by the project. Relocation assistance includes housing replacement counseling, moving assistance payments, rental assistance payments and

more. Notices of Eligibility include a list of at least three comparable housing units that are available to rent in the area. Developers are required to research the locally available rental units and submit comparable units for the Notice.

7. 90-Day Notice to Vacate

Once residents have received a Notice of Eligibility for Relocation Assistance, the Consortium provides them a 90-Day Notice to Vacate the housing unit. The 90-Day Notice reiterates the relocation assistance that the displaced residents are entitled to, and how to access the relocation assistance.

8. Displaced Residents: Reimbursement and Replacement Units

Developers must assist displaced residents to find replacement units; this is housing replacement counseling. The developers identify at least three comparable rental units available for rent at the time of entering into the HOME Loan Agreement. Once displaced residents select a replacement unit and prior to signing a lease, Consortium staff at the City of Eugene must inspect the replacement unit to ensure it is safe and sanitary.

Residents who are eligible for relocation assistance submit reimbursement claim forms directly to the Consortium for moving assistance and rental assistance payments. Developers/housing counselors may assist residents with the forms. The Consortium will provide reimbursement claim forms.

Attachments:

- A. Sample Informational Notice to Seller – Pre-negotiation of Option Agreement
- B. Sample Uniform Relocation Act Addendum for Option Agreement
- C. Sample General Information Notice and Brochure: Relocation Assistance to Tenants Displaced from Their Homes
- D. Sample Self-Certification of Income
- E. Sample Move-In Notice
- F. Sample Move-out Notice

(Informational Notice to Seller on Organizational Letterhead)

(date)

Dear _____:

(Name of Agency/Person) _____, is interested in acquiring property you own at (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD).

Please be advised that (Name of Agency/Person) _____ does not have authority to acquire your property by eminent domain. In the event we cannot reach an amicable agreement for the purchase of your property, we will not pursue this proposed acquisition.

We are prepared to offer you (\$) _____ to purchase your property. We believe this amount represents the current market value of your property. Please contact us at your convenience if you are interested in selling your property.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance.

If you have any questions about this notice or the proposed project, please contact (name) _____, (title) _____, (address) _____, (phone) _____.

Sincerely,

(Buyer name and title) _____

(Place on organizational letterhead)

**Disclosures to Seller for Voluntary Acquisition
Addendum to Option Agreement**

This addendum confirms certain terms and conditions related to the contemplated purchase of the property you own located at **address, city, state** (the Subject Property). The parties to the contemplated sale are: **organization name** (Buyer) and **organization name** (Seller).

Buyer is prepared to pay **dollar amount** for clear title to the Subject Property except for items of record. Because Federal Funds are anticipated to be used for some or all of the purchase price, we are required to disclose to you as Seller certain terms and conditions established under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

1. Seller acknowledges that the sale of the property is voluntary.
2. Seller acknowledges that Buyer does not have the power to acquire the site by condemnation (i.e. eminent domain).
3. Seller will be advised of the fair market value of the Subject Property prior to closing and the price will be agreed upon between free negotiations between the Buyer and Seller in accordance with the procedures for voluntary acquisition under URA.
4. Seller acknowledges that owner-occupants of the Subject Property are not eligible to receive relocation assistance under URA because the contemplated sale is voluntary.

If this letter accurately reflects your understanding of the terms relating to the sale of the Subject Property, please so acknowledge the fact by signing and dating a copy of this letter in the place provided below.

Seller: _____
Insert Org Name

By: _____
Insert Org Representative Name

GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT MAY BE DISPLACED

Date

Name

Address

Dear _____:

_____ (Agency) is interested in _____ (acquiring, rehabilitating, demolishing) the property you currently occupy at _____ (address) for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the HOME Investment Partnerships program.

The purpose of this notice is to inform you that you may be displaced as a result of the proposed project. This notice also serves to inform you of your potential rights as a displaced person under a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). You may be eligible for relocation assistance and payments under the URA, if the proposed project receives HUD funding and if you are displaced as a result of the project.

- **This is not a notice to vacate the premises.**
- **This is not a notice of relocation eligibility.**

If you are determined to be eligible for relocation assistance in the future, you may be eligible for: 1) Relocation advisory services including help to you find another place to live; 2) At least 90 days advance written notice of the date you will be required to move; 3) Payment for your moving expenses; and 4) Replacement housing payments to enable you to rent, or if you prefer to purchase, a comparable replacement home. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered. The enclosed HUD brochure, "Relocation Assistance To Tenants Displaced From Their Homes" provides an explanation of this assistance and other helpful information.

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

Please be advised that you should continue to pay your rent and meet any other obligations as specified in your lease agreement. Failure to do so may be cause for eviction. If you choose to move or if you are evicted prior to receiving a formal notice of relocation eligibility you will not be eligible to receive relocation assistance. It is important for you to contact us before making any moving plans.

Again, this is not a notice to vacate the premises and does not establish your eligibility for relocation payments or assistance at this time. If you are determined to be displaced and are required to vacate the premises in the future, you will be informed in writing. In the event the proposed project does not proceed or if you are determined not to be displaced, you will also be notified in writing.

If you have any questions about this notice or the proposed project, please contact
(name) _____, (title) _____,
(address) _____, (phone) _____.

Sincerely,

(name and title)

Enclosures:

Relocation Brochure

RELOCATION ASSISTANCE TO TENANTS DISPLACED FROM THEIR HOMES

U.S. Department of Housing
and Urban Development
Office of Community Planning
and Development

www.hud.gov/relocation

Introduction

This booklet describes the relocation payments and other relocation assistance provided under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) to tenants displaced from their homes. This includes any family or individual that must move as a direct result of rehabilitation, demolition or acquisition for a project in which Federal funds are used.

If you are notified that you will be displaced, it is important that you **do not move** before you learn what you must do to receive the relocation payments and other assistance to which you are entitled.

Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance, unless such ineligibility would result in exceptional and extremely unusual hardship to a qualifying spouse, parent, or child as defined at 49 CFR 24.208(h). All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.

This booklet may not answer all of your questions. If you have more questions about your relocation, contact the Agency responsible for the project. (Check the back of this booklet for the name of the person to contact at the Agency.) Ask your questions before you move. Afterwards, it may be too late.

Summary of Relocation Assistance

As an eligible tenant displaced from your home, you will be offered the following advisory and financial assistance:

- **Advisory Services.** This includes referrals to comparable and suitable replacement homes, the inspection of replacement housing to ensure that it meets established standards, help in preparing claim forms for relocation payments and other assistance to minimize the impact of the move.
- **Payment for Moving Expenses.** You may choose either a:
 - * **Payment for Your Actual Reasonable Moving and Related Expenses,** or
 - * **Fixed Moving Expense and Dislocation Allowance,** or
 - * **A combination of both, based on circumstances.**
- **Replacement Housing Assistance.** To enable you to rent, or if you prefer, buy a comparable or suitable replacement home, you may choose either:

- * **Rental Assistance**, or
- * **Purchase Assistance**.

If you disagree with the Agency's decision as to the relocation assistance for which you are eligible, you may appeal that decision.

General Questions

How Will I Know I Am Eligible For Relocation Assistance?

You should receive a written notice explaining your eligibility for relocation assistance. You should not move before receiving that notice. If you do, you may not receive relocation assistance.

How Will The Agency Know How Much Help I Need?

You will be contacted at an early date and personally interviewed by a representative of the Agency to determine your relocation needs and preferences for replacement housing and advisory services. The interviewer will ask certain questions about you and other members of your household, including questions about your income. It is to your advantage to provide the information so that the Agency can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

How Soon Will I Have To Move?

If possible, a mutually agreeable date for the move will be worked out. You will be given enough time to make plans for moving. Unless there is a health or safety emergency, you will not be required to move without at least 90 days advance written notice of (1) at least one "comparable replacement home" that is available to you and (2) the earliest date by which you must move.

What Is A Comparable Replacement Home?

A comparable replacement home is:

- Decent, safe, and sanitary.
- Functionally equivalent to (and equal or better than) your present home.
- Actually available for you to rent.
- Affordable.
- Reasonably accessible to your place of employment.
- Generally as well located with respect to public and commercial facilities, such as schools and shopping, as your present home.
- Not subject to unreasonable adverse environmental conditions.
- Available to all persons regardless of race, color, religion, sex, or national origin.

What is Decent, Safe, and Sanitary Housing?

Decent, safe, and sanitary housing is housing that:

- Meets applicable housing and occupancy requirements.
- Is structurally sound, weathertight, and in good repair.
- Contains a safe, adequate electrical wiring system.
- Has adequate living space for the occupants.
- Has a kitchen with a sink, hot and cold running water, and connections for a stove and refrigerator (if you were displaced from a housekeeping unit).
- Has a separate, complete bathroom with hot and cold running water.
- Has heating as required by climatic conditions.
- Has an unobstructed exit to safe, open space at ground level.
- Meets standards protecting occupants from lead-based paint hazards.
- If you are person with a physical disability, is free of any barriers which would preclude your reasonable use of the unit.

Will The Agency Help Me Find A Replacement Home?

Yes. You will be provided with referrals to housing that has been inspected to ensure that it meets established standards. If possible, you will be referred to at least three comparable replacement homes. The maximum financial assistance for which you may qualify will be based on the cost of the most representative comparable replacement home that is available to you. Promptly after you become eligible for relocation assistance, the Agency will inform you of such unit and the maximum payment available.

Once the Agency representative has a clear understanding of your needs and preferences, he or she will work with you to assure that you are given the best possible choice of housing. The Agency will offer you appropriate transportation to inspect these units.

If you would like to move to government-owned housing or obtain a Housing Choice Voucher (HCV) let the Agency representative know of your interest. Generally, an eligible displaced person receives preference for such long term housing assistance. You will be given assistance in completing any required application forms.

What If I Find My Own Replacement Housing?

You have every right to find your own replacement housing. However, before you rent or buy, ask the Agency to inspect the unit to make sure that it is decent, safe, and sanitary. If the housing unit is not decent, safe, and sanitary, you will not receive a replacement housing payment.

What If I Encounter A Problem In Obtaining Housing Of My Choice?

If you encounter a problem in buying or renting housing of your choice, notify the Agency immediately. The Agency will look into the matter and try to resolve it. You will receive this help whether you were referred to the housing unit or found it yourself.

If you are unable to buy or rent a housing unit because of discriminatory practices on the part of a real estate broker, rental agent, lender, or a property owner, the Agency will help you file a formal housing discrimination complaint with the U.S. Department of Housing and Urban Development or the appropriate State or local fair housing agency.

What Other Services Will I Receive?

In addition to help in obtaining a comparable replacement home, other assistance, as necessary, will be provided in order to minimize the impact of your move. This assistance may include referral to appropriate public and private agencies that provide services concerning housing financing, employment, health, welfare, or legal assistance. The range of services depends on the needs of the person being displaced. You should ask the Agency representative to tell you about the specific services that will be available to help you and your family.

What Is a Payment For Actual Reasonable Moving and Related Expenses?

You may choose to receive a relocation payment to cover the reasonable cost of your move. If you choose a Payment For Actual Reasonable Moving And Related Expenses, you may include in your claim the reasonable and necessary costs for:

- Transportation for you and your family.
- Packing, moving and unpacking your household goods.
- Disconnecting and reconnecting household appliances and other personal property (e.g., telephone and cable TV).
- Storage of household goods, as may be necessary.
- Insurance for the replacement value of your property during the move and necessary storage.
- The replacement value of property lost, stolen or damaged in the move (but not through your neglect) if insurance is not reasonably available.

The Agency will explain all eligible moving costs, as well as those which are not eligible. You must be able to account for any costs that you incur, so keep all your receipts. Select your mover with care. The Agency can help you select a reliable and reputable mover.

You may elect to pay your moving costs yourself and be repaid by the Agency or, if you prefer, you may have the Agency pay the mover. In either case, let the Agency know before you move.

What Is A Fixed Moving Expense And Dislocation Allowance?

If you choose a Fixed Moving Expense and Dislocation Allowance, you will receive an allowance which is based on the number of rooms in your home or the number of rooms

of furniture you will be moving, as shown on a schedule. The Agency has a copy of the schedule and will help you decide whether choosing this allowance is in your best interest.

If you do not have a large amount of personal property to move, this payment should be more advantageous. No special documentation is required to support your claim. You need only move your personal property and complete the appropriate claim form in order to receive your payment.

How Much Rental Assistance Will I Receive?

You may be eligible to receive Rental Assistance for a 42-month period. The assistance is computed in the following manner:

The assistance needed for one month is determined by subtracting the "base monthly rent" for your present home from the cost of rent and utilities for your new home (or a comparable replacement home, if that cost is lower). That monthly need, if any, is multiplied by 42, to determine the total amount that you will receive. This amount will be paid directly to you. The Agency must provide the assistance in monthly installments or other periodic payments. Generally, the base monthly rent for your present home is the lesser of: (1) the monthly rent and average monthly cost for utilities, or (2) thirty (30) percent of your average monthly gross household income, if you are low-income based on HUD income limits.

Examples: Let's say that the monthly rent and average cost for utilities for your present home are \$250; the monthly rent and estimated average utility costs for a comparable replacement home are \$350; and your monthly gross income is \$700. In this case your "base monthly rent" would be \$210 because you are low-income and that amount (30 percent of your income) is less than the monthly cost of rent and utilities at your present home (\$250).

- If you rent a replacement home for \$360 per month, including estimated average monthly utility charges, you will receive \$5,880. That amount is 42 times \$140 (the difference between the "base monthly rent" for your present home (\$210) and the cost for a comparable replacement home (\$350)).
- If you rent a replacement home for \$310, including estimated average monthly utility charges, you will receive \$4,200. That amount is 42 times \$100 (the difference between the "base monthly rent" for your present home (\$210) and the actual cost of your new home (\$310)).

To qualify for rental assistance, you must rent and occupy a decent, safe, and sanitary home within one year after the date you move. However, the Agency will extend this period for good cause.

If I Decide to Buy, Rather Than Rent, How Much Assistance Will I Receive?

If you buy a replacement home, you may be eligible for assistance to make a down

payment equal to the amount you would receive if you rented a comparable replacement home (i.e., 42 times the amount obtained by subtracting the "base monthly rent" for your present home from the monthly rent and estimated average monthly utility costs for a comparable replacement home). A down payment assistance payment will be paid in a lump sum.

Example: Assuming the information in the prior examples, the downpayment assistance payment would be \$5,880. That amount is 42 times \$140 (the difference between the "base monthly rent" for your present home (\$210) and the monthly rent and estimated average monthly utilities cost for a comparable replacement home (\$350). The full amount of the payment must be applied to the purchase of the replacement dwelling.

Must I File A Claim To Obtain A Relocation Payment?

Yes. You must file a claim for each relocation payment. The Agency will, however, provide you with the required claim form, help you to complete it, and explain the type of documentation, if any, that you must submit in order to receive the payment.

If you must pay any relocation expenses before you move (e.g., a security deposit when you sign a lease for your new home), discuss your financial needs with the Agency. While refundable deposits are not covered by URA payments, you may be able to obtain an advance payment to meet these costs. An advance payment may be placed in "escrow" or paid directly to a contractor to ensure that the move will be completed on a timely basis.

You must file your claim within 18 months after the date you move. However, it is to your advantage to file as soon as possible after you move. The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim within 18 months, ask the Agency to extend this period.

Be careful not to confuse this 18-month period with the 12-month period within which you must rent (or buy) and occupy a replacement dwelling in order to be eligible for a replacement housing payment.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

Will I Have To Pay Rent To The Agency Before I Move?

If the Agency acquires the property in which you live, you may be required to pay a fair rent to the Agency for the period between the acquisition of the property and the date that you move. Such rent will not exceed the market rent for comparable properties in the area.

Do I Have To Pay Federal Income Taxes On My Relocation Payments?

No. Section 216 of the URA states that you need not report relocation payments as part of your gross income for Federal tax purposes. For information on State or local income taxes, you should check with the State or local income tax office in your area or with your personal

tax advisor.

What If I Don't Receive The Required Assistance. Can I Appeal?

If you disagree with the Agency's decision as to your right to relocation assistance or the amount of a payment, or the adequacy of the housing to which you have been referred, you may appeal the decision to the Agency.

The Agency will inform you of its appeal procedures. At a minimum, you will have 60 days to file your appeal with the Agency after you receive written notification of the Agency's determination on your claim. Your appeal must be in writing. However, if you need help, the Agency will assist you in preparing your appeal.

If you are a low- or moderate-income person and are dissatisfied with the Agency's determination on your appeal, you may have an additional right to request administrative review of that decision (e.g., by HUD or the State).

You can expect a fair decision on any appeal. However, if you are not satisfied with the final administrative decision on your appeal, you may seek review of the matter by the courts.

I Have More Questions. Who Will Answer Them?

If you have further questions after reading this booklet, contact the Agency and discuss your concerns with an Agency representative.

Agency : City of Eugene Community Development Division

Address: 99 West 10th Avenue, Eugene, Oregon 97401

Office Hours: 9:00 a.m. - 5:00 p.m.

Telephone No.: (541) 682-5532

Person to Contact: Ellen Meyi-Galloway

(on Developer Letterhead)

**SELF-CERTIFICATION OF INCOME
For Proposed Housing Project**

(Developer) will apply for federal HOME Investment Partnership funds through the Eugene-Springfield HOME Consortium to acquire the property located at _____ (address) _____. In order to evaluate the application, the following information is needed from all of the tenants currently occupying the property.

ALL INFORMATION COLLECTED ON THIS FORM WILL REMAIN STRICTLY CONFIDENTIAL AND WILL BE USED ONLY TO VERIFY STATEMENTS AND REPRESENTATIONS MADE BY THE OWNER CONCERNING THE ELIGIBILITY OF THE APPLICATION.

Please provide the following information for ALL persons residing at the above address:

<u>Name (please print)</u>	<u>Date of Birth</u>	<u>Sex</u>	<u>Race/Ethnicity</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

What is your Total Gross Household Income? \$ _____

Total Gross Household Income includes, but is not limited to wages, salaries, overtime pay, commissions and fees, tips and bonuses, net income from businesses, interest and dividends, payments from social security, unemployment, worker's compensation or disability benefits, alimony and child support payments, and welfare assistance such as TANF. Do NOT include income from employment of children under 18 years of age, payments for care of foster children, lump sum payments from insurance or inheritance, insurance payments specifically for reimbursement of medical expenses, income of a live-in aid, educational scholarships, or other temporary, non-recurring or sporadic income. Please provide verification of your household income such as tax returns, paycheck stubs, or other forms of income documentation.

Current Monthly Rent: \$ _____ **Average Monthly Utility Payment:** \$ _____

Number of Bedrooms: _____ **Do you pay for the following (please check):**

Water	<input type="checkbox"/>	Electric Heat	<input type="checkbox"/>
Electricity	<input type="checkbox"/>	Sewer	<input type="checkbox"/>
Garbage	<input type="checkbox"/>	Gas, Oil	<input type="checkbox"/>

I certify that the above information to be true and accurate to the best of my knowledge. I understand that the Eugene-Springfield HOME Consortium will use the information I have provided to determine the eligibility of this property for HOME Investment Partnership program funds.

Signature, Head of Household

Date Signed

**NOTICE OF INTENT TO OCCUPY – HOUSING
Move-In Notice**

Unit Address:

List name of tenant who will occupy **this rental unit:** _____
(Print Name of Prospective Tenant)

On (date) , AGENCY submitted an application to the Eugene-Springfield HOME Consortium for financial assistance under a program funded by the Department of Housing and Urban Development (HUD) to acquire the property located at **Address**. Because Federal funds are to be used to acquire this property, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) may apply to persons in occupancy at the time the application was submitted for HUD funding.

However, if you choose to occupy this property subsequent to the application for federal financial assistance, as a new tenant, you will NOT be eligible for relocation payments or assistance under the URA.

This notice is to inform you of the following information **before you enter into any lease agreement and/or occupy the property located at the above address:**

- ◆ You may be displaced by the project.
- ◆ You may be required to relocate temporarily.
- ◆ You may be subject to a rent increase.
- ◆ You will not be entitled to any relocation payments or assistance provided under the URA. If you have to move or your rent is increased as a result of the above project, you will not be reimbursed for any such rent increase or for any costs or expenses you incur in connection with a move as a result of the project.

Please read this notification carefully prior to signing a lease/rental agreement and moving into the project. If you have any questions about this notice or the proposed project, please contact **AGENCY CONTACT, Address**, by email at **Email Address**, or by phone at **Phone Number**.

Once you have read and have understood this notice, please sign the statement below if you still desire to lease the unit.

All signers on the lease/rental agreement must sign below:

Tenant Signature

Date

VOLUNTARY CESSATION OF TENANCY
This notice must be signed prior to moving out

Owner or Property Manager, please complete the following:

Date: _____

Property Address: _____

Management Company: _____

Manager's Name: _____

Tenant's Name: _____

Please list all tenants

Move-in Date _____

Move-out Date _____

Tenant, please complete the following:

Tenant Name: _____

New Address: _____

Phone Number: _____

Reason(s) for moving: _____

On **Date**, I was issued a General Information Notice describing a federally funded project. By moving from this property of my own free will, I acknowledge that I have not been involuntarily displaced and may make no claim against the property owner or **AGENCY** as a displaced person (as defined by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended).

If you have any questions about this notice or the proposed project, please contact **AGENCY CONTACT**, by email at **Email Address**, or by phone at **Phone Number**.

All occupants and signers on the lease/rental agreement must sign below:

Tenant Signature

Date

HOME Match Guidance

This guidance provides an overview of HOME Match requirements for responding to the HOME Request for Proposals (RFP). If you need assistance calculating HOME Match or proposing HOME Match sources for your project proposal, please contact Ellen Meyi-Galloway at Ellen.E.Meyi-Galloway@ci.eugene.or.us or (541) 682-5532.

HOME Match is a permanent contribution of non-federal funds to a HOME project.

The HOME program requires that jurisdictions provide HOME Match in an amount equal to 25% of the total HOME funds spent for housing development. In turn, developers must work to provide HOME Match in an amount equal to 25% of the total HOME funds in each project. For example, if developers request \$400,000 in HOME funds, they must try to provide the equivalent of \$100,000 in HOME Match.

Because HOME Match is a permanent contribution to the project, most loans are not eligible to be Match. In addition, contributions from the owner/developer such as deferred developer fee or cash cannot be counted as Match. What are some examples of Match?

- Direct cash contributions/donations may be counted as match as long as they are not from the Owner/Developer. Non-federal grants may be counted.
- Waived fees such as Systems Development Charge (SDC) exemptions and Low-Income Rental Housing Property Tax Exemptions may be counted as match.
- Below market interest rate loans may contribute toward match. If developers can document that the interest rate is below market, the savings of the rate over the life of the loan can be counted as match. (If an interest rate is 2% and market rate is documented to be 5%, the developer can calculate the net present value of the interest forgone at a 3% difference over the loan term.)
- If a Seller agrees to sell a property to the developer for less than the appraised value, the difference between the sales price and the appraised value (donated equity) can be counted as match.
- If property itself is donated to the project (not by the owner/developer), the appraised value could be counted as match.

A key point to consider is that the amount that can be calculated as HOME Match is **affected by the number of HOME designated units in the property**. For example, if 50% of the units in a project are HOME-designated units, then only 50% of the non-federal permanent contributions can be counted toward HOME Match. So in this example, if the project received a cash donation of \$50,000, only \$25,000 could be counted as HOME Match.

HOME Match is not the same as leveraged funds. The HOME RFP requires developers to leverage at least 25% of the total development cost with non-federal funds. Leveraged funds can be bank loans, donations, deferred developer fee, cash from the developer, grants, State funds, local funds, or any other non-federal source. Another way to explain the leveraging requirement is to say, no more than 75% of total development costs can come from federal funding sources.