



# Buckeye Relocation Exchange

JANUARY 2008

VOLUME 1, NUMBER 1

*"Look at a day when you are supremely satisfied at the end. It's not a day when you lounge around doing nothing; it's when you had everything to do, and you've done it."*

*~Lord Acton*

## Welcome!

The Central Office Relocation Unit would like to cordially welcome you to the newest facet of the Relocation Assistance Program in the State of Ohio – the Buckeye Relocation Exchange! This newsletter provides information to entities offering relocation assistance a means of staying connected and up-to-date on our ever changing world. Everyday we can get better at our goal of consistently treating people with fairness. To achieve a higher quality program by using modern communication tools is a new focus of our office. For this effort to be successful, we need accurate and timely feedback, suggestions, and comments from you, the active agent/reviewer, on how policies and procedures are actually implemented in the field. The idea for this newsletter has emerged as a result of recent changes in the Relocation Program and the impact of recent law modifications within Senate Bill 7. Many of the procedures followed in relocation assistance since its inception in 1971 have been modified over the years. It is the objective of this newsletter and consequent communication to ensure that we all follow the same approaches and procedures throughout the State of Ohio. Your input is important and will promote efficiency echoing the message of the Uniform Act and the basis for this program. So please join us with excitement and dedication to make this communication effort live up to its potential in terms of benefit to all that provide the service of Relocation Assistance.

## Forms

In April 2007 we released the new Policy and Procedure manual along with the new Relocation Forms. In a few short months, the forms will have been active for a year! Along with other exciting changes that happened in 2007, the Real Estate Office began designing a new system called Real Estate Management System (REMS). This system will eventually take the place of what we know now as PARADOX. The new forms will eventually be produced from within REMS. For several months we were unable to make necessary changes to the forms due to the deployment of the new system; however, we are currently working on a revised version of the new forms to remedy many of the glitches that have been found since their release. Our goal is to have those revised forms on the web by the end of January, check the web for the new revised forms the first of February.

Anytime you experience a glitch or hurdle, please do not hesitate to contact Jack Hughes. Jack contributed to the creation of the forms and maintains any revisions and/or modifications. Jack can be reached at: [Jack.Hughes@dot.state.oh.us](mailto:Jack.Hughes@dot.state.oh.us) or 614-466-7877. The best method is to email Jack the file you are experiencing trouble with and explain within the email, the problem. This way the form can be modified without the user having to retype information that would be lost in using a new form.

*"Even if you are on the right track, you will get run over if you just sit there."*

*~Roy Rodgers*

## Landlords

When the new manual was published on April 1, 2007, Section 6508 stated that Landlords are eligible for re-establishment expenses. This was the first time that landlords specifically have been addressed in an ODOT manual in regards to re-establishment benefits. We have received many e-mails and phone calls asking for further clarification and more specific information. As with most situations in Relocation, each parcel needs to be analyzed based on the circumstances before guidance can be given. But, hopefully, this article can clear up some of the confusion.

First, it is a misconception that this change applies only to re-establishment benefits. Landlords are considered small businesses and therefore, are eligible for all relocation benefits--except the Fixed Payment in Lieu, which 49 CFR 24.305(a) (4) excludes eligibility for landlords. We believe it was this exclusion for fixed payment that led to the confusion of landlord eligibility as a displaced business. FHWA provided written guidance which was issued on June 7, 1994, and which is still posted on FHWA's web site. This guidance clearly states that landlords are to be considered small businesses; thus a displaced landlord is eligible for all non-residential benefits including advisory services, referrals, search, moving of personal property, and re-establishment.

Other questions have been brought forth as well:

Q: "What if a landlord owns more than one rental property on the project--are they considered one or two displaced businesses?"

A: We suggest you refer to the policy and procedure manual, Section 6509.03, *Determining the number of Businesses*. In most cases, only one person owns and manages the buildings; the funds are commingled and the same business functions are carried out, so the case is made for only one business.

Q: "What if a parent is renting to one of their children?"

A: Determine if the parent is in the business of renting property. If not for the child would they be holding this property out to the public for rent? If they would not, then this would not be considered a displaced business. However, you will have to make a determination on each parcel based on the situation.

Q: What if the unit is vacant at the initiation of negotiations? Is this landlord a displaced business?

A: Once again we would have to analyze the specific situation. Ask the landlord when the previous tenant moved out. Inquire if this unit currently is being advertised for rent. If the unit has been vacant a long time and currently is not being advertised for rent, we would probably conclude that this is not a displaced business.

In conclusion, in most situations landlords will be displaced businesses eligible for all relocation benefits except for the fixed payment in lieu. If a landlord owns more than one rental unit, he most likely be considered only one business. Remember--all relocation benefits, including re-establishment, must be actual costs and pass the test of reasonable and necessary.

*"The bad news is time flies, the good news is you're the pilot"*

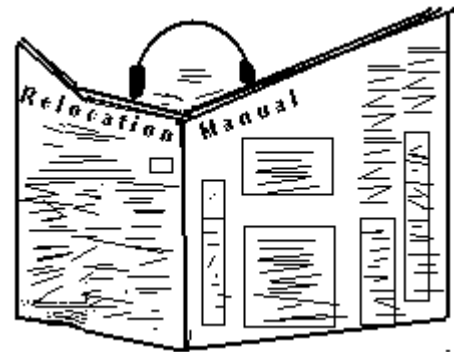
*~Michael Althsuler*

## Appeals

The number of Relocation appeals dramatically increased during 2007. Many factors contributed to this increase. It should always be remembered that an appeal, while the right of the displaced person, is to be utilized as a final option. Advisory services are the fundamental basis and core of relocation assistance. As such every creative, but policy-adhering, effort should be made to avoid the final option of an appeal. In several of the appeals that have been investigated, there was a strong sense that people were left with the feeling that they could appeal if they didn't like the offer or guidance. In many of the parcels reviewed by Central Office, the appeal could have been easily avoided. From a practical perspective, much administrative and consultant driven work could have been avoided. Most importantly, while the appeal is in process, families continue to wait and continue to be inconvenienced. Please take the time to consider all options and listen to what is causing the difference between a successful relocation parcel and an appeal. Advisory services are the most vital aspect of relocation assistance and when not adequately provided, appeals are a likely result.

## Ask Andy?

This will be a recurring section of Relocation Exchange that will allow you, the reader, to ask questions that will be answered by Andy Teater himself! This will be your chance to "ask Andy" any question which has you puzzled. Your question may be about a specific parcel on which you are currently working or it may be about certain policies and why they were implemented. Whatever your questions, Andy will do his best to post an answer for all to read. E-mail your questions to Jack Hughes ([Jack.Hughes@dot.state.oh.us](mailto:Jack.Hughes@dot.state.oh.us)) with "Ask Andy" in the subject line.



## Receiving This Communication in Error?

The e-mail recipient list that was constructed may or may not be accurate. The list was formulated from the current ODOT employee list within Real Estate Services and from the list of individuals pre-approved to provide relocation services through the Consultant Services department. If you have received this newsletter in error and are not interested in receiving it again, please email Jack Hughes at [Jack.Hughes@dot.state.oh.us](mailto:Jack.Hughes@dot.state.oh.us). In addition, if you are receiving this communication and would like to include another agent or reviewer that was not included on the original e-mail list, please contact Jack.

## Resources

This Newsletter is one resource but certainly not the only. Continue to use other resources such as the Relocation Assistance Manual and Internet sites like that of FHWA's. The FHWA website has links to various avenues of information relative to the Relocation profession. It's imperative that you and your colleagues keep abreast of the vastly unique service of Relocation.

## Training in 2008

The training schedule for Relocation Assistance in 2008 has been set. The following list provides the title, date, and location of Relocation Classes offered in 2008. Please contact Debbie Jones at ODOT to schedule your class!

### **Relocation 101 (Fast Start):**

August 13-14: Location – Don Scott Field

### **Relocation 201 (Residential):**

April 29-30: Location – Central Office room GA

### **Relocation 202 (Business):**

September 30 – October 1: Location – Central Office room GA

### **Relocation 311 (Advanced Residential):**

July 24: Location – District 4

## Not the End...Just the Beginning

Let's take this opportunity collectively to realize the true potential of the Relocation Assistance program within the State of Ohio. The title of this newsletter includes the word "Exchange" because your feedback and suggestions on how we can make this as useful as it can be not only are encouraged but also are necessary to our success. We look forward to a new future of Relocation filled with communication and consistency!

*This provided to you by:*

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# Buckeye Relocation Exchange

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## Cultural Differences

What if it were “culturally” part of a displaced person’s lifestyle to live in a situation that is not decent, safe and sanitary (DS&S)? Such could be the case if we displaced an Amish family. The Amish typically use horses and carriages for transportation and reside in dwellings without phones or electricity. In fact there are many Amish families in Ohio, especially in Holmes County. Since one of the requirements for DS&S is that a dwelling “contains a safe electrical system adequate for lighting and other electrical devices” (49CFR 24.2 (8)(ii)) an Amish family would culturally resist relocating into a dwelling that would be able to pass a DS&S inspection.



*“One important key to success is self-confidence. An important key to self-confidence is preparation.”*

~Arthur Ashe

Would you use a comparable for this family that **did not** have electricity? Would the family **not** receive a replacement housing payment unless they moved to a dwelling that did have electricity?

The Answer is found in the Federal Aid Policy Guide published February 23, 2007. The Guide states that “*even if it is ‘culturally’ part of the lifestyle for a displaced person to live in a non-DS&S dwelling, it is not acceptable to base the replacement housing payment on the same non-DS&S conditions in a comparable property. A comparable property must meet the appropriate local housing codes. If a displaced person insists on non-DS&S replacement housing, the displacing agency may request a waiver of the DS&S requirements from FHWA.*”

Therefore, if we displaced an Amish family, we would still offer them, and base their replacement housing offer, on a DS&S comparable dwelling. If they insisted on relocating to a non-DS&S replacement site, we would request a waiver from FHWA in order to provide them with a replacement housing payment.

Thanks to Relocation whiz kid Kristen Gramley of the NE Region for the help on this article. Good luck with the Amish family Kristen!

## Forms!

The forms are living and breathing. Many changes have been made since their creation, and as we strive to improve, many more changes are yet to be made. It has been nearly a year since the forms were introduced to the system. As use of the new forms increases, numerous glitches or areas in need of improvement have been sighted and remedied. As of this week, the revised forms have been posted to the web site. Although the goal and idea behind the forms remain the same, there are some changes to take note of:

1. One of the biggest changes made to the forms was the removal of the photo books from within the workbooks. This will reduce the file size of the workbooks which should improve the e-mailing aspect.
2. Some forms have been isolated as well. The RE-620, which is the new home construction form, is now outside the workbook. The thought behind this is that since the form is rarely used it should not be included in every packet.

*"Many of us are more capable than some of us...but none of us is as capable as all of us."*

~Tom Wilson

*"If you cannot find happiness along the road, you will not find it at the end of the road."*

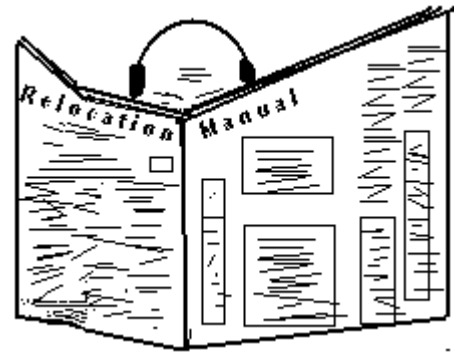
~Unknown

3. Other forms have been duplicated. Sometimes multiple claim forms are needed to accommodate a name different than the name of the person being displaced.
4. A single RE-611-2 (Incidental Expense) form for multiple or different timed claims has now been published.

Please continue to e-mail your questions and suggestions to Jack. The new forms are a tremendous improvement over the old forms, but there are still some minor bugs to get worked out. We welcome comments from the field to help us improve. The newest version of the forms was posted to the web March 14, 2008.

## Ask Andy?

This is a recurring section of Buckeye Relocation Exchange that allows you, the readers, to ask questions that will be answered by Andy Teater himself. Whatever your question, Andy will do his best to post an answer for all to read. E-mail your questions to Jack at [Jack.Hughes@dot.state.oh.us](mailto:Jack.Hughes@dot.state.oh.us).



Dear Andy,

My question deals with landlords. The road widening project will involve the demolition of a single family home that is currently being rented. The owner will have just under an acre and a half of land remaining once the road widening project is completed. If the owner develops the remaining land would he be able to claim his re-establishment benefits based on the cost incurred in developing the site?

Gerald Furlow  
Relocation Specialist  
City of Columbus

Dear Gerald,

As discussed in the last issue of Buckeye Relocation Exchange, in most situations a landlord will be treated as a displaced business and is eligible to be reimbursed for re-establishment expenses up to \$10,000. The tricky part of your question is "would he be able to claim his re-establishment benefits based on the cost incurred in developing the site?" There are a couple of absolute "no's". The purchase of capital assets is not an eligible re-establishment expense (Relocation Manual 6508.02). Therefore, if the landlord constructed a new building, the cost of construction would be ineligible because the building is a capital asset. Furthermore, because the building is real property, we cannot reimburse the cost to move the existing building from the take area to the residue (6504(A)).

However, if the landlord builds new or moves the existing building, he could still receive reimbursement for any re-establishment expenses listed in 6508.01. This could include painting or replacing carpet which is worn, or repairs and improvements as required by State or local codes or ordinances.

It is always a best practice for the displaced person to contact their relocation agent prior to committing to any expenditure for which they may be reimbursed. It is much easier to discuss things up front than to argue about them after the displaced

person has spent the money. Constant and effective communication between agent and displacee helps avoid these pitfalls. For more information on how re-establishment relates to new buildings or when a business relocates to a "shell building" check FHWA's name's web site at <http://www.fhwa.dot.gov/realestate/ua/uafags.htm> and open the Frequently Asked Questions and read numbers 76 and 77.

Gerald thanks for the questions and keep things running smooth in C-bus.

Andy T.

## Limits on Reimbursement of Incidental Expenses

49 CFR 24.401(e) requires that the agency reimburse "those necessary and reasonable costs actually incurred by the displaced person incident to the purchase of a replacement dwelling, and customarily paid by the buyer." The important parts of the above regulation are "necessary and reasonable" and "customarily paid by the buyer." On the surface the regulation sounds easy enough, but there are certain eligible costs where payment is limited. Although all closing costs on the HUD 1 settlement statement must be carefully considered for eligibility, those costs that are based upon a percentage of the purchase price and those that are based upon a percentage of the replacement site's mortgage amount require a closer look.

An eligible closing cost, which is based on a percentage of the **purchase price** of the replacement dwelling, is limited to the same percentage of the list price of the prime comparable dwelling. These closing costs are commonly title insurance and abstract of title.

An eligible closing cost, which is based on a percentage of the new **mortgage amount**, is limited to the same percentage of the balance of the old mortgage amount at the displacement site at the time the agency closed on the displacement site. Such costs are commonly loan origination fees, eligible loan discount points, and some forms of title insurance. Of course if there is not a mortgage on the displacement site, the displaced person is not eligible to be reimbursed for any mortgage related costs at the displacement site.

For example, let's say the new mortgage is \$100,000 and the displaced person is charged a \$1,000 loan origination which is 1% of \$100,000. If the remaining balance of the old mortgage is \$42,000, the reimbursement would be limited to 1% of \$42,000 or \$420.

Reimbursements of Incidental costs require careful review of the HUD 1 statement. For more information please consult section 6601.05 in the Relocation Manual or contact the folks in Central Office.

## ***Buckeye Relocation Exchange Now Available on the Internet!***

You can view the current and former issues of the Buckeye Relocation Exchange on ODOT's Real Estate's web site. Along the left hand column, there is a link to the newsletter. This issue is the second of many to come; however, should you miss one along the way the internet is an easy way to either refer to or review former issues.

*This provided to you By:*

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# Buckeye Relocation Exchange

MAY 2008

VOLUME 1, NUMBER 3

"The time is always right to do what is right."

- Martin Luther King, Jr.

"To live a creative life, we must lose our fear of being wrong."

- Joseph Chilton Pearce

## What is LEP?

LEP is an acronym for *Limited English Proficiency*. LEP refers to individuals who do not speak English as a primary language and have limited ability to read, write, or understand English. You may be asking yourself why knowing about LEP is important to those of us who provide Relocation Assistance.

On August 11, 2000, President Clinton (Bill), signed Executive Order 13166 which directed Federal Agencies to ensure that people who are LEP have meaningful access to services provided by the government. This order granted the LEP community the same non-discrimination protection provided under Title VI of the Civil Rights Act of 1964. Therefore, failure to provide an LEP person services, or meaningful access to services, constitutes national origin discrimination and would jeopardize federal participation in a project.

When most of us hear the term LEP, we think of the Spanish speaking community. While Spanish is the largest group, the Ohio Department of Education reports that there are 110 different languages represented in Ohio's public school population. After the Spanish speaking community, the largest LEP language groups include Somali, Arabic, Pennsylvania Dutch (a dialect of German spoken by the Amish community), Japanese, Vietnamese, Russian, Korean and Cantonese.

If you have an acquisition or relocation parcel which involves a person who you think may qualify as LEP, immediately contact Relocation Manager, Andy Teater. Andy is responsible for all Title VI issues in the Office of Real Estate, and he will help you find a qualified interpreter service to assist you with the parcel. It is essential that all rights and benefits provided by Federal and State Regulations are clearly explained and understood by everyone impacted by highway improvement projects. We must provide all of our services in a language that the person who receives them can fully comprehend.

## Increased Interest

As a required part of the Replacement Housing Payments, the Increased Mortgage Interest Payment must be addressed on all owner occupied residential parcels. When interest rates were falling in the late 90's and early 2000's, very few Increased Mortgage Interest Payments were being provided.

Now that interest rates are on the rise, it is imperative that the file documents that increased interest eligibility has been addressed. In addition, 49 CFR 24.401(d) (5) requires that *"the displaced person shall be advised of the approximate amount of this payment..... as soon as the facts relative to the person's current mortgage are known"*. ODOT policy requires that Relocation Agents provide Increased Mortgage Interest cost estimates to displaced home owners as early as possible.



"If you cannot find happiness along the road, you will not find it at the end of the road."

- Unknown

At the pre-acquisition survey, the information needed for this cost estimate should be obtained or, at the very least, requested. Instructions outlining the information needed for the estimate and how to apply that information is located in the ODOT Relocation Assistance Manual in Section 6601.04 (C) 1-4.

Normally, people do not have the required documentation on hand at the time of the pre-acquisition survey. Since some displaced home owners may be reluctant to provide this information during the first meeting, it is a good practice to bring a self-addressed, stamped envelope to the meeting and ask them to mail you the appropriate documentation. Once the documentation is received, calculate the estimate and provide a copy of the estimate to the home owner for their information. Explain to them that this information can be used as a planning tool. Emphasize that this is only an estimate, however, and the final payment may be vastly different from the estimate.

Finally, adequately document the file with the estimate calculation. This is one area that has been overlooked due to the climate of the past market's low interest rates. Now that interest rates are on the rise, we need to make sure we are addressing and documenting Increased Mortgage Interest eligibility in every file. The file must document eligibility for an Increased Mortgage Interest Payment even if the displaced person is not eligible to receive a payment.

## Importance of Three Comparables

More and more often Price Differential Maximums are being submitted based on fewer than three comparable properties. With this in mind, perhaps it is worth reflecting on why basing a determination on three comparable properties is important.

First, it is a requirement of 49 CFR 24.403 which states: *"If available, at least three comparable replacement dwellings shall be examined and the payment computed on the basis of the dwelling most nearly representative of, and equal to, or better than the displacement dwelling."*

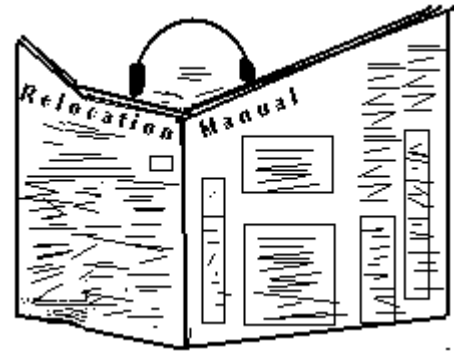
Second, there is power in numbers. When three similar comparable properties are utilized in a determination, it builds confidence with both the reviewer and the displaced person in the thoroughness of your search. Three comparables in the same price range help to support the validity of the amount of the additive. Having three comparables can also be beneficial when the prime comparable is no longer available at the time the offer is to be made. Having back-up comparable properties helps avoid the unfortunate circumstance of having to re-comp the parcel and thereby prolonging the waiting period of the people being displaced.

By no means does this suggest that using fewer than three comparable properties, when properly justified, is not acceptable. If, for an unavoidable reason, fewer than three comparable properties are used as the basis of a determination, the support needs to be abundant as to the unavoidable reason. Otherwise, three comparable properties should be present.

## Ask Andy?

Dear Andy,

I have a displaced homeowner occupant that is interested in *renting* a replacement property rather than *purchasing* a replacement site. I have completed the maximum price differential determination and presented the offer. First, can this person do this? Second, how do I convert the payment into a Rent Supplement Entitlement? Last, are there any issues I should be aware of in helping this effort?



Sincerely,

Relocation Agent (name withheld by request)

Dear Relocation Agent,

Yes, the owner occupant does have the right to rent a replacement site rather than purchase one. The payment is not converted; rather, it is recalculated based on different factors. First, an Economic Rent or Market Rent will need to be established on the subject parcel. Once the Economic or Market Rent is established, a rental assistance entitlement is established based on a comparable property currently for rent. The rental assistance entitlement cannot exceed the amount that has already been established as the maximum price differential. As usual in Relocation Assistance, many pitfalls exist. This situation proves to be no different. When a homeowner occupant elects to rent a replacement site, **the 30% of income rule does not apply**. As a 180 day or more homeowner occupant, the displaced person is never entitled to the use of 30% of income as a basis for the rental assistance entitlement. You can read more on this policy in Section 6601.06 of the ODOT Relocation Manual.

Great question and good luck!

Sincerely,

Andy Teater

## Past Issues of Buckeye Relocation Exchange

All past issues of the Buckeye Relocation Exchange are available on the ODOT Real Estate website. On the first page of the website, in the left hand column, there is a link to the relocation newsletter. Select this link to view all the past issues of the Buckeye Relocation Exchange.

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