



## HUD

Office of Community Planning and Development  
Los Angeles Field Office

## Information Bulletin

Issue No. CPD-2010-08  
September 30, 2010

**MEMORANDUM FOR:** Community Development Block Grant (CDBG) Grantees, HOME Participating Jurisdictions (PJ),

**FROM:** Robert G. Ilumin, Deputy Director, Office of Community Planning and Development

**SUBJECT:** Comparability of Units under the Uniform Relocation and Real Property Acquisition Policies Act (URA) and Section 104(d) of the Housing and Community Development Act of 1974

**Number of Comparables to Be Provided-** The regulations at 49 CFR 24.403(a)(1) state that “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”. We have noticed in our recent monitoring that several grantees and/or relocation consultants are providing the addresses of multiple “comparables” to displaced tenants especially in areas where many comparables exist. Although providing multiple addresses can improve the ability of displaced persons to find a new home, there are pitfalls to avoid. Please review the following:

- 1. Include three comparables and the one most comparable unit in the Notice of Eligibility (NOE) as they are on the HUD sample notice. Make sure the NOE with the comparables is properly delivered. Designate any additional addresses on separate pages as referrals rather than comparable housing. Do not label any units comparable unless they actually meet the definition of comparable in the URA (49 CFR 24.2 (a) (6) i.e., decent safe and sanitary, functionally equivalent, location not less desirable, currently available, within the financial means of the displaced person.*
- 2. Document and include in the file the address of the three comparable units and the one address of the unit that is the “most nearly representative” to the displacement and was used to compute the Replacement Housing Payment. We recommend using Appendix 12 in HUD Handbook 1378 to document comparability.*
- 3. Be aware that for some displaced persons providing multiple comparables may confuse more than help them.*

**Timing of Comparables-** If a project is delayed and the Notice of Eligibility (NOE) is more than six months old, the grantee should review the Notice of Eligibility to determine if the comparable units are still available at the same price. If not, the grantee should issue a new NOE with new comparables and re-compute the Replacement Housing Payment. (See 49 CFR 24.2(a)(6)(vii) and Appendix A 49 CFR 24.2(a)(6)(vii)).

**Use of Rent Schedules**-During recent HUD monitoring we found that some grantees and/or relocation consultants are using rent schedules to compute an average rent instead of using the amount of the most comparable unit to compute the Replacement Housing Payment.. To some grantees/consultants averaging rents seems to be an equitable way of determining the amount to be used for comparable rent in replacement housing payment computations for housing with the same characteristics. HUD Headquarters has specifically advised us that this methodology does not meet the URA requirement to establish one unit as being the most comparable for each displaced tenant. **Therefore we must advise our grantees not to use rent schedules. The use of rent schedules will be cited as a monitoring finding and the amount computed as the replacement housing payment may be challenged and additional funds required to be paid.** See HUD Handbook Section 3-3(A) for HUD’s policy on comparable housing.

**Comparable Housing and Replacement Housing Payments(RHP) for Subsidized Housing-** For information on comparable housing for persons being displaced who are living in public housing or receive Section 8 assistance follow 49 CFR 24.2(a)(6)(ix)) and Section 1-4(F) of HUD Handbook 1378. For rental housing payments see Section 3-3 (B) (3) of the same handbook.

**Use of Subsidized Units as Comparable Housing** - Grantees or consultants may not use subsidized housing as a comparable for displaced persons unless they currently receive subsidized housing. Appendix A of 49 CFR 24.2(a) (6)(vii) requires that a comparable for a person not occupying a subsidized unit be “currently available on the private market without any subsidy under a government housing”. In some cases subsidized housing serves a target group like seniors, the disabled, or the homeless and to qualify for that housing a person must be a member of that target group. On no account may a displaced tenant be referred to housing for the homeless as the displaced person is currently housed and does not qualify as homeless.

**Use of Sponsor Units as Comparable Housing-** A non-profit housing developer, sub-recipient, Community Housing Development Organization (CHDO), or sponsor may own or manage other housing units which can be used as referrals; however, these units may not be used as comparables to compute the amount of the Replacement Housing Payment nor may a displaced tenant be forced to accept these units as replacement housing. (See 49 CFR 24.404(b)).

**Section 104(d) Comparability-** Under Section 104(d) a comparable unit is defined as a “dwelling unit that: (1) Meets the criteria of 49 CFR 24.2(d) (1) through (6); and (2) Is available at a monthly cost for rent plus estimated average monthly utility costs that does not exceed the “Total Tenant Payment” determined under § 813.107 of this title, after taking into account any rental assistance the household would receive”.

**Use of Section 8 Voucher in Lieu of Replacement Housing Payment (RHP)** - A displacing agency who offers a Section 8 voucher instead of a RHP to a person eligible for Section 104(d) relocation assistance must provide referrals to comparable replacement dwellings where the owner is willing to accept Section 8 vouchers. See HUD Handbook 1378 Section 7-16(e) (1).

If you have questions about this information bulletin, or need other assistance with URA or Section 104(d) compliance, please contact Jana Bickel, HUD Los Angeles Field Office Relocation Specialist at (213)-534-2581 or [Jana.Bickel@hud.gov](mailto:Jana.Bickel@hud.gov) or visit the HUD website: <http://www.hud.gov/offices/cpd/affordablehousing/training/web/relocation/section104d.cfm>