



# HUD

Office of Community Planning and Development  
Los Angeles Field Office

## Information Bulletin

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

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

**SUBJECT: Projects That Do Not Involve Displacing Tenants**

### Introduction

For projects that do not involve displacing tenants, HUD staff noted during this year's monitoring that Grantees and P'J's are not providing required notices to occupants not being displaced or they are providing notices after tenants have moved from the project. If tenants move prior to being issued a Non Displacement Notice, the Grantee or PJ becomes liable for paying URA relocation assistance even though there was no intention to displace them. When a Grantee or PJ acquires or rehabilitates a building occupied by low income tenants some of them are eligible to stay and displacement is only temporary. Since permanent relocation appears unlikely some Grantees and PJ's overlook the URA requirements or assign the responsibility to inexperienced third parties and end up with HUD monitoring findings that are time consuming and expensive to resolve.

During the funding process Grantee and PJ staff must assess the project's relocation liability, permanent or temporary, by obtaining a list of all occupants and determining the likelihood of displacement. If displacement will occur the Grantee or PJ must determine what notices are required and when they will be issued. If a relocation consultant is not under contract when notices are due, grantee staff should issue notices; otherwise notices will be late and additional relocation liability may be incurred.

### **A. Voluntary Acquisitions for Entities without the Power of Eminent Domain (Sponsors, Sub-recipients, Community Housing and Development Organizations (CHDOs, etc.)**

#### **1. Application Process**

##### **a. Issuance of General Information Notice (GIN)**

- 1) When a Grantee or PJ applies for HUD funding for a project that involves acquisition, demolition or rehabilitation of property that is occupied, a General Information Notice must be provided to all occupants as soon as "feasible". If a formal application is not made, a pro-forma submission or other funding request substitutes as the "application".

- 2) HUD Handbook 1378 Section 2-3 states that a tenant who moves permanently from a project after the application is submitted will be presumed to qualify as a displaced person; **therefore all occupants must be provided with a GIN.** This requirement applies to persons the applicant expects to displace permanently, persons that will be temporarily displaced and persons who will not be displaced at all.
- 3) Purpose of GIN-The GIN notifies occupants that an application (or other request) for HUD funds has been filed with the Grantee/PJ for a specific project and 1) if the project is funded they may be displaced, and 2) if displaced they are protected by the URA (i.e., they will receive advisory services and payments for moving and replacement housing, have ninety days to find a comparable replacement unit and have the right to appeal, etc).
- 4) Timing of the GIN- 49 CFR 24.203(a) requires that the GIN be issued “as soon as feasible” to persons who are scheduled to be displaced, or as noted above for HUD programs, all occupants. For most programs HUD deems the application as date a GIN should be issued. If a GIN cannot be issued during the application process, we recommend that grantees: a) make a written determination as to why a specified date is more “feasible” for issuing the GIN, b) issue the GIN on the date specified as more feasible and c) place the determination in the file.
- 5) Wording of the GIN-HUD Handbook 1378 contains two sample GIN’s, Appendix 3 for occupants who will be displaced and Appendix 2, for occupants who will not be displaced. We suggest that Grantees/PJ’s use Appendix 3 for most projects and only use Appendix 2 in circumstances (like owner-rehabilitation) where it is reasonably certain most occupants will not be permanently displaced (i.e., they are known to meet HUD eligibility criteria). Both versions of the GIN instruct tenants to continue to pay their rent and not to move as moving from the project will make them ineligible for URA relocation assistance.
- 6) Limiting Relocation Liability- A person who occupies a HUD project site at the time of the application that receives a timely, properly worded GIN and moves prior to the project being funded is not eligible for URA relocation assistance. Once the application process is completed, a GIN no longer limits relocation liability and should not be issued. At this stage the project is either funded, in which case it moves to the pre-approval or approval phase where a new set of notices are due (see Item 2 below), or it is not funded in which case we recommend rescinding the GIN.

## **2. Project Approval and Implementation**

### **a. Notices of Non Displacement**

- 1) Once an agreement is signed between the HUD Grantee or PJ and the sub-recipient, sponsor or CHDO that obligates HUD funds for a project, the Initiations of Negotiations (ION) date is triggered and all occupants displaced from the property become eligible for URA relocation assistance. If a pre-development agreement is signed before any

properties have been purchased the ION date may be established based on a later date like site control or the close of escrow.

- 2) Upon execution of the project agreement all occupants must be notified that either: 1) they will be able to stay at the property, (Notice of Non-Displacement) or 2) they will be displaced (Notice of Eligibility). A General Information Notice should not be issued after the ION date.
  - 3) Before issuing a Notice of Non Displacement occupants must be interviewed to determine whether they meet income and other HUD program eligibility requirements (age, disability, homelessness, etc). Occupants who do not meet HUD eligibility requirements cannot occupy a HUD funded unit and must be displaced; therefore any Notice of Non Displacement issued before an assessment of HUD program eligibility is not valid.
  - 4) If a Notice of Non Displacement is not issued promptly after the ION and a tenant moves, HUD Handbook 1378 2-3 (D) states that “HUD’s view is that the person will usually qualify as a ‘displaced person’. Even if there was no intention to displace the person if he or she was not given timely information essential to making an informed judgment about a move it is assumed that the move was an involuntary move caused by the project.”  
**Any occupant who leaves without receiving a valid Non Displacement notice must be paid URA relocation assistance.**
  - 5) To issue Notices of Non Displacement promptly after the ION date means that occupants must be interviewed before contracts are signed at an earlier stage in project development like project approval. By this time a relocation plan should already be in process or completed. To ensure that no tenants move prematurely from the project, we recommend that Grantee and PJ’s establish a timeframe for issuing Non Displacement Notices in their relocation procedures.
- b. Temporary Relocation- If an occupant is asked to leave their unit for one or more nights, the temporary relocation process is triggered.
- 1) A temporary relocation plan should be developed that describes the details of the relocation including the number of households being moved, timing of the move, the displacement housing options and the reimbursement of out of pocket expenses.
  - 2) Occupants being temporarily displaced must be issued a notice about the displacement that provides the date of the displacement, the location of temporary housing and a description of out of pocket expenses that will be paid. Records should be kept for each occupant that shows the length of displacement, the temporary housing provided and documents what out of pocket expenses, (moving, food, utility connections, etc), were paid. In order for the displacement to be considered only temporary it can last no longer than 12 months and the household must be able to return to their own or similar unit under the same terms and conditions including amount of rent.

- 3) A tenant who is temporary displaced but: a) is not provided with a properly worded notice, (b) is not offered a lease to occupy the same or other suitable, decent, safe and sanitary unit under reasonable conditions upon return to the project (including amount of rent) or c) whose temporary relocation exceeds 12 months becomes eligible for permanent URA relocation assistance.
- 4) For more information on temporary relocation see 49 CFR 24.2(a)(9)(ii)(D), Appendix A, HUD Handbook 1378 Sections 1-4(II) and 2-7, CDBG regulations at 24 CFR 570.606 and HOME regulations at 24 CFR 92.353 .

## **B. Grantees and PJ Acquisitions**

1. Grantees/PJ's Not Using the Power of Eminent Domain- The information provided in this bulletin also applies to voluntary acquisitions undertaken by Grantees or PJ's except that the timeframe for issuing notices is different. Notices of Non Displacement should be issued promptly after the date the purchase agreement is signed by both parties or escrow closes.
2. Grantee/PJ's Using Power of Eminent Domain-For acquisitions where eminent domain is involved, (involuntary acquisitions), Non Displacement Notices should be issued to tenants at the same time as the Offer of Just Compensation is issued to the property owner.

## **C. Foreclosures/Short Sales**

The acquisition of properties in foreclosure or through short sales may not involve an actual "application" and the Grantee or PJ may not be able to obtain site control until escrow closes. In some cases, the agreements and escrow are finalized the same day and there may be no pre-approval period for issuing a GIN. In these scenarios the project is considered a HUD project after an agreement is signed and escrow closes. Issuing a GIN after the ION date is generally not appropriate; however, if it is issued, it will not be considered by HUD as limiting relocation liability. Instead, we recommend that tenants be interviewed and issued Notices of Non Displacement and Notices of Eligibility as soon as possible. Given the shortened timeframes it is important that tenants be fully informed as soon as possible about their URA protections.

If you have any questions about this information bulletin contact Jana Bickel, HUD Los Angeles Field Office Relocation Specialist at [Jana.Bickel@hud.gov](mailto:Jana.Bickel@hud.gov) or (213)-534-2581.