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State Highway Administration, Office of Real Estate

SUMMARY OF THE RELOCATION ASSISTANCE PROGRAM OF THE  
STATE HIGHWAY ADMINISTRATION OF MARYLAND

All State Highway Administration projects must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 USC 4601) as amended by Title IV of the Surface Transportation & Uniform Relocation Assistance Act of 1987 (P.L. 100-17), the Annotated Code of Maryland entitled "Real Property Article" Section 12-112 and Subtitle 2, Sections 12-201 to 12-212. The Maryland Department of Transportation, State Highway Administration, Office of Real Estate administers the Transportation Relocation Assistance Program in the State of Maryland.

The provisions of the Federal and State laws require the State Highway Administration to provide payments and services to persons displaced by a public project. The payments include replacement housing payments and moving costs. The maximum limits of the replacement housing payments are \$22,500 for owner-occupants and \$5,250 for tenant-occupants. Certain payments may also be made for increased mortgage interest costs and other incidental expenses. In order to receive these payments, the displaced person must occupy decent, safe and sanitary replacement housing. In addition to these payments, there are also moving expense payments to persons, businesses, farms and non-profit organizations. Actual but reasonable moving expenses for residences are reimbursed for a move of up to 50 miles or a schedule moving payment of up to \$1,300 may be used.

In the event comparable replacement housing is not available within the monetary limits for owners and tenants to rehouse persons displaced by public projects or available replacement housing is beyond their financial means, replacement "housing as a last resort" will be utilized to accomplish the rehousing. Detailed studies must be completed by the State Highway Administration before relocation "housing as a last resort" can be utilized.

The moving cost payments to businesses are broken down into several categories, which include actual moving expense payments, reestablishment expenses limited to \$10,000 or fixed payments "in lieu of" actual moving expenses of \$1,000 to \$20,000. Actual moving expenses may also include actual direct losses of tangible personal property and expenses for searching for a replacement site up to \$1,000.

The actual reasonable moving expenses may be paid for a move by a commercial mover or for a self-move. Payments for the actual reasonable expenses are limited to a 50-mile radius unless the State determines a longer distance is necessary. The expenses claimed for actual cost moves must be supported by firm bids and receipted bills. An inventory of the items to be moved must be prepared in all cases. In self-moves, the State will negotiate an amount for payment, usually lower than the lowest acceptable bid. The allowable expenses of a self-move may include amounts paid for equipment hired, the cost of using the business vehicles or equipment, wages paid to persons who participate in the move, the cost of actual supervision of the move, replacement insurance for the personal property moved, costs of licenses or permits required and other related expenses.

In addition to the actual moving expenses mentioned above, the displaced business is entitled to receive a payment for the actual direct losses of tangible personal property that the business is entitled to relocate but elects not to move. These payments may only be made after an effort by the owner to sell the personal property involved. The costs of the sale are also reimbursable moving expenses.

If the business elects not to move or to discontinue the use of an item, the payment shall consist of the lesser of: the fair market value of the item for continued use at the displacement site, less the proceeds from its sale; or the estimated cost of moving the item.

If an item of personal property which is used as part of a business or farm operation is not moved and is promptly replaced with a substitute item that performs a comparable function at the replacement site, payment shall be of the lesser of: the cost of the substitute item, including installation costs at the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or the estimated cost of moving and reinstalling the replaced item.

In addition to the moving payments described above, a business may be eligible for a payment up to \$10,000 for the actual reasonable and necessary expenses of reestablishing at the replacement site. Generally, reestablishment expenses include certain repairs and improvements to the replacement site, increased operating costs, exterior signing, advertising the replacement location and other fees paid to reestablish. Receipted bills and other evidence of these expenses are required for payment. The total maximum reestablishment payment eligibility is \$10,000.

In lieu of all moving payments described above, a business may elect to receive a fixed payment equal to the average annual net earnings of the business. This payment shall not be less than \$1,000 nor more than \$20,000. In order to be entitled to this payment, the State must determine that the business cannot be relocated without a substantial loss of its existing patronage; the business is not part of a commercial enterprise having more than three other establishments in the same or similar business that are not being acquired; and the business contributes materially to the income of a displaced owner during the two taxable years prior to the year of the displacement. A business operated at the displacement site solely for the purpose of renting to others is not eligible. Considerations in the State's determination of loss of existing patronage are the type of business conducted by the displaced business and the nature of the clientele. The relative importance of the present and proposed locations to the displaced business and the availability of suitable replacement sites are also factors.

In order to determine the amount of the "in lieu of" moving expenses payment, the average annual net earnings of the business is to be one-half of the net earnings, before taxes during the two taxable years immediately preceding the taxable year in which the business is relocated. If the two taxable years are not representative, the State may use another two-year period that would be more representative. Average annual net earnings include any compensation paid by the business to the owner, owner's spouse, or dependents during the period. Should a business be in operation less than two years, the owner of the business may still be eligible to receive the "in lieu of" payment. In all cases, the owner of the business must provide information to support its net earnings, such as income tax returns, or certified financial statements, for the tax years in question.

Displaced farms and non-profit organizations are also eligible for actual reasonable moving costs up to 50 miles, actual direct losses of tangible personal property, search costs up to \$1,000 and reestablishment expenses up to \$10,000 or a fixed payment "in lieu of" actual moving expenses of \$1,000 to \$20,000. The State may determine that a displaced farm may be paid a minimum of \$1,000 to a maximum of \$20,000, based upon the net income of the farm, provided that the farm has been relocated or the partial acquisition caused a substantial change in the nature of the farm. In some cases, payments "in lieu of" actual moving costs may be made to farm operations that are affected by a partial acquisition. A non-profit organization is eligible to receive a fixed payment or an "in lieu of" actual moving cost payment, in the amount of \$1,000 to \$20,000 based on gross annual revenues less administrative expenses.

A more detailed explanation of the benefits and payments available to displaced persons, businesses, farms and non-profit organizations is available in the "Relocation Assistance" brochure that will be distributed at the public hearing for this project and be given to displaced persons.

Federal and state laws require that the State Highway Administration shall not proceed with any phase of a project which will cause the relocation of any persons, or proceed with any construction project, until it has furnished satisfactory assurances that the above payments will be provided, and that all displaced persons will be satisfactorily relocated to comparable decent, safe and sanitary housing within their financial means, or that such housing is in place and has been made available to the displaced person.