



YOUR RIGHTS & BENEFITS

WHEN DISPLACED BY A TRANSPORTATION PROJECT



*Development Services Division
Real Estate Services Section*



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This booklet is intended to provide general information; it is not intended to set forth all of the details of the legal rights and obligations arising from the acquisition of property and the relocation process.

Accommodations under the Americans with Disabilities Act will be provided to affected property owners, tenants, or their representatives, if requested.

If the information in this booklet is needed in an alternative format, please contact the Michigan Department of Transportation, Development Services Division - Real Estate Services Section.

INTRODUCTION

If you are required to move as the result of a transportation project, you may be eligible for relocation services and payments provided by state and federal laws. This booklet explains the relocation program and what relocation services are available. It also includes information on relocation payments and eligibility requirements.

A representative from the Michigan Department of Transportation (MDOT) will contact you to answer any questions and provide additional information. You will be offered technical guidance throughout the relocation process and will be provided assistance in the preparation of forms.

RELOCATION ADVISORY SERVICES

A person, family, business, farm or nonprofit organization displaced by a transportation project will be offered assistance in locating a suitable replacement property. An MDOT representative will contact you to gather information and establish eligibility based on your specific circumstances. If you have a special situation, MDOT will make every effort to secure the cooperation of organizations providing those services.

RELOCATION PAYMENTS

Relocation assistance payments are exempt from federal and state income tax. They are not considered income for the purpose of determining the eligibility for assistance under the Social Security Act or other federal law, except for any federal law providing low-income housing assistance. Relocation assistance payments are generally exempt from claims by the Internal Revenue Service. You may choose to consult a certified public accountant or tax attorney for an opinion.

RESIDENTIAL RELOCATION TERMS

Relocation can be better understood if you become familiar with the terms “Comparable Replacement Dwelling” and “Decent, Safe and Sanitary.”

COMPARABLE REPLACEMENT DWELLING

Comparable replacement dwellings must be similar to your present dwelling and should be:

- Decent, safe and sanitary
- Functionally equivalent (i.e., performs the same function and provides the same utility)
- Large enough to accommodate the occupants
- In an area with favorable environmental conditions (i.e., clean air and water)
- Supplied with public utilities
- Reasonably accessible to your place of employment
- Available in the private market
- Within your financial means

DECENT, SAFE AND SANITARY

Decent, safe and sanitary dwellings must meet all of the following minimum requirements:

- Conform to state and local housing codes and ordinances
- Continuing and adequate supply of safe drinking water
- Kitchen with connections for a cooking stove and refrigerator, and a sink connected with hot and cold water and an adequate sewage system
- Heating system adequate to maintain a temperature of about 70 degrees Fahrenheit
- Well lighted and ventilated bathroom that contains a lavatory, bathtub or shower stall connected with hot and cold water and a flush toilet, all properly connected to a sewage disposal system
- Adequate electrical wiring system in each room
- Structurally sound, weather tight, in good repair and adequately maintained
- Two safe unobstructed means of exit leading to safe open space at ground level
- Large enough with respect to the number of rooms and area of living space needed to accommodate the person or family
- Free of any barriers which prevent reasonable use of the dwelling by a person who is handicapped

The most important thing to remember is that the replacement dwelling you select **MUST** meet the basic “Decent, Safe and Sanitary” standards. If not, this may jeopardize your replacement housing benefits. Any purchase agreement or lease should be written contingent on the dwelling passing a decent, safe and sanitary inspection.

CLAIM FILING

Homeowners

Homeowners must purchase and occupy a decent, safe and sanitary dwelling within a year from the latest of the following dates:

- Date that information on comparable homes for sale is provided to you
- Date you receive final payment for the state-acquired property
- Date the estimate of just compensation is deposited in court (for condemnation cases)

A homeowner has 18 months from the moving date or the date of final payment for the state-acquired dwelling to file relocation claims, whichever is later.

Tenants

Tenants must occupy a decent, safe and sanitary dwelling within one year of their date of move. After the moving date has been established, a tenant has 18 months to file relocation claims.

RESIDENTIAL HOUSING PAYMENTS

There are three types of housing payments:

- Housing supplement
- Rental supplement
- Purchase down payment

The type of housing payment you receive depends on whether you are a legal owner or tenant, and how long you have lived in your home.

OCCUPANCY REQUIREMENTS

Owners who reside in their home for 90 days or more may be eligible for:

- Housing supplement or Rental supplement
- Incidental closing costs
- Increased interest differential

Owners or tenants who reside in their home for 1 day or more may be eligible for:

- Rental supplement or Purchase down payment

HOUSING SUPPLEMENT

FOR OWNER-OCCUPANTS WHO HAVE LIVED IN THEIR HOMES FOR 90 DAYS OR MORE

How do you become eligible for a replacement housing supplement payment?

As a homeowner, you may be eligible to receive a replacement housing supplement payment from \$0 to \$31,000. The exact amount of the housing supplement payment will be determined by calculations based on the following:

- (1) Acquisition price of the acquired dwelling
- (2) Listing price of comparable dwellings
- (3) Sales price of the replacement dwelling

To receive a replacement housing supplement payment, you must:

- (1) Own and occupy your home for at least 90 days before MDOT's first written offer to buy the real estate
- (2) Sell your home to MDOT
- (3) Follow the claim-filing time limits and procedures

To claim the replacement housing supplement payment, a copy of the purchase agreement or land contract and a certification that the home passed a decent, safe and sanitary inspection are required.

If you are building a replacement house, a copy of the deed for the land, construction contract, occupancy permit, and copies of bills and paid receipts are required.

If you decide to move into rental housing instead of purchasing a replacement home, you may request a rental supplement determination.

COMPUTATION OF HOUSING SUPPLEMENT

EXAMPLE #1:

Assume the fair market value of your home is \$125,000. Per Public Act 367 of 2006, the acquisition price would be \$156,250 (\$125,000 x 125%). After a search of comparable houses in the market, MDOT determined that a decent, safe, and sanitary replacement home will cost you \$130,000. The housing supplement would be \$0.00.

Listing price of comparable house.....	\$130,000
Acquisition price of acquired house.....	<u>- 156,250</u>
Housing supplement	\$ -0-

EXAMPLE #2:

Assume the fair market value of your home is \$50,000. Per Public Act 367 of 2006, the acquisition price would be \$62,500 (\$50,000 x 125%). After a search of comparable houses on the market, MDOT determined that a decent, safe, and sanitary replacement home will cost you \$75,000. The housing supplement would be a maximum of \$12,500.

Listing price of comparable house.....	\$75,000
Acquisition price of acquired house.....	<u>- 62,500</u>
Housing supplement.....	\$12,500

RENTAL SUPPLEMENT

FOR OWNER-OCCUPANTS AND TENANTS WHO HAVE LIVED IN THEIR HOMES FOR 1 DAY OR MORE

If you wish to rent a replacement dwelling, you may be eligible to receive a rental supplement. To receive this payment you must:

- (1) Live in your home for at least one day before MDOT's first written offer to buy the real estate
- (2) Follow the claim-filing time limits and procedures

The rental supplement payment is to help you pay the increased rental costs, if any, which you incur in renting a comparable replacement dwelling that is decent, safe and sanitary. The amount of the rental supplement payment may range from \$0 to \$7,200.

To claim the rental supplement, a copy of the lease agreement, rental payment receipt, proof of income and a certification that the home passed a decent, safe and sanitary inspection are required.

Tenants may use the rental supplement as a purchase down payment if they desire to do so.

COMPUTATION OF RENTAL SUPPLEMENT

Suppose you have been paying \$600 per month, including utilities, for the dwelling you occupy. After a study of the rental market, MDOT determines that a comparable replacement dwelling will cost \$630, including utilities. The maximum rental payment you may receive in this case is \$30 per month for 42 months, or \$1,260.

Comparable replacement.....	\$630	
Current rent + utilities.....	<u>- 600</u>	
Maximum rental supplement.....	\$30	x 42 months = \$1,260

If you select a replacement dwelling which rents for more than the comparable replacement dwelling, you will be paid on the basis of comparable replacement cost.

EXAMPLE #1:

Replacement.....	\$650	
Comparable replacement.....	<u>- 630</u>	
Additional cost to you.....	\$20	per month

If you select a replacement dwelling which rents for less than the comparable replacement dwelling, the rental supplement is based on actual costs.

EXAMPLE #2:

Replacement.....	\$615	
Current rent + utilities.....	<u>- 600</u>	
Rental supplement.....	\$15	x 42 months = \$630

PURCHASE DOWN PAYMENT

FOR OWNER-OCCUPANTS AND TENANTS WHO HAVE LIVED IN THEIR HOMES FOR 1 DAY OR MORE

You may be eligible to receive up to \$7,200 toward a down payment on the purchase of a decent, safe and sanitary replacement dwelling. This payment is intended to help with the down payment required to purchase a home.

The purchase down payment is established by the amount of your determined rental supplement and may be applied to both a down payment and certain eligible closing costs. For example, \$6,000 may be used for the down payment, and \$1,200 may be applied toward some of your eligible closing costs for a total of \$7,200. The entire purchase down payment amount must be applied to the purchase of a decent, safe and sanitary replacement dwelling.

To claim the purchase down payment, a copy of the purchase agreement, land contract, mortgage or deed, and a certification that the home passed a decent, safe and sanitary inspection are required.

If you are building the replacement house, a copy of the deed for the land, construction contract, occupancy permit, and copies of the invoices and receipts are required.

INCIDENTAL EXPENSES

FOR OWNER-OCCUPANTS OF 90 DAYS OR MORE

This payment is designed to reimburse the owner-occupant of 90 days or more for the expense of securing a mortgage on a replacement dwelling. Eligible expenses include the reasonable cost of:

Administrative fee	Mobile home transfer and sale tax**
Application fee	Mortgage application fee
Appraisal fee	Mortgage insurance*
Assumption fee	Mortgage title insurance**
Closing Fee	Notary fees
Commencement notice	Permits/certifications
Credit report	Processing fees
Discount point(s)*	Recording fees
Document preparation fee	Survey
Escrow fee	Tax service fee
Inspections	Title insurance**
Legal fees	Transfer tax**
Loan origination fee*	Underwriting fee

To claim reimbursement for eligible incidental expenses or closing costs, copies of the closing statement, deed or land contract, and the inspector's certification of code compliance are required. If there is no existing mortgage, many of these costs are ineligible for payment. Prepaid taxes, prepaid insurance and prepaid interest are not eligible for reimbursement.

* Reimbursement for this expense is limited.

The limit is based on the balance of the owner-occupant's existing mortgage.

** Reimbursement for this expense is limited.

The limit is based on the amount of the highest comparable replacement dwelling.

INCREASED INTEREST DIFFERENTIAL

If you purchase a new home and are required to pay a higher interest rate than on your existing mortgage, you may be reimbursed for the extra cost. This payment is determined based on the balances of the existing and new mortgages, years remaining on the shorter mortgage term and the difference in interest rates.

RESIDENTIAL MOVING PAYMENTS

Move Options

All displaced residents are entitled to a payment to move themselves and/or their personal property from the acquired dwelling to a replacement dwelling. Displaced individuals and families may choose to move based on the following options:

- (1) Commercial Move
- (2) Self-move - Fixed-move Cost Schedule
- (3) Self-move - Actual Cost

Commercial Move

A commercial move is performed by a commercial mover and must be supported by an itemized invoice, detailed inventory sheet and receipts.

Self-move - Fixed-move Cost Schedule

A self-move - fixed-move cost schedule move is performed by the displaced individual and the payment is based on the number of rooms in your dwelling. This payment is intended to include all moving and related expenses and does not have to be supported by invoices and receipts.

Self-move - Actual Cost

A self-move - actual-cost move is performed by the displaced individual and must be supported by receipts for labor and equipment.

ELIGIBLE ACTUAL MOVING EXPENSES

Eligible moving and related expenses include, but are not limited to:

- Transportation costs to the new location (limited to a 50-mile distance)
- Packing/unpacking, crating/uncrating, loading/unloading of personal property
- Disconnecting, dismantling, removing, reassembling and reinstalling relocated household appliances and other personal property
- Storage of personal property (with preapproval by MDOT and limited to one year)
- Insurance costs while personal property is in storage
- Replacement value of property lost, stolen, or damaged in the process of moving, if insurance is not reasonably available
- Any license, permit, fees or certification required at the replacement dwelling
- Other related expenses

BUSINESS, FARM AND NONPROFIT RELOCATION

If MDOT buys the real estate and your business, farm or nonprofit organization is displaced, you may be eligible to receive business relocation payments for:

- Reestablishment
- Moving
- Fixed payment (in lieu of reestablishment and moving payments)

CLAIM FILING

All claims for relocation benefits shall be filed with MDOT within 18 months after:

- For business tenants - the date of displacement
- For business owners - the date of displacement or the date of final payment for the acquisition of the real property (whichever is later)

All claims for relocation benefits shall be supported by documentation such as invoices, receipts, certified documents, appraisals or other evidence of expenses.

To make a relocation claim, copies of paid invoices or receipts must be provided. Invoices and receipts relating directly to the move of personal property must include the following when applicable: an itemized inventory, number of cartons/containers of miscellaneous items, estimated weight and/or cubic content, type of equipment to be used, number of movers, number of hours and hourly rate for equipment and personnel, and all other charges used in arriving at a total cost.

MOVING FOR BUSINESSES, FARMS AND NONPROFITS

Move Options

All displaced businesses, farms, and nonprofits are entitled to a payment to move themselves and/or their personal property from the acquired business, farm or nonprofit. A displaced business, farm or nonprofit may choose to move based on the following options:

- (1) Commercial Move
- (2) Self-move - Actual Cost
- (3) Self-move - Estimated Cost

Commercial Move

A commercial move is performed by a commercial mover and is based on the lower of two bids or estimates prepared by a commercial mover.

Self-move - Actual Cost

A self-move - actual cost move is performed by the displaced business, farm or nonprofit and must be supported by receipts for labor and equipment. Hourly labor rates must not exceed the cost paid by a commercial mover to employees performing the same activity. Equipment rental fees must be based on the actual rental cost of the equipment and cannot exceed the cost paid by a commercial mover.

Self-move - Estimated Cost

A self-move - estimated cost move is performed by the displaced owner and is based on the lower of two bids or estimates prepared by a commercial mover.

ELIGIBLE ACTUAL MOVING EXPENSES:

- Transportation costs to the new location (limited to a 50-mile distance)
- Packing/unpacking, crating/uncrating, loading/unloading of personal property
- Disconnecting, dismantling, removing, reassembling and reinstalling machinery, equipment, substitute personal property, and connections to utilities available within the building
- Modifications to personal property, including those mandated by federal, state or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site or utilities at the replacement site
- Modifications necessary to adapt the utilities at the replacement site to the personal property
- Storage (preapproved by MDOT and up to 12 months)
- Insurance for personal property moved
- Replacement value of property lost, stolen or damaged through no fault of the displaced individual or owner when insurance is not available
- Any license, permit, fees or certification required at the replacement site (remaining life prorated)
- Professional services for planning the move, moving the personal property and installing the relocated personal property at the replacement site
- Re-lettering signs and replacement of stationery made obsolete by the move
- Actual loss of personal property resulting from the move or discontinuance of business. Payment is determined by the LESSER of either:
 - (a) Fair market value of item for continued use less any proceeds from sale
 - (b) Estimated cost to move
- Reasonable cost in attempting to sell an item not being relocated
- Purchase of substitute personal property. Payment is determined by the LESSER of either:
 - (a) Purchase price plus installation cost minus proceeds from sale of original item
 - (b) Estimated cost to move
- Search for replacement site (maximum reimbursement - \$2,500). Includes: transportation, meals, lodging, time/fees paid to a real estate agent to locate a replacement site
- Connection to available nearby utilities from the right of way to the improvements at the replacement site
- Professional services in connection with the purchase or lease of a replacement site, including, but not limited to, soil testing and feasibility and marketing studies
- Impact fees or “one-time” assessments at the replacement site

NOTIFICATIONS AND INSPECTIONS

A business, farm or nonprofit must provide MDOT an approximate date of the start of the move or disposition of personal property and an inventory of the items to be moved. They also must allow MDOT to make reasonable and timely inspections of personal property at both the displacement and replacement sites, and allow MDOT to monitor the move.

REESTABLISHMENT

This payment is designed to help small businesses (500 or less employees) and landlords reestablish at a different location. Expenses must be incurred in relocating and reestablishing at the replacement site. The total amount of expenses must not exceed \$25,000 and must be supported by itemized invoices and receipts.

Eligible expenses include:

- Repairs or improvements to the replacement real property as required by law, code or ordinance
- Modifications to the replacement property to accommodate the business or make the replacement structure suitable for conducting the business
- Construction and installation of exterior signs to advertise the business
- Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting
- Advertisement of replacement location
- Estimated increased costs of operation during the first two years at the replacement site (e.g., rent, utilities, taxes and insurance)

Ineligible expenses include:

- Purchase of capital assets, including, but not limited to, office furniture, filing cabinets, machinery and trade fixtures
- Purchase of manufacturing materials, production supplies, product inventory or other items used in the normal course of the business operation
- Interior or exterior refurbishment at the replacement site for aesthetic purposes
- Interest on money borrowed to make the move or purchase the replacement property
- Payment to a part-time business in the home that does not contribute materially* to the household income
- Cost of new construction

* “Contribute materially” is defined as having a two-year average annual gross receipt of at least \$5,000, average annual net earnings of at least \$1,000, or contributing at least 33 ⅓ percent of the owner’s annual gross household income from all sources.

FIXED PAYMENT

(IN LIEU OF MOVING AND RELATED EXPENSES)

A displaced business, farm or nonprofit organization may receive a fixed payment based on income in lieu of a payment for moving and reestablishment expenses if it:

- Owns or rents personal property displaced by the project and the business actually vacates or relocates from its site
- Cannot be relocated without a substantial loss of its existing patronage (clientele or net earnings)
- Is not part of a chain with more than three other entities which are:
 - (1) NOT being acquired, AND
 - (2) under same ownership, AND
 - (3) engaged in the same or similar business
- Is not in the business of renting sites or dwellings to others
- Contributed materially to income of the business owner the previous two years

The amount of the fixed payment is based on the average annual net earnings of the displaced business or farm. The payment amount for a nonprofit organization is based on an average of two years gross revenues less administrative expenses. The fixed payment may not be less than \$1,000 or more than \$40,000.

A displaced business or nonprofit organization must be able to show a bona fide operation to claim a payment based on income in lieu of moving and related expenses. If only a portion of a property is acquired by the state, a business or nonprofit organization will not be eligible for this payment if it is determined that continued operation is economically possible on the remaining property. In the case of a partial acquisition of land from a farm operation, a fixed payment will be made only if the acquisition results in the farmer being displaced from the operation on the remaining land, or if it substantially changes the nature of the farm operation.

Copies of income tax returns for two years and a statement indicating why the business, nonprofit or farm cannot be relocated without a substantial loss of clients and/or income should be submitted with the claim.

ALLOWED OCCUPANCY PERIOD

When the MDOT agent first visits, you will be given a written Relocation Eligibility Notice (MDOT Form 626) stating that you have at least 90 days from the date of the visit before you will be required to move. The Relocation Eligibility Notice is not a notice to vacate. The 90-day period allows you time to search for a replacement property. During or after the 90-day period, title to the property you occupy may be transferred to MDOT. When title to the property transfers, you will be given a “notice to vacate.” You will not be required to move prior to the date on the Relocation Eligibility Notice

If you are a tenant, you must continue to pay rent to the present owner until MDOT purchases the property. You will then receive a notice to vacate from MDOT that specifies the time limit of your occupancy, and you will not be required to pay rent during this period.

Depending on the situation, MDOT may allow a short-term continued occupancy. Continued occupancy after the time limit set forth in the “notice to vacate” will require a rental agreement with the department which specifies the rate of rent, the date payment begins and any other conditions agreed to by you and MDOT.

If you rent from MDOT, you must properly maintain the property and be responsible for utility payments.

INELIGIBLE MOVING EXPENSES

FOR RESIDENCES, BUSINESSES, NONPROFITS AND FARMS

- Cost of moving structures or improvements reserved by the owner
- Interest on a loan covering moving expenses
- Loss of goodwill
- Loss of profit
- Loss of trained employees
- Additional operating expenses in a new location (except those covered under reestablishment expenses)
- Personal injury
- Legal fees to prepare relocation claims or for representation before the department
- Expenses to search for a replacement dwelling (residential only)
- Physical changes to the business or farm location
(except those covered under moving and reestablishment expenses)
- Costs to store personal property on property already owned or leased by the property owner

EMINENT DOMAIN

If the department is unable to reach an agreement with you as an owner-occupant for the purchase of your property, you may nevertheless be entitled to moving costs and relocation benefits as set forth in this booklet. Moving costs may be claimed after the move.

YOUR RIGHT TO APPEAL

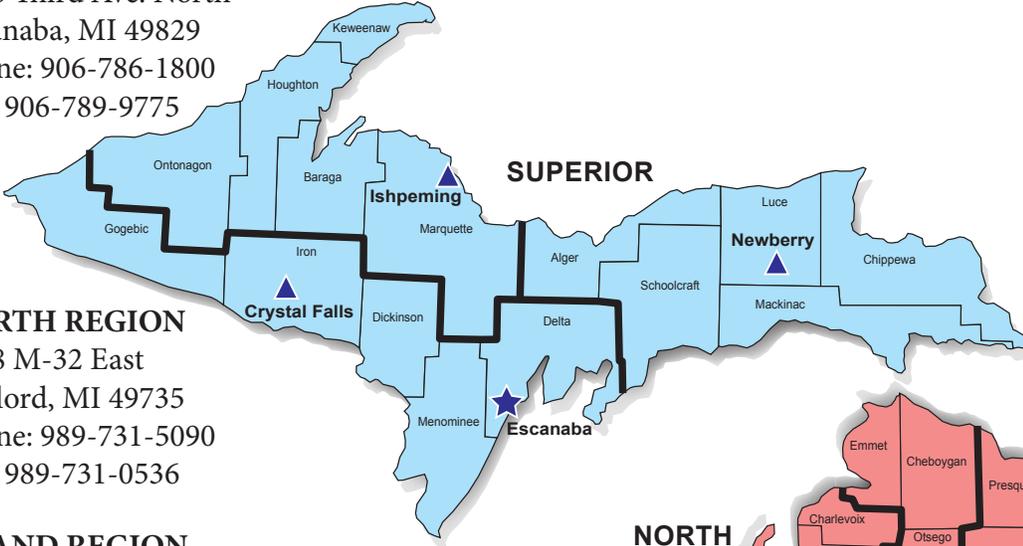
If you wish to contest the determination of eligibility for a relocation payment or the amount of payment, you may contact MDOT's Region Real Estate Agent, who will review the determination and render a decision. If you wish to contest the decision, MDOT will provide proper procedures for initiating a formal appeal. You will be given a prompt hearing and notice of decision. Appeal procedures and federal regulations governing the relocation assistance program may be reviewed at the MDOT Development Services Division - Real Estate Section office in Lansing, Mich.

MICHIGAN DEPARTMENT OF TRANSPORTATION OFFICES

REGION OFFICES

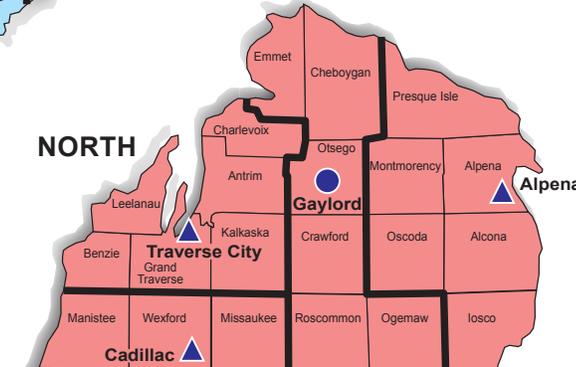
SUPERIOR REGION

1818 Third Ave. North
 Escanaba, MI 49829
 Phone: 906-786-1800
 Fax: 906-789-9775



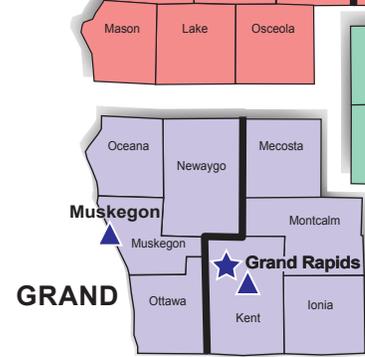
NORTH REGION

1088 M-32 East
 Gaylord, MI 49735
 Phone: 989-731-5090
 Fax: 989-731-0536



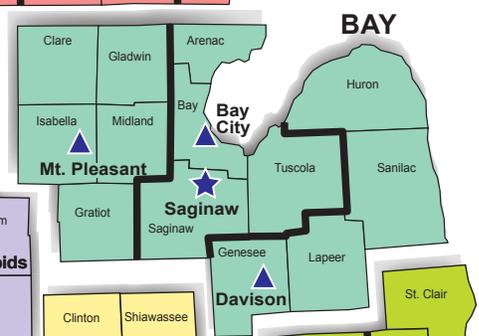
GRAND REGION

1420 Front Ave., N.W.
 Grand Rapids, MI 49504
 Phone: 616-451-3091
 Fax: 616-451-0707



BAY REGION

55 E. Morley Drive
 Saginaw, MI 48601
 Phone: 989-754-0878
 Fax: 989-754-8122



SOUTHWEST REGION

1501 East Kilgore Road
 Kalamazoo, MI 49001
 Phone: 269-337-3900
 Fax: 269-337-3916



UNIVERSITY REGION

4701 W. Michigan Ave.
 Jackson, MI 49201
 Phone: 517-750-0401
 Fax: 517-750-4397



METRO REGION

18101 W. Nine Mile Road
 Southfield, MI 48075
 Phone: 248-483-5100
 Fax: 248-569-3103



SUPERIOR		UNIVERSITY		TSC OFFICE	
NORTH		BAY		REGION/TSC OFFICE	
GRAND		METRO		REGION OFFICE	
SOUTHWEST				TSC BOUNDARY	

Information contained in this booklet may be obtained in an alternative format by contacting:
MDOT Development Services Division - Real Estate Services Section
P.O. Box 30050
Lansing, MI 48909
Telephone: 517-373-2200
TDD/TTY through the Michigan Relay Center: 800-649-3777



MDOT: Providing the highest quality integrated transportation services for economic benefit and improved quality of life.

