



RICHMOND REDEVELOPMENT AND HOUSING AUTHORITY

INFORMATIONAL STATEMENT

*WHEN A PUBLIC AGENCY
ACQUIRES YOUR PROPERTY*



Richmond Redevelopment and Housing Authority
901 Chamberlayne Parkway – Richmond, VA 23220 – (804) 780-4200 – (804)-225-0538 / TDD www.rrha.org
RRHA Department of Planning and Community Development

THIS IS IMPORTANT. READ IT. UNDERSTAND IT.
ASK QUESTIONS ABOUT IT.

This statement is being delivered to all owners whose property is scheduled to be acquired because of development of the *Project Area* Redevelopment and Conservation Program Area by the Richmond Redevelopment and Housing Authority (RRHA).

Introduction

This informational statement describes important features of the **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended** (URA) and provides general information about public acquisition of real property (real estate) that should be useful to you.

Most acquisitions of real property by a public agency for a federal project or a project in which public funds are used are covered by the URA. If you are notified that your property will be acquired for such a project, it is important that you learn your rights under this important law.

This booklet may not answer all of your questions. If you have more questions about the acquisition of your property, contact the agency responsible for the project. Ask you questions before you sell your property. Afterwards, it may be too late.

General Questions

What Right Has Any Public Agency To Acquire My Property?

The federal government, every state government, and some municipal governments have certain powers which are necessary for them to operate effectively. For example, they have the power to levy taxes and the power to maintain order. Another government power is the power to acquire private property for public purposes. This is known as the power of eminent domain.

The rights of each of us are protected, however, by the Fifth and Fourteenth Amendments of the U.S. constitution any by state constitutions and eminent domain laws which guarantee that if a public agency takes private property it must pay "just compensation" to the owner. The URA provides additional protections, as explained in this booklet.

Who Made The Decision To Buy My Property?

The decision to acquire property for a public project usually involves many persons and many determinations. The final determination to proceed with the project is made only after a thorough review which may include public hearings to obtain the views of interested citizens. If you have any questions about the project or the selection of your property for acquisition, you should ask a representative of the agency which is responsible for the project.

How Will The Agency Determine How Much To Offer Me For My Property?

Before making you an offer, the agency will obtain at least one appraisal of your property by a competent real property appraiser who is familiar with local property values. The appraiser will inspect your property and prepare a report that includes his or her professional opinion of its current fair market value. After the appraiser has completed his work, a review appraiser will examine the appraisal report to assure that the estimate is fair and the work conforms with professional appraisal standards.

The agency must offer you "just compensation" for your property. This amount cannot be less than the appraised fair market value of the property. "Just compensation" for your property does not take into account your relocation needs. If you are eligible for relocation assistance, it will be additional.

What Is Fair Market Value?

Fair market value is sometimes defined as that amount of money which would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy. In some areas a different term or definition may be used.

The fair market value of a property is generally considered to be "just compensation." Fair market value does not take into account intangible elements such as sentimental value, good will, business profits, or any special value that your property may have for you or for the agency.

How Does An Appraiser Determine The Fair Market Value Of My Property?

Each parcel of real property is different and, therefore, no single formula can be devised to appraise all properties. Among the factors an appraiser typically considers in estimating the value of real property are:

- How it compares with similar properties in the area that have been sold recently.
- How much rental income it could produce.
- How much it would cost to reproduce the buildings and other structures, less any depreciation

Will I Have A Chance To Talk To The Appraiser?

Yes. You will be contacted and given the opportunity to accompany the appraiser on his or her inspection of your property. You may then inform the appraiser of any special features which you believe may add to the value of your property. It is in your best interest to provide the appraiser with all the useful information you can in order to insure that nothing of allowable value will be overlooked. If you are unable to meet with the appraiser, you may wish to have a person who is familiar with your property represent you.

When Will I Receive A Written Purchase Offer?

Generally, this will depend on the amount of work required to appraise your property. In the case of a typical single-family house, it is usually possible to make a written purchase offer within 45 to 60 days of the date an appraiser is selected to appraise the property.

Promptly after the appraisal has been reviewed (and any necessary corrections obtained), the agency will determine just compensation and give you a written purchase offer in that amount along with a "summary statement," explaining the basis for the offer. No negotiations are to take place before you receive the written purchase offer and summary statement.

What Is In The Summary Statement Of The Basis For The Offer Of Just Compensation?

The summary statement of the basis for the offer of just compensation will include:

- An accurate description of the property and the interest in the property to be acquired.
- A statement of the amount offered as just compensation.
- A list of the buildings and other improvements covered by the offer. [If there is a separately held interest in the property not owned by you and not covered by the offer (e.g., a tenant-owned improvement), it will be so identified.]

Must I Accept The Agency's Offer?

No. You are entitled to present your evidence as to the amount you believe is the fair market value of your property and to make suggestions for changing the terms and conditions of the offer. The agency will consider your evidence and suggestions. When fully justified by the available evidence of value, the offer price will be increased.

May Someone Represent Me During Negotiations?

Yes. If you would like an attorney or anyone else to represent you during negotiations, please inform the agency. However, the URA does not require the agency to pay the costs of such representation.

If I Reach Agreement With The Agency, How Soon Will I Be Paid?

If you reach a satisfactory agreement to sell your property and your ownership (title to the property) is clear, payment will be made at a mutually acceptable time. Generally, this should be possible within 30 to 60 days after you sign a purchase contract. If the title evidence obtained by the agency indicated that further action is necessary to show that your ownership is clear, you may be able to hasten the payment by helping the agency obtain the necessary proof. (Title evidence is basically a legal record of the ownership of the property. It identifies the owners of record and lists the restrictive deed covenants and recorded mortgages, liens, and other instruments affecting your ownership of the property.)

What Happens If I Don't Agree To The Agency's Purchase Offer?

If you are unable to reach an agreement through negotiations, the agency may file a suite in court to acquire your property through an eminent domain proceeding. Eminent domain proceedings are often called condemnations. If your property is to be acquired by condemnation, the agency will file the condemnation suite without unreasonable delay.

What Happens After The Agency Condemns My Property?

You will be notified of the action. Condemnation procedures vary, and the agency will explain the procedures which apply in your case.

During the condemnation proceeding, you will be provided an opportunity to introduce your evidence as to the value of your property. Of course, the agency will have the same right. After hearing the evidence of all parties, the court will determine the amount of just compensation.

To help in presenting your case in a condemnation proceeding, you may wish to employ an attorney and an appraiser. However, the costs of these professional services and other costs which an owner incurs in presenting his or her case to the court must be paid by the owner.

What Can I Do If I Am Not Satisfied With The Court's Determination?

If you are not satisfied with the judgment, you may file an appeal with the appropriate appellate court for the area in which your property is located. If you are considering an appeal, you should check on the applicable time limit for filing the appeal and consult your attorney on whether you have a basis for the appeal. The agency may also file an appeal if it believes the amount of the judgment is too high.

Will I Have To Pay Any Closing Costs?

You will be responsible for the payment of the balance on any mortgage and other liens on your property. Also, if your ownership is not clear, you may have to pay the cost of clearing it. But the agency is responsible for all reasonable and necessary costs for:

- Property survey, preparation of a legal description and deed, title evidence, recording fees, revenue stamps, transfer taxes, and any other expenses that are incidental to transferring ownership of the property to the agency.
- Penalty costs and other charges related to prepayment of any recorded mortgage on the property that was entered into in good faith.
- Real property taxes covering the period beginning on the date the agency acquires your property.

Whenever possible, the agency will make arrangements to pay these costs directly. If you must incur any of these expenses yourself, you will be repaid--usually at the closing.

Will I Have To Pay Rent To The Agency After My Property Is Acquired?

If you remain on the property after the acquisition, you may be required to pay a fair rent to the agency. Such rent will not exceed the market rent for comparable properties in the area.

How Soon Must I Leave?

If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for your property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice.

If you reach a voluntary agreement to sell your property, you will not be required to move before you receive the agreed purchase price. If the property is acquired by condemnation, you cannot be required to move before the estimated fair market value of the property has been deposited with the court so that you can withdraw your share.

If you are being displaced from your home, you will not be required to move before a comparable replacement home is available to you.

Will I Receive Relocation Assistance?

Title II of the URA requires that advisory and financial assistance must be provided to any family, individual, business, nonprofit organization, or farm that is displaced as a direct result of a project that is covered by the URA. Ask the agency to provide you a copy of the HUD information brochure that describes the relocation assistance to which you may be entitled:

1. Relocation Assistance to Displaced Homeowners; and
2. Relocation Assistance to Displaced Businesses, Nonprofit Organizations, and Farms.

The agency will explain the relocation assistance available. If you have any questions about such assistance, please contact the agency. In order for the agency to fulfill its relocation obligations to you, you must keep the agency informed of your plans.

My Property Is Worth More Now. Must I Pay Capital Gains Tax On The Increase?

When a public agency acquires real property for public purposes, the property owner usually may postpone the payment of federal capital gains taxes on any profit from the sale if he or she reinvests the profit in similar property within a certain replacement period. To take advantage of this right, you should file the details in a statement with your federal income tax return for the tax year in which you realize the gain.

Internal Revenue Service (IRS) Publication 549 explains how the federal income tax would apply to a gain or loss resulting from the condemnation of real property, or its sale under the threat of condemnation, for public purposes. If you have any questions about the IRS rules, you should discuss your particular circumstances with your personal tax advisor or your local IRS office.

I'm A Veteran. How About My VA Loan?

After your VA home mortgage loan has been repaid, you will be permitted to obtain another VA loan to purchase another property. Check on such arrangements with your nearest Veterans Administration Office.

Is It Possible To Donate Property?

Yes. You may donate your property or sell it to the agency for less than its fair market value. The agency must obtain an appraisal of the property and offer just compensation for it, unless you release the agency from these obligations.

March 2005