



## **MDOT Real Estate Division**

### **Your Rights and Benefits: When Displaced by a Transportation Project**

# MDOT Real Estate Division

## Your Rights and Benefits: When Displaced by a Transportation Project

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# Your Rights and Benefits: When Displaced by a Transportation Project

## INTRODUCTION

Do you have 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, what relocation services are available, and what can affect you in this transition information on relocation payments and eligibility

Someone from the Michigan Department of Transportation (MDOT) will contact you to answer any questions and provide additional information. MDOT wants to help guide you through the relocation process and its representatives are trained to be there for you.

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## RELOCATION ADVISORY SERVICES

Any 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 personally to gather information and establish eligibility based on your specific situation. If you have a special situation, MDOT will make every effort to secure the services of other organizations.

***In most cases, there is a relocation office within the project area. The representative in this office will furnish information about:***

- Replacement properties
- Local housing ordinances and building codes
- Open houses
- Loan interest rates and terms
- VA and FHA loans
- Real property taxes
- Consumer education literature
- Purchase down payments
- Closing costs

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## INCOME INFORMATION

Relocation assistance payments are exempt from federal and state income tax. They are not considered income for the purpose of determining the eligibility or extent of eligibility of any person for assistance under any federal law. This includes Social Security and Department of Social Services assistance. These payments are generally exempt from claims by the Internal Revenue Service, but you should consult a certified public accountant or tax attorney for a final opinion.

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## Residential Property

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## REPLACEMENT HOUSING PAYMENTS

*Replacement Housing Payments can be better understood if you become familiar with the terms "Comparable Replacement" and "Decent, Safe and Sanitary".*

### **Comparable Replacement**

*Comparable housing must be similar to your present dwelling and it should be:*

- Large enough to accommodate the occupants
- In an area with favorable environmental conditions (e.g., 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**

*A decent, safe, and sanitary dwelling meets all of the following minimum requirements:*

- Conforms to State and local housing codes and ordinances
- Has a continuing and adequate supply of safe drinking water
- Has a kitchen with connections for a cooking stove and refrigerator, and a sink connected with hot and cold water and an adequate sewage system
- Has a heating system adequate to maintain a temperature of about 70 degrees F
- Has a 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
- Has an adequate electrical wiring system in each room
- Is structurally sound, weather tight, in good repair and adequately maintained
- Has two safe unobstructed means of exit leading to safe open space at ground level
- Is large enough with respect to the number of rooms and area of living e needed to accommodate the person or family 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 contingent on the dwelling passing MDOT inspection.

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## CLAIM FILING AND ELIGIBILITY REQUIREMENTS

*Home owners must purchase and occupy a decent, safe, and sanitary dwelling within a year from the later of:*

1. the date the comparable homes for sale are made available to you
2. the date of your final payment for the state acquired dwelling
3. the date the estimate of just compensation is deposited in court

Tenants must occupy a [decent, safe, and sanitary](#) dwelling within one year of their date of move. After the moving requirement date has been established, you have six months to file your claim(s). This time may be extended because of unavoidable delays.

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## 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. In addition, some closing costs may be reimbursed.

## Occupancy Requirements

Owners:

<a href="#">180 Days or More</a>	Eligible to receive a housing supplement or rental supplement
90 to 179 Days	Eligible for purchase downpayment or rental supplement
1 to 89 Days	Eligible for rental supplement if affordable replacement housing is not available within 30% of your monthly income

Tenants:

<a href="#">90 Days or More</a>	eligible for rental supplement or purchase down payment
1 to 89 Days	eligible for rental supplement if affordable replacement housing is not available within 30% of your monthly income

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## HOUSING SUPPLEMENT FOR OWNER OCCUPANTS WHO HAVE LIVED IN THEIR HOUSES 180 DAYS OR MORE

How do you become eligible for a replacement housing payment?

***As a home owner, you may be eligible to receive a replacement housing payment of up to \$22,500. To receive this payment:***

- you must have owned and occupied your home for at least 180 days before the Department's first offer to buy the real estate
- you must sell your home to the Department
- you must follow the claim filing time limits.

if you decide to move into rental housing instead of purchasing a replacement home, you may request a rental supplement determination. A rental supplement is limited to a maximum of \$5,250.

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## Computation of Housing Supplement

As an example, assume MDOT purchased your home for \$75,000. After search of comparable dwellings on the market, MDOT determined that replacement home will cost you \$80,000. The Department will pay you maximum housing supplement of \$5,000.

### Example:

Acquisition Price	\$75,000
Housing Supplement	+5,000
Comparable Replacement Home	\$80,000*

\* MDOT determination

If the price exceeds the comparable replacement cost, you must pay the excess.

### Example:

Replacement Home	\$85,000
Comparable Replacement Home	-\$80,000* *
Your Excess Cost	\$ 5,000

\*\* includes housing supplement

If the purchase price is lower, the housing payment is based on actual cost.

### Example:

Replacement Home	\$78,000
Acquisition Price	- \$75,000
Housing Supplement	\$ 3,000

To claim the replacement housing supplement, a copy of the purchase agreement, land contract, deed, and an inspector's certification of code compliance is required. If you are building the replacement house, a copy of the deed for the land, construction contract, occupancy permit and copies of bills and/or paid receipts will be required.

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## Increased Interest Reimbursement

If you purchase a new home and you are required to pay a higher interest rate than on your existing mortgage, you may be reimbursed for the extra cost. This payment is based on the difference between old and new mortgage rates for the length of the shorter mortgage.

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## RENTAL SUPPLEMENT FOR OWNER OCCUPANTS AND TENANTS OF 90 DAYS 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 have lived in your home for 90 days or more before the Department's first offer to buy the real estate
- you must follow the claim filing time limits

The rental payment is to help you pay the increased costs, if any, which you incur in renting a replacement dwelling. Proof of income may be required. The amount of the rental payment may not exceed \$5,250.

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### Computation of Rental Supplement

Suppose you have been paying \$400 per month including utilities for the dwelling you occupy. After a study of the rental market, MDOT determines that a comparable replacement will cost \$430 including utilities. The maximum rental payment you may receive in this case is \$30 month for 42 months, or \$1,260.

**Example:**

Comparable Replacement	\$430
Current Rent + Utilities	-400
Maximum rental supplement	\$ 30 x 42 months = \$1,260

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

**Example:**

Replacement	\$450
Comparable Replacement	-430
Your Excess Cost	\$ 20 per month

If the replacement dwelling rents for less than the comparable replacement, the rental supplement is based on actual cost.

**Example:**

Replacement	\$415
Current Rent + Utilities	-400
Rental Supplement	\$ 15 x 42 = \$630

To claim the rental supplement, a copy of the lease or one month's rent receipt and an inspector's certification of code conformity required. The rental supplement may also be used as a purchase down payment.

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### PURCHASE DOWN PAYMENT FOR OWNER OCCUPANTS OF 90 TO 179 DAYS AND TENANTS OF 90 DAYS OR MORE

You may be eligible to receive \$5,250 toward a down payment on the purchase of a replacement dwelling. This payment is intended to help pay the down payment required to

purchase a home.

The payment is determined by the amount of your rental supplement. It may be split and applied to both down payment and certain incidental closing costs. For instance, \$4,000 may be used for a down payment, and \$1,250 may be applied toward some of your closing costs. To obtain the full amount, the entire purchase down payment must be applied to your purchase.

To claim the purchase down payment, a Copy of the purchase agreement, land contract, deed, and an inspector's certification of code compliance is required. If you are building the replacement house, a copy of the deed for the land, construction contract, occupancy permit and copies of bills and/or paid receipts will be required.

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### INCIDENTAL EXPENSE REIMBURSEMENT

This payment is designed to reimburse the additional expense of securing a replacement mortgage. Eligible expenses include the cost of:

mortgage appraisal	commencement notice
assumption fee	notary fees
closing fee	recording fees
credit report	survey cost (for mortgage)
discount points <i>(limited to balance of existing mortgage)</i>	mobile home sales and transfer tax <i>(not to exceed cost of highest comparable)</i>
document preparation fee	mortgage title insurance (limited to highest comparable)
inspections	legal fees
mortgage application fee	tax service fee
loan origination fee <i>(limited to balance of existing mortgage)</i>	mortgage insurance <i>(limited to balance of existing mortgage)</i>

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

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### RESIDENTIAL MOVING PAYMENTS

Displaced individuals and families may choose to be paid on the basis of actual, reasonable moving costs and related expenses, or according to a fixed moving cost schedule. Actual reasonable moving expenses will be paid when the move is performed by a commercial mover, or when an accurate record of expenses is kept if you move yourself. An approved inventory of the personal property moved and a receipt must be supplied to support the actual expenses. Reimbursement is limited to a distance of 50 miles.

***Eligible moving and related expenses include:***

1. transportation costs to the new location
2. packing, crating, unpacking and uncrating of personal property
3. charges for the removal and hookup of appliances
4. storage of personal property (with pre-approval and limit of one year)
5. insurance costs while personal property is in storage
6. and other related expenses.

You may choose to be paid on the basis of the fixed moving cost schedule. The amount of the payment is based on the number of rooms in your dwelling. If you choose this option, your expenses need not be supported by bills. This payment is intended to include all moving and related expenses.

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## Information

If you need this information in an alternative format contact:

MDOT Real Estate Division  
P.O. Box 30050  
3rd Floor, N. Ottawa Tower  
Lansing, MI 48909

Phone: 517-373-2208

Fax: 517-373-2209

Email: [benkom@michigan.gov](mailto:benkom@michigan.gov)

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# Your Rights and Benefits When Displaced by a Transportation Project

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## Business, Farm or Non-profit Organization Relocation

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### Payment Types

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

- [Re-establishment](#)
- [Moving](#)
- [Fixed Payment \(in lieu of reestablishment and moving\)](#)

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### RE-ESTABLISHMENT

This payment is designed to help small businesses (0-500 employees) and landlords reestablish at a different location. It is limited to \$10,000.

#### 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
- Providing utilities from the right-of-way to improvements on replacement site
- Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling, or carpeting
- Licenses, fees and permits when not paid as part of moving expenses
- Feasibility surveys, soil testing, and marketing studies
- Advertisement of replacement location
- Professional services in connection with purchase or lease of a replacement site
- Estimated increased costs of operation during the first two years at the replacement site (e.g., rent, utilities, taxes, and insurance)
- Impact fees or "one time" assessments for anticipated heavy utility usage

#### Ineligible Expenses include:

- Purchase of capital assets, such as office furniture, filing cabinets, machinery, trade fixtures, etc.
- 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 which is 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 which does not contribute materially to the household income

*\*("Contribute materially is defined as having two years average annual gross receipts of \$5,000 average annual net earning of \$1,000, or contributing at least 33 1/3 percent of the owner's annual gross household income from all sources.)*

## MOVING

Business moving cost reimbursement may be based on an actual (commercial) move or a self move. This payment is designed to cover the expense of moving personal property owned by the business as well as certain costs associated with the move.

### Eligible Costs include:

- Transportation (up to 50 miles)
- Packing and crating, unpacking and uncrating
- Disconnecting and reconnecting
- Storage (pre-approved by MDOT and up to 12 months)
- Insurance for personal property moved
- Replacement value of property lost, stolen, or damaged through no fault of displacee, when insurance is not available
- Actual loss of personal property resulting from the move or discontinuance of business,  
LESSER of either:
  - fair market value of item for continued use less any proceeds from sale

### OR

- estimated cost to move it
- Cost to sell items not relocated
- Relettering signs and stationary on hand made obsolete by the move
- Licenses, permits, or certifications (remaining life prorated)
- Purchase of substitute personal property,  
LESSER of either:
  - Purchase Price + Installation Cost -Proceeds from sale of original item

### OR

- Estimated cost to move
- Search for replacement site (up to \$1,000): transportation, meals, lodging, time, fees paid to real estate agent to locate replacement site

To claim the reimbursement, copies of paid bills or receipts must be provided. Bills 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 cubical content, type of equipment to be used
- Number of movers, number of hours and hourly rate for equipment and personnel
- All other charges used in arriving at a total cost

## SELF MOVE

If you decide to move yourself, you will be paid based on an estimate from a qualified mover. If the estimate exceeds \$10,000, a second estimate will be required. An approved inventory must be provided to support the estimates. The payment is usually based on the lower estimate.

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## **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
- 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 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 the an average of two years gross revenues less administrative expenses. The fixed payment may not be less than \$1,000 or more than \$20,000.

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 form operation.

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

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## **MISCELLANEOUS**

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### **ALLOWED OCCUPANCY PERIOD**

After the Department buys the building you live in, suitable housing must be found before you are asked to move.

When the MDOT agent first calls on you, you will be given a written Relocation Eligibility Notice (Form #626) stating that you have at least 90 days from the time of the call before

you will be required to move. This is not a notice to vacate. This 90 - day period allows you time to search for a replacement property. During or after this 90 - day period indicated, title to the property you occupy may be transferred to the Department of Transportation. When title to the property transfers, you will be given a "notice to vacate". Your total allowed occupancy time will never be less than 90 days from the date of the "first call".

Rent should be paid to the present owner of your dwelling until MDOT purchases it. You will then receive a notice to vacate which specifies the time limit of your occupancy. You are not required to pay rent during this period.

Depending on the situation, MDOT may allow a short term continued occupancy. Any continued occupancy after the time limit will involve a rental agreement with the Department which specifies the rate of rent, when the rental begins, and any other conditions agreed to by you and the Department. The rental rate is a percentage of the price of the property you occupy.

If you rent from MDOT you must maintain the dwelling and be responsible for your utilities.

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## **INELIGIBLE MOVING EXPENSES**

### **FOR RESIDENCES, BUSINESSES, NON-PROFITS AND FARMS**

- 1 . The cost of moving structures or improvements reserved by the owner
2. Interest on a loan covering moving expenses
3. Loss of goodwill
4. Loss of profit
5. Loss of trained employees
6. Additional operating expenses in a new location (except those covered under reestablishment expenses)
7. Personal injury
8. Legal fees to prepare relocation claims, or to represent you before the Department
9. Expenses to search for a replacement dwelling
10. Physical changes to the business or farm location (except those covered under moving and reestablishment expenses)
11. Costs to store personal property on property already owned or leased by the personal property owner.

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## **Eminent Domain**

If the department is unable to reach agreement with you as an owner occupant for your dwelling and the dwelling must be acquired through condemnation, you are entitled to moving costs and the replacement housing payment as set forth in this document. Moving costs can be claimed after the move.

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## **Your Right to Appeal**

Any Relocatee who does not agree with the determination of their eligibility for a payment or the amount of a payment may appeal to the Department's Regional Real Estate Agent for a review. Once you indicate your dissatisfaction, the Department will instruct you on the proper procedures for initiating a formal appeal. You will be given a prompt and full opportunity to be heard; the Department will render a prompt decision, and you will be notified of the decision. Copies of the regulations implementing the relocation assistance program may be reviewed in the Department of Transportation's Real Estate Division in Lansing, Michigan.

## Information

If you need this information in an alternative format contact:

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P.O. Box 30050  
7050 W Saginaw Hwy  
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