

The usual method of providing last resort housing is to make payments exceeding the statutory limits. Sometimes, making a super RAP payment is not the most cost effective to the Department, nor the appropriate solution for the displacee. Listed below are some examples of ways to provide Last Resort Housing for complex relocation situations.

Last Resort Housing Methods

A. Purchase of Replacement Land and Dwellings

One method of providing last resort replacement housing is acquisition of real property by R/W Contract. Prior to any firm offer, Appraisal staff must make an appraisal in accordance with the standards in the Appraisal Chapter.

Before requesting approval to purchase, the Region/District must attempt to obtain a written commitment (option) from the seller. This is best accomplished through use of a deposit receipt that provides written documentation of any deposit payment made to seller. The receipt should specify that any deposit will be applied toward the subsequent purchase price. If purchase is not concluded, the deposit is forfeited. The deposit comes from the last resort housing projects funds.

The Department's policy is to avoid condemnation unless no reasonable alternatives exist, in which case only vacant land can be considered for condemnation. The Region/District should consult HQ R/W prior to requesting a condemnation resolution.

Owner-occupied property may be acquired provided the owner voluntarily agrees to sell the property and acknowledges no rights to any relocation payments. Exchange with an owner-occupant can be accomplished using a single escrow that results in the acquisition of displacee's former residence and the transfer of title to the replacement property.

Consequential displacement of tenant-occupants of residential properties must not result from acquisition of property for replacement housing since such displacement would entitle them to RAP benefits.

Tenant-occupants relocate to State-purchased housing that will be sold later are protected by recorded terms of sale specifying obligations to displacees by which purchaser must abide; e.g., rent level and length of terms it will apply.

If the private sector develops housing capable of accommodating displacees, the developer must agree to the Region/District's terms of tenancy for displacees who accept housing. The developer will be paid a contracted amount to incur the obligation of granting Region/District tenant-displacees right of first refusal.

When a replacement housing project is disposed of, the displacee's benefits must be protected. Non-Tenured owners must clearly understand this obligation and protect it by appropriate recordation of rental or lease agreements.

B. Rehabilitation-In-Place of Existing Dwelling

A second method of providing last resort replacement housing is rehabilitation-in-place of unoccupied Caltrans-owned or other existing dwellings to meet the DS&S requirements of project relocatees.

Acquisition of any property should be accomplished as described above.

Rehabilitation should be accomplished as described in the Property Management Chapter.

C. Relocation and Rehabilitation of Existing Dwellings

A third method of providing last resort replacement housing is the relocation and, if necessary, the refurbishment or rehabilitation of dwellings purchased by the State R/W process.

Acquisition of any vacant site for the relocated dwelling should be accomplished as described above.

Relocation and rehabilitation may be accomplished separately by contracting with two contractors or as a package with one contractor.

D. Construction of New Dwellings

A fourth method of providing last resort housing replacement housing is construction of new housing units. The following items should be considered in implementing this alternative:

1. Trustee Selection and Role

A trustee may be a bank, savings and loan association, title company, public agency, or related nonprofit or for profit private sector entity that has demonstrated experience in performing duties as a contracting agent in the development of housing. Use of local trustees is encouraged. Prior to the selection of a trustee, the Region/District shall consult HQ R/W and document the need for a trustee.

Criteria for selection of the most qualified trustee should include previous experience in all of the following:

- Soliciting development proposals.
- Monitoring construction projects.
- Disbursing funds.
- Managing property.

Selection of a trustee should be on a competitive basis. Soliciting proposals from at least three potential trustees is desirable. The Region/District must document all positive and negative responses in Region/District files. Evidence should indicate that all potential trustees were aware of the opportunity. The Region/District and HQ R/W staff will recommend selection of the trustee. The Director of Transportation will make the final selection.

2. Trustee Agreement

The trustee performs the functions required to produce housing under the State's terms and directions contained in the trustee agreement.

The Region/District prepares the trustee agreement and submits it to HQ R/W for Legal's approval as to form and content. Legal staff review is mandatory for interpretation of actions to be taken by the Department with regard to possible conflicting legislation, codes, and governmental policies.

Items to be considered for inclusion in trustee agreements are:

- Scope of Work - including clear definition of trustee's role
- Trustee Fees - consisting of direct and indirect costs and profit percentage. Direct costs include principal personnel time. Clerical services are an hourly charge, based on current rates. Indirect costs include advertising, security, maintenance, and other expenses incurred but not directly performed by the trustee.
- Payment - if interim construction financing is involved, payment procedures, to whom payment will be made, and payment approval requirements.
- Examples - of development proposals and contracts to construct, lease, or otherwise provide housing.
- Scope of Disposal Procedures - to assure that an orderly disposal plan is implemented upon completion of the housing units.
- Subsequent proposals or contracts that vary from the agreement provisions must be approved by Legal through HQ R/W.

3. Small Projects Without A Trustee

When replacement housing construction is a small project and the use of a trustee is not anticipated, the Department may construct last resort housing. This requires coordination with the Region/District Contract Office and the Office Engineer. The Region/District should contact HQ R/W in advance if construction under these circumstances is anticipated.