

CECW-PR Regulation No. 1165-2-117	Department of the Army U.S. Army Corps of Engineers Washington, DC 20314-1000	ER 1165-2-117 10 Jul 78
	Water Resources Policies and Authorities RESPONSIBILITY FOR COSTS OF IMPROVED STANDARDS IN HIGHWAY AND HOUSING RELOCATIONS	
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DEPARTMENT OF THE ARMY
Office of the Chief of Engineers
Washington, D. C. 20314

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DAEN-CWR-R

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Water Resources Policies and Authorities
RESPONSIBILITY FOR COSTS OF IMPROVED STANDARDS
IN HIGHWAY AND HOUSING RELOCATIONS

1. Purpose. This regulation summarizes policy and procedures for identifying the costs of meeting improved standards when highways and housing are relocated due to construction of civil works projects. The regulation provides guidance on the acceptable manner of presenting such costs in economic evaluation, cost allocation, and cost-sharing computations.

2. Applicability. This regulation will be applied by all elements of the Corps of Engineers having civil works responsibilities in preparing pre-authorization reports, and in planning authorized projects for which funds have not been appropriated for construction, or contracts made with non-Federal interests for sharing or reimbursement of project costs.

3. References.

a. Section 207(b) of the Flood Control Act of 1960 (P.L. 86-645, 74 Stat. 500) as amended by Section 208 of the Flood Control Act of 1962 (P.L. 87-874, 76 Stat. 1196), and Section 13 of the Water Resources Development Act of 1974 (P.L. 93-251, 88 Stat. 12, 17) (33 USC 701r-1).

b. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646, 84 Stat. 1894, 42 USC 4601, et seq.).

c. ER 1140-2-3, Provision of Betterments in Highways, Bureau of Public Roads Participation.

d. ER 1180-1-1, paragraph 73-209.2

4. General Policy.

a. Highway Betterments. Section 208(c) of P.L. 87-874 as amended by Section 13 of P.L. 93-251 provides that substitute roads necessitated by the taking of existing public roads by the Federal Government will be constructed at project cost. Design standards are to be comparable to

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those of the State, or of the political subdivision in which the road is located. At the request of the State or political subdivision, the substitute road may also be constructed to even higher standards if the State or political subdivision pays the additional costs due to such higher standards prior to commencement of construction.

b. Improved Housing Standards. Section 201 of P.L. 91-646 establishes a uniform policy for the fair and equitable treatment of persons displaced as a result of Federal programs, in order to offset disproportionate injuries to a few from programs designed for the benefit of the public as a whole. However, in addition to the constitutional requirement of just compensation for taking of property for public use, Section 203(a)(1)A of the law also permits additional payments, as appropriate, so that displaced persons who occupied substandard housing may acquire decent, safe, and sanitary housing if replacement in kind would be substandard.

5. Policy and Procedures.

a. Definitions. For the purpose of specifying appropriations required for construction, estimates shall include any additional costs resulting (1) from the provision of highway betterments to meet current standards for existing traffic, exclusive of any additional betterments desired and paid for by the owner; and (2) from the additional payments required of the Federal Government to provide decent, safe, and sanitary dwellings for relocated homeowners and tenants who previously occupied substandard housing. These costs of improved standards, limited as defined, shall include proper proportionate shares of engineering, acquisition and settlement charges.

b. Project Evaluation. The highway betterments and housing improvements permitted under these Acts produce benefits to other persons than the direct beneficiaries of water projects. Given the present state of evaluation techniques and tools, such benefits can be quantified only on the basis of judgmental values. It is considered that the social and other benefits of highway betterments and housing improvements at least equal the incremental costs. The costs of such betterments and improvements are considered financial and not economic costs. They are, therefore, not included in project formulation or the benefit-cost analysis. Thus, computation of the benefit-cost ratio of civil works projects will omit the costs and benefits of the betterments and improvements, as defined in "a above."

c. Cost Allocation and Cost Sharing. P.L. 87-874 specifies that project-induced costs for highway betterments are to be entirely Federal and non-reimbursable. Such costs thus will not be allocated to reimbursable project purposes, but will be carried as a separate line item or footnote in cost allocation

computations, and assumed as Federal costs. Improved housing standards, provided in response to P.L. 91-646, are considered to produce social benefits sought by Congress, the added costs of which should also be shown as a separate line item or footnote in cost allocation computations. For cost sharing purposes, the increased financial assistance in response to P.L. 91-646 which is not related to a specific purpose shall be distributed among project purposes in accordance with the joint use percentages and added to the repayment obligations for each reimbursable purpose. Those costs relating to a specific purpose will be assigned to the purpose served.

6. Effect on Local Cooperation. Whenever local interests are required to provide lands, easements, and rights-of-way in connection with local cooperation projects, or rights-of-way are acquired by railroad, highway or utility owners for changes required by a Federal water resource project, relocations of persons, businesses, or farms are a part of normal local cost sharing. Section 207 of P.L. 91-646 requires that the costs of real property acquired by a State agency or political subdivision thereof and furnished as local cooperation in a Federal project shall include the payments and other assistance required by this Act. Thus, non-Federal entities must assume the costs of improved housing standards, including more expensive sites involved, for relocated persons previously in sub-standard housing.

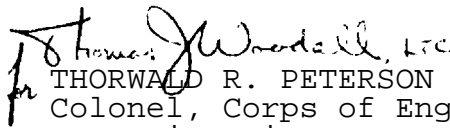
7. Relationship to Section 9, P.L. 89-72. Section 9 of P.L. 89-72 provides that the Act does not "authorize or sanction the construction of any project under any River and Harbor or Flood Control Act in which the sum of the allocations to recreation and fish and wildlife enhancement exceeds the sum of the allocations to irrigation, hydro-electric power, municipal, domestic, and industrial water supply, navigation, and flood control. . ." Highway betterment and housing improvement costs will not serve to increase the sum of the allocations to project purposes specified in this Act and will thus leave unaffected the amounts eligible for allocation to recreation and fish and wildlife enhancement. The procedures herein are, therefore, in accord with Congressional intent in P.L. 89-72 to limit project costs allocated to recreation to not more than the sum of the costs allocated to other water resources purposes.

8. Effect on Non-Structural Plans. Relocations and permanent evacuations may be effective in adjusting land use to the flood hazard. For projects which contemplate such measures, the costs of improved standards for housing and for highway betterments will be included in total project costs to be financed, but will be omitted from benefit-cost comparisons as justified by

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unquantifiable social benefits. Reporting officers considering relocation-evacuation solutions should request consultation with HQDA (DAEN-CWR) WASH DC 20314, prior to report completion, pending issuance of policy guidance on nonstructural measures for flood damage reduction.

FOR THE CHIEF OF ENGINEERS:


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