

process and product when § 24.102(c)(2) appraisal waiver provisions are implemented.

Section 24.9 Recordkeeping and Reports

In accordance with the Presidential Memorandum dated February 27, 1985, United States Department of Transportation is required to report annually to the President's Council on Management Improvement, a part of the Office of Management and Budget, on implementation of the Uniform Act. Under the current reporting requirement, the Lead Agency has received very little statistical information, and thus has little or no knowledge of the extent and impact of other Federal funding Agencies acquisition and displacement activities. Therefore, in § 24.9(c), we propose to require Federal Agencies to submit an annual report summarizing of their real property acquisition and displacement activities to the Lead Agency. This proposed change would enable us to prepare and submit a more comprehensive and useful report, in addition to facilitating a more active monitoring role in our duty as Lead Agency.

We propose to redesign Appendix B to be less burdensome and to enable the information to be reported electronically. Appendix B is the statistical support form of which Agencies are required to submit reports of real property acquisition and displacement activities, if required by the Federal Agency funding the project. Additionally, we propose to remove the requirement that the Agency submit this report no more frequently than every three years, since this report is issued each year.

The Department of Housing and Urban Development and most other Federal funding Agencies support this proposed change.

Subpart B—Real Property Acquisition

We propose to make a minor change by replacing the term “fair market value” with “market value” throughout the subpart to better reflect current appraisal terminology.

Section 24.101 Applicability of Acquisition Requirements

We propose to restructure § 24.101(a) to clarify the application of the real property acquisition requirements set forth in this subpart, and to revise the exceptions to those requirements.

Currently, the two major exceptions to real property acquisition requirements in Subpart B are voluntary transactions and acquisitions in which the Agency

does not have the power of eminent domain.

Based on the suggestion of Federal Agencies, we propose that these exceptions no longer apply to acquisitions by Federal Agencies. We are advised that some Federal Agencies use these types of transactions to a significant extent. To best ensure that the objectives of the Uniform Act are satisfied, we propose that Federal Agencies follow the valuation processes set forth in this subpart for all of their direct acquisitions. This proposal is also consistent with section 305(b)(2) (42 U.S.C. 4655(b)(2)) of the Uniform Act, which allows these exceptions for recipients of Federal financial assistance, but provides no such exceptions for Federal Agencies themselves. We propose to retain the exceptions for federally-assisted projects and programs.

Essential to the exceptions is the requirement that the owner must be informed that the property would not be acquired unless an amicable agreement can be reached. Currently, the regulation requires the Agency to inform the owner what it believes to be the fair market value of the property. We propose to require the Agency to inform the property owner in writing (1) that the property will not be acquired unless an amicable agreement can be reached, and (2) of the market value of his/her property. This would more closely parallel the Uniform Act requirement that is applicable to covered transactions, and provide the property owner with documented assurance of the Agency's authority and intentions.

Some Agencies suggested that the requirement that the Agency inform the owner of what it believes to be market value in § 24.101(a)(1) and (2) be revised to also include a requirement for a supporting appraisal. We have not proposed adding such a requirement. However, we propose adding language to Appendix A noting that, while the regulation does not require an appraisal in these cases, an Agency may still decide to use some form of an appraisal, and, in any event, an agency must have some reasonable basis for the valuation required by § 24.101(a)(1) and (2).

To assist readers/users, we propose to add a cross reference to the location in the rule of relocation assistance provisions that are applicable to any tenants that must move as a result of these excepted acquisitions.

We propose to delete the introductory phrase in proposed § 24.101(c), currently § 24.101(b), to eliminate unnecessary verbiage.

Section 24.102 Basic Acquisition Policies

The Uniform Act provides that the requirement for an appraisal may be waived in cases involving the acquisition of property with a low market value. We propose to clarify § 24.102(c)(2) by separating it into paragraphs (i) and (ii). Paragraph (i) would concern donations and is essentially unchanged. Paragraph (ii) would address low value properties and would specify that when such properties are to be acquired, and the appraisal waived, the Agency must prepare a “waiver valuation,” a term proposed to be defined in § 24.2(a)(34). We propose to raise the appraisal waiver threshold in § 24.102(c)(2) from \$2,500 to \$10,000. In addition, we propose to add a new provision that would allow the Federal funding Agency to raise the threshold up to a maximum of \$25,000, provided that the Agency acquiring the real property offers the property owner the option of having an appraisal performed.

These proposed changes reflect the general increase in property values since the present threshold was established. Comments we have received and our experience to date, have shown no indication of administrative abuse or property owner objection. Broad Agency support indicates a higher threshold is justified.

Section 24.102(e) Summary Statement

We propose to revise the language in (3) to be clearer and more specific.

Section 24.102(i) Administrative Settlement

We propose to revise the language to require more specific information in the written justification (“state” rather than “indicate”) and delete specific suggestions (“appraisals, recent court awards, estimated trial costs, or valuation problems”) in favor of requesting “what available information, including trial risks, supports the settlement.”

Section 24.102(n) Conflict of Interest

Language currently in § 24.103(e) Criteria for appraisals, addresses conflicts of interest for appraisers and review appraisers. Proposed language would add all persons making waiver valuations under § 24.102(c)(2) to this section. This proposed change would bring equal conflict of interest standards to all individuals valuing real property, whether their work be waiver valuations, appraisal, or appraisal review, and would clarify who is covered.