

Section 902 directs that "fair market value" be paid as compensation for purchase or condemnation. Section 903 requires that a Federal agency which takes land or an interest in land must take a similar interest in any improvement that is a part of the real property. It also provides a uniform standard for determining whether a structure or other improvement is a part of the real property. Section 903 further provides for equal treatment of property owners and tenants with respect to buildings and structures on land taken.

Section 904 authorizes Federal agencies to reimburse property owners for reasonable and necessary expenses incidental to transferring title to real property to the United States. This recognizes the inequity in taking private property for public use and requiring the owner, who may be unwilling to sell, to incur expense in order to transfer title.

Section 905 applies to federally assisted programs key elements of the property acquisition policies and procedures for direct Federal programs set forth in Sections 901 through 904. Specifically, it states that State or local agencies may not receive Federal aid for acquisition of real property unless they agree to: acquire by negotiated purchase rather than condemnation when reasonably feasible; give ninety days' advance written notice to vacate; and establish a price before beginning negotiation and make a prompt offer to acquire the property at that full price. Further, beginning in 1970 such agreements must also include provision that the State agency: will pay the agreed purchase price, make available to the owner 75 percent of the appraised fair value of the property, or deposit or pay the final amount of the condemnation award; will disregard any decreases in market value caused by preliminary administrative actions or public announcements of a proposed public improvement; and will assure equal treatment of property owners and tenants in regard to improvements owned by the tenant. The latter effective date of this provision is in recognition of the fact that some State and local government agencies cannot legally or practicably comply without first obtaining appropriate authorizing legislation.

The requirements under Section 905 for preferring negotiation to condemnation, for ninety days' notice, and for prompt payment of the negotiated appraised or condemnation price, already apply to certain acquisitions financed by the Department of Housing and Urban Development pursuant to 1965 legislation, as noted earlier.

To grasp the significance of achieving a more uniform and fair property acquisition policy, one need only examine the anticipated annual scale of future property acquisitions under direct Federal and federally assisted programs, as estimated by the House Select Subcommittee on Real Property Acquisition in its 1964 report:

MAGNITUDE OF FUTURE PROPERTY ACQUISITIONS, ANNUAL BASIS (ESTIMATE)

	Acreage	Compensation payments	Ownerships
Direct Federal.....	1,204,700	\$214,400,000	30,660
Federally assisted.....	523,100	1,403,900,000	152,340
Total.....	1,727,800	1,618,300,000	183,000

The Advisory Commission on Intergovernmental Relations believes these figures argue eloquently for a serious effort by the Federal Government to bring order and equity to its property acquisition policies, and that Title IX, largely based on the exhaustive study of the House Select Subcommittee on Real Property Acquisition, is just such an effort. Not to be overlooked is the fact this title's provisions are essentially in accord with the reports of the Bureau of the Budget, Department of Defense, Department of Interior, and the General Services Administration on S. 1201 (89th Congress).

Amendment No. 748 to S. 698: Our testimony shifts at this point from S. 698 as introduced, to the proposed Amendment No. 748 just introduced by you, Mr. Chairman, which deals with "Accounting, Auditing, and Reporting of Grant-in-Aid Funds." This proposed new title would carry out a specific recommendation adopted by the Advisory Commission in its report on Fiscal Balance in the American Federal System and we strongly urge its enactment.

Federal agencies administering assistance programs are charged by Congress and by regulations of the Comptroller General with assuring the proper and