Several supplementary *LPA Letters* have been issued concerning relocation adjustment payments. In addition to *LPA Letter* 321, still in effect are *LPA Letters* 323, 326, 331, 350, 362, and 363. Although HHFA generally did a commendable job of formulating procedures, some of the regulations it adopted have compounded the problem.

The major objection to Section 114(c)(2) is the provision that a local public agency may pay "during the first *five months* [emphasis added] after displacement, a relocation adjustment payment, not to exceed $500 * * *" In the very next sentence, however, the section provides that the "payment shall be an amount which when added to 20 per centum of the annual income of the displaced individual or family, at the time of displacement, equals the average rental required for a "*12-month period*" [emphasis added].

Because the time periods in the two sentences quoted above differ, HHFA, in formulating its regulations, required that, instead of a supplement payment, the *full* amount of the displacee's rent be paid each month up to five months. If any further amount was due, a cash payment of the balance would be made to the displacee. If, however, the amount due the displacee was less than adequate to cover the rent for the entire five month period, then the *full* rent would be paid each month until the total amount of the readjustment payment was used up.

For example, if a displacee was entitled to the maximum $500 payment and was paying a contract rent of $70 per month, his full rent would be paid by the local public agency for five months. Thereafter, he would be entitled to a single cash payment of $150. If another displacee was entitled to $400 and was paying a contract rent of $100 per month, the full rent would be paid only for four months and he would receive nothing thereafter.

As a result of this regulation, the displacees are not required to use any of their own money for rent while relocation adjustment payments are being made. In many cases, they utilize the money they would normally use for rent, together with any cash payments due them after the five month period, to indulge in unaccustomed luxuries or to purchase such things as a new color TV set. Thus the regulation defeats the intent of the act, i.e., that the money be used "to assist these people to accommodate themselves to their greater housing costs."

During the period these payments are made, few save the 20 percent of their income they are presumed to afford for rent. After the payments cease, the full contract rent often becomes a heavy burden on the tenant.

How It Happened

Rent supplementation was bitterly opposed by certain forces inside and outside of Congress. The new phrase "relocation adjustment payment" was born, in fact, to neutralize the bitter attitudes towards rent supplement payments. It was one of several terms considered. On page 3 of *LPA Letter* 307, dated September 16, 1964, explaining what the 1964 housing act provided, the term "rehousing assistance payment" was used—then, in *LPA Letter* 321, dated January 13, 1965, the payments became "relocation adjustments."

Using a different term to convey the same meaning is not an unusual legislative tactic. The *Wall Street Journal* has noted that picking a "right title can smooth a bill's path in Congress. * * * Picking a righteous sounding name like 'truth-in-lending' for a controversial bill * * * can be an effective ploy * * * Last year's Demonstration Cities Act for rehabilitating slums won grudging Congressional approval, but some lawmakers complained the name made voters think the Government wanted to encourage riots. Now the name has been changed to 'Model Cities.' * * *."

The terminology notwithstanding, certain elements in Congress were still opposed to what amounted to a rent supplement. In any case, by whatever name, there were differences of opinion as to the period over which payments were to be made. The President recommended a two-year period.

The Senate substantially adopted the President's recommendations on readjustment payments for relocatees but reduced the time period of the benefits from two years to one year. The bill, as originally adopted by the House of Representatives, provided for payment "to or on behalf of any indiivdual or family the monthly rental (or mortgage payment) required for the dwelling accommodation in which such individual or family is relocated during the first three months (after displacement) for which such rental or payment is due. * * *" A $200 limit on the total amount of the payments was also contained in the House version.

Due to the differences in the Senate and House provisions, the bill was referred back to a Senate-House conference committee. The conference report recom-