

equals the average price required for a decent, safe, and sanitary dwelling of modest standards available on the private market.¹

Frequently, homeowners who must relocate face higher costs than they had formerly. In some cases, this results because there is no suitable housing comparable in price to what these owners left. This seems likely to be the case for many of those to be relocated from high-way rights-of-way. During the 1967 to 1970 period (now about one-third past), about 86,000 owner-occupants have been or will be displaced for Federal-aid highways.

The values of the 86,000 properties are as follows: 27 percent under \$6,000; 46 percent between \$6,000 and \$15,000, and 27 percent over \$15,000.²

How serious a problem relocation may be for residents depends on such matters as their age, income, and race and on the amount and cost of vacant land and replacement housing in the area. In one study of elderly homeowners,³ a majority of the resettled owners stated that the displacement had adversely affected their financial position. For example, the mortgage averaged \$7,000 on the new property compared with \$3,000 on the old. New housing was reported to be superior by 60 percent and to be not as good as the old by 30 percent.

Section 905(a)(3) concerns the establishment of a fair and reasonable price to be offered for property needed for a project. We favor this policy in so far as it requires that owners be immediately offered the full appraised value of their property. This is present practice in the acquisition of rights-of-way for Federal-aid highways. We are not sure, however, whether section 905(a)(3) is intended to imply that the price originally established can never be altered, even when elements of value not considered in the appraisal come to the attention of the acquiring agency. We believe the committee may wish to make clear that this section does not institute a totally inflexible one-price policy.

A preliminary estimate by the Bureau of Public Roads indicates that the highway relocation costs under the provisions of S. 698, as

¹ While we believe this supplementary payment will alleviate many of the inequities caused by the need to relocate, candor requires us to concede that some instances of hardship will not be covered by this legislation. For example, where an owner was forced to pay an excessive price for his home because he was a high risk or as a result of abnormal market conditions, payment of only fair market value for his property may not be enough to enable him to pay off the outstanding mortgage and still have the amount of a downpayment on a replacement house left over. Yet such an owner might not be eligible for a supplementary payment under the proposed legislation, since a comparable decent, safe, and sanitary home would probably cost no more than the fair market value of the property taken.

Another situation not covered is that of the elderly individual, living on a fixed retirement income or social security, who cannot replace his modest but paid-for house for the amount he receives as compensation. Even if he could obtain financing, he may not be in a position to make mortgage payments on a new home. In all probability, the supplementary payment would not enable this person to avoid the need to incur these new obligations. This problem is accentuated where a part of the elderly person's income comes from renting rooms in the house taken by the project. In addition to the problems already mentioned, the owner's extra income from rents is entirely gone, and the move may put him in a location which is not as desirable to prospective tenants.

² "Highway Relocation Assistance Study," transmitted to Congress by the Secretary of Transportation on June 30, 1967 (House Committee on Public Works, Committee Print No. 9, at p. 43).

³ Adkins and Eichman "Consequences of Displacement by Right-of-Way to 100 Homeowners, Dallas, Tex." (report to Texas Highway Department and Bureau of Public Roads; Bulletin 16, B 66-61, of the Texas Transportation Institute. A. & M. College of Texas, 1961, at pp. 8-18).