

We trust that this information will be of help to you. If we can be of any further assistance, please do not hesitate to call on us.

Sincerely,

LOWELL K. BRIDWELL,
Federal Highway Administrator.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., June 26, 1968.

Hon. EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations, Committee on Government Operations U.S. Senate, Washington, D.C.

Dear SENATOR MUSKIE: Thank you for your letter of June 13 concerning the acquisition of real property by General Services Administration for Federal buildings projects since January 1, 1965.

The following is submitted in response to your numbered questions:

(1) There has been no change in our relocation assistance and compensation policies, procedures, and benefits subsequent to our report to the Select Subcommittee on Real Property Acquisition as published in December 1964 because there has been no change in our statutory authority for the acquisition of real property. Since that time General Services Administration has favored the enactment of uniform legislation which would authorize all Federal agencies to pay certain relocation costs and other benefits over and above the price paid for the real property based on its current fair market value.

(2) There has been no change in our policy or procedure relating to the evaluation, appraisal, negotiation and acquisition of real property since the 1964 report and the answers to questions submitted by the Select Subcommittee.

(3) Our procedures require that negotiations by our realty officers be directed to payment of just compensation for the property, recognizing that this is a price within reasonable range of the current appraised fair market value and that a real property appraisal is not infallible nor inflexible but at best reflects a range of value. In an effort to acquire real property at a price within reasonable range of the appraised fair market value as a rule our realty officers commence their negotiations at a figure slightly below the appraisal with the expectancy that in most instances a satisfactory price will be reached at or above, but within reasonable range of the appraised fair market value. As stated in our answer to question 20 furnished to the Select Subcommittee in March 1964, we follow this policy of flexible negotiations with the range extending from an offer or counter-offer at or below the appraised fair market value, which, if accepted would constitute just compensation for the property, to an offer or counter-offer in excess of the appraised fair market value which can be justified as within a reasonable range of the appraised fair market value. Prescribed procedures expressly require our negotiators at all time to exercise care "to completely and honestly protect the interests of property owners * * * who may be unfamiliar or inexperienced in real estate transactions and real estate values."

(4) Since January 1, 1965:

(a) Number of purchases in which the initial offer was less than the agency approved appraisal—390.

This is the total number of parcels purchased for the prescribed period and is included as an estimate in the absence of specific information as to how negotiations were started on each parcel, since negotiations are usually started at a figure less than the appraised fair market value.

(b) Number of actual purchases made at less than the agency approved appraisals—61.

In all of these instances we believe that the price paid was within a reasonable range of appraised fair market value and constituted just compensation for the property.

(c) Number of purchases made at the agency approved appraisal—54.

(d) Number of purchases made above the agency approved appraisal—275.

Out of a total of 390 parcels purchased, 84 percent were acquired at and above the appraised fair market value.

Sincerely,

LAWSON B. KNOTT, Jr.,
Administrator.