

# Uniform Relocation Assistance Toolkit

## Community Development Block Grant Program

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# Compliance with the Uniform Relocation Act

## Acquisition Considerations

1. Special note on donations:
  - As described earlier, donation of property can occur under either the voluntary acquisition process or under provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (the Uniform Relocation Act). The Act allows for reduction of the costs of acquiring land without reducing the protection of affected persons, by permitting the full or partial donation of real property to an acquiring agency as long as the donor is informed of his or her right to just compensation. In addition, an owner of real property to be donated may waive the right to appraisal of the property, as long as he or she is informed that they are entitled to an appraisal. For donations falling under the Uniform Relocation Act, the CDBG project file should contain documentation that the owner was informed of his or her rights when agreeing to make the donation, and the file must include a copy of the deed for the donated property.
2. Decision not to acquire:
  - If, at any time after the preliminary acquisition notice has been sent, a decision is made not to buy or condemn a property, the property owner and any tenants must be notified in writing. The notice should specify that any person moving from the property thereafter would not be eligible for relocation payments and assistance.
3. Uneconomic remnant:
  - If the grantee acquires only a portion of the owner's parcel and the remaining portion(s) would have little or no utility or economic value, the agency must offer to acquire the uneconomic remnant as part of the total acquisition offer.
4. Tenant-owned improvements:
  - The grantee must offer just compensation for any improvements on the acquired property. Just compensation can be determined as the amount that the

improvement adds to the total value of the real property, or the salvage value of the improvement, whichever is greater.

**5. Owner retention of improvements:**

- If the property owner chooses to remove any improvements that have been included in the fair market appraisal of the property, the grantee may subtract the salvage value of the removed improvements from the purchase offer. For example, if a property value includes a utility shed that the owner removes from the property upon public acquisition, the offer to the owner may be decreased to the appraised property value, less the salvage value of the shed.

**6. Rental payments:**

- If the grantee agrees to allow the owner to remain on the property for a period of time following payment for acquisition, the owner can be charged rent for an amount up to the fair market rent for the period during which the owner remains on the property.

## Written Offer to Purchase

(Date)

(Name of property owner)

(Mailing address)

(City, MT zip code)

Dear (name of property owner):

This letter serves as a written offer to purchase property at (describe by address or general location and legal description), which our records indicate is owned by (name of property owner). This property is required for (describe proposed CDBG activity).

We have had the property appraised by a competent and unbiased fee appraiser, and this report has been thoroughly analyzed by a certified review appraiser and found to be well supported. Based on the appraisal and review, the (grantee) hereby makes you a firm offer in the amount of (\$ amount) for the purchase of your property.

We feel that the above offer is most equitable, and we urge your favorable consideration and acceptance of it. Negotiations for the purchase of your property will begin on (date).

Thank you very much for your cooperation and favorable consideration of this offer.

Sincerely,

(Name of grantee chief elected official)

(Mayor or chairperson, County Commission)

Enclosure: Statement of the Basis for the Determination of Just Compensation

# Statement of the Basis of Determination of Just Compensation

## Description and Location of Property

The (grantee) proposes to purchase land and improvements at (describe by address or general location and legal description) from (owner) at (owner's address, Montana zip code). It is a (describe use and character of structure and area, for example: single-family residential unit which conforms to zoning, present use, surrounding land use and area trends).

## Purpose of Purchase

The (grantee) intends to use the parcel for (describe proposed CDBG activity).

## Improvements

Describe the structure in detail, for example:

- It is a one-story, single-family residence of wood frame construction with concrete foundation, stucco siding, a tar and gravel roof and aluminum gutters and downspouts.
- It contains a living room, kitchen, center hall, two bedrooms and one bath.
- Interior finish is hardwood floors, except hall, two bedrooms and one bath.
- The kitchen has counters and painted wood cabinets. There are no built-in appliances.
- Heat is gas-fired, forced-air, 120,000 BTU furnace.
- The house is 25 years old. Design is good. Maintenance is average.

## Declaration of Offer

Based on the appraisal, the (grantee) hereby makes you an offer in the amount of (\$ amount) for the purchase of your property. This offer is for the fair market value of your property. This offer does not include any consideration of decrease or increase in value contributed to the project for which it is being acquired. It reflects no relocation payments which the owner/tenant may be entitled to receive under provisions of the Uniform Relocation and Real Property Acquisition Policies Act of 1970.

# Sample Public Invitation for Acquisition of Real Property

(Date of letter to landowner or publication of notice)

Under provisions of the Community Development Block Grant program, the (grantee) publicly invites responses from owners with real property located in the CDBG project area, shown on the map below, who desire to sell their property to the (grantee) for the purpose of (describe CDBG project). Interested property owners should contact the (grantee) on or before (date).

Offers to sell under this invitation for acquisition must be on a voluntary basis. If a mutually satisfactory agreement cannot be reached between (grantee) and seller, the (grantee) will not acquire the offered property.

Attached is a map of the general geographic area under consideration for this CDBG project.



## Donation of Real Property

An owner whose real property is to be acquired may, after being fully informed by the grantee of the right to receive just compensation for such property, donate the property or any part thereof to the grantee. The grantee must obtain a valuation of the real property unless the owner, in writing, releases the agency from such obligation.

The following steps must be followed to implement the donation method:

1. Send the potential property donor a copy of “When a Public Agency Acquires Your Property” booklet, by certified or registered mail, so as to ensure they were properly informed about their rights under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.
2. If after review of the “When a Public...” booklet and acknowledgment of their rights, the owner offers to donate their property, the owner will need to complete the Donation of Property by Owner Form.
3. Determine the fair market value of the donated property by appraisal, unless the owner agrees to waive his/her right to an appraisal. If the appraisal is waived, the Appraisal Waiver Form must be executed.
4. Copy of the recorded deed indicating property ownership.

The grantee will need to document that all these steps were followed.

# Sample Donation of Property by Owner

## Grantee or Agency Letterhead

(Date)

To the (city, county, state, tribe, other):

I/We have read and understand the information regarding my/our rights under the federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act. I/We understand that under the URA, an appraisal of my/our property is required, unless the value is less than \$10,000 and the valuation is believed to be uncomplicated, to determine the just compensation of my/our property. I/We further understand that if my/our property is selected for acquisition, that it is also a requirement under the URA that I/we be offered just compensation for my/our property.

While I/we have the right to have the just compensation of my/our property determined, and to be offered and to receive just compensation for my/our property, I/we have considered the (city, county, state, tribe, other)'s request that I/we donate my/our property for use in the proposed project in accordance with the regulations at 49 CFR 24.108, which state:

“An owner whose real property is being acquired may, after being fully informed by the Agency of the right to receive just compensation for such property, donate such property or any part thereof, any interest therein, or any compensation paid therefore, to the Agency as such owner shall determine. The Agency is responsible for ensuring that an appraisal of the real property is obtained unless the owner releases the Agency from such obligation, except as provided in Sec. 24.102(c)(2).”

I/We understand that I/we am/are not required to waive any of my/our rights. Even so, I/we have decided to select the option marked below and am/are returning this document to acknowledge and record my/our decision.

☐ Option one: I/We wish to release the Agency from its obligation to determine just compensation for my/our property, to offer to me/us that amount for my/our property which is needed for the proposed project, and to donate the property for the project without receiving any offer of just compensation.

☐ Option two: At this time, I/we do not release the Agency from its obligation to determine just compensation for my/our property and to offer to me/us that amount for my/our property that is needed for the proposed project. However, once that amount is determined and has been offered to me/us, I/we might consider donating some or all of the just compensation due me/us for my/our property.

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Signature of property owner

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Name of property owner and date

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Signature of property owner

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Name of property owner and date

# Final Offer Before Initiating Condemnation Procedures

## Administrative Settlement

The Uniform Relocation Act allows for an administrative settlement when reasonable efforts at negotiation have failed. A written justification must be prepared which indicates that available information supports such a settlement, e.g., appraisals, recent court awards, estimated trial costs and valuation problems. The grantee and Commerce must agree that such a settlement is reasonable, prudent and in the public interest.

Commerce generally considers a figure that does not exceed 10% of the established just compensation as a reasonable alternative to condemnation. If the grantee's justification for an administrative settlement appears unreasonable, Commerce may determine the excess payment to be an ineligible cost under the CDBG Program. The purpose of this provision is to allow the grantee flexibility in the negotiation process, while discouraging windfall profits from the sale of properties for use in publicly assisted projects.

The final offer should be hand delivered or sent by registered mail. It must include the final offer, an invitation to discuss again the basis of the final offer and the anticipated date on which the grantee intends to begin condemnation procedures. The property owner should receive the notice at least seven days prior to the date provided for the commencement of condemnation proceedings.

## Condemnation Proceedings

In the event that the property cannot be acquired by negotiations, condemnation proceedings can begin on the date provided in the Final Notice to Acquire by Negotiation.

The Uniform Relocation Act requires that an amount not less than the grantee has in an approved appraisal of the fair market value of the property be deposited with the court for the benefit of the owner. Section 70-30-101, MCA, describes state procedures for counties and municipalities when exercising the power of eminent domain. Any grantee involved in a condemnation proceeding is strongly encouraged to work closely with their attorney to ensure compliance with relevant state and federal laws.

## Final Notice to Acquire by Negotiation

(Date)

(Name of property owner)

(Mailing address)

(City, MT zip code)

Dear (name of property owner):

This letter serves as final written notice of the (grantee)'s offer to purchase through negotiations your property at (describe by address or general location and legal description). We have taken the following steps to attempt to reach a mutually agreed upon price for the property:

Describe dates and actions taken. For example:

May 01, 20\_\_ Submitted a written offer to you of \$37,500.

May 20, 20\_\_ Met with you and your representative to review additional material which you felt should be included in determining just compensation.

May 27, 20\_\_ Submitted a second written offer based on the information you presented, raising the level of compensation to \$39,000. At that time, we established June 13, 20\_\_, as the date by which you must indicate your acceptance or refusal of the second written offer.

We have not received any correspondence or communications from you concerning our second written offer of (date of second offer), and therefore consider it refused. In an attempt to avoid litigation and reach an administrative settlement, we are prepared to

make one final offer of \$\_\_\_\_\_ (final offer reached through administrative settlement, generally 10% above appraised value). In the event that you refuse this final offer, the (grantee) will have no choice but to proceed with condemnation of your property on (date of initiation of condemnation, no sooner than seven days from receipt of this notice), through exercise of the (grantee)'s powers of eminent domain as provided for under Title 70, Chapter 30, Part 101 et. seq., MCA.

We strongly recommend that you obtain legal counsel to represent you in these proceedings.

We regret that we must take this action. If you desire to consider our final offer, please contact (name), (title), (grantee), immediately, at (telephone number).

Sincerely,

(Name)

(Title)