

STATE PURCHASE OF RIGHT OF WAY



Right of Way Division

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INTRODUCTION

The Texas Department of Transportation is the organization that is responsible to you and millions of other Texans for planning, building and maintaining the state highway system and certain other public transportation facilities. In order to carry out these responsibilities, it is sometimes necessary for us to acquire right of way on new or existing locations. Since at least a portion of your property is required for right of way to improve the public transportation system in your community, we are providing you with this booklet to explain briefly your rights as a citizen as well as the procedure which will be followed in purchasing your property and to answer some of the questions that you probably have.

All of your questions regarding right of way matters will not likely be answered in this booklet, but perhaps the answers to a few of them will enable you to have a better understanding of the overall process. This booklet is offered for general information purposes only; it is not a document of law, rule or regulation. You will have an opportunity at a later date to discuss your individual case with a representative of our Department and to ask any questions you may have. On the last page of this booklet you will find the name, telephone number and address of our representative.

This booklet applies only to those rights of way that are acquired for the State of Texas directly by the Texas Department of Transportation. Cities and counties also acquire rights of way for transportation projects.

PUBLIC NEED FOR PRIVATE PROPERTY

Perhaps the first questions that should be answered is "Why does the government have the right to acquire private property?" Our successful existence in a democracy requires the development of public services to improve our way of life. We would be handicapped greatly without lands upon which to carry out the activities of government. For example, there would be no lands for public schools, highways, public hospitals or other facilities necessary to our society. In short, a government cannot provide services to its citizens without the right to acquire land.

WHY YOUR PROPERTY IS NEEDED

More particularly, of course, you are concerned about the reasons why your property is needed. You may have attended a meeting or public hearing where the need and methods of project development were discussed. If so, you are already aware that the Department uses a systematic approach to assess engineering conditions, beneficial and adverse social, economic, environmental and other effects of any project that is proposed. Projects are not selected arbitrarily. They are the result of cooperative efforts with proper local agencies, the study of alternatives and a balanced consideration of the need for safe and efficient public transportation. You may be sure that this process was followed on the particular project that involves your property.

Under our form of government, the rights of the individual are of paramount importance. Our laws guarantee these individual rights for all of us. However, our laws also recognize another principle, namely, the public good, which sometimes makes it necessary to resolve a difficult matter such as public acquisition of private property in favor of the majority for the good of all.

Every effort is made to reach a fair and equitable agreement in the purchase of all right of way needed for public transportation pur-

poses. It is hoped sincerely that when a highway project route and design have finally been determined, all citizens will agree that fair and equitable consideration has been given to the property owners involved and that the selected route is in the best interest of the general public.

CONTACT BY THE DEPARTMENT

"When will I know something definite?" This surely is one of the questions you will have. You will be contacted personally by one of our authorized representatives. However, this contact must be delayed until all preliminary requirements for highway project development have been met. In some instances, the time between that date you may have heard of a proposed project and the time you are actually contacted may seem unreasonable, but every effort is made to expedite the various planning, engineering, environmental, public hearing and approval steps so that purchase of right of way can begin at the earliest possible date.

COMPENSATION

You will, of course, want to know how much you will receive for your property. As a property owner, you have the constitutionally guaranteed right to receive just compensation for the property that will be purchased from you. Even though you have the right to receive such compensation, you may make a gift or donation of all or part of the property if you wish to do so. Where payment is to be made, the real property will be appraised to determine just compensation. If you elect to donate all of your property prior to the time an appraisal is made, no appraisal will be made unless you desire one to be made.

Our representative will contact you before any appraisal is made. A thorough investigation of your property will be made to determine its value in accordance with state law. You or your designated

representative will be given an opportunity to accompany the appraiser who is evaluating the real estate during the inspection of the property. Your cooperation will aid greatly in insuring that nothing is overlooked which ought to be included in the appraisal of your property. All appraisals are reviewed carefully by the Department to assure that proper appraisal principles and methods have been used to arrive at the value to be offered for your property.

As soon as the appraisal and appraisal review work can be completed, you will be provided a written offer in the amount of the total approved value. You will be provided a copy of the state's appraisal report and you should note that if you already have an appraisal report you are required to provide a copy of it to the state. If you decide to have a separate appraisal done, you are required to provide a copy of it to the state within 10 days of receipt of the appraisal report. You will also be advised in the written offer concerning the option of retaining any building or other improvements located on the land needed for right of way. Where appropriate, the just compensation for the real property to be acquired and for compensable damages to remaining real property will be stated separately.

Your decision regarding the State's offer for your property needs to be made at the earliest possible time so that the completion of the acquisition process is not delayed. You can appreciate the fact that there is a definite time frame required for every aspect of the highway or transportation project that involves your property.

ADMINISTRATIVE SETTLEMENTS

An administrative settlement is any settlement made or authorized by the responsible acquiring official which is in excess of the agency's approved value. The responsible acquiring official is the Director of Right of Way. If an agreement on the approved value cannot be reached, the owner may request an administrative settlement. The administrative settlement process is:

- 1) A written counteroffer is required and must include a property owner's signed proposal for full settlement setting forth a specific dollar amount with information to support the proposal;
- 2) The counteroffer will be reviewed by a District evaluation team which will recommend approval/non-approval of the written counteroffer to the Right of Way Division;
- 3) The property owner will be notified of the Right of Way Division's decision;
- 4) If an administrative settlement is not approved or if the property owner decides to reject an approved administrative settlement, a final offer letter will be issued at the original approved value; and,
- 5) Only one written counteroffer will be considered.

If improvements are retained, the retention value will be subtracted from the total settlement amount.

DONATION OF RIGHT OF WAY

The donation or gift of all or a portion of your property that is needed for right of way is an option that you have. Obviously, the state funds that are saved if property is donated can be utilized for construction and/or other purposes. Donations can also help to expedite the letting of construction contracts and lead to an earlier completion of the project.

In situations where remaining property will be increased greatly in value by the construction of the highway or other transportation facility, the donation of right of way may be to your advantage as a property owner by making your property more suitable for timely development. There are undoubtedly other good and valid reasons for consideration to be given to the possibility of donation or the acceptance of reduced compensation.

DAMAGES TO REMAINING PROPERTY

If you have a question about damages you should know that in many cases highway construction will enhance rather than damage remaining property. When only a portion of your property is needed, you will be offered an amount for damages only if the appraisal process indicates that your remaining property will have a lesser value after the highway is constructed. The amount established for damages, if any, will be stated separately and will also be included in the total offer made to you by the Department.

RELOCATION OF IMPROVEMENTS

Many property owners would like to know if their house or buildings can be moved. If the state's offer for your property is acceptable, arrangements usually can be made for you to keep your house or buildings and move them to another location. Removal of such improvements is the owner's responsibility. Since each case is different, it is best that you discuss this with our authorized representative when you are contacted.

TIME ALLOWED FOR RELOCATION

"Will I have time to look for another home?" is another question that often arises. If your home is purchased, you will be paid the full consideration. Before you are required to move you will be given adequate time to find and buy another home using the proceeds from our purchase. You are not required to move until you receive a written notice and a date to vacate. To the greatest extent practicable you will be given at least 90 days written notice of the date by which you must move. This applies not only to homes but also to all properties where a property owner relocates to a new property or moves retained buildings, fences or other improvements to remaining property.

PROPERTY ADJUSTMENT WORK

Some property owners ask "Will I have time to fence or do other work on my remaining property?" Every effort will be made to make the offer of purchase sufficiently in advance of construction to allow time for necessary property adjustment work. Examples of property adjustment work are the building of fences along the right of way lines, the construction of new watering facilities for livestock, the removal of any buildings or other improvements which an owner desires to keep from the right of way area being purchased and their reestablishment elsewhere and the adjustment of water lines and similar facilities which are necessary to continued best use of the remaining property.

FARMING OF CROPS

If crops have been planted, the offer to purchase will usually be based on your retaining a right to harvest crops in the ground, with the understanding that after closing the transaction no new crops will be planted. An exception to this procedure is when construction is so imminent that it is not possible to allow time for the harvesting of existing crops. In that case our offer to you will include payment for the existing crops based on the value of such crops at the time of the offer.

MORTGAGES

ABOUT YOUR MORTGAGE

As is the case in the handling of any other real estate transaction, payments must be made to satisfy outstanding mortgages or liens. If only a portion of your property is being acquired, agreement must be reached with the mortgage or lien agency concerning payment requirements. If you were selling your property in a private real estate transaction and part or all of an outstanding mortgage had to be

paid, many lending agencies would require a prepayment penalty. Since this sale is being made to the public, most lending agencies, including the Federal Housing Administration, waive this requirement. However, some do not, and you should investigate this matter to determine whether or not such a penalty will have to be paid.

THE G.I. LOAN

The Veterans Administration recognizes that the sale of your property is not of your choosing. Under these circumstances, your G.I. loan privileges may be restored and made available for coverage of another property. The veteran must initiate this action.

SMALL BUSINESS LOAN

The Small Business Administration administers funds for loans for small businesses. You may wish to contact one of their offices which are located in Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Harlingen, Houston, Lubbock, Marshall and San Antonio to determine how to qualify for a loan.

INCOME TAXES

If your property is worth more today than when you bought it, you may be wondering about paying income tax on the difference when you sell to the public. The sale of property for public purposes comes under a class which the Internal Revenue Service designates as "involuntary conversion." It may not be necessary to pay income tax or capital gains tax depending on how you reinvest your profit from the sale to the state. Any payment received for damages also may not be taxable. You are, therefore, urged to contact the Internal Revenue Service Office which serves your area or seek legal advice on these matters.

EMINENT DOMAIN PROCEEDINGS

Although a sincere and comprehensive effort is made to determine just compensation for the right of way required, including improvements and damages, if any, to any remainder, and the utilization of the administrative process, you may still not be satisfied and may refuse to sell. In other instances, the title to the land needed for right of way may be clouded to the extent that legal proceedings are necessary to effect transfer of clear title. In these and a few other cases, eminent domain proceedings have to be initiated by the state. Thereafter, the Court will appoint three disinterested landowners to serve as Special Commissioners and a hearing will be held to determine the value of the property being acquired. If any improvements are included in the property being acquired, they may not be retained by the property owner in eminent domain proceedings.

The property owner will be notified of the time and place of the hearing. At this hearing, the Special Commissioners will listen to the evidence of value and arrive at an award that will be filed with the Court. A deposit in the amount of the award may be made with the Court at which time the state will be entitled to take possession of the property involved. After the deposit is made, the Court must authorize withdrawal of the award. If either the property owner or the state is dissatisfied with the amount of the award, objections to the award may be filed within the time limits prescribed by law and the case subsequently tried in the same manner as other civil cases. The basic issue decided in eminent domain cases is just compensation for the property being acquired.

RELOCATION ASSISTANCE AND BENEFITS

In addition to payment for your property, you may be entitled to additional benefits. If you must move, you may be entitled to assistance in locating another home or business and financial assistance in the form of moving and related expenses. Such benefits, if any, are in addition to the state's offer for your property and are handled

separately from the purchase of your real property. It is beyond the scope of this booklet to detail specific benefits; however, if you are eligible, your rights and benefits will be fully explained in detail. A separate relocation assistance booklet is available and you will be furnished with one if you have to move and/or your personal property has to be moved. If the needed right of way is occupied by a home, business or any personal property, **DO NOT MOVE UNTIL YOU HAVE BEEN CONTACTED BY A RELOCATION ASSISTANCE COUNSELOR AND HAVE ESTABLISHED ELIGIBILITY FOR POSSIBLE RELOCATION BENEFITS. MOVING PREMATURELY MAY RESULT IN FORFEITURE OF THESE BENEFITS.**

INCIDENTAL EXPENSES

After the date of payment of the purchase price, or the date of deposit in court of funds to satisfy the award of compensation as determined through eminent domain proceedings to acquire real property, you will be reimbursed for any fair and reasonable expenses necessarily incurred in transferring title to the property for use by the Texas Department of Transportation. Expenses eligible for reimbursement may include (1) recording fees, transfer taxes, and similar expenses incidental to conveying the real property to the Department and (2) penalty costs for prepayment of any preexisting recorded mortgage entered into in good faith encumbering the real property. Voluntary unnecessary expenses or expenses incurred in clearing questionable title will not be eligible for reimbursement. The Texas Department of Transportation will reimburse eligible incidental expenses upon submission of a claim supported by receipted bills or other evidence of actual expenses incurred. You may file a written request for review if you believe that the Department failed to properly determine the eligibility for or the amount of incidental expenses to be reimbursed. There is no standard form on which to request review of a claim; however, it must be filed with the Department's District office for your area within six months after you are notified of the Department's determination on any claim for reimbursement.

CONCLUSION

Your Texas Department of Transportation sincerely hopes that the purchase of your property can be accomplished to your satisfaction with an absolute minimum of inconvenience to you. We will be more than happy to assist you in any way we can.

Name, address and telephone number of our representative:
