SHARED DWELLINGS

Determining what constitutes multiple households

BY DARRYL ROOT, R/W-RAC, JD

A common situation facing any residential relocation agent is when multiple tenant households live in one dwelling. This situation occurs when a group of tenants is found in one rental unit but claim they qualify as multiple households that require separate benefit determinations. According to the Uniform Relocation Act 49 CFR 24.403(a)(5), "If two or more occupants of the displacement dwelling move to separate replacement dwellings, each occupant is entitled to a reasonable share, as determined by the Agency, of any relocation payments that would have been made if the occupants moved together to a comparable replacement dwelling. However, if the Agency determines that two or more occupants maintained separate households within the same dwelling, such occupants have separate entitlements to relocation payments."

Understanding and analyzing such claims is essential in order to accurately distribute benefits. This article will examine common possible multiple household situations and what factors are important when deciding if multiple households actually exist in one dwelling.

Conducting the Interview

Although it is not impossible for multiple households to exist in owner-occupied dwellings (i.e. when the owner occupies one bedroom of a large home and rents out the other bedrooms or when multiple generations of a family use separate amenities in the same house), generally the phenomenon exists when the owner is offsite and rents out a large single family residence or boarding house structure to a number of tenants.

The possibility of multiple households is revealed during the initial relocation interview. At this point the relocation professional should gather important facts about how the occupants live in the structure, such as whether they share common amenities and facilities, whether they have separate entrances to their living spaces, and the manner in which the rent is paid, among other considerations. Oftentimes during these interviews, tenants express the belief that because they are not related to one another, this qualifies them as separate households deserving multiple benefit calculations.

Tenants may also express that their limited incomes require them to share a dwelling with roommates. Of course, tenant incomes are an important factor in benefit determinations. If it is concluded that the tenants comprise only one household, the income of all tenants must be combined when determining if the household is low income for benefit purposes. If it is determined that multiple households exist, each individual's income will be examined separately. Examining incomes separately greatly increases the chance that benefit amounts will be higher for each tenant.

While deciding on whether multiple households exist within a single dwelling is somewhat subjective due to the particular characteristics of each case, there are some objective factors that can

help in making the decision. These factors include:

- Do the occupants share common cooking and kitchen facilities?
- Do these occupants prepare and buy their own separate meals?
- Is there a familial relationship between the occupants?
- Do the tenants pay the rent with a single check?
- Do the tenants comingle their funds and financial resources?
- Are their separate rental agreements for different tenant groups living in the same dwelling?
- How much of the dwelling is used in common by the tenants?
- Are household chores like laundry done separately for each tenant group claiming a separate household?
- Do the tenants share vehicles?
- Do the tenants share living space within the dwelling?
- Are the tenant occupants students? (Note: some State Departments of Transportation take the position that students living in the same dwelling will constitute one household.)
- Are the tenant groups claiming to be separate households moving into the same replacement dwelling?

Calculating Benefits

Assuming multiple households are found, the next issue becomes how the separate calculations should be done. They should be based upon that portion of the displacement site occupied by each separate household. This can be a difficult exercise and finding comparables in this situation can be even more challenging. The relocation agent should allow sufficient time to locate these comparables in order to most accurately calculate benefits. In any case, the tenant must follow the "spend to get" rule in order to claim any potential rental differential payment.

Obviously, there is no single black and white rule for determining the existence of multiple households. The weight of a number of factors should be considered in each unique situation. Should it be determined that there are separate households living in a single structure, it is important that the relocation agent thoroughly document the file to substantiate the reasons why separate households exist at the displacement site. The greater the documentation provided in the file, the greater chance that the determination will not be challenged in an audit. In addition, incorrectly determining the existence of multiple households within a single dwelling may set a troublesome precedent for the rest of the project. ✪

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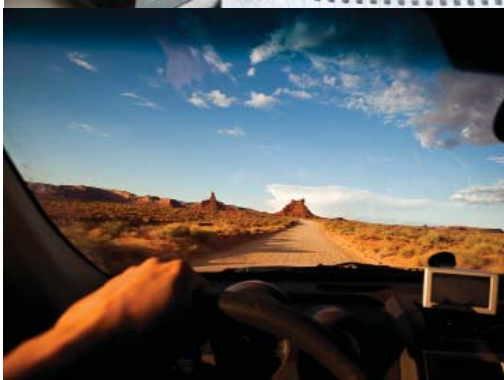
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