A Personal Property Move

Challenges of PPO relocation

BY DARRYL ROOT, R/W-RAC

Many relocation professionals breathe a sigh of relief when they hear "personal property move." They believe that the relocation case will be much easier to handle because there will be no need to relocate the business or household from the subject parcel. However, personal property only (PPO) relocations can be some of the more difficult relocation cases to deal with. Depending upon the nature of the personal property to be moved and whether it belongs to a residential or non-residential owner, the relocation case can be difficult.

Definitions

PPO relocations can generally be defined as ones falling under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) where there is a move of personal property from right of way acquired for a project and there is *not* a need for a full relocation of a residence, business operation, farm operation or non-profit organization from the acquired property. The PPO can occur where items are stored on otherwise vacant lots, residential parcels and on commercial properties where the business can still operate after the acquisition of the new right of way and where the business will not incur reestablishment expenses.

When a PPO relocation is proposed, one of the first things the relocation professional needs to do is to confirm that the items in the new right of way are indeed personal property. For example, a shed or storage structure might be categorized as either personal property or real property depending on whether it is on some sort of permanent foundation or not. Categorization of items as real or personal property by the appraiser will depend upon the specific item, state laws and other factors. Ideally, the relocation agent should accompany the appraiser on his or her appraisal inspection and discuss these types of issues with the property owner. These discussions can lead to a clear understanding on the categorization of the items prior to the appraisal being reviewed. In any event, once the appraisal is approved by the displacing agency, the relocation agent should confirm how the appraiser has described the item.

PPO Benefits

If the items are deemed personal property, relocation benefits for PPO relocations are primarily governed by 49 CFR §24.301 (e):

> (e) *Personal property only*. Eligible expenses for a person who is required to move personal property from real property but is not required to move from a dwelling (including a mobile home), business, farm or nonprofit organization include those expenses described in paragraphs (g)(1) through (g)(7) and (g)(18) of this section. (See appendix A, § 24.301(e).)

They are also governed by 49 CFR §24.301 (g):

> (1) Transportation of the displaced person and personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless the Agency determines that relocation beyond 50 miles is justified.
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> (2) Packing, crating, unpacking, and uncrating of the personal property.
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> (3) Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property. For businesses, farms or nonprofit organizations this includes machinery, equipment, substitute personal property, and connections to utilities available within the building; it also includes modifications to the personal property, including those mandated by Federal, State or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property.
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> (4) Storage of the personal property for a period not to exceed 12 months, unless the Agency determines that a longer period is necessary.
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> (5) Insurance for the replacement value of the property in connection with the move and necessary storage.
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> (6) The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available.
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> (7) Other moving-related expenses that are not listed as ineligible under § 24.301(h), as the Agency determines to be reasonable and necessary.….
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> (18) Low value/high bulk. When the personal property to be moved is of low value and high bulk, and the cost of moving the property would be disproportionate to its value in the judgment of the displacing Agency, the allowable moving cost payment shall not exceed the lesser of: The amount which would be received if the property were sold at the site or the replacement cost of a comparable quantity delivered to the new business location. Examples of personal property covered by this provision include, but are not limited to, stockpiled sand, gravel, minerals, metals and other similar items of personal property as determined by the Agency.

Benefits for PPO relocation include various options:

Self-Move:
The self-move option requires the displacee take full responsibility for the movement of personal property. Prior to the move, the displacee will prepare a written and photo inventory of the items to be moved. This inventory becomes the basis for bids prepared by commercial movers or an estimate prepared by the relocation agent. If a professional bid is required, the relocation agent should help the displacee obtain at least two bids from qualified movers. (The move bids would be limited to a 50-mile radius.) The displacee would then receive the amount of the lower of the two bids to move the items.

Commercial Move:
The owner of displaced personal property can request that the displacing agency pay a commercial mover directly for relocating the items. The mover will use the displacee's inventory as a basis for the bid. The lowest, responsive bid up to 50 miles would become the highest amount the agency would pay to a professional mover.

Actual Cost:
The displacee may also choose to be reimbursed for PPO moving expenses through providing documentation of the actual and reasonable costs incurred. This documentation could include receipts, copies of invoices and time sheets of people hired to perform the move, etc.

Moving Schedules:
In addition, some states have PPO move schedules that they have developed for particular types of PPO relocations, such as for storage units. The displacee would receive the amounts indicated in the schedule once all items had been moved.

Self-moves are often used by displacees when the personal property items are very easily moved, such as swing sets. In contrast, self-moves are also used when the items that must be moved are unique or difficult to relocate and displacees do not want to entrust the personal property to movers. For residential PPOs, these unique items can include special planters, antique yard ornaments and other items. For non-residential displacees, PPO relocations can include equipment or items of inventory that are in the new right of way.

Potential Challenges

The movement of equipment and inventory can bring a host of difficulties. For example, if a business fronts a highway and displays inventory near the edge of pavement to attract customers, moving the inventory may decrease its visibility and decrease sales. Examples of these types of situations include RV and car dealerships. Many times, businesses will even encroach upon existing right of way to attract customers with highly visible inventory. It is often a shock to businesses to learn that they have placed merchandise on existing right of way for decades and now must move the items even further into their properties to accommodate the new right of way. In addition, some agencies have taken the position that they will not pay relocation benefits for encroaching items.

To make things worse, some businesses will claim that moving the equipment or inventory further into the property will reduce or eliminate its functionality. These businesses may claim the need for re-establishment benefits to re-configure the property in order to restore functionality or may claim they have been completely displaced and can no longer operate on-site. This is especially true when the impacted parcel is small, oddly shaped or when the partial acquisition affects access. Such claims may take significant time to evaluate and may impact project schedule and budgets. The displacing agency may have to bring in experts to analyze the claims and further delay the relocation process. Even after the agency makes decisions on these claims, the displacee can always appeal and further impact the project schedule.

Even if the business does not make claims beyond the movement of personal property, the nature of the personal property itself may be problematic. Businesses that must move hazardous materials out of the new right of way may incur large expenses and require special permits. Examples of these hazardous materials might include used automotive oil and related liquids, metals used in printing and plating businesses, or chemically unstable substances such as fertilizers, explosives and insecticides. These substances may require the use of hazardous materials movers and take long periods of time to move. Regulations enacted after the on-site production of the substances may require special disposal of the items or prohibit their movement or storage off-site. Even if the items can be moved off site, the cost of permits may be very high. If the nature of the items is not hazardous, there may still be other issues. For example, if an auto salvage yard must relocate some of its vehicles, movers will require that the property owner be able to produce clear title to the cars before they can be moved.

From swing sets to explosives, PPO relocations can create many challenges for the relocation professional. However, early identification of these challenges and the proper choice of benefits can help resolve these issues. ✪

Darryl Root is a Senior Right of Way Project Manager for HDR. He has been in the right of way industry for 25 years.