

Binder, Sherri B. and A. Greer. 2016. The devil is in the details: Linking home buyout policy, practice, and experience after Hurricane Sandy. *Politics and Governance*, 4(4): 97-106.

<https://www.cogitatiopress.com/politicsandgovernance/article/viewFile/738/738>

“That’s the problem. Nobody knows nothing. There’s nowhere to go to get information.”

Overview:

- Community experience perspective on buyouts
- Details of home buyout program implemented in New York after Hurricane Sandy
- Overview of how Sandy affected the area
- Overview of the relevant features of the buyout program
- Described the methodology for exploring NY’s buyout
- Presented data on how the following affected the households involved 1) selection criteria, 2) financial incentives, 3) government involvement and 4) the buyout process the “perceived voluntariness”
- Discussed implications of the study and offered recommendations for the future.

Buyout definition: Programs facilitate the permanent relocation of residents out of areas considered at risk for future disasters. They give homeowners the opportunity to sell their homes to a local implementing agency and relocate to a less hazardous area. The authors state that the primary goal of any buyout effort should be to minimize the hazard risks for participating households

The authors examined 8 buyout programs that were implemented between 1978 and 2005 (they don’t provide a list of programs). They compared them using the following criteria:

- Primary funding source(s)
- Number of homes purchased
- Duration
- Criteria for inclusion
- Use of financial incentives and disincentives
- Degree of government involvement

The authors found little evidence of policy learning across buyout programs. They were designed independently with limited influence from past programs, minimal guidance from federal funding agencies or by local agencies that implemented them and didn’t have the experience of purchasing properties that were at risk

*What mattered most was whether the buyout enabled them to replace the home they lost, not the dollar amount they received.

Hurricane Sandy (Case Study-Oakwood Beach, NY):

- New York responded by developing a home buyout program to transform portions of coastal flood zones into preservation land
- Plan offered 100% of the home's pre-storm value for "substantially damaged homes" located in the highest risk coastal areas (FEMA "V-Zones") and to damaged homes within the 500 year floodplain
- Only 10 communities were selected for the buyouts
- The process for those eligible homeowners that opted into the program had (6 steps):
 - Their homes appraised by a private company contracted by then state
 - Received an offer based on that appraisal
 - They could then accept that value or hire their own appraiser (at their own cost) to appeal the offer
 - Once accepted, a closing date was set and the property was transferred to the state
 - Homeowners were then responsible for finding and relocating to a new home once the property was transferred
 - State demolished the purchased homes and converted it to open space (based on HUD requirements)
- The state offered financial incentives in "enhanced buyout zones" defined as "areas at highest risk in the floodplains that are determined to be among the most susceptible to future disasters."

Lessons Learned:

- Financial incentives were the highest on record – they encouraged participation but didn't relieve the financial burden for participants
- Buyout progressed quickly but there was little information made available to the participants to help them make important decisions
- There were gray areas of how the voluntariness was perceived and experienced by participants

Recommendations/Suggestions:

- Transparency may have reduced confusion and frustration
- An accurate, clear and consistent description of the steps involved in the buyout process (annotated timeline) would help participants to track their progress
- Financial incentives could have been made more effective through assistance to participants in locating appropriate, affordable homes in their desired areas
- Need more information about the role of implementing agencies
- Involve local communities in the process – buyouts can be community led – involving communities in planning for recovery prior to disaster may prevent post-disaster confusion and frustration and push government to spend time to create these programs

Need to increase our understanding of the relationship between policy, design, experience and outcomes across a range of buyout programs. This is important to help with post disaster relocation and minimize risk to participants and informing best practices in all phases of the buyout process.

Regulations, Environmental. "Anatomy of a Buyout—New York Post-Superstorm Sandy." *Federal Register* 14329 (2013): 14345.

https://www.researchgate.net/publication/308518538_Anatomy_of_a_Buyout_Program_-_New_York_Post-Superstorm_Sandy

Acquisition programs are one of the most common tools used in the United States to reduce community vulnerability with respect to flooding and storms. The effectiveness is dependent on the program structure and consistency.

This paper focuses on:

- Differences between two program models
- Major sources of funding
- Constraints on program design
- Description of design and implementation of the current New York acquisition programs

Acquisition vs Buyouts

Two models serve distinct purposes even though they are used interchangeably at times:

1. *Acquisition Redevelopment*: Acquisition refers to the purchase of private property by government for public use. There is no particular purpose or end use for the property.
 - a. These programs are intended to purchase damaged parcels from homeowners who are unwilling or unable to rebuild, granting them funds to relocate to a less vulnerable area.
 - b. Parcels are then re-sold to a developer who can then put a new structure that must be more resilient to threats resulting in the maintenance of housing numbers staying consistent while also maintaining a similar local tax base in the affected community.
2. *Buyout Program*: These programs are a subset of acquisition in which private lands are purchased, existing structures demolished and the land is maintained in an undeveloped state for public use in perpetuity.
 - a. HUD definition post Sandy = “acquisition of properties located in a floodway or floodplain that is intended to reduce risk from future flooding”
 - b. Improve the resiliency of an entire community:
 - i. Reduce exposure by limiting people and infrastructure in vulnerable areas
 - ii. Reduce future disaster response costs and flood insurance payments
 - iii. Restore natural buffers in order to reduce flooding levels
 - iv. Eliminate the need to maintain and repair flood control structures
 - v. Eliminate or reduce the need for emergency response spending and other municipal service expenses
 - vi. Provide open space for the community

Both buyout and acquisition programs can be conducted using “eminent domain” (without homeowner’s consent) or by voluntary sales from landowners who have recently experienced natural disaster.

Acquisition programs do not produce the same results as buyouts because new built homes are still vulnerable and could still undergo damage in future disasters. Buyouts will be most effective if they can acquire a continuous strip of land or whole neighborhoods. Even though acquisition programs may restore lands to wetlands that provide ecological benefits, buyouts creates open space and public park areas, it will not only impact the ecology but also the local economic structure of the community.

Federal Funding-

- **Federal Emergency Management Agency (FEMA)** (<https://www.fema.gov/>)
 - **Hazard Mitigation Grant Program (HMGP)** (<https://www.fema.gov/hazard-mitigation-grant-program>)
 - **Flood Mitigation Assistance Program (FMA)** (<https://www.fema.gov/flood-mitigation-assistance-grant-program>)
 - **Pre-Disaster Mitigation Program (PDM)** (<https://www.fema.gov/pre-disaster-mitigation-grant-program>)
- **Department of Housing and Urban Development (HUD)** (<https://www.hud.gov/>)
 - **Community Development Block Grants (CDBG)**
(https://www.hud.gov/program_offices/comm_planning/communitydevelopment/programs)

Funds come with guidelines and regulations that limit the choices on whether to go with an acquisition or buyout strategy and how to develop the programs. State and local funds are also available.

This paper outlines in detail and provides examples for each of the above federal programs. There is a brief summary below:

HMGP – is one of the primary funding sources for large buyout programs – limits to buyouts rather than acquisition

- Only available to communities in a presidentially declared disaster area
- Community must have a FEMA approved Local Mitigation Plan in place to receive funding
- Individual homeowners cannot apply to the program
- Projects that are approved must 1) provide a long-term solution to a problem and 2) potential savings must be more than the cost of the project implementation
- Requirements and conditions:
 - Project must be a cost-effective measure that will reduce the risk of future flooding
 - Properties must be acquired at pre-disaster prices
 - Acquired land must be maintained as open public space
 - No new structure may be built upon the acquired property
 - No future disaster assistance funds may be applied for or received from federal government for the property
 - Buyouts must be voluntary

CDBG – provides funding to communities to address a range of development needs – allows acquisition

- Grants are awarded to government agencies, not individual homeowners
- Governments must submit an action plan that details the intended purposes, management and oversight of the funds
- Activities must:
 - Benefit persons of low and moderate income
 - Aid in the prevention or elimination of slums or blight
 - Meet other urgent community development needs because existing conditions pose a threat to the health and welfare of the community
 - Funds allow the administrator to choose whether to use pre- or post-storm value as the purchase price as long as the price is consistent throughout the program

Case Study: New York Buyouts vs Acquisition

New York State Buyout

- Only one and two unit homes that were “substantially damaged” (more than 50% of the value of the home) and located in the highest risk area (V-zone) were eligible
- Standard payment was 100% of the pre-Sandy fair market value of the home
- “Enhanced Areas” received an additional 10% (no definition of enhanced areas)
- Homeowners that relocate within the same county are eligible for an additional 5%
- Outside of the enhanced areas, a “Group Buyout Incentive” provides a 10% incentive when 2-10 consecutively located properties within the V zone all agree to participate in the buyout
- Existing buildings will be demolished and reconstruction is not permitted

Build it Back

- New York City operated its own acquisition program under this recovery effort
- City and State have an agreement that the State would administer both buyout and acquisition programs
- State will acquire homes at the pre-storm value – funding source is unclear
- Properties acquired for redevelopment would be given back to the City and the revenue would be split between the City and the State.

Case Studies in Floodplain Buyouts: Looking to best practices to drive the conversation in the Houston region, Rice University Kinder Institute for Urban Research

http://www.houstonconsortium.com/graphics/GHFMC_KI_2018_Buyout_Report.pdf

As disasters become more frequent, home buyout programs are growing more popular as a mitigation strategy because they can be a cost-effective alternative to larger flood control structures and can help reduce repetitive loss from flooding.

This report provides an overview of FEMA's Hazard Mitigation Assistance Program, the challenges with buyout programs and presents three case studies that were used to describe the acquisition process and to discuss innovative ways the areas are using buyouts as part of their flood mitigation strategies. The report also provides an enumerated list that summarizes 10 key findings (page 3).

Hazard Mitigation Assistance Program (HMA)

- Hazard Mitigation Grant Program (HMGP)
 - Longest and largest running
 - Can take up between 12 and 36 months to process
- Pre-Disaster Mitigation (PDM)
- Flood Mitigation Assistance (FMA)
 - Goal is to reduce National Flood Insurance Program (NFIP) claims
- Repetitive Flood Claims (RFC)
- Severe Repetitive Loss (SRL)

Basic process for communities to secure HMGP funding:

1. Local jurisdiction develops an HMGP application identifying properties for acquisition based on location in the floodplain and submits to the state
2. State works on the community's behalf with FEMA to evaluate the localized buyout plan for alignment with state mitigation plan and coordinate between state agencies and FEMA
3. FEMA conducts a final review and, if approved, awards it to the state who then administers to the sub-applicants

Qualifications:

- Jurisdiction must be a NFIP participating community with a FEMA approved Hazard Mitigation Action Plan in place
- Each property must also have its own NFIP policy
- Proposals must undergo a Benefit Cost Analysis (BCA) showing that the estimated cost of future damage is larger than the cost of purchasing and demolishing a structure

The length of time (generally 2 years) that it takes for the buyout process is one of the major deterrents of participants voluntarily signing up for these programs.

Overview

Examined case studies from around the country to see how programs engage their communities, speed up the process and generate more funding sources will allow the region to make sure they are doing everything possible to develop the best mitigation efforts to keep people safe

Appendix D outlines a timeline of the buyout program and anticipated next steps.

Appendix E enumerates the buyout process for individual property owners in Harris County.

Case Studies

Harris County

- Program started in 1985.
- The Harris County Flood Control District (HCFCD) is the largest buyout program in the country in terms of successful acquisitions (3,100 properties, \$342 million).
- Relies on HMGP funding but also uses revenues from HUD's CDBG-DR and FEMA's other mitigation grant programs
- District applies every year for buyout funding regardless of flooding in the county that year
- Recognize need to raise non-federal funds as well
- HCFCD considers other factors outlined in this report when considering acquisitions:

“What's Innovative?”

- County officials recognize the need for rapid buyouts and have released County funds and City of Houston funds to begin the process as soon as possible
- Due to budget shifts, Harris County may, in the long-term, continue to depend mostly on federal support for mitigation strategies as opposed to fund from the Capital Improvement Program
- County has successfully planned and implemented flood detention basins and greenspace where large clusters of buyouts have been completed

Charlotte-Mecklenburg

- Storm Water Services is the joint municipal/county storm water utility that covers 7 cities and the rest of Mecklenburg County.
- Operations began 1999
- Successfully leveraged federal funding with local funds – increasing shifts in local revenues

“What's Innovative?”

- The “Ultimate or Future Floodplain” was established in 2000 accounting for increased runoff caused by future development
- Storm Water fees generate local revenue from properties with impervious surface – incentivizing minimizing impervious surfaces in new development
- Local Risk-Based Buyouts Program fully funds acquisitions with Storm Water fees and local contributions – less dependence on federal funds
- Quick Buy program allows Storm Water Services to use its Rainy Day Fund to acquire properties more rapidly after a disaster
- The RetroFIT program supports mitigation efforts – fund will reimburse conversion of 95% of non-eligible buyout properties to flood-proof homes

New Jersey Blue Acres Buyout Program

- Began in 2013
- Administered by New Jersey Department of Environmental Protection

“What’s Innovative?”

- Blue Acres staff meet and coordinate with homeowners and case managers are assigned to individual homeowners to help navigate the process
- Frequent, easy communication due to office location
- Teams of experts (appraisers, hazard inspectors, title reviews, GIS analysts, real estate professionals, etc) are collocated, making the BCA process more efficient
- Created a Dashboard Survey that reduces the number of properties that need full review
- Develop digital elevation model (DEMs) money and time on the application process
- Homeowners can opt out of the buyout at any time of the process
- Blue Acres partners with local non-profits to provide pro-bono legal and financial services to low-income survivors

Lovett, J. 2016. Moving to higher ground: protecting and relocating communities in response to climate change. Vermont Law Review. Vol 42:025. 59 pages.

<http://lawreview.vermontlaw.edu/wp-content/uploads/2018/02/04-Lovett.pdf>

Section II focuses on “Eminent Domain”.

The real problem with eminent domain is whether governments would actually use it and whether Congress or state legislatures would be willing to pay for involuntary acquisitions with public funds.

After Hurricane Rita, it was proposed that if the voluntary acquisitions didn’t justify the cost of the program, involuntary acquisition would need to occur. The response was a petition to “PLEASE TAKE IT OUT!” and completely remove any and all reference related to “eminent domain” and “involuntary participation.”

Section III focuses on what kind of buyout programs are most successful and answer how governments can motivate enough property owners to relocate from one dangerous area to another safer place?

If there isn’t enough participation, the price of disaster response, infrastructure-maintenance and public service costs will remain high.

A brief summary of the following programs (post Katrina and Rita) and important lessons learned from each are summarized in this paper:

- The Baker Bill
- Mississippi Coastal Improvements Program
- The Franklin Creek Floodway Plan
- Louisiana Road Home Program
- Cedar Rapids Voluntary Property Acquisition
- New Jersey’s Blue Acres Program (post-Superstorm Sandy)
- New York Rising/Build it Back (post- Superstorm Sandy)

Lessons learned from these programs:

- Buyout programs tend to produce the best results when they focus on small communities, not large scale programs.
- Offer prices in a buyout proposal need to be high enough to make property owners feel like they have received most (or all) of the pre-disaster value from their property and provide enough money for them to relocate to another community.
- Incentives work. They reinforce maintenance of the social ties within the community.
- Post-relocation assistance can be crucial in a successful program.
- Buyout programs need to take the time to get to know and meet with the property owners and understand how they value their property and can make better decisions and understand the potential tradeoffs better.
- A successful buyout program will have to recognize that most people have strong roots in their communities. These are people’s lives. That cannot always be replaced with money.

U.S. Climate Resilience ToolKit – Adaptation Toolkit: Sea-Level Rise and Coastal Land Use

<https://toolkit.climate.gov/tool/adaptation-tool-kit-sea-level-rise-and-coastal-land-use>

HUD produced the following guidelines and recommendations for designing a Disaster Recovery Buyout Program. These programs can help reduce the impact of future disasters while encouraging targeted revitalization efforts and public spaces. The following are the typical steps in the process:

- STEP 1: Define the Program’s Geography & End Use
- STEP 2: Market the Program
- STEP 3: Conduct Intake & Verify Documents
- STEP 4: Determine Buyout Amounts & Check for Duplication of Benefits
- STEP 5: Purchase Property & Relocate Participants
- STEP 6: Conduct Clearance & Demolition

The success of a program depends on 2 things:

- 1) A well-conceived buyout process
- 2) A planned revitalization effort

It is key to have clear objectives for the buyout area as well as a plan for resettlement of the buyout participants and the revitalization of other areas that will attract people to stay in the community.

The 5 key design considerations are listed below:

- Encourage resettlement, not out-migration
- Recognize the economic impact of buyouts on adjacent neighborhoods
- Consider the entire built environment, not just residential properties
- Voluntary participation is critical to success
- CDBG-DR funds must be closed-out

This document goes on to walk through the implementation of each step. Critical success factors, strategies to avoid potential obstacles, available resources and Implementation Tools are all outlined from pages 3-7.

- Buyout Implementation Tool #1: Program Guidelines
- Buyout Implementation Tool #2: Application for Businesses
- Buyout Implementation Tool #3: Award Calculation Methodology (Advanced)
- Buyout Implementation Tool #4: Relocation Voucher Guidelines
- Buyout Implementation Tool #5: Demolition Checklist

Other references, websites and programs to take a look at:

- NY Rising Buyout and Acquisition Program Policy Manual. April, 2015. Version 3.0
https://stormrecovery.ny.gov/sites/default/files/uploads/po_20150415_buyout_and_acquisition_policy_manual_final_v3.pdf
- New York City Housing Recovery FAQ page
https://www1.nyc.gov/site/housingrecovery/programs/acquisitions_and_buyouts_faq.page
- Cedar Rapids Voluntary Property Acquisition (Buyout) Program
[http://www.cedar-rapids.org/discover_cedar_rapids/flood_of_2008/voluntary_property_acquisition_\(buyout\)_program.php](http://www.cedar-rapids.org/discover_cedar_rapids/flood_of_2008/voluntary_property_acquisition_(buyout)_program.php)
- Wetlands Watch Property Acquisition and Demolition
<http://wetlandswatch.org/property-aquis/>
- Quantifying the Success of Buyout Programs: A Staten Island Case Study
<https://www.cakex.org/case-studies/quantifying-success-buyout-programs-staten-island-case-study>
- Harris County Buyout Guidelines 2018
<http://harriscountycorner.org/buyout-guidelines/>
- Hurricane Harvey – One Year Timeline
https://www.hcfd.org/media/2966/hcfd_harvey-oneyeartimeline_lg.pdf
- Story Map Journal – Adaptation Stories: Managed Retreat
 - Property Buyouts in Gloucester, VA, Northfield, VT, Staten Island, NY
 - Managed Retreats of Surfers’ Point Park, CA, Warwick, RI and Pacifica State Beach, CA
 - Community Relocation of Isle de Jean Charles, LA<https://www.arcgis.com/apps/MapJournal/index.html?appid=bea8d4142fcf47bc90078e845e296d64>
- Floodplain Buyouts: An Action Guide for Local Governments on How to Maximize Community Benefits, Habitat Connectivity, and Resilience. UNC Institute for the Environment. 2017.
<https://www.eli.org/sites/default/files/eli-pubs/actionguide-web.pdf>
- Financing and Incentivizing Floodplain Buyouts: A Guide. UNC Institute for the Environment. 2017.
<https://www.eli.org/sites/default/files/eli-pubs/financing-and-incentives-20171221.pdf>
- Lower Onion Creek Buyouts – 25 and 100 year project areas – Austin Texas
<http://www.austintexas.gov/page/lower-onion-creek-buyouts-25-and-100-year-project-areas>

- East Grand Forks, Minnesota Report. UNC Institute for the Environment
<https://www.eli.org/sites/default/files/eli-pubs/eastgrandforksmn.pdf>
- Disaster Recovery Buyout Program Design Implementation Toolkit
https://www.hudexchange.info/resources/documents/Disaster_Recovery_Buyout_Program_Design_Implementation_Toolkit.pdf
- Alex Greer & Sherri Brokopp Binder (2017) A Historical Assessment of Home Buyout Policy: Are We Learning or Just Failing?, Housing Policy Debate, 27:3, 372-392, DOI: 10.1080/10511482.2016.1245209
<https://doi.org/10.1080/10511482.2016.1245209>