

**Breaking the Disaster Cycle:
Future Directions in Natural Hazard Mitigation**

***Voluntary Buyouts as Hazard Mitigation;
Implementing Buyouts***

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Voluntary Buyouts as Hazard Mitigation; Implementing Buyouts

➤ Objectives:

- 4.1 Review the history and context of the federal buyout option.
- 4.2 Understand the use of voluntary property buyouts as a means of reducing vulnerability to floods.
- 4.3 Assess opportunities and problems with buyouts.

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➤ Objectives

4.4 Discuss case studies of the use of buyouts by state and local governments.

4.5 Participate in a team exercise on implementing buyouts.

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➤ Objective 4.1

- History and context of the federal buyout option:
 - Structural approach to flood control
 - NFIP triggers shift in policy
 - Evolution of disaster cycle
 - Introduction of buyouts

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➤ Objective 4.2

- Using buyouts as a means of reducing vulnerability to floods:
 - Permanent reduction of hazard risk
 - Acquisition funds:
 - ✓ Hazard Mitigation Grant Program
 - ✓ Flood Mitigation Assistance Program

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Princeville, NC has been the site of many federal buyouts. (Source: FEMA)

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➤ **Figure 4.1. Federal Funding for Buyouts**

Hazard Mitigation Grant Program

- Provides grants to states and local communities, *after* a major disaster, to implement long-term flood mitigation measures
- Up to 15-20 percent of total funds allocated by FEMA for a particular disaster can be set aside for the HMGP
- Eligible uses include elevating, flood-proofing or acquiring homes
- Funds are available only to communities that participate in the National Flood Insurance Program*

* Nonparticipating communities have 6 months to apply

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➤ **Figure 4.1. Federal Funding for Buyouts**

Flood Mitigation Assistance Program

- Provides grants to states and local communities to implement long-term hazard mitigation measures
- Not linked to a particular disaster declaration
- Eligible uses include preparing flood mitigation plans, elevating, flood-proofing or acquiring homes
- Funds are available only to communities that participate in the National Flood Insurance Program and who have approved flood mitigation plan

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➤ **Figure 4.2 Steps in the Buyout Process**

- HMGP application is prepared by local officials with input from the community and from affected homeowners.
- The state reviews the application(s) and forwards those that are consistent with state mitigation objectives to FEMA for approval.
- FEMA reviews application to ensure it:
 - Is consistent with state and local mitigation plan,
 - Provides a beneficial impact to the state,
 - Is cost effective,
 - Is an environmentally sound use of funds, and
 - Solves a problem independently.

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➤ **Figure 4.2 Steps in the Buyout Process**

- If FEMA grants approval, the state authorizes the local government to begin the acquisition process.
- Local community identifies willing sellers, conducts appraisals, purchases properties and takes title.
- After a home is purchased, it is demolished or relocated and the land is cleared. The land must remain forever as public open space.

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The Town of Lewes, DE signed an HMGP agreement with FEMA to allocate funding for mitigation projects such as buyouts and elevations.
(Source: FEMA)

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➤ **Figure 4.3. Buyouts Requirements under the HMGP**

- All sales must involve willing sellers.
- Land and buildings must be appraised at their pre-flood fair market value. Uniform Relocation Act requires that property owners receive just compensation & relocation assistance,
- Costs must be shared on a 75 percent federal, 25 percent state, local or individual basis.
- Acquired property must revert to natural floodplain or be maintained as open space.
- Future disaster payments are prohibited at the purchased site.
- Displaced tenants can receive moving and replacement rental expenses, or use those funds to buy a home.
- Relocated structures must be placed outside the 100-year floodplain.

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➤ Objective 4.3

– Opportunities posed by buyouts :

- Advantages
 - ✓ Saves money
 - ✓ Provides permanent protection
 - ✓ Serves multiple objectives
 - ✓ Enhances natural flood protection
 - ✓ Protects private property rights

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➤ Objective 4.3

– Problems posed by buyouts :

- Disadvantages

- ✓ High cost of purchasing houses for buyout
- ✓ Loss of tax base
- ✓ Higher housing costs for those relocating
- ✓ Disruption of established neighborhoods
- ✓ Incomplete participation

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➤ Figure 4.4 Pros and Cons of Buyouts

– Pros

- Saves Money in long run (breaks disaster cycle)
- Provides Permanent Protection
- Serves Multiple Objectives
- Enhances Natural Flood Protection
- Respects Private Property Rights

– Cons

- High Up-Front Cost
- Reduces Local Tax Base
- Disrupts Neighborhood
- May Increase Housing Costs (in short term)
- Incomplete Participation Limits Effectiveness
- Higher Costs of Replacement Housing

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➤ **Figure 4.5 Criteria for Selecting Properties to Acquire**

- Puts human life and safety at extreme risk, e.g., is located within extreme flood, wave action, and/or wind action risk zones
- Suffers repetitive damage
- Poses a threat to neighboring areas in the event of a storm (e.g., because of the movement of dislodged debris)
- Would serve other environmental protection goals (e.g., natural resource preservation) or community goals (e.g., open space, parks)
- Would serve other hazard mitigation or floodplain management goals (e.g., increasing floodplain storage capacity)
- Is contiguous to open space or properties that will be acquired
- Is located in an area of the community that supports buyouts

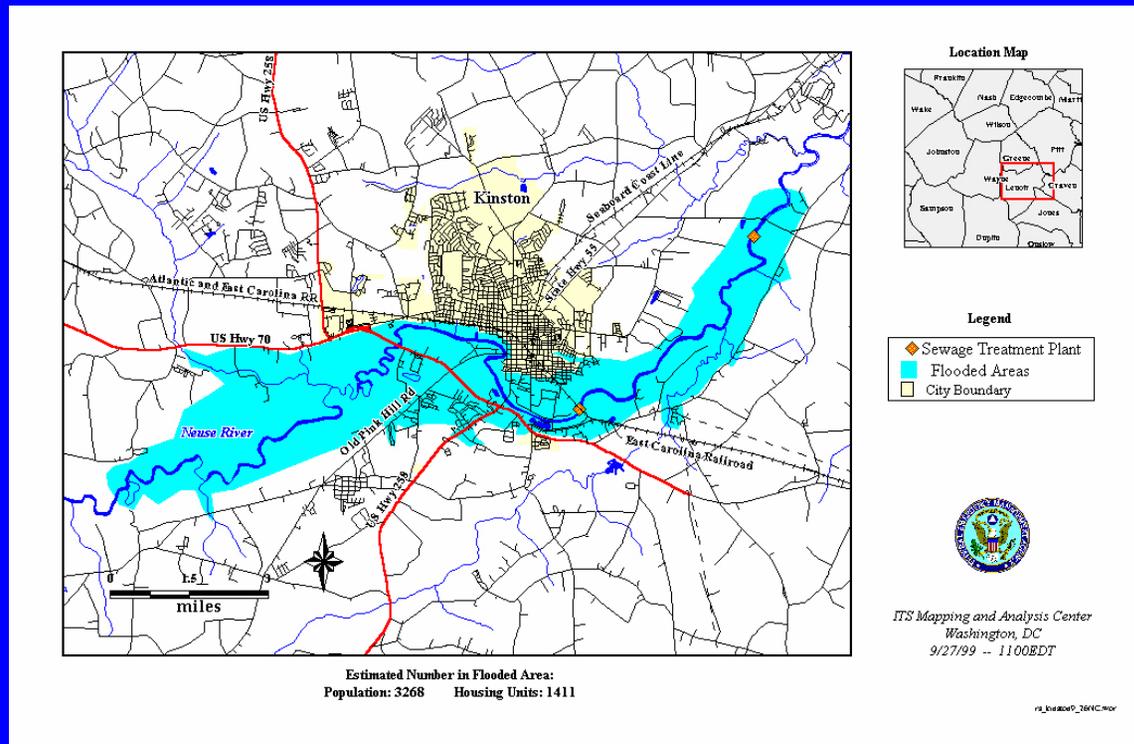
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➤ Objective 4.4

- Discuss case studies of the use of buyouts by state and local governments:
 - Kinston, North Carolina
 - Grand Forks, North Dakota

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- Figure 4.6 Kinston, NC: Location Map and Identification of Floodplain



Source: ITS Mapping and Analysis Center

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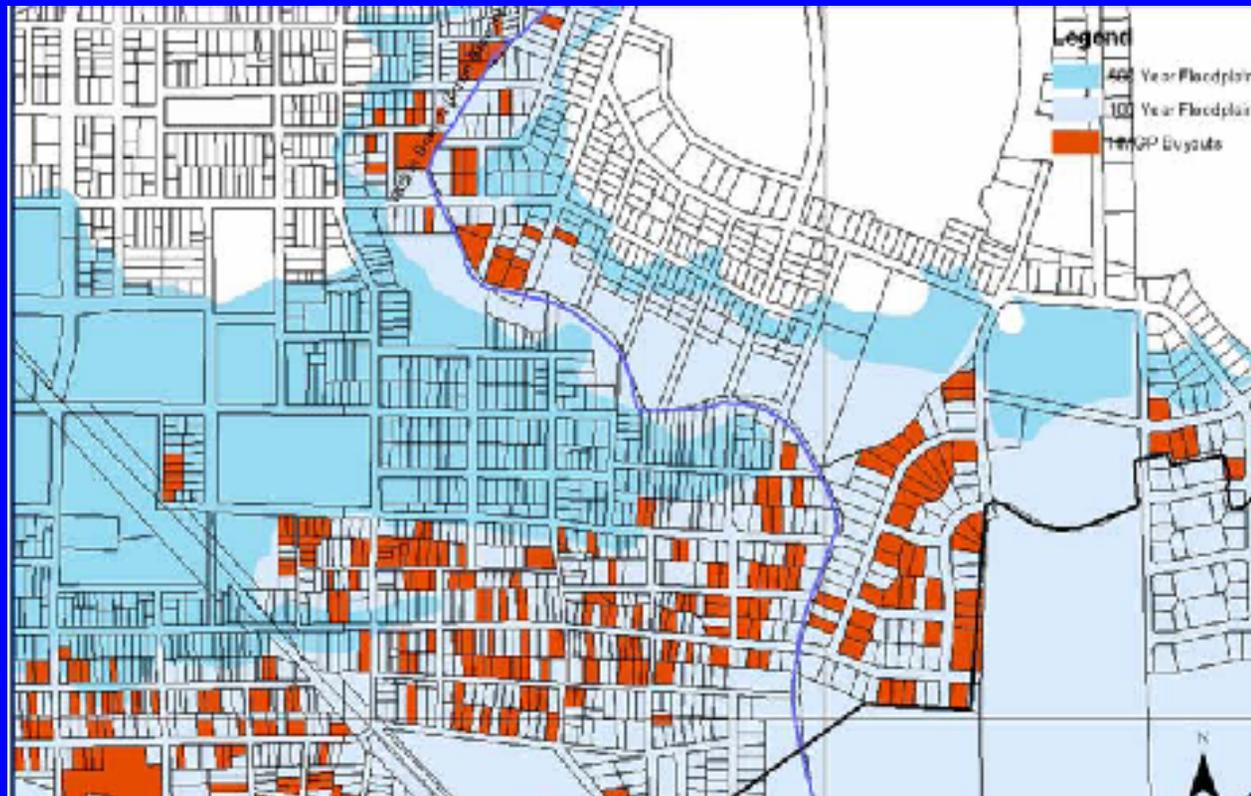
➤ Figure 4.7. Kinston, NC After Hurricane Floyd



Source: FEMA

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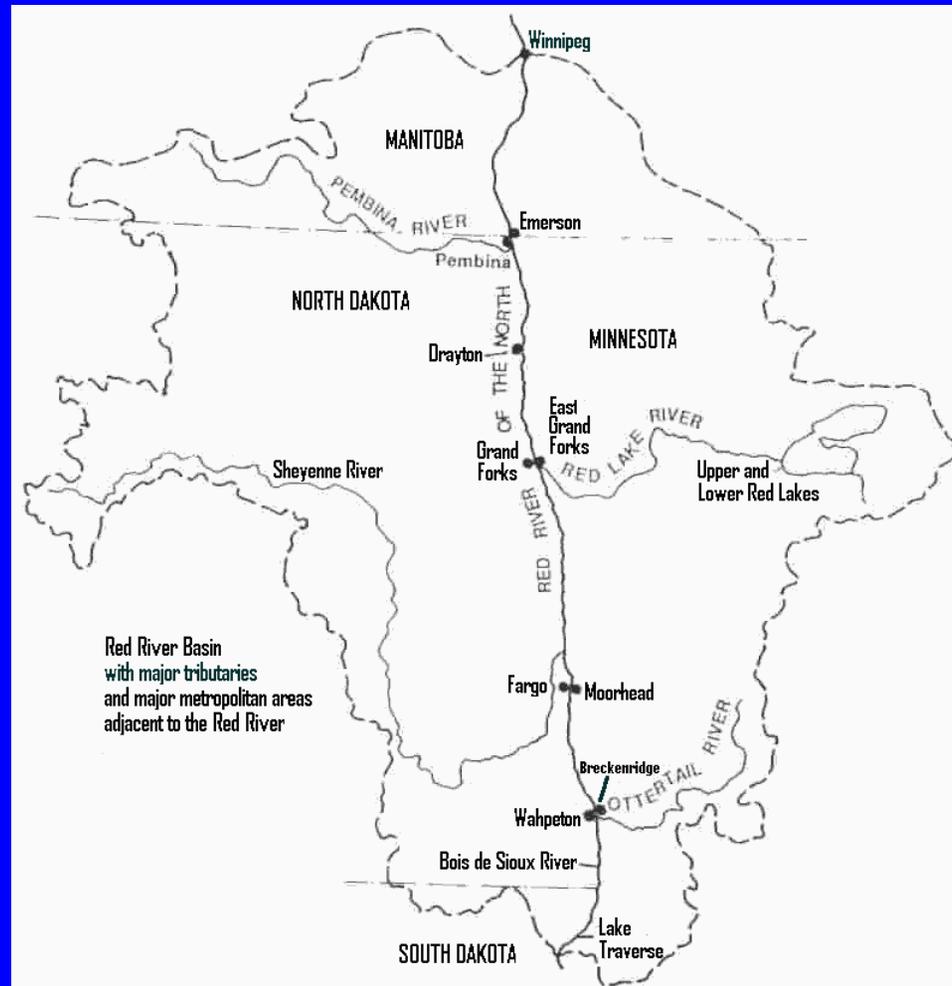
➤ Figure 4.8. Kinston, NC: Buyout Areas (in red)



Source: NC Division of Emergency Management

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➤ Figure 4.9. Grand Forks, North Dakota



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- **Figure 4.10. Flooding in Grand Forks, April 1997**
(Source: FEMA)



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➤ Objective 4.5

- Participate in a team exercise on implementing buyouts:
 - How can a community increase participation in a buyout program: what are some of the key issues?
 - What are the pros and cons of implementing a buyout? For flood victims? For a local government? For the federal government?
 - How do buyouts compare to other hazard mitigation techniques, in terms of enhancing a community's environmental resiliency?

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➤ Objective 4.5

- Participate in a team exercise on implementing buyouts:
 - What are some of the main obstacles to implementing a buyout program?
 - How can buyouts be used to achieve multiple objectives, e.g., open space, community revitalization, etc.?
 - How do the new hazard mitigation rules affect buyout programs?
 - What guidelines can you recommend to FEMA and local governments in implementing buyout programs?