Breaking the Disaster Cycle: Future Directions in Natural Hazard Mitigation

Voluntary Buyouts as Hazard Mitigation; Implementing Buyouts

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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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- 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 places 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?