

# Understanding Floodplain Buyout Implementation

*Activities, Costs, and Opportunities for Improvement*

# Agenda

- **Background:** *Buyouts and Retreat in the US*
- **Buyout Costs:** *Known and Unknown (Paper 1)*
- **Buyout Costs:** *Measuring Activity Costs (Paper 2)*
- **Promising Practices**
- **Future Research Directions**
- **Questions / Discussion**

# Research Teams

- **Assessing the Full Costs of Floodplain Buyouts**

- *Hallee Haygood, Miyuki Hino, Todd BenDor, David Salvesen*

- **Complexities and Costs of Floodplain Buyout Implementation**

- *Miyuki Hino, Todd BenDor, David Salvesen*

# Background

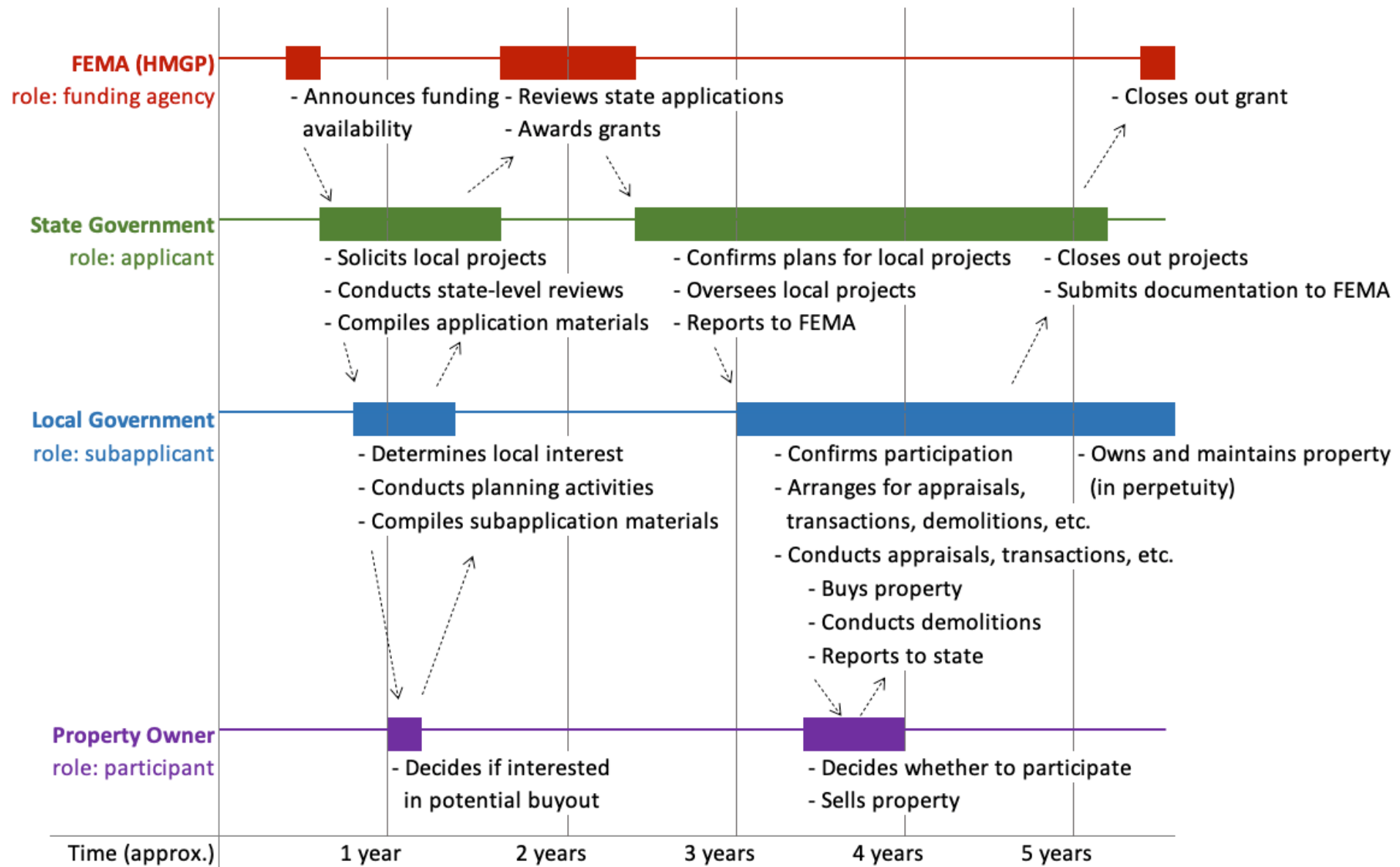
# What is a Floodplain Buyout?

- Voluntary property acquisition
- Permanently returned to undeveloped state
- Occurs post-flood
- Pre-flood value (usually)
- Property-by-property process
- Devolved funding: local and state implementation

# Why Buyouts?

- NFIP liability
- Local and state emergency response burden
- Resident safety
- Property owner financial well-being
- Spillover benefits (and challenges)
  - Nearby properties
  - Municipal finances

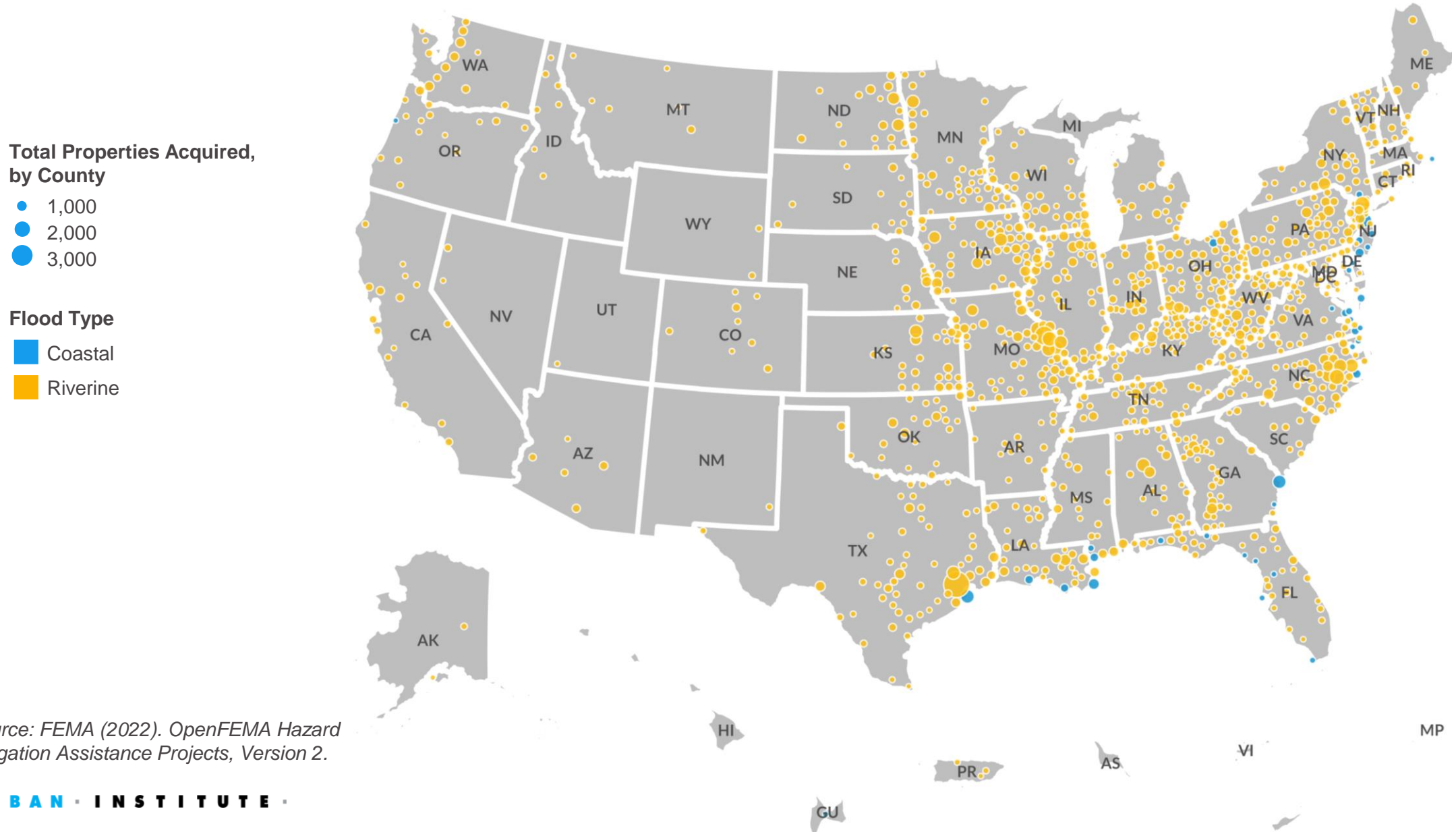
**Are buyouts worthwhile given the scale of ongoing development in the floodplain?**



Source: Adapted with permission from Weber and Moore (2019). *Going Under: Long Wait Times for Post-Flood Buyouts Leave Homeowners Underwater*.

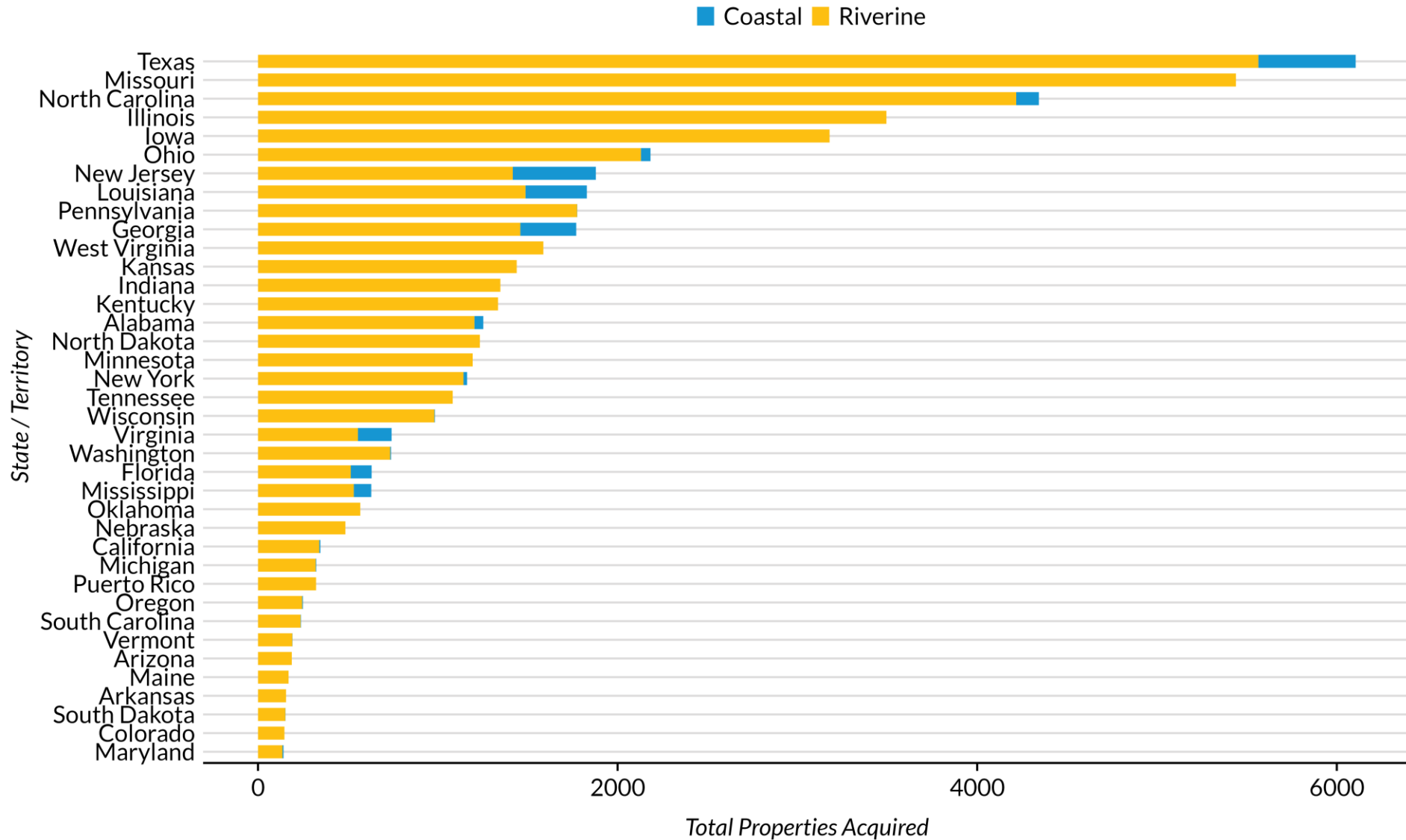


## Nearly all buyouts occur in the eastern half of the contiguous US.



Source: FEMA (2022). OpenFEMA Hazard Mitigation Assistance Projects, Version 2.

## Riverine buyouts account for most buyouts in every state.



# Buyout Costs: Known and Unknown

# Research Questions

- How much do buyout projects cost?
- How are costs incurred by different activities *within projects*?
- How do buyout costs vary *across projects*?
- Who incurs which costs?

# Why do Costs Matter?

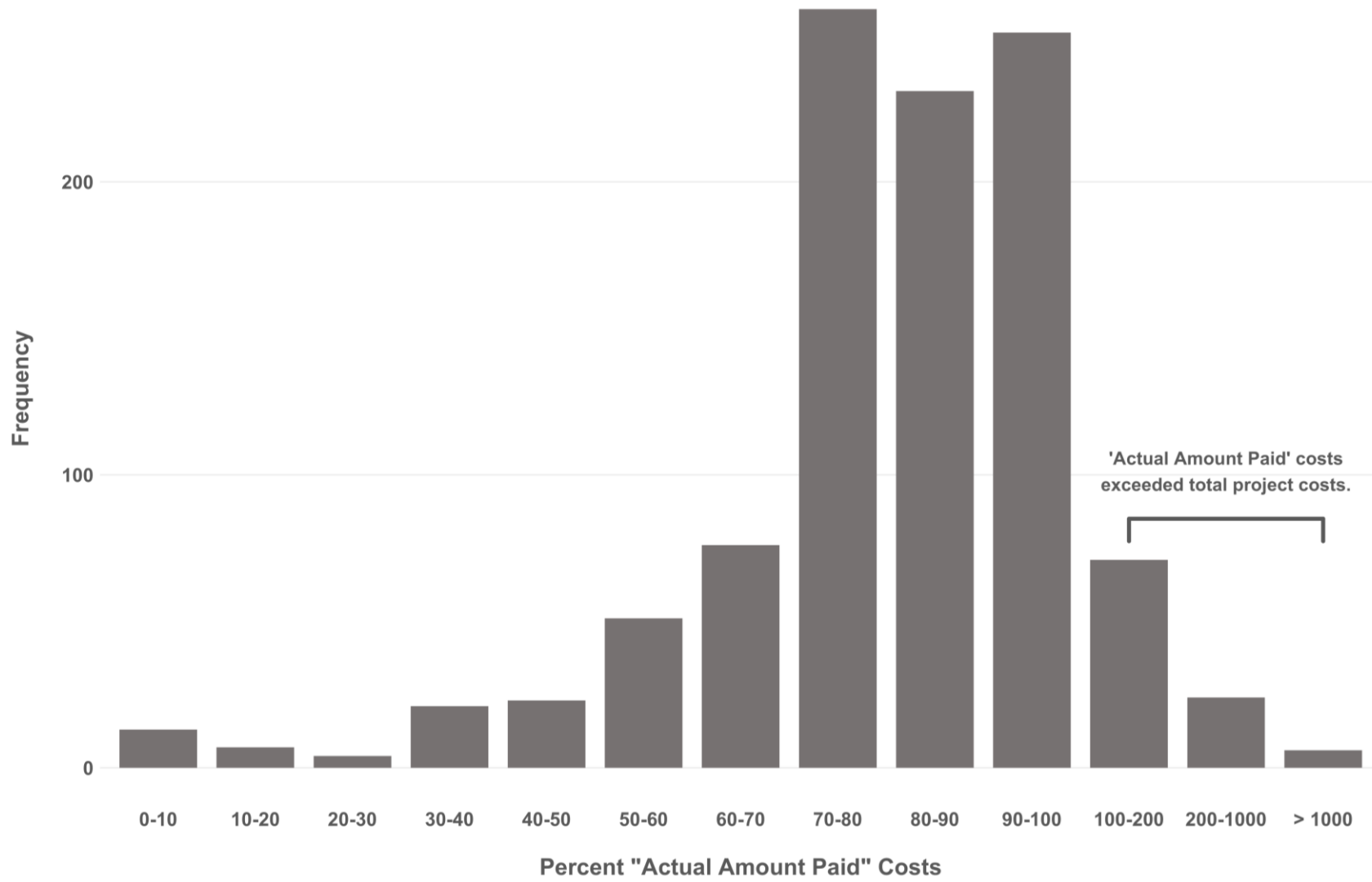
- Limit buyout availability and quality
- Differentially impact communities and property owners
- Can inform policy improvements at federal level
- Can facilitate policy “learning” at local and state levels
- “Buyout transaction costs” may be particularly high as a result of existing policy requirements and choices

# Research Methods (Paper 1)

## Assessing the Full Costs of Floodplain Buyouts

- FEMA administrative data
- Literature review
- Analysis of municipal, county, and state government budgets

## 'Actual Amount Paid' costs as a percent of total buyout project costs...



# A local government 's accounting of buyouts:

*“The buyout and demolition efforts related to the June 8, 2008 flood event in the community are essentially complete, although a small area of an additional nine homes has been identified for a flood related buyout. A Buyout Administrator coordinates this effort. **A total of 169 houses were purchased and either demolished or moved due to the 2008 flood; the land will become permanent public open space.**”*



# Research Findings (Paper 1)

- Existing sources focus on property purchase prices to the exclusion of other costs
- There's no detailed, systematic, reliable accounting of buyout activity costs

# Buyout Costs: Measuring Activity Costs

# Research Methods (Paper 2)

## Complexities and Costs of Floodplain Buyout Implementation

- Survey of floodplain buyout practitioners
  - State government staff
  - Local government staff
  - Buyout consultants
- A buyout project in which they were significantly involved, that occurred recently, and that was complete or close thereto.

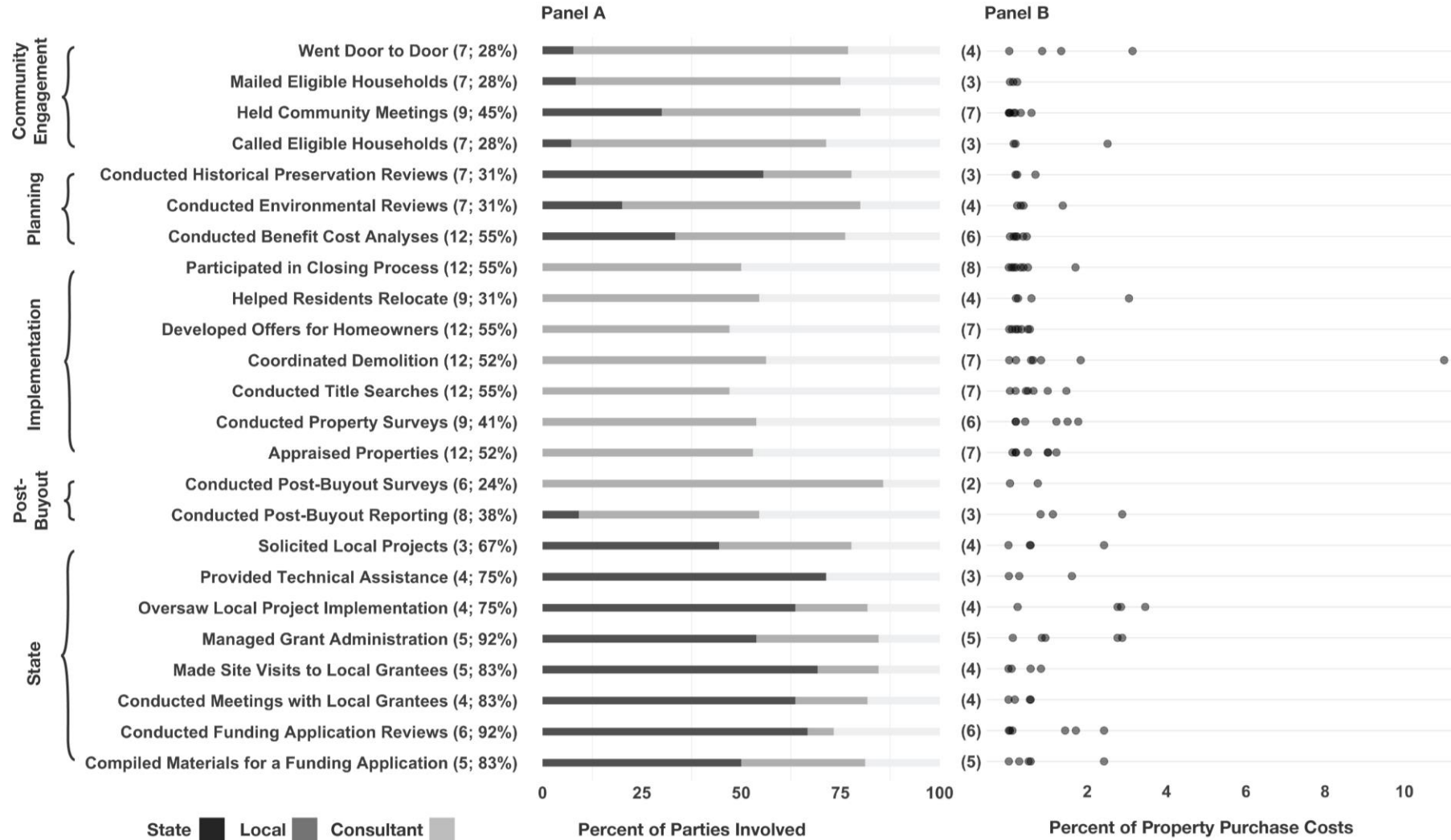
# Survey Domains

- Property attrition
- Funding sources
- Actors involved
- Relocation assistance
- Activities involved
- Activity-level costs

# Survey Findings

- Median non-purchase cost per property
  - \$23,000, or 18% of property purchase price
- Property attrition was widespread
- Consultants were frequently involved in implementation activities; states were not involved at all
- Community engagement activities varied across projects

# Buyout activities: parties involved and costs relative to property purchase costs.



## On local government matching funds:

*“The typical mitigation project has a period of performance of 36 months. Over those 3 years **a local government cannot afford to provide funding for work to begin at all properties... simultaneously...** The budget glidepath often looks like this: Year 1 will include the first third of the properties involved, the second year the second third and so on.”*

## On buyout timelines:

*“[The] homeowner is burdened with **paying a second mortgage/rent, taxes and insurance on a property while they are waiting for a buyout**”, which can create “financial burdens and **credit damage as a byproduct**. This further contributes to homeowners [dropping out of] buyout programs, ultimately leading to continued damages and little mitigation affect (sic).”*



# Promising Practices and Opportunities

## On alternate activity arrangements:

“The state [is exploring] **retaining the implementation of the grant at the state level and, as such, retaining the policy creation, SOPs [standard operating procedures], and procurement...** This lightens the load on local governments—some of which are disenfranchised by the cumbersome model of buyout implementation.”

“The buyout program is very long and exhausting at the local level, both for staff and for applicants. It seems that by the time we complete a program, **it would have been much more cost effective and expedited if the state had managed the program.**”

# Practices of Interest

- Greater level of state implementation
- Pre-flood qualification of properties
- Relocation assistance tied to buyout program objectives
- NFIP coverage-based buyout funding
- Municipal construction of replacement housing

# Other Buyout Research Topics

# Research Areas

- Buyout “voluntariness”
- Market-based valuations
- Tensions in buyout equity
- Floodplain restoration and post-buyout land uses
- Buyout impacts on adjacent properties and neighborhoods
- Buyouts as mitigation vs. buyouts as recovery

# Contact



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# Questions