



BUYOUTS AND HOME ELEVATION FACT SHEET



PROGRAM DESCRIPTION

Federal Mitigation grants can be used to fund the buyout or elevation of residential properties. There are three different Mitigation grants; these projects are effectively an eligible activity under two of them. The most appropriate grant to apply to depends on the history of flooding at the property and if the house is currently covered by flood insurance. Both of the grants have limited funds so that all applications submitted may not be funded. Citizens may not apply directly to the State; their city, county, or drainage district must apply for funding on their behalf.

THE GRANTS

All the mitigation grants are reimbursement grants, which means the community must incur costs, and then turn in their billing to be reimbursed. They are usually also match grants which means the community will itself have to pay a portion of the cost of the projects.

The Flood Mitigation Assistance (FMA) grants are managed in Texas by the Texas Water Development Board. FMA is an annual grant. The application deadline usually falls in July. The FMA grants are generally best used for properties that have federally backed flood insurance in place. Properties with a severe flood history are on a list called the Severe Repetitive Loss (SRL) list. If your property is on this list you have probably received a letter informing you of this. Some properties have a flood history but have not had as severe losses as SRL properties. These are on the Repetitive Loss (RL) list. Depending on the number of SRL and RL properties in the project application, the federal share of the project will be either 100%, 90%, or 75%. Sometimes, the community applying will absorb the non-federal cost of the project; at other times, the community will pass the non-federal percentage on to the benefiting homeowner.

Hazard Mitigation Grant Program (HMGP) grants are managed in Texas by the Texas Division of Emergency Management. HMGP is a disaster grant; it is available only after there has been a federally declared disaster in Texas. The state will publish project application deadlines which will vary based upon the size of the event. The presence of flood insurance on the property is not required for it to be mitigated by HMGP. Properties that are accepted into an approved HMGP project are paid out at 75% federal; the community picks up 25% of the cost. In some cases, the community will pass this 25% on to the benefiting homeowner.

BUYOUTS

The federal funding of the purchase and removal of flood prone structures can be very effective for a community by eliminating citizens and structures from harm's way. The resulting vacant lot becomes the property of the city or county and cannot be built on again. Cities and counties may sometimes be unwilling to pursue buyouts on behalf of their citizens unless they can group enough lots together to create a parcel that is large enough to re-utilize as a park or community garden. A single vacant city-owned lot in the middle of a sub-division is a problem, not a solution, for both the community, and for neighbors.

Most homeowners receive the pre-flood market value of the home, not tax-role value. Buyouts are available both inside and outside the NFIP mapped floodplain, but are the easiest to get for properties inside the mapped floodplain. There are three ways to qualify a property for a buyout: 1. If the local floodplain administrator has issued a substantial damage certificate to a homeowner as a result of a flood event that was part of a federal declaration, and the property is located inside the NFIP mapped floodplain, the property automatically qualifies for a buyout. 2. If the cost to acquire and demolish the property is less than \$276,000, and the property is located inside the NFIP mapped floodplain, the property automatically qualifies for a buyout. 3. If the damages to the property over the last 20 years are severe enough, then it may be 'cost-effective' to do a buyout. The actual cost-effective calculation is quite complicated but a reasonable estimate can be made by the 'rule of seven'. If the home has taken on at least 7 feet of water, over the last 10 years, it

is probably cost-effective for a buyout. (Example: the home flooded 1 foot deep in 2006, flooded 2 feet deep in 2010, and flooded 4 feet deep in 2015 = 7 feet).

HOME ELEVATIONS

Citizens in flood-prone areas who do not wish to leave may consider elevating their home. Mitigation grants for residential elevations easiest to get for properties inside the NFIP mapped floodplain, but can be available in other areas if the community has established advisory base flood elevations for flood prone areas in their Floodplain Ordinance. Your local floodplain administrator can tell you if your community qualifies.

Most flood insurance policies issued through the National Flood Insurance Program (NFIP) include an Increased Cost of Compliance (ICC) coverage which can be used alone or combined with grant funds for elevation projects. ICC by itself may be sufficient to elevate a manufactured home, or a pier and beam home that has no brick facings. ICC is triggered by the local floodplain administrator issuing a substantial damage certificate to a homeowner. ICC funding is not considered to be federal funding. ICC is requested through your insurance company, not your community.

There are various methods of accomplishing the elevation, see FEMA publication 312 'Homeowners Guide to Retrofitting' for ideas. Recent changes to the federal rules have made another category of home elevation available: Mitigation Reconstruction (sometimes referred to as Demo-Rebuild). In Demo-Rebuild, the old home is completely demolished, and a new home, of the same size, but elevated higher, is built in its place. Demo-rebuild is generally only available for homes of less than 1,200 sf and is capped at \$150,000 per property. Home elevation projects for individual properties are more difficult to justify as cost effective, they are much more likely to be cost effective with a group of residents willing to participate, and when the costs of combined construction activities are negotiated with the elevation contractors. If the cost to elevate the home is less than \$176,000 it will usually be cost effective. Interested citizens should get a quote from a foundation contractor and have some idea how much it might cost to elevate the home before attempting to convince their community to apply for mitigation grants.

ADDITIONAL INFORMATION

For additional information in determining the value of these projects for your community, or what information is needed for your property to be included in an application, please contact your city/county floodplain administrator, your city/county public works director, the community Emergency Management Coordinator, your local drainage district, or your city council/county commissioners court representative.