

Floodplain Buyouts: Overview and Case Studies

This briefing provides a broad overview of floodplain buyouts in the United States. Further detail can be found in the attached additional resources at the end of the briefing.

What is a floodplain buyout?

Floodplain buyouts are a governmental strategy to remove homes, buildings, and structures from the floodplain to reduce the risk of flood loss and damage, especially repetitive flood loss. Floodplain buyouts differ from traditional governmental acquisitions, in that they are a *specific type* of property acquisition, one in which “the government purchases private property from a willing seller, demolishes or relocates the structure on the property, and retains the land as open space.”¹

The purpose of returning the acquired land to open space and maintaining it as such is what separates a floodplain buyout from a traditional property acquisition, wherein the property is often re-developed.² The acquired land should be dedicated to open space; recreational uses; or watershed, riparian, or wetland management uses.³ The primary benefit of the new open space is often to help absorb flood waters to slow the volume and velocity of downstream flooding, but the land can also help revitalize habitats for endangered species, improve air quality, reduce the heat island effect, mitigate wildfire risk, and provide water quality or recreational benefits.⁴

Buyouts are intended to permanently reduce the risk of structural flood loss or damage and to remove people from hazardous areas. Residents sell their properties to the local or state government and then, hopefully, move to higher or safer ground.⁵ The typical buyout process proceeds as follows:

Hazardous Event → Local Government Acquires Funds → Local Government Offers Buyouts Using Pre-Disaster Fair Market Value → Property Owners Accept or Deny Offer → If Accepted, Property Owners Move Out → Building Moved or Demolished → Land Becomes Public Open Space → Land Remains Open Space

Most buyout programs are primarily reactive, offering buyouts only after a hazardous event has occurred and loss has been sustained. Buyouts can also be seen as preventive, however, in that they remove homes from the floodplain that will likely flood again in future disasters. Over the last two decades, “the number of U.S. homes facing repetitive flood damage has almost doubled.”⁶

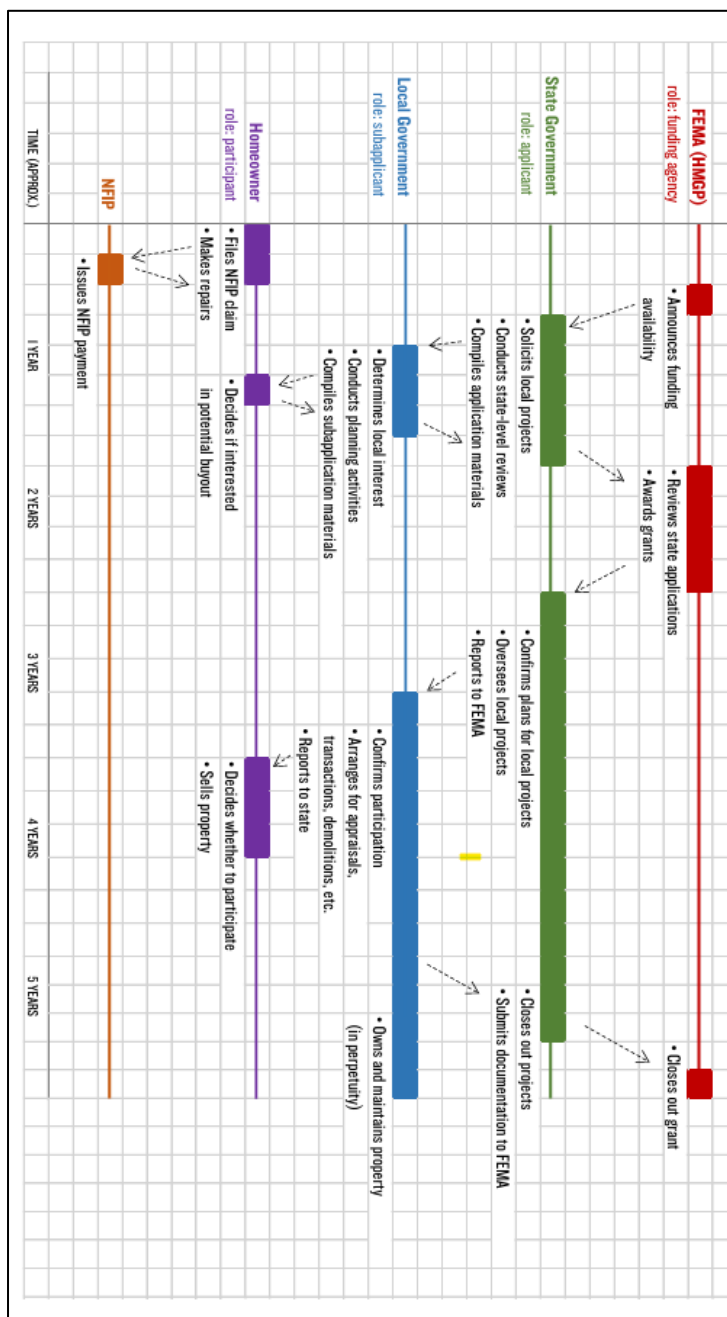
What is the role of each level of government and the community?

Buyouts are generally initiated through one of three main ways:

1. The individual property owners who have suffered flood loss approach their local or state government and express interest in participating in a buyout program;
2. Community or neighborhood groups petition to participate in a buyout program; or
3. Local or state governments offer buyouts in areas that are especially risk-prone, are cost-effective, or that have experienced recent disasters.

Local governments – cities or counties – typically manage the floodplain buyout process, “using primary funding from one or more state-administered federal grant programs and matching funds provided by state and local governments for the acquisitions.”⁷ Buyout administrators often rely on federal funding sources, with matching or supplemental local and state funding.

Individual property owners may not directly apply for a buyout with the Federal Emergency Management Agency (FEMA), U.S. Department of Housing and Urban Development (HUD), or the U.S. Army Corps of Engineers (USACE), the programs that administer the federal buyout programs. Rather, the state or local governments must apply for and administer the buyout programs.⁸ State and local governments may also run their own programs apart from the federal agencies.



Currently, FEMA-funded buyouts are subject to a long and complex process. It typically takes more than five years to fully close out a project. This diagram is a generalized illustration of the buyout application, approval, and implementation process.¹⁴

FIGURE 3: BLUEPRINT OF A BUYOUT

Graphics outlining the differences in the floodplain buyout processes between the federal government and the state or local governments (University of Delaware and The Nature Conservancy, left) and outlining the average FEMA-funded buyout (Natural Resources Defense Council, right).⁹

While FEMA is likely the most recognized source of floodplain buyout funds, there are a vast array of funding sources available to state and local governments to assist with buyouts.¹⁰

- Federal Emergency Management Agency:
 - [Hazard Mitigation Grant Program](#), [Flood Mitigation Assistance Program](#), [Building Resilient Infrastructure and Communities](#)
- U.S. Department of Housing and Urban Development:
 - [Community Development Block Grants – Disaster Recovery](#)
- U.S. Department of Agriculture:
 - [Natural Resource Conservation Service Emergency Watershed Protection Program – Floodplain Easement](#)
- U.S. Army Corps of Engineers:
 - [Flood Risk Management Program](#)
- State and Local Sources (varies by program):
 - Stormwater management fees
 - Sales or corporate taxes
 - Lottery funds
 - Resiliency or adaptation bonds
 - Environmental or conservation trust funds
 - Private partnerships
 - Homeowner donations
 - Water conservancy or flood control districts (fees and taxes)
 - Water quality programs (fees and taxes)

What are the drawbacks of existing floodplain buyout programs?

Floodplain buyout programs are far from perfect and face many headwinds. Floodplain buyouts are time intensive, often taking 5 years between disaster and closing. Buyouts sometimes are not even initiated until years after the precipitating disaster, meaning some homeowners could endure a much longer process. When federal funds are used, buyouts can take on average 2-3 years longer than when state and local funds are the primary sources of funding.¹¹ Due to the long wait time, a home may flood again while the owner is involved in the buyout process. If the home is covered by the National Flood Insurance Program (NFIP), the homeowner can receive funds to rebuild while they wait, “perpetuating a cycle of flooding.”¹²

Floodplain buyouts are resource intensive. Local and state governments are already often strapped for cash and even relying on federal funding can be cost-prohibitive, as federal sources often require cost-sharing. Buyout programs should endeavor to remove as many flood-risk properties from the floodplain as possible, but buying out repetitive loss properties with high property values could limit the extent of the program. Even if the program is successful in removing homes, the local tax base may be reduced if property owners relocate to a different jurisdiction. Additionally, the government may not have the funds to maintain the property adequately as open space.¹³

Many buyout programs do not necessarily initiate buyouts in a manner that is most protective of either the floodplain itself or the neighborhood and may not necessarily be based on hydrological or ecological data or modeling. Homes are often acquired in a case-by-case manner, resulting in “an uncoordinated,

checker-board pattern of open spaces that does little to protect environmental assets or removes groups of structures from areas vulnerable to flooding over the long term.”¹⁴ The resulting checker-boarded neighborhoods limit the creation of effective open space and increase landscaping and maintenance costs.

Floodplain buyouts can be politically controversial and inequitable. Private property rights are integral to the American political fabric. What constitutes fair market value and appropriate public participation in the buyout process are questions that state and local governments have to answer in order to ensure a smooth buyout program. Buyouts tend to prioritize governmental cost-effectiveness over addressing inequities or ensuring that the process is not unduly financially difficult for property owners participating in the program.¹⁵ With long wait times and spotty participation in the NFIP, some property owners cannot wait for the buyout process to conclude. Instead, they feel they must sell to the soonest or highest bidder, often selling their “properties to real estate speculators for dimes on the dollar, shifting flood risk to the next resident” through no fault of their own.¹⁶

What are the benefits of enhancing floodplain buyout programs?

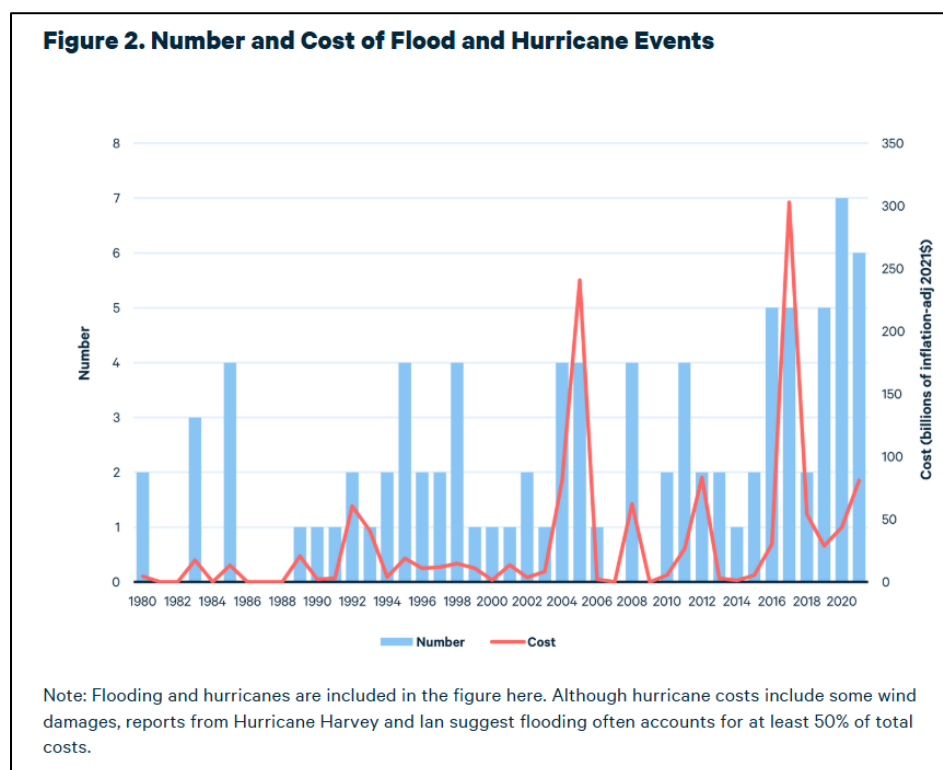
The floodplain buyout process, as it currently exists, has many issues. But the underlying idea behind the process is valuable and the process itself can be improved to better meet its inherent goals. Various organizations have outlined recommendations to improve floodplain buyouts:

- The federal government should have the National Flood Insurance Program cover direct assistance for buyouts in addition to or, preferably, in place of funds for rebuilding damaged or full loss homes.¹⁷
- The federal government should guarantee qualifying homeowners, those whose homes have flooded multiple times, buyouts as a benefit of participating in flood insurance coverage.¹⁸
- The state should provide technical and financial assistance to local administrators to assist the local governments in the application and funding process.¹⁹
- The state should increase state funding and decrease reliance on federal funding due to the lengthy federal application process and should establish a streamlined procurement process for all necessary inspectors, appraisers, demolition experts, etc.²⁰
- The local or state government should create a self-financed, established, and on-going buyout program that has little reliance on federal funds and that is in place in advance of disasters.²¹
- The local or state government should incentivize large blocks of housing or whole neighborhoods to participate in buyouts in order to best “reduce future flood losses and restore large patches of open space.”²²
- The local or state government should prioritize properties for buyouts where homeowners do not otherwise have the means to leave; where homes would reduce checker-boarding; where modeling suggests major flood damages will occur; and where homes have proximity to wetlands, critical natural habitats, open spaces, riparian zones, and other ecological assets.²³

Flooding has cost the United States over \$1 trillion dollars since the beginning of the 21st century. Elevating structures, floodproofing homes, and raising electrical and plumbing infrastructure out of crawl spaces and basements can reduce damages from flooding. While effective, “none of these measures would be nearly as cost-effective as moving homes out of flood zones, because [these measures] leave the homes in areas where they are likely to be flooded again.”²⁴

Buyouts, on the other hand, are permanent flood mitigation. Enhancing buyout programs nationwide could save billions in averted property damage and loss, reduced healthcare costs, and reduced fatalities. A nationwide buyout program that removed 1 million flood-prone homes could cost \$180 billion, but “would generate \$1.16 trillion in savings over a 100-year period.”²⁵ The National Institute of Building Sciences estimates that for every \$1 spent on buyouts, \$5 to \$9 are saved in the long-term.²⁶ Other case studies estimate a 3:1 localized return on investment.²⁷ The 2010 flood in Nashville caused around \$2.9 billion in damages. An analysis found that more than \$33 million in damages and 875,000 gallons of stormwater could have been averted “had all identified, known at-risk properties been purchased before the 2010 flood.”²⁸

The number of repetitive (2-3 claims) and severe repetitive (4 or more claims) loss properties in the United States is increasing, as is flood risk. The severity and frequency of heavy precipitation events have increased over the past 40 years and will continue to increase as the climate changes.²⁹ More intense and frequent floods “increase human exposure and vulnerability.”³⁰ The monetary and human costs of flooding will also continue to increase if development and population growth in flood-prone areas continue unabated.³¹ Buyouts, though expensive, can be cost-effective solutions for flood mitigation when compared to alternative infrastructure investments or continuous investments in repair and redevelopment. Mainly, “buyouts are the only approach that achieves a zero-risk level;” the best way to ensure there is little chance of flood damages is to remove the infrastructure and people at risk.³²



Graphic demonstrating the increase in flood events and associated costs (Resources for the Future).³³

What are examples of successful programs?

The New Jersey Blue Acres Buyout Program has, since Superstorm Sandy, demolished 700 homes in 20 cities and 10 counties, “creating open space to buffer against floods and an asset for recreation and

environmental rehabilitation” in perpetuity.³⁴ Like many buyout programs, the Blue Acres program is funded through FEMA and HUD funds. Unlike many other programs, however, Blue Acres is also funded through a portion of the state’s corporate business tax after a successful state constitutional amendment in 2019. This strategy ensures a predictable, sustainable funding approach that can supplement or step in when federal funds are not adequate. The program requires the consideration of pre-storm market valuations, and there is no real estate tax, realtor fee, or transfer fee for the sellers. The Blue Acres program also has a dedicated team and funding stream for tenant relocation, often an area that makes buyouts challenging for local governments.³⁵

The Charlotte-Mecklenburg Floodplain Buyout Program in North Carolina is a program in the joint Storm Water Services (SWS) utility composed of Mecklenburg County, the city of Charlotte, and six surrounding communities. Since 1999, SWS has purchased more than 450 flood-prone structures, helped 700 families and businesses relocate to less risky areas, and created 185 acres of open space to absorb floodwaters. The utility estimates their buyout program “has avoided \$25 million in losses and will ultimately avoid over \$300 million in future losses.”³⁶ The utility has the ability to charge fees based on an assessment of a property’s impervious area. These fees are used to fund the buyout program. Having this in-house fund allows SWS to be able to close on flood-damaged properties within a few months, rather than the average 5 years. Because SWS is a county utility, even if development slows and impervious surface fees decrease, the county would still be able to draw on dedicated funding sources.³⁷

In Harris County, Texas, the Harris County Flood Control District used local bond funds for floodplain buyouts and successfully shortened “the buyout process from more than eighteen months to three or four months,” ensuring properties had a lower risk of future repeat flooding.³⁸ Between 1997 and the late 2010s, the Harris County Flood Control District spent \$342 million to buyout 3,100 properties, restoring 1,060 acres of floodplain and avoiding \$300 million in damages.³⁹

In Minnesota, the town of Austin has been implementing a ½ cent local option sales tax for the past 20 years to help match state or federal buyout funds.⁴⁰ Nashville, Tennessee pays for a portion of their acquisitions using stormwater management fees, and Birmingham, Alabama provides in-kind contributions and city funds to leverage federal funding.⁴¹ The Nebraska Lottery funds the Nebraska Environmental Trust Fund as a non-federal match for buyout programs. By ensuring they have an existing, sustainable source of funds, these communities are better equipped to leverage federal funds and implement their buyout programs on a faster timeline.

In conclusion, there are many options for local governments within Texas’ Flash Flood Alley to consider in implementing a buyout program. More importantly, permanent protection provided to property owners and our watersheds through buyout programs is the surest and safest method of preventing future catastrophes, outside of preventing people from living and working there in the first place.

In addition to buyout programs, local, county, and state governments should enact responsible policies to reduce flood risk. Incentives for building in low-risk areas and prohibitions on high-risk areas; investment in high quality and accurate flood risk maps; updated building codes and standards; land use regulations; stringent flood disclosure requirements; *and* buyout programs all will all play an integral part in protecting Texans from increasing flood risks.⁴²

Helpful Resources:

- [Buyouts Lessons Learned Siders Gerber Chavez Tnc Full Report 2021.Pdf](#)
- [Floodplain Buyout Case Studies | Environmental Law Institute](#)
- [Success Story: Local Buyouts Program | Nc Resilience Exchange](#)
- [Charlotte-Mecklenburg Floodplain Buyout Program - Uli Developing Urban Resilience](#)
- [New Jersey Blue Acres Buyout Program - Uli Developing Urban Resilience](#)
- [ULI Onsaferground-Highresolution-Final.Pdf](#)
- [Actionguide-Web.Pdf](#)
- [NRDC: Seeking Higher Ground - How To Break The Cycle Of Repeated Flooding With Climate-Smart Flood Insurance Reforms \(Pdf\)](#)
- [To Address Climate Change, Charlotte Is Buying Out Homeowners And Demolishing Flood-Prone Houses - The Washington Post](#)
- [Blueprint Of A Buyout: Blue Acres Program, New Jersey](#)
- [NRDC: Going Under - Long Wait Times For Post-Flood Buyouts Leave Homeowners Underwater \(Pdf\)](#)
- [As Climate Risks Worsen, U.S. Flood Buyouts Fail To Meet The Need - Yale E360](#)
- [Removing 1 Million Homes From Flood Zones Could Save \\$1 Trillion | Scientific American](#)
- [Study Finds That Proactive Home Buyouts Provide Financial Benefits, Reduce Flood Damage, And Protect Homeowners | Vanderbilt University](#)
- [Birmingham Buyout Program Enhances Community's Resilience - Flood Science Center](#)
- [Property Buyouts Can Be An Effective Solution For Flood-Prone Communities | The Pew Charitable Trusts](#)
- [5753631-Tnc-A-M-Resiliency-Buyouts-Report.Pdf](#)
- [Harveybuyoutsummary.Pdf](#)

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- ⁸ Siders, A. R., and Logan Gerber-Chavez.
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- ¹² Natural Resources Defense Council
- ¹³ ULI Knowledge Finder; Siders, A. R., and Logan Gerber-Chavez.
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