Creative Property Acquisition and Open Space Management for Mitigation

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Talk Overview

- Need and Benefits of Acquisition for Mitigation
- FEMA Funding Options and FEMA Policies
- Challenges of Acquisition
- Creative Processes for Acquisition
Need and Benefits of Acquisition for Mitigation
# Notable Flood Events in Georgia

<table>
<thead>
<tr>
<th>Year</th>
<th>Location</th>
<th>Frequency</th>
<th>Damage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Middle and South Georgia</td>
<td>10 to 50 years</td>
<td>$20M</td>
</tr>
<tr>
<td>2004</td>
<td>Northern and Southwestern Georgia</td>
<td>10 to 50 years</td>
<td>$30M</td>
</tr>
<tr>
<td>2009</td>
<td>Southwestern Georgia</td>
<td>10 to &gt;500 years</td>
<td>$37M</td>
</tr>
<tr>
<td>2009</td>
<td>Northwest Georgia, Atlanta Area</td>
<td>&gt;500 years</td>
<td>$225M</td>
</tr>
</tbody>
</table>

Source: 2014 State of Georgia Hazard Mitigation Strategy
## Georgia Repetitive Loss Properties

<table>
<thead>
<tr>
<th>Flood Hazard Category</th>
<th>No. Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floodway/Velocity</td>
<td>157</td>
</tr>
<tr>
<td>100-Year Floodplain</td>
<td>739</td>
</tr>
<tr>
<td>500-Year Floodplain</td>
<td>126</td>
</tr>
<tr>
<td>Undetermined</td>
<td>604</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,626</strong></td>
</tr>
</tbody>
</table>

Source: 2014 State of Georgia Hazard Mitigation Strategy

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Creative Property Acquisition and Open Space Management for Mitigation
Many Options for Flood Mitigation
Benefits of Acquisition, Demolition, and Relocation for Mitigation

• Often most cost effective
• Permanent solution for all size storms
• Creates open spaces for other uses
• Most simple mitigation construction option
• Removes people from harm’s way
FEMA Funding Options and FEMA Policies
FEMA Funding Options

FEMA does not buy houses directly from the property owners, but has grants available to states

• Presidentially declared for mitigation
  – Hazard Mitigation Grant Program (HMGP)
• Severe Repetitive Loss and Repetitive Loss Properties
  – Flood Mitigation Assistance (FMA) Grants
• Competitive Program
  – Pre-Disaster Mitigation (PDM) Grants
• Damaged NFIP-Insured Properties
  (not Community Grant Program)
  – Increased Cost of Compliance (ICC) payments toward relocation or demolition (to policy owner)
FEMA Flood Mitigation Assistance (FMA) Grants

• Congress has been increasing funding
  – FY15: $150M Available
  – FY14: $90.5M
    – Received: 216 sub-applications
      – 170 projects, 21 planning, 1 technical assistance
    – Selected: 110 sub-applications
      – 71 projects, 19 planning, 1 technical assistance

• Consolidation of Previous Grant Programs:
  – Repetitive Flood Claims and Severe Repetitive Loss
    grant programs
  – Due August 28, 2015
FMA Grant Priorities

FEMA’s project priority order, 50+ percent of structures:

1. At least 2 separate NFIP claim payments
   – cumulative of such claims exceeding the market value of the insured structure

2. Flood-related damage on 2 occasions
   – cost of the repair, on the average, equaled or exceeded 25 percent of the market value of the structure

3. 4 or more separate NFIP claims payments
   – amount of each claim exceeded $5,000, and
   – cumulative amount of claims payments exceeding $20,000
Requirements for All FEMA Grant Programs

- Cost effective
- Feasible
- Address environmental/historic/cultural resource issues
- Hazard Mitigation Plan
- No duplication of benefits
- Voluntary participation
- Fair compensation
Cost Effectiveness

Cost:

• Market value of real property
• Demolition & Site Restoration
• Fees for appraisal, title search and insurance, inspection, and survey
• Other closing costs
• Project Management

Benefit:

• Future flood damages that won’t happen if the property is acquired
• Environmental benefit, such as green space
Cost-Effectiveness Computation Methods for FEMA Grants

• Option 1: Substantial Damage Waiver for Property Acquisition
• Option 2: Pre-Calculated Benefits for Acquisition Projects
• Option 3: Greatest Savings to the Fund
• Option 4: FEMA BCA Software
• Option 5: Other accepted method
Option 1: Substantial Damage Waiver for Property Acquisition

If property is

– Declared substantially damaged (greater than 50% damage) after an event
– Located in riverine 100-year floodplain

Then acquisition considered cost effective
Option 2: Pre-Calculated Benefits for Acquisition Projects

• If structure located in 100-year floodplain
  – Can assume maximum benefit of $276,000
  – No need for additional computations if benefit greater than cost

• Can increase $276,000 benefit based on local pricing guides for higher-priced locations

• Must compute actual cost
  – $276,000 is maximum benefit (not guaranteed cost)
Option 3: Greatest Savings to the Fund for Acquisition Projects

- $$$ Expected losses over next 100 years (based on past NFIP claims)
  - $500,000 expected claims payment over next 100 years

- $$ Estimated insurance payments over next 100 years
  - $100,000 expected NFIP premium payment over next 100 years

- $$ Total acquisition project cost
  - $250,000 total acquisition project cost

Project meets cost effective requirement
Option 4: FEMA BCA Software

http://www.fema.gov/benefit-cost-analysis
Challenges of Acquisition
Frequent Community Concerns on Acquisition vs Other Mitigation Alternatives

- Loss of tax base
- Relocation after buy-out
  - Stay out of floodplain
- Non-Complete Participation - Checkerboard communities
  - Utility and road maintenance
  - May lose unique neighborhood characteristics or social network
- Coordinating with owners
- Maintenance requirements
- Restrictions on use
Allowed Uses on Acquired Properties

- Regulatory Requirements
  - 44 CFR Part 80
  - FY 15 HMA Guidance

- Allowed open space uses

- Non-allowed open space uses

- Emerging compliance issues
  - Mineral rights
  - non-compatible uses
  - monitoring and reporting requirements
Creative Processes for Acquisition
Gap Funding

City of Kinston, NC

• 400 residential structures, three mobile home parks, and 68 vacant lots

• A total of $31 million
  – $15 million will be funded through the Hazard Mitigation Grant Program
  – $12 million in Community Development Block Grant (CDBG) funds and HUD Disaster Recovery Initiative (DRI) funds
  – $4 million in NC State Acquisition and Relocation Fund (SARF)
Innovative Approaches to Encourage Infill Development

- Use of HUD Community Development Block Grant – Disaster Recovery (CDBG-DR) for relocation assistance / closing cost
- Work with nonprofit organizations to provide low-income housing in the city
- Subsidies for developers
- Tax break to encourage residents/businesses to stay in communities
Creative Use of Acquired Space

- Green Infrastructure
  - Cuyahoga Falls Green Infrastructure Mitigation Park Project
- Urban forestry
- Fairground
- Walking/bike trails
- Ecotourism
- Community gardens
Synergy with Other Grant Programs

- U.S. Forest Service, Urban and Community Forestry Cooperative Program
- National Park Service Rivers, Trails, and Conservation Assistance Program
- DOT Transportation Alternatives Program
  - Moving Ahead for Progress in the 21st Century Act
- HUD Community Development Block Grant Program
Summary

• Acquisition removes people from harm’s way
• There are creative ways to overcome Acquisition challenges
Questions?