



Answers to Questions Communities may have about Floodplain Buyout Projects

Is our community eligible to receive a mitigation grant for a floodplain buyout project?

There are two key criteria for communities to be eligible to receive funding. One is to be willing and able to make certain assurances about the project, including managing implementation, coordinating with property owners, and accounting for all funds. The other is that you must be participating in, and in good standing with, the National Flood Insurance Program. Check with your planning or permit office to find out. Certain non-governmental organizations may apply for mitigation funds – check with the Mississippi Emergency Management Agency (MEMA) to find out more.

What grant money is available to help?

There are two primary sources of federal financial support. One, called the Hazard Mitigation Grant Program, is available only after major disasters that are declared by the President. The other is the Flood Mitigation Assistance Program, which provides a steady source of funding for projects that mitigate buildings that are insured by the National Flood Insurance Program. There are other sources, such as CDBG, that often are used as the non-federal match.

What do we need to do to plan a project?

First, projects must be supported by the local hazard mitigation plans. Second, there are many aspects of buyout projects that should be carefully considered before you get very far into preparing a grant application. The way you manage the project, how you use the land that is acquired, and several other elements, can affect the overall cost of the project.

How will a floodplain buyout help our community?

A buyout permanently removes people and property from harm's way - you'll have fewer people at risk, fewer evacuations to make, fewer people in temporary housing, and fewer cleanup headaches after the next flood.

How can the purchased land be used when the project is finished?

Purchased land is kept as open space to carry and store flood water. If a large enough area is bought out, it can be used for public recreation, open space, wetlands management, greenways, or natural habitat enhancement. Even small parcels can be used, for example as neighborhood playgrounds.

How long does it take to get the grant and what can be done to speed things up?

Although there are differences for each funding source, typically it takes 3-6 months to get an application prepared and approved by the MEMA and FEMA. The best way to help things move quickly and smoothly is to prepare a complete application. MEMA has developed an HMGPF/MA Application Handbook and an Implementation Handbook that cover the whole process. You can also call MEMA to talk to someone who is familiar with projects and who can answer your questions.

Who makes the decisions on the grant application?

The final approval, including obligation of funds, comes from FEMA. However, MEMA handles the detailed review of the application, and will work with you to complete missing information. MEMA looks at whether the project will be feasible, cost effective, and whether it has any adverse environmental impacts, including impacts on historic buildings. When MEMA has finished the review, it prepares a summary and recommendation for approval by FEMA.

What are the most important things to tell people right after a flood?

Without a doubt, if your community is considering a buyout or elevation project then the single most important thing to tell damaged homeowners is to *save all paperwork!* They need to save copies of all disaster assistance, grants or loans they received. And most important, they need to save all receipts for repairs. If you're not sure whether you'll pursue a project, then don't make any promises. In any case, be realistic that applying for and getting mitigation grants takes time.

Contact MEMA for more information:



Answers to Questions Frequently Asked by Elected Officials about Floodplain Buyouts

What state agency administers funds for buyout projects? The Mississippi Emergency Management Agency (MEMA) is designated by the Governor to administer federal funds and to provide technical assistance.

How is a floodplain buyout good for my community?

A buyout permanently removes people and property from harm's way - you'll have fewer people at risk, fewer evacuations to make, fewer people in temporary housing, and fewer cleanup headaches after the next flood. Purchased land is kept as open space to carry and store flood water. If a large enough area is bought out, it can be used for public recreation, open space, wetlands management, greenways, or natural habitat enhancement.

How will a floodplain buyout affect our tax base?

Some properties will be taken off the tax roles, but homes that flood often don't increase in value as much as other homes, especially as more buyers become aware of the likelihood of future flooding. Plus, owners who sell will receive pre-flood fair market value, and under some circumstances they may get additional help to buy comparable homes. Most sellers try to stay in the same community.

What factors can be considered to prioritize homes to be bought out?

The two most common factors are frequency and severity of flooding. Some homes flood every few years, and even though they don't suffer major damage each time, they are costly to everyone - the owners as well as local, state, and federal governments. Homes that have been substantially damaged (the "50% rule") usually are high on the priority list.

There are other factors that can be considered as your community plans a project, including re-use of open space, likelihood of outside funding for the non-federal match, primary versus secondary homes, length of time it takes for floodwaters to recede, and others.

What commitments do I need to be prepared to support?

Floodplain buy-out projects need political support, financial support, and the support of citizens. Plus, someone on your staff will be the Point of Contact and will have quite a bit of contact with property owners. Depending on the size of your project and whether you decide to hire a specialist to help manage implementation, this person may be involved in the project for a year or more.

What should I say when our citizens ask if we'll buy them out?

Number One on this list is what you should not say. Do not commit to a buyout too early in the process. Several factors have to fall into place, including whether federal funds will be available, whether your community will have the required non-federal match, and - importantly, whether the property owners are willing to sell.

The best thing to say early on is that your community is going to work on defining a project and, if funding is available and if there is enough interest from property owners, then you will apply for a grant. Even though people are anxious, they need to know that it may take 6 to 9 months or more to get solid answers. And lastly, it is always a good idea to encourage people to get flood insurance, even while waiting for a grant, because another flood can happen in the meantime.

What is DOB and what do I tell our citizens? Give me the short answer.

The most important thing to tell flood victims is to *keep receipts for all materials and repairs*. And because projects can take a long time to develop, urge that they keep receipts for at least three years.

DOB is "duplication of benefits" and it means that people don't get paid twice for the same thing. The purpose of a buyout is to make a fair purchase offer to the owner. So, if the owner gets a disaster grant for repairs, or a flood insurance payment, then any money not actually spent on repairs will be deducted from the pre-flood fair market value (buyout price). Think about it: if someone got disaster assistance to repair and then spent it on something else while leaving the home unrepaired, then the pre-flood fair market value of the home should be reduced by the amount of money that was supposed to have been used for repairs but wasn't. So, the most important thing is - keep receipts!

Right after a flood, what are the most important things for me to keep in mind?

In the aftermath of a big event it's easy to over-commit. Remember that many things have to fall into place before you can tell homeowners with certainty that a buyout project will become a reality. First, remind people that while you will pursue funding, both MEMA and FEMA have to approve projects. Next, a successful project depends on voluntary participation by owners and there may not be enough money to buy everyone who was damaged. Also keep in mind that a buyout project takes time and work, but the end result is very satisfying the next time the water rises and fewer people are impacted.

Resources:

Mississippi Mitigation Application Manual, Mississippi Emergency Management Agency (2003).

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Answers to Questions Frequently Asked by Property Owners about Floodplain Buyout Projects

Right after the flood I was told to keep all of my paperwork, including receipts for materials and repairs. Why?

If your community has decided to apply for a grant for a Floodplain Buyout Project, then there are several rules that must be followed. One of those rules, a federal law, says that people can't get paid twice for the same thing. So, if you received an insurance payment, loan or grant to make repairs to your home but used the money for something else, then that has to be taken into consideration when determining what you will get if your home is purchased. The best rule of thumb is to keep copies of everything!

Why was my house selected for buyout?

Communities use different factors when they decide to buyout floodplain homes. You can check with your local project contact person (see below) to find out the details. Usually, factors that are considered include whether homes have been flooded more than once, how bad the damage was, how deep water is predicted to be inside homes, whether the acquired land may be used for recreational or other purposes, and other factors. Most floodplain buyout projects don't have enough money to buy all properties in the floodplain. So, keep in mind that if you decide not to sell, the money will be used for other homes.

How do I apply to be bought out?

After your community decides on the homes it would like to buy the owners will be contacted. You might be asked to come to a public meeting, or you may be able to meet one-on-one with someone to help answer your questions. There really isn't an "application" form, but you will be given several forms that must be completed, including a statement that you are participating voluntarily. If you are interested, fill them out and return them quickly. You will never be forced to sell, and you can decline at any time. But remember, you flooded before and more than likely you will flood again.

Does the buyout offer depend on my income?

No. The government programs that provide grant funds for the Floodplain Buyout Project require that you be offered Fair Market Value (see below for an explanation of how the purchase price will be determined). It doesn't matter how much you make. What matters is that the project be 'cost effective,' which means the cost of buying floodplain homes is less than anticipated future damage if the homes are not bought.

I'm not sure I want to sell. How will this help my family? How will it help my community?

If you've had to repair and clean up after one flood, then you know it is hard work and expensive. And even if you have flood insurance, it didn't cover all of your costs. Plus, money can't replace damaged personal property, especially things that have special meaning. Selling your home and moving out of the floodplain will help your family because you won't be exposed to flood risks. It will help your community because there will be fewer people to evacuate, fewer people to put in temporary shelters, fewer people who need emergency services. Plus, if the land is going to be used for open space, a greenway, or compatible recreational uses, then everyone benefits!

Who will pay the closing costs?

Check with the project manager (listed below), but more than likely most of the closing costs will be paid by the community out of the grant. There are some costs that, by law, you must pay, but they are fairly small compared to the overall cost of closing.

How will the purchase price be determined?

The Floodplain Buyout Project is intended to give property owners fair prices. To determine what is fair, a licensed Real Estate Appraiser will be hired (at no cost to you) to prepare a Fair Market Value appraisal. The value will be based on the size and condition of the property and home. Communities may value property as "pre-flood," which means the value that the property had the day before the last flood, or pay current fair market value.

What do I do if I disagree with the purchase price?

First, keep in mind that the rules for the Floodplain Buyout Project are very clear – you will be offered a fair purchase price based on a licensed Real Estate appraisal. You will get a copy of the appraisal and you should look at it very carefully to make sure that it accurately shows your home and land. Obvious errors – such as the wrong number of rooms or wrong size lot – will be corrected. If you simply disagree with the appraised Fair Market Value, then you may pay to have another appraisal prepared. Check with your community first, because the Real Estate Appraiser you hire must use the same guidelines. If there is a difference between the two appraisals, your community may adjust the purchase price.

How long will it take before my house is bought?

Unfortunately, most Floodplain Buyout Projects take longer than most of us would like. Every project will be different and several factors influence how long each project will take. The typical project takes 10 to 12 months to get approved by the Mississippi Emergency Management Agency and the

Federal Emergency Management Agency. And after that, it can take anywhere from 6 to 9 months to get land surveys done, appraisals prepared, paperwork completed, and buyout offers made. Check with your community contact to find out how you can keep track of the status of the project.

Why should I buy flood insurance if I'm going to sell?

If more than a year could pass before you actually get a buyout offer – much less accept it and move – then there is a reasonable chance that another flood could happen. Plus, if another flood causes damage then the claim payment will reduce the overall cost of the Floodplain Buyout Project. You will still get the same pre-flood purchase price, but less of your community's money will be needed.

After FEMA approves the project, can the money be taken back?

No, once a project is approved the money is 'obligated,' which means it is committed to the project, it will not be taken back. The only ways that money could be taken back would be if homeowners decide not to sell, if the community decides to abandon the project, or if the project is not handled according to the rules.

Who do I call if I have other questions?

Community contact:

Answers to Questions Tenants may have about the Floodplain Buyout Project

Why is my landlord selling?

If you were renting the home when the last flood occurred, then you know that it is hard to recover. After recent floods which damaged several homes, our community decided to look at ways to reduce future flooding. We decided to apply for a grant to help buy certain properties. If the home you are renting is on the buyout list, then your landlord (property owner) may agree to the purchase. The home will only be purchased if your landlord voluntarily participates – no one will be forced to sell.

What types of assistance are available?

There are three types of assistance available for eligible tenants if their landlords decide to be part of the floodplain buyout project:

- Reasonable out-of-pocket moving expenses.
- Payment for reasonable increases in rent and utility costs.
- Relocation advisory services to help you find another home.

How do I find out if I'm eligible?

If the home you are renting is your primary residence, and if it is part of the floodplain buyout project, then you might be eligible for assistance if you –

- Lived in the home for at least 90 days before we began negotiations with the landlord.
- Rent or buy a decent, safe, and sanitary replacement home within one year after moving out of this rental home.

If I'm eligible, how much assistance will I get?

The amount you get will depend on your expenses, but it will not exceed \$5,250. For each type of assistance there is a different way to figure out how much you'll get:

- For moving expenses, you will have to show receipts for actual costs paid to move (packing, transportation, etc.).
- For increases in rent and utility costs, you will have to show us a copy of your current lease and receipts for utilities. Then, when you find a new

rental home you will have to show us how much the new rent will be, and an estimate of your new utility bills. We will determine the difference, and you may be paid up to 42 times the difference.

- Relocation advisory services may be available to help you find a new rental home. You do not get paid anything for this assistance. Housing counselors can help find available rental units, arrange for transportation for you to see the units, and help you find other assistance if necessary.
- **Remember!** The total of moving expenses and rent increases cannot exceed more than \$5,250, and in some cases, the total will be less than that.

I rented after the flood. Will I still qualify for assistance?

If you are eligible as described above, then you may get assistance. The key is whether you have lived in the unit for at least 90 days before we began negotiations with the property owner. If you rented after we began talking about the buyout, then more than likely you will not qualify.

How much notice will I get before I have to move?

As soon as the property owner indicates a definite interest in the buyout we will send you a notice giving you at least 90-days to relocate. We will order an appraisal of the property, so someone will contact you if the appraiser needs to get inside the unit for that purpose. Remember to contact us at the number below to find out if you are eligible for relocation assistance, and don't wait until the last minute to move. We will send another notice at least 30-days before the date that you will have to move.

Who do I call if I have other questions?

For general questions, call _____.

For questions about relocation assistance, call _____.

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Answers to Questions Frequently Asked by Property Owners about Floodplain Elevation Projects

What is an elevation project? An elevation project brings grant funds to your community to help homeowners raise their homes so that floodwaters will flow around or under, rather than through. These projects are complicated and can take a long time. But sometimes elevating homes is the best option because good houses are better protected against future floods. Look around your community's floodplain and you'll probably see some elevated buildings. Sometimes they're a fully story above the ground, with garage or car parking underneath. Sometimes they're hard to spot because they're on a crawlspace and not much higher than other buildings. As the community contact listed below to show you some elevated houses.

Right after the flood I was told to keep all of my paperwork, including receipts for materials and repairs. Why? If your community has decided to apply for a grant for a Floodplain Elevation Project, then there are several rules that must be followed. One of those rules, a federal law, says that people can't get paid twice for the same thing. So, if you received an insurance payment, loan or grant to make repairs to your home but used the money for something else, then that has to be taken into consideration when determining what you will get if your home is purchased. The best rule of thumb is to keep copies of everything!

Why was my house selected for elevation?

Communities use different factors when they decide to use grant funds to help homeowners elevate floodplain homes. You can check with your local project contact person (see below) to find out the details. Usually, factors that are considered include whether homes have been flooded more than once, how bad the damage was, how deep water is predicted to be inside homes, the nature of the building (slab, crawlspace) and its age and structural soundness, and other factors. Most floodplain elevation projects don't have enough money to help all homeowners in the floodplain. So, keep in mind that if you decide not to participate, the money will be used for other homes.

How do I apply for elevation assistance?

After your community decides to pursue funding, owners will be contacted to determine their interest. You might be asked to come to a public meeting, or

you may be able to meet one-on-one with someone to help answer your questions. There really isn't an "application" form, but you will be given several forms that must be completed, including a statement that you are participating voluntarily. If you are interested, fill them out and return them quickly. You will never be forced to participate, and you can decline the financial assistance at any time. NOTE: if your home has been substantially damaged (the 50% rule) you must be bring it into compliance with your community's floodplain regulations – even if you decline to participate in the elevation project. But remember, you flooded before and more than likely you will flood again, so think carefully before you decide against participating.

I'm not sure I want to elevate. How will this help my family? How will it help my community?

If you've had to repair and clean up after one flood, then you know it is hard work and expensive. And even if you have flood insurance, the claim payment probably didn't cover all of your damage costs. Plus, money can't replace damaged personal property, especially things that have special meaning. Elevating your home above the predicted flood level will help your family because you'll be less likely to have water in your house. Your land will continue to flood. An elevation project helps your community because there will be more people who can get their lives back together faster when the floodwaters recede. Fewer people will need long-term temporary housing and emergency services.

How will an elevation project affect the value of my home?

Although we don't have an answer specific to Mississippi communities, research in other states suggests that elevated homes routinely increase in value. This is because they are better protected and much less likely to be damaged by a flood, so willing buyers know they're getting a better home where their family belongings are better protected.

What will it cost me?

There is no easy answer to this question at this time, but before all the paperwork is finalized you will know the answer. The federal grant typically pays 75% of certain costs. For several reasons, including because your home will increase in value, you will be required to pay all other costs, including costs that are not covered by the 75% grant. Experience shows that lenders understand that elevated floodplain houses are more valuable than flood-prone or flood-damaged homes. This means it is likely that your lender or another lender will help you find a mortgage with favorable terms if you need a loan to cover your share of the costs.

What costs are covered by the grant?

First, keep in mind that the rules for Floodplain Elevation Projects are very clear – the grant will only pay for costs to investigate your house to make sure it can be lifted, costs to design a new foundation, costs to disconnect and reconnect utilities, costs to lift the house and construct the new foundation, costs to detach and elevate or replace porches and decks; and costs to clean up the site and plant grass. You will be given a detailed list of those costs. Costs that are NOT covered by the grant include upgrades not required by code, new additions, more decorative decks and stairways, and enclosures under the elevated home.

How is the contractor selected?

A “scope of work” will be developed for your house – it will detail all of the specifications that a contractor needs to know in order to develop a cost estimate for the work. You will use this scope of work to get bids and to select a contractor. Some communities may pre-qualify contractors and contractors must be licensed and bonded to do work in the State of Mississippi. The contractor will work for you – you will use a sample contract that your community will give you to spell out the terms. The contract will clearly state that you are fully responsible for any work that is not specifically identified in the scope.

How long will I have to be out of my house?

While most of your belongings will need to be moved (except fragile items), your family will have to make other living arrangements during construction (and any costs incurred for that purpose are not reimbursable). A very important part of your contract with the contractor will be the length of time to get the project completed. Unfortunately, past experience indicates that some contractors have trouble staying on a schedule. Your community and the State will watch the schedule closely.

If I elevate, will I still have to buy flood insurance?

Yes. Even when homes are elevated above the predicted flood level, we know that, although rare, even larger floods can occur. However, because your home will be better protected the cost of your flood insurance premium will go down. This is especially true if the elevation project raises your home at least one foot higher than the minimum requirement.

After FEMA approves the project, can the money be taken back?

No, once a project is approved the money is ‘obligated,’ which means it is committed to the project, it will not be taken back. The only ways that money could be taken back would be if homeowners decide not to participate, if the community decides to abandon the project, or if the project is not handled according to the rules.

Who do I call if I have other questions?

Community contact: