

Recovery Snapshot:
Grand Forks Residential Buyout Program

Grantee: Grand Forks, North Dakota

Program End Date: 1999

Administering Agency: City of Grand Forks

Buildings Purchased: 802

Program Start: 1997

Households benefiting: 777

Impact of Disaster: On Friday, April 18, 1997, the Red River poured over the dikes into the Lincoln Drive neighborhood of Grand Forks. By the end of the next day, floodwaters had spread over large areas of Grand Forks and East Grand Forks. Ninety percent of Grand Forks' 52,500 residents were evacuated; 83 percent of Grand Forks' homes were damaged. Fire broke out downtown and destroyed or damaged 11 buildings on three blocks. All 385 downtown businesses were impacted by the flood.

The Lincoln Drive neighborhood is located inside a bend of the Red River. The river's strong current knocked many houses and garages off their foundations. Flood waters rose up to the roofs of many houses. Lincoln Drive residents will not be able to rebuild because the neighborhood will be on the "wet" side of the new dikes planned for Grand Forks. Other neighborhoods were seriously affected as well.

Program Description: CDBG disaster funds were used for the voluntary acquisition of more than 700 properties, relocation of salvageable single-family homes out of the flood plain, and demolition of all unsafe structures.

Coordinating the Disaster Recovery Effort: The city of Grand Forks estimated that approximately 1,000 homes would be lost permanently because of the flood and the upcoming dike construction. Whole neighborhoods had been destroyed. Even before the flood, the housing supply had been limited. After the flood, the housing market was in crisis. By the end of 1998, the city had purchased more than 800 residential and commercial properties. Although many families moved out of the city or out of the Grand Forks area, the lost houses needed to be replaced.

The city's response was to enter into a partnership with a private nonprofit organization, Grand Forks Homes, to develop the First and Second Congressional subdivisions. The city provided part of the financing for the project using CDBG funds received after the flood and tax-exempt bonds. Borrowed funds would be paid off with the proceeds from the sale of the houses. About 180 new homes were built by several local contractors working for Grand Forks Homes, using many different floor plans, with prices ranging from \$105,000 to \$147,000. As of February 1999, however, only 12 homes had been sold. There were several reasons the houses weren't selling, but a primary one was that the new homes were out of the price range of anticipated buyers. Many of the homes lost in the older neighborhoods near the river were valued at \$50,000 to \$80,000. In addition, there were no schools in the area, and the homes were somewhat isolated

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from the rest of the city. The home prices eventually were reduced by an average of \$17,500, making them much more affordable, and the properties were sold.

In the 10 years since the flood, there has been an explosion of new growth in Grand Forks, including:

- 985 single-family dwellings
- 594 townhouses
- 1,328 multifamily units

The average price for a single-family home was approximately \$50,000 in the early 1990s. By 1999 it had grown to \$94,000, and by July 2004 the average home price was \$130,000.

Grand Forks and East Grand Forks also share a greenway that was developed where there were formerly homes. The greenway consists of approximately 2,200 acres of natural space located between the levee system and the banks of the Red and Red Lake Rivers. Thanks to the buyout program, visitors enjoy almost 20 miles of paved, multipurpose trails; two golf courses; boat ramps; campgrounds; ice skating rinks; basketball and tennis courts; a softball, soccer, and football field; and more.

For more information, visit

<http://www.grandforksgov.com/gfgov/home.nsf/Pages/Flood+Anniversary>.