

Voluntary Property Acquisition Programs

IOWA
economic development

FEMA-Match Buyout

» Background

- Intent of program
- FEMA provides 75% share of funding for:
 - Acquisition
 - Clearance/Demolition
 - Relocation
- CDBG provides 25% share of local/state funding

- All properties in the 100 year flood plain
- Green space in perpetuity

- CDBG: \$20 million allocated in 33 cities/counties statewide

CDBG Buyout

» Background

- CDBG provides 100% funding for:
 - Acquisition
 - Clearance/Demolition
 - Relocation
 - General Administration/Project Management
- \$230 Million allocated in 24 cities/counties statewide

» Criteria

- Each property must qualify in 1 of 3 ways:
 - Property located in the 100 year flood plain
 - Property located outside the 100 year flood plain must be:
 - Substantially damaged (+50% FMV of structure)
 - or
 - Health/Safety risk

Eligibility

» **Property Types**

- Single and multi-family residences (both owner occupied and rentals)
- Vacant lots
- Commercial properties
- Industrial properties
- Certain types of non-profit organizations

Acquisition Award

» Award Determination

- If owned buyout home at time of flood:
 - 2008 Pre-Flood Fair Market Value (Pre-Flood FMV)
 - Land
 - Dwelling
- If purchased buyout home post-flood:
 - Award based on acquisition price post-flood, not to exceed pre-flood FMV
 - Example:
 - Pre-Flood FMV is \$200,000
 - Purchased post-flood for \$300,000
 - Award capped at \$200,000

» **Stafford Act: Sec. 312. Duplication of Benefits (DOB)** (42 U.S.C. 5155)

What does this mean?

- In practice, each agency administering a federal grant must ensure that their assistance does not *duplicate the benefits* of any other assistance.

Result?

- Duplicative funding decreases the buyout award.

» Award Determination with DOB Example

Pre-Flood FMV Land	\$50,000
Pre-Flood FMV Dwelling	\$150,000
Maximum Award Amount	\$200,000
Duplication of Benefit Received	
FEMA Received for Repair	\$15,000
Insurance	\$5,000
Total Duplicative Benefit	\$20,000
Acquisition Award	\$180,000

Replacement Housing Awards

» Replacement Housing Award

- In addition to acquisition award
- May receive up to \$25,000 if eligible
- Questions about eligibility/award determination, please contact me

» After the Buyout – Disposition Scenarios

- 500 Year Flood Plain Properties

- Fair Market Value & Competitive Process
 - Appraisal
 - Publicly advertise sale of home
 - Accept highest offer (no less than appraised amount)
 - Public Auction
 - Highest bidder determines fair market value
 - Removes CDBG “Identity”
 - Sale proceeds returned to State as program income

Disposition

» Disposition Scenarios Cont.

- Sell cleared lot to developer for Single Family New Construction program
- Donate property to a 501(c) (3) non-profit organization
 - Rehab property with other funds
 - Supply housing to low-moderate income households
 - Must document National Objective of L/M Income – Housing
- CDBG “Identity” retained

Challenges

» City of Des Moines

- \$7.1 Million
 - 127 mobile home units, 2 parks
 - Flooded in 2008/2010
- URA
 - Complex regulations
 - Expertise/time required
- DOBs
 - 2010 FEMA \$

Mobile Homes

» Des Moines Mobile Home Example

- Own mobile home, rent site
- Eligible for acquisition award + URA

- Acquisition Award

Pre-Flood FMV (Dwelling)	\$3,500
Pre-Flood FMV (Land)	\$0
DOBs Received	
FEMA Repair	\$20,000
Acquisition Award	\$0

Improvements

» Looking Back

- Buyouts in Iowa, 1993
 - Documentation/Guidance kept but not electronically
- Require use of Council of Government (COG)/Third Party Administrators
 - Experience with CDBG regulations

» Going Forward

- Use other grantees as examples
- Utilize HUD disaster office staff

Accomplishments

» **As of January 2012:**

CDBG Buyout

- 1427 properties acquired
- 669 demolished

FEMA-Match Buyout

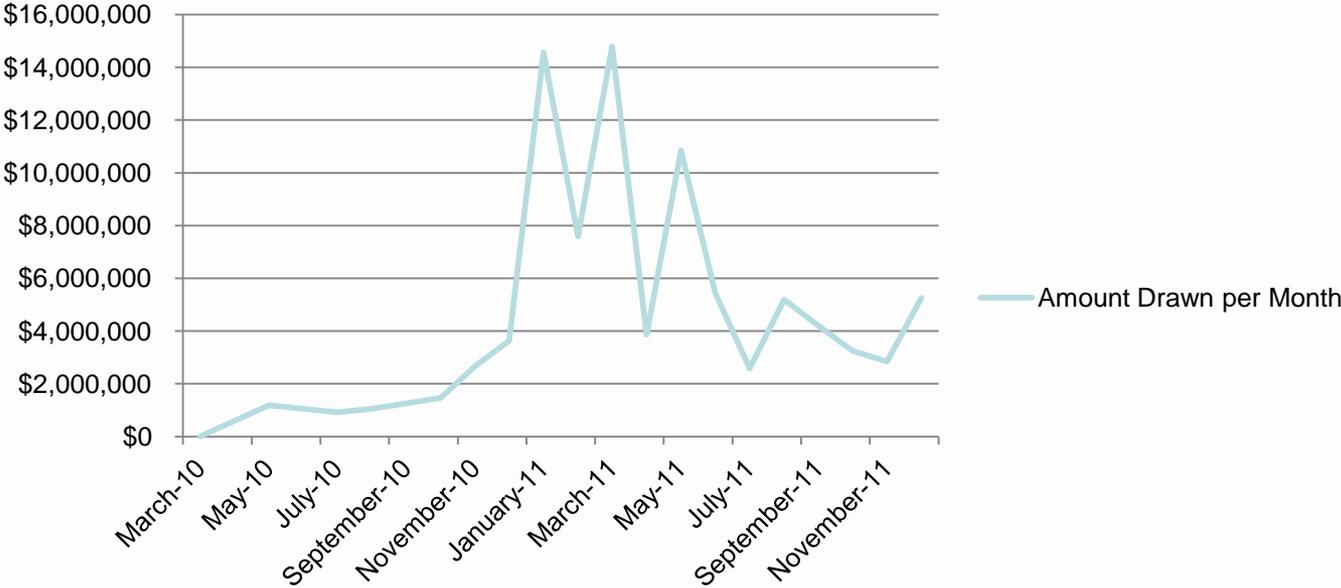
- 950 properties acquired
- 801 demolished

CDBG Buyout Cont.

» CDBG Funds Expended – 100% CDBG Buyout

– \$91,372,436 since March 2010

CDBG Funds Expended



Contact Information

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