



Texas General Land Office

Community Development and Revitalization Program (GLO-CDR)

“We work to rebuild communities, to put Texans back in their homes, and to help businesses recover after the trauma of disaster.”

George P. Bush

Texas General Land Office Commissioner



Hurricane Harvey

Local Buyout and Acquisition Program

GLO's HURRICANE HARVEY LOCAL BUYOUT and ACQUISITION PROGRAM

- Allocation Amount: **\$275 million**
- COG Method of Distribution (MOD)
- Eligible Entities:
 - Units of local government
 - Entities with the power of eminent domain authority.

AACOG	\$ 4,152,165
BVCOG	\$ 5,840,778
CAPCOG	\$ 12,929,474
CBCOG	\$ 34,375,695
CTCOG	\$ 1,384,055
DETCOG	\$ 35,867,032
GCRPC	\$ 18,430,647
H-GAC	\$ 110,953,432
SETRPC	\$ 51,687,614
TOTAL	\$ 275,620,892



AGENDA

1. Buyout and Acquisition Program Overview
2. Design and Define Program/Guidelines
3. Market the Program
4. Eligibility
5. Determine Benefit Amount/Check for Duplication of Benefits (DOB)
6. Purchase Property & Relocate Participants
7. Title Transfer, Clearance & Demolition
8. Procurement and Successful Program Practices
9. Questions/Contact Information



Local Buyout and Acquisition Program National Objectives

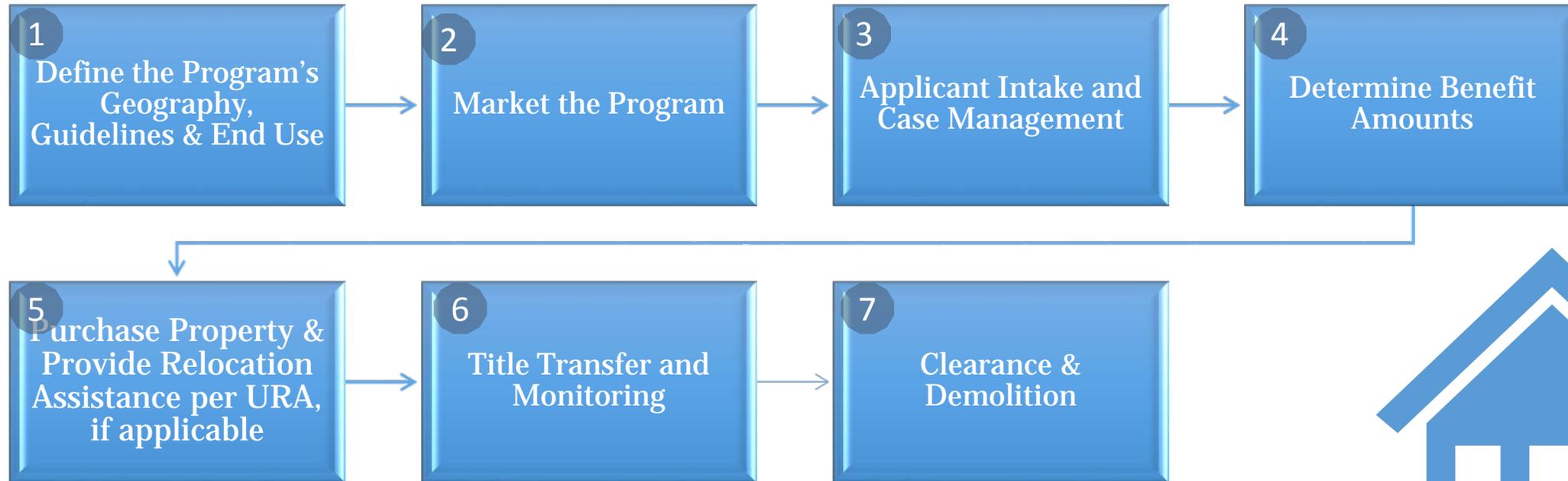
National Objectives:

- low- and moderate-income (LMI) – benefits LMI persons **(70% of funds)**
 - low/mod housing (LMH) – any assisted activity that involves the acquisition of property shall be considered to benefit LMI persons only to the extent that such housing will upon completion be occupied by LMI persons
 - low/mod buyout (LMB) – benefits LMI persons where the award amount is greater than their post-disaster fair market value of the property
 - low/mod housing incentive (LMHI) – benefits LMI persons with a voluntary acquisition of housing to move outside of the affected floodplain or an incentive that results in the LMI person occupying the incentivized property
- elimination of slum/blight
- urgent need



Buyout & Acquisition Program Flow

Steps in a Buyout and Acquisition Program



Each Suprecipient's program may differ slightly depending upon the local needs, capacity and goals of the community.



Buyout vs. Acquisition

While Buyouts and Acquisitions are both acquisitions of real property, the intended end use for the property is what distinguishes a “buyout” from an “acquisition”.

- **Buyouts**=to reduce risk from future flooding or from the hazard that led to the property’s Disaster Risk Reduction Area by converting the property to open space, recreational, or floodplain and wetlands
- **Acquisitions**= may use the property for redevelopment activities while ensuring resiliency and mitigating the impact of future disasters

Subject to CDBG-DR Program Regulations



Buyout vs. Acquisition

Buyouts:

- A Disaster Risk Reduction Area (DRRA) must be clearly delineated so that HUD and the public may easily determine boundaries
- May use pre-disaster or post-disaster property values to determine buyout amounts
- Property must be maintained in perpetuity as open space, recreational space, floodplain, or wetland
- May be used to match FEMA Hazard Mitigation Grant Program buyout activities

Acquisitions:

- The intended end use for the property must be clearly defined.
- Must use post-disaster property values to determine purchase amounts
- May use property for redevelopment activities while ensuring resiliency and mitigating the impact of future disasters subject to CDBG-DR regulations.



Buyout & Acquisition Similarities

- Homes must be impacted by Harvey
- If tenants exist, Uniform Relocation Act must be implemented but under Federal Register notice section 104(d)(2)(a); some waivers are offered
- Single family residences and vacant lots only
- May provide incentives (relocation, down-payment assistance)
- DOB verification required
- Can provide relocation counseling and assistance
- Subject to Affirmatively Furthering Fair Housing review as required in the Action Plan
- Closing and transfer of title will occur
- Demolish existing structure within 45 days of vacancy or purchase
- Determine Project eligibility rules through Standard Operating Procedures (SOPs)
- Voluntary and involuntary (unless eminent domain is employed only for a public use)



Buyout and Acquisition Program Guidelines

Program Guidelines:

- Set maximum assistance amounts using adopted methodology to establish consistent Fair Market Value(s) and cost effectiveness
- Target area locations, DRRA's, and additional eligibility requirements
- Guidelines must be posted for public comment before use, the GLO must approve all guidelines
- Develop and follow a Residential Antidisplacement and Relocation Assistance Plan (RARAP)
- Utilize the GLO's Buyouts and Acquisitions Guidelines Checklist as a tool
- Capture process for lien clearance through title company
- See the *Buyout and Acquisition Program File Checklist* for additional guidance



Ineligible Activities

Ineligible Activities:

- Incentive payments to households that move to floodplains
- Properties considered to be second homes
- Property with clouded title (Voluntary) (refer to local non-profit e.g. HUD approved non-profit counseling provider, Loan Star Legal Aid, etc.)
- Property bought or acquired through the use of eminent domain may not be used if a private benefit is conferred to a particular private party (however; eminent domain may be used for the provision of infrastructure or public space)



Eligible Activities

- **Eligible Activities, HCDA Section 105(a)(1), 105(a)(7-8) 105(a)(24-25)**
 - Buyouts
 - Acquisition
 - Relocation Assistance with buyout or acquisition activities
 - Down-payment Assistance with buyout or acquisition activities
 - Demolition with buyout or acquisition activities
 - Housing incentives
 - Activities designed to relocate families outside of floodplains
 - Public service within the 15 percent cap (e.g., housing counseling, legal counseling)
 - FEMA Hazard Mitigation Grant Program cost share for buyout activities



Housing Incentives

Relocation Assistance

- \$35,000 for purchase of a lot to construct a new home
- \$10,000 for an existing home
- temporary relocation assistance (up to \$5,000 for temporary moving and relocation costs)

Down Payment Assistance

- with voluntary Buyout and Acquisition Programs when post disaster FMV is used for purchase
- up to 100% of required amount for an existing home or to construct a home
- \$35,000 for vacant land

Housing Incentives

- buyout incentives up to \$35,000



Design and Define the Program/ Guidelines

Key Design Considerations:

- Elect one program (buyouts or acquisition) that best suits the community's recovery needs
- Create local needs assessment
- Consider AFFH applicability
- Voluntary vs. involuntary participation
- Eminent Domain - Decide what program to choose to implement (voluntary or involuntary-eminent domain) at program design and before contracting with the GLO:
 - LMH, and LMHI buyout national objectives cannot be used.
- Consider the economic impact including:
 - Adjacent property values
 - Local business impacts
 - Future growth & improvements in the area
- Encourage resettlement within the community
- Ensure long-term viability of the activity
- Create Guidelines for the GLO to review
- Post Guidelines to local website
- Define and track program deadlines
- Checkerboard effect
- Timeline Restrictions (Five years to complete the program)



Design and Define the Program/ Guidelines

PROGRAM GUIDELINES REQUIREMENTS:

- Source of funding
- National objective
- Geographic area
- Affirmative Marketing/Fair Housing
- Application Intake
- Timely Status Notice to Applicants
- Types of assistance
- Property requirements
- Owner requirements
- Duplication of benefit
- Professional Services
- Closings
- Property disposition and end use
- Appeals
- Compliance and Monitoring



Market the Program

A successful program requires comprehensive outreach and marketing to achieve the approved needs assessment and encourage participation from the targeted geographic area.

Marketing may include:

- Active engagement with property owners in the area, community, religious and business leaders
- Develop program materials for GLO approval that are easy to understand for all audiences (consider limited English proficiency)
- Clear communication of the program benefits
- Address local concerns promptly (using approved complaint and appeals process)
- Identify property owners
- Provide assistance for document completion and intake



Eligibility

Local communities should be prepared to process documentation in a timely manner and provide adequate assistance to property owners throughout the process.

Eligibility Case Management Activities may include:

- Support to beneficiaries who may have lost all documentation in the disaster
- Reasonable deadlines for documentation
- Set reasonable expectations for beneficiaries about the process
- Be prepared for dispute resolution when difficult situations arise



Determine Benefit Amount

Based on requirements in the Federal Register, some property owners may not be eligible for all benefits provided, and each property may have specialized eligibility determinations based on income and DOB calculations.

Each property documentation must include, at a minimum:

- An appraisal of value (pre or post disaster for buyouts and post-disaster for acquisitions)
- **Develop a clear, concise, fair and consistent method for determining benefit amount**
- Proper documentation of benefits received from other programs and insurance
- Qualified program incentives
- Approved environmental clearance
- Adherence to the Uniform Relocation Act (URA)



Duplication of Benefits

The program is required to conduct a DOB check for each property. The following sources may be deducted from the award:

- **FEMA payments for the repair or replacement/structural damage**
- **USDA loans and/or SBA loans**
- **National Flood Insurance Program (NFIP) Insurance Payments**
- **Private Insurance: Including all private insurance settlement amounts for loss to residential structures**
- **Other funds (e.g. private institutions and non-profits)**



Purchase and Relocate

Flexible program options may be used to increase participation and program success. These options may include:

- Relocation Funds w/ incentives for relocation within a geographic area
- Rental assistance for displaced property owners
- Down-payment and mortgage assistance for relocation
- Financial and housing counseling

Legal assistance will be required to ensure the execution of purchasing and relocation. Communities must ensure clean title, move out deadlines, and proper affidavits for documentation.



Uniform Relocation Act (URA) of 1970

49 CFR Part 24 (as amended)

What is URA?

This law ensures that people whose real property is acquired, or who are required to move as a direct result of projects receiving Federal funds, are treated fairly and equitably and receive assistance in moving from the property they occupy. URA provides important protections and assistance for people affected by the acquisition, rehabilitation, or demolition of real property for Federal or federally funded projects.

What Triggers URA?

- Once a site is identified and proposed for a federally-assisted buyout, acquisition or demolition project
- Notice to owner and occupants is required as soon as feasible to the person scheduled to be displaced...with assistance anticipated in any phase of an undertaking = General Info Notice (GIN) is required to the displaced person



Title Transfer Clearance/Demolition

- **Must have completed an environmental review and be consistent with all environmental rules and regulations**
- **Must proceed to clear and demo site within 45 days of vacancy**
- **Title transfer must include restriction for final open space use in perpetuity (buyout only)**
- **If the property was purchased through a simple acquisition, additional activities may be pursued**
- **Program income in excess of \$35K in a calendar year must be returned to the GLO**
- **Provide monitoring to applicable activities (e.g. 3 year affordability period for buyout incentives)**



Procurement of Professional Services

Subrecipients must adhere to all federal rules and regulations when procuring professional services (2 CFR Part 200).

Some of the service providers that may be procured are:

- Appraisers
- Case Management Providers
- Demolition Experts
- Environmental Specialists
- Inspectors
- Realtors (if assisting with relocation)
- Surveyors
- Title Company

See GLO Procurement Checklist



Best Practices For A Successful Program

1. Encourage resettlement and seek out higher opportunity areas. This will allow the community to maintain their tax base. Provide fair and equitable incentives to encourage voluntarily participation in the program and resettle in targeted revitalization areas. Such incentives will help to “encourage” those owners who are slower to participate.
2. Consider the economic impact of buyouts on adjacent residential neighborhoods, commercial and industrial properties. Property owners in areas adjacent to the buyout areas will see changes in the value of their properties as the buyouts, demolition and redevelopment occur.
3. Design an effective outreach program to ensure that all residents have equal opportunity to participate. Hold public forums in all targeted areas including those where there are high concentrations of low-income, elderly, disabled, or non-English speaking residents.
4. Ensure case managers are qualified and well-trained to assist applicants with special circumstances.
5. Follow all federal, state and local requirements; program rules; program guidelines; and meet all legal requirements for land transfers.
6. Have a clear and concise plan for disposition of property acquired.



Questions?

“The GLO stands ready to help our state maximize the use of this disaster recovery funding to build back stronger and more resilient communities.”

~ George P. Bush, Commissioner

recovery.texas.gov





Contact

Website

<http://recovery.texas.gov/>

Telephone Number

1.844.893.8937

Email

cdr.glo@recovery.texas.gov

Mailing Address

Texas General Land Office

C/O: Community Development and Revitalization

P.O. Box 12873

Austin, Texas 78711-2873