



Texas General Land Office

Community Development & Revitalization

BUYOUT vs. ACQUISITION (Voluntary):

	Buyout	Acquisition
Definitions	A buyout is the purchase of an eligible property with the <i>intent to reduce risk from future flooding or to reduce risk from the hazard that led to the property's Disaster Risk Reduction Area (DRRA)</i> . The buyout of the property will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.	CDBG-DR funds used to acquire property for any public purpose, as set forth in 24 CFR 570.201(a). The acquired property must continue to meet one of the CDBG program's national objective for at least five years, (HUD CPD-17-09 notice). <i>The planned use of the property acquired determines which HUD CDBG national objective is to be satisfied.</i> The purchase price must be consistent with applicable uniform cost principals, and the pre-disaster Fair Market Value (FMV) may not be used.
Value Determination	Pre-disaster or post-disaster property value is used to determine buyout amounts. A market value of the property is provided to the applicant before making an offer.	Post-disaster property value is used to determine the acquisition amount. A market value of the property is provided to the applicant before making an offer.
End Use	Buyout property can ONLY be used for open space (i.e., green space, parks, flood storage area, open fields).	The acquisition of the property can be used for redevelopment as well as open space (i.e. green space, parks, flood storage area, open fields) or disposed through sale, lease, donation, or otherwise. If the property is being disposed of for a purpose other than that for which it was acquired, the new activity must be reviewed to determine whether a national objective will be met by the new use (HUD CPD-17-09 notice).

Condition of the Property and demolition requirements	The property must have been damaged by the event. The demolition of the property should occur 45 days after vacancy.	The property must have been damaged by the event. The demolition of the property should occur 45 days after vacancy.
Environmental Review	An environmental property site clearance is required.	An environmental property site clearance is required.
End Result	The end result of Buyout will leave a property that is not eligible for reuse for housing. No new structures will be allowed, and someone must be responsible for the property in perpetuity. Buyout programs should not generate program income as the disposal of the property is a final outcome in perpetuity.	The end result of an Acquisition of property will satisfy a HUD CDBG national objective, e.g., low/mod housing (LMH) following elevation and resilient mitigation measures. See HUD CPD-17-09 notice for program options and requirements.
Incentives	A Buyout may include additional incentives to make the program more appealing. An incentive may include funds to help the property owner relocate to a higher opportunity area in or out of the Subrecipients region.	An Acquisition may include additional incentives to make the program more appealing. An incentive may include funds to help the property owner relocate to a higher opportunity area in or out of the Subrecipients region.
Future Activity & Use	The Buyout of a property limits the future use of the property when acquired.	The planned use of the acquired property must satisfy a CDBG national objective. The Subrecipient may dispose of the property so as long as the Subrecipient ensures that the property continues to meet a national objective for at least five years (HUD CPD 17-09 notice). If a national objective is not met during this time-period, the Subrecipient may have to reimburse the program for the current fair market value, less any portion of the value attributable to non-CDBG funds. This payment would be considered program income to the State. No payment is

		required if the property satisfies the national objective after the five-year compliance period.
Future Activity and Uses Contd.	By utilizing a Buyout Program, in general the land is restricted to a compatible use in perpetuity like open spaces/recreation, wetlands/flood management functions and must be owned by a responsible party.	The acquisition of properties allows for the purchase, sale, long-term lease (15+ years), donation or otherwise. If sold for future uses the sale will generate program income that must be tracked and potentially remitted to the State.
Closing / Title Transfer	The Subrecipients procured title company will work to ensure that property transfer occurs at closing and a deed restriction is filled on the property. The Subrecipients Case Manager will work to schedule a closing with the property owner(s). Additionally, applicants with a clouded property title should be referred to HUD approved counselors or other non-profits such as Lone Star Legal Aid for assistance.	The Subrecipients title company will work to ensure that property transfer occurs at closing. The Subrecipients Case Manager will work to schedule a closing with the property owner(s). Additionally, applicants with a clouded property title should be referred to HUD approved counselors or other non-profits such as Lone Star Legal Aid for assistance.
Voluntary	This document refers to voluntary buyouts, <i>but if tenants exist, compliance with Uniform Relocation Act (URA) is required.</i> The Federal Register Notice provides certain URA waivers. Refer to the published register for further information.	This document refers to voluntary buyouts, <i>but if tenants exist, compliance with Uniform Relocation Act (URA) is required.</i> The Federal Register Notice provides certain URA waivers. Refer to the published register for further information.
URA Rules / Policies	Policies should be consistent with 49 CFR 24 Subpart B and published Federal Register requirements and GLO Housing Guidelines and other applicable program guidance provided by the GLO.	Policies should be consistent with 49 CFR 24 Subpart B and published Federal Register requirements and GLO Housing Guidelines and other applicable program guidance provided by the GLO.

**Relocation
Counseling and
Assistance**

Assistance to the property owner(s) can be provided through HUD approved housing counselors. Subrecipients should follow the GLO's Anti-displacement and Relocation Plan, if applicable.

Assistance to the property owner(s) can be provided through HUD approved housing counselors. Subrecipients should follow the GLO's Anti-displacement and Relocation Plan, if applicable.