

# Home Buyout Programs: Recommendations for Policy & Practice

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## Research summary

Home buyout programs are intended to facilitate the permanent relocation of residents out of areas considered to be at risk for future disasters, including the effects of climate change. Buyouts typically are federally funded, but implemented at the state or local level. Our understanding of the impacts and efficacy of these programs is limited, though past research suggests that post-disaster relocation is associated with a suite of negative impacts, and that the design of buyout programs significantly affects participants'



experiences and outcomes. We outline 13 recommendations for improving home buyout policy and practice based on studies that have spanned the past five years. These studies have included historical

analyses of home buyout programs in the U.S. and in-depth case studies of home buyout programs implemented after Hurricane Sandy, including extensive data collection with buyout program participants.

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## Relevance

Buyouts are becoming increasingly common in disaster mitigation, particularly as managed retreat policy tools in the U.S. These are complex programs, however, and few resources exist to

guide implementing agencies in their design and implementation. Our recommendations are designed to guide agencies and other stakeholders as they consider buyouts as a possible risk reduction

tool. Further, we hope they contribute to a broader conversation on best practices for future buyouts to facilitate the best possible outcomes for affected families and communities.

## Recommendations for Federal Policy and Planning

- 1 Strengthen federal guidelines to protect the voluntary nature of buyouts so that program components do not inadvertently or indirectly pressure households to participate.
- 2 Revisit and revise duplication of benefits policies so that they do not preclude residents from receiving appropriate aid.
- 3 Develop a central, shared data management system for recovery agencies, modeled after the Free Application for Federal Student Aid (FAFSA) system.
- 4 Convene a national multi-sector panel to develop a set of best practice guidelines for the design and implementation of buyout programs to ensure that they consistently facilitate the best possible outcomes for participating households and communities.

## Recommendations for Implementing Agencies

- 5 Be transparent in justifying program parameters. This includes providing clear information on how the program will be administered, plans for the use of supplementary policy tools, and parameters for inclusion in the program.
- 6 When programs are focused on a neighborhood or similar geographic area, establish buyout boundaries that reflect both floodplains and neighborhood boundaries that can be logically explained to affected homeowners.
- 7 Include a clear plan for the conversion of purchased properties to open space in buyout proposals, with measurable metrics and a timeline for implementation. Include opportunities for community members to engage in this process.
- 8 Plan for interim housing for residents whose homes are uninhabitable to avoid wasted resources and the emotional toll associated with repairing a home pre-buyout.
- 9 Assign a case manager to each household in the designated buyout zone who is knowledgeable, accessible, and has the authority to respond to homeowner inquiries about the buyout process.
- 10 Adjust home purchase prices to reflect the median costs of a low-risk (i.e., outside of the 100-year floodplain or above BFE), comparable home in a socially comparable community.
- 11 Work collaboratively with homeowners to ensure that the purchase date is expedient, but also accounts for household needs (such as finding comparable housing).

## Recommendations for Community Engagement

- 12 Create and manage an online community where residents post questions and raise concerns, and where an appropriate representative from the implementing agency can provide responses, information, and clarity when issues arise.
- 13 Organize a series of community meetings as the buyout program is being designed to clarify the justification for the program, discuss key program characteristics including voluntariness, and to gather community feedback that can be integrated into the design of the buyout program. This process should begin pre-disaster in high risk areas, with officials proactively engaging those communities in discussions about buyouts as a possible mitigation measures.

**Recommendation 1**

*“Well, it was voluntary, you didn’t have to take it. [But] once all the houses around you are boarded up, how can I not take it?”*

Strengthen federal guidelines to protect the voluntary nature of buyouts so that program components do not inadvertently or indirectly pressure households to participate.

Our research reflects several previous accounts in the literature (Binder & Greer, 2016; de Vries & Fraser, 2012; Fraser, Elmore, Godschalk, & Rohe, 2003) suggesting that the voluntary requirement may be routinely disregarded in the implementation of buyout programs. Several factors are at play here, including how implementing agencies describe the program to participants, concerns that the area will be abandoned or lose basic services if most residents opt to take a buyout and relocate, or that they will eventually be forced out through the use of eminent domain. Financial incentives may, intentionally or unintentionally, compound these pressures, particularly if they are contingent on group behavior (such as contiguous groups of homes agreeing to relocate).

**Recommendation 2**

*“If you’re going to give me what you said, \$390,000, we would have [taken the buyout]. But because we’re double dipping, because the government paid insurance? Well I’ve been paying insurance for 30 years. So, I’m paying \$2,000 to \$3,000 a year for insurance, never made a claim, but now you’re telling me I’m double dipping.”*

Revise duplication of benefits policies so that they do not preclude residents from receiving appropriate aid.

Federal duplication of benefits, or “double dipping” policies, are intended to protect the government from paying multiple times for the same repairs or recovery costs. While this sounds reasonable on paper, it raises multiple issues in the case of buyouts. Buyout residents often make repairs to their damaged homes so that they have a place to live while waiting for the buyout to go through, which typically takes a year or more. Any funds that they use for these repairs from any federal source are later deducted from the sale price of their home. Since buyouts generally cover the property in full, if homeowners received the full pre-storm value of their home in addition to other sources of federal aid (such as Individual Assistance from FEMA or a National Flood Insurance Program payout on a policy), then, according to policies prohibiting the federal duplication of benefits, they would have been significantly overpaid. Benefits used to repair one’s home while waiting for the buyout are not recoverable to the participant after the buyout goes through. As a result, rather than duplicating benefits, this policy reduces residents’ access to disaster aid.

**Recommendation 3**

*“Submitting redundant information monthly to FEMA was the main reason of feeling like a criminal.”*

Develop a central, shared data management system for recovery agencies, modeled after the Free Application for Federal Student Aid (FAFSA) system.

Buyout participants tend to be frustrated by the volume of paperwork they are required to submit, often repeatedly to the same agency or in duplicate to different agencies. This issue could be addressed through a single, shared database—accessible to all appropriate agencies. A digital cataloging system could reduce the incidence of lost paperwork (especially problematic in disaster contexts, where people may have lost critical documents to flooding or fire), limit redundancy in paperwork, and more accurately track eligibility for and distribution of benefits by households. While the effort required to establish such a system would be significant, the Free Application for Federal Student Aid (FAFSA) serves as a model to show that such a system is possible and works relatively well.

**Recommendation 4**

Convene a national multi-sector panel to develop a set of best practice guidelines for the design and implementation of buyout programs to ensure that they consistently facilitate the best possible outcomes for participating households and communities.

Limited empirical research on home buyout programs to date has hindered our understanding of these programs and their impacts on affected households, communities, and governments. The need to expand the research agenda in this area is clear, especially in light of the increased use of home buyout programs after recent disasters and the onset of climate-induced relocations in the U.S. (Davenport & Robertson, 2016; Kennedy, 2016). We recommend that a multi-sector panel be established through the National Academy of Sciences to guide future buyout research and to develop a set of best practice guidelines for the design and implementation of buyout programs. This panel should include researchers, policy makers, and practitioners, and should be accompanied by funding to support a comprehensive buyout research agenda, particularly longitudinal cohort studies to explore contextual differences across programs and assess the mid- and long-term impacts of buyouts.

**Recommendation 5**

Be transparent in justifying program parameters. This includes providing clear information on how the program will be administered, plans for the use of supplementary policy tools, and parameters for inclusion in the program.

Home buyout plans must be federally approved, though implementing agencies are not required to provide clear justifications for specific program parameters. We recommend that implementing agencies be held to a higher standard of transparency in program administration, particularly related to parameters for inclusion in (and exclusion from) the program, plans for the use of supplemental policy tools that may impact household decision making (including the substantially damaged declaration and moratoria on construction that deter rebuilding), timelines for the implementation of the programs, and relocation requirements. Transparency in these areas demonstrates recognition of the experience of buyout participants within affected households, who should be considered the primary stakeholders in these efforts.

**Recommendation 6**

*“Oh, yeah there was a separation of one street. There was even a separation on one block where one side of the street was a part of the buyout and the other side of the street was not.... So the way it was zoned, I honestly don’t know.”*

When programs are focused on a neighborhood or similar geographic area, establish buyout boundaries that reflect both floodplains and neighborhood boundaries that can be logically explained to affected homeowners.

Buyouts are typically implemented in areas at risk for future flooding, so decisions about which properties are included in a buyout zone are informed by the location of floodplains and other related factors. While this is logical for reducing future flood losses, these boundaries may not follow social or neighborhood boundaries, which residents use to define their community. Implementing agencies could reduce the negative impacts of these decisions on both included and nearby communities by considering both the extent of hazard risk and social boundaries of an area in designating buyout zones.

## Recommendation 7

*“Within 10 years there will be homes down there. Because it’s New York, it’s beach front property. I don’t care who you are, money will come up. It’ll be worth putting a 100,000 dump trucks of dirt in there [to raise it up]. They’re not going to let that go.”*

**Include a clear plan for the conversion of purchased properties to open space in buyout proposals, with measurable metrics and a timeline for implementation. Include opportunities for community members to engage in this process.**

When designing a buyout program, processes related to the purchase of properties are given priority, while decisions about what to do with the purchased properties after the buyout receive relatively less attention. From the perspective of affected communities, however, the future use of purchased properties is an important factor in their recovery decision-making and in their experience of the buyout process. Expediting the process of converting the land into open space, as required by federal buyout policy, would ease residents’ lingering concerns about this phase of the buyout process, and may aid in the recovery both for relocated residents and for the remaining adjacent communities. Further, providing opportunities for community members to engage in the process of developing an open space plan, such as through community meetings, may ease this process and produce new ideas for future sustainable property use.

## Recommendation 8

*“Okay, in the interim we were staying, um, first we were stayin’ at my mother’s, then my sister’s, then my brother had us stay in his apartment, and he had to move out. So we had to pay him rent.”*

*“We got our life back in order. Uh, we, as you can see we fixed up our house. Probably, if not equal to, a little bit better than what we had.”*

**Plan for interim housing for residents whose homes are uninhabitable to avoid wasted resources and the emotional toll associated with repairing a home pre-buyout.**

After a disaster, residents whose homes are uninhabitable may seek out a variety of emergency housing options. These options can be costly, both financially and socially. Staying with friends or family can strain key social relationships and support networks, while hotels and apartments can create financial strain, especially when combined with the continuing mortgage payments on disaster-affected homes. These arrangements can also add considerable stress to daily routines by moving residents farther away from schools or jobs. These issues are particularly salient in buyouts. Buyout participants need interim housing for as long as it takes to move through the buyout process. If alternative housing becomes unavailable or inaccessible, however, these residents may make the difficult decision to repair and return to their damaged homes, even knowing that the home will soon be bought out and demolished. This is emotionally traumatic for residents and, due to policies prohibiting the duplication of benefits, a waste of financial resources. As such, buyout programs should include plans for appropriate interim housing, either provided directly or through an easily accessible rental assistance fund. Planners should also consider the additional challenges presented in highly urban areas, where the housing stock may be limited.

**Recommendation 9**

*“Number one is communication. You must have communication and be able to tell people what’s going on. Let them know what happened, what the process is, what’s next, where to go for help. Those things weren’t given to us.”*

Assign a case manager to each household in the designated buyout zone who is knowledgeable, accessible, and has the authority to respond to homeowner inquiries about the buyout process.

Perhaps more than any other factor, issues with information and communication define residents’ experiences with home buyout programs (de Vries & Fraser 2012; Binder & Greer 2016). To begin to address these issues, we suggest that residents should have access to trained, informed representatives from the implementing agency who have the knowledge and authority to respond to case-specific and programmatic questions. This could be in the form of a community liaison or case manager, where each household is assigned a contact person who is accessible by phone and in person (and therefore, managing a reasonable number of cases), and can competently guide homeowners through the process. This will assist homeowners in tracking their progress through the program and will help to ensure they have the necessary information to consider alternatives and to make recovery decisions.

**Recommendation 10**

*“What we had gotten for our house, it was fair. It just wasn’t enough where we could stay [on Staten Island]. Maybe we could have stayed if we rented or something, but we’ve had our home since 1971. So it would be hard for us.”*

Adjust home purchase prices to reflect the median costs of a low-risk (i.e., outside of the 100-year floodplain or above BFE), comparable home in a socially comparable community.

The sale price of homes in buyouts is typically based on the property’s pre-disaster value. This practice is intended to shield participants from absorbing the full financial effect of direct damage and reduced post-disaster home values in an affected neighborhood, with the ultimate goal of allowing them to acquire comparable housing outside the affected area. Homes in high risk areas, however, tend to be relatively more affordable than homes in lower risk areas (Bolin & Stanford 1991; Fothergill & Peek 2004; McGhee 2017). As a result, even if buyout participants walk away with a check for the full value of their disaster-damaged home, they may not be able to afford to purchase a comparable home in a less hazardous area. This is compounded by the high demand for housing after disasters. To address this issue, we recommend that purchase prices for homes in buyouts reflect the average cost of a comparable home in a socially comparable, lower risk neighborhood. While this may appear unfair or fiscally irresponsible, our research suggests this approach is justified. This may be the best way to ensure that households are relocated to lower risk areas, so that they are less likely to be affected by (and incur costs associated with) future disasters.

**Recommendation 11**

*“They called us up on a Monday or Tuesday, they said we’re closing on a Friday, so come down and close. So, you know, they only gave us a three-day notice.”*

Work collaboratively with homeowners to ensure that the purchase date is expedient, but also accounts for household needs (such as finding comparable housing).

Buyout participants often face challenges related to the closing date for their disaster-affected home. While expediency is desirable, implementing agencies can improve the buyout experiences by building flexibility into the closing process. Specifically, we suggest that closing and move out dates be flexible, within reason, to allow residents to find a comparable home that meets their needs.

**Recommendation 12**

*“What would I do differently? I guess knowing what I know now, I would make information as available to the possible participants as soon as possible, just to put an end to rumors and leave room for conjecture.”*

Create and manage an online community where residents post questions and raise concerns, and where an appropriate representative from the implementing agency can provide responses, information, and clarity when issues arise.

To further address issues related to information and communication, we recommend that the implementing agency establish and manage an online forum where they can post updates, provide information, and address rumors or misinformation and where residents can ask questions about the process and engage in discussions with each other and the implementing agency.

**Recommendation 13**

Organize a series of community meetings as the buyout program is being designed to clarify the justification for the program, discuss key program characteristics including voluntariness, and to gather community feedback that can be integrated into the design of the buyout program. This process should begin pre-disaster in high risk areas, with officials proactively engaging those communities in discussions about buyouts as a possible mitigation measures.

Several of the challenges described above could be addressed through a series of community meetings, organized by the implementing agency, as the buyout program is being developed and designed. This relatively simple step would provide opportunities for buyout representatives to justify the need for a buyout program, explain that the program is voluntary, discuss criteria for inclusion in the program, explain the incentives provided, describe how the purchase price for homes is determined, detail the steps in the process, and clarify what that means for residents who may decide to stay. Importantly, it would facilitate the active engagement of the community in the process by creating space to gather community feedback that can be integrated into the design of the buyout program, particularly in designating program boundaries and determining the future use of purchased properties. Ideally, this process should begin with pre-disaster recovery planning, where officials who are responsible for communities in high risk areas proactively engage those communities by raising the possibility of a buyout as a future mitigation measure, discussing concerns that arise, identifying local priorities, and evaluating the potential social and economic costs of such a program. Whenever possible, these conversations should be integrated into standing community group meetings to leverage existing social networks. This approach would be in keeping with guiding documents on disaster recovery that have called for community involvement in planning for post-disaster recovery before the disaster strikes (FEMA, 2009) and with findings from previous studies that have highlighted the importance of involving the community in buyout processes from the beginning (Binder & Greer, 2016; Fraser, Doyle, & Young, 2006; Knobloch, 2005).

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## Further Reading

The recommendations listed here reflect the findings of research conducted over the past five years, including historical reviews of buyout programs implemented in the U.S. since 1978, in-depth case studies of buyout programs implemented after Hurricane Sandy in 2012, and ongoing studies of buyout programs currently underway. To learn more about our work, please see the following publications.

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