



# City of Austin New Flood Buyout Program & Relocation Policy

May 19, 2015

# Introduction

- ▶ Council direction to create voluntary buyout policy
- ▶ Goals:
  - Fair
  - Legally sound
  - Easily understandable
- ▶ Presentation:
  - Legal framework
  - Prioritization
  - Policy Structure



# State Law Legal Framework

- ▶ Voluntary: No eminent domain or threat of eminent domain
- ▶ Legal requirements for cities
  - General authority of home-rule city
  - Public purpose
  - Pay relocation expenses – eminent domain, code enforcement, rehabilitation, and demolition programs (Texas Property Code §21.046)



# Texas Property Code

- ▶ Demolition Programs
- ▶ Benefits must include:
  - Moving expenses
  - Rental supplements
  - Relocation payments
  - Replacement housing assistance
- ▶ Flexibility for amount of relocation benefits
- ▶ Maximum = amount authorized under the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (Uniform Relocation Act or URA)

# Uniform Relocation Act

- ▶ Federal law
- ▶ Mandatory only with use of federal funds
- ▶ Purpose = Fair, uniform, and equitable treatment to all affected persons
- ▶ Establishes guidelines for:
  - Notice
  - Purchase Price
  - Appraisals
  - Relocation Benefits

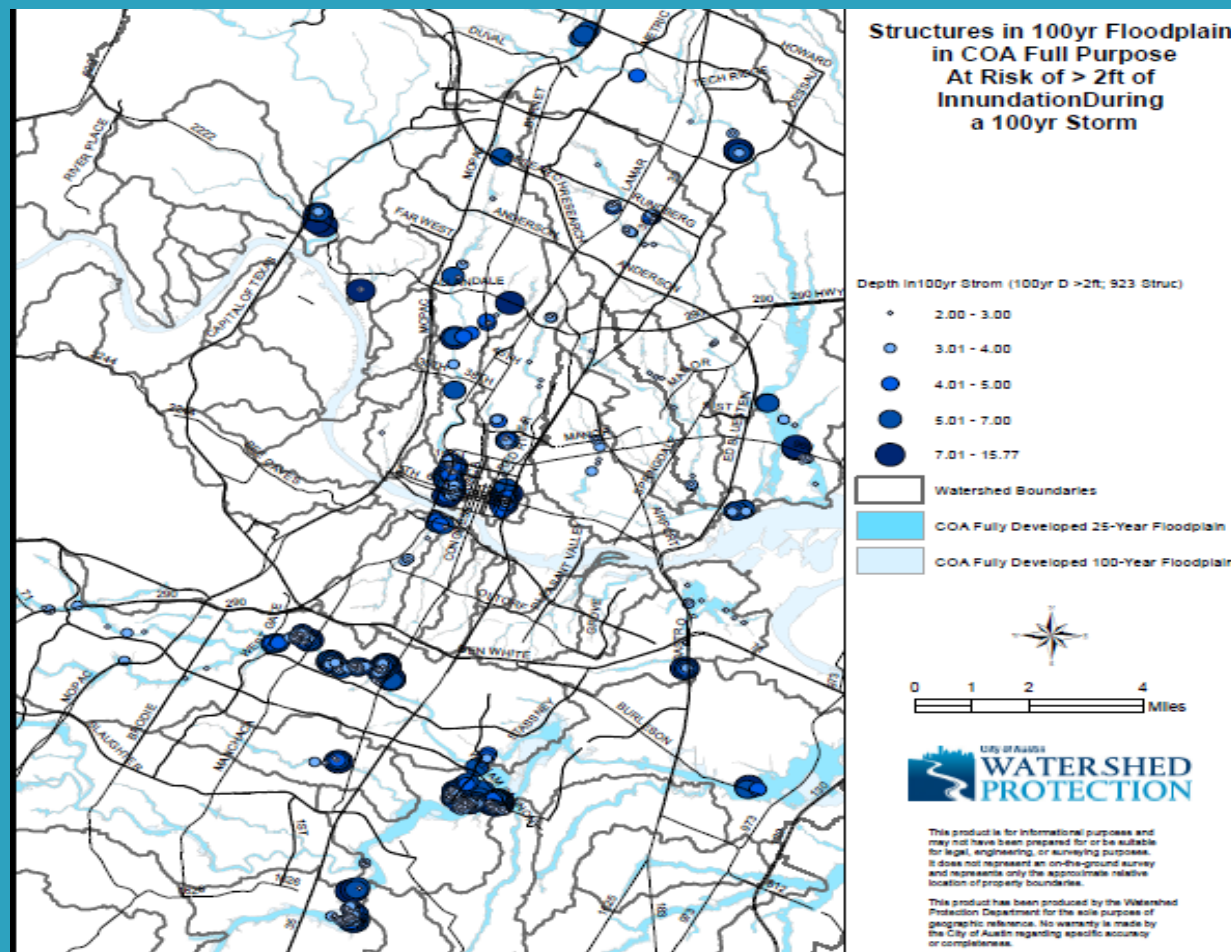
# Recent Buyouts

- ▶ **Onion Creek (25-year floodplain/Corps area)**
  - Threat of eminent domain
  - Federal funding (Army Corps of Engineers)
  - Full relocation under the Uniform Relocation Act
  
- ▶ **Onion Creek (25-year floodplain/Non-Corps area)**
  - Threat of eminent domain
  - City funding
  - Full relocation under the Uniform Relocation Act
  
- ▶ **Onion Creek (100-year floodplain)**
  - Voluntary
  - City funding
  - Full relocation under the Uniform Relocation Act



# Flood Risk is a Citywide Issue

- Over 5,700 structures in City's 100-year floodplains
- More than 1,000 structures with over two feet of flood risk from creek flooding for a 100-year flood
- Many more at risk of local flooding



# Funding

- ▶ Structures at risk from flooding in the Williamson Creek 25-year flood event
  - \$18 million in certificates of obligation made available by Council
- ▶ No current funding for other areas:
  - WPD applies for available FEMA, TWDB, or other grant funding
  - May use capital improvement program (CIP) funds
  - Council may authorize additional funds





# Goal and Eligibility

Goal: To cost-effectively reduce or eliminate flood risk to people

Eligibility:

- ▶ Structures must have identified 100-year flood risk
- ▶ No better cost-effective engineered solution available other than buyout(s)



# Risk Ranking Index

- ▶ Compare benefit against cost
- ▶ Primary parameters:
  - Risk
    - Flood depth & frequency
    - Number of people at risk of injury or death
  - Cost
    - Travis Central Appraisal District (TCAD) property value



# Prioritization

1. Structures with substantial flood damage ( $> 50\%$  of structure value), to be ranked as top priority
2. Structures (citywide) with an identified 100-year flood risk ranked using Risk Ranking Index
  - Prioritization based on pre-flood data
  - Structures with verifiable flood damage not yet repaired (1–50% of structure value), to be re-prioritized based on post-flood data



# Acquisition Process

- ▶ Initial interview
- ▶ Appraisal
  - Independent third-party appraisal
  - Market value based on current condition
- ▶ Appraisal review
- ▶ Offer to buy
- ▶ Purchase and sale agreement
- ▶ Due diligence
  - Title search
  - Clearance of title defects
- ▶ Closing
- ▶ Moving/Relocation

# Offers to Buy

- ▶ Two potential buyout situations:
  - Owner of the house lives in the house (Owner-occupant)
  - Owner of the house rents the house (Landlord/Tenant)



# Offers to Owner–Occupants

- ▶ If owner–occupant will buy a new home:
  - Relocation advisory services
  - Appraised value of current home
  - Closing costs on City acquisition and new home acquisition
  - Moving expenses
  - Replacement Housing Payment (up to \$31,000)
  - *Housing of Last Resort*
  - *Mortgage Differential Payment*
- ▶ If owner–occupant will rent:
  - Relocation advisory services
  - Appraised value of current home
  - Closing costs on City acquisition
  - Moving expenses
  - Rental assistance (up to \$7,500)

# Offers to Landlords and Tenants

## ▶ Landlord receives:

- Relocation advisory services
- Appraised value of current home
- Moving expenses – landlord furnished home
- Reestablishment of business payment (up to \$25,000)
- Replacement property search fees (up to \$2,500)
- *Housing of Last Resort*

## ▶ Tenant receives:

- Relocation advisory services
- Moving expenses – tenant furnished home
- Rental assistance payment (up to \$7,500) (may be applied to down payment on home purchase)



## Housing of Last Resort

- ▶ Little (if any) comparable replacement housing available for maximum replacement housing payment or rental assistance amounts
- ▶ Program cannot advance timely without additional assistance
- ▶ Allows the City to exceed the maximum amount



# Eligibility Requirements for Relocation Benefits

- ▶ Lawfully present in the U.S.
- ▶ Did not receive a valid eviction notice prior to negotiations
- ▶ Did not occupy the home for purpose of obtaining benefits



# Buyout Timing

- ▶ Typical purchase timeline
- ▶ Factors extending timeline
- ▶ Staggering of buyouts
  - ensures successful relocation
  - maintains citywide housing availability
- ▶ Current housing availability for relocation



# Questions

