

# Hazard Mitigation Buyouts – Why Municipalities Should Consider Them Now

June 28, 2024



Due to the scale of the 2023 disasters, the Federal Emergency Management Agency (FEMA) is expected to supply an *unprecedented* level of funding to allow municipalities to undertake hazard mitigation projects to help minimize impacts from storms and floods. **The State of Vermont has made it easier, and less burdensome, for municipalities to participate in Hazard Mitigation Program Grants for property buyouts submitted by August 16, 2024.**

## Six Important Things to Know

1. **Funding is available to ALL municipalities**, not just those impacted in the 2023 flood events.

2. **\$0 local match required.** The State will cover the 25% local match requirement from the July 2023 flooding.
3. **Time is running out.** Properties will be appraised at their pre-flood value but only for applications received under this funding round!
4. **Act fast to get in.** Priority will be given to municipalities that express interest by August 16, 2024.
5. **Worried about your local capacity to participate? The State will do the hardest work for the municipality.** For projects resulting from the July 2023 floods, Vermont Emergency Management will manage the procurement of the necessary contractors for the pre-purchase as well as the demolition and site work afterward. The municipality will serve as a coordinator in the process and provides quarterly reporting.
6. **Grand list values will drop on flood damaged properties even if your municipality doesn't take advantage of this opportunity....so why wouldn't you?**

## The State Absorbs the Grant Burden

### **VEM administers the grant and manages the project**

All that is required of the municipality for this grant is to agree [to the terms outlined in this MOU](#). At the municipality's request, VEM will act as sub-applicant on behalf of municipalities. VEM will take on the bulk of the administrative burden in managing a grant. VEM will manage and pay for contract work related to the awarded sub-grant and assist the municipality in completing all the work awarded under each sub-award.

All relevant parcels will be transferred to the municipality upon closing of the property and will include a deed restriction requiring that the property be maintained as green open space in perpetuity. *Municipalities must approve and sponsor buyouts since the property will revert to municipal ownership at the completion of the process.*

### **VEM pays the bills, not the municipality**

When the municipality has requested VEM act as the sub-grantee for an acquisition and demolition project (property buyout) and a grant is awarded, VEM will promptly begin the work required to meet the Scope of Work (SOW). VEM will obtain the contractors, oversee all

project work, pay all invoices, and close out the project on the municipality's behalf. VEM will work with each municipality so they are informed and have predictability about when work will be completed on properties within their community. Since VEM will be managing the contracts, municipalities will not need to budget money to pay contractors nor wait for reimbursements. VEM will be responsible for all project management.

If the municipality is not interested in having VEM act as the sub-applicant, they are welcome to apply to VEM for a grant on their own behalf.

## Buyouts are Optional

The acquisition and demolition program is voluntary for both the property owner and the municipality.

## Timing is Important

**This buyout program contains an important timing consideration.** Per federal rules, properties that qualify for a buyout under the Hazard Mitigation Grant Program (HMGP) funding available following the July 2023 flood will be **appraised based upon their pre-flood value**. Properties that apply under future funding rounds, however, will be appraised on post-flood value. Property owners and municipalities considering a buyout may wish to act quickly to take advantage of the more beneficial buyout terms. **Municipalities wishing to pursue buyouts or other Hazard Mitigation Grant Program initiatives should file a [pre-application form](#) with Vermont Emergency Management by August 16, 2024.**

**Final applications under this grant round will be due by December 2024, with priority given to those who express interest by August 16.**

## How Damaged Properties Can Affect Grand List Value

When considering property buyouts, municipalities should consider not only the prospect of a property coming off the grand list, but also what may happen to the value and municipal

burden of that property if it doesn't. Flood-damaged properties will diminish a municipality's grand list value in virtually every case, whether a buyout occurs or the property remains an active part of the grand list.

### **Flood repair and remediation can impact property value**

The cost to repair electrical systems, mechanical items, drywall, and flooring, due to water infiltration, as well as mold growth which could linger for years, can be expensive to repair and the extent of the damage is not always immediately apparent. These conditions can impact the value of a property dramatically.

The extent of damage to a building would be reflected in the amount of depreciation to its property tax value on the grand list. Properties located in a flood zone likely would be valued at a lower-than-average grade.

Flood impacted properties may become blighted if owners walk away from them.

### **Flood disclosures can affect property marketability and value**

Vermont law requires sellers and landlords to disclose that their properties for sale or for rent are in a floodplain and whether their properties previously had been impacted by flooding or flood damage (H.687 of 2023). The probability that flooding may happen again may have a negative effect on marketability and value of a property.

To obtain funding from a financial institution, buyers will be required to provide either a flood certificate showing that the property is not in a flood zone or, if it is, proof of flood insurance coverage.

Municipalities are encouraged to act now while funding is still available and property owners can obtain the highest value for their property.

### **Bought Out Properties can be an Asset**

Buyouts of properties which restore floodplain also could become natural or recreational areas. This increase the value of adjoining properties. Northfield successfully created the [Dog](#)

[River Park](#) following Tropical Storm Irene. Property buyouts resulted in a beautiful community park with access to the river. This community asset is enjoyed by residents and has helped mitigate flood damage in Northfield.

## **Where Do I Learn More?**

Municipalities and property owners can find more information by visiting [Buyout FAQs | Vermont Emergency Management](#).