

Buyout Factsheet



PART 2: BUYOUT FACTSHEET SERIES

HUD's Office of Disaster Recovery is excited to release Part 2 of its Buyout Factsheet Series. This series describes buyout activities funded through HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) funds.

Consolidated Notice

This factsheet conveys the buyout requirements as outlined in the [Consolidated Notice](#), which is the unified policy guidance that governs CDBG-DR allocations for 2020-2023 disasters. If your funds were awarded prior to a 2020 disaster, refer to the [Federal Register Notice](#) governing those funds to view the applicable buyout requirements.

Property Location	Property must be located within a floodway, floodplain, or Disaster Risk Reduction Area (DRRA). If using a DRRA there must be written procedures based on this criteria: (1) the area has been impacted by the hazard for which the grantee received its allocation; (2) the hazard identified must be an environmental threat to the safety and well-being of beneficiaries, as evidenced by the best available risk data; (3) the area must be clearly delineated on a map and available for the public.
Property Type	While residential properties are typically the focus of buyouts, commercial, agricultural, undeveloped, or vacant properties are also eligible for buyouts. HUD created a new eligible activity for buyouts to allow the acquisition of both real property and personal property (e.g., mobile homes).
Open Space Management	Property must be dedicated for: open space, recreational, floodplain and wetlands management practices, or other disaster-risk reduction practices. Prior to program implementation, grantees must establish an Open Space Management Plan or equivalent, outlining the planned use of acquired properties post-buyout.
Allowable Structures	Following a buyout the only allowable structures are: (1) A public facility that is open on all sides and functionally related to the proposed open space usage (2) a restroom or (3) a flood control structure provided it does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and if the floodplain manager approves the structure in writing prior to construction.
Future Federal Assistance	The owner of the buyout property is prohibited from applying to any Federal entity for additional disaster assistance for any purpose related to the property acquired through the CDBG-DR funded buyout program, in perpetuity. The only exception is if the Federal assistance is for an allowed use as described in the Consolidated Notice. This restriction applies even if the property is sold or leased.



Deed Restriction	A deed restriction must be established so the property is dedicated and maintained as open space in perpetuity. The entity acquiring the property may lease or sell it to adjacent property owners or other parties for compatible uses that comply with buyout requirements in return for a maintenance agreement.
Valuation Method	Select a buyout valuation method (either pre-disaster or post-disaster Fair Market Value) and develop policies and procedures on application of the method and determination of cost reasonableness. A grantee may provide exceptions to its established valuation method on a case-by-case basis, as described in its policies and procedures.
Local Consultation	Any State grantee implementing a buyout program or activity must consult with local or tribal governments within the areas in which buyouts will occur.
DRGR	All buyout activities must be classified using the “buyout” activity type in the Disaster Recovery Grants Reporting (DRGR) system.
Uniform Relocation Act	Grantees must describe how they will minimize displacement, budget for displacement, and provide the minimum required relocation assistance to displaced persons, when the activity triggers the Uniform Relocation Act (URA) and section 104(d). Grantees must also have a CDBG-DR specific residential anti-displacement and relocation assistance plan (RARAP).
National Objectives	Grantees must connect the buyout activity to an eligible national objective using either: Low Mod Housing (LMH), Low Mod Housing Incentive (LMHI), Low Mod Area (LMA), Low Mod Limited Clientele (LMC), or Urgent Need (UN). UN has an alternative requirement for any buyouts included in an action plan within 36 months of the applicability date of the Allocation Announcement Notice (AAN). Any new buyout activity added after that time is subject to Part 570.483(d) or 570.208(c).
Safe Housing Incentives	A safe housing incentive is any incentive provided to encourage households to relocate to suitable housing in a lower risk area or in an area promoted by the community’s comprehensive recovery plan. The grantee may offer safe housing incentives in addition to the relocation assistance that is legally required by the URA, section 104(d), or those described in the Consolidated Notice.
Duplication of Benefits	Grantees must comply with section 312 of the Stafford Act to ensure a person or entity is only receiving disaster assistance for a recovery need that has not been fully met. Grantees must also establish policies and procedures to provide for the repayment of a CDBG-DR award when assistance is subsequently provided for that same purpose from any other source.