



January 7th, 2025

At a Glance: FEMA's Property Buy-Out Program

A quick guide to understanding the benefits and challenges of the Federal Emergency Management Agency's Property Buy-Out Program for flood impacted communities in Appalachia and beyond. .

FAQs:

Q: What is the FEMA buyout program?

A: The FEMA buyout program is a voluntary initiative that offers property owners in flood-prone areas compensation at pre-disaster market value for their flood-damaged properties. It provides financial relief to homeowners while allowing local governments to reduce future disaster losses through the Hazard Mitigation Grant Program.

Q: How does the FEMA buyout process work?

A: When a disaster is declared, local officials can apply for funds through FEMA's Hazard Mitigation Grant Program to buy out flood-damaged properties. FEMA covers 75% of the costs, with the remaining portion funded by state or local governments. The properties are purchased at pre-disaster market value, and deed restrictions limit future development to flood-compatible uses like parks or historic flood plains.

Q: What are the benefits of the buyout program for homeowners and local communities?

A: For homeowners, the program offers financial compensation, allowing them to relocate from flood-prone areas. For local communities, it provides a sustainable flood risk management strategy by removing properties vulnerable to repeated damage, potentially saving billions in future disaster recovery costs.

Q: What are the economic impacts of FEMA buyouts in rural communities in Appalachia?



A: In regions like central Appalachia, where flooding is projected to worsen, FEMA buyouts help mitigate future financial losses and lower the costs of disaster recovery. For example, in Lincoln County, WV, each dollar spent on buyouts is estimated to save four dollars in future costs. Additionally, converting these properties into historic flood plains supports ecological restoration, improving biodiversity and benefiting communities affected by mountaintop removal and coal mining.

Q: How do FEMA buyouts affect surrounding property values?

A: Studies indicate that FEMA buyouts generally do not negatively impact surrounding property values. In some cases, buyout areas have even experienced positive effects on property values, which can contribute to the economic stability of the community.

Q: What role do historic flood plains play in the buyout program?

A: Buyout properties are often converted into historic flood plains, which act as natural flood control systems by absorbing excess water and reducing runoff. This restoration helps protect the environment and promotes ecological recovery in areas affected by industrial activities like coal mining, supporting both local ecosystems and communities.

Q: How long does the FEMA buyout process take?

A: The timeline for the Hazard Mitigation Grant Program (HMGP) award process can be lengthy, often taking several months to years. The state's pass-through entity, typically the State Emergency Management Office, sets a specific deadline for eligible sub-applicants to submit their project applications. This deadline is usually within 12 months from the disaster declaration date but can be extended by up to 180 days in exceptional cases, allowing for a total period of up to 18 months.

Q: How are projects prioritized for buyouts?

A: State and local officials will determine which eligible mitigation project applications to submit for funding consideration. Project priorities are influenced by alignment with Hazard Mitigation Plans, disaster-specific needs, and the anticipated impact and effectiveness of each project. Once the state submits its prioritized list of applications to FEMA for review, FEMA evaluates each project based on the following criteria:

- Adherence to Hazard Mitigation Assistance (HMA) guidelines



- Eligibility of proposed activities and associated costs
- Completeness of the application
- Cost-effectiveness of the project
- Engineering feasibility
- Availability of non-federal cost share

Note: While FEMA property buyouts are often necessary following a disaster, they should be viewed as temporary rather than long-term solutions. These buyouts can unintentionally hinder local and regional economies by slowing growth or revitalization efforts and deepening existing inequities. In Appalachia, buyouts often leave behind vacant, undevelopable spaces, which can further limit economic potential and community revitalization. To address these challenges, there should be a stronger focus on preventive measures that enhance climate resilience, especially as disasters become more frequent. Additionally, the Hazard Mitigation Grant Program (HMGP) award process can take several months to years, with application costs frequently exceeding available grant funds.

About Invest Appalachia

Invest Appalachia is a regional blended capital platform, designed to accelerate and expand community investment across Central Appalachia. Our mission is to help finance Appalachia's transition to a more resilient, equitable, and sustainable economic future. Invest Appalachia is governed by a regionally representative board of directors and managed by regionally-rooted staff. Invest Appalachia works across the Appalachian counties of Kentucky, West Virginia, Virginia, Ohio, North Carolina and Tennessee, catalyzing community investment from the ground up. To learn more visit www.investappalachia.org.

About SBP:

SBP is a national nonprofit organization dedicated to helping communities shrink the time between disaster and recovery by rebuilding homes, increasing resilience, and improving policies to better serve all Americans. Founded in New Orleans in 2006 in response to Hurricane Katrina, to date SBP has rebuilt more than 6,300 homes for disaster survivors across 16 communities in the U.S. and The Bahamas.