

Flooding, Landslides, Property Valuation, & Buyouts – Considerations for Municipalities

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. This funding is available to all municipalities in the state, not just to those municipalities that received federal disaster declarations.

- **Funding is available to ALL municipalities**, not just those impacted in the 2023 flood events.
- **\$0 local match requirement.** The State will cover the 25% local match requirement from the July 2023 flooding.
- **Time is running out.** Properties will be appraised at their pre-flood value but only for applications received under this funding round!
- **Act fast to get in.** Priority will be given to municipalities that express interest by August 16, 2024.
- **Worried about your local capacity to participate? The State will do the hardest work for the municipality.** For July 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.
- **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?**

CONSIDER:

1) Vermont Emergency Management acting as sub-applicant for acquisition and demolition projects under the Federal Declaration DR-4720 (July 2023)

Vermont Emergency Management (VEM) is implementing a voluntary program for acquisition and demolition applications under the DR-4720 (July Storm) round of the Hazard Mitigation Grant Program (HMGP) where VEM will act as sub-applicant on behalf of municipalities. This optional approach benefits municipalities by allowing VEM to take on the bulk of the administrative burden in managing a sub-grant while still transferring the property to the municipality at closing. 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.

The acquisition and demolition program is voluntary for both the property owner as well as the municipality. If the municipality is not interested in having VEM act as the sub-applicant, they are welcome to apply to VEM on their own behalf.

What does this mean for a municipality if you take advantage of VEM as the sub-applicant for acquisition and demolition projects? When VEM is awarded an HMGP sub-grant for an

acquisition and demolition project where VEM is acting as the sub-grantee, VEM will promptly begin the work required to meet the Scope of Work (SOW) of the sub-grant. 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 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 and wait for reimbursements. VEM will be responsible for all project management.

What is required of the municipality to take advantage of this program? All that is required of the municipality is to agree [to the terms outlined in this MOU](#). 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.

2) 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 of 2024, with priority given to those who express interest by August 16, 2024.

3) Flood-damaged properties will diminish a municipalities' grand list value in virtually every case.

The Agency of Administration appreciate municipalities may have concerns regarding how buyouts would affect their grand list. However, we strongly encourage municipalities to take advantage of this opportunity for federal funding for the following reasons:

- 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 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. In addition, H.687 of 2023 has become law. This bill requires sellers and landlords to disclose that their properties for sale or for rent are in a floodplain and whether their properties had previously been impacted by flooding or flood damage.

The extent of damage to a building would be reflected in the amount of depreciation to its property tax value on the grand list, and properties located in a flood zone would likely be valued a lower-than-average grade. Flood impacted properties may become blighted if owners walk away from them.

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. Last July's flooding has already impacted the value of these properties on the municipal Grand List. Therefore, municipalities are encouraged to act now while funding is still available and property owners can obtain the highest value for their property.

4) Buyouts of properties which restore floodplain could also become natural or recreational areas which may increase the value of adjoining properties. Northfield successfully created the [Dog River Park](#) following TS Irene which 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.

For more information, for municipalities and property owners, visit [Buyout FAQs | Vermont Emergency Management](#).