Subrecipient Decision Tree
Buyout or Acquisition

Hurricane Harvey Round 1 Funding Only
This tool is designed to assist Subrecipients of CDBG-DR funding to determine if their project is a Buyout project or an Acquisition project.

1. DRRA areas must meet the three Federal Register criteria identified below. Selected criteria must be recorded by the Subrecipient.

2. The hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG. (For example, flood-proofing new and existing structures)

3. The DRRA must be clearly delineated so that HUD & the public may easily determine which properties are located within the designated area.

NOTICE
This tool is designed to assist Subrecipients of Hurricane Harvey Round 1 CDBG-DR funding to determine if their project is a Buyout project or an Acquisition project.

The information provided here does not include all applicable rules and regulations relevant to the funding. For instance, Program Income may result from some eligible CDBG activities and will have to be tracked and monitored appropriately. For further information, contact your Grant Manager, or refer to the Applicant Guidebook, and the Hurricane Harvey Action Plan and Amendments and the associated Federal Register at www.Recovery.Texas.gov.

GLOSSARY
CDBG = Community Development Block Grant
CDBG-DR = CDBG Disaster Recovery
DRRA = Disaster Risk Reduction Area
FMV = Fair Market Value
LMA = Low to Moderate Area
LMB = Low to Moderate Buyout
LMC = Low to Moderate Income Limited Clientele
LMB = Low to Moderate Buyout
LMHI = Low to Moderate Housing Incentives
LMJ = Low to Moderate Job Creation & Retention
LMI = Low to Moderate Income
LMI = Low to Moderate Buyout
LMA = Low to Moderate Area

Other HUD Eligible Activities

Housing shortage?
LMH = New affordable multifamily development
Economic downturn?
LMJ = New business park for small businesses
Need for new public facility?
LMA = New wastewater treatment plant
Other?

Buyout / Acquisition

Is the target area in a floodway?

You may be able to use Urgent Need funds in cases where the homeowner is non-LMI, lived in a floodplain and did not maintain flood insurance.

(A buyout is the only option for CDBG-DR)

You may be able to use LMI limited clientele (LMC) funds

Are the areas surrounding the targeted area primarily LMI? And will your end use incorporate a public improvement that benefits LMI areas?

Public improvements must be consistent with the Stafford Act

You may be able to use LMA funds

Is the community interested in using CDBG-DR funds to move people out of harm’s way, or to acquire the property for redevelopment?

Use funds on public improvement to mitigate, so residents are not required to move

Move people out of harm’s way

Acquire for redevelopment

(Must only use Post FMV)

Acquisition for redevelopment is possible (must use other grant funds), Post-disaster FMV must be paid & may provide incentives to homeowners.

Examples below of possible redevelopment options are included for various scenarios, but this list is not exhaustive.

Housing shortage?
LMH = New affordable multifamily development
Economic downturn?
LMJ = New business park for small businesses
Need for new public facility?
LMA = New wastewater treatment plant
Other?

Buyout is the only option

Subrecipient must adopt Pre or Post FMV)

Buyout is the only option

You may be able to use LMI or Non-LMI?

Is the buyout limited to LMI households?

You may be able to use LMI limited clientele (LMC) funds

Is the intended end use for the acquired property CDBG-DR eligible?

Are acquisitions in the area address any disaster-related impact?

Would acquisitions in the area address any disaster-related impact?

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