

Property Buyouts After Natural Disasters

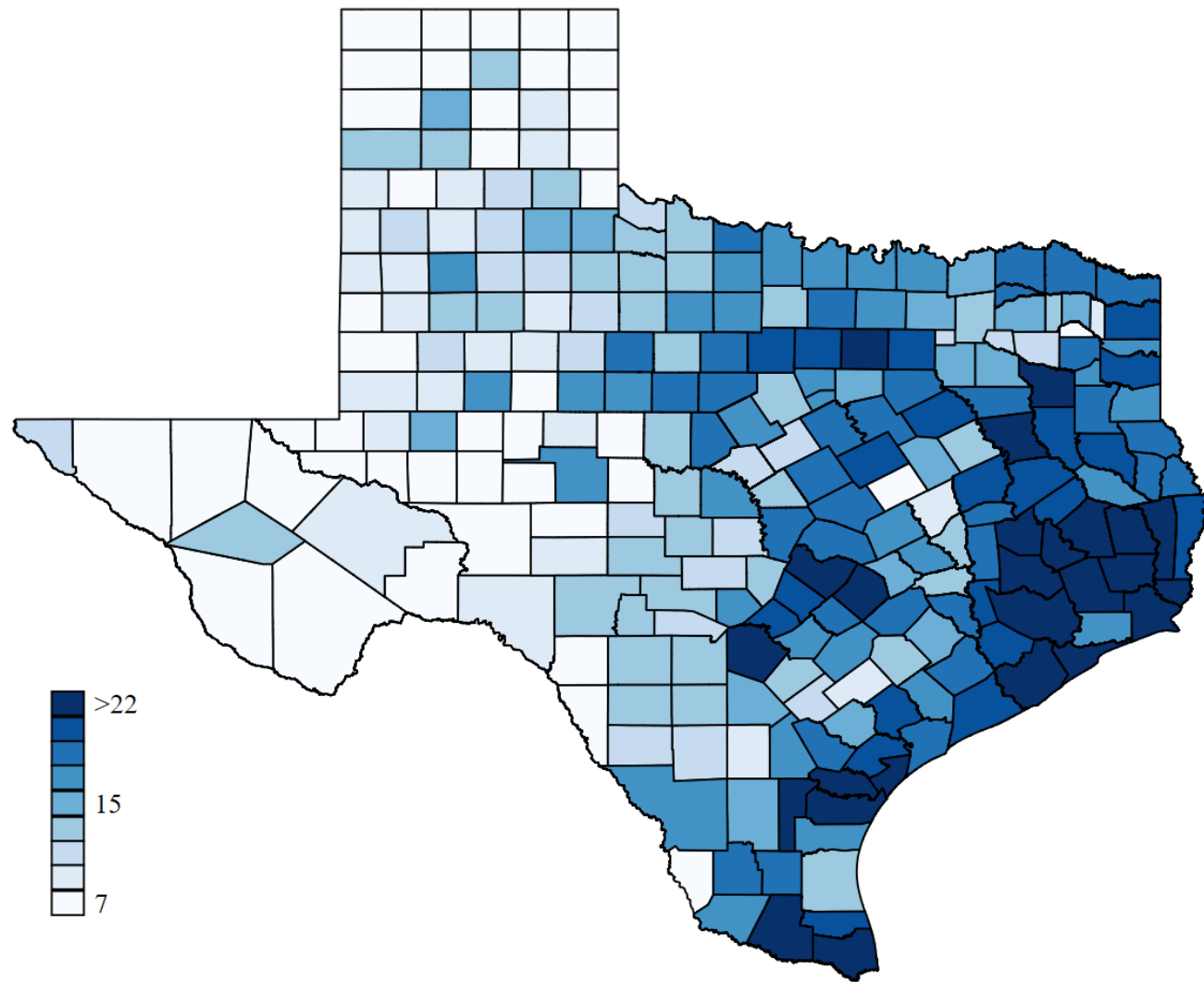
The Economic Implications for Texas Residents

Michael Migaud

Texas Lyceum Fellow

Research Question

What are the economic and public policy implications of Texas municipalities purchasing property from residents living in areas repeatedly damaged by natural disasters?



Texas Disasters

In 2019, 7 of 14 \$1 billion disasters in the United States affected Texas

Harris County leads Texas with 33 federally declared disasters

Dallam, Lipscomb, Loving, and Ward County share the fewest disasters with 7

Federally Declared Disasters in Texas: 1953 - 2019

Texas Home Buyout Process

Buyout programs vary by municipality

Texas General Land Office manages the distribution of federal funds awarded for buyouts and acquisitions

- Buyouts: repurpose property by creating green space or parks
- Acquisition: repurpose property with resilient structures or green space

Texas General Land Office Buyout and Acquisition Process



Hidden Costs

Buyouts and acquisitions can take years to complete

- Homeowners often rebuild properties and risk subsequent disasters causing more damage requiring additional repair in the future

If relocating, homeowners and renters might face higher costs to maintain a similar quality of life

- 48% of Texans face difficulty finding affordable housing (64% of renters)
- Some government incentives only apply if you relocate within the city

Policy Recommendations



Utilize money from the Texas Infrastructure Resiliency Fund and the Flood Infrastructure Fund for *disaster mitigation grants supporting updates to local floodplain maps*



Provide municipal property buyout financing through the economic stabilization fund and require reimbursement with interest calculated at local government investment pool rates



Property tax caps for relocating homeowners with an eventual phased-in market rate property tax adjustment based on years of ownership or resale value