

Flood Buyout Program



Objectives

The objectives of this audit were to evaluate whether the City is managing flood buyout projects efficiently and cost-effectively, and review flood buyout policies for other government entities.

Background

The Watershed Protection Department works with the Office of Real Estate Services to buy homes and move residents out of flood prone areas. The City has administered 10 buyout projects since the 1980's. The majority of these buyout projects were voluntary, which means displaced owners did not have to sell their homes to the City, but could choose to do so. For voluntary projects, the City pays displaced owners the cost of the original home, a replacement housing payment to buy a comparable home, moving costs, and closing costs.

What We Found

The City adopted a model for flood buyout projects to provide consistent relocation benefits to displaced owners and has developed policies and procedures for implementation of the adopted model. The model adopted by the City has helped to ensure consistent benefits between displaced owners and project areas. However, the adopted model may result in higher costs to the City. We noted that:

- There is no citywide relocation benefits policy for voluntary flood buyout projects.
- The City has provided replacement housing payments of \$12 million to displaced owners to buy comparable homes for the Lower Onion Creek and Williamson Creek projects.
- City management indicated that the requirement of providing comparable homes in the model adopted by the City coupled with the rise of Austin home values resulted in replacement housing payments for the majority of the homes bought by the City in the Lower Onion Creek and Williamson Creek project areas.
- The City of Austin is providing full replacement housing assistance, while the majority of other government entities either provide no replacement housing assistance or provide replacement housing assistance up to an established cap.

What We Recommend

The Real Estate Services Officer should coordinate with the Director of the Watershed Protection Department to revisit a policy discussion with the City Council to develop a citywide relocation benefits policy for voluntary flood buyout projects.