MSD Quick Buy Program

Lori Rafferty, PE, CFM
March 2015 Ohio River Flooding
April 2015 Flooding
Substantial Damage

✓ Louisville Metro’s substantial damage definition was based on a 10-year rolling period
✓ Due to the Spring flooding (and previous flooding in 2011 and 2013), approximately 40 homes were declared substantially damaged
Substantial Damage

✓ Affected property owners started calling their councilmen and the media

✓ In May, Metro Council temporarily amended the substantial damage definition to per event instead of a 10-year rolling period
  ➢ 18 properties remained substantially damaged with the new definition
  ➢ 11 properties could receive permits to rebuild, but wanted a buyout
Problems

- Remaining 18 properties that were substantially damaged could not rebuild without elevating
- Homes were slab on grade and over 40 years old
- FEMA HMGP grants take several years to be approved
- Residents wanted to sell, but needed a place to live right away
Quick Buy Program

✓ MSD decided to created a “Quick Buy Program”
  ➢ Program was locally funded
  ➢ Leveraged FEMA flood insurance claims & ICC funds
  ➢ Modeled after a similar program in Charlotte, NC
Minimum Requirements for Priority A

- Must have flooded in Spring 2015 floods
- Must be a single family residential property
- Open only to properties that met the substantial damage definition
- Maximum $100,000 offer per home
- Properties were offered “damaged” value, i.e.
  \[ \text{PVA value (\$)} - \text{flood damages (\$)} = \text{Offer amount (\$)} \]
Quick Buy Forms

Application for Voluntary Quick Buy Program

A. Property Owner Information

Property Owner's Name: ____________________________

B. Damaged Property Address and Contact Information

Contact Person: ____________________________
Email: ____________________________
Primary Phone: ____________________________
Secondary Phone: ____________________________
Property Address: ____________________________
City: ____________________________
State: KY Zip Code: ____________________________

C. Property Information:

Type of Residency: ____________________________
Owner-occupied Principal Residence
Owner-occupied Secondary Residence
Rental
Other

Were there any structures located on the property at the time of the last flood event? Yes___ No___

If yes, what type of structure? Single Family Residential__ Multi Family Residential__ Other (shed, garage, etc.) Please describe other structure: ____________________________

Current use of the property: ____________________________

Quick Buy Offer Calculation

Date: 08/12/2019
Property Address: 6109 Catheren Way
Property Owner: Cathy Clendridge

Building Value (without land): $57,096.00

Building Value Source: PVA

Full Cost of Repair/Replacement (Line 5 of Proof of Loss/Contra): $24,885.13

FEMA Insured: Yes___ No___

% Damaged: 41%

Property Value:

PVA: $70,880.00

Appraisal: N/A

Actual Cash Value of Loss (Line 7 of Proof of Loss): $30,831.72

Flood Claim Payment for Contents Loss: $0.00

Actual Cash Value of Building Loss (Line 7 of Proof of Loss - Contents): $30,831.72

Clean-up Costs:

Allowable Clean-up Costs from Receipts: $0.00

Maximum Allowed Clean-up Costs (Cleaning, General Demolition, and Value Erosion & Remodeling from Flood of Loss): $3,000.00

Recommended Quick Buget Offer: $64,885.13

Recommended By:

Lori Ballenger, P.E., CFM
Development Engineer

Comments: No clean-up receipts submitted.

Approvals:

David Johnson, P.E. Date
Development Manager

Director of Engineering or Executive Director Date

Click to add footer
Quick Buy Application Process

1. Start: Pre-Application Submittal
2. Pre-Application Review
3. More Data Needed? NO: Notify Owner of Eligibility
5. Application Review
7. More Data Needed? NO: End
8. Funding Available?
9. YES: Prepare for Closing
10. NO / Negotiate
11. Accept Offer?
12. YES: Prepare Property
13. NO / Negotiate
14. YES: Vacate Property
15. NO / Negotiate
16. YES: Conduct Closing
17. NO / Negotiate
18. YES: Demolish Structure
19. NO / Negotiate
20. YES: End
Example of Offer

✓ $75,000 home ($60,000 building - $15,000 land)
✓ $35,000 in flood damages
✓ $34,000 in flood insurance claim ($1,000 deductible)

✓ Quick Buy Offer
  ➢ $75,000-$35,000 = $40,000

✓ Total to property owner
  ➢ $40,000 (from MSD) + $34,000 (insurance) = $74,000
Priority A Homes

✓ MSD budgeted $1,000,000
✓ 19 Priority A homes
  ➢ 18 applied for the Quick Buy Program
  ➢ 1 choose to elevate his home using ICC funds
Priority A Homes

✓ 18 Priority A homes Costs
  ➢ Total PVA value of homes - $1,326,370
  ➢ Total Offers - $708,000
  ➢ Closing Costs - $36,000
  ➢ Demolition - $24,000 (Properties w/insurance reimbursed with ICC funds)
  ➢ Total Costs - $768,000

✓ Average Quick Buy Cost - $42,667
✓ Average PVA value - $73,687
Priority B Homes

✓ 19 homes that were considered substantially damaged using 10-year rolling period
✓ Properties could get permits under new ordinance
✓ Some properties wanted to be bought out, others wanted to rebuild
✓ MSD budgeted $500,000 additional funds to created the Priority B Quick Buy
Priority B Minimum Requirements

- Must have flooded in Spring 2015 floods
- Must be a single family residential property
- Open only to properties that met the substantial damage definition using 10-year rolling period
- Maximum $100,000 offer per home
- Properties were offered “damaged” value, i.e.
  \[ \text{PVA value (\$)} - \text{flood damages (\$)} = \text{Offer amount (\$)} \]
Prioritization

✓ If buyouts exceed total available budget, properties will be prioritized based on the following points system:

- % of damage to home in Spring 2015 flood event
- % of flood damage over previous 10 years
- Depth of flooding above 1st floor in Spring 2015 event
- Previous flood permits or FEMA documentation of damage
- Impact from sewage in the home
- Personal health and safety
Priority B Applications

✅ 11 property owners applied
✅ 10 property owners accepted
  ➢ Total PVA value of homes - $855,440
  ➢ Total Offers - $632,574
  ➢ Closing Costs - $20,000
  ➢ Demolition - $60,000
  ➢ Total Costs - $712,574

✅ Average Quick Buy Cost - $71,257
✅ Average PVA value - $85,544
Demolition

✓ Used ICC funds to help pay for demolition
✓ Can only be used for substantially damaged properties
✓ Must have flood insurance
Long Term Property Use

✓ Property is deed restricted to remain open space

✓ Short-term land use:
  ➢ Restoration after demolition
  ➢ Mowed grass and trees

✓ Long term land use
  ➢ Determined with help from stakeholders
  ➢ Parkland (possible)
  ➢ Flood Storage (possible)
  ➢ Public/Private Partnership
Priority A & B Budgets

✓ 28 homes to be purchased by MSD
   ➢ $1.50 million budgeted
   ➢ $1.48 million estimated costs

✓ Total PVA value of properties - $2.18 million
Lessons Learned

✔ Leverage available funding
  ➢ FEMA flood insurance
  ➢ ICC funding

✔ A “Quick” Buy still takes awhile to complete (but still faster than FEMA)

✔ Make sure your Councilmen/Politicians are educated and informed

✔ Work with good legal and title professionals to help with purchases

✔ You can’t please everyone!