



September 2022

# FLOOD MITIGATION

## Actions Needed to Improve Use of FEMA Property Acquisitions

Accessible Version

# GAO Highlights

Highlights of [GAO-22-106037](#), a report to congressional requesters

## Why GAO Did This Study

Flooding is the costliest natural disaster in the U.S. Through grant programs that support local hazard mitigation projects, FEMA provides funding for communities to acquire and demolish flood-prone properties from willing owners. From 1989 to 2018, FEMA awarded about \$4 billion to acquire about 46,000 properties.

GAO was asked to review FEMA's property acquisition efforts. This report examines (1) benefits and challenges of property acquisition and FEMA's efforts to improve acquisitions, and (2) options for improving FEMA property acquisitions, among other objectives.

GAO reviewed literature and FEMA documentation and interviewed FEMA officials. GAO also conducted 30 interviews with stakeholders, including representatives of state and local jurisdictions (selected to capture a range of acquisition funding levels and local conditions), acquisition programs that interviewees or literature identified as successful, organizations with relevant expertise, and researchers.

## What GAO Recommends

Congress should consider providing FEMA direction or authority to implement one or more options to address property acquisition challenges. GAO is also making four recommendations to FEMA, including that it evaluate the options and determine whether to pursue implementation of any of them. The Department of Homeland Security agreed with the recommendations.

View [GAO-22-106037](#). For more information, contact Alicia Puente Cackley at (202) 512-8678 or [cackleya@gao.gov](mailto:cackleya@gao.gov)

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# FLOOD MITIGATION

## Actions Needed to Improve Use of FEMA Property Acquisitions

### What GAO Found

The Federal Emergency Management Agency (FEMA) provides funding for communities to purchase flood-prone properties and convert the land to open space. Such property acquisition can be a beneficial strategy for flood mitigation. However, the acquisition process poses challenges that can discourage homeowner and community participation.

- **Benefits.** Property acquisition permanently eliminates structures at risk of flooding and can lower disaster response costs. Property acquisition can also reduce the federal flood insurance program's fiscal exposure—that is, financial risk to the government.
- **Challenges.** Many stakeholders GAO interviewed said the length of the acquisition process could lead homeowners to refuse to participate or to drop out of projects over time. Also, local governments may lack staff and expertise to manage the complex process, and states may have limited capacity to help them conduct acquisitions. Financial considerations, such as difficulty funding the nonfederal share of project costs, can also pose challenges.

FEMA has taken or is considering actions to address some challenges. For example, to ease applications for communities, FEMA is developing a uniform application form for acquisition projects.

GAO identified options for improving acquisitions that could help address acquisition challenges (see table). Each option has strengths and limitations. For example, FEMA could preapprove properties for acquisition by reviewing their eligibility before a community submits a grant application, which many stakeholders said could expedite applications after a flood. However, some stakeholders noted that some eligibility requirements—such as the cost-effectiveness of acquiring properties—could be difficult to preapprove. FEMA officials said the agency has been considering actions related to some of these options but has not fully implemented any of them. They also said the agency would need additional authority to implement some options, including the one to preapprove properties for acquisition. Employing one or more options could help address acquisition challenges, which could in turn lead to increased disaster resilience and reduced federal fiscal exposure.

**Examples of Options for Improving Federal Emergency Management Agency Property Acquisitions and Selected Challenges That Options Could Help to Address**

Option	Length of process	State and community capacity	Financial challenges
Preapprove properties for acquisition	Applicable	NA	NA
Reduce nonfederal cost share for acquisitions	Applicable	NA	Applicable
Streamline the acquisition process	Applicable	NA	NA
Enhance state and local capability to conduct acquisition projects	Applicable	Applicable	NA

Legend: Applicable = Option could help to address challenge; NA= not applicable

Source: GAO. | GAO-22-106037

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**Abbreviations**

BRIC Building Resilient Infrastructure and Communities  
 FEMA Federal Emergency Management Agency  
 FMA Flood Mitigation Assistance  
 GPRA Government Performance and Results Act of 1993  
 HMA Hazard Mitigation Assistance  
 HMGP Hazard Mitigation Grant Program  
 ICC Increased Cost of Compliance  
 NFIP National Flood Insurance Program  
 URA Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

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September 13, 2022

Congressional Requesters

Flooding is the costliest natural disaster in the United States, causing about \$17 billion in damage annually between 2010 and 2018, according to the Federal Emergency Management Agency (FEMA). Further, because of projected changes in sea level and climatological patterns and increased development in floodplains, the risk of flood damage will likely grow.<sup>1</sup> Since 2013, we have included “Limiting the Federal Government’s Fiscal Exposure by Better Managing Climate Change Risks” in our High-Risk List, citing the rising number of natural disasters, including floods, and increasing reliance on federal assistance as key sources of federal fiscal exposure.<sup>2</sup>

One way to save lives and reduce future financial hardship and risk to people and property from flooding and other natural hazards is to enhance disaster resilience through investment in hazard mitigation projects. Within the Department of Homeland Security, FEMA administers several grant programs that support state and local hazard mitigation projects using a variety of methods. One such method is property acquisition, where FEMA provides funding for a community to purchase a property from a willing owner, remove the structure, and convert the property to open space.<sup>3</sup> However, researchers and others have noted challenges that can discourage homeowners and communities from participating in property acquisition projects.

Properties insured under the National Flood Insurance Program (NFIP), including ones that have flooded and received multiple claim payments, are among those that can be eligible for acquisition through FEMA

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<sup>1</sup>Technical Mapping Advisory Council, *Future Conditions Risk Assessment and Modeling* (Washington, D.C.: Dec. 2015) and U.S. Global Change Research Program, *Impacts, Risks, and Adaptation in the United States: Fourth National Climate Assessment, Volume II* (Washington, D.C.: 2018).

<sup>2</sup>GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

<sup>3</sup>Many of FEMA’s grants for property acquisition can be used to mitigate flooding as well as other hazards. The scope of this report is limited to FEMA’s funding of property acquisition for flood mitigation.

grants.<sup>4</sup> Such repetitive loss properties have contributed to NFIP's financial challenges. NFIP, which is administered by FEMA, is designed to protect homeowners from flood losses and alleviate taxpayers' exposure to flood losses. However, the magnitude of major flood events since 2005, combined with attempts to keep policyholder rates affordable, has resulted in insufficient premium revenue and hindered the program's ability to pay claims over the long term.<sup>5</sup> FEMA has repeatedly borrowed from the Department of the Treasury to pay claims. As of April 2022, FEMA owed Treasury \$20.5 billion, despite Congress having canceled \$16 billion in debt in October 2017. NFIP has been on our High-Risk List since 2006, and we have recommended that Congress consider comprehensive reform to the program to help improve the program's solvency and improve the nation's resilience to floods.<sup>6</sup>

You asked us to evaluate FEMA's property acquisition efforts. In June 2020, we reported on the funding programs available for property acquisitions, FEMA's flood mitigation efforts, and factors contributing to NFIP's fiscal exposure.<sup>7</sup> This follow-up report (1) describes the property acquisition process and the benefits and challenges of property acquisition, (2) examines steps FEMA has taken to improve acquisitions and assess its own use of property acquisition for flood mitigation, and (3) examines the strengths and limitations of potential options for improving FEMA property acquisitions.

For our first objective, we reviewed applicable statutory requirements, regulations, and FEMA guidance related to the property acquisition process. These materials included FEMA's regulation concerning

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<sup>4</sup>As discussed later, eligibility requirements differ by grant program; some FEMA grants require acquired properties to be insured by NFIP, while others do not.

<sup>5</sup>For information on NFIP's financial challenges, see GAO, *Fiscal Exposures: Federal Insurance and Other Activities That Transfer Risk or Losses to the Government*, [GAO-19-353](#) (Washington, D.C.: Mar. 27, 2019) and *Flood Insurance: Comprehensive Reform Could Improve Solvency and Enhance Resilience*, [GAO-17-425](#) (Washington, D.C.: Apr. 27, 2017). For additional reports on NFIP, climate change, and hazard mitigation, see the list of Related GAO Products at the end of this report.

<sup>6</sup>[GAO-21-119SP](#) and [GAO-17-425](#). As of May 2022, Congress had not passed comprehensive reform to NFIP since we recommended it consider doing so in April 2017.

<sup>7</sup>GAO, *National Flood Insurance Program: Fiscal Exposure Persists Despite Property Acquisitions*, [GAO-20-508](#) (Washington, D.C.: June 25, 2020) and *National Flood Insurance Program: Fiscal Exposure Persists Despite Property Acquisitions*, [GAO-20-509](#) (Washington, D.C.: June 25, 2020). We issued these similar reports in response to separate congressional requests. Hereafter, we will only cite [GAO-20-508](#).

property acquisition and FEMA's guidance for its hazard mitigation assistance grant programs.<sup>8</sup>

For our second objective, we reviewed FEMA documentation, including Federal Insurance and Mitigation Administration strategic plans, and interviewed FEMA officials to understand how FEMA has addressed acquisition challenges and assessed property acquisitions. We compared FEMA's actions for collecting and using information on property acquisition projects to leading practices for performance measurement and the National Mitigation Investment Strategy.<sup>9</sup>

For our third objective, we reviewed relevant literature and legislative proposals to identify options for improving FEMA property acquisitions. To describe the options' strengths and limitations, we analyzed perspectives from 30 stakeholder interviews and interviews with FEMA officials from headquarters and three regions, described below. We also obtained comments from FEMA officials on the extent to which the agency could implement these options under its existing authority.

For all three objectives, we interviewed officials from FEMA's Federal Insurance and Mitigation Administration and officials in three FEMA regional offices with responsibility for Illinois, Louisiana, and New Jersey. We also interviewed state and local officials from these three states and 14 local jurisdictions within them. We selected these states and communities to reflect a range of FEMA hazard mitigation assistance grant funding levels for fiscal years 2005 through 2019, geographic settings, population densities, and socioeconomic characteristics. We also interviewed officials from three acquisition programs that were identified as successful by other interviewees or in literature we reviewed. In addition, we interviewed three researchers and representatives of six organizations whom we identified through our research and recommendations by other interviewees and selected to capture varying perspectives and expertise in property acquisition, flood mitigation and floodplain management, and disaster and climate resilience.

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<sup>8</sup>44 C.F.R. pt. 80. Federal Emergency Management Agency, *Hazard Mitigation Assistance Guidance* (Washington, D.C.: Feb. 27, 2015) and *Hazard Mitigation Assistance Guidance Addendum* (Washington, D.C.: Feb. 27, 2015).

<sup>9</sup>Mitigation Framework Leadership Group, *National Mitigation Investment Strategy* (Aug. 2019).

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Collectively, we refer to the selected state and local officials, successful acquisition program officials, and researchers and organizational representatives that we interviewed as stakeholders. Findings from our analysis of the views expressed in our 30 interviews with stakeholders cannot be generalized to all stakeholders who might have relevant knowledge and expertise. Appendix I contains additional details on our methodology.

We conducted this performance audit from January 2021 to September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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### Hazard Mitigation Assistance Grant Programs

FEMA administers several hazard mitigation assistance (HMA) grant programs that support property acquisition and a variety of other hazard mitigation projects. Flood mitigation activities funded through the HMA grant programs can occur at the community level or at the individual property level.<sup>10</sup> Property-level flood hazard mitigation activities include property acquisition and demolition (hereafter, property acquisition), a process through which a local or state government purchases land and structures that have flooded or are at risk from future floods, demolishes the structures, and restricts future development on the land to maintain it as open space to restore and conserve the natural floodplain functions.<sup>11</sup>

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<sup>10</sup>Community-level flood hazard mitigation refers to activities to reduce community flood risk, such as localized flood control and floodwater storage and diversion. Property-level flood hazard mitigation refers to activities that reduce or eliminate the risk of flood damage to individual properties.

<sup>11</sup>A similar property-level flood mitigation activity is property acquisition and relocation, which is not in the scope of this review. Acquisition and relocation refers to purchasing land from willing sellers and assisting them in moving the structure to another location instead of demolishing it. The structure must be sound and feasible to move outside of flood-prone areas. Participating property owners are paid fair market value for their land, which the community maintains as open space.



Other property-level flood mitigation activities include elevation—raising a structure—and mitigation reconstruction, which involves constructing an improved, elevated building on the same site where an existing building or foundation has been partially or completely demolished or destroyed.<sup>12</sup> Both elevation and mitigation reconstruction result in a structure whose lowest occupied floor is at or above the area’s base flood elevation.<sup>13</sup> Property owners participate voluntarily in these property-level mitigation activities.

FEMA’s Federal Insurance and Mitigation Administration manages the HMA grant programs through its Hazard Mitigation Assistance Division. Through fiscal year 2019, these programs were the Hazard Mitigation Grant Program (HMGP), Flood Mitigation Assistance (FMA), and Pre-Disaster Mitigation. In fiscal year 2020, Pre-Disaster Mitigation was generally replaced with a new program called Building Resilient Infrastructure and Communities (BRIC).<sup>14</sup> States, territories, and federally recognized tribal governments are eligible applicants for HMA funding, and local communities collaborate as subapplicants, as we discuss further below. Certain nonprofit organizations can act as subapplicants,

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<sup>12</sup>Structures may be elevated through a variety of methods, including elevating on continuous foundation walls; elevating on open foundations, such as piles, piers, or columns; and elevating on fill. To be suitable for elevation, structures must be sound and capable of being elevated safely. Mitigation reconstruction includes either total or partial demolition of the structure and results in the construction of code-compliant and hazard-resistant structures on elevated foundation systems.

<sup>13</sup>FEMA defines base flood elevation as the computed elevation to which floodwater is anticipated to rise during a flood that has a 1 percent chance of being equaled or exceeded in any given year. In August 2021, FEMA issued an interim policy for the HMA programs requiring certain elevation and mitigation reconstruction projects to use a higher standard—the base flood elevation plus an additional 2 feet—to determine the minimum flood protection elevation, unless doing so would cause the project to be unable to meet applicable program cost-effectiveness requirements. Federal Emergency Management Agency, *Partial Implementation of the Federal Flood Risk Management Standard for Hazard Mitigation Assistance Programs (Interim)*, FEMA Policy FP-206-21-0003 (Washington, D.C.: Aug. 26, 2021).

<sup>14</sup>We included the Pre-Disaster Mitigation program in the scope of our review because it awarded grants during the period that we used to select state and local officials to contact for our review. We included BRIC in our scope because the communities we contacted could have applied for the program’s first funding cycle and because future property acquisition grants awarded through the program could be affected by the potential options for improving FEMA property acquisitions that we examined.

but only under HMGP. In general, individuals may not apply for HMA funding, but they may benefit from a community's mitigation project.<sup>15</sup>

HMGP is a noncompetitive grant program that funds hazard mitigation following a disaster, while the other HMA programs are annual pre-disaster competitive grant programs:

- **Hazard Mitigation Grant Program.** HMGP helps communities implement various hazard mitigation measures following a presidential major disaster declaration to improve community resilience to future disasters.<sup>16</sup> A formula based on the total federal contribution for the presidential disaster declaration determines the amount of funding available to HMGP.<sup>17</sup> Typically, FEMA notifies the states, territories, and federally recognized tribal governments of the funding amounts they are eligible to receive, and these recipients have primary responsibility for deciding how to award the funds to localities and other eligible applicants based on state, territorial, or tribal priorities.
- **Flood Mitigation Assistance.** Whereas the other HMA programs can be used for projects that mitigate the risk of many hazards, FMA only provides funding for projects and planning that reduce or eliminate long-term risk of flood damage to structures insured under NFIP.<sup>18</sup> In particular, FMA focuses on NFIP-insured properties that were

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<sup>15</sup>FMA financial assistance is also available to property owners in the form of direct grants for carrying out mitigation activities that reduce flood damage to individual structures for which two or more NFIP claims have been made if FEMA, after consultation with the state and community, determines that neither the state nor the community in which the structure is located has the capacity to manage the grant. 42 U.S.C. § 4104c(a)(3).

<sup>16</sup>42 U.S.C. § 5170c and 44 C.F.R. § 206.430 et seq.

<sup>17</sup>Generally, HMGP funding is up to 15 percent of the first \$2 billion of the estimated aggregate amount of disaster assistance. If disaster assistance is between \$2 billion and \$10 billion, then HMGP funding is up to 10 percent of that amount. For disaster assistance amounts between \$10 billion and \$35.333 billion, HMGP funding is up to 7.5 percent of that amount. 42 U.S.C. § 5170c(a). HMGP funding equals up to 20 percent of disaster assistance (not to exceed \$35.333 billion) in states with a FEMA-approved Enhanced Hazard Mitigation Plan (approved within 5 years of the disaster declaration). To qualify, a state must demonstrate that it has developed a comprehensive mitigation program, effectively uses available mitigation funding, and is capable of managing increased funding to achieve its mitigation goals. 44 C.F.R. § 201.5(a). As of March 2022, 15 states had qualifying enhanced state mitigation plans.

<sup>18</sup>42 U.S.C. § 4104c. In the Biggert-Waters Flood Insurance Reform Act of 2012, Congress eliminated the Repetitive Flood Claims and the Severe Repetitive Loss grant programs and created the FMA program. Pub. L. No. 112-141, § 100225, 126 Stat. 916, 941.

damaged by floods on two or more occasions, referred to as repetitive loss and severe repetitive loss properties.<sup>19</sup> Congressional appropriations fund FMA grants, which FEMA awards on a nationally competitive basis.<sup>20</sup>

- **Pre-Disaster Mitigation and BRIC.** The Pre-Disaster Mitigation program, which FEMA administered as a competitive grant program through fiscal year 2019, was designed to assist states, territories, federally recognized tribes, and local communities in implementing a sustained pre-disaster natural hazard mitigation program.<sup>21</sup> Pre-Disaster Mitigation grants were funded annually by congressional appropriations and were awarded on a nationally competitive basis.<sup>22</sup>

In response to the Disaster Recovery Reform Act of 2018, FEMA generally replaced Pre-Disaster Mitigation with the BRIC program in

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<sup>19</sup>Under FMA, a repetitive loss property is any insurable building for which flood-related damage occurred on two occasions in which repair equaled or exceeded 25 percent of the value of the structure, on average, at the time of each flood and at the time of the second incident the contract for NFIP contained Increased Cost of Compliance coverage. 42 U.S.C. § 4121(a)(7). A severe repetitive loss property is any insurable building for which NFIP paid (a) four or more claims of more than \$5,000 with a total claim of at least \$20,000 or (b) two or more claims where the total of the payments exceeds the current value of the property. 42 U.S.C. § 4104c(h)(3).

<sup>20</sup>FMA is funded through revenue collected by NFIP, and Congress appropriates the amount available on an annual basis. FMA appropriations remained relatively stable at around \$175 million for fiscal years 2016 through 2021. In November 2021, the Infrastructure Investment and Jobs Act appropriated \$3.5 billion for FMA including \$700 million in each of fiscal years 2022, 2023, 2024, 2025, and 2026. Pub. L. No. 117-58, 135 Stat. 429, 1388 (2021). For all of those appropriations, the funding is available until it is expended.

<sup>21</sup>42 U.S.C. § 5133. In May 2022, FEMA published a Notice of Funding Opportunity for the fiscal year 2022 Pre-Disaster Mitigation program to provide nearly \$154 million in funding to 68 specific projects identified in the Consolidated Appropriations Act, 2022's Joint Explanatory Statement. Department of Homeland Security, Notice of Funding Opportunity: Fiscal Year 2022 Pre-Disaster Mitigation Grant Program (Washington, D.C.: May 25, 2022); Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, 136 Stat. 49, 328; Joint Explanatory Statement for the Consolidated Appropriations Act, 2022, Division F—Department of Homeland Security Appropriations Act, 2022. For purposes of this report, we refer to the Pre-Disaster Mitigation program as it operated through fiscal year 2019.

<sup>22</sup>Legislative Pre-Disaster Mitigation was a variant of Pre-Disaster Mitigation active from fiscal years 2008 through 2010, in which Congress designated funding for mitigation projects in the Joint Explanatory Statements of those years' appropriation bills. Program guidelines were largely similar except that Congress authorized specific projects, 219 designated programs in total, rather than FEMA approving and awarding project funding on a competitive basis. FEMA also assisted state and local beneficiaries to develop subapplications, which Pre-Disaster Mitigation's competitive application process normally precluded.

fiscal year 2020.<sup>23</sup> BRIC also funds pre-disaster mitigation grants, and FEMA establishes funding priorities for the program each year. For its initial grant cycles, BRIC has emphasized community-level mitigation projects, such as flood control and other infrastructure projects, rather than property-level mitigation projects, according to FEMA officials. However, the officials said some community-level infrastructure projects could include a property acquisition element. For fiscal year 2020, the program awarded most of its funding on a nationally competitive basis, with an amount allocated for each state and territory and funds set aside for tribal mitigation activities.<sup>24</sup>

In most cases, HMA grants cover up to 75 percent of the project cost, and the grantee generally must contribute the remainder using nonfederal funds (this contribution is called the nonfederal cost share).<sup>25</sup> However, FMA will cover up to 90 percent for projects that mitigate repetitive loss

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<sup>23</sup>Disaster Recovery Reform Act of 2018, Pub. L. No. 115-254, § 1234, 132 Stat. 3438, 3461. Only states, territories, and federally recognized tribes that have had a major disaster declaration in the last 7 years are eligible to apply. For the first two BRIC grant cycles in fiscal years 2020 and 2021, all states, territories, and federally recognized tribes were eligible to apply as a result of numerous major disaster declarations in the last 7 years, including those related to COVID-19.

<sup>24</sup>BRIC's total available funding for fiscal year 2020, the first year of the program, was \$500 million. This included \$33.6 million for the state and territory allocation (up to \$600,000 per state or territory), \$20 million for the tribal set-aside, and \$446.4 million for the national competition. Any funds that were not awarded from the state and territory allocation or tribal set-aside were to be reallocated to the national competition.

<sup>25</sup>Typically, recipients of federal mitigation grants must use nonfederal funds to meet cost share requirements because federal law prohibits the use of more than one source of federal disaster recovery funding for the same purpose. 42 U.S.C. § 5155. The restriction was originally added by the Robert T. Stafford Disaster Relief and Emergency Assistance Act in 1988. Pub. L. No. 100-707, § 105(i), 102 Stat. 4689, 4693. The restriction was amended by the Disaster Recovery Reform Act of 2018. Pub. L. No. 115-254, § 1210(a)(1), 132 Stat. 3438, 3442. As we reported in June 2020, some federal programs are exempt from these requirements stemming from their authorizing statutes and therefore may be used in concert with HMA funds, according to FEMA. These programs include the Department of Housing and Urban Development's Community Development Block Grant program, NFIP's Increased Cost of Compliance coverage, and Small Business Administration disaster loans. For more information on these programs, see [GAO-20-508](#).

properties and up to 100 percent for severe repetitive loss properties.<sup>26</sup> Pre-Disaster Mitigation and BRIC cover up to 90 percent of project costs for communities that meet FEMA's definition of small and impoverished (see table 1).<sup>27</sup>

**Table 1: FEMA Hazard Mitigation Assistance Grant Programs**

Program characteristic					
Program	Pre- or post-disaster funding	Program funding source	Eligible hazards	Whether National Flood Insurance Program coverage is required	Federal cost share
Hazard Mitigation Grant Program	Post-disaster	Disaster Relief Fund following a presidential major disaster declaration	All	Required after project completion for properties remaining in a special flood hazard area <sup>a</sup>	Up to 75%
Flood Mitigation Assistance	Pre-disaster	Annual appropriation	Flood	Required for all properties in project application	Up to 75% Up to 90% (repetitive loss property with repetitive loss strategy) <sup>b</sup> Up to 100% (severe repetitive loss property with repetitive loss strategy) <sup>c</sup>
Pre-Disaster Mitigation (through fiscal year 2019) <sup>d</sup>	Pre-disaster	Annual appropriation	All	Required after project completion for properties remaining in a special flood hazard area <sup>a</sup>	Up to 75% Up to 90% (recipient is small impoverished community) <sup>e</sup>
Building Resilient Infrastructure and Communities (since fiscal year 2020) <sup>d</sup>	Pre-disaster	Disaster Relief Fund set-aside based on funding awarded following presidential major disaster declarations	All	Required after project completion for properties remaining in a special flood hazard area <sup>a</sup>	Up to 75% Up to 90% (recipient is small impoverished community) <sup>e</sup>

Source: GAO analysis of Federal Emergency Management Agency (FEMA) information. | GAO-22-106037

<sup>26</sup>In addition, under the Infrastructure Investment and Jobs Act, FEMA can cover up to 90 percent of all eligible costs for a property located within a census tract with a vulnerability score of not less than 0.5001 or that serves as a primary residence for individuals with a household income of not more than 100 percent of the applicable median income. Pub. L. No. 117-58, 135 Stat. 429, 1388 (2021). This provision was not yet in effect at the time of our review.

<sup>27</sup>FEMA defines a small and impoverished community as a rural community with a population of 3,000 or fewer, where the average per capita income does not exceed 80 percent of the national average and the local unemployment rate exceeds the most recently reported national yearly average by at least 1 percentage point.

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<sup>a</sup>A special flood hazard area is an area identified by FEMA that will be inundated by a flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance flood is also referred to as the base flood or 100-year flood.

<sup>b</sup>A repetitive loss property is any insurable building for which flood-related damage occurred on two occasions in which repair equaled or exceeded 25 percent of the value of the structure on average, and at the time of the second incident the contract for the National Flood Insurance Program contained Increased Cost of Compliance coverage. 42 U.S.C. § 4121(a)(7). Under the Infrastructure Investment and Jobs Act, FEMA can cover up to 90 percent of all eligible costs for a property located within a census tract with a vulnerability score of not less than 0.5001 or that serves as a primary residence for individuals with a household income of not more than 100 percent of the applicable area median income. Pub. L. No 117-58, 135 Stat. 429, 1388 (2021). This provision was not yet in effect at the time of our review.

<sup>c</sup>A severe repetitive loss property is any insurable building for which the National Flood Insurance Program paid (a) four or more claims of more than \$5,000 with a total claim of at least \$20,000 or (b) two or more claims where the total of the payments exceeds the current value of the property. 42 U.S.C. § 4104c(h)(3).

<sup>d</sup>FEMA generally replaced Pre-Disaster Mitigation with Building Resilient Infrastructure and Communities in fiscal year 2020.

<sup>e</sup>FEMA defines a small and impoverished community as a rural community with a population of 3,000 or fewer, where the average per capita income does not exceed 80 percent of the national average and the local unemployment rate exceeds the most recently reported national yearly average by at least 1 percentage point.

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## National Flood Insurance Program

As discussed earlier, HMA grants for property acquisition can be used to purchase properties insured through NFIP, which the National Flood Insurance Act of 1968 established to address the increasing amount of flood damage and the lack of available insurance for property owners.<sup>28</sup> FEMA's Federal Insurance and Mitigation Administration manages the program. NFIP enables property owners in voluntarily participating communities to purchase flood insurance. As of February 2022, there were more than 22,500 participating communities and 5 million NFIP policyholders.

To help reduce future flood losses, participating communities must agree to meet NFIP's floodplain management standards. These communities agree to adopt and enforce regulations for land use, building standards, and new construction in areas with the greatest flood hazards (special

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<sup>28</sup>Pub. L. No. 90-448, Tit. XIII, 82 Stat. 476, 572 (1968). Congress broadened and modified the National Flood Insurance Act of 1968 with the passage of the Flood Disaster Protection Act of 1973 and other legislative measures. The National Flood Insurance Reform Act of 1994 and the Flood Insurance Reform Act of 2004 made additional changes. The Biggert-Waters Flood Insurance Reform Act of 2012 and the Homeowners Flood Insurance Affordability Act of 2014 further refined the program.

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flood hazard areas).<sup>29</sup> Participating communities must also adopt and enforce state and community floodplain management regulations to reduce future flood damage.<sup>30</sup> In addition, NFIP's voluntary incentive program, the Community Rating System, offers premium discounts to policyholders in communities that adopt floodplain management activities that exceed the minimum NFIP requirements.

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### Prior GAO Work on FEMA's Funding of Property Acquisitions

We reported in June 2020 on FEMA's flood mitigation efforts, its funding of property acquisitions, and NFIP's fiscal exposure.<sup>31</sup> Specifically, we found that the primary means by which FEMA had mitigated flood risk at the property level was by funding property acquisitions. From 1989 to 2018, acquisitions accounted for about 75 percent of FEMA's \$5.4 billion in flood mitigation spending under the HMGP, FMA, and Pre-Disaster Mitigation programs. During this period, FEMA funded the acquisition of about 46,000 properties with approximately \$4 billion.<sup>32</sup>

We also reported that HMGP was the primary source of funding for FEMA property acquisitions. From 1989 through 2018, HMGP represented about 90 percent of all property acquisitions and 82 percent of all acquisition funding during that period. FMA (6 percent of properties and 13 percent of funding) and Pre-Disaster Mitigation (4 percent of properties and 5 percent of funding) accounted for the rest.

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<sup>29</sup>Special flood hazard areas represent land areas that would be submerged by the floodwaters of the "base flood" or a flood that has a 1 percent chance of being equaled or exceeded in any given year. FEMA develops flood maps that delineate the boundaries of special flood hazard areas.

<sup>30</sup>For information on FEMA's enforcement of key NFIP requirements for communities, see GAO, *National Flood Insurance Program: FEMA Can Improve Community Oversight and Data Sharing*, [GAO-20-396](#) (Washington, D.C.: May 5, 2020).

<sup>31</sup>[GAO-20-508](#).

<sup>32</sup>These amounts reflect federal funds obligated, adjusted for inflation using the Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers. These amounts include only the federal share of the project costs and not the state or local nonfederal cost share.

In addition, we found that growth in the number of unmitigated repetitive loss properties outpaced FEMA's efforts to mitigate flood risk.<sup>33</sup>

Specifically, the number of unmitigated repetitive loss properties grew from about 131,000 properties in 2009 to 176,000 properties in 2018, an increase of about 45,000 properties. Multiple insurance claims from this growing number of repetitive loss properties contribute to the financial challenges facing NFIP. We observed that, while investing in mitigation is part of the solution to these challenges, a more comprehensive approach to reforming NFIP is necessary to address the program's fiscal exposure.<sup>34</sup>

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## Property Acquisition Reduces Flood Risk and Fiscal Exposure but Also Poses Challenges

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### Property Acquisition Is a Complex Process with Multiple Phases

Property acquisition projects funded through FEMA's HMA programs involve a complex process with four phases: (1) project planning, (2) grant application, (3) project implementation, and (4) post-acquisition

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<sup>33</sup>For purposes of this analysis, repetitive loss properties included those that met the definitions of FMA repetitive loss properties and severe repetitive loss properties discussed earlier, as well as those that met NFIP's broader definition of repetitive loss properties. NFIP's repetitive loss definition refers to an NFIP-insured structure that has incurred flood-related damage on two occasions during a 10-year period, each resulting in at least a \$1,000 claim payment. According to FEMA officials, the NFIP definition may include properties that also meet the definition of an FMA repetitive loss or severe repetitive loss property.

<sup>34</sup>For additional information on NFIP's fiscal exposure and the need for comprehensive reform, see [GAO-21-119SP](#), [GAO-19-353](#), and [GAO-17-425](#). In [GAO-17-425](#), we recommended that as Congress considers reauthorizing NFIP, it consider comprehensive reform to improve the program's solvency and enhance the nation's resilience to flood risk. As of May 2022, Congress had not passed comprehensive reform of NFIP, but it was considering various reforms as it worked to reauthorize the program.



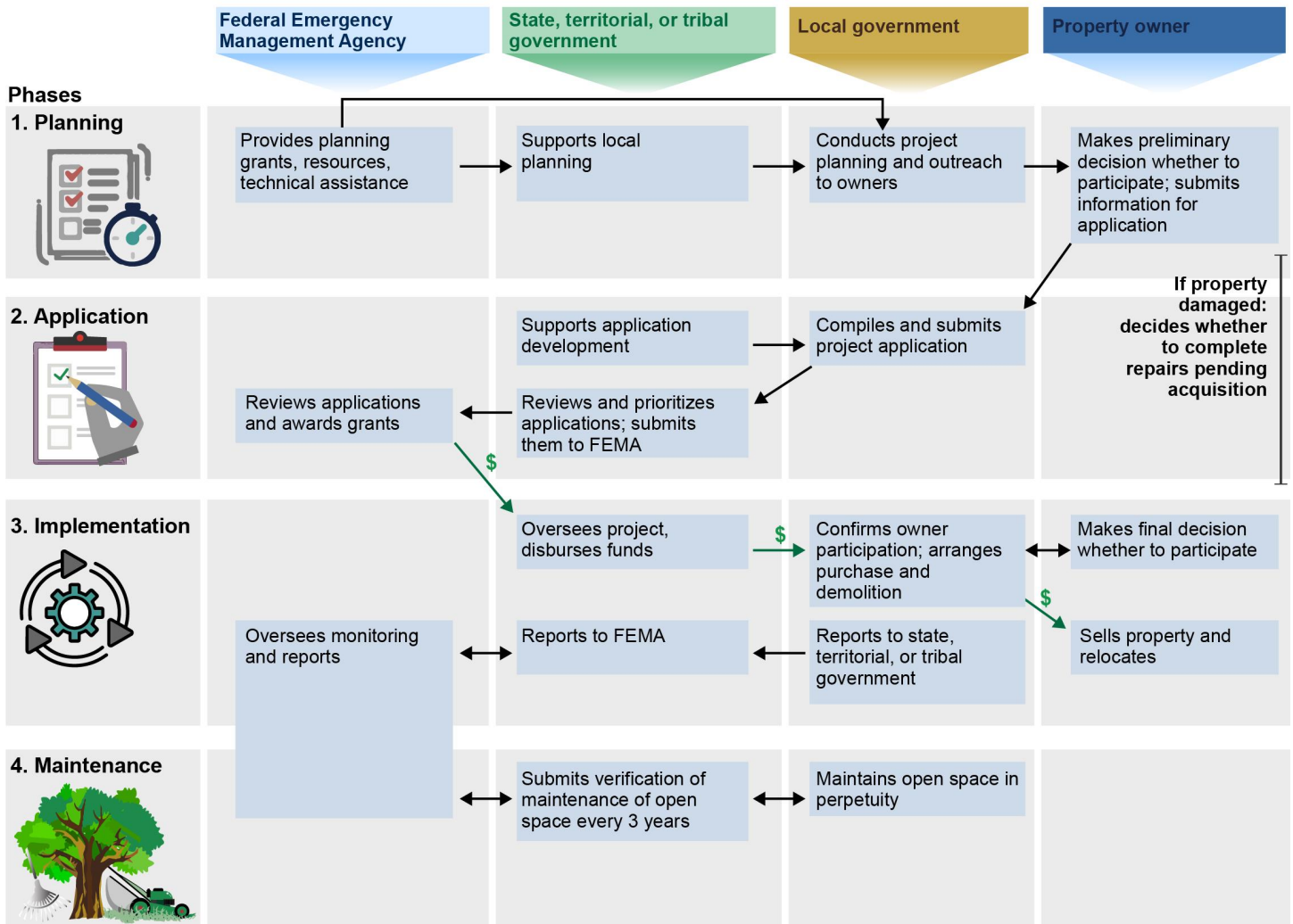
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property maintenance and monitoring.<sup>35</sup> As shown in figure 1, property owners and local communities do not apply directly to FEMA for grants to fund property acquisition projects that they have planned. Instead, local governments collaborate with their state, territory, or tribal government to apply and then receive funding through that entity. Local governments then purchase properties from willing owners and convert the acquired land to open space.

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<sup>35</sup>Unless otherwise indicated, our description of the property acquisition process applies across HMA programs. Our primary source for this description is FEMA's regulation concerning property acquisition, which applies to acquisition projects under all HMA programs (44 C.F.R. pt. 80). We also consulted program-specific provisions in FEMA guidance and notices of funding opportunity. See Federal Emergency Management Agency, *Hazard Mitigation Assistance Guidance and Hazard Mitigation Assistance Guidance Addendum*. FEMA's 2015 guidance applies to HMGP, FMA, and Pre-Disaster Mitigation. FEMA officials said the 2015 guidance for Pre-Disaster Mitigation is also a guiding reference for acquisitions under BRIC. FEMA plans to update the HMA guidance in late 2022 to incorporate policy changes since 2015 and to reflect the introduction of BRIC, according to FEMA. *Hazard Mitigation Assistance Program and Policy Guide*, 87 Fed. Reg. 52016 (Aug. 24, 2022).

Figure 1: General Property Acquisition Process under FEMA Hazard Mitigation Assistance Programs



Source: GAO analysis of Federal Emergency Management Agency (FEMA) information. | GAO-22-106037

**Project planning** is the process through which communities decide whether to pursue property acquisition, develop project strategies, prioritize properties to target for acquisition, and conduct outreach to property owners to determine their initial interest in participating in acquisition. Acquisition is typically done on a community-wide scale by purchasing several or all properties in an at-risk neighborhood. Because property acquisition is a voluntary process, it requires building consensus among property owners and sustained communication and collaboration between residents and the government executing the project, beginning

in the planning stage. Local government officials may receive support or guidance for their planning activities from state hazard mitigation officials or FEMA resources, including planning grants, training, and technical assistance.

**The grant application process** involves the local government preparing its application, which is reviewed first by the state, territorial, or tribal government and then by FEMA. In preparing the grant application, the local government must provide sufficient supporting documentation to demonstrate that the proposed project is eligible and cost-effective and complies with environmental and historic preservation statutes and regulations. This documentation includes information on each property whose owners expressed initial interest in participating in the project. Communities may receive support from their state, territorial, or tribal government in developing their applications. The state, territorial, or tribal government reviews the grant application, prioritizes it against other proposed projects, and submits it for FEMA's review and approval. As discussed earlier, under HMGP, FEMA approves eligible applications based primarily on state, territorial, or tribal prioritization. Under the other HMA grant programs, by contrast, FEMA considers state, territorial, or tribal prioritization but awards grants on a competitive basis based on its priorities and scoring criteria.

**Project implementation** involves the community acquiring the properties from participating property owners and converting the land to open space. State, territorial, or tribal governments also ensure the local government's compliance with FEMA requirements, with FEMA oversight. Property owners must sign a form confirming their voluntary participation. Local officials arrange an appraisal and title search and make a purchase offer based on the property's current or pre-flood fair market value.<sup>36</sup> The purchase offer may be reduced to reflect other federal benefits the owner

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<sup>36</sup>The state coordinates with the community to determine whether to base the purchase offer on current market value or pre-event (i.e., pre-flood) market value. (If the property owner is not a national of the United States or a qualified alien, the property valuation must be based on the current market value.) Current market value reflects the property value at the time of the final offer. Pre-event market value is the market value of the property immediately before the relevant event affecting the property. For HMGP, the relevant event is the major disaster under which funds are available. For FMA, pre-event market value is the value of the property immediately before the most recent flood event resulting in an NFIP claim of at least \$5,000. For Pre-Disaster Mitigation and BRIC, pre-event market value is the value before the most recent declared presidential major disaster.

has received, or it may be increased in certain instances.<sup>37</sup> For example, as discussed in detail later, if the purchase offer for a home is less than the amount the homeowner must pay to purchase a comparable replacement dwelling in a non-hazard-prone site in the same community, the community may make a supplemental payment available under certain circumstances.<sup>38</sup> If the property owner decides to accept the offer, local officials prepare a deed restriction to ensure the property will remain open space in perpetuity, conduct the closing, and arrange for structures to be demolished. If the property is a rental property, local officials must also work with eligible tenants to provide relocation assistance.<sup>39</sup>

**Post-acquisition maintenance and monitoring** ensure the community maintains the property as open space in compliance with FEMA's requirements.<sup>40</sup> In general, FEMA requires grantees to maintain acquired properties in perpetuity for conservation of natural floodplain function. Local officials described such maintenance as including mowing vacant lots and continuing services such as street maintenance and utilities if some properties in the neighborhood remain occupied. Examples of allowable uses of acquired land include parks for outdoor recreation; wetlands management; nature reserves; unimproved, unpaved parking

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<sup>37</sup>HMA funds cannot duplicate funds received by or available to project participants from other sources for the same purpose, so FEMA deducts benefits from HMA grant awards. In general, when a damaged property is being acquired and the purchase price is based on the pre-event market value, the property owner must demonstrate that any insurance or other assistance received for repairs to the damaged structure was used for that purpose; otherwise, the amount of repair assistance will be deducted from the purchase offer. The reason for this is that payment of the full pre-event market value compensates the owner for the loss of value that has occurred. Deductions are not taken for any amounts for which the owner can provide documentation that the funds were expended on repairs or cleanup.

<sup>38</sup>44 C.F.R. § 80.17(c)(5). In addition, for HMGP only, the state may allow communities to provide property owners who have flood insurance an incentive equal to up to 5 years of flood insurance premiums actually paid by the current property owner for an NFIP policy for structure coverage.

<sup>39</sup>Because participation in a property acquisition project is not voluntary for tenants who must relocate, certain tenants are entitled to assistance as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. 42 U.S.C. §§ 4601-4655. Relocation benefits to displaced tenants include moving expenses, replacement housing rental payments, and relocation assistance advisory services. Property owners participating in FEMA-funded property acquisition projects are not entitled to relocation benefits because the voluntary program meets exceptions in the act, according to FEMA.

<sup>40</sup>44 C.F.R. pt. 80.

lots; or other compatible uses with FEMA approval. Every 3 years, FEMA requires communities to verify, through their state, territory, or tribal government, that the property continues to meet FEMA's requirements.<sup>41</sup> HMA grants for property acquisition projects do not fund the ongoing costs of maintaining acquired properties or preparing them for recreational or floodplain management purposes.

Communities may complete the above process to conduct one property acquisition project, or they may conduct the process repeatedly or on an ongoing basis to complete multiple phases of acquisitions over time. For example:

- A rural county in Illinois whose representative we interviewed received one HMA grant in fiscal year 2010 to acquire about 150 properties in an area that had flooded repeatedly.
- A Louisiana parish whose representatives we interviewed received five HMA grants between fiscal years 2005 and 2019 to acquire between one and 10 properties per grant and four grants for projects involving both acquisitions and property elevation.
- The acquisition program in Harris County, Texas, has operated since 1985 and has acquired more than 2,000 properties through FEMA grants and more than 1,000 additional properties through other federal, state, and county funds.<sup>42</sup>

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<sup>41</sup>However, in a June 2022 report on FEMA's oversight and management of property acquisitions under HMGP, the Department of Homeland Security's Office of Inspector General reported that HMGP officials had not ensured that states and communities monitored open space properties as required. FEMA concurred with the report's recommendation to ensure states monitor, inspect, and report to FEMA on acquired HMGP properties and stated that it was developing a tool to help regional offices and grantees better comply with the monitoring requirement. Department of Homeland Security, Office of Inspector General, *FEMA Needs to Improve Oversight and Management of Hazard Mitigation Grant Program Property Acquisitions*, OIG-22-46 (Washington, D.C.: June 22, 2022).

<sup>42</sup>Rice University Kinder Institute for Urban Research, *Case Studies in Floodplain Buyouts: Looking to Best Practices to Drive the Conversation in the Houston Region* (Houston, Tex.: Feb. 2018).

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## Benefits of Acquisition Include Permanently Mitigating Flood Risk and Reducing Fiscal Exposure

A key benefit of property acquisition is the permanent removal of structures and people from flood-prone areas, according to FEMA officials and most of the stakeholders we interviewed.<sup>43</sup> Acquisitions eliminate structures at risk of flooding, whereas other mitigation methods—such as elevation—may make properties safer from floods but not immune to them. Property acquisitions are particularly beneficial for communities that have experienced repeated deep or extensive flood damage and are at high risk of future flooding, according to FEMA officials and several local officials and other stakeholders. In these situations, property acquisitions allow homeowners an opportunity to relocate to safer locations while preventing their flood-prone homes from being occupied by new owners or tenants, according to several stakeholders and FEMA officials.<sup>44</sup>

For example, as shown in figure 2, a community in Illinois used HMA funding to acquire most of the properties in a neighborhood after severe flooding. A local official said the community pursued acquisition because there was a high risk of future flooding and the depth of flooding in the area made acquisition more suitable than other mitigation measures, such as elevation.

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<sup>43</sup>We conducted 30 semistructured interviews with selected state and local officials in Illinois, Louisiana, and New Jersey; officials from property acquisition programs identified as successful in our interviews and literature review; and researchers and representatives of organizations with relevant expertise. Collectively, we refer to these interviewees as stakeholders. We use “some,” “several,” “many,” “most,” and “almost all” to characterize stakeholder responses. We define “some” as 2–6 responses, “several” as 7–12 responses, “many” as 13–18 responses, “most” as 19–24 responses, and “almost all” as 25–29 responses. Unless otherwise specified, when we cite stakeholder comments, they include responses from state and local officials as well as officials from successful programs, researchers, or organizational representatives.

<sup>44</sup>However, FEMA’s regulations do not require property owners who participate in property acquisition to relocate outside of hazard-prone areas. 44 C.F.R. pt. 80.

**Figure 2: Illinois Property Acquisition Project Funded by FEMA**

**Neighborhood before 2013 flood**



A neighborhood in Des Plaines, Illinois, was surrounded on three sides by a river.

**Neighborhood during 2013 flood**



In April 2013, the neighborhood suffered severe flooding.

**Neighborhood after property acquisitions**



The City of Des Plaines received FEMA grants in 2015 and 2019 to acquire and demolish about 25 homes. The city maintains services and utilities for the remaining homes in the neighborhood.

Source: Federal Emergency Management Agency (FEMA) data and Des Plaines, Illinois, official (description); Google Earth Pro (top and bottom images); City of Des Plaines, Illinois (middle image). | GAO-22-106037

Another benefit of property acquisition is that it offers homeowners an alternative when other flood mitigation methods are not viable. NFIP requires participating communities to ensure that properties with substantial flood damage (repair costs greater than or equal to 50 percent of the property's value) are rebuilt to NFIP's current elevation standards.<sup>45</sup> However, some local officials and other stakeholders described situations where rebuilding flood-damaged homes through elevation or mitigation reconstruction would not have been technically feasible or would not have been cost-effective because of high construction costs. Others described situations where elevating a home would have posed accessibility issues for elderly homeowners or people with disabilities. In these cases, the stakeholders said, property acquisition could be the best way to mitigate the property's flood risk.

Another key benefit of permanently eliminating structures at risk of flooding is that it reduces local, state, and federal fiscal exposure, including that of NFIP, according to FEMA officials and several stakeholders. Fewer residents in flood-prone areas reduces local, state, and federal costs for emergency shelters, temporary housing, and emergency response and rescues during flood events, according to FEMA officials and several stakeholders. For example, officials from one community estimated that responding to floods cost the community about \$7,500 per house per event, so acquiring flood-prone properties had significantly reduced the community's emergency management costs over time.

Also, communities' acquisition and demolition of flood-prone properties—especially repetitive loss and severe repetitive loss properties—can reduce NFIP's fiscal exposure. For example, acquiring such properties, rather than repeatedly paying large claims to repair them after future floods, can help limit NFIP's financial risk, according to FEMA officials. In addition, NFIP's premium rates for some properties do not reflect their full risk of loss, as we have previously reported.<sup>46</sup> Acquiring and thus ending NFIP coverage on such properties, for which inadequate premiums are collected, can improve NFIP's financial condition.

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<sup>45</sup>Substantial damage means damage of any origin sustained by a structure for which the cost of restoring the structure to its predamaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred. 44 C.F.R. § 59.1.

<sup>46</sup>[GAO-17-425](#).



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## Challenges Associated with Acquisition Can Discourage Participation

The length of the acquisition process, limited community and state capacity to plan and manage acquisition projects, and financial considerations pose challenges that can discourage communities or homeowners from participating in property acquisition projects. In addition, FEMA's requirement that participation in acquisitions be voluntary can pose challenges.

### Length of Acquisition Process

The length of the acquisition process is a challenge in part because it discourages homeowner participation in acquisition projects, according to almost all of the stakeholders we spoke with and FEMA officials. Homeowners are generally most willing to consider property acquisition shortly after a flood, when they are keenly aware of their flood risk and before they repair damage to their homes, according to several stakeholders and FEMA officials. However, the process of planning an acquisition project, applying for and receiving an HMA grant, and then purchasing and demolishing homes typically takes at least 2 to 3 years, and can take longer, according to several stakeholders and FEMA officials.<sup>47</sup> Having to wait that long for their home to be purchased can dissuade homeowners from joining an acquisition project, some stakeholders and FEMA officials said.

In addition, over time, the length of the process may lead homeowners who initially expressed interest to either drop out of the project or make repairs to a home that will subsequently be acquired. Homeowners may drop out of a project—referred to as “participant attrition”—because they decided to stay in the home after making repairs or because they decided to sell it privately instead, according to several stakeholders and FEMA officials. Alternatively, homeowners may decide to stay in the acquisition project but make repairs while they are waiting. Several stakeholders and FEMA officials said it would be more efficient or could result in lower federal costs after floods if communities could conduct acquisitions more quickly. For example, some said the length of the acquisition process after a flood occurs can lead homeowners to use their NFIP claims or

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<sup>47</sup>As discussed later in this report, FEMA does not collect data on the purchase or demolition dates for individual properties acquired through HMA grants, so we could not analyze how long selected communities took to complete acquisitions.

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federal disaster assistance to repair their homes, which is inefficient if the community later acquires and demolishes the homes.

Various factors throughout the phases of the acquisition process contribute to its overall length. For example:

- **Planning phase.** During the planning phase, officials may need to prioritize immediate emergency response and recovery activities after a flood occurs, which can delay their efforts to plan acquisitions and develop grant applications, according to FEMA officials and some stakeholders.
- **Application phase.** Under HMGP—the primary source of funding for acquisitions—states’ processes for reviewing and prioritizing communities’ applications can affect the length of the acquisition process. A FEMA analysis of HMGP data for 1998 to 2018 found that, on average, states took 16 months after a disaster declaration to submit acquisition project applications.<sup>48</sup> FEMA officials and some stakeholders cited the sensitivity of prioritizing among communities’ applications, uncertainty about how much HMGP funding will be available, and limited state capacity as factors that can slow states’ processes for submitting HMGP applications.<sup>49</sup>

In addition, for all HMA programs, FEMA officials said the size and complexity of the project and the quality and completeness of applications affects FEMA’s review times, noting that the need to request additional information or clarification from applicants can extend the review period.

- **Implementation phase.** Limited staff capacity and varying levels of experience with acquisitions at the local and state levels, as well as the size and complexity of projects, can affect how long it takes

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<sup>48</sup>The deadline for states to submit HMGP applications to FEMA is 12 months after the date of the presidential major disaster declaration, but FEMA may extend the deadline to 18 months after the declaration. According to FEMA officials, FEMA’s analysis did not consider acquisition projects funded through FMA or Pre-Disaster Mitigation because those programs operated on an annual grant cycle that was not tied to presidential disaster declarations. BRIC, which was not yet active at the time of the analysis, also operates on an annual grant cycle.

<sup>49</sup>The amount of funding available for HMGP is based on a percentage of the estimated total federal assistance for each presidential major disaster declaration. In general, FEMA establishes the maximum amount of HMGP funding for each disaster 12 months after the declaration. Prior to this 12-month mark, states may submit applications and FEMA may obligate up to 75 percent of the current estimate of the maximum amount of funding that will be available.

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**Letter**

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communities to carry out funded projects, according to some stakeholders and FEMA officials.

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## Community and State Capacity Challenges

The complexity of the acquisition process makes it particularly challenging for communities that have limited staff and financial capacity to successfully plan, apply for funding, and implement acquisition projects, and can discourage them from pursuing acquisitions at all. At the local level, many communities do not have dedicated grant managers or technical staff who can plan acquisition projects, conduct outreach to property owners, prepare applications for HMA grants, and carry out acquisitions, according to FEMA officials and most stakeholders.<sup>50</sup> Also, several stakeholders noted that implementing an acquisition project can place great demands on local officials, as they need to help homeowners understand the acquisition process, assess whether it makes financial sense for them to participate, and prepare to relocate. While some communities can hire contractors to assist with these responsibilities, others lack such funding.

Having the funding to cover the up-front costs of planning an acquisition project and developing an HMA grant application can also be a barrier for communities, especially because there is no guarantee that they will receive a grant, according to some stakeholders. For example, the time and expense involved in developing a benefit-cost analysis to meet HMA grant applications' cost-effectiveness requirement often posed a challenge for communities, according to several stakeholders.

At the state level, agencies that administer HMA grants are also responsible for supporting communities in planning and applying for mitigation funding, and FEMA provides management cost funding and technical assistance to support states in this role. However, states may have limited capacity to provide communities such support as part of their broad emergency management and hazard mitigation responsibilities, according to FEMA officials and several stakeholders. Some of them also said states may be able to hire additional staff after a disaster using HMGP funding for managements costs, but they may not have funding to sustain those positions over time.

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<sup>50</sup>As we reported in February 2021, community capacity challenges are not unique to property acquisition projects, but they affect communities' ability to apply for hazard mitigation grants generally. GAO, *Disaster Resilience: FEMA Should Take Additional Steps to Streamline Hazard Mitigation Grants and Assess Program Effects*, [GAO-21-140](#) (Washington, D.C.: Feb. 2, 2021).

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## Financial Challenges

Acquisitions can pose financial challenges for homeowners and communities, including difficulty funding the nonfederal cost share, challenges with the affordability and supply of replacement housing, and community concerns about losing tax revenue, according to the stakeholders and FEMA officials.

**Difficulty funding the nonfederal cost share.** The nonfederal cost share can discourage communities and homeowners from participating in property acquisition projects, according to almost all stakeholders we spoke with and FEMA officials. Some communities can be deterred from pursuing acquisition projects because they cannot afford to cover the nonfederal cost share out of their own revenue or do not have access to other sources of funding. Some communities with limited financial resources rely on homeowners to cover the nonfederal cost share, making acquisitions less attractive to some homeowners. For some homeowners, the amount they would receive after covering the cost share may not be enough to allow them to move into a comparable home outside the floodplain, according to some stakeholders and FEMA officials.

**Challenges related to the affordability and supply of replacement housing.** For homeowners, deciding whether to participate in an acquisition project involves complex financial considerations related to the affordability and supply of replacement housing, as well as consideration of the social and economic disruptions associated with relocating if comparable housing is unavailable nearby, according to most stakeholders and FEMA officials. From a financial perspective, the decision whether to accept an acquisition depends primarily on whether the net proceeds would enable the homeowner to afford a comparable replacement home, several stakeholders and FEMA officials said.<sup>51</sup> Homeowners are unlikely to accept an acquisition unless the proceeds would enable them to pay off any outstanding mortgage balances and then afford comparable replacement housing, according to several stakeholders. However, in some communities, homes in flood-prone neighborhoods may have lower values than comparable homes in less risky areas. Also, in geographic areas or periods of time where home

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<sup>51</sup>In general, a homeowner receives either the current or preflood fair market value of the property, with possible deductions if the homeowner is responsible for contributing to the project's nonfederal cost share or if the homeowner received federal benefits but cannot show the funds were used for repairs or cleanup.

values have decreased, homeowners could owe more on their mortgage than they would receive from an acquisition, making such a transaction financially challenging or impossible.

In addition to financial considerations, homeowners' reluctance to relocate can discourage them from participating in an acquisition, especially if they might have to move to a different community to find affordable replacement housing, according to several stakeholders. Furthermore, several local officials and other stakeholders said communities' concerns about population loss might make them reluctant to conduct acquisitions if participants would have to move to other communities to find replacement housing.

To help address the affordability of replacement housing, HMA grant programs sometimes allow communities to offer a supplemental payment of up to \$31,000 if the purchase offer is otherwise less than the amount needed to purchase a comparable home in a non-hazard-prone site in the same community. Communities can offer this payment only if certain conditions are met, including that the project would otherwise have a disproportionately high adverse effect on low-income or minority populations.<sup>52</sup> Officials from one community that had used this provision regularly told us these supplemental payments encourage homeowner participation in acquisitions. However, FEMA officials said some communities may not qualify to use this provision, while others may not be aware of it. They also said some states might not want communities to apply the provision because it would increase acquisition project costs or because they object to offering supplemental payments for some projects and homeowners but not others.

**Community concerns about the loss of tax revenue.** For many communities, a key barrier to pursuing an acquisition project is the loss of future tax revenue associated with removing taxable structures and prohibiting future development on the acquired land, according to most stakeholders and FEMA officials. For example, in New Jersey, some stakeholders noted that coastal communities were often reliant on the

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<sup>52</sup>FEMA's guidance states that, in order for the property owner to receive this supplemental payment, the community and state must demonstrate that (1) funds cannot be secured from other more appropriate sources; (2) decent, safe, and sanitary housing of comparable size and capacity is not available in non-hazard-prone sites within the community at the anticipated acquisition price of the property being vacated; and (3) the project would otherwise have a disproportionately high adverse effect on low-income or minority populations because project participants in these populations would not be able to secure comparable decent, safe, and sanitary housing.

property tax and seasonal revenue of area properties, which made local politicians reluctant to pursue acquisitions, despite the communities' risk of future flooding. Additionally, some communities may be willing to acquire a limited number of properties but may be more reluctant to pursue larger-scale acquisition projects that would result in larger losses of revenue, according to some stakeholders.

### Challenges Associated with Voluntary Participation

Although the voluntary nature of participation in FEMA-funded acquisition projects gives homeowners autonomy to choose whether to relocate, it can also create challenges for communities, according to FEMA officials and several stakeholders.

- **Effort required to recruit homeowners.** Some local officials described spending significant time and resources conducting outreach to property owners and convincing them to participate in acquisition projects. As discussed earlier, homeowners may be reluctant to consider acquisition for various reasons, such as their desire not to move or their concern about the length of the acquisition process, the affordability and availability of replacement housing, or other financial considerations.
- **Participant attrition.** Several stakeholders and FEMA officials said participant attrition can interfere with successful completion of a project. Communities either have to find alternate participants, which can add to the length of the project, or they may not be able to complete as many acquisitions as they had planned, reducing the overall benefits achieved by the project.
- **Checkerboarding.** FEMA officials and several stakeholders said homeowners' refusal to join an acquisition project or their decision to drop out of a project over time can lead to "checkerboarding," which occurs when some properties are acquired and demolished in a neighborhood but others are not, leaving open spaces interspersed among the remaining homes. Checkerboarding can impede communities' ability to achieve desired benefits associated with acquiring a group of contiguous properties, such as using land for recreational, conservation, or floodplain management purposes. Also, if a few property owners refuse to participate in an acquisition project, a community would need to continue to pay for municipal services and infrastructure investments that might be unnecessary if it acquired an entire neighborhood.

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## FEMA Has Taken Steps to Improve Acquisitions but Could Enhance Its Use of Information and Evaluation of Its Efforts

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### FEMA Has Made and Is Planning Efforts to Improve the Acquisition Process

FEMA has taken some steps and is planning other efforts that could help to improve the acquisition process. First, FEMA has taken some steps to reduce the complexity of applying for HMA grants for acquisition projects and potentially shorten aspects of the acquisition process. For example:

- **Precalculated benefits.** In 2013, FEMA introduced a simplified method for grant applicants to demonstrate that a proposed acquisition project is cost-effective.<sup>53</sup> With this method, known as precalculated benefits, FEMA considered structures within special flood hazard areas that cost a precalculated amount (\$276,000 or less) to be cost-effective to acquire.<sup>54</sup> Some stakeholders and FEMA officials told us that precalculated benefits had eased the grant application process by enabling communities to avoid the time and expense of performing a detailed benefit-cost analysis for many acquisition projects. In September 2021, FEMA increased the precalculated benefit amount to \$323,000 to account for inflation. FEMA further broadened eligibility in February 2022 by allowing the method to be used for acquisition projects outside of special flood hazard areas if they involve repetitive loss and severe repetitive loss properties. According to FEMA, these changes were intended to ease the application process for more communities.
- **Uniform application form.** As of May 2022, FEMA was developing a standard HMGP application form for acquisition projects that agency officials expected would be ready for use by 2023.<sup>55</sup> They said the

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<sup>53</sup>FEMA introduced this precalculated benefits method and subsequent modifications in memorandums to its regional administrators.

<sup>54</sup>Precalculated benefit amounts can be adjusted to account for higher-cost areas using industry-accepted locality multipliers.

<sup>55</sup>While the application form will initially be available only in the grant management system for HMGP, FEMA officials said the form and its instructions would provide guidance that communities could also use in applying for acquisition projects under the other HMA programs.



form is intended to give communities clear, uniform guidance on the information they should include as they initially develop their application, which could avoid delays in the review process. The officials said FEMA's decision to develop this uniform application form was prompted by a FEMA region's initiative after Hurricane Harvey in 2017 that expedited FEMA's review of about 1,000 properties proposed for acquisition in Harris County, Texas, in part through use of a similar form.

- **Planning to streamline HMA application processes.** As we reported in February 2021, challenges associated with the length and complexity of the HMA application process applied to mitigation projects generally, not just to property acquisition projects.<sup>56</sup> FEMA officials told us that FEMA was developing operational plans to identify strategies for reducing the complexity of the grant application process across its HMA programs. They said this planning effort would be informed by the results of an initiative that FEMA launched in April 2022 to award up to \$60 million for projects to mitigate flooding of repetitive loss, severe repetitive loss, and substantially damaged properties insured by NFIP in four states.<sup>57</sup> The initiative aims to obligate flood mitigation dollars for such properties as quickly and equitably as possible following a disaster event, according to FEMA.

Second, FEMA has taken some actions to support states and communities that have limited capacity to plan, seek funding for, and conduct mitigation activities, including property acquisition. FEMA officials said that states and communities set their own mitigation priorities and that FEMA does not dictate which mitigation activities they should pursue. Therefore, FEMA's efforts primarily relate to building state and local capacity to pursue hazard mitigation activities in general, not just property

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<sup>56</sup>[GAO-21-140](#). We reported on challenges reported by selected jurisdictions applying for grants under HMGP, FMA, Pre-Disaster Mitigation, and FEMA's Public Assistance program, which is not in the scope of this report. We recommended that FEMA develop a plan to assess its grant processes and implement steps to reduce the complexity of and time required for grant applications. FEMA agreed with our recommendation. FEMA had not implemented the recommendation as of May 2022.

<sup>57</sup>The initiative, FMA Swift Current, involves Louisiana, New Jersey, Pennsylvania, and Mississippi—states that were affected by Hurricane Ida or its remnants in 2021. Rather than awarding the initiative's funds through FMA's typical annual grant cycle, FEMA plans to review applications as they are submitted and to make awards on a rolling basis. FMA Swift Current funds are sourced from funding made available for FMA in fiscal year 2022 via the Infrastructure Investment and Jobs Act.

acquisitions. For example, FEMA offers a variety of hazard mitigation resources for states and communities, including project examples and technical publications related to property acquisitions.<sup>58</sup> In addition, the HMA programs offer grants to help communities conduct hazard mitigation project planning activities, such as collecting data and performing benefit-cost analyses for grant applications.<sup>59</sup> However, while obtaining a planning grant could enhance a community's ability to plan acquisition projects, some stakeholders and FEMA officials noted that communities that need such assistance might not be aware of or have the resources to apply for such a grant or make effective use of it.

Finally, FEMA was also planning in calendar year 2022 to target outreach and support for mitigation planning to socially vulnerable communities that have a high concentration of repetitive loss and severe repetitive loss properties and have not received FMA funding in the past, according to agency officials.<sup>60</sup> They noted that FEMA planned to help targeted communities access data on their repetitive loss properties so the communities can reach out to those owners and plan mitigation activities. The outreach effort will address varied mitigation activities that communities might consider, not just property acquisitions, the officials said.

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<sup>58</sup>We reported in February 2021 that FEMA's hazard mitigation resources could be difficult for some communities to locate, and we recommended that FEMA create a centralized inventory of these resources on its website. See [GAO-21-140](#). FEMA agreed with our recommendation. As of May 2022, FEMA had not yet created a centralized inventory of hazard mitigation resources.

<sup>59</sup>In addition, the BRIC program offers nonfinancial direct technical assistance to a limited number of communities, providing direct support for a specified period to help increase a community's capacity or capability in natural hazard resiliency. For the fiscal year 2020 grant cycle, BRIC selected three tribes and five other communities to receive direct technical assistance.

<sup>60</sup>The officials said FEMA had not yet finalized the criteria that it would use to select the communities to target through this outreach effort, but they expected to use the Centers for Disease Control and Prevention's Social Vulnerability Index to measure communities' level of social vulnerability. This index was developed to help public health officials and local planners better prepare for and respond to emergencies and disasters.

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## FEMA Does Not Use Certain Information That Could Inform Its Efforts to Address Acquisition Challenges

### FEMA Does Not Collect Property-Level Data on the Timing of Acquisitions

FEMA does not collect and use information that would allow it to analyze how long it takes communities to acquire properties and monitor whether its efforts to address challenges associated with the acquisition process result in shorter time frames. Specifically, FEMA does not collect property-level data on when communities acquire and demolish individual properties in an acquisition project. For a given project, communities can purchase and demolish different properties on different dates, particularly when some property owners drop out of a project and others are added over time. Therefore, having property-level data on when each property's purchase and demolition occurs is important to understanding the pace of the acquisition process. However, FEMA's grant management systems only track the date that FEMA closes a grant, which occurs once the entire project is complete and the community has fulfilled FEMA's reporting requirements.

FEMA officials said the agency has not collected property-level information on purchase and demolition dates because such information was not directly necessary to award HMA grants and administer grant management processes. However, FEMA officials agreed that such information would be useful for understanding how long it takes communities to purchase and demolish properties, not just how long it takes to award and close grants. They said they planned to consider collecting data on additional project milestones—such as property acquisition and demolition dates—as FEMA continues to develop a new grant management system for FMA and BRIC that launched with the fiscal year 2020 grant cycle.<sup>61</sup> They also expected to integrate HMGP into that grant management system over the next several years, so that all of the HMA programs would ultimately collect the same project data.

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<sup>61</sup>Beginning with the fiscal year 2020 grant cycle, FEMA introduced a new grant management system for FMA and BRIC. A legacy system remains operational to manage grants awarded under FMA and Pre-Disaster Mitigation for fiscal years 2019 and earlier. FEMA uses a separate grant management system for HMGP.

However, the officials did not have specific plans or time frames for these efforts. They noted that it could take several years to incorporate new data fields because of competing priorities for development of the data system and the need to demonstrate that collecting new data would not be overly burdensome for grant applicants.<sup>62</sup>

The Government Performance and Results Act of 1993 (GPRA), as significantly enhanced by the GPRA Modernization Act of 2010, requires agencies to use performance data to drive decision-making by developing performance measures for their goals, assessing progress toward these goals, and planning corrective actions when goals are not met.<sup>63</sup> We have previously reported that requirements under these acts can also serve as leading practices at lower levels of the agency.<sup>64</sup>

FEMA's Federal Insurance and Mitigation Administration has a goal of reducing barriers to accessing HMA programs in a timely manner. However, FEMA lacks data on when acquisitions and demolition occur to help it assess progress toward this goal. By collecting and analyzing property-level data on acquisition and demolition dates, FEMA would be able to monitor the length of the acquisition process and its variability—for example, by grant program or geography, or across different types of communities. Analyzing patterns in these data could help FEMA identify problems, as well as promising practices, to help it evaluate its efforts to address challenges associated with the acquisition process described above. Quality information about the length of the acquisition process would also help set expectations for states, communities, and property owners participating in or considering property acquisitions. Over time, these data would also equip FEMA to establish metrics to encourage and track progress in shortening property acquisition time frames and addressing other challenges associated with the acquisition process. In

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<sup>62</sup>To minimize the burden of federal information collections on the public and maximize their utility, the Paperwork Reduction Act requires agencies to (1) justify, or describe the necessity of, the information collected; (2) provide estimates of the burden they will impose (i.e., the time and costs required to comply with the collection); and (3) publish notices in the *Federal Register* and otherwise consult with the public to obtain input.

<sup>63</sup>Pub. L. No. 103-62, 107 Stat. 285 and Pub. L. No. 111-352, 124 Stat. 3866 (2011).

<sup>64</sup>See, for example, GAO, *Telecommunications: FCC Should Enhance Performance Goals and Measures for Its Program to Support Broadband Service in High-Cost Areas*, [GAO-21-24](#) (Washington, D.C.: Oct. 1, 2020); *National Mall: Actions Needed to Better Manage Physical Security Risks*, [GAO-17-679](#) (Washington, D.C.: July 27, 2017); and *Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps*, [GAO-17-144](#) (Washington, D.C.: Jan. 9, 2017).

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turn, this could help make property acquisition a more attractive strategy for communities and homeowners to consider for mitigating flood risk.

### FEMA Has Not Monitored Attrition from Acquisition Projects

FEMA has not monitored the extent of participant attrition from acquisition projects, but it collects project data that it could use to estimate the extent of this problem and monitor it over time. Monitoring the extent of attrition could inform FEMA's efforts to address acquisition challenges that contribute to participant attrition, including the length of the acquisition process and financial challenges related to the nonfederal cost share and the affordability and availability of replacement housing.

FEMA does not collect data that would allow it to assess directly whether property owners who initially volunteered to participate in an acquisition project later dropped out, according to FEMA officials. They said FEMA has not traditionally viewed participant attrition as a major flaw in property acquisitions. However, as discussed earlier, some local officials cited participant attrition as an obstacle to implementing acquisition projects.

We asked FEMA officials if they could roughly estimate the extent of participant attrition by comparing (1) the number of properties proposed for acquisition based on homeowners' initial expressions of interest with (2) the final number of acquired properties in a project.<sup>65</sup> At our request, FEMA created a report indicating that, for acquisitions funded under HMGP, the average project acquired 21 percent fewer properties than were initially proposed. FEMA had not previously run such an estimate, nor had it done so for the other HMA programs, according to the officials.

FEMA's Federal Insurance and Mitigation Administration has a goal to use innovation, research and data to drive improved mitigation practices and investments. Also, as stated previously, we have reported that requirements for agencies use performance data to drive decision-making can serve as leading practices at lower levels of the agency. By using its project data to estimate the extent of participant attrition from property acquisition projects across HMA programs, FEMA could better understand a potentially key hindrance to achieving projects' intended benefits. In addition, monitoring such data to measure progress over time could help FEMA evaluate its efforts to address the factors that contribute

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<sup>65</sup>This comparison could underestimate participant attrition to some degree because some property owners who drop out of a project could later be replaced by new participants.

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to attrition, such as the length of the acquisition process and financial challenges that discourage homeowner participation.

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## FEMA Has Conducted Limited Assessment of Property Acquisitions

### FEMA's Assessment of Acquisition Has Been Limited to Its Cost-Effectiveness

FEMA has assessed the cost-effectiveness of property acquisition projects, but it has not developed broader measures for evaluating how acquisition projects affect individuals and communities. FEMA's methods for assessing property acquisitions have been limited primarily to considering the cost-effectiveness of such projects. For example:

- FEMA estimated the benefits of property acquisition through its computation of precalculated benefits, as discussed earlier. While FEMA determined the precalculated benefit amount to streamline the application process, the analysis also provides general information on the benefits when assessing the cost-effectiveness of property acquisitions in areas at high risk of flooding.
- FEMA has used loss avoidance studies to assess the cost-effectiveness of some property acquisition projects. A loss avoidance study estimates how much damage was prevented by mitigation after a disaster and compares the value of the avoided losses to the cost of the mitigation.<sup>66</sup> In general, such studies offer useful examples of losses avoided when a mitigation project has been tested by a natural hazard, but their results are not generalizable to other mitigation investments that were not directly affected by the disaster, as we reported in February 2021.<sup>67</sup>

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<sup>66</sup>For example, following extensive riverine flooding in southwestern Wisconsin in 2018, FEMA conducted a loss avoidance study focused on property acquisition projects that FEMA funded after previous major flood events in the same area. Within the study area, FEMA reported that it had invested \$4.2 million between 2007 and 2013 to acquire 89 properties. FEMA found the avoided losses on those properties from the damage caused by the 2018 flooding were more than \$25 million. FEMA's analysis estimated damage to buildings, personal contents, and displacement costs using information from grant applications, standard federal values, and estimated flood depths.

<sup>67</sup>[GAO-21-140](#).

- FEMA has also used the National Institute of Building Sciences' evaluation of the benefits of property acquisition and other mitigation projects funded by FEMA and other federal agencies to encourage mitigation activity at the state and local levels, according to agency officials.<sup>68</sup> However, the officials noted that FEMA does not use that evaluation or its own data to compare the cost-effectiveness of property acquisition to other types of mitigation projects because states and communities can have varied reasons for deciding which types of projects to prioritize, beyond their cost-effectiveness.

FEMA has been considering approaches for expanding its assessment of hazard mitigation assistance at the programmatic level, but not at the level of project types, such as property acquisition. For example, we reported in February 2021 that FEMA was considering evaluation methods and performance metrics for the new BRIC program that could also be helpful in assessing the effects of projects funded through its other programs.<sup>69</sup> FEMA officials said they planned to explore options for program evaluation metrics across all HMA programs during fiscal year 2022.

In addition, FEMA officials said they were in the early stages of developing approaches for assessing the HMA grant programs from an equity perspective, driven by government-wide requirements for beginning to implement Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal*

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<sup>68</sup>Multi-Hazard Mitigation Council, National Institute of Building Sciences, *Natural Hazard Mitigation Saves: 2019 Report* (Washington, D.C.: Dec. 2019). This report examined a sample of hazard mitigation grants by FEMA, the Economic Development Administration, and the Department of Housing and Urban Development from 1993 through 2016 to address various hazards. The National Institute of Building Sciences is a nonprofit nongovernmental organization that was established by the Housing and Community Development Act of 1974. 12 U.S.C. § 1701j-2.

<sup>69</sup>[GAO-21-140](#). We recommended that FEMA ensure that as it develops new methods and metrics to assess the effectiveness of hazard mitigation, officials consider opportunities to adopt common methods and metrics across all of its hazard mitigation programs. FEMA agreed with our recommendation. FEMA had not yet implemented this recommendation as of May 2022.

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*Government.*<sup>70</sup> For example, they said FEMA was planning to identify and collect community demographic data on HMGP grant recipients to analyze how much funding reaches underserved communities. However, the officials said that because FEMA was still defining metrics, goals, and data needs for this equity assessment of the HMA programs overall, it would not separately assess property acquisitions or other types of mitigation activities funded through these programs.

### An Expanded Approach to Assessing Acquisition Could Be Beneficial

The researchers and some of the organizations we interviewed suggested it would be beneficial for FEMA to develop more comprehensive measures for assessing various aspects of property acquisition projects. Some of these stakeholders noted that, beyond assessing the cost-effectiveness of removing individual flood-prone structures, there is not broad agreement about how to define and measure the effectiveness of property acquisition projects. Nonetheless, some of them suggested that FEMA could play a greater role in collecting data on property acquisition projects, developing assessment methods or measures, or making data available for researchers' evaluations. For example, they suggested that it could be beneficial to develop methods and collect data needed to assess

- whether individuals and communities have equitable access to FEMA-funded property acquisitions and receive equitable benefits through such projects;
- outcomes of acquisition projects for individuals, including whether participants relocated to less hazard-prone areas;
- long-term costs and benefits of communities' use of post-acquisition open space; and

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<sup>70</sup>The executive order calls for the federal government to pursue a comprehensive approach to advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. Further, it directs federal agencies to assess whether underserved groups face systemic barriers in accessing opportunities and benefits available pursuant to certain programs and to produce a plan for addressing any identified barriers to full and equal participation in the programs. Exec. Order No. 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, 86 Fed. Reg. 7009 (Jan. 25, 2021).



- the extent to which continued development in flood-prone areas has limited the flood-risk reduction that communities achieved through property acquisitions.

FEMA officials said there could be benefits to considering more comprehensive assessment of property acquisitions, but they noted that property acquisition is extremely effective in mitigating flood risk because it removes structures and restores the natural function of floodplains. They also said the HMA programs' purview is funding acquisition projects and monitoring whether communities maintain acquired properties as open space, and not tracking where homeowners relocate or the long-term costs and benefits of acquisition to communities.

FEMA has not collected certain data that could support additional measures or assessment methods. For example, the Department of Homeland Security Office of Inspector General reported in June 2022 that FEMA had not yet developed a method for states to gather demographic and economic information necessary for them to consider fairness, equity, and equal access when prioritizing HMGP acquisition projects for FEMA funding.<sup>71</sup> Also, FEMA officials said FEMA has not tracked where property owners have relocated after acquisitions occurred because its regulations do not require FEMA to monitor whether property owners move to a non-hazard-prone location. In addition, they noted that while FEMA has a requirement for monitoring whether communities maintain acquired properties as open space, it does not have requirements that would lead it to monitor development in floodplains beyond the acquired properties.

In general, FEMA officials said collecting additional data on acquisition projects or their individual participants would pose legal and practical challenges for FEMA. For example, they cited the need to comply with statutory requirements that data collected from applicants not be overly burdensome, limitations on the agency's capacity to collect and analyze

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<sup>71</sup>OIG-22-46. Section 308 of the Stafford Act requires that FEMA's disaster assistance programs be administered equitably and impartially, without discrimination on the grounds of race, color, religion, nationality, sex, age, disability, English proficiency, or economic status. 42 U.S.C. § 5151. FEMA's HMA guidance also identifies nondiscrimination requirements in accordance with Title VI of the Civil Rights Act of 1964. The guidance directs states and communities to consider fairness, equity, and equal access when prioritizing and selecting HMGP property acquisition projects to submit with their grant applications. FEMA concurred with the Office of Inspector General's recommendation to develop guidance and implement equity considerations in program delivery, including the states' use of demographic, economic, and other required data when selecting projects for HMGP property acquisition.

such data, and the potential that applicants and individuals would be unwilling to provide such data or would provide incomplete information.

Rather than collecting additional data from applicants or individuals, FEMA officials said the agency has the potential to use publicly available datasets to support additional assessment of FEMA-funded property acquisitions. Specifically, they said FEMA could consider using data from grant applications along with census data or information from the Centers for Disease Control and Prevention's Social Vulnerability Index to assess the characteristics of communities that have applied for or received HMA grant funding for property acquisition projects.<sup>72</sup> Such an approach would be consistent with FEMA's plans to use publicly available datasets in conjunction with program data for its broader equity assessment of the HMA programs, the officials noted.

FEMA's Federal Insurance and Mitigation Administration has goals of achieving equitable investments in risk reduction and using innovation, research, and data to drive improved mitigation practices and investments. Furthermore, the federal government's National Mitigation Investment Strategy notes that federal agencies can help create an understanding of how communities can make the best use of funding for mitigation projects by piloting new measures or refining existing measures for how mitigation improves resilience and by sharing results from accurate, effective tools for assessing mitigation.<sup>73</sup>

FEMA is well positioned to help build understanding of how the acquisition projects it funds improve resilience. By defining and reporting on measures—beyond cost-effectiveness—for assessing the outcomes and effects of acquisition projects, FEMA could improve understanding of how acquisitions affect individuals and communities. While FEMA could encounter challenges in defining relevant measures and obtaining the necessary data, it could use publicly available data or could collect additional data on acquisition projects if needed. In addition, FEMA has

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<sup>72</sup>Two recent studies have used census data and FEMA project data to analyze property acquisition projects. See J. R. Elliott, P.L. Brown, and K. Loughran, "Racial Inequities in the Federal Buyout of Flood-Prone Homes: A Nationwide Assessment of Environmental Adaptation," *Socius*, vol. 6 (2020) and K. J. Mach et al., "Managed Retreat through Voluntary Buyouts of Flood-Prone Properties," *Science Advances*, vol. 5 (2019).

<sup>73</sup>Mitigation Framework Leadership Group, *National Mitigation Investment Strategy* (Aug. 2019). The Mitigation Framework Leadership Group is a federal interagency group that coordinates mitigation efforts across the federal government.

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disaster risk assessment tools—such as its National Risk Index and Resilience Analyst and Planning Tool—that could also inform its assessment of property acquisitions.<sup>74</sup> FEMA could also potentially collaborate with academics and research organizations to define measures and conduct relevant analyses.

Offering more comprehensive, quality information on the effects of property acquisition could help local and state governments as they decide whether to pursue acquisitions despite the difficulties they can pose. Such information could also inform FEMA, other federal agencies, and Congress as they consider the role of acquisitions in federal strategies for mitigating flood risk and adapting to climate change.

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## Options for Improving Property Acquisitions Could Help Address Challenges, but Some Would Require Additional Authority

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### Options for Improving Property Acquisitions Could Help Address Acquisition Challenges but Have Limitations

We identified 10 options for improving property acquisitions. Each of these options could help address one or more of the acquisition challenges previously discussed in this report, as shown in table 2. These options all have potential benefits but also have limitations, according to stakeholders and FEMA officials. There can also be different ways to implement each option, and we provide some examples below. For additional information on these options, including more examples of how to implement them and their potential benefits and limitations, see appendix II.

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<sup>74</sup>The National Risk Index is a publicly available tool that identifies the most at-risk areas for natural hazards. The Resilience Analysis and Planning Tool includes hazard and infrastructure information and community resilience indicators.

**Table 2: Options for Improving Federal Emergency Management Agency Property Acquisitions**

**Acquisition challenges that options could help to address**

Option	Length of process	State and community capacity	Financial challenges	Voluntary participation
A. Preapprove properties for acquisition	Applicable	—	—	—
B. Streamline the acquisition process	Applicable	—	—	Applicable
C. Provide acquisition funding directly to communities	Applicable	—	—	—
D. Provide acquisition funding through federal flood insurance	Applicable	—	—	Applicable
E. Enhance state and local capability to conduct acquisition projects	Applicable	Applicable	—	—
F. Reduce nonfederal cost share for acquisitions	Applicable	—	Applicable	Applicable
G. Provide or fund relocation advisory services for property owners	—	Applicable	Applicable	Applicable
H. Increase acquisition payments to property owners	—	—	Applicable	Applicable
I. Increase incentives for flood-prone communities to mitigate risk, including through use of acquisition	—	—	Applicable	—
J. Allow for mandatory acquisitions	—	—	—	Applicable

Legend: Applicable = Option could help to address challenge; NA = not applicable

Source: GAO. | GAO-22-106037

Options for Addressing Length and Complexity of the Process

Several options could help address the length of the acquisition process. Stakeholders and FEMA officials cited potential benefits to these options but also said they each have limitations:

- **Preapproving certain properties for acquisition (option A)** could involve having FEMA conduct some or all of its review process to determine if a property would be eligible for acquisition before grant applications are submitted. This approach could allow FEMA to approve applications faster after a flood occurs, according to many stakeholders and FEMA officials. One limitation cited by several stakeholders and FEMA officials was that preapproving certain requirements could be difficult—for example, preapproving the cost-effectiveness of acquiring properties could be challenging because home values may change by the time a flood occurs.

- **Streamlining the acquisition process (option B)** through existing or new programs and processes could involve eliminating, reducing, or simplifying acquisition requirements, such as environmental and historic preservation requirements.<sup>75</sup> This approach could make the process faster, such as by reducing the time needed to develop or review applications, according to most stakeholders and FEMA officials. One limitation cited by some stakeholders and FEMA officials was that streamlining only the FEMA review process may have a limited effect because states can contribute to the length of the process as well, such as by taking up to 18 months to prioritize and submit HMGP applications.<sup>76</sup> Additionally, FEMA officials said certain review requirements can help ensure that environmental or historic issues are taken into consideration for acquisition projects, such as requiring communities to monitor for any hazardous materials in the project area or allowing for public input on acquisition of historic properties.<sup>77</sup> As a result, any potential negative effects of eliminating, waiving, or reducing requirements would need to be weighed against any potential benefits.
- **Providing acquisition funding directly to communities (option C)** could involve allowing certain communities—such as those with a demonstrated capacity to manage HMA grant requirements—to apply to FEMA for funding directly rather than through their state. This approach could help streamline the acquisition process for those communities by avoiding various state administrative processes, according to several stakeholders. One limitation to this approach is that it would remove states from important roles they play in the HMA grant process, according to several stakeholders and FEMA officials. These roles include helping communities develop grant applications, ensuring they meet grant requirements, and monitoring their compliance with deed restrictions on acquired properties. Further, many communities might lack the capacity to be direct grantees and meet grant requirements without such state assistance, which could mean only communities with higher capacity would be able to take

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<sup>75</sup>A new acquisition-specific process or program that would have more flexible or fewer requirements could be one way of implementing this option. See app. II for more information.

<sup>76</sup>States have 12 months to submit HMGP applications, and the period can be extended up to a total of 18 months, which is set in statute.

<sup>77</sup>FEMA is required to ensure its hazard mitigation programs and activities comply with various federal environmental and historic preservation laws and executive orders.

advantage of applying directly, according to several stakeholders and FEMA officials.

- **Providing acquisition funding through NFIP (option D)** could involve allowing policyholders, with community support and involvement, to receive acquisition funding by combining claim payments and funds from the National Flood Insurance Fund.<sup>78</sup> This approach could involve a simplified or expedited acquisition process with fewer requirements than HMA grants, which could be faster than applying through the existing process and make funding available more quickly, according to many stakeholders and FEMA regional officials. For example, these acquisitions could operate on a faster timeline aligned with the NFIP insurance claims process, where homeowners could receive an acquisition offer around the same time that damage assessments and claim payments are determined, according to several of these stakeholders and FEMA regional officials. One limitation cited by FEMA officials and some local officials and other stakeholders was that this option would only be available to policyholders and would leave out the many homeowners that do not have NFIP insurance. FEMA officials also said that, as a result, this could contribute to checkerboarding. Further, if this option did not include state involvement, it could remove the benefits that coordination between state and local governments provides for mitigation efforts, according to FEMA officials and some local officials and other stakeholders.
- **Enhancing state and community capability (option E)** to conduct acquisition projects could involve FEMA providing funding for states to hire additional hazard mitigation staff to administer HMA grants and provide additional technical assistance to communities for planning and carrying out mitigation projects. Alternatively, FEMA, nonprofits, or other practitioners could provide such assistance to communities. This approach could enable states and communities to move through the process more quickly, according to some stakeholders and FEMA officials. For example, some said it could decrease the time states and communities would need to develop and submit applications. However, some stakeholders said a program to fund state staff would

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<sup>78</sup>This option would not replace acquisition funding from HMA programs but would operate in addition to these programs. It would require community support because it would only be applicable in communities that were willing to participate and that accepted certain responsibilities for facilitating the acquisition. For example, the community would receive the acquisition funds from NFIP and acquire, own, and deed-restrict the land. The National Flood Insurance Fund is the federal account that funds NFIP, including claim payments to policyholders, and FMA program grants, including those for acquisitions.

not be effective if states did not also commit resources or if FEMA did not ensure program results. Some stakeholders also said that additional technical assistance efforts through FEMA, nonprofits, or other practitioners might not be effective. Further, according to FEMA officials, the agency's ability to implement this option could be limited by current resource levels.

- **Reducing, eliminating, or standardizing the nonfederal cost share for acquisitions (option F)** could simplify the application process, which could shorten the time it takes for communities and states to submit applications, according to several stakeholders and FEMA officials. For example, eliminating or standardizing the cost share could reduce communities' need to navigate cost-share requirements that differ across HMA programs, according to some stakeholders and FEMA officials.<sup>79</sup> Additionally, this option could reduce the amount of time needed for communities to search for or request funds to meet application requirements, according to several stakeholders and FEMA regional officials. However, several stakeholders cautioned that the cost share can help ensure that states and communities have a stake in the success of acquisition projects, or that they bear some financial consequences or share of the responsibility for having developed in flood-prone areas. Also, eliminating or reducing the nonfederal cost share would either increase federal costs or lead to fewer acquisitions.

### Options for Addressing Limited State and Community Capacity

Two options could help address state and community capacity challenges. Stakeholders and FEMA officials cited potential benefits to these options but also said that they each have limitations:

- **Enhancing states' and communities' capability (option E)** could increase their capacity to pursue or manage acquisition projects, according to many stakeholders and FEMA officials. For example, a new FEMA program to fund state staff that specialize in HMA programs could help ensure that states are able to provide sufficient attention to mitigation activities and help disadvantaged communities

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<sup>79</sup>Standardizing the cost share would involve applying any new or existing cost-share reductions for acquisitions to all HMA programs. For example, BRIC has a reduced cost share for small and impoverished communities and FMA has a reduced cost share for repetitive loss and severe repetitive loss properties, while HMGP has no cost-share reductions. Eligibility for some existing cost-share reduction provisions could also be expanded, such as by changing the criteria for small and impoverished communities to enable more communities to be eligible.

apply for or implement acquisition projects, according to several stakeholders and FEMA officials. However, as previously discussed, this approach could also have limitations.

- **Providing or funding relocation advisory services (option G)** could involve FEMA helping homeowners find replacement housing and assisting them through the acquisition process, such as by providing case managers, or funding communities through grant awards to provide these services using consultants or local staff. This approach could enhance community capacity to help participants through the acquisition process or achieve better relocation outcomes by, for example, helping them find comparable housing or relocate to less flood-prone areas, according to several stakeholders and FEMA officials. Some stakeholders and FEMA officials said there could be limitations to FEMA itself providing the advisory services or funding communities to do so. For example, FEMA officials said it may be better for communities to use local real estate services or consultants to provide these services because FEMA would need additional capacity and expertise. Other stakeholders and FEMA regional officials said that there might not always be qualified consultants or that FEMA would need to have standards for providers to ensure effectiveness. Additionally, FEMA providing or funding relocation services would increase federal costs for acquisition projects, which could also affect projects' cost-effectiveness.

### Options for Addressing Financial Challenges

Several options could help address community or homeowner financial challenges, each of which has both potential benefits and limitations, according to stakeholders and FEMA officials:

- **Reducing the nonfederal cost share for acquisitions (option F)** could help more communities or homeowners afford acquisitions because they would bear a lesser financial burden to cover the cost-share requirement, according to almost all stakeholders and FEMA officials. However, as discussed previously, this option also has limitations.
- **Providing or funding relocation advisory services (option G)** could help homeowners find affordable replacement housing as part of the acquisition process, according to several stakeholders and FEMA officials. For example, providing these services could help homeowners find and move to an affordable replacement home or navigate situations where there is limited inventory of homes



available, according to several stakeholders and FEMA regional officials.

- **Increasing acquisition payments to property owners (option H)** could involve FEMA providing homeowners with additional financial assistance above the fair market value of their home, such as funding acquisition offers based on the cost of participants obtaining comparable housing in less flood-prone areas or providing more supplemental and relocation assistance payments.<sup>80</sup> Given that some homeowners cannot afford to relocate or purchase a comparable home with their acquisition proceeds, increasing acquisition payments could help more homeowners afford to participate in HMA projects, according to several stakeholders and FEMA regional officials. One limitation cited by some stakeholders and FEMA regional officials was that increasing acquisition payments to participants would either increase federal costs or lead to fewer acquisitions. Further, increased costs for acquisitions could also mean that some properties no longer meet cost-effectiveness requirements.
- **Increasing incentives for flood-prone communities to mitigate flood risk, including through use of acquisition (option I)**, could include FEMA providing additional incentives, such as payments to communities or cost-share reductions, to encourage communities to reduce development in risky areas. For example, payments to make up for loss of tax revenue from acquired properties could encourage communities to conduct more acquisitions, according to several stakeholders. However, some stakeholders and FEMA officials said that some communities do not have the capacity or resources to take mitigation actions in response to incentives, which some said could limit this option's effectiveness or penalize lower-capacity communities that cannot respond to incentives.

### Options for Addressing Challenges Associated with Voluntary Participation

Several options could help address challenges associated with the voluntary nature of acquisitions:

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<sup>80</sup>As discussed previously, relocation assistance payments, such as reasonable out-of-pocket (or fixed schedule) moving expenses, are available to renters who must involuntarily relocate, but they are not available to homeowners participating in an HMA-funded acquisition project. A supplemental payment can be available to HMA acquisition participants if they cannot find comparable housing outside the hazard prone area and meet eligibility criteria.

- **Streamlining the acquisition process (option B)** could reduce participant attrition because homeowners generally are most willing or able to accept an acquisition offer shortly after disasters occur, according to many stakeholders and FEMA regional officials.
- **Reducing the nonfederal cost share for acquisitions (option F)** could decrease participant attrition because homeowners generally are more willing or able to accept an acquisition offer if they do not have to cover the cost share or reduce their proceeds as much to cover it, according to several stakeholders and FEMA officials.
- **Increasing acquisition payments (option H)** to participants could generally incentivize or help homeowners afford to participate in acquisition projects, which could reduce participant attrition and encourage people to move out of flood-prone areas, according to many stakeholders and FEMA regional officials.
- **Providing relocation advisory services (option G)** could support homeowners through the acquisition process or help them find comparable replacement housing, which could lead more homeowners to participate in acquisitions, according to several stakeholders and FEMA regional officials.
- **Providing acquisition funding through NFIP (option D)** could lead to increased participation in acquisitions by policyholders by, for example, making acquisition funding available more quickly after disasters, according to some stakeholders and FEMA regional officials.
- **Allowing for mandatory acquisitions (option J)** could involve allowing states and localities the option to use eminent domain for certain FEMA-funded acquisitions. This option could help reduce or prevent checkerboarding and could lead to related benefits, including communities avoiding costs for public services to checkerboarded neighborhoods or being able to use open space more effectively, according to several stakeholders and FEMA officials. However, several stakeholders and FEMA officials said mandatory acquisitions could face significant opposition from homeowners, communities, or states. Some stakeholders also said that many communities may not be interested in using mandatory acquisitions.

### Addressing Challenges Related to High Demand for Acquisitions

As discussed previously, some communities can spend significant time and resources conducting outreach efforts to homeowners and have difficulty convincing them to participate in property acquisitions. However,

other communities can face a situation where demand for acquisitions is much greater than available funding, according to several stakeholders. For example, representatives of two acquisition programs we spoke with said they had thousands of flood-prone properties in their jurisdictions that were targeted for acquisition. For one of these programs, officials said it would take more than 100 years to acquire those properties at current federal funding levels. Additionally, some communities can be reluctant to pursue acquisitions to meet potential homeowner demand, according to several stakeholders and FEMA officials. For example, communities can be reluctant to pursue acquisitions because of concerns about losing tax revenue, despite potential homeowner interest, according to several stakeholders and FEMA officials.<sup>81</sup> The increasing number of repetitive loss properties and the potential for flood risk to increase over time as a result of climate change contribute to federal fiscal exposure and could lead to more demand for acquisitions.

When the demand for acquisitions exceeds the ability of acquisition programs to purchase these homes, opportunities to decrease federal fiscal exposure could be missed. Some of the above options could encourage community participation in or help increase property owner access to acquisitions. In turn, this could help meet high demand for acquisitions or help limit the increase in highly flood-prone properties over time. For example:

- Conducting acquisitions through NFIP (option D) could leverage federal insurance claim payments to reduce the cost of FEMA acquisitions, speed up the acquisition process to allow more homeowners to participate, and target the most flood-prone properties, according to several stakeholders and FEMA regional officials.
- Increasing incentives for flood-prone communities to mitigate flood risk (option I) could encourage them to pursue acquisitions, which could allow homeowners in risky areas to access acquisition funding

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<sup>81</sup>FEMA has considered providing grant funding directly to homeowners under FMA, according to FEMA officials. In 2018, FEMA sought public comment concerning a direct grant to property owners for acquisition and demolition of severe repetitive loss structures. *Agency Information Collection Activities: Proposed Collection; Comment Request; Property Acquisition and Relocation for Open Space*, 83 Fed. Reg. 8493 (Feb. 27, 2018). After considering issues raised in public comments, FEMA decided not to implement the direct grant, according to FEMA officials. They said FEMA plans to continue to explore with various stakeholders the merits and problems with implementing this type of grant.

and limit the increase in flood-prone properties over time, according to several stakeholders.

- Reducing the nonfederal cost share (option F) could enable more communities to use acquisition and facilitate acquiring the most flood-prone properties, which could address homeowner financial challenges and reduce federal fiscal exposure from these properties, according to several stakeholders and FEMA officials.

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### Options Could Provide Opportunities to Improve Property Acquisitions, but Some Would Require Additional Authority

The options described above could provide FEMA and Congress with opportunities to help address challenges associated with property acquisitions. FEMA officials said that they were aware of several of these options and that FEMA has been considering actions related to some of them, such as evaluating cost-share changes. FEMA has also taken steps to streamline the acquisition process, such as broadening eligibility for precalculated benefits. While FEMA has begun considering some of the options, it has not yet fully implemented any of them. These options present opportunities to address acquisition challenges, but they also involve complex trade-offs and policy decisions. As a result, the options call for consideration of their potential benefits, costs, and limitations, with involvement from state and local governments and other stakeholders.

Additionally, while FEMA might have the authority to implement some options or aspects of them, depending on the proposal, it would likely require additional authority from Congress to act on certain options, according to FEMA officials. For example:

- Adjustments to the nonfederal cost share are set in statute, so legislative action would be necessary for FEMA to reduce the nonfederal cost share for acquisition projects, according to FEMA officials.
- FEMA could take some measures to enhance its technical assistance to states and communities without legislative action, but more extensive initiatives, such as a state-level mitigation capacity-building program, would require legislative action, FEMA officials told us.
- In general, fast-tracking acquisition projects or introducing a reimbursement process would likely require statutory changes, according to FEMA officials. For example, officials said the agency

would not have the authority to eliminate, reduce, or simplify certain requirements for acquisition projects because some of these requirements are set in statute.

Pursuing improvements to address acquisition challenges is consistent with statutory and programmatic goals of the HMA programs. For example, the Stafford Act, which authorizes HMGP—the primary source of FEMA funding for acquisitions—has the goal of encouraging hazard mitigation measures to reduce losses from disasters.<sup>82</sup> Also, the Federal Insurance and Mitigation Administration’s goals and objectives related to the HMA programs include (1) reducing barriers to accessing HMA programs in a timely manner, (2) providing focused assistance to underserved communities, (3) influencing mitigation investment decisions through use of requirements and incentives, and (4) using innovation to drive improved mitigation practices and facilitate the development of solutions to address mitigation investment needs and priorities. Employing one or more options to address acquisition challenges could assist FEMA in meeting these goals.

Pursuit of one or more options for improving property acquisitions is also consistent with GAO’s *Disaster Resilience Framework*.<sup>83</sup> The framework provides principles and questions that can help to identify opportunities to address gaps in federal disaster resilience efforts and options to address challenges that are of a scale and scope not addressed by existing programs. For example, the framework’s incentives principle states that federal efforts can enhance resilience by making long-term risk-reduction investments—such as property acquisitions—more viable and attractive among competing priorities. Several of the options we identified were consistent with this principle, such as streamlining the process so acquisition offers could be made more quickly after disasters when homeowners are most willing to accept them or reducing the nonfederal cost share to help more communities afford to pursue acquisitions as a risk-reduction measure.

FEMA has an opportunity to evaluate these options and consider implementing one or more of them, either by using existing authorities or by requesting additional authorities from Congress. By considering

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<sup>82</sup>Robert T. Stafford Disaster Relief and Emergency Assistance Act, Pub. L. No. 100-707, 102 Stat. 4689 (1988).

<sup>83</sup>GAO, *Disaster Resilience Framework: Principles for Analyzing Federal Efforts to Facilitate and Promote Resilience to Natural Disasters*, [GAO-20-100SP](#) (Washington, D.C.: Oct. 2019).

whether and how to implement one or more of the options, FEMA could help address challenges associated with the acquisition process. Alleviating these challenges could, in turn, help FEMA better achieve the aims of the HMA programs, build the nation's disaster resilience, and reduce federal fiscal exposure through property acquisitions.

Additionally, given the breadth of options identified in this report and the complex trade-offs they present, pursuing one or more of these options would involve important policy decisions. Congress may decide that additional or different actions are needed beyond any steps FEMA may take. Therefore, congressional direction or authority could be helpful in determining which options to pursue, if any. By providing requirements in law with respect to any of the options, Congress could provide FEMA with clear congressional priorities to help it navigate the available choices. Further, by providing FEMA with the authority, as needed, to implement one or more options, Congress could help to better position FEMA to address acquisition challenges.

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## Conclusions

Permanently removing flood-prone structures through FEMA-funded property acquisitions can increase communities' resilience to floods and reduce federal fiscal exposure. However, challenges associated with the property acquisition process can discourage communities from pursuing acquisitions or can lead participants to drop out of projects. While FEMA has taken or initiated actions that could help address some of these challenges, we identified areas where FEMA could use information to help monitor whether its efforts are effective.

- FEMA's lack of property-level data on when communities acquire and demolish properties limits its ability to monitor and address the length of the acquisition process. These data could also equip FEMA to establish metrics for tracking progress in reducing the length of the acquisition process, which could make property acquisition more attractive for communities and property owners.
- FEMA has not used acquisition project data that could help it estimate the extent of participant attrition from acquisition projects. Assessing such data could help FEMA monitor whether its efforts to address challenges associated with property acquisitions are leading to reductions in attrition.

Further, the potential for growing interest in property acquisitions underscores the importance of assessing how these projects affect individuals and communities. Defining and reporting on additional measures for assessing property acquisition projects' outcomes and effectiveness could help local and state governments weigh whether to pursue property acquisitions to mitigate flood risk. Such information could also help policymakers determine the future role of property acquisitions in federal strategies for flood risk mitigation and climate adaptation.

In addition, we identified options for improving FEMA-funded property acquisitions that have the potential to address acquisition challenges. Implementing any of these options requires complex trade-offs and policy decisions that warrant thoughtful consideration of the options' strengths, limitations, and costs and the perspectives of stakeholders, including states and localities. By considering whether and how to implement any of these options, FEMA has the potential to alleviate challenges associated with the acquisition process. Implementing one or more options could help FEMA better achieve the aims of the HMA programs and build the nation's disaster resilience through property acquisitions. However, FEMA officials told us FEMA likely would need additional congressional direction or authority to implement some of the options. In addition, Congress may decide to take action beyond any steps FEMA may take. By providing congressional direction or authority with respect to one or more of the options, Congress would ensure that its priorities are implemented.

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## Matter for Congressional Consideration

Congress should consider providing direction or authority to FEMA to implement one or more of the options identified in this report to address property acquisition challenges and enhance disaster resilience. (Matter for Consideration 1)

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## Recommendations for Executive Action

We are making the following four recommendations to FEMA:

The Deputy Associate Administrator of FEMA's Federal Insurance and Mitigation Administration should collect property-level data on property acquisition project milestones across FEMA's hazard mitigation assistance grant programs—including the dates when properties are

purchased and demolished. FEMA should use this information to support its efforts to reduce the overall length of the property acquisition process, such as by analyzing patterns to identify problems and promising practices and, over time, establishing metrics to encourage and track progress in shortening property acquisition time frames.

(Recommendation 1)

The Deputy Associate Administrator of FEMA's Federal Insurance and Mitigation Administration should estimate the extent of participant attrition from property acquisition projects across FEMA's hazard mitigation assistance grant programs and use that information to help measure progress in addressing challenges that contribute to such attrition.

(Recommendation 2)

The Deputy Associate Administrator of FEMA's Federal Insurance and Mitigation Administration should define and report on additional measures, beyond cost-effectiveness, for assessing the outcomes and effects of using property acquisition to mitigate flood risk.

(Recommendation 3)

The Deputy Associate Administrator of FEMA's Federal Insurance and Mitigation Administration should evaluate the options for improving property acquisitions identified in this report and determine whether and how to implement one or more of them. If FEMA determines that it needs authority for actions it seeks to implement, it should request that authority from Congress. (Recommendation 4)

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## Agency Comments

We provided a draft of this report to the Department of Homeland Security for review and comment. In its written response, which is reproduced in appendix III, the Department of Homeland Security concurred with our four recommendations and described actions planned to address them. These actions, if fully implemented, should address the intent of our recommendations. In addition, FEMA provided technical comments, which we incorporated as appropriate.

In response to our first recommendation, FEMA described steps that it would take to collect additional property-level data and capture it in a cohesive manner in its data system.



In response to our second recommendation, FEMA noted that it already captures data needed to estimate project-level property acquisition attrition rates, as we reported. FEMA also described plans to explore collecting information about why certain properties may drop out or change mitigation strategies.

In response to our third recommendation, FEMA stated that it would define additional measures for assessing the outcomes and effects of using property acquisitions to mitigate flood risk. FEMA also described its ongoing effort to analyze HMGP program metrics and its plans to consider establishing program metrics for HMGP to measure success in equitable program administration across all project types.

In response to our fourth recommendation, FEMA stated that it would evaluate options for improving property acquisitions as part of its ongoing continuous improvement efforts. FEMA noted that many of the options identified in our draft report included actions that FEMA already implements or that are otherwise part of ongoing program improvement efforts. For example, FEMA pointed to plans to release a series of application support materials for HMGP. However, FEMA noted that many of its efforts are in their preliminary stages and that more thorough analysis and an action plan will be required to address additional options.

We are sending copies of this report to the appropriate congressional committees and members, the Secretary of Homeland Security, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or [cackleya@gao.gov](mailto:cackleya@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



Alicia Puente Cackley  
Director, Financial Markets and Community Investment

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*List of Requesters*

The Honorable Mike Crapo  
Ranking Member  
Committee on Finance  
United States Senate

The Honorable John Kennedy  
Ranking Member  
Subcommittee on Economic Policy  
Committee on Banking, Housing, and Urban Affairs  
United States Senate

The Honorable Bill Cassidy  
Ranking Member  
Subcommittee on Fiscal Responsibility and Economic Growth  
Committee on Finance  
United States Senate

The Honorable Mike Lee  
United States Senate  
The Honorable Marco Rubio  
United States Senate

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# Appendix I: Objectives, Scope, and Methodology

This report addresses the Federal Emergency Management Agency's (FEMA) funding of property acquisitions through its Hazard Mitigation Assistance (HMA) grant programs. Our objectives were to (1) describe the property acquisition process and the benefits and challenges of property acquisition, (2) examine steps FEMA has taken to improve acquisitions and assess its own use of property acquisition for flood mitigation, and (3) examine the strengths and limitations of potential options for improving FEMA property acquisitions.

The HMA programs included in the scope of this report are the Hazard Mitigation Grant Program, Flood Mitigation Assistance, Pre-Disaster Mitigation, and Building Resilient Infrastructure and Communities, which generally replaced Pre-Disaster Mitigation beginning in fiscal year 2020.<sup>1</sup> The scope of this report is limited to FEMA's funding of property acquisition for flood mitigation (and not other hazards). In addition, the scope of this report includes only FEMA-funded property acquisitions, not acquisitions funded through other federal programs.

For all three objectives, we obtained FEMA documentation and interviewed officials from FEMA's Federal Insurance and Mitigation Administration and officials in three FEMA regional offices with responsibility for Illinois, Louisiana, and New Jersey.

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<sup>1</sup>We included the Pre-Disaster Mitigation program because it awarded grants during the period (2005 through 2019) that we used to select state and local officials to contact for our review. We included Building Resilient Infrastructure and Communities in our scope because the communities we contacted could have applied for the program's first funding cycle and because future property acquisition grants awarded through the program could be affected by the potential options for improving FEMA property acquisitions that we examined in our review. In May 2022, FEMA published a Notice of Funding Opportunity for the fiscal year 2022 Pre-Disaster Mitigation program to provide nearly \$154 million in funding to 68 specific projects identified in the Consolidated Appropriation Act, 2022's Joint Explanatory Statement. Department of Homeland Security, Notice of Funding Opportunity: Fiscal Year 2022 Pre-Disaster Mitigation Grant Program (Washington, D.C.: May 25, 2022); Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, 136 Stat. 49, 328; Joint Explanatory Statement for the Consolidated Appropriations Act, 2022, Division F—Department of Homeland Security Appropriations Act, 2022. For purposes of this report, we refer to the Pre-Disaster Mitigation program as it operated through fiscal year 2019.

In addition, we conducted 30 semistructured interviews with stakeholders with varying experiences with and perspectives on property acquisition. Specifically, the officials that we selected for these stakeholder interviews included the following:

- State and local officials from three states—Illinois, Louisiana, and New Jersey—and 14 total local jurisdictions within these states. To capture varying perspectives, we selected these states and communities to reflect a range of (1) FEMA mitigation grant funding levels and property acquisition grant funding levels for fiscal years 2005 through 2019 (including two communities that had not received any grants for acquisitions); (2) geographic regions; (3) riverine and coastal settings; (4) urban, suburban, and rural settings; and (5) socioeconomic characteristics. The officials included state officials involved in administering HMA grants or supporting local hazard mitigation and property acquisition activities; local officials who were directly involved in applying for funding and implementing property acquisition projects; consultants who local officials said had helped them to apply for grants and implement acquisition projects; and representatives of the New Jersey Association for Floodplain Management.
- Officials from three acquisition programs that interviewees and literature we reviewed characterized as successful and that had features that we judged to be relevant to our objectives. These programs were the Harris County Flood Protection District's acquisition program (Houston, Texas, area); Charlotte-Mecklenburg Storm Water Services' acquisition program (Charlotte, North Carolina area); and New Jersey Department of Environmental Protection's Blue Acres statewide property acquisition program.
- Representatives of six organizations and three researchers that we selected using professional judgment to capture varying perspectives and expertise in property acquisition, flood mitigation and floodplain management, and disaster and climate resilience. The organizations that we interviewed were the Anthropocene Alliance, Association of State Floodplain Managers, Buy-In Community Planning, Insurance Institute for Business & Home Safety, National Emergency Management Association, and the Natural Resources Defense Council. Our interview with the National Emergency Management Association included state hazard mitigation officers representing 10 states.

Collectively, we refer to the selected state and local officials, successful acquisition program officials, and researchers and organizational

representatives that we interviewed as stakeholders.<sup>2</sup> We use “some,” “several,” “many,” “most,” and “almost all” to characterize stakeholder responses. We define “some” as 2–6 responses, “several” as 7–12 responses, “many” as 13–18 responses, “most” as 19–24 responses, and “almost all” as 25–29 responses.

Because we selected a nongeneralizable sample of stakeholders to interview, findings from our analysis of their views cannot be generalized to all stakeholders who might have relevant knowledge and expertise. Rather, these interviews provided us with insights from a selected group of stakeholders on the benefits and challenges of property acquisitions and the strengths and limitations of options for improving FEMA-funded property acquisitions and for addressing challenges associated with property acquisition. In addition, the specific areas of expertise varied among the stakeholders we interviewed, so not all of the stakeholders commented on all of the interview questions we asked.

For our first objective, we collected relevant documentation and analyzed information from our interviews with stakeholders and FEMA officials. Specifically, we reviewed applicable statutory requirements, regulations, and FEMA guidance to understand the property acquisition process and the roles of FEMA; state, territorial, and tribal governments; local governments; and homeowners. These materials included FEMA’s regulation concerning property acquisition and FEMA guidance and notices of funding opportunity for its hazard mitigation assistance grant programs.<sup>3</sup> We also synthesized information from our interviews with stakeholders and FEMA officials. We identified relevant insights on the benefits of and challenges associated with property acquisition and grouped individual insights into broad themes. We do not report the entire range of stakeholder responses in this report, but instead report relevant overall themes and illustrative examples.

For our second objective, we synthesized information from FEMA documentation and our interviews with FEMA officials and stakeholders to understand how FEMA has addressed acquisition challenges and assessed property acquisitions. We assessed FEMA’s actions to address

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<sup>2</sup>As appropriate, we conducted joint interviews with stakeholders who were coauthors or were affiliated with the same organization. We treated the perspectives gathered at these joint interviews as one interview for the purposes of tallying stakeholder perspectives.

<sup>3</sup>44 C.F.R. pt. 80. Federal Emergency Management Agency, *Hazard Mitigation Assistance Guidance* (Washington, D.C.: Feb. 27, 2015) and *Hazard Mitigation Assistance Guidance Addendum* (Washington, D.C.: Feb. 27, 2015).

challenges and its approach to assessing property acquisitions using FEMA's Federal Insurance and Mitigation Administration strategic planning documents (its Mitigation Directorate Fiscal Year 2021–2023 Strategy and Hazard Mitigation Assistance Strategic Framework Fiscal Year 2022–2023).

We also compared FEMA's practices for collecting and using information on property acquisition projects to leading practices for performance measurement defined in our prior work.<sup>4</sup> In addition, we used the National Mitigation Investment Strategy to evaluate FEMA's assessment approach.<sup>5</sup>

For our third objective, we reviewed relevant literature and interviewed FEMA officials and stakeholders. Specifically, we searched for and reviewed relevant literature and legislative proposals to find examples of options that could be used to improve FEMA property acquisitions. We searched databases (e.g., ProQuest and EconLit), used articles we identified in our background research to identify additional articles or reports, and searched proposed legislation related to property acquisition and HMA grants. The literature search identified 80 reports or articles and 12 pieces of legislation that we screened to identify sources with relevant examples of options that could improve FEMA-funded acquisitions.

We compiled a preliminary list of five high-level options. Based on our continued analysis of the literature and suggestions provided by FEMA officials and stakeholders over the course of our review, we recategorized and added options, resulting in a final list of 10 options. Our methodology was intended to result in an informed list of options but not an exhaustive account of all options.

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<sup>4</sup>For our work on leading practices related to performance measurement and goal setting, see, for example, GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, [GAO-05-927](#) (Washington, D.C.: Sept. 9, 2005) and *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1996). We have reported that these leading practices apply at all levels within an organization. For example, see GAO, *Telecommunications: FCC Should Enhance Performance Goals and Measures for Its Program to Support Broadband Service in High-Cost Areas*, [GAO-21-24](#) (Washington, D.C.: Oct. 1, 2020); *National Mall: Actions Needed to Better Manage Physical Security Risks*, [GAO-17-679](#) (Washington, D.C.: July 27, 2017); and *Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps*, [GAO-17-144](#) (Washington, D.C.: Jan. 9, 2017).

<sup>5</sup>Mitigation Framework Leadership Group, *National Mitigation Investment Strategy* (Aug. 2019).

Next, we asked the stakeholders and FEMA officials that we interviewed for their perspectives on the strengths and limitations of each option and any other options that should be considered. We asked them to describe the options' strengths and limitations as they relate to improving FEMA-funded property acquisitions or addressing challenges associated with property acquisition. To ensure that interviewees who initially responded to a preliminary list of options could comment on all of the options on our final list, we obtained written comments on the remaining options from 14 stakeholders and officials from the three FEMA regions.

Finally, we analyzed perspectives from our interviews with stakeholders and FEMA officials to identify relevant insights on each option's strengths and limitations, and grouped individual insights into overall themes. We do not report the entire range of stakeholder responses in this report, but instead report relevant overall themes and illustrative examples from stakeholder perspectives. We also obtained comments from FEMA officials on the extent to which FEMA could implement these options under its existing authority.

We conducted this performance audit from January 2021 to September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Information on Options for Improving FEMA Property Acquisitions

GAO identified 10 options for improving Federal Emergency Management Agency (FEMA) property acquisitions. Tables 3–12 include a description of each option and examples of ways that it could be implemented, based on the literature we reviewed and our interviews with FEMA officials and stakeholders.<sup>1</sup> The tables also describe FEMA’s preliminary assessment of its existing authority to implement each option and summarize key potential benefits and limitations of each option, based on our interviews with FEMA officials and stakeholders.

The options discussed in this appendix are as follows:

- Option A: Preapprove properties for acquisition
- Option B: Streamline the acquisition process
- Option C: Provide acquisition funding directly to communities
- Option D: Provide acquisition funding through federal flood insurance
- Option E: Enhance state and local capability to conduct acquisition projects
- Option F: Reduce nonfederal cost share for acquisitions
- Option G: Provide or fund relocation advisory services for property owners
- Option H: Increase acquisition payments to property owners
- Option I: Increase incentives for flood-prone communities to mitigate risk, including through use of acquisition
- Option J: Allow for mandatory acquisitions

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<sup>1</sup>We conducted 30 semistructured interviews with selected state and local officials in Illinois, Louisiana, and New Jersey; officials from property acquisition programs identified as successful in our interviews and literature review; and researchers and representatives of organizations with relevant expertise. Collectively, we refer to these interviewees as stakeholders.



**Table 3: Option to Preapprove Properties for Acquisition (Option A)**

Description of option	
<p>This option could involve having FEMA conduct some or all of its review process to determine a property’s eligibility for acquisition before grant applications are submitted. For example, states or communities could submit properties for preapproval before disasters occur. This option could include one or more of the following approaches:</p> <ul style="list-style-type: none"> <li>• Developing a process to preapprove that certain properties or areas meet some or all of FEMA’s current acquisition eligibility requirements, such as environmental and historic preservation requirements. FEMA could also conduct durable reviews for properties that would make them eligible for acquisition for a sustained period of time. For example, FEMA could conduct a durable cost-benefit analysis that could preapprove properties or neighborhoods as meeting FEMA’s cost-effectiveness requirement for a sustained period of time and for all Hazard Mitigation Assistance programs.</li> <li>• Facilitating preapproval by waiving certain requirements for properties or for areas, including defining eligibility criteria for any waivers. For example, FEMA could waive historic preservation reviews in areas that have repeatedly experienced severe flooding or for properties that have received federal flood insurance claims greater than the value of the home, if it was likely that historic value of structures had been lost due to flood damage.</li> <li>• Developing a simplified method for preapproving properties, including defining eligibility criteria, that would not involve the current level of review under FEMA grant programs. For example, FEMA could preapprove certain high-risk properties, such as certain severe repetitive loss properties, or it could preapprove properties based on certain factors, such as their depth in a floodplain or the amount of federal flood insurance claims or disaster assistance received for a property. FEMA could also preapprove certain areas based on similar factors, such as areas with large numbers of high-risk properties.</li> <li>• Using preapproval to enable a fast-track acquisition process, where funding for acquisitions could be made available immediately after a disaster to acquire preapproved properties.</li> </ul> <p><i>Example of approach</i></p> <p>The Harris County, Texas, acquisition program has coordinated with the state to submit entire neighborhoods for historic preservation review and receive the state’s preapproval for these requirements, according to county officials.</p>	
FEMA’s preliminary assessment of its existing authority to implement option	
<p>FEMA officials said the agency would likely need additional legislative authority for this option.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could allow communities to develop applications more quickly and FEMA to approve applications faster after a flood occurs. In turn, this could help reduce the likelihood of homeowner attrition from projects or avoid repairing a home with insurance claims or disaster assistance when it will subsequently be acquired with FEMA grant funding.</li> <li>• Could leverage existing planning by states and communities. For example, some states and communities would be ready to submit lists of properties to FEMA for preapproval.</li> <li>• Could encourage some states and communities to conduct more pre-disaster planning for acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li>• Preapproval could be difficult for certain requirements. For example, preapproving cost-effectiveness could be difficult because home values may change by the time a flood occurs.</li> <li>• Some homeowners and communities could be wary of participating in a preapproval process. For example, homeowners may not want to consider acquisition before a disaster.</li> <li>• Some states and communities might lack capacity to preapply or might not want to because of uncertainty about whether or when they would receive a FEMA grant.</li> <li>• FEMA would likely need additional capacity to implement this option, given the large number of properties that could be eligible for preapproval.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

**Table 4: Option to Streamline the Acquisition Process (Option B)**

Description of option	
<p>This option involves streamlining the acquisition process through either the existing Hazard Mitigation Assistance (HMA) programs or new programs and processes. Specifically, it could include streamlining the existing acquisition process, allowing the fast-tracking of certain acquisitions, or allowing communities to conduct acquisitions and apply for reimbursement. For example, a new fast-track process could be created through existing or new programs that could rapidly approve properties for acquisition and make funds available immediately after a disaster. Streamlining or developing a fast-track process could include one or more of the following approaches:</p> <ul style="list-style-type: none"> <li>• Waiving, eliminating, or simplifying certain FEMA requirements and reviews, such as environmental and historic preservation requirements. For example, a new fast-track process, program, or fund could have fewer or more flexible grant requirements than the current HMA programs, such as a program similar to FEMA's Public Assistance disaster program or a new fund that would not be tied to HMA requirements.</li> <li>• Preapproving properties for acquisition to streamline the HMA acquisition process or enable fast-track acquisitions. For example, funding could be made available immediately after a disaster and be used to acquire preapproved properties.</li> <li>• Providing incentives for states to prioritize and submit applications more quickly after disasters, such as easing requirements or reducing the nonfederal cost share if states submitted Hazard Mitigation Grant Program (HMGP) applications quickly, or accelerating the HMGP funding allocation process to increase states' certainty about mitigation funding levels at an earlier date. For example, FEMA could base final funding allocations on damage assessments made 6 months after a disaster, instead of at 12 months.</li> </ul> <p>Separately, a process could be developed to allow communities or nonprofits to conduct acquisitions and then receive reimbursement from FEMA, including by tying this process to preapproval of properties.</p> <p><u>Example of approach</u></p> <p>The acquisition program in Charlotte-Mecklenburg County, North Carolina, which has fewer requirements than HMA programs, can fund and conduct acquisitions in 2 to 4 months, according to a program official.</p>	
FEMA's preliminary assessment of its existing authority to implement option	
<p>FEMA officials said the agency would likely require additional authority to implement this option. For example, fast-tracking acquisition projects or creating a reimbursement process could require statutory changes. The officials also said FEMA would not have the authority to eliminate, reduce, or simplify certain requirements for acquisition projects because some of these requirements are set in statute.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Speeding up the acquisition process could make funding available to communities more quickly and help reduce the likelihood of homeowner attrition from projects or avoid homeowners repairing a home with insurance claims or disaster assistance when the home will subsequently be acquired with HMA funding.</li> <li>• Using a preapproval process to enable fast-track efforts could encourage more deliberate planning for acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li>• Streamlining only the FEMA review process may have limited effect because states can contribute to the length of the process, such as by taking up to 18 months to submit applications. Also, the time for states and communities to implement acquisitions after FEMA awards grants further contributes to the length of the process.</li> <li>• Some states or communities might not have the capacity to participate in fast-track acquisitions or submit applications to FEMA significantly faster. Fast-tracking could also lead to poor outcomes if there is not enough time for project planning.</li> <li>• Any potential negative effects of eliminating, waiving, or reducing environmental, historic preservation, or other requirements would need to be weighed against any potential benefits.</li> <li>• Communities could be wary of a reimbursement process out of concern they would not be reimbursed if they failed to meet requirements.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

**Table 5: Option to Provide Acquisition Funding Directly to Communities (Option C)**

<b>Description of option</b>	
<p>Communities could apply directly to FEMA Hazard Mitigation Assistance (HMA) programs instead of through their state. For example, this option could involve FEMA developing criteria to determine which communities would be eligible to apply to HMA programs directly, such as if a community has demonstrated it can manage HMA grant requirements without state assistance.</p>	
<b>FEMA's preliminary assessment of its existing authority to implement option</b>	
<p>FEMA would generally require additional authority to implement this option, according to FEMA officials. However, FEMA officials also said they are investigating allowing communities to be direct grantees and may have authority to implement this option for some HMA programs.</p>	
<b>Key potential benefits</b>	<b>Key potential limitations</b>
<ul style="list-style-type: none"> <li>• Could help streamline the acquisition process by making some state government administrative processes unnecessary.</li> <li>• Could be particularly effective for communities that already have the capacity to manage FEMA administrative requirements.</li> <li>• Could allow communities to access acquisition funding and meet homeowner needs in states that do not apply for acquisition funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Many communities might lack the capacity to be direct grantees and meet HMA grant requirements.</li> <li>• Removing states from the HMA grant process would remove important assistance they provide, such as helping ensure communities meet grant requirements, monitoring compliance with deed restrictions, and providing technical assistance.</li> <li>• FEMA is not set up for communities to be direct HMA grantees, and doing so could require increased capacity.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

**Table 6: Option to Provide Acquisition Funding through Federal Flood Insurance (Option D)**

Description of option	
<p>This option would involve allowing communities to acquire certain insured properties after repetitive flooding or substantial damage by using funding provided through the National Flood Insurance Program (NFIP) rather than by applying for a Hazard Mitigation Assistance (HMA) grant. Participating communities would receive the acquisition funds from NFIP if homeowners accept an acquisition offer instead of using claim payments for home repairs, and would acquire, own, and deed-restrict the land, which would be subject to open space requirements similar to those of HMA grants. NFIP acquisitions could be funded after flooding events by combining claim payments with policyholders' Increased Cost of Compliance (ICC) coverage or with funds directly from the National Flood Insurance Fund.<sup>a</sup> Implementing this option could also include one or more of the following:</p> <ul style="list-style-type: none"> <li>• Increasing the maximum ICC amount that policyholders could receive and applying it to an acquisition after flooding or making the ICC amount based on a certain percentage of the value of the property.</li> <li>• Prioritizing acquisition funding based on a property's risk or number of claims, such as severe repetitive loss properties or properties with an aggregate amount of claims that have reached or will reach the policy claim limit after a flood event.</li> <li>• Allowing for a preapproval process for certain properties or precontracting acquisition offers with homeowners. For example, policyholders with repetitive loss properties could voluntarily agree to accept an acquisition if the property becomes substantially damaged after a flood.</li> <li>• Developing an expedited acquisition process with fewer requirements than HMA grants, such as automatically providing an acquisition offer for certain properties at the point of claims adjustment.</li> </ul>	
FEMA's preliminary assessment of its existing authority to implement option	
<p>FEMA officials said this option could require additional authority from Congress, particularly with regard to using ICC coverage to fund acquisitions. Officials said they were working to better align Flood Mitigation Assistance grant opportunities with policyholder needs after floods, such as by providing acquisition funding to communities more quickly, but not necessarily directly through NFIP or by using claim payments.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could make acquisition funding available to homeowners and communities faster, such as through a simplified or expedited NFIP acquisition process with fewer requirements than HMA grants. This could increase homeowner willingness to participate.</li> <li>• Could leverage insurance claim payments as part of acquisition offers and avoid the duplicative expense of the homeowner repairing a home with insurance claims and then the community acquiring it at fair market value with HMA funding.</li> <li>• Could help reduce federal fiscal exposure by targeting repetitive loss properties for acquisition.</li> </ul>	<ul style="list-style-type: none"> <li>• Could require additional federal or nonfederal funding because combining the current \$30,000 maximum ICC payment with claims might not cover the cost of acquiring many properties.</li> <li>• Would be limited to NFIP policyholders, which could leave out many homeowners. As a result, this option could contribute to checkerboarding, which occurs when some homes are acquired in a neighborhood but others remain. This can make it difficult for communities to use open space effectively or avoid costs of providing services in areas with few remaining residents.</li> <li>• Would only be available to policyholders whose communities are willing and able to accept responsibility for facilitating the acquisition.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

<sup>a</sup>For most policies, NFIP offers ICC coverage, which provides up to \$30,000 in addition to any claim payment to help cover the cost of rebuilding the property to higher standards following a flood loss when a property is declared to be substantially or repetitively damaged. The National Flood Insurance Fund is the federal account that funds NFIP and Flood Mitigation Assistance grants.

**Table 7: Option to Enhance State and Local Capability to Conduct Acquisition Projects (Option E)**

Description of option	
<p>Generally, this option would involve enhancing state and community capability to plan, apply for funding, and implement acquisition projects under FEMA's Hazard Mitigation Assistance (HMA) programs. This option could include one or more of the following approaches:</p> <ul style="list-style-type: none"> <li>• Providing sustained funding for states, territories, or tribal governments to hire staff who would focus on mitigation planning, administering HMA grants, and providing technical assistance to communities. For example, a new mitigation capacity program could be similar to FEMA's Community Assistance Program—State Support Services Element.<sup>a</sup> Such a program could provide states with a baseline level of funding for mitigation activities, with additional funding available for states that (1) contribute their own resources to building their mitigation capacity or (2) achieve performance goals set by FEMA, such as working with lower-capacity communities. Funding for staff could also be available to communities.</li> <li>• Providing additional FEMA resources or technical assistance directly to communities to help them plan, apply for, or implement property acquisition projects. For example, FEMA could assign more staff to help communities prepare HMA grant applications, including for acquisitions, both before and after disasters or to offer technical assistance in implementing acquisition projects to communities with limited experience or staff. FEMA could also increase the number of staff that specialize in technical assistance for acquisition and mitigation projects, such as by creating an engineering specialty position for HMA programs.</li> <li>• FEMA could fund experienced state or local officials, acquisition practitioners, academics, or nonprofits to provide technical assistance to communities for all aspects of acquisition projects, particularly for communities that have lower capacity. Additionally, FEMA could allow nonprofits or communities that have demonstrated capacity to manage acquisition projects to apply for HMA grants and conduct acquisition projects on behalf of communities with limited capacity or experience.</li> </ul>	
FEMA's preliminary assessment of its existing authority to implement option	
<p>FEMA officials said the agency could take some measures to enhance technical assistance, but more extensive initiatives, such as creating a mitigation capacity program, would require additional authority. Officials also said that certain nonprofits can apply for Hazard Mitigation Grant Program (HMGP) grants under existing authority, but FEMA does not have authority to allow this for the other HMA programs. Officials also said that the existing authority for nonprofits to apply for HMGP funding could be expanded.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could increase the capacity of states or communities—particularly those with limited capacity—to pursue or manage acquisition projects.</li> <li>• Could help states provide greater attention to mitigation activities after disasters and help disadvantaged communities pursue acquisition and other mitigation activities.</li> <li>• Could enable states and communities to conduct acquisitions faster or better enable them to participate in any FEMA efforts to fast-track acquisition projects.</li> </ul>	<ul style="list-style-type: none"> <li>• FEMA's ability to implement this option could be limited by current staff or financial resource levels.</li> <li>• States do not always use existing FEMA technical assistance resources.</li> <li>• Views differ on the likely effectiveness of measures to build state and local capacity. For example, a program to fund state staff may be less effective if states do not also commit resources or if FEMA does not ensure program results. Additionally, the effectiveness of providing additional technical assistance through FEMA, nonprofits, or other practitioners could be uncertain.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

<sup>a</sup>Community Assistance Program—State Support Services Element provides funds for state floodplain management personnel to support FEMA's regional offices by monitoring and ensuring community compliance with National Flood Insurance Program requirements, among other things.

**Table 8: Option to Reduce Nonfederal Cost Share for Acquisitions (Option F)**

Description of option	
<p>Generally, this option could be implemented by eliminating or reducing the amount of funds a community or homeowner would have to provide to cover the nonfederal cost share for acquisitions. The cost share could be reduced for all acquisitions, or reductions could be targeted—for example, to low-to-moderate income communities or homeowners or to repetitive loss, severe repetitive loss, or substantially damaged properties. Additionally, any new or current reductions could be standardized across Hazard Mitigation Assistance (HMA) programs.<sup>a</sup> The following examples show how the cost share could be reduced or standardized:</p> <ul style="list-style-type: none"> <li>• Expanding community eligibility for the current cost share reduction allowed in the Building Resilient Infrastructure and Communities (BRIC) program or standardizing it across HMA programs. The current BRIC criteria restrict eligibility to rural communities with populations of 3,000 or fewer that meet income and unemployment rate thresholds. These criteria could be changed to allow more communities to qualify for the reduced cost share.</li> <li>• Applying cost share reductions that are currently available only in the Flood Mitigation Assistance (FMA) program across all HMA programs. FMA offers reduced cost shares for severe repetitive loss and repetitive loss properties and for homeowners based on social vulnerability and income.</li> <li>• Creating a cost share reduction for substantially damaged properties, which currently does not exist in any HMA programs.</li> </ul>	
FEMA's preliminary assessment of its existing authority to implement option	
<p>FEMA officials said that the nonfederal cost shares for HMA programs are set in statute and that legislative action would be necessary to authorize FEMA to reduce the nonfederal cost share for acquisition projects.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could help more communities or homeowners afford to pursue acquisitions because they would have to bear a lesser financial burden.</li> <li>• Could decrease participant attrition in communities that require participants to cover the cost share.</li> <li>• Could encourage more communities to use acquisition and facilitate acquiring the most flood-prone properties, such as repetitive loss or substantially damaged properties, which could help reduce federal fiscal exposure.</li> <li>• Standardizing cost share reductions across programs could simplify—and thus, potentially shorten—the application process for communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Reducing or eliminating the cost share could make it more difficult to ensure that states and communities have a stake in the success of acquisition projects, or that they bear some financial consequences or a share of the responsibility for development in flood-prone areas.</li> <li>• Could result in higher costs to the federal government for acquisition projects, or fewer acquisitions.</li> <li>• Even if reducing the cost share removes a financial barrier, some communities might still lack the capacity to apply for or manage an acquisition project.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

<sup>a</sup>Standardizing the cost share would involve applying any new or existing cost share reductions for acquisitions to all HMA programs. For example, BRIC has a reduced cost share for small and impoverished communities and FMA has a reduced cost share for repetitive loss properties and for homeowners based on social vulnerability and income, while the Hazard Mitigation Grant Program has no cost share reductions.

**Table 9: Option to Provide or Fund Relocation Advisory Services for Property Owners (Option G)**

Description of option	
<p>Generally, FEMA would provide, or fund communities to provide, relocation advisory services to help homeowners find replacement housing or otherwise assist them through the acquisition process. This option could involve providing services in one or more of the following ways:</p> <ul style="list-style-type: none"> <li>• A new FEMA program could be created or existing programs could be leveraged to provide relocation advisory services to homeowners. For example, FEMA’s Individual Assistance program could be expanded to provide relocation advisory services to homeowners participating in acquisitions, including helping participants to find and move into replacement housing in less flood-prone areas or linking participants to social service providers.<sup>a</sup></li> <li>• FEMA could fund communities through Hazard Mitigation Assistance grant awards to provide relocation services to homeowners (directly or by contracting with consultants or other service providers).</li> <li>• FEMA could coordinate local service providers—such as consultants, real estate service providers, nonprofits, or other service providers—to help communities provide homeowners with relocation services. FEMA could also develop standards or a certification for providers to ensure consistent services.</li> </ul> <p><i>Examples of approaches</i></p> <p>The acquisition program in Charlotte-Mecklenburg County, North Carolina, uses a consultant to serve as a case manager and provide relocation advisory services to participating homeowners, according to a program official. The acquisition program in Harris County, Texas, also provides homeowners with relocation services, which can include assigning case managers to help certain participating homeowners locate replacement homes, according to county officials. It can also offer legal assistance to homeowners with liens or credit issues, as part of these services.</p>	
FEMA’s preliminary assessment of its existing authority to implement option	
<p>FEMA officials said this option could require additional authority from Congress and that FEMA does not have authority to fund relocation advisory services to homeowners for voluntary acquisitions.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could enhance community capacity to help participants through the acquisition process or achieve better relocation outcomes by, for example, helping them find comparable housing or relocate to less flood-prone areas.</li> <li>• Could lead to more homeowners participating in acquisitions as a result of increased support for homeowners within the acquisition process.</li> </ul>	<ul style="list-style-type: none"> <li>• Would increase federal costs for acquisition projects, which could also affect the cost-effectiveness of projects.</li> <li>• Would require additional FEMA capacity and expertise for it to provide or coordinate services for homeowners.</li> <li>• Homeowners may have greater trust in local service providers than in FEMA, but not all communities may have qualified local providers available.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

<sup>a</sup>FEMA’s Individual Assistance program provides financial assistance directly to disaster victims to cover necessary expenses and serious needs that cannot be met through insurance or low-interest Small Business Administration loans. For example, FEMA may provide temporary housing assistance, counseling, unemployment compensation, or medical expenses incurred by individuals.



**Table 10: Option to Increase Acquisition Payments to Property Owners (Option H)**

Description of option	
<p>Generally, FEMA would provide homeowners financial assistance above the fair market value of their home. For example, FEMA could base purchase offers on the cost of comparable housing in less flood-prone areas, or it could provide supplemental and relocation assistance payments in addition to the purchase of the home. As a condition of accepting assistance, participants could be required to move to less flood-prone areas, such as outside the 100-year floodplain. This option could involve one or more of the following approaches:</p> <ul style="list-style-type: none"> <li>• Expanding eligibility and availability for FEMA’s existing provisions allowing certain participants to receive supplemental payments above fair market value.</li> <li>• Increasing the existing \$31,000 limit on FEMA supplemental payments to cover any difference between the fair market value purchase offer and the cost of comparable housing.</li> <li>• Using methods or factors in addition to fair market value to determine acquisition offers or assistance, such as the average cost per square foot of comparable housing in less flood-prone areas, or homeowner need, such as current mortgage balance.</li> <li>• Providing homeowners with additional assistance similar to benefits provided through the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), such as payments for relocation costs. Alternatively, FEMA’s Individual Assistance program, which provides assistance to disaster survivors to cover necessary expenses and serious needs, could be leveraged to provide financial assistance to homeowners for relocation costs.</li> </ul> <p><u>Example of approach</u></p> <p>An acquisition program in Austin, Texas, consistently provides additional assistance to participants based on URA benefits, including moving and closing costs and, in some cases, an uncapped replacement housing payment based on the difference between fair market value and comparable housing outside of the 100-year floodplain.</p>	
FEMA’s preliminary assessment of its existing authority to implement option	
<p>FEMA officials said the agency would likely need authority for some aspects of this option, such as providing relocation assistance payments, but may have authority to take other actions, such as increasing the cap on supplemental payments.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could enable more homeowners to relocate to comparable housing in less risky areas, while also reducing homeowner attrition in acquisition projects.</li> <li>• Could be targeted based on participants’ financial need.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased purchase prices could lead to increased federal costs or fewer acquisitions.</li> <li>• Basing payments on comparable housing could be challenging or complicated.</li> <li>• Increased cost could mean some properties no longer meet cost-effectiveness requirements.</li> <li>• Requirement that homeowners move to less flood-prone areas could face challenges. For example, homeowners may be resistant to FEMA requiring them to move to less risky areas and it could be difficult to monitor compliance.</li> <li>• May raise concerns about fairness, given that some homeowners would receive financial assistance above fair market value.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037



**Table 11: Option to Increase Incentives for Flood-Prone Communities to Mitigate Risk, Including through Use of Acquisition (Option I)**

Description of option	
<p>Increasing incentives for flood-prone communities to mitigate flood risk, including through acquisitions, could involve FEMA providing additional incentives to encourage communities to reduce high numbers of flood-prone properties and development in risky areas. For example, this could include one or more of the following approaches:</p> <ul style="list-style-type: none"> <li>• Providing positive incentives for conducting acquisitions, such as payments to communities to make up for loss of tax revenue from acquired properties, nonfederal cost share reductions, or additional Community Rating System benefits.<sup>a</sup> For example, FEMA could enhance existing benefits for creating open space through acquisitions.</li> <li>• Providing negative incentives, such as additional FEMA enforcement tools for floodplain management including penalties or fines for communities. Negative incentives could also include imposing additional requirements through the National Flood Insurance Program (NFIP) to encourage communities to mitigate highly flood-prone properties or reduce flood risk. For example, NFIP could require certain communities with high numbers of repetitive loss properties to take certain actions to mitigate such properties.</li> <li>• Focusing incentives on encouraging acquisition of the most risky flood-prone properties, such as those that incur the greatest costs to FEMA through insurance claims or disaster assistance.</li> </ul>	
FEMA's preliminary assessment of its existing authority to implement option	
<p>FEMA officials said that, generally, the agency would likely need additional authority to implement aspects of this option. However, officials said FEMA could potentially enhance current incentives under the Community Rating System, such as benefits communities receive for creating and preserving open space, under existing authority.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could encourage flood-prone communities to pursue acquisitions or other risk-reduction measures. Greater community participation, in turn, could allow homeowners in risky areas to access acquisition funding and help limit growth in the number of flood-prone properties over time.</li> <li>• Providing payments to make up for loss of tax revenue from acquired properties could address community financial challenges and encourage acquisitions.</li> <li>• Could help reduce federal fiscal exposure.</li> </ul>	<ul style="list-style-type: none"> <li>• Some communities do not have the capacity or resources to respond to incentives, which could limit the effectiveness of this option or penalize lower-capacity communities.</li> <li>• Negative incentives could face community opposition or could discourage communities from participating in FEMA programs.</li> <li>• A community's ability to reduce the number of risky properties through acquisitions may be limited by factors outside of its control, such as the voluntary nature of FEMA-funded acquisitions or limited funding for acquisitions.</li> <li>• Additional Community Rating System incentives alone could have limited effect, given that relatively few communities participate in the program.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

<sup>a</sup>The Community Rating System is a voluntary incentive program under NFIP that offers premium discounts to policyholders in communities that adopt floodplain management activities that exceed the minimum NFIP requirements. As of June 2021, about 1,500 out of about 22,500 NFIP communities participated in the program.

**Table 12: Option to Allow for Mandatory Acquisitions (Option J)**

Description of option	
<p>This option could involve allowing states and localities to use eminent domain for certain FEMA-funded acquisitions. For example, FEMA could develop a standardized mandatory acquisition process for communities in accordance with requirements such as those in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. These requirements could include that FEMA provide property owners with supplemental funding for comparable replacement housing, relocation assistance payments, and relocation advisory services.</p> <p><i>Examples of approaches</i></p> <p>The Department of Housing and Urban Development and the U.S. Army Corps of Engineers allow for the use of mandatory acquisitions by communities.</p>	
FEMA's preliminary assessment of its existing authority to implement option	
<p>FEMA officials said the agency would likely require additional authority from Congress for this option because the relevant statute governing FEMA-funded property acquisitions prohibits the use of eminent domain.</p>	
Key potential benefits	Key potential limitations
<ul style="list-style-type: none"> <li>• Could help communities avoid situations where some owners' disinterest in voluntary acquisition can result in mostly open spaces with a few remaining homes. Avoiding such situations can enable communities to use open space more effectively or avoid costs of providing services in areas with few remaining residents.</li> <li>• Could be a tool for FEMA to help enable state and local governments to conduct large-scale acquisition projects, such as managed retreat efforts, that may not be feasible through voluntary participation alone.<sup>a</sup></li> <li>• Could reduce federal fiscal exposure.</li> <li>• Could be used to prevent owners of high-risk properties from selling them to others.</li> </ul>	<ul style="list-style-type: none"> <li>• Could face significant opposition from homeowners, communities, or states. Allowing for mandatory acquisitions could also compromise or complicate FEMA voluntary acquisitions. For example, homeowners may reject voluntary acquisitions if they could receive more compensation or relocation benefits with mandatory acquisitions.</li> <li>• States and communities could be unlikely to use eminent domain for FEMA-funded acquisitions, even if allowed by FEMA. For example, communities may be wary of pursuing mandatory acquisitions because of political considerations or concerns about opposition from homeowners.</li> <li>• Could raise concerns that some communities might use mandatory acquisitions inequitably, such as acquiring homes in lower-income or minority neighborhoods.</li> <li>• Mandatory acquisitions that involve providing relocation benefits to property owners would lead to higher costs to FEMA than voluntary acquisitions that do not offer such benefits.</li> <li>• Could be more difficult to implement than voluntary acquisitions. For example, use of eminent domain could face legal challenges.</li> </ul>

Source: GAO analysis of literature and information from Federal Emergency Management Agency (FEMA) officials and other stakeholders. | GAO-22-106037

<sup>a</sup>Managed retreat refers to the gradual, controlled movement of a portion of a community's infrastructure, facilities, homes, or businesses away from areas experiencing severe climate change impacts, such as potential extreme rainfall and sea level rise. See GAO, *Climate Change: A Climate Migration Pilot Program Could Enhance the Nation's Resilience and Reduce Federal Fiscal Exposure*, [GAO-20-488](#) (Washington, D.C.: July 6, 2020).

# Appendix III: Comments from the Department of Homeland Security

U.S. Department of Homeland Security  
Washington, DC 20528



Homeland  
Security

August 22, 2022

Alicia Puente Cackley  
Director, Financial Markets and Community Investment  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Re: Management Response to Draft Reports GAO-22-104694 and GAO-22-106037,  
"FLOOD MITIGATION: Actions Needed to Improve Use of FEMA Property  
Acquisitions"

Dear Ms. Cackley:

Thank you for the opportunity to comment on these draft reports. The U.S. Department of Homeland Security (DHS or the Department) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing these reports.

DHS leadership is pleased to note GAO's recognition that the Federal Emergency Management Agency (FEMA) is considering several program improvements to address challenges that can discourage homeowner and community participation in the purchase of flood mitigation efforts, including streamlining the application process for communities by developing a uniform application for acquisition projects. DHS and FEMA remain committed to sustained action to reduce or eliminate long-term risk to people and property from the effects of natural hazards and preventing the associated cycle of damage, reconstruction, and repeated damage. State, local, tribal, and territorial partners play an important role in the administration of acquisition projects, and FEMA will continue to assist these partners in exploring creative and innovative ways to improve the administration and execution of such projects.

The draft reports each contained the same four recommendations, with which the Department concurs. Enclosed find our detailed response to each recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for GAO's consideration.

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**Appendix III: Comments from the Department  
of Homeland Security**

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again.

Sincerely,

**JIM H  
CRUMPACKER**

Digitally signed by JIM H  
CRUMPACKER  
Date: 2022.08.22 12:23:36 -0400

JIM H. CRUMPACKER, CIA, CFE  
Director  
Departmental GAO-OIG Liaison Office

Enclosure

**Enclosure: Management Response to Recommendations  
Contained in GAO-22-104694 and GAO-22-106037**

GAO recommended that the Deputy Associate Administrator of FEMA's Federal Insurance and Mitigation Administration (FIMA):

**Recommendation 1:** Collect property-level data on property acquisition project milestones across FEMA's hazard mitigation assistance grant programs—including the dates that properties are purchased and demolished. FEMA should use that information to support its efforts to reduce the overall length of the property acquisition process, such as by analyzing patterns to identify problems and promising practices and, over time, establishing metrics to encourage and track progress in shortening property acquisition time frames.

**Response:** Concur. FEMA's Hazard Mitigation Assistance Division (HMAD) currently collects some property-level information concerning acquisition projects, including the date that an acquisition payment was made to a homeowner, which is collected for Hazard Mitigation Grant Program (HMGP) acquisitions and tracked using the National Emergency Management Information System. The recipients and subrecipients for grants, as well as FEMA regions, are tasked with ensuring all appropriate information is updated during closeout, which consists of processing all remaining obligations of funds, among other steps. However, many FEMA regions collect and retain their information in paper/hardcopy. Consequently, although collecting additional property-level data, such as demolition date, would increase FEMA's ability to form connections and conclusions about acquisitions, this action may also require a Paperwork Reduction Act review to ensure any increase in burden to the public is accounted for.

Obtaining Office of Management and Budget (OMB) approval for an expanded information collection is estimated to take over six months, and internal FEMA reviews often take six additional months. The total process is estimated to take 12 to 15 months. In addition, property-level information may constitute personally identifiable information, so expanding collection of such information may need to involve a privacy analysis lead by the FEMA's Privacy Office, including confirming what is covered under the relevant System of Records Notice (SORN), to ensure compliance with the Privacy Act. This privacy review can be a highly variable process ranging anywhere from a few weeks to months. With FEMA's Grant Programs Directorate acting as development lead, various Hazard Mitigation Assistance (HMA) programs are currently migrating to a new record keeping platform, FEMA Grants Outcome (FEMA GO), for which development is ongoing. Once complete, FEMA GO may be able to capture these new data-points in a cohesive manner. HMGP currently plans to complete its migration by end of fiscal year (FY) 2023 and import legacy data by the end for FY 2025. Estimated Completion Date (ECD): September 30, 2025.

**Appendix III: Comments from the Department  
of Homeland Security**

**Recommendation 2:** Estimate the extent of participant attrition from property acquisition projects across FEMA's hazard mitigation assistance grant programs and use that information to help measure progress in addressing challenges that contribute to such attrition.

**Response:** Concur. FEMA's HMAD current data collection captures project-level property acquisition attrition rates. However, the programs do not collect information about why certain properties may drop out or change mitigation strategies. To address challenges and increase the rate of retention for properties undergoing acquisition, the programs may need to collect property-level information that tracks removal or recategorization of properties from the project in a standardized way. Nevertheless, this action would increase the reporting burden for the grant recipient and subrecipient, necessitating a change to the relevant information collection(s) to ensure compliance with the Paperwork Reduction Act, and as previously noted, obtaining OMB approval for an expanded information collection is estimated to take over six months.

In addition, if property-level information may constitute personally identifiable information, expanding collection of such information may need to involve a privacy analysis and confirmation of coverage under the relevant SORN. These efforts are also impacted by the migration of various HMA programs to FEMA GO, which may be able to capture these new data-points in a cohesive manner once migration is complete and legacy data is imported. ECD: September 30, 2025.

**Recommendation 3:** Define and report on additional measures, beyond cost-effectiveness, for assessing the outcomes and effects of using property acquisition to mitigate flood risk.

**Response:** Concur. FEMA will define additional measures for assessing the outcomes and effects of using property acquisitions to mitigate flood risk. Accordingly, in January 2022, HMGP formed an equity analysis team tasked with analyzing the HMGP and aligning it with broader strategies laid out by HMA, FIMA, and the Resilience Directorate. The team is analyzing program metrics to determine the extent to which we can measure equitable access to historical program funding, while also identifying data points which may be collected in the future to ensure proper program delivery, and HMGP anticipates completing this assessment by December 2022. Once the assessment is done, HMGP will consider establishing metrics to measure success in equitable program administration across all project types.

HMAD also currently utilizes Loss Avoidance Studies (LAS) to quantify the losses avoided (also known as damage prevented to benefits) due to the implementation of mitigation projects. In turn, this helps to demonstrate the long-term benefits and cost-effectiveness of mitigation projects for continued local and state support. A LAS is used to verify potential effectiveness and document economic performance of mitigation

projects by questioning how much damage could have occurred from an event if the mitigation project had not been in place. Further, a LAS provides comprehensive documentation of “losses avoided” (damages avoided or benefits) utilizing quantitative methods. These methods provide a reproducible and verifiable methodology that produces meaningful and defensible study results. For example, a LAS case study titled “Losses Avoided from Hurricane Harvey in Texas,”<sup>1</sup> conducted after the 2017 hurricane and updated on February 11, 2021, found that FEMA’s investment in Texas of \$205 million for acquisition and elevation of 1,618 properties in coastal areas avoided losses of more than \$330 million. ECD: August 31, 2023.

**Recommendation 4:** Evaluate the options for improving property acquisitions identified in this report and determine whether and how to implement one or more of them. If FEMA determines that it needs authority for actions it seeks to implement, it should request that authority from Congress.

**Response:** Concur. As part of ongoing continuous improvement efforts, FEMA will evaluate options for improving property acquisitions, such as by utilizing the continuous improvement process the HMA Division currently has in place that captures best practices and lessons learned, and identifies opportunities to improve mitigation grant programs. It is important to note, however, that many of the options identified in this GAO draft report include actions that FEMA already implements, or are otherwise already part of ongoing program improvement efforts. For example, various HMA programs address “Option E” by helping enhance state, local, tribal, and territorial capability through technical assistance, coordination with regional offices and subject matter experts, and training and outreach.

In fact, many of the options highlighted in the GAO’s draft report are already being addressed. For instance, to streamline the acquisition process, “Option B,” HMGP has recently produced a series of application support materials that provide step-by-step instructions on how to submit a complete and eligible application, intended for full release by the end of August 2022. These materials are tailored specifically to certain project types, including acquisition and demolition or acquisition and relocation, and include clearly presented summaries of all documentation needed per application, application examples, and job aids specific to technical information and environmental and historic preservation reviews.

Furthermore, to enhance state and local capability to conduct acquisition projects, “Option E,” HMGP initiated a seasonal webinar series on March 10, 2022, that provides in-depth information on several aspects of the program, such as, but not limited to: (1) how to apply; (2) eligible projects; (3) funding structures; (4) cost estimation; (5) benefit-cost analysis; (5) environmental and historic preservation review; and (6) nature-based

<sup>1</sup> <https://www.fema.gov/case-study/losses-avoided-hurricane-harvey-texas>



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**Appendix III: Comments from the Department  
of Homeland Security**

solutions. HMGP hosted four webinars in spring 2022 and plans on hosting two more sessions this fall. These sessions were recorded and are publicly posted on the HMGP site.<sup>2</sup>

However, it is also important to note that—although other efforts are ongoing— senior FEMA leadership believes it is premature to include these efforts in any analysis, since many are in the preliminary stages of concurrence. To address additional options, a more thorough analysis will be required and an action plan developed, as appropriate. ECD: August 31, 2023.

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<sup>2</sup> <https://www.fema.gov/grants/mitigation/hazard-mitigation/webinars>



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## Agency Comment Letter

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### Text of Appendix III: Comments from the Department of Homeland Security

August 22, 2022

Alicia Puente Cackley  
Director, Financial Markets and Community Investment  
U.S. Government Accountability Office 441 G Street, NW  
Washington, DC 20548

Re: Management Response to Draft Reports GAO-22-104694 and GAO-22-106037,  
“FLOOD MITIGATION: Actions Needed to Improve Use of FEMA Property  
Acquisitions”

Dear Ms. Cackley:

Thank you for the opportunity to comment on these draft reports. The U.S. Department of Homeland Security (DHS or the Department) appreciates the U.S. Government

Accountability Office’s (GAO) work in planning and conducting its review and issuing these reports.

DHS leadership is pleased to note GAO’s recognition that the Federal Emergency Management Agency (FEMA) is considering several program improvements to address challenges that can discourage homeowner and community participation in the purchase of flood mitigation efforts, including streamlining the application process for communities by developing a uniform application for acquisition projects. DHS and FEMA remain committed to sustained action to reduce or eliminate long-term risk to people and property from the effects of natural hazards and preventing the associated cycle of damage, reconstruction, and repeated damage. State, local, tribal, and territorial partners play an important role in the administration of acquisition projects, and FEMA will continue to assist these partners in exploring creative and innovative ways to improve the administration and execution of such projects.

The draft reports each contained the same four recommendations; with which the Department concurs. Enclosed find our detailed response to each recommendation.

DHS previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for GAO's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again.

Sincerely,

Jim H. Crumpacker, CIA, CFE  
Director  
Departmental GAO-OIG Liaison Office

Enclosure

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### Enclosure: Management Response to Recommendations Contained in GAO-22-104694 and GAO-22-106037

GAO recommended that the Deputy Associate Administrator of FEMA's Federal Insurance and Mitigation Administration (FIMA):

Recommendation 1: Collect property-level data on property acquisition project milestones across FEMA's hazard mitigation assistance grant programs—including the dates that properties are purchased and demolished. FEMA should use that information to support its efforts to reduce the overall length of the property acquisition process, such as by analyzing patterns to identify problems and promising practices and, over time, establishing metrics to encourage and track progress in shortening property acquisition time frames.

Response: Concur. FEMA's Hazard Mitigation Assistance Division (HMAD) currently collects some property-level information concerning acquisition projects, including the date that an acquisition payment was made to a homeowner, which is collected for Hazard Mitigation Grant Program (HMGP) acquisitions and tracked using the National Emergency Management Information System. The recipients and subrecipients for grants, as well as FEMA regions, are tasked with ensuring all appropriate information is updated during closeout, which consists of processing all remaining obligations of funds, among other steps. However, many FEMA regions collect and retain their information in paper/hardcopy. Consequently, although collecting additional property-level data, such

as demolition date, would increase FEMA's ability to form connections and conclusions about acquisitions, this action may also require a Paperwork Reduction Act review to ensure any increase in burden to the public is accounted for.

Obtaining Office of Management and Budget (OMB) approval for an expanded information collection is estimated to take over six months, and internal FEMA reviews often take six additional months. The total process is estimated to take 12 to 15 months. In addition, property-level information may constitute personally identifiable information, so expanding collection of such information may need to involve a privacy analysis lead by the FEMA's Privacy Office, including confirming what is covered under the relevant System of Records Notice (SORN), to ensure compliance with the Privacy Act. This privacy review can be a highly variable process ranging anywhere from a few weeks to months. With FEMA's Grant Programs Directorate acting as development lead, various Hazard Mitigation Assistance (HMA) programs are currently migrating to a new record keeping platform, FEMA Grants Outcome (FEMA GO), for which development is ongoing. Once complete, FEMA GO may be able to capture these new data-points in a cohesive manner. HMGP currently plans to complete its migration by end of fiscal year (FY) 2023 and import legacy data by the end for FY 2025. Estimated Completion Date (ECD): September 30, 2025.

Recommendation 2: Estimate the extent of participant attrition from property

acquisition projects across FEMA's hazard mitigation assistance grant programs and use that information to help measure progress in addressing challenges that contribute to such attrition.

Response: Concur. FEMA's HMA current data collection captures project-level property acquisition attrition rates. However, the programs do not collect information about why certain properties may drop out or change mitigation strategies. To address challenges and increase the rate of retention for properties undergoing acquisition, the programs may need to collect property-level information that tracks removal or recategorization of properties from the project in a standardized way. Nevertheless, this action would increase the reporting burden for the grant recipient and subrecipient, necessitating a change to the relevant information collection(s) to ensure compliance with the Paperwork Reduction Act, and as previously noted, obtaining OMB approval for an expanded information collection is estimated to take over six months.

In addition, if property-level information may constitute personally identifiable information, expanding collection of such information may need to involve a privacy analysis and confirmation of coverage under the relevant SORN. These efforts are also impacted by the migration of various HMA programs to FEMA GO, which may

be able to capture these new data-points in a cohesive manner once migration is complete and legacy data is imported. ECD: September 30, 2025.

Recommendation 3: Define and report on additional measures, beyond cost-effectiveness, for assessing the outcomes and effects of using property acquisition to mitigate flood risk.

Response: Concur. FEMA will define additional measures for assessing the outcomes and effects of using property acquisitions to mitigate flood risk. Accordingly, in January 2022, HMGP formed an equity analysis team tasked with analyzing the HMGP and aligning it with broader strategies laid out by HMA, FIMA, and the Resilience Directorate. The team is analyzing program metrics to determine the extent to which we can measure equitable access to historical program funding, while also identifying data points which may be collected in the future to ensure proper program delivery, and HMGP anticipates completing this assessment by December 2022. Once the assessment is done, HMGP will consider establishing metrics to measure success in equitable program administration across all project types.

HMAD also currently utilizes Loss Avoidance Studies (LAS) to quantify the losses avoided (also known as damage prevented to benefits) due to the implementation of mitigation projects. In turn, this helps to demonstrate the long-term benefits and cost-effectiveness of mitigation projects for continued local and state support. A LAS is used to verify potential effectiveness and document economic performance of mitigation projects by questioning how much damage could have occurred from an event if the mitigation project had not been in place. Further, a LAS provides comprehensive documentation of “losses avoided” (damages avoided or benefits) utilizing quantitative methods. These methods provide a reproducible and verifiable methodology that produces meaningful and defensible study results. For example, a LAS case study titled “Losses Avoided from Hurricane Harvey in Texas,”<sup>1</sup> conducted after the 2017 hurricane and updated on February 11, 2021, found that FEMA’s investment in Texas of \$205 million for acquisition and elevation of 1,618 properties in coastal areas avoided losses of more than \$330 million. ECD: August 31, 2023.

Recommendation 4: Evaluate the options for improving property acquisitions identified in this report and determine whether and how to implement one or more of them. If FEMA determines that it needs authority for actions it seeks to implement, it should request that authority from Congress.

Response: Concur. As part of ongoing continuous improvement efforts, FEMA will evaluate options for improving property acquisitions, such as by utilizing the continuous improvement process the HMA Division currently has in place that

captures best practices and lessons learned, and identifies opportunities to improve mitigation grant programs. It is important to note, however, that many of the options identified in this GAO draft report include actions that FEMA already implements, or are otherwise already part of ongoing program improvement efforts. For example, various HMA programs address “Option E” by helping enhance state, local, tribal, and territorial capability through technical assistance, coordination with regional offices and subject matter experts, and training and outreach.

In fact, many of the options highlighted in the GAO’s draft report are already being addressed. For instance, to streamline the acquisition process, “Option B,” HMGP has recently produced a series of application support materials that provide step-by-step instructions on how to submit a complete and eligible application, intended for full release by the end of August 2022. These materials are tailored specifically to certain project types, including acquisition and demolition or acquisition and relocation, and include clearly presented summaries of all documentation needed per application, application examples, and job aids specific to technical information and environmental and historic preservation reviews.

Furthermore, to enhance state and local capability to conduct acquisition projects, “Option E,” HMGP initiated a seasonal webinar series on March 10, 2022, that provides in-depth information on several aspects of the program, such as, but not limited to: (1) how to apply; (2) eligible projects; (3) funding structures; (4) cost estimation; (5) benefit- cost analysis; (5) environmental and historic preservation review; and (6) nature-based solutions. HMGP hosted four webinars in spring 2022 and plans on hosting two more sessions this fall. These sessions were recorded and are publicly posted on the HMGP site.<sup>2</sup>

However, it is also important to note that—although other efforts are ongoing—senior FEMA leadership believes it is premature to include these efforts in any analysis, since many are in the preliminary stages of concurrence. To address additional options, a more thorough analysis will be required and an action plan developed, as appropriate. ECD: August 31, 2023.

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Alicia Puente Cackley, (202) 512-8678 or [cackleya@gao.gov](mailto:cackleya@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Patrick Ward (Assistant Director), Julianne Dieterich (Analyst in Charge), William Chatlos, Lijia Guo, Elias Harpst, Latoya Hogg, Paulina Maqueda Escamilla, Jessica Sandler, Jennifer Schwartz, Jena Sinkfield, and Joe Thompson made key contributions to this report.

## Related GAO Products

*Disaster Recovery: Additional Actions Needed to Identify and Address Potential Recovery Barriers.* [GAO-22-104039](#). Washington, D.C.: December 15, 2021.

*FEMA Flood Maps: Better Planning and Analysis Needed to Address Current and Future Flood Hazards.* [GAO-22-104079](#). Washington, D.C.: October 25, 2021.

*National Flood Insurance Program: Congress Should Consider Updating the Mandatory Purchase Requirement.* [GAO-21-578](#). Washington, D.C.: July 30, 2021.

*High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas.* [GAO-21-119SP](#). Washington, D.C.: March 2, 2021.

*Disaster Resilience: FEMA Should Take Additional Steps to Streamline Hazard Mitigation Grants and Assess Program Effects.* [GAO-21-140](#). Washington, D.C.: February 2, 2021.

*Climate Change: A Climate Migration Pilot Program Could Enhance the Nation's Resilience and Reduce Federal Fiscal Exposure.* [GAO-20-488](#). Washington, D.C.: July 6, 2020.

*National Flood Insurance Program: Fiscal Exposure Persists Despite Property Acquisitions.* [GAO-20-508](#). Washington, D.C.: June 25, 2020.

*National Flood Insurance Program: Fiscal Exposure Persists Despite Property Acquisitions.* [GAO-20-509](#). Washington, D.C.: June 25, 2020.

*National Flood Insurance Program: FEMA Can Improve Community Oversight and Data Sharing.* [GAO-20-396](#). Washington, D.C.: May 5, 2020.

*Disaster Resilience Framework: Principles for Analyzing Federal Efforts to Facilitate and Promote Resilience to Natural Disasters.* [GAO-20-100SP](#). Washington, D.C.: October 23, 2019.

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**Related GAO Products**

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*Flood Insurance: Comprehensive Reform Could Improve Solvency and Enhance Resilience.* [GAO-17-425](#). Washington, D.C.: April 27, 2017.



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Washington, DC 20548

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## Strategic Planning and External Liaison

Stephen J. Sanford, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707  
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