2019 CDBG-DR TULSA COUNTY VOLUNTARY BUYOUT PROGRAM GUIDELINES

Tulsa County, Oklahoma

MARCH 1, 2023

TULSA COUNTY

UPDATED NOVEMBER 2024

Table of Contents

Introduction

Accessibility Statement from Tulsa County

Tulsa County is committed to making its electronic and information technologies accessible to individuals with disabilities in accordance with both Section 508 of the Rehabilitation Act (29 U.S.C. 794d), as well as Oklahoma's Oklahoma Electronic and Information Technology Accessibility law, or EITA.

The County posts many documents to our websites in Adobe PDF format to provide enhanced document features and preserve design. The ability to open PDF documents is built into most popular web browsers and Adobe Reader is provided for free by Adobe at adobe.com.

Staff Contacts for Questions, Comments, or Assistance

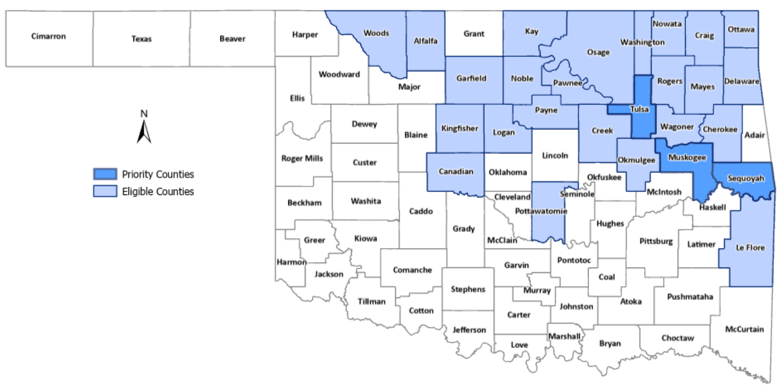
Tulsa County in partnership with Meshek & Associates are managing this Voluntary Buyout Program. Please contact either Joe Kralicek with Tulsa County or Meshek & Associates if you have any questions, comments, or if in need of assistance for disability accommodation, translation, or interpretation services. The agency contacts for this 2019 CDBG-DR Voluntary Buyout Program Guidelines are:

Joe Kralicek | Emergency Manager Tulsa County jkralicek@tulsacounty.org	**Audrey Fincannon** | Project Manager Meshek & Associates, LLC afincannon@meshekengr.com

Background to the 2019 CDBG-DR Grant Program

Oklahoma experienced severe storms from May 7, 2019, through June 9, 2019. These storms brought straight-line winds, tornadoes, and significant flooding to several communities throughout the state.

Due to the extensive damage to housing and infrastructure from these storms, an allocation notice was issued by the United States Department of Housing and Urban Development (HUD) in Federal Register Notice 85 FR 4681. This Federal Register Notice states that the State of Oklahoma is eligible to receive an allocation of $36,353,000 in disaster recovery funds for necessary expenses for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et. Seq.) to address long-term recovery needs, particularly in the area of housing recovery that focuses on low and moderate-income beneficiaries. Per the Federal Register Notice, the only areas in which the funding can be expended lie in Presidentially Declared Disaster areas of the state occurring during the incident period (May 7, 2019, to June 9, 2019) as defined under the applicable Disaster Declaration 4438. Within these eligible areas, the Federal Register Notice requires that a minimum of $29,082,000, or 80% of the total State's $36,353,000 CDBG-DR funding allocation, must be expended on CDBG eligible disaster related activities in Muskogee, Tulsa, and Sequoyah counties (see map below). These funds are managed and awarded by the Oklahoma Department of Commerce (ODOC).



As such, Tulsa County applied to ODOC for the maximum award amount of $14,750,00 to offer a Voluntary Buyout Program to disaster impacted and at-risk structures within Tulsa County. On December 6, 2022, Tulsa County received a letter, awarding Tulsa County the full amount of the request, $14,750,000 for project DR-2019-TUSA CO -00023 with a period of performance from December 6, 2022 through December 5, 2026. The following program guidelines outline how Tulsa County will operate this Voluntary Buyout Program. Program Guidelines allow applicants to understand the process and the steps necessary for participation. Guidelines will be reviewed frequently and updated as necessary. In addition to these program specific guidelines, Tulsa County will comply with the State of Oklahoma's 2019 CDBG-DR Voluntary Buyout Program Guidelines, and CDBG Disaster Recovery Policies and Procedures Manual: Sub-recipient Grant Management Guide, to ensure compliance with all State and Federal regulations relevant to this program.

Tulsa County's 2019 CDBG-DR Voluntary Buyout Program Guidelines

Overview of the Voluntary Buyout Program

The 2019 CDBG-DR Voluntary Buyout Program (VBP) is intended to help eligible Tulsa County residents relocate from the 100-year floodplain, floodway, or Disaster Risk Reduction Areas (DRRA). The goal of this program is to voluntarily purchase such properties and convert them to open space, green space, recreational grounds, or floodplain management areas. Properties purchased with CDBG-DR funds shall be deed-restricted to remain as green space, recreational space, or floodplain management areas in **perpetuity**. Residential, commercial, or industrial development on properties acquired through the Voluntary Buyout Program is prohibited.

CDBG-DR funded projects are subject to both the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. part 4601, as amended (URA). The federal regulations in 49 CFR Part 24 establish the requirements to implement the URA to provide for the uniform and equitable treatment of persons displaced from their homes, businesses, or farms as a result of acquisition, rehabilitation, or demolition of real property for any phase of a federal or federally funded project. The URA also establishes equitable land acquisition policies. The 2019 CDBG-DR Policies and Procedures includes more explanation on following URA requirements (https://www.okcommerce.gov/reporting-compliance/cdbg-disaster-recovery-2019-2/). The HUD Handbook 1378 provides thorough guidance on real property acquisition under the URA (https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/13780).

Tulsa County is acting as a subrecipient of ODOC, and as such serves as the HUD designated “Responsible Entity” for this program. Eligible applicant households will be referred to as “Beneficiaries” and are the property owners that apply for services from Tulsa County.

The intent of this program is meant to support Low-to-Moderate-Income (LMI) persons to relocate outside of the 100-year floodplain, floodway, or Disaster Risk Reduction Area (DRRA). Under circumstances explained in these guidelines, the program may also serve non LMI property owners in target areas in an effort to reduce future harm caused by repeat flooding events. All individuals may receive an incentive to participate in this program and the Fair Market Value (FMV) of their property. LMI individuals may also be eligible to receive an additional relocation incentive for participating in this program that includes either homeowner assistance or rental assistance.

Tulsa County is designated as a HUD Most Impacted and Distressed (MID) Area, and all expenditures in the county will assist the State in meeting their overall 80% MID expenditure goal for CDBG-DR funds and towards meeting the overall 70% LMI expenditure requirement.

Tulsa County has established phased eligibility and expenditure targets in a manner that breaks down how many awards to property owners are meeting one of two HUD National Objectives:

(1) Low-to-Moderate Income (LMHI); or
(2) Urgent Need (UN) – upon prior approval from ODOC.

Homes located in the 100-year floodplain, floodway, or the DRRA are not considered occupiable because of the present risk to life and property and are also not suitable for repair using 2019 CDBG-DR funds. Therefore, these structures will not be replaced one-for-one under the Section 104(d) waiver that has been issued for this disaster. For more details, see the 2019 CDBG-DR Action Plan on the Oklahoma Department of Commerce’s webpage.

Please note that all awards are subject to the Robert T. Stafford Act, requiring that all funds used for same disaster-related purpose must be deducted as a duplication of benefits. Per the 2019 Duplication of Benefits (DOB) Notice (84

FRN 28836), funds for rehabilitation are not considered as serving the same purpose as funds for purchase of the impacted property.

Goals of the Voluntary Buyout Program

Tulsa County has the following goals for this program:

1. Reduce the impact of future flooding disasters in the 100-year floodplain, floodway, and DRRA.
2. Reduce the financial impact on federal, state, and local government from future flooding disasters.
3. Buying out repetitive loss properties that were damaged and are vulnerable to flooding, while promoting the purchase of safe replacement housing outside of the floodplain.
4. Assist low-to-moderate income (LMI) households as top priority. LMI households will be prioritized over urgent need households. Proof of income will be requested to determine income level.
5. Assist homes that are at risk of becoming condemned due to unsafe conditions.

Eligibility Requirements

Potential beneficiaries are property owners who can apply to the VBP through Tulsa County. The following property and property owner conditions must be met in order to qualify for the VBP:

1. The property must be located in Tulsa County (a DR-4438 eligible county).
2. The property must be located within either the 100-year floodplain or floodway per the most current Federal Emergency Management Agency (FEMA) flood maps; or within the DRRA, as defined later in this document.
3. In the State of Oklahoma, a manufactured housing unit (MHU) located on land owned by the owner of the manufactured home is listed and assessed as real property in the county in which it is located. A MHU located on land not owned by the owner of the MHU is assessed as personal property in the county in which it is located.

   a. In the event that an individual that owns an MHU but does not own the land beneath their MHU and the owner of the land does not want to participate in the program, the MHU owner cannot participate in the buyout program since CDBG-DR cannot be used to purchase personal property but can receive relocation assistance.
   b. If an individual owns an MHU but does not own the land beneath their MHU and the owner of the land does not want to participate in the program, the MHU owner cannot receive a buyout or incentives since CDBG-DR cannot be used to purchase personal property.
      i. Sometimes, a MHU may need to be repaired before it can safely be relocated out of the floodplain or DRRA. MHU are eligible for rehabilitation. However, the MHU to be rehabilitated must be no more than 10 years old at the time of assistance and no more than $10,000 in hard and soft construction costs can be used to rehabilitate an MHU. The MHU must meet HQS upon completion. MHU rehabilitation costs that exceed $10,000 will require reconstruction. Reconstruction of MHUs will consist of replacing the MHU with another MHU.
   c. If the owner of a Manufactured Home Park (also known as a Mobile Home Park) chooses to participate in the Voluntary Buyout Program, all MHU owners in the park will be eligible for relocation assistance under the URA, including the actual reasonable costs associated with moving the MHU and its contents
4. Property that was used for housing at the time of the disaster, as indicated by a housing structure located on the property at the time of the disaster, is eligible. Homes that are uninhabitable or were demolished after the disaster, but still legally owned by the beneficiary will qualify. Properties that were vacant land before the disaster are eligible for a buyout award based on FMV but will not be eligible for the housing incentives regardless of income.
5. The beneficiary must either be:
   a. Low-to-Moderate income household as defined in the State's 2019 CDBG-DR Action Plan; or
   b. A non-LMI property owner. Non-LMI property owners may participate but can only access the participation incentive if

property is a primary residence for the owner or tenants or was at the time of the disaster (limited cases and with written approval by ODOC).

6. The property owner(s) must demonstrate a clear title of the housing structure and property. Failure to provide this information will result in VBP ineligibility.
7. Exceptions to title: If a person on the title is not a member of the household for the purposes of income and eligibility, a notarized memo stating this must be provided in the case file.

Beneficiary Prioritization

Within the Voluntary Buyout Target Areas, as described in these guidelines, the following priorities will be used in approving applications submitted by Eligible Beneficiaries:

1. Low-to-moderate-income owner-occupied households located within the 100-year floodplain;

2. Tenant occupied but owned by Low-to-moderate-income owner located within the 100-year floodplain;

3. Low-to-moderate-income owned, either owner-occupied or tenant-occupied, located within the DRRA (500-year floodplain);

4. Urgent Need (over-income) owned, either owner-occupied or tenant-occupied, located within the 100-year floodplain;

5. Urgent Need (over-income) owned, either owner-occupied or tenant-occupied, located within the DRRA (500-year floodplain);

6. Pre-disaster vacant land.

Awards to Participants

Incentive to Participate

Tulsa County will offer a one-time incentive to all participants in the amount of $5,000 per participating household. This will be an allowable expense for all individuals that participate in the VBP regardless of income. Participants will need to confirm that they will or do reside outside of the floodplain

Property Valuation and Purchase Price

In accordance with the State's Voluntary Buyout Program Policies, Tulsa County has the discretion to determine the appropriate valuation method, including paying either pre-disaster or post-disaster fair market value (FMV). Tulsa County is committed to providing a value that is equitable and commensurate. In most cases, a program that provides pre-disaster FMV to beneficiaries provides compensation at a greater amount than the post-disaster FMV; however, due to the significant time since the disaster event and the current housing market along with other economic factors, some properties may require a post-disaster FMV to provide the greatest compensation. Tulsa County will initially establish FMV based on pre-disaster value. Pre-Disaster FMV will be documented by a qualified appraiser under the assumption of no disaster damage to the property, using standard appraisal practices. The property owner can choose to be present during the appraisal process and this choice will be documented by Tulsa County.

The FMV is determined through a market appraisal or through a waiver valuation, in accordance with the following process:

1. Before entering negotiations of the real property to be acquired, Tulsa County will establish the assessed value of the property as determined by the County Assessor's Office that was in effect on May 1, 2019 (pre-disaster) to determine the appropriate valuation method:
    a. If the assessed value if effect was more than $10,000, an appraisal is used to determine the purchase price.
    b. If the assessed value was less than $10,000, the waiver valuation method is used to determine the purchase price.
2. Once the valuation method is established, the County, working with a qualified appraiser, will provide the necessary documentation to establish FMV.

Appraisal Method

If a home is valued at or over $10,000 pre-disaster, as defined by the county assessor's office, the FMV is established by an appraisal based on pre-disaster condition (meaning the appraiser will not consider any disaster damage conditions in the appraisal) and confirmed by a review appraisal.

The appraisal will meet all requirements and standards set forth at 49 CFR 24.103. Tulsa County will order an appraisal from a Residential Appraiser licensed to perform appraisals in the State of Oklahoma. The appraiser's qualifications will be consistent with the scope of work called for in the assignment. Before approving an appraiser to perform any appraisals for the program, the program will review the experience, education, training, certification, licensing, designation(s) and other qualifications of the appraiser, and any review appraiser, and be satisfied with his or her ability to perform the services in the appraisal scope of work. Neither the appraiser nor the review appraiser shall have any interest, direct or indirect, in the target property being valued by the appraisal being performed. The property owner can choose to be present during the appraisal process and this choice will be documented by Tulsa County.

If the property owner objects to the appraised amount, they may get an additional appraisal based on the same pre-disaster assumptions of the property at their own expense. The buyout amount will then be the average of the initial appraisal and the appraisal paid for by the property owner.

Waiver Valuation Method (If a property was assessed at less than $10,000)

If a property was assessed at less than $10,000, as defined by the county assessor's office, an appraisal is unnecessary as the valuation is uncomplicated.

Qualifications: In order to ensure adequate cost-benefit and just compensation to the property owner, the waiver valuation must be completed by someone with sufficient understanding of the local real estate market to be qualified to make such a determination. Tulsa County will engage knowledgeable staff or an outside party, such as a licensed real estate agent or Broker, to conduct the valuation.

Documentation: The waiver valuation must include 2-4 comparable sales to support the estimated value and an inspection of the property to be valued. Sales information may come from public records, the assessor's office, the property owner, or other publicly available data. In addition, the following must be included in the waiver valuation file:

- Describe why the acquisition is considered uncomplicated.
- Provide an explanation of how the value was developed;
- Identify sources interviewed and where data was obtained; and
- Provide an opinion of the final value, along with a brief explanation of the rationale or justification.

Alternative: If the property owner objects to the waiver valuation, the county will conduct an appraisal.

Relocation Incentives (If applicable)

VBP seeks to provide additional support to LMI beneficiaries who are relocating to an area of reduced risk as a result of the buyout. VBP provides two options to support LMI beneficiaries establish housing in areas of reduced risk; one for beneficiaries who will purchase homes, and one for beneficiaries who will rent. In some very specific household situations, it may be appropriate that the property owner participating in the buyout cannot maintain the long term cost of owning a home and for their personal situation, renting is the most viable option.

To receive either relocation inventive, LMI beneficiaries are **required** to meet with a HUD-approved Housing Counselor to ensure they understand available housing opportunities, current housing costs, financial requirements to purchase and maintain a home. The housing counselor will analyze the household's finances and help determine how much the beneficiary can afford to spend on a new home. Housing counselors will recommend homeownership or rental for each beneficiary.

Homeownership Incentive

The Homeownership Incentive will fill the gap between what a beneficiary can sustainably afford for replacement comparable housing and the currently available housing on the open market. To provide incentives that are equitable and consistent, the County will use an approach similar to that of other relocations under the federal URA, utilizing the study of comparable decent, safe and sanitary houses to develop a maximum home value for a relocation home. This incentive will utilize the calculations below and be capped in accordance with the State's VBP Guidelines where maximum assistance is calculated by the Median Home Value understood to be the Median Sales Price ($288,500 for Tulsa County according to Greater Tulsa Area Realtor (GTRA) Monthly Sales Statistics for June 2024) minus the beneficiary's contribution and any applicable duplication of benefits (DOB) equals the maximum relocation assistance amount.

The Median Sales Price will be assessed annually when the June Monthly Statistics report is published by the GTAR and Tulsa County will increase the Median Sales Price, when necessary, as this is a program cap and not the sole basis for award, this value will not decrease over the duration of the program.

The comparable housing reports used to establish comparable housing value by bedroom size will be reviewed annually by the program to ensure that the comparable housing reports remain consistent with available decent, safe, and sanitary housing. If reports are out of line with comparable housing value (if the GTAR has increased more than 2.5%), the program will generate current comparable housing studies by bedroom size.

The County has established three primary calculations to establish this incentive based on household information and current financial status.

<u>Calculation 1: Participants without a Current Mortgage</u>

- Tulsa County uses Comparable home study based on applicant's household size and needs to develop the comparable home amount (Comp Amount).
- Tulsa County uses appraisal to establish Fair Market Value.
- Buyout Proceeds Amount is determined by subtracting any existing liens from the Fair Market Value.
- Comp Amount – Buyout Proceeds Amount & DOB = Max. Incentive (equal to or less than Median Sales Price) Maximum Incentive = Comparable home amount – Buyout Proceeds – DOB
- Actual House – Buyout Proceeds Amount & DOB = Actual Incentive Payment (must be below established Max.)
- Example Calculation:
    - Seller receives $60,000 for acquisition.
    - Comp Amount = $130,000.
    - Max Incentive is $130,000 - $60,000 = $70,000
    - Seller identifies a house that costs $110,000
    - Actual Incentive is $110,000 - $60,000 = $50,000 provided at closing.

Participants without a current mortgage but not interested in or not able to acquire a replacement home will be eligible to participate in the rental housing incentive outlined below.

<u>Calculation 2: Participants with a Current Mortgage</u>

- Tulsa County uses Comparative Study based on applicant's household size and needs
- Tulsa County uses appraisal to establish Fair Market Value.

- Program team will document current loan terms, current monthly payment, and pay-off amount.
- Buyout Proceeds Amount is determined by subtracting mortgage and any existing liens from the Fair Market Value.
- Offer pays off existing mortgage – balance paid to owner for use in replacement housing purchase
- Establish Relocation Affordability: Applicant will meet with HUD Certified Housing Counselor to establish affordability terms based on debt & income, the loan principal, interest, taxes, property insurance, and association fees(PITIA) shall not to exceed 30% of monthly income. The Housing Counselor will set a maximum monthly payment amount to ensure households are not burdened by housing costs. Households with existing mortgages will be expected to take on the same value of debt they held on their buyout property, as such the original loan terms will be used to establish the Program Required Mortgage Amount, which will be the value based on the lesser of the current mortgage payments and the Housing Counselor established maximum monthly payment amount.
- Established Max. Incentive: Comp Study Amount minus Buyout Proceeds & DOB minus Program Required Mortgage Amount equals Maximum Incentive (equal to or less than Median Sales Price)
- Actual Incentive: Replacement House Purchase Amount minus Buyout Proceeds & DOB minus Program Required Mortgage Amount equals Actual Incentive Payment (below established max incentive)
- Example Calculation:
    - Seller receives $60,000 for acquisition (of which $50,000 pays off existing mortgage and $10,000 is Buyout Proceeds).
    - Comparable Amount = $130,000.
    - Counselor establishes monthly affordability terms.
    - Program determines participant can manage a $60,000 loan based on affordability terms and current interest rates, however the program sets the Program Required Mortgage at $40,00 to mirror the prior loan.
    - Maximum Incentive is $130,000 - $40,000 - $10,000 = $80,000
    - Seller identifies a house that costs $125,000
    - Actual Incentive is $125,000 - $40,000 - $10,000 = $75,000 provided at closing.

If mortgage circumstances change between the calculation of the maximum award and the sale date, the applicant may request a recalculation based on the applicable mortgage status, however this recalculation will not increase the award above the initial maximum award amount.

Participants with a current mortgage but either 1) a household annual income of less than $15,000, 2) not interested in obtaining financing, or 3) not able to obtain financing, will be eligible to participate in the rental housing incentive outlined below. Assistance must be placed in escrow for the closing sale of the new home and shall not be paid a directly to the beneficiary. If the beneficiary has already closed on a new home, the homeownership incentive can be provided directly to the beneficiary in conjunction with the buyout, so long as evidence of ownership of the new residence has been provided to the county.

Rental Assistance Incentive

If a VBP beneficiary (owner of the buyout parcel) is eligible to receive rental assistance, as determined by Tulsa County the beneficiary may receive differential rental payments (the difference between the market rent for the current location and what the participant will need to pay in rent at a new location), for up to 42 months in an affordable housing unit.

All applicants eligible for Relocation Incentive will meet with a HUD Certified Housing Counselor and a replacement home study to establish a maximum incentive, as noted above. If the applicant is interested in a rental incentive, the Program will include the Fair Market Rent (FMR) in the Appraisal. The applicant will identify a relocation rental unit. The county will calculate the difference between the FMR of the buyout property and the relocation rental unit. The difference between the two will be calculated as monthly payments for up to 42 months, not to exceed the maximum incentive.

<u>Calculation 3: Participants Moving to Rental</u>

Note: Existing tenants displaced through a voluntary buyout are assisted under URA rules and requirements. The Rental Assistance incentive is for owners who receive a buyout and then become renters of a new residence.

- Tulsa County uses Comp Study based on applicant's household size and needs
- Offer pays off existing mortgage, if applicable – balance paid to owner
- Meet with HUD Certified Housing Counselor to establish affordability terms based on debt & income, the loan principal, interest, taxes,

property insurance and association fees (PITIA) shall not to exceed 30% of monthly income. The Housing Counselor shall establish maximum monthly payment/loan amount.

- Comparative Study Amount – Buyout Proceeds & DOB – Loan Amount = Maximum Incentive (equal to or less than Median Sales Price).
- Appraisal establishes FMR of current home.
- Applicant identifies new rental unit.
- Rental incentive equals the difference between appraised rental unit and new unit for up to 42 months, not to exceed the maximum incentive amount.
- Example Calculation:
    - Seller receives $60,000 for acquisition (of which $50,000 pays off existing mortgage and $10,000 is Buyout Proceeds).
    - Comparable Amount = $100,000.
    - Counselor establishes monthly affordability terms.
    - Program determines participant can manage a $50,000 loan based on affordability terms and current interest rates
    - Maximum Incentive is $100,000 - $50,000 - $10,000 = $40,000
    - Appraisal documents rental value of existing home is $400 per month
    - The Applicant identifies a new rental unit that costs $1000 per month.
    - Rental incentive is $600 x 42 = $25,200 (this is less than the $40,000 max incentive)

The County will work with their local housing authority to ensure that beneficiaries that are eligible to receive a Section 8 housing voucher are given the opportunity to do so. Beneficiaries that receive a permanent Section 8 housing voucher should not receive the monthly payments of rental assistance unless the voucher amount plus the previous amount of monthly rent they paid does not exceed the new current rental amount after relocation. If vouchers are not available or there is an extensive waitlist, benefits will be calculated without a voucher.

Reconsideration of Appraisal Method

If a beneficiary is not eligible to participate in the Relocation Incentives and can document through current county assessor data that the pre-disaster appraisal is not commensurate with current values, the County may provide a current appraisal (post-disaster condition) where the appraiser will evaluate the property in the current condition. This appraisal must meet all of the same qualifications and requirements mentioned above and be confirmed by a review appraisal. The County will then offer the higher of the two appraisals for acquisition amount. This reconsideration is only offered on a case-by-case basis and must be approved by the county.

Award Eligibility

Incentive to Participate	All beneficiaries are eligible.
Fair Market Value (FMV) of Property	All beneficiaries are eligible.
Relocation Incentives Homeownership Assistance Rental Assistance	**Only available to LMI persons** who also receive a buyout and must meet with a HUD-approved Housing Counselor.

Additional Relocation Assistance Requirements

Any beneficiaries receiving relocation assistance in the form of down payment assistance or rental assistance that are not subject to the requirements by the URA can only receive such assistance if relocating within the following states to areas of reduced risk due to cost reasonableness and current FMV of housing units in neighboring states (limited exceptions may apply):

1. Oklahoma;
2. Arkansas;
3. Kansas; or
4. Missouri.

FMA Grant Award

In order to leverage the impact of this program Tulsa County identified three repetitive loss properties located within the DRRA, that would qualify for FEMA's Flood Mitigation Assistance (FMA) grant program. This program requires a local match to fund the acquisition. As provided by the HCDA, CDBG-DR funds may be used to satisfy a match requirement, share, or contribution for any other Federal program when used to carry out an eligible CDBG–DR activity. This includes programs or activities administered by FEMA who approved Tulsa County's FMA application in the fall of 2024.

Of these properties, two applicants are classified as Low-to-Moderate Income (LMI), while the third applicant is categorized as Urgent Need. These applicants will undergo the standard processing protocol, which includes HUD housing counseling, appraisals, appraisal reviews, benefits calculation, and title commitment, akin to other applicants.

To ensure accurate tracking of program funds for these applicants, a table will be established to document their calculated benefits under CDBG, subsequently reducing the award amount by the FMA grant allocation.

In addition, deed restrictions for these properties must be filed in accordance with the standard FEMA process, distinguishing them from other deed restrictions filed for different properties. These deed restrictions are required to undergo review and approval by the Oklahoma's Office of Emergency Management (OEM).

Tulsa County has identified local funds currently on deposit within their accounts. These local funds will be utilized for the expenditures for the FMA grant program. Once fully reimbursed by FEMA, these local match funds will be subsequently transferred back to their original accounts. Tulsa County will take steps to ensure that funds from each Federal grant program will be kept separate and reported under each unique CFDA number.

Beneficiaries who purchased the property after the date of disaster

Post flood owners may receive an offer to purchase the property. In specific cases, the following may apply:

- Banks that have been deeded the property on a post flood basis will be considered urgent need sellers and subject to ODOC approval.
- Properties that are in the process of foreclosure but not yet foreclosed on, the pre-flood owner can receive an award based on the FMV of the property and coordinate participation in the program with the foreclosing bank.
- Properties under a contract seller/buyer agreement must include both owners as co-applicants to the program. The FMV process will proceed as noted in this guideline, however the distribution of funds upon closing will be negotiated between the contract buyer and seller through the title clearance process.
- Properties currently under trusts, probates, and living wills receive an offer based on the fair market value as if the pre-flood owner is

participating and subject to a duplication of benefits review. This is the same amount that the trust/probate would have received had the creation of the trust/probate been after the owner themselves signed all the documents necessary to participate in the buyout.

- If a non-profit has received the property by donation on a post flood basis, they are limited to the fair market value.
- If the property has been acquired by a bankruptcy trustee, the bankruptcy trustee provides the valuation documentation that was used to value the property at the time of bankruptcy. The award amount is limited to the FMV. Or alternatively, if the property is being held in trust with the homeowner remaining the current deed holder, documentation must be provided to demonstrate that the property is still deeded to the homeowner but held in trust. If documentation is provided, the file receives an award based on the FMV of the property.

National Objectives

The primary focus of CDBG-DR funding is to help communities recover from disasters. In order for communities to be eligible for funding, HUD requires that ***every*** CDBG-DR funded activity qualify as meeting a national objective. Tulsa County will ensure that each buyout meets one of the following National Objectives for the VBP:

1. Low-to-Moderate Income (direct benefit) –if the household to be assisted is Low-to-Moderate Income; or
2. Urgent Need (direct benefit) – if the activity addresses the serious threat to community welfare following the disaster and the household assisted is above 80% AMI. Urgent Need should be used to inform the Disaster Risk Reduction Area. Use of Urgent Need requires written request by Tulsa County to ODOC prior to award.

In order of priority, the County will primarily seek to qualify properties in the following National Objectives:

Low-Moderate Housing Incentive (LMHI)	Household based tracking. LMI Household receives buyout, participation incentive, and housing incentive. Household must acquire replacement housing.
Urgent Need (UN)	Household based tracking. Urgent Need Household receives buyout and participation incentive, but no requirement to ensure household finds replacement housing.

Direct Benefit

As part of the application process, the property owner must provide documentation of household income to Tulsa County. The county verifies income and whether the beneficiary meets the Low-to-Moderate Income or Urgent Need National Objective. The beneficiary's national objective is the same for all activities associated with the beneficiary's parcel (acquisition, clearance and demolition, housing incentive). Beneficiary files will contain documentation of all of the aforementioned information.

Activity Types in DRGR	National Objective: Urgent Need	National Objective: Low-to-Moderate Income
Acquisition-buyout of residential property	X	X
Clearance and Demolition	X	X
Participation Invective	X	X
Housing Incentive	N/A	X

VBTA and DRRA

VBTA

Tulsa County has identified the Voluntary Buyout Target Area (VBTA) as the 100-year floodplain (NFHL 1% Annual Chance Flood Hazard) within Tulsa County. This includes areas primary along the Arkansas River and its tributaries as it bisects the county as well Bird and Horsepen Creeks to the north. This target area was established based on the significant impact to properties located within the 100-year floodplain during the 2019 Disaster event. As noted in the CDBG-DR Action Plan, Tulsa County has the highest number of dwelling structures with repetitive loses since 1978, at 224 structures, 3 of which were impacted during DR-4438. By prioritizing the removal of structures in the 100-year floodplain the county will decrease future repetitive losses and mitigate future disaster events.

DRRA

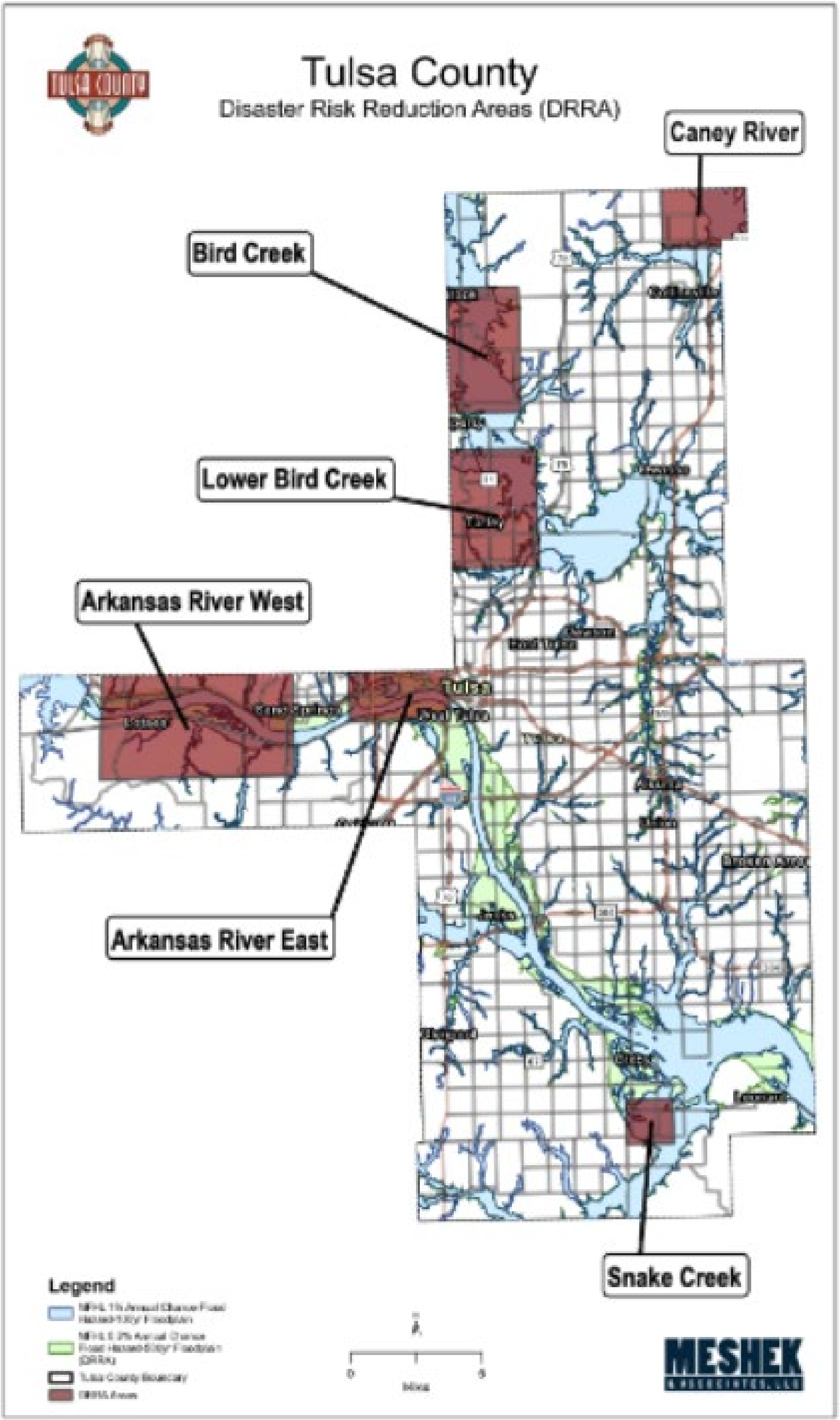
Tulsa County will utilize a Disaster Risk Reduction Area for acquisitions that are necessary for the health and safety of residents to be offered a buyout option but is currently outside the 100-year floodplain. A disaster risk reduction area (DRRA) must adhere to the following criteria to be used for buyout programs:

1. The hazard must have been caused or exacerbated by the presidentially declared disaster for which the grantee is receiving it's CDBG-DR allocation.
2. The hazard must be a predictable environmental threat to the safety and wellbeing of program beneficiaries using the latest data and science such as FEMA repetitive flood loss data.
3. The disaster risk reduction area must be clearly delineated so that HUD and the public know exactly which properties are located within the designated area.

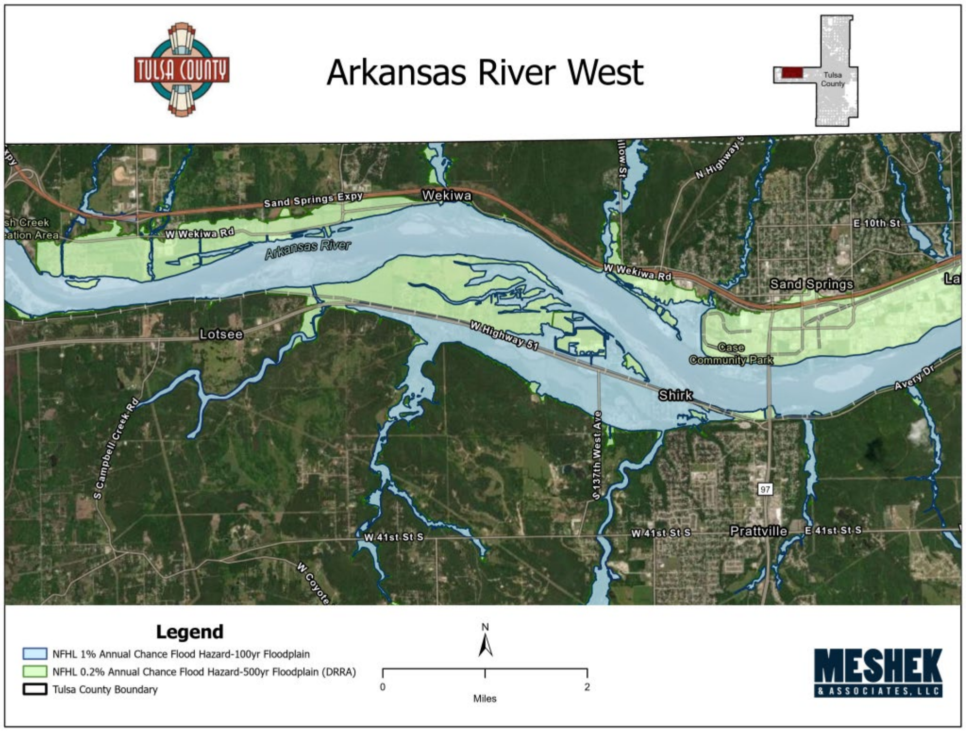
Tulsa County has determined the DRRA to be any structures located with the 500-year flood plain (NFHL 0.2% Annual Chance Flood Hazard Area). This determination was made by assessing damage from DR-4438 and the following criteria:

- If these homes were damaged during the DR-4438 disaster
- If their property was encroached during that disaster
- If adjacent properties were impacted and inclusion will minimize checkerboard buyout patterns
- To allows for greater citizen participation and supports overall risk reduction in targeted areas, consistent with prior impacts and projected risks

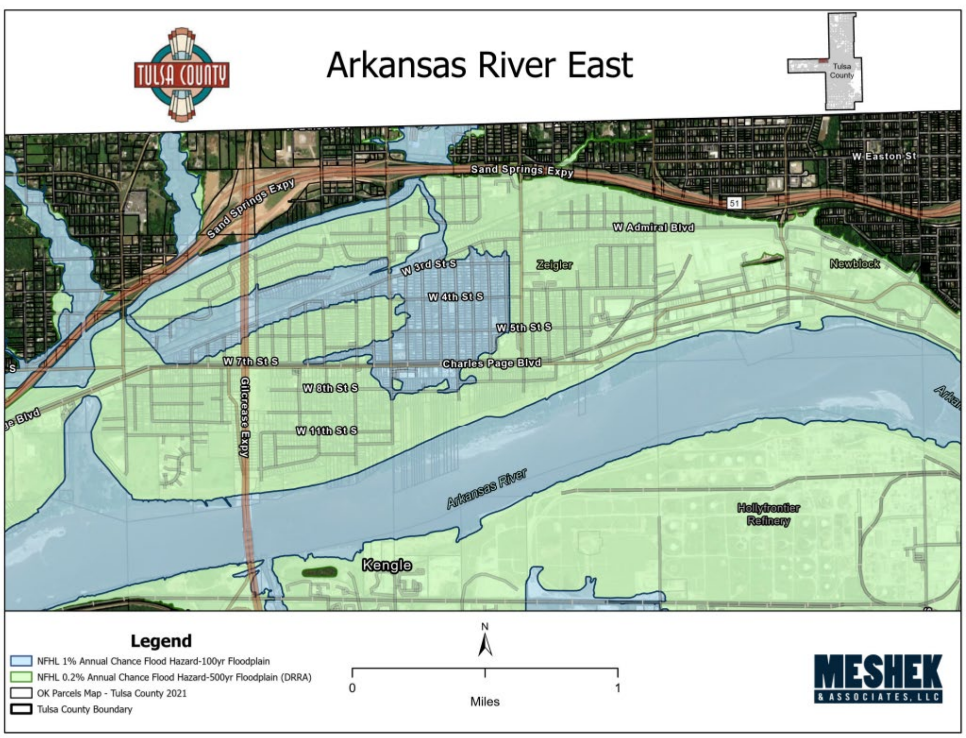
  Eligible Areas:
  For both the VBTA and the DRRA, Tulsa County has identified six delineated geographic areas for initial program eligibility. These areas are: Arkansas River West, Arkansas River East, Caney River, Snake Creek Bird Creek, and Lower Bird Creek. Within each of these areas, the VBTA is designated by the 100-year floodplain and the DRRA by the 500-year floodplain.


Tulsa County
Disaster Risk Reduction Areas (DRRA)
Caney River
Bird Creek
Lower Bird Creek
Arkansas River West
Tulsa
Arkansas River East
Snake Creek
Legend
MESHEK

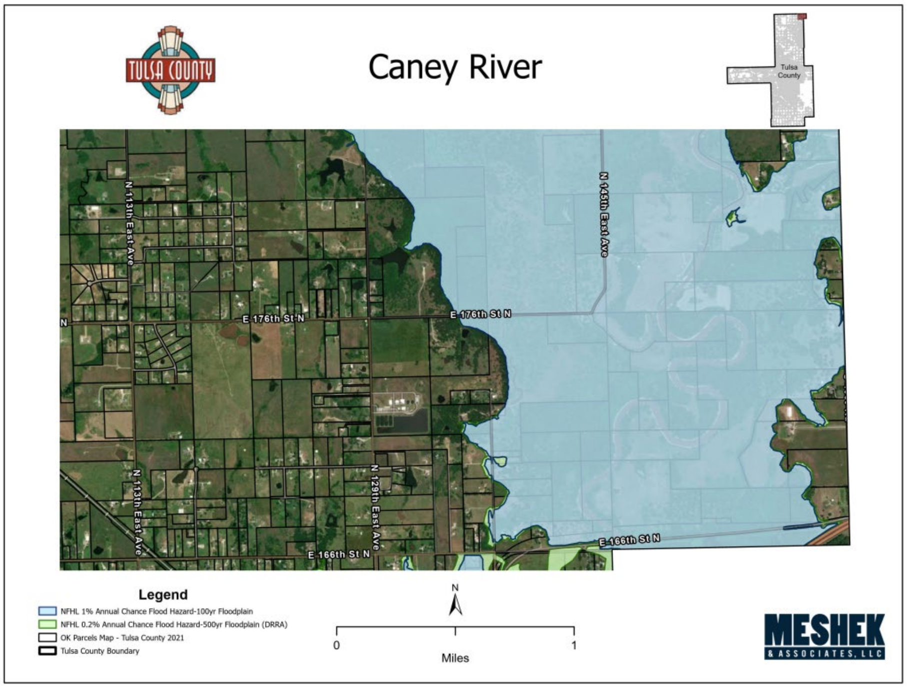
Arkansas River West:



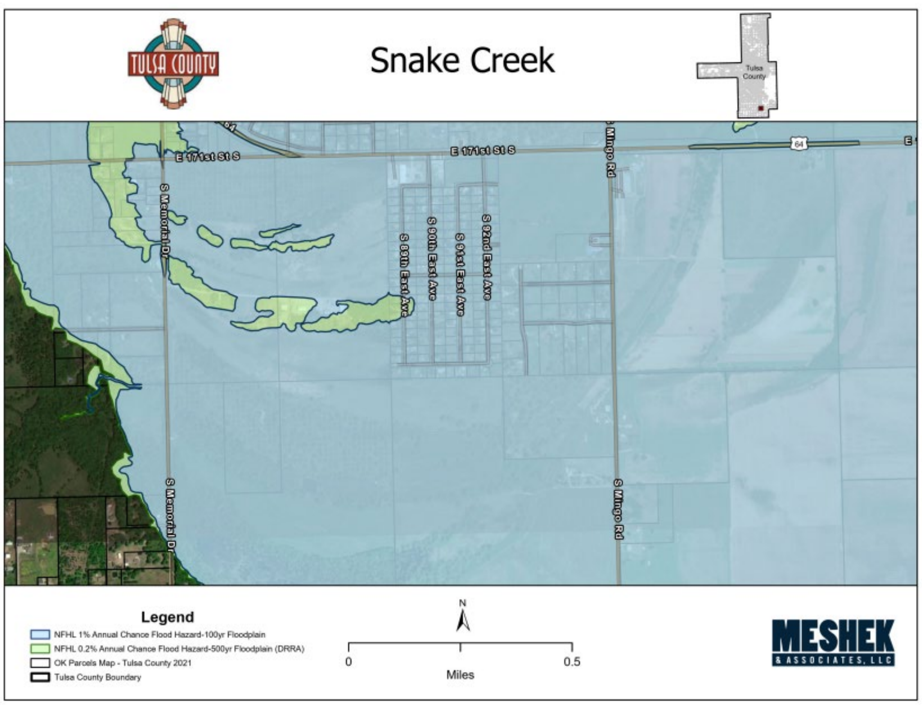
Arkansas River East:



Caney River



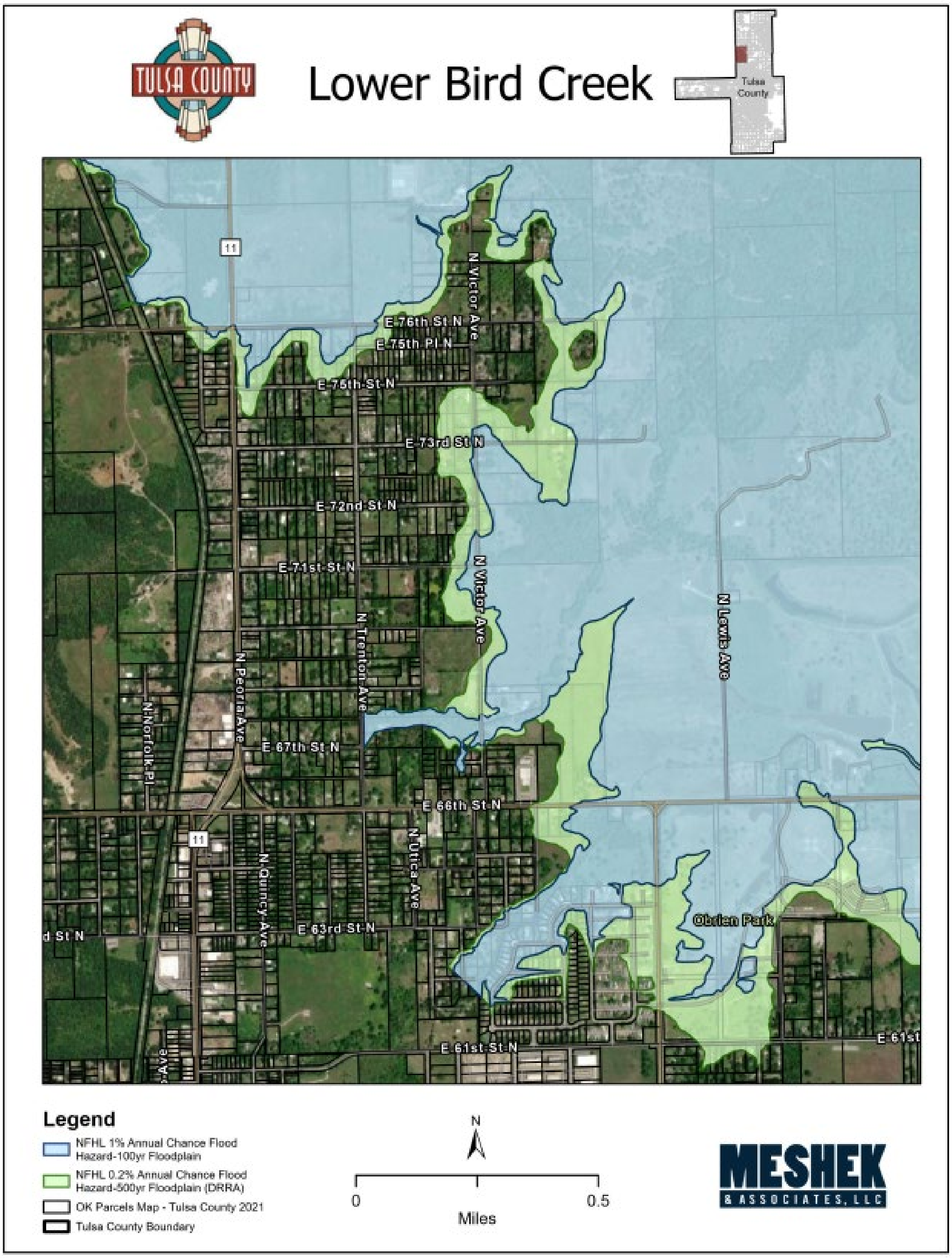
Snake Creek:



Bird Creek:

Bird Creek
Tulsa County
Kiatook
E 146th St N
E Pine St
E Ash St
E 136th St N
Cedar Crest Golf Course
11
20
E 126th St N
E 121st St N
N Cincinnati Ave
N Lewis Ave
N Harvard Ave
E 116th St N
N Peoria Ave
E 106th St N
Legend
NFHL 1% Annual Chance Flood Hazard-100yr Floodplain
NFHL 0.2% Annual Chance Flood Hazard-500yr Floodplain (DRRA)
OK Parcels Map - Tulsa County 2021
Tulsa County Boundary
N
0
1
Miles
MESHEK
& ASSOCIATES, LLC

Lower Bird Creek:



Checkerboarding

Tulsa County will take thoughtful steps to avoid checkerboarding acquisitions, by utilizing GIS mapping, communication about land use and utilities, along with eligible incentives, to encourage targeted participation. To the maximum extent practicable, the county will seek to avoid circumstances in which parcels that could not be acquired through a buyout remain alongside parcels that have been acquired through the grantee's buyout program. However, the County understands that voluntary buyouts, by their very nature, are a program that will become more successful over many years.

Allowable Costs

Tulsa County can use CDBG-DR funds to cover several different eligible costs. The county will adhere to procurement and financial management requirements, including establishing that all costs are necessary and reasonable to implement the activity, as described in the 2019 CDBG-DR Policies and Procedures Manual. Eligible program costs include the following:

1. Buyout Program Participation Incentive Amount;
2. Fair Market Value of Property;
3. Relocation Incentives (Down payment assistance or Rental assistance);
4. Grant Management Services
5. Legal services;
6. Title services: I accordance with item #6 of the Eligibility Requirements of this document, applicants must demonstrate a clear title, therefore, all costs associated with title curative requirements, will be at the expense of the owner and can be deducted from proceeds;
7. Appraisals or Formal Opinions by Real Estate Agents;
8. Environmental Review and Inspections;
9. Outreach and Case Management;
10. Housing Counseling Services (must be HUD-approved);

11. Uniform Relocation Act (URA) required assistance (Only applicable to tenants in rental households);

12. Pre-demolition expenses such as board-up and mowing to keep properties safe and secure prior to demolition.

13. Demolition and Clearance.

14. Final disposition

Project Delivery

The County will be contracting the work to deliver and complete the project. Such contracted work is necessary because the subrecipient doesn't have the full capacity and expertise to deliver the buyout program to the potential beneficiaries in a timely manner. Activities that are eligible as project delivery include but is not limited to:

- Project Reporting & Financial Database
- Coordinating with HUD/ODOC/ Housing Counselors/ URA
- Coordinating with other subconsultants
- IRWA certified acquisition agents will provide the following acquisition services:
- Assist property owners in the application process and completing the required documents for the program
- Contacting and meeting with property owners and tenants
- Preparing offer packets and coordinating with County to finalize
- Meeting with landowners to present offer and explain process
- Facilitate ESA and ACM testing and coordination with landowner
- Facilitate title opinion.
- Develop Clean and Clear Reports, including:
  - Notify Tulsa County of all scheduled walk throughs,
  - complete a clean/clear walk through of the property ensuring all personal belongings have been removed,
  - confirm all utility accounts have been terminated,

    - photograph property prior to acquisition.
    - Submit final report to Tulsa County.

    Note: If the property is unsafe for full inspection - document the limitations of the review and existing conditions safely and include in report.

- Coordinate and prepare for closing
- Attend closing
- Securing the property, mowing, and board up prior to demolition, as needed.
- Coordinate demolition and verify demolition
- Confirm deed restrictions filed
- Keep Contact logs of all contacts and property related activity

IRWA certified relocation agents will provide the following relocation services:

- Following the URA
- Conduct initial interview to learn the household composition and replacement property needs
- Search for adequate replacement properties and provide referrals to displacees
- (Tenants will require a specific Replacement Housing Study) to determine replacement housing payment needed to relocate - will establish benefit amount)
- Conduct Decent, Safe & Sanitary (DSS) inspections and floodplain verifications to ensure replacement property meets requirements
- Provide advisory assistance, including referrals to replacement properties, and other programs that may be available to them, help in filing payment claims, and other necessary assistance to help the displaced person successfully relocate.
- Keep Contact logs of all contacts and property/tenant related activity

Program Participation Process

Tulsa County Board of County Commissioners will approve Program Guidelines and launch program applications on or around March 6, 2023. Applications will be available both on-line through Tulsa County, and through in-person intake with Meshek and Associates. Owners of properties located with the eligible VBTA and DRRA will apply to Tulsa County for participation in this program. The following steps will be processed in this order for a typical application. All actions noted for Tulsa County will be performed by the County or their representatives:

- Owner will submit application to Tulsa County. Application includes but is not limited to:
    - Property Address
    - Household Income Statement (used to determine appropriate National Objective and incentive eligibility).
    - Duplication of Benefits Form
    - Subrogation Agreement
- Tulsa County will set up a time for an intake specialist to meet with applicant to collect supporting documentation and finalize application (typically within 10 days of submitting an application).
- Tulsa County will review and verify applicant information and eligibility including income verification
- Tulsa County will establish FMV. The property owner will have the choice to be present during the appraisal and this choice will be documented by Tulsa County.
- Tulsa County presents offer to owner; owner has 30-days to respond
- Owner's eligible for Housing Relocation Incentive must meet with a HUD Certified Housing Counselor to determine relocation cost feasibility (in coordination with Tulsa County)
- Tulsa County determines maximum eligible FMV and incentive award
- Tulsa County conducts a DOB assessment and determine Maximum Award
- Tulsa County legal review for clear title
- Tulsa County schedules closing for acquisition
- Program team completes a clean/clear walk through of the property ensuring all personal belongings have been removed, all utility accounts have been terminated, and photographs are taken prior to acquisition.

- Tulsa County acquires property based on established FMV
- Tulsa County files a restrictive covenant on the parcel to limit any future development
- Tulsa County demolishes all structures on acquired parcel within a reasonable amount of time
- Tulsa County works with eligible owners regarding relocation incentive – incentives are paid in accordance with this guidance.

Deadline for Voluntary Buyout Program

Tulsa County will open the Voluntary Buyout Program in the first quarter of 2023. All applications will be processed based on the priorities noted above and applications will be received on a rolling bases until all funds have been expended, or one year prior to the end of the period of performance of the grant issued by ODOC to Tulsa County.

Appeals Process

Appeals for Homeowner-Applicants:

If an applicant disagrees with the determination of the grantee (or the ODOC) concerning the applicant's eligibility for, or the amount of the award (duplication of benefits reductions, and relocation incentive calculations), the applicant may file a written appeal of that determination with Tulsa County.

All appeals can be submitted to Tulsa County's Floodplain Officer serving as the Appeals Officer for this program. Applicants wishing to submit an appeal should do the following:

- Submit written appeal and supporting documentation within 60 days of determination to Appeals Officer Teresa Tosh (ttosh@tulsacounty.org) and copy Jade Shain (jade.shain@okcommerce.gov)
- Appeals Officer will receive and review appeals.
- Appeals Officer will determine if the claim is:
    - Returned to program for reconsideration, or
    - Confirm program's determinations.
- Appeals Officer's determination is submitted to BOCC for review and approval as an agenda item. BOCC's Approval of the Appeals Officer's determination is final.
- Appellant is notified in writing of the determination after BOCC approval.

As noted above in the Appraisal Method section of these guidelines, if the property owner objects to the FMV based upon the appraised amount secured by the County, they may get an additional appraisal based on the same pre-disaster assumptions of the property at their own expense. The buyout amount will then be the average of the FMV from the initial appraisal, and the appraisal paid for by the property owner.

All buyouts are voluntary, and therefore applicants may withdraw at any time prior to closing.

Appeals for Displaced Tenants:

If a tenant disagrees with the determination made by Tulsa County concerning the person's eligibility for, or the amount of relocation assistance, the displaced tenant may file a written appeal for that determination with the State (ODOC).

Actions that may be appealed include:

- Determination as a “displaced person;”
- The amount of relocation benefit provided,
- Comparable housing units offered,
- Failure to inspect replacement unit in a timely manner, and
- Failure to meet time deadlines for filing a claim for relocation benefits.

The appeal procedures to be followed are described in 49 CFR 24.10. In addition, a low- or moderate-income household that has been displaced from a dwelling may file a written request for review of the grantee's decision to the HUD Field Office. For purposes of the State CDBG program, a low- or moderate-income household may file a written request for review of the state recipient's decision with the ODOC:

Jade Shain Programs Manager
Community Development (CDBG-DR)
Oklahoma Department of Commerce
jade.shain@okcommerce.gov

1. ODOC will review all appeals in less than 21 business days.

2. There is a time limit for initiating an appeal. The time limit shall be 61 days after the applicant receives written notification of the ODOC's determination on the tenants' claim.

3. Applicants have a right to legal representation at their own expense.

4. ODOC shall permit an applicant to inspect and copy all materials pertinent to his or her appeal, except materials which are classified as confidential by ODOC. ODOC may, however, impose reasonable conditions on the person's right to inspect, consistent with applicable laws.

5. In deciding on an appeal, ODOC shall consider all pertinent justification and other material submitted by the person, and all other available information that is needed to ensure a fair and full review of the appeal.

6. Promptly after receipt of all information submitted by a person in support of an appeal, ODOC shall make a written determination on the appeal, including an explanation of the basis on which the decision was made, and furnish the applicant a copy. If the full relief requested is not granted, ODOC shall advise the person of his or her right to seek judicial review of the Agency decision.

7. The ODOC official conducting the review of the appeal shall be Executive Director of the Oklahoma Department of Commerce or his or her authorized designee. However, the official shall not have been directly involved in the action being appealed.

Environmental Requirements for CDBG funding

Tulsa County will follow all CDBG environmental regulations prior to receiving Release of Funds/Authorization to Use Grant Funds. This will include a Tier I Environmental Assessment of the overall Tulsa County area, followed by individual Tier II reviews of each property being considered for acquisition and will take into consideration the effect of this buyout and subsequent demolition on environmental and cultural resources, including but not limited to: historic preservation, endangered species, floodplain management, and wetland protection. Additional information on CDBG environmental regulations can be found in 24 CFR Part 58. For more information, refer to the Policies and Procedures (PnP) Manual (Section III. Requirement No. 403 Environmental Review) supplied by the Oklahoma Department of Commerce. The demolition contractor must adhere to all federal, state, and local laws pertaining to the safe demolition and disposal of materials.

Duplication of Benefits Process

Tulsa County will conduct a duplication of benefits (DOB) check for each eligible property owner (as provided by the Robert T. Stafford Act) prior to providing the funding necessary to acquire the property.

A DOB occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance.

Under HUD's DOB Notice, (84 FRN 28836), purchase funds do not duplicate rehabilitation funds. However, 2 CFR Part 200, Subpart E, requires all Federal funds to be used for costs that are "necessary and reasonable." As a result, the DOB analysis for a buyout must consider any FEMA, SBA, insurance or any benefits provided as compensation for damage to structures. The county will consider the necessary reasonable analysis to determine if this compensation will be deducted from the buyout award, in order to prevent an unnecessary windfall to the beneficiary.

The County will submit to ODOC all information provided by the applicant for the calculation and verification of the Award, based on DOB. ODOC will use the best most recent available data from FEMA, insurers, and other sources of local, State and Federal sources of funding to prevent DOB prior to an award of CDBG-DR assistance. ODOC will generate a DOB calculation and award notification for the County to provide to the applicant with the offer to purchase.

Uniform Relocation Assistance

Because of the voluntary nature of acquisition, property owners are not eligible for relocation assistance under the Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act. However, displaced tenants (occupants present at the date of the disaster and/or "initiation of negotiations") are entitled to assistance under the URA. The county will have policies in place to adhere to URA guidelines if the displacement of renters occurs due to the VBP. The following requirements, as outlined by the URA should be met if tenants are displaced:

1. Tenants must be provided relocation advisory services;

2. Tenants must be provided a minimum of 90 days written notice to vacate the property prior to the county requiring possession;
3. Tenants must be reimbursed for moving expenses; and
4. Tenants must be provided payments for the added cost of renting or purchasing comparable replacement housing.

As referenced in the Overview section of this document, the VBP still follows URA for voluntary acquisitions. In addition to treating tenants in a fair, consistent, and equitable manner, the purpose of the URA ensures:

- Owners of real property acquired for federal and federally assisted projects are treated fairly and consistently.
- Acquiring authorities implement these regulations in an efficient and cost-effective manner.

Fire, Police and Public Safety Testing Sites

Tulsa County will allow local fire and police departments to utilize properties acquired through the Voluntary Buyout Program for testing and training purposes. These properties can be used for a short period, not exceeding 60 days from the date of acquisition. This initiative aims to provide valuable training opportunities for public safety personnel while ensuring the properties are put to good use before their final disposition.

To ensure transparency and community involvement, Tulsa County will conduct outreach and communication efforts with the neighborhood. This will include:

- Informing residents about the temporary use of properties for public safety testing.
- Providing details on the timeframe and nature of the activities.
- Addressing any concerns or questions from the community.

To address the community's concerns, Tulsa County will:

- Hold informational meetings to explain the purpose and benefits of the testing activities.
- Provide contact information for residents to reach out with questions or concerns.
- Ensure that all activities are conducted safely and with minimal disruption to the neighborhood.

- Monitor and respond to any feedback or issues raised by the community promptly.

Former property owners will be notified about the temporary use of their former properties for public safety testing. Despite this temporary use, the demolition of the properties is still anticipated to occur within 90 days of acquisition.

Maintenance, Disposition, and Final Use of Land

Once a property has been purchased within the 100-year floodplain, floodway, or VBTA/DRRA with CDBG-DR funds, the space must remain as open greenspace and retained by the Tulsa County or another entity that the county has sold the property to. The property will be deed-restricted to remain green space, recreational, or a floodplain management area in perpetuity. Residential, commercial, or industrial development on properties acquired is prohibited. Property can be used as:

- Public Parks or Parklets;
- Hunting areas;
- Recreational sports grounds;
- Farmland (pasture and crops only);
- Walking or Biking Trails;
- Conservation Space; or
- Green Infrastructure such as Berms, Retention/Detention Ponds, Drainage Improvements, etc.

The following requirements apply to a secondary real estate transaction of the properties:

1. The property may be donated to another public or non-profit entity
2. The property may be sold or leased to a private individual or entity for the Current Fair Market Value, as determined through an appraisal.
    a. If the property is sold or leased at an amount below the Current Fair Market Value, the county must provide written justification to support the transaction as necessary and reasonable.
    b. All proceeds from the secondary transaction are subject to the Program Income requirements established in the 2019 CDBG-DR Policies and Procedures Manual (https://www.okcommerce.gov/reporting-compliance/cdbg-

disaster-recovery-2019-2/). Program income must be returned to ODOC.

3. No additional federal assistance: Per the federal register, after receipt of the assistance, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the owner of the buyout property (including subsequent owners) to any Federal entity in perpetuity.

Appendix

Version History

Version Number	Date	Notes	Page(s)
1	07-01-2022	Draft to submit with application to ODOC	
2	1-09-2023	Finalized Guidelines based on revised application and ODOC Award	
3	Feb. 2024	Updates to Appeals process, incentive calculations, and Tulsa County Median Sales Price Amount.	
4	Nov. 2024	Updated Tulsa County Median Sales Price. Updated relocation incentive calculation for household with a mortgage. Tulsa County noted that while households without a current mortgage were not required to take out a mortgage for relocation benefit (in line with URA), the program was requiring a significantly higher loan for households with a mortgage. In order to align more closely to URA best practices – the program will now only require applicants with a mortgage to take on the same level of debt for relocation. Added Content for FMA match program Added Funds Disbursement Policy	

Application for Funding (include Appendix J Narrative)

Federal Requirements for CDBG-DR Buyouts (83 FR 5844)

37. Acquisition of real property; flood and other buyouts. Grantees under this notice are able to carry out property acquisition for a variety of purposes. However, the term “buyouts” as referenced in this notice refers to acquisition of properties located in a floodway or floodplain that is intended to reduce risk from future flooding or the acquisition of properties in Disaster Risk Reduction Areas as designated by the grantee and defined below. HUD is providing alternative requirements for consistency with the application of other Federal resources commonly used for this type of activity.

Grantees are encouraged to use buyouts strategically, as a means of acquiring contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands management practices. To the maximum extent practicable, grantees should avoid circumstances in which parcels that could not be acquired through a buyout remain alongside parcels that have been acquired through the grantee's buyout program. Grantees are reminded that real property acquisition with CDBG-DR funding, including buyout, is subject to the URA, including the real property acquisitions requirements at 49 CFR part 24, subpart B, as modified at paragraph A.23 of section VI of this notice.

a. Clarification of “Buyout” and “Real Property Acquisition” activities. Grantees that choose to undertake a buyout program have the discretion to determine the appropriate valuation method, including paying either pre-disaster or post-disaster fair market value (FMV). In most cases, a program that provides pre-disaster FMV to buyout applicants provides compensation at an amount greater than the post-disaster FMV. When the purchase price exceeds the current FMV, any CDBG-DR funds in excess of the FMV are considered assistance to the seller, thus making the seller a beneficiary of CDBG-DR assistance. If the seller receives assistance as part of the purchase price, this may have implications for duplication of benefits calculations or for demonstrating national objective criteria, as discussed below. However, a program that provides post-disaster FMV to buyout applicants merely provides the actual value of the property; thus, the seller is not considered a beneficiary of CDBG-DR assistance.

Regardless of purchase price, all buyout activities are a type of acquisition of real property (as permitted by 42 U.S.C. 5305(a)(1)). However, only acquisitions that meet the definition of a “buyout” are subject to the post-acquisition land use restrictions imposed by this notice (subparagraph b. below). The key factor in determining whether the acquisition is a buyout is whether the intent of the purchase is to reduce risk of property damage in a floodplain or a Disaster Risk Reduction Area. To conduct a buyout in a Disaster Risk Reduction Area, the grantee must establish criteria in its policies and procedures to designate the area subject to the buyout, pursuant to the following requirements: (1) The hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG-DR allocation; (2) the hazard must be a predictable environmental threat to the safety and well-being of program beneficiaries, as evidenced by the best available data (e.g. FEMA Repetitive Loss Data) and science; and (3) the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

The distinction between buyouts and other types of acquisitions is important, because grantees may only redevelop an acquired property if the property is not acquired through a buyout program (i.e., the purpose of acquisition was something other than risk reduction). When acquisitions are not acquired through a buyout program, the purchase price must be consistent with applicable uniform cost principles (and the pre-disaster FMV may not be used).

b. Buyout requirements:

(1) Any property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.

(2) No new structure will be erected on property acquired, accepted, or from which a structure was removed under the acquisition or relocation program other than: (a) A public facility that is open on all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation

area); (b) a rest room; or (c) a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure.

(3) After receipt of the assistance, with respect to any property acquired, accepted, or from which a structure was removed under the acquisition or relocation program, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the owner of the buyout property (including subsequent owners) to any Federal entity in perpetuity.

The entity acquiring the property may lease it to adjacent property owners or other parties for compatible uses in return for a maintenance agreement. Although Federal policy encourages leasing rather than selling such property, the property may also be sold.

In all cases, a deed restriction or covenant running with the property must require that the buyout property be dedicated and maintained for compatible uses in perpetuity.

(4) Grantees have the discretion to determine an appropriate valuation method (including the use of pre-flood value or post-flood value as a basis for property value). However, in using CDBG-DR funds for buyouts, the grantee must uniformly apply whichever valuation method it chooses.

(5) All buyout activities must be classified using the “buyout” activity type in the DRGR system.

(6) Any State grantee implementing a buyout program or activity must consult with affected local governments.

(7) When undertaking buyout activities, to demonstrate that a buyout meets the low- and moderate-income housing national objective, grantees must meet all requirements of the HCD Act and applicable regulatory criteria described below. Grantees are encouraged to consult with HUD prior to undertaking a buyout program with the intent of using the low- and moderate-income housing (LMH) national objective. 42 U.S.C. 5305(c)(3) provides that any assisted activity that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low-

and moderate-income only to the extent such housing will, upon completion, be occupied by such persons. In addition, the State CDBG regulations at 24 CFR 570.483(b)(3), entitlement CDBG regulations at 24 CFR 570.208(a)(3), and Indian CDBG regulations at 24 CFR 1003.208(c) apply the LMH national objective to an eligible activity carried out for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by low- and moderate-income households. Therefore, a buyout program that merely pays homeowners to leave their existing homes does not result in a low- and moderate-income household occupying a residential structure and, thus, cannot meet the requirements of the LMH national objective. Buyout programs that assist low- and moderate-income persons can be structured in one of the following ways:

(a) The buyout program combines the acquisition of properties with another direct benefit—Low- and Moderate-Income housing activity, such as down payment assistance—that results in occupancy and otherwise meets the applicable LMH national objective criteria;

(b) The program meets the low- and moderate-income area benefit criteria as defined in this notice, to demonstrate national objective compliance, provided that the grantee can document that the properties acquired through buyouts will be used in a way that benefits all of the residents in a particular area where at least 51 percent of the residents are low- and moderate-income persons. When using the area benefit approach, grantees must define the service area based on the end use of the buyout properties; or

(c) The program meets the criteria for the low- and moderate-income limited clientele national objective, including the prohibition on the use of the limited clientele national objective when an activity's benefits are available to all residents of the area. A buyout program could meet the national objective criteria for the limited clientele national objective if it restricts buyout program eligibility to exclusively low- and moderate-income persons, and the buyout provides an actual benefit to the low- and moderate-income sellers by providing pre-disaster valuation uniformly to those who participate in the program.

(d) The program meets the criteria for the Low/Mod Buyout (LMB) or Low/Mod Housing Incentive (LMHI) national objectives for buyouts and the use of housing incentives as authorized in the Department's August 7, 2017 Federal

Register notice at 82 FR 36825 and described in paragraph B.38 of section VI in this notice.

c. Redevelopment of acquired properties.

(1) Grantees may redevelop an acquired property if the property is not acquired through a buyout program and the purchase price is based on the property's post-disaster value, consistent with applicable cost principles (the pre-disaster value may not be used). In addition to the purchase price, grantees may opt to provide relocation assistance or housing incentives to the owner of a property that will be redeveloped if the property is purchased by the grantee or subrecipient through voluntary acquisition, and the owner's need for additional assistance is documented.

(2) In carrying out acquisition activities, grantees must ensure they are in compliance with their long-term redevelopment plans.

38. Additional LMI National Objective Criteria for Buyouts and Housing Incentives. In this notice, HUD is establishing an alternative requirement to clarify the criteria under which buyout activities and housing incentives can meet an LMI national objective. Grantees authorized to use housing incentives in this notice must follow guidelines outlined in paragraph 35 of section VI of this notice. The CDBG regulations limit activities that meet the LMI national objective to only the activities meeting the four established criteria in 24 CFR 570.208(a)(1) through (4) and 570.483(b)(1) through (4). Prior Federal Register notices have advised grantees of the criteria under which a buyout activity can meet a LMI housing (LMH) national objective (80 FR 72102). Notwithstanding that guidance, however, HUD has determined that providing CDBG-DR grantees with an additional method to demonstrate how buyouts and housing incentives can assist LMI households, beyond those described in the previous notices, will ensure that grantees and HUD can account for and assess the benefit that CDBG-DR assistance may have on LMI households when buyouts and housing incentives are used in long term recovery. Given the primary objective of the HCD Act to assist low- and moderate income persons, the Secretary has determined that there is good cause to establish an alternative requirement under which CDBG-DR grantees are authorized to qualify the assistance provided to LMI persons through buyout and housing incentive programs, due to the benefits received by the individuals that receive buyout and housing incentive awards that allow them to move from areas that are likely to be affected by future disasters.

In addition to the existing criteria at 24 CFR 570.208(a)(1)-(4) and 570.483(b)(1)-(4), HUD is establishing an alternative requirement to include the two new LMI national objective criteria for buyouts (LMB) and housing incentives (LMHI) that benefit LMI households that use CDBG-DR funding provided pursuant to this notice.

For a buyout award or housing incentive to meet the new LMB and LMHI national objectives, grantees must demonstrate the following:

(1) The CDBG-DR funds have been provided for an eligible activity that benefits LMI households supporting their move from high risk areas. The following activities shall qualify under this criterion, and must also meet the eligibility criteria of the notices governing the use of the CDBG-DR funds:

(a) Low/Mod Buyout (LMB). When CDBG-DR funds are used for a buyout award to acquire housing owned by a qualifying LMI household, where the award amount (including optional relocation assistance) is greater than the post-disaster (current) fair market value of that property.

(b) Low/Mod Housing Incentive (LMHI). When CDBG-DR funds are used for a housing incentive award, tied to the voluntary buyout or other voluntary acquisition of housing owned by a qualifying LMI household, for which the housing incentive is for the purpose of moving outside of the affected floodplain or to a lower-risk area; or when the housing incentive is for the purpose of providing or improving residential structures that, upon completion, will be occupied by an LMI household.

(2) Activities that meet the above criteria will be considered to benefit low and moderate-income persons unless there is substantial evidence to the contrary. Any activities that meet the newly established national objective criteria described above will count towards the calculation of a CDBG-DR grantee's overall LMI benefit.

Funds Distribution Policy

As Tulsa County financial management systems and state laws prohibit the County from producing a purchase order (PO) for goods or services prior to obtaining cash-on-hand to cover such costs, the CDBG-DR Voluntary Buyout Program has established the following Funds Distribution Policy to document all financial transactions taken by the program to ensure compliance with both the State of Oklahoma’s CDBG-DR policy manual, State of Oklahoma laws governing financial transactions by counties, and local Tulsa County rules and regulations.

Activity Delivery Costs – tied to the general implementation of the program

- The City's vendor for services (in this case Meshek & Associates) tracks all hours worked on the project. Monthly invoices are submitted to Tulsa Area Emergency Management Agency (TAEMA).
- TAEMA's Finance and Grants Coordinator uses this invoice as the supporting documentation to submit an Advance Request to the OKGrants (grants.ok.gov) system.
- Copies of Advance Requests are provided to Tulsa County's Senior Budget Analyst.
- The State of Oklahoma's Department of Commerce (ODOC) reviews, approves, and processes payment for the Advance Request.
- Tulsa County receives payment for this request and the Senior Budget Analyst uses the provided invoice to produce a Purchase Order for the amount of the invoice (which matches the amount of the advance request).
    - BOCC approval required prior to issuance of payment
- Tulsa County processes the purchase order and payment is made to the consultant.
- All advance requests, purchase orders, and payments are tracked by the TEAMA Finance and Grants Coordinator and uploaded monthly to OKGrants in the Monthly Expenditure Report along with copies of POs.

Activity Costs – allocated to specific properties being acquired

- After ODOC's review and approval of household DOB Award Calculations and Tier II Environmental Reviews, the program submits the Offer Contract to the BOCC for review and approval.
- Upon BOCC approval, the offer is submitted to the applicant.
- Once the applicant signs the contract, the contract is routed back to BOCC for signature. The executed contract will include:

- Fair Market Value Purchase Price
- Homeowner Participation Incentive
- Homeowner Relocation Incentive, OR
- If the unit is tenant occupied:
  - Upon acceptance/signature of the owner, the program generates tenant specific Relocation Assistance Packet (RAP) with documented Replacement Housing Payment amount.
  - RAP is reviewed and approved by ODOC and BOCC
  - Tenant is provided 90-day letter and their RAP.

- Upon execution of the contract by all parties and delivery of the RAP & 90-day notice to Tenant, Meshek will develop a Closing Memo – outlining the total funds anticipated to be needed for closing.
- TAEMA's Finance and Grants Coordinator will submit an advance request to ODOC using the closing memo as support documentation.
- Copies of Advance Requests are provided to Tulsa County's Senior Budget Analyst.
- Program will coordinate with all parties to establish a **Closing Date**.
- The ODOC reviews, approves, and processes payment for the Advance Request.
- Tulsa County receives payment for this request and the Senior Budget Analyst uses the provided invoice to produce a Purchase Order for the amount of the invoice (which matches the amount of the advance request). This Payment must be added to a BOCC agenda and approved at the next applicable meeting. (for example, if payment is received on a Thursday, it cannot be added to a BOCC agenda until the following Wednesday, for approval the subsequent Monday – 11 days from receipt of payment).
- Tulsa County processes the purchase order and payment is made to the Title Company to be held in escrow until the scheduled closing. NOTE: As these funds have been specifically requested for the sole

purpose of the property acquisition noted in the Closing Memo, and will be held by the Title Company in a non-interest bearing account until closing, and only distributed in accordance with the Closing Memo, the County's obligation to limit cash-on-hand, and make disbursements within 15-days, will be satisfied upon issuance of payment to the Title Company.

- **Closing:** BOCC signatory authority, seller, and tenant are present at Title Company for closing. Title Company will issue payments as instructed on the Closing Memo for the purchase of property, and the payment of incentives. In the case of a tenant Replacement Housing Amount, the first payment(s) will be made on the date of closing, and a 2nd payment will be held for 90-days, then issued to the tenant.

- All advance requests, purchase orders, and payments made by the Title Company will be tracked by the TEAMA Finance and Grants Coordinator and uploaded monthly to OKGrants in the Monthly Expenditure Report, along with copies of POs. This report will:

  - Compare the amount requested to the amount dispersed per-line items listed below and any variance will be held by the Title Company and adjusted in future Closing Memos to ensure that no funds are requested from ODOC in excess of the anticipated needs of the program:

    - Fair Market Value Purchase Price
    - Homeowner Participation Incentive
    - Homeowner Relocation Incentive
    - Closing Costs