



# Program Incentives | Guidance Document

## Introduction

The Strategic Buyout Program is a voluntary program that purchases properties prone to repeated flooding from hurricanes and other disasters. All properties purchased by the program are cleared of any structures and returned to green space to improve community resilience. In addition to the Initial Offer Package, program participants may be eligible to receive up to two additional financial incentives, which can help them obtain newer, safer and more permanent replacement housing outside the 100-year flood plain and the program’s buyout zones.

## General Eligibility for All Incentives

In order to be eligible for any of the incentives, participants must meet the general eligibility requirements, as shown below. There are also additional eligibility requirements and funding limits for each incentive.

| TERM                                   | ELIGIBILITY REQUIREMENT  |
|--|--|
| Strategic Buyout Program Participation | You must meet all the eligibility criteria for the Strategic Buyout Program and participate in it by selling your property.  |
| Primary Residence                      | You must have owned and occupied the property as your primary residence at the time of either Hurricane Matthew (Oct. 8, 2016) or Hurricane Florence (Sept. 14, 2018). In addition, you must provide proof of primary residency for the new dwelling when requesting the incentive.  |
| Income                                 | Some incentives are only available to participants at certain income levels. These levels are highlighted in each incentive’s section below.   |
| Replacement Property                   | <p>The replacement property must be a new primary residence in an “area of reduced risk,” meaning that it must:</p> <ul style="list-style-type: none"> <li>• Be located outside of any buyout zones, and</li> <li>• Be located in an area that is outside certain FEMA-designated floodways or zones.</li> </ul> <p>In addition to being in an area of reduced risk, replacement properties must either be in North Carolina or in the same county as the damaged property, depending on the incentive. These requirements vary by incentive and are noted specifically in the sections that follow.</p> |

# Incentive-Specific Requirements

## Risk Reduction Incentive

This incentive helps participants move to an area of reduced flood risk. To receive the maximum incentive amount, a participant's new home must be located in the same county as their buyout property. To qualify for this incentive, participants must submit a valid and current one-year lease, proof of home purchase or commitment to purchase proving they have established a new primary residence.

Eligible participants will receive their incentive payment at or after their buyout closing.

| REQUIREMENT  | INCENTIVE AMOUNT                    |
|--|-------------------------------------|
| New home located in same county as buyout property   | <b>One time payment of \$20,000</b> |
| New home located outside the buyout property county but within the state of North Carolina | <b>One time payment of \$10,000</b> |

## Affordable Housing Incentives

In addition to the risk reduction incentive, participants may be eligible for one of three affordable housing incentives. Participants must move to an area of reduced risk within the same county as the damaged property to be eligible for all affordable housing incentives.

## Affordable Rental Incentive

This incentive is available to eligible households who choose to rent after the buyout of their storm-impacted property. The incentive amount a participant may receive is based on the size of their rented apartment or the number of bedrooms they need (subject to program occupancy guidelines) and the U.S. Department of Housing and Urban Development's (HUD) Fair Market Rents (FMRs), whichever is smaller. To be eligible, participants must have a total household income at or below 80% of the Area Median Income (AMI), and their rented apartment must be located in the same county as their buyout property. To receive this incentive, participants must submit a valid and current one-year lease proving they have established a new primary residence.

Eligible participants will receive a single incentive payment at or after their buyout closing.

| REQUIREMENT   | POTENTIAL INCENTIVE AMOUNT |
|---|----------------------------|
| The new rented home is located in same county as the buyout property  | <b>Maximum of \$19,000</b> |
| For example, in 2023, in Columbus County, the affordable rental incentive amount awarded for an efficiency is \$4,889, whereas the amount awarded for a four-bedroom rental unit is \$10,088. |                            |

## Affordable Homeownership Incentive

This incentive assists participants who buy a home in an area of reduced risk located in the same county as their buyout property. The incentive amount is based on an individual analysis of the participant's need, subject to a county cap. The county caps are listed below. To be eligible, participants must have a total household income at or below 80% of the AMI. To receive this incentive, participants must submit proof that they have or are in the process of establishing a new primary residence, such as an executed Offer to Purchase contract or a mortgage commitment.

If a participant is eligible, this incentive will be paid directly to their mortgage lender.

*Note: To ensure housing affordability and determine the incentive amount, participants will be required to meet with a housing counselor, who will analyze the household's finances and help determine how much the participant can afford to spend on the home.*

| REQUIREMENT  | POTENTIAL INCENTIVE AMOUNT   |
|--|--|
| The new home is located in the same county as the buyout property. | For example, the maximum incentives available by the following counties are:<br>Columbus County: <b>\$130,000</b><br>Cumberland County: <b>\$200,000</b><br>Edgecombe County: <b>\$115,000</b><br>Jones County: <b>\$130,000</b><br>Robeson County: <b>\$115,000</b><br>Wayne County: <b>\$200,000</b> |

## Matching Down Payment Incentive

Through this incentive, the program matches the down payment amount (up to \$50,000) that is paid by participants when they buy a home with reduced risk of flooding and is located in the same county as their buyout property. To be eligible, participants must have a total household income at or below 120% of the AMI. To receive this incentive, participants must submit proof, such as an executed Offer to Purchase contract or a mortgage commitment, proving that they have or are in the process of establishing a new primary residence.

Once the Program receives evidence of a down payment, the matching incentive amount will be paid directly to the participant's mortgage lender.

| REQUIREMENT  | POTENTIAL INCENTIVE AMOUNT |
|--|----------------------------|
| The new home is located in the same county as the buyout property. | <b>Maximum of \$50,000</b> |

# Strategic Buyout Program Incentives Overview

| INCENTIVE TYPE                   | MAXIMUM AMOUNT   | ELIGIBLE INCOME LEVEL**** | PURPOSE  | GENERAL STIPULATIONS***   |
|----------------------------------|--|---------------------------|--|---|
| <b>Risk Reduction*</b>           | \$10,000<br>or<br>\$20,000   | All                       | To move to an area with less risk of flooding  | \$10,000 for in-state move to areas less at risk, or \$20,000 for an in-county move to areas less at risk   |
| <b>Affordable Rental</b>         | Up to \$19,000**   | LMI,<br>0%-80% AMI        | To move somewhere with affordable rent in the same county as the property buyout for at least one year   | <ul style="list-style-type: none"> <li>Based on average FMRs (determined by HUD) on a county and unit size basis</li> <li>Primary residence documentation must be submitted (i.e., one-year executed lease)</li> </ul>  |
| <b>Affordable Homeownership*</b> | Based on county caps previously listed, which accounts for median and average costs in county groups** | LMI,<br>0%-80% AMI        | To move to a home in an area of reduced flood risk and located in the same county as the property buyout | <ul style="list-style-type: none"> <li>Incentives for primary residence purchase within the same county and based on individual need</li> <li>Provides up to sales price or mortgage amount</li> <li>Recipients must meet with a housing counselor</li> </ul> |
| <b>Matching Down Payment</b>     | Up to \$50,000, based on a 1:1 match of the down payment amount  | Less than 120% AMI        | To provide financial benefits when buying a home   | <ul style="list-style-type: none"> <li>Provided based on sales price or mortgage amount</li> </ul>  |

\* May be available retroactively for participants meeting eligibility criteria

\*\* County caps will be updated at least annually, based on average and median real estate value and sales data

\*\*\* Exceptions may be considered based on need

\*\*\*\* Based on annual adjusted gross household income

The Strategic Buyout Program is administered by the NC Office of Recovery and Resiliency. NCORR is a division of the NC Department of Public Safety.

