Questions

1. What are people willing to pay to avoid flood risk through participating in voluntary flood buyout programs?
2. What are people willing to pay to avoid flood risk through participating in mandatory flood buyout programs?
3. And how does this willingness to pay vary across income and racial/ethnic groups?
4. What are people willing to accept to stay in a neighborhood that is qualified for a flood buyout?
5. What are people willing to accept vary across income and racial/ethnic groups?

**Question:**

1. What are people willing to pay to avoid flood risk through participating in voluntary flood buyout programs?

**Economic Functions:** When deciding whether to participate in a voluntary flood buyout program, people may consider…

1. Individual characteristics (taste shifters)

* Personal attributes (income, wealth, age, household size, whether have kids, race, education, tenure, risk preferences, life experience, culture, political affiliation)

1. Attributes of the Buyout Program

* Cost of new home
* Whether they get help through the buyout (legal help, language/translation help, financial help)
* Flood risk associated with new home

1. Housing attributes (old vs new home)

* House structural attributes of old and new home (age, square footage, etc.)

1. Price & Financial Tradeoffs

* Cost of living in new place
* Buyout amount (FMV + help with moving costs)
* Opportunity cost of rejecting buyout (potential future damages)
* Net cost of new housing market (mortgage, rent)

1. Neighborhood/spatial amenities (old and new neighborhood)

* Crime, schools, parks, noise, walkability
* Distance to work, stores, transit
* Did they relocate further from places they attend regularly?
* Elevation / floodplain status

1. Flood risk (should be lower at new location)

* Perceived vs. actual flood risk at current and new home
* Past flood experiences
* Access to flood insurance

1. Social Networks & Community Ties

* Proximity to family/friends
* Duration in current neighborhood (tied to familiarity with location amenities—like local grocery stores, parks, etc.)
* Shared language or culture

1. Relocation Frictions / Moving Costs

* Financial: moving trucks, down payment, etc.
* Time: paperwork, bureaucracy
* Psychological: uncertainty, unfamiliarity
* Burdens associated with relocating (learning a new area, moving costs, time/paperwork that goes into buyout process)

1. Program Support Design

* Language/legal/financial support
* Outreach and trust
* Complexity of the application
* Whether program is framed as fair or coercive

1. Peer Effects / Social Influence

* Neighbors’ choices
* Observed satisfaction/dissatisfaction of people they know who participated
* Perceived social pressure

**Model:**

* *j = 0* don’t accept buyout 🡪
* *j = 1* accept buyout 🡪