

FREQUENTLY ASKED QUESTIONS NJDEP Sandy Blue Acres Acquisition Program

What is the DEP Sandy Blue Acres Acquisition Program?

The Blue Acres Program is a section of the Green Acres Program that deals with flood-prone properties. Through the DEP's Sandy Blue Acres Program, the State will spend \$300 million in federal funds to give homeowners the option to sell Sandy-damaged homes in flood-prone areas. The program was designed to give homeowners the ability to choose the best option for their individual situation. The State will buy clusters of homes or whole neighborhoods that were ravaged by Super Storm Sandy. These homes will be demolished, and the land will be permanently preserved as open space, accessible to the public, for recreation or conservation. The overall goal of the Blue Acres Program is to dramatically reduce the risk of future catastrophic flood damage, and to help families to move out of harm's way.

How many homes will be acquired? How much money is available?

The State will purchase approximately 1,000 homes that were damaged by Superstorm Sandy, as well as 300 homes in the Passaic River Basin that have experienced repeated flooding.

What parts of the State are eligible for buyouts? Is it just at the Shore?

Super Storm Sandy devastated many New Jersey communities, and buyouts opportunities will not be limited to the Shore. The first buyouts are occurring in the towns of Sayreville and South River in Middlesex County, both of which were damaged by flooding from the Raritan and South Rivers, and from storm surge in the Raritan Bay. The Blue Acres Program is currently evaluating other Sandy-impacted communities throughout the State, including neighborhoods near the coast, bay shores, rivers and tributaries.

How many homes have been approved for buyouts so far?

As of July 16, 2013, 129 homes in the Borough of Sayreville have been approved by the Federal Emergency Management Agency (FEMA) for buyouts, to be funded by a \$29.5 million Federal grant. DEP has filed applications to FEMA for 9 additional homes in Sayreville, and 76 homes in South River. DEP will continue to submit buyout applications to FEMA for more properties on a rolling basis over the next several months.

How fast will the buyouts happen?

The first offers to homeowners have already begun. The first closings on homes are expected to take place by Labor Day 2013, with all closings completed within one year.

Are commercial properties eligible for buyouts?

Not at this time. Governor Christie has directed the Blue Acres Program to focus on families first.

How does the State decide where to offer buyouts? What are the criteria?

The State evaluates neighborhoods based on several criteria, including:

- Flood damage from Super Storm Sandy, or repeated flood damage in the Passaic River Basin;
- Willing sellers;
- Support from the local government;
- Clusters of homes, or whole neighborhoods;
- Cost-effectiveness of the buyout according to FEMA guidelines under Federal law.
- Opportunity for significant environmental impact and/or improvement to public health, safety, and welfare;

DEP also factors in communities with a high concentration of homes that experience the most severe damage from Super Storm Sandy, as well as communities with homes that have submitted repeated flood insurance claims under the National Flood Insurance Program.

Where is the funding coming from?

The buyouts are funded by a combination of Federal and State funding. The acquisition program is a joint effort of the DEP, the State Office of Emergency Management (OEM), and FEMA. FEMA's Hazard Mitigation Grant Program provides 75% of the funding. The DEP Blue Acres Program, which is an extension of the DEP Green Acres Program, provides the remaining 25%.

Additional Federal funding is expected to be provided from the Community Development Block Grant (CDBG), which is awarded by the U.S. Department of Housing and Urban Development, and administered by the NJ Department of Community Affairs.

Will I be forced to sell my home if it was damaged by Superstorm Sandy?

No. The buyout program is a strictly voluntary program for willing sellers only. No houses will be condemned by the State, and no one will be forced to sell their house to the State, even if the house was severely damaged in the storm. Neither the Federal government nor the State of New Jersey Blue Acres program is allowed by law to use its eminent domain authority to acquire property for open-space purposes if a homeowner choose not to participate, or if a homeowner participates but ultimately rejects the State's offer.

How much money will I get for my home? Can I appeal the appraisal? Is the State's offer open to negotiation?

An independent licensed appraiser hired by the State will conduct a property appraisal. The appraisal will be based on the value of the property before Sandy (the "pre-storm value"). This appraisal will be the basis for the amount offered for the home. Homeowners can appeal the appraisal, but it is important to note that this will add several months to the buyout process. Unlike most real estate transactions, the amount of the offer is not open for negotiation. The homeowner must accept or reject the State's offer.

Do I have to be a U.S. Citizen to qualify for a buyout?

No. However, at least one member of the household must be a citizen, non-citizen national or qualified alien of the United States. This is a Federal requirement.

Will it cost me anything to participate?

The cost to homeowners is minimal. The State and FEMA will cover the majority of the costs associated with the acquisition process, including the cost of the appraisal, title search, environmental review, survey, actual purchase and demolition.

The homeowner must pay for an attorney to represent him or her at closing. The homeowner must pay to resolve any outstanding environmental issues. For example, if there is an underground storage tank on the property, the homeowner must pay to have the tank removed and to have the soil tested. The homeowner must pay to resolve any outstanding liens on the property, such as open mortgages and tax liens. If a homeowner chooses to appeal the appraisal, he or she must pay for the second appraisal.

Will there be a lot of red tape?

DEP has created a special team to work closely with willing sellers and process their applications as quickly as possible. Case managers are working with individual homeowners personally to help guide them through the buyout process as quickly and painlessly as possible. DEP must be a responsible steward of public funds, so paperwork and documentation are unavoidable. But, the State will do its best to smooth the way and minimize red tape for participating homeowners.

I heard Governor Christie say that the State will only buy out whole neighborhoods, not houses here and there. What if a bunch of neighbors want to sell, but there are one or two holdouts who refuse to sell? Will the State back out of the deal to buy my house?

No, the State won't back out of the deal. There is no need to worry about a few holdouts. DEP focuses on clusters of homes and entire neighborhoods in order to submit strong, cost effective grant applications to FEMA, and because that is the best way to reduce future risk of catastrophic flood damage. That being said, once a community or cluster has been identified for buyouts, DEP will not back out if a few neighbors decide not to participate. If the Blue Acres Program notifies you that you are eligible for a buyout, and if you decide to participate, you will receive an offer. Your neighbors' decisions will not affect your options.

What if I am interested in a buyout, but am under water on my mortgage?

You should apply. Then, inform your attorney and your mortgage lender that you have applied to the State for a buyout through the DEP Blue Acres Program.

What are the benefits of selling my house to the State through this process?

Your offer from the Blue Acres Program will be based on the value of your home before Sandy, called the "pre-storm value". It is highly likely that this offer amount will be much higher than what you could get on the current open market for a home that has sustained flood damage. In addition, you will not be

required to pay a real estate transfer tax on the sale of your home to the State. An important benefit is that your family will be safe and out of harm's way.

My home was badly damaged by the storm. My neighbor is getting a buyout, but I am not. Why?

There are two main reasons:

First, you may not have submitted your application in time for the first applications to be submitted to FEMA. The DEP Blue Acres Program will continue to evaluate communities and submit additional grant applications to FEMA on a rolling basis over the next few months.

It is also possible that your home may not have passed FEMA's cost-benefit analysis test. Under Federal law, a property or group of properties must pass FEMA's cost-benefit analysis in order to qualify for Federal funding. This engineering calculation considers replacement value of a home, damage frequency, base flood elevation, and acquisition costs, and determines if it is more cost effective to allow the property or properties to be acquired versus them being repaired and remaining as they are to weather future storm events. Since different homes in the same neighborhood can vary by size, elevation and construction, the cost benefit analysis for each structure is different and may dictate if a home is or is not included in a certain FEMA grant application and Sandy Blue Acres acquisition round. Every effort will be made to include as many eligible, willing sellers as possible. Because of the cost-benefit analysis requirement, it may require several rounds of funding and buyouts to achieve this result.

How can I apply for a buyout from the Blue Acres program?

You can download an application from the Blue Acres website at http://www.state.nj.us/dep/greenacres/pdf/blue_acres_app.pdf

To have an application mailed to you, call the DEP Blue Acres office at (609) 984-0500.

Is there a deadline to apply for a buyout?

Interested homeowners should apply as quickly as possible. There is no firm deadline, but there is a limited pool of funds available to the State for acquisitions. It is to your advantage to submit your application immediately.

Where can I get more information?

Homeowners interested in selling their homes through this process may contact the DEP's Blue Acres Program at 609-984-0500.

For more information on the Blue Acres Program, visit: http://www.state.nj.us/dep/greenacres/blue_flood_ac.html

For information on Sandy Recovery, visit: <http://www.state.nj.us/dep/special/hurricane-sandy/>

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