

FREQUENTLY ASKED QUESTIONS
New Jersey Department of Environmental Protection
Superstorm Sandy Blue Acres Buyout Program

What is the NJDEP Superstorm Sandy Blue Acres Buyout Program?

The Blue Acres Program is the part of New Jersey's Green Acres Program that purchases flood-prone properties. Through the DEP's Superstorm Sandy Blue Acres Buyout Program, the State will spend \$300 million in federal disaster recovery funds to give homeowners the option to sell Sandy-damaged homes at pre-storm value in flood-prone areas. The program is 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 flooded in Superstorm Sandy or previous storms. These homes will be demolished, and the land will be permanently preserved as open space, accessible to the public, for recreation or conservation. The preserved land will serve as natural buffers against future storms and floods. The 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 get buyouts? How much money is available?

The State will use \$300 million in federal disaster recovery funds to purchase up to 1300 homes: approximately 1,000 properties in tidal areas affected by Sandy, and another 300 properties in other towns, such as Manville and communities in the Passaic River Basin, that have flooded repeatedly.

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

Superstorm Sandy devastated many New Jersey communities, and buyouts will not be limited to the Shore. The Blue Acres Program is currently evaluating Sandy-impacted and flood-prone communities throughout the State, including neighborhoods near the coast, bay shores, rivers and tributaries.

Where are buyouts underway? How many homes have been approved so far? How many have been completed?

Since Governor Christie launched the buyout program on May 16, 2013, 719 homes in ten municipalities in six counties have been approved for buyouts. Buyouts are currently underway in Sayreville, South River, Woodbridge, East Brunswick, Newark, Old Bridge, Linden, Manville, Pompton Lakes, and Lawrence (Cumberland County). Blue Acres has made offers on more than 690 homes, has had nearly 519 offers accepted by homeowners, has completed more than 380 closings, and has completed nearly 243 demolitions.

DEP is continuing to expand the Blue Acres program to other communities that were flooded in Superstorm Sandy and previous storms, and is working with residents and local officials to

identify willing sellers and clusters of damaged homes for potential buyouts. Blue Acres will continue to submit buyout applications to Federal agencies for more properties on a rolling basis over the next several months.

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 Superstorm Sandy, or repeated flood damage from previous storms, such as in the Passaic River Basin;
- Willing sellers. The Blue Acres program is a strictly voluntary program for willing sellers only;
- Support from the local government;
- Clusters of flood-prone 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 considers communities with a high concentration of homes that experienced the most severe damage from Superstorm 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 bulk of the funding is from the U.S. Federal Emergency Management Agency (FEMA) – Hazard Mitigation Grant Program (administered by the New Jersey Office of Emergency Management) and from the U.S. Department of Housing and Urban Development (HUD) – Community Development Block Grant Program (administered by the NJ Department of Community Affairs). Additional funding is provided by the State Blue Acres Program, and by the U.S. Department of Agriculture – Natural Resources Conservation Service.

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 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. The appraisal appeal process adds about three 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 in order for Blue Acres to offer pre-storm value for the home. This is a Federal requirement.

Will it cost me anything to participate?

The cost to homeowners is minimal. Federal and State funding will cover the majority of the costs associated with the buyout 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. 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.

I heard Governor Christie say that the State will only buy out whole neighborhoods, not houses here and there. What if many neighbors want to sell, but there are one or two holdouts who don't want a buyout? 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 HUD, 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, even 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 upside-down on my mortgage?

If your mortgage balance is higher than the value of your home, you have an "upside-down" mortgage. If you are upside-down on your mortgage and are interested in a buyout, you should apply to Blue Acres for a buyout. Then, inform your attorney and your mortgage lender that you have applied to the State for a buyout through the DEP Blue Acres Program. If you are approved by Blue Acres for a buyout, the Blue Acres Program – with your permission – will work with your bank or mortgage lender for a process similar to a short sale so you can take advantage of the buyout if you wish. Blue Acres has successfully facilitated short sales for homeowners who were under upside-down on their mortgages.

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". This price will probably 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, and you will not have to pay a commission to a realtor. An important benefit is that your family will be safe and out of harm's way.

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 buyouts. It is to your advantage to submit your application immediately so you do not miss any efforts Blue Acres might make in your town.

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_9_2014.pdf

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

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/>