



BLUE ACRES

BLUE ACRES HOMEOWNERS FREQUENTLY ASKED QUESTIONS

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What parts of New Jersey are eligible for buyouts?

Areas and properties in the state that are subject to repetitive flooding are generally eligible for Blue Acres flood buyouts. However, Blue Acres leverages both federal and state funding sources to effectuate flood buyouts so depending on the funding source, additional eligibility requirements may apply. The amount of available buyout funding is dependent upon multiple factors, including federal support allotments and state revenues that are allocated pursuant to the Preserve New Jersey Act.

How does DEP decide where to conduct buyouts? What are the criteria?

The DEP evaluates neighborhoods based on several criteria, including, but not limited to:

- A high concentration of homes that experienced the most severe damage from a recent storm, especially when several homes resulted in an official declaration of substantial damage.
- Communities with high risk and vulnerability to climate change.
- Areas of environmental justice, social vulnerability, or [overburdened communities](#) that are disproportionately impacted by flooding and other adverse environmental conditions.
- Communities with homes that have submitted repeated flood insurance claims under the National Flood Insurance Program.
- Resilience interest and buyout support from the local government.
- Cost-effectiveness of the buyout according to FEMA requirements under federal law.
- Opportunity for significant environmental impact and/or improvement to public health, safety and welfare.

Will I be forced to sell my home if it was damaged by a storm?

No. The buyout program is a voluntary program for willing sellers only. DEP Blue Acres does not condemn properties or force homeowners to sell their homes, even if severely damaged in a storm. Under several funding programs, neither the federal government nor Blue Acres is allowed by law to use eminent domain authority to acquire property for open space purposes if a homeowner chooses not to participate, or if a homeowner participates at first, but ultimately rejects the state's offer.

Will it cost me anything to participate?

Federal and state funding will cover most of the costs associated with the buyout process, including the cost of the appraisal, title search, environmental review, survey, actual purchase, and demolition. Homeowners do not pay realty transfer taxes when they sell to DEP. The homeowner may be required to hire an attorney to represent them at closing and to resolve any outstanding environmental and title issues prior to or concurrent with closing.

What are the benefits of selling to Blue Acres? Is this Program right for me?

Selling your property to Blue Acres allows you to make several positive steps: 1) you move out of harm's way and regain a sense of security, 2) you recover some financial investments in a home that is storm damaged and/or flood-prone, and 3) you break the cycle of flooding, rebuilding, and flooding again. These benefits are long-term and affect not only you, but the surrounding community as well. When a homeowner sells their property to the State of NJ, structures are demolished and the land is converted into permanent open space, creating opportunities for enhanced flood storage, passive recreation activities and ecological restoration.

The buyout process is entirely voluntary. Blue Acres is an option for homeowners to consider, but it may not necessarily be the best option for every situation. Blue Acres always encourages homeowners to do what is ultimately right for their individual situation.

I submitted my Blue Acres offer application – now what?

DEP keeps track of all buyout applications submitted to Blue Acres by homeowners who want to sell their property. Once you submit your offer application, you'll receive an acknowledgment letter confirming that DEP has received and logged your application. Blue Acres uses state and federal funds to buy and demolish homes, and your municipal government will work closely with Blue Acres throughout the buyout process. If federal grant funds are involved, your municipality and the state will collaborate to develop the grant application, secure funding, administer the buyout process, and ultimately restore the land as open space. Submitting a Blue Acres offer application does not guarantee that you will receive a buyout offer. After submitting your Blue Acres offer application, but before you may receive specific guidance on next steps from DEP, your best contact for questions and updates will be your municipal government. Interested sellers are also encouraged to contact their municipal government for information on other flood mitigation activities and guidance during emergencies while waiting for a buyout.

How much paperwork will be involved in the buyout process, and what is it like?

DEP has dedicated significant resources into making the buyout process as fast and efficient as possible; however, as a public program, it is unavoidable that program participation will entail some degree of paperwork and documentation. Nevertheless, the State will do its best to facilitate paperwork and minimize redundancies wherever possible. During the buyout process, there will be times when your Case Manager will need you to provide or complete various legal, property, or insurance documentation. During these times, your Case Manager will be happy to guide you through each step and each form needed in whatever method works easiest for you, such as email, phone, post, or in person. Once selected for a buyout and officially approved, your Blue Acres Case Manager will guide you through the buyout process at your pace to ensure all requirements are met.

How Does Blue Acres Calculate a Buyout Offer? What are the Variables?

The basis of any Blue Acres offer is first and foremost the appraised value of the home as determined by a licensed, third-party real estate appraiser. Additionally, Blue Acres evaluates participant eligibility for additional assistance or incentives. This helps ensure that homeowners can pay off existing debt (mortgages, liens, etc.) and secure comparable replacement housing outside of flood-prone areas.

When a property is selected for a voluntary buyout, Blue Acres assigns a case manager to guide the homeowner through the process, including offer calculation. Each offer is unique to an individual homeowner's situation and the buyout grant funding they are eligible for, financial assistance or insurance proceeds they may have received after a disaster, and whether they are eligible for supplemental assistance and incentives. Blue Acres case managers will be clear and forthcoming with homeowners regarding the variables that influence the offer amount.

How soon until I can close with Blue Acres?

Once funds are approved for a buyout and you've been officially assigned a Case Manager, it is DEP's goal that the buyout implementation process is completed as soon as possible (between 6-12 months, depending on specific circumstances) and according to the homeowner's needs. This timeline can be affected by several case-by-case circumstances, for example, the time it takes for the homeowner to secure replacement housing. Much of the buyout timeline can be minimized simply by staying in touch with your Case Manager and providing necessary information as requested. Blue Acres will NOT close until you have secured replacement housing and moved out at your own pace. Housing markets can impact the ease of securing replacement housing, but as long as you keep your Case Manager informed and up to date with your situation, we can work with you to accommodate the time you need to secure your new home.

What is Duplication of Benefits (DOB)? What documents should I have?

Duplication of Benefits is the term used to describe when assistance from more than one source is used for the same purpose. For example, if the homeowner receives an insurance payout for repairs of a damaged home and receives public funds for a buyout of the same home in its pre-damage condition.

Homeowners interested in a buyout should retain copies of all homeowner's insurance and flood insurance claims (all pages of your proof of loss statement(s), insurance claim descriptions, and documentation of any evaluation performed that assesses the damage to the home). Any cleanup and structural repair work completed post-flood should be documented to verify expenditures and payments to avoid a [Duplication of Benefits \(DOB\)](#) when applicable.

Homeowners are not required to spend disaster assistance received, but only to keep documentation of how the money is spent.

Do I need flood insurance to be eligible for a buyout?

No. However, certain buyout funding sources, such as FEMA's Flood Mitigation Assistance (FMA) program, require that buyout properties maintain flood insurance backed by the National Flood Insurance Program (NFIP) to be eligible. Only properties that are NFIP-insured will be considered for FEMA FMA buyout funding, and if you are approved for a buyout under a FEMA FMA grant, your property must maintain its policy with the NFIP throughout the buyout process. If your property does not have flood insurance, you may still be eligible for a buyout through other funding sources. If you have private flood insurance, you can ask your provider's representative if your policy is underwritten by the NFIP. It is important to note that private flood insurance is not the same thing as homeowner's insurance. FEMA offers [Group Flood Insurance Policies](#) to individuals who do not have flood insurance and have received assistance from FEMA after a presidentially declared disaster.

If your property is insured by the NFIP, an associated record exists of policy claims made for structural losses both over time and across transfer of ownership. This NFIP data is key to understanding a property's flood loss history and Blue Acres works with partners to include the best available data to evaluate buyout eligibility.

Are there additional funds to help me relocate?

Homeowners who are approved to participate in the Blue Acres buyout process will be evaluated for eligibility for Relocation and Resilience Assistance or Safe Housing Incentives by their Blue Acres case manager when the time is appropriate.

Once you're approved for funding through the Blue Acres buyout program, you will be automatically evaluated to see if you qualify for additional funds through Relocation and Resilience Assistance or Safe Housing Incentives. These funds are separate from the buyout price and are detailed in the State purchase contract. The money is provided to the seller once the sale is finalized. The program conducts an annual housing analysis to determine, at a case-specific level, if the sale proceeds are enough for the homeowner to buy or long-term rent a comparable home outside the flood zone. Any extra assistance or incentives Blue Acres offers must be reasonable, consistent, and justified; therefore, it's crucial for homeowners to promptly provide any requested documents to calculate these amounts.

Additionally, the Smart Move pilot program, run by the NJ Department of Community Affairs (NJDCA), offers affordable housing for Blue Acres buyout participants and first-time homebuyers. The goal is to help people find homes outside of flood-prone areas by having developers and towns collaborate to build safe, energy-efficient housing in these locations. Discounts on home purchases are available for low- to moderate-income buyers, and down payment assistance is determined based on need during the mortgage approval process.

Are there additional resources to help me relocate?

Blue Acres connects homeowners with State-identified, federally certified housing counselors who customize advice and services to meet the needs of the homeowner. Housing counseling can offer financial and housing affordability analysis, help with financial planning and budgeting, and guidance that can help participants identify and sort through the loans and resources they qualify for. Housing counselors provide supportive services, including, but not limited to, foreclosure prevention, homebuyer financial counseling, relocation advisory services, and debt management. Blue Acres does not mandate that a homeowner work with a housing counselor, but Blue Acres can make the connection and encourage the homeowner to consider these services regardless of their income, credit situation or employment status. The goal of housing counseling is to help buyout homeowners with financial decisions.

When will I receive payment(s) if I accept an offer?

Homeowners who accept a Blue Acres offer will receive funds at closing, including the buyout purchase price and any supplemental assistance or incentives they qualify for. The buyout process remains voluntary until the closing date; therefore, issuing payments before closing could create significant decision-making challenges or legal issues for homeowners. For example, if advanced relocation funds were used to secure a new home before closing and the sale falls through due to problems like a leaking underground storage tank, environmental issues or title disputes, or judgments that emerge during pre-closing and prevent or eliminate our ability to close, the State would then need to recapture those funds. This could result in a State-issued lien against the property or other costly legal actions, which detracts from our goal of getting you out of harm's way as quickly and smoothly as possible.

When seeking replacement housing after accepting an offer, a common practice for buyout participants is to share a copy of their commitment to sell the flood-prone home to the State. This shows that the buyout participants have a guaranteed sale and a buyer (the State), reassuring the seller of the new property that the buyout participant can afford the home. Getting prequalified for a mortgage helps too. In multiple-bidder situations, writing a letter to explain the personal hardships that have occurred or to explain why providing a significant deposit is a financial challenge has also been productive for past buyout participants. Finally, many homeowners close on the buyout property in the morning and then close on the purchase of their new home in the afternoon, as Blue Acres allows homeowners to set their own closing date. This is often referred to as a concurrent closing.

I have a loan through the Small Business Administration (SBA). Will this affect my buyout?

After a flood, it's common to receive SBA loans for content loss, and these usually don't affect the buyout process. These loans are typically \$25,000 or less and aren't connected to the flood- or storm-damaged property (i.e. they don't appear on a title search). However, larger SBA loans are different. They are meant for more than just content loss and often include structural repairs, meaning that accepted higher-value SBA loans result in a lien on the buyout property. Unfortunately, these larger loans are more complicated to resolve. Homeowners will need to provide paperwork outlining the loan terms (i.e., intended uses of the loan) and details on any drawdowns and any funds used which involves coordination and dialogue with an SBA representative. Additionally, a subjugation agreement signed by both the SBA and the buyout participant to remove the lien is needed to proceed with the buyout closing. Beginning in 2024, FEMA's Individual Assistance program no longer requires applying for SBA loans when seeking aid.

I have received assistance through other housing grant programs such as the Emergency Rescue Mortgage Assistance (ERMA) program. Will this affect my buyout?

State recovery and mitigation programs work together to reduce giving duplicate assistance and to protect public funds. This is not a common occurrence, but if you formally accept a buyout offer when ERMA funds are involved, you'll receive personalized guidance on the next steps. If you need this assistance, Blue Acres will work in coordination with ERMA leadership at the Housing and Mortgage Finance Agency to address your obligation.

What happens to the land after closing?

After a Blue Acres buyout, the home is demolished, and the land is permanently preserved by deed restriction. The only permanent four-walled structure allowed in perpetuity is a public restroom. The land must be used in ways that are compatible with natural floodplain functions, such as pocket parks, trails, urban forests, wetlands, community gardens, and pollinator gardens.

When you sell your property to Blue Acres, the deed restrictions are permanent. The land will never be developed for any purpose other than passive recreation, ecosystem restoration, flood water storage, and other projects that preserve the floodplain functions of the land. Sellers and neighbors can be assured that new housing or businesses will never be built on land that is sold to Blue Acres.

Most often, the local municipality manages the land after demolition while the State maintains ownership. Buyout participants and local community members are encouraged to help decide how the land will be used. Blue Acres lands present opportunities to create community amenities providing recreational, ecological, and aesthetic value, in addition to storing floodwater.