

Hurricane Sandy and Long Beach Island

Understanding Flood Insurance, House Raising, and LBI Real Estate

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Hurricane Sandy and Long Beach Island, NJ

Hurricane Sandy made landfall on Long Beach Island, New Jersey at the end of October 2012. The storm, which has also been called, “Superstorm Sandy”, was actually a Hurricane which collided with several other weather patterns to create a massive, almost unheard of, weather system. To make matters worse, Hurricane Sandy made landfall on Long Beach Island at high tide (almost to the minute) and during a full moon (which always creates a higher than normal tide). In short, Hurricane Sandy was a “Perfect Storm”.

Hurricane Sandy caused massive amounts of damage to the homes and infrastructure on Long Beach Island. Most severely impacted were the bayside “Cape Cod” style homes and some oceanside homes between Long Beach Blvd. and Beach Ave.

Holgate suffered the most amount of damage, with many homes washed off their foundations. The area was closed for a long period of time after the storm had passed. Barnegat Light suffered almost no damage, thanks to the large natural dunes. Likewise, areas of LBI with replenished beaches tended to see less damage.



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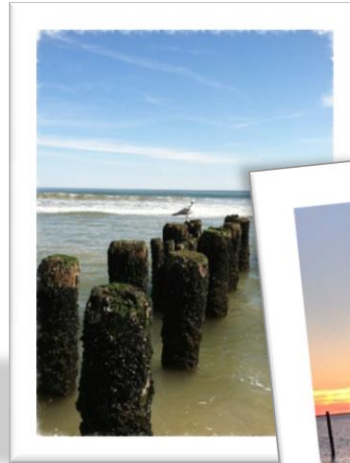
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Flood Insurance on Long Beach Island, NJ

Flood insurance is perhaps the most widely misunderstood area of the real estate market on Long Beach Island. The rumors that, “every house has to be raised” or “insurance will cost \$10,000/ year” are simply not true. While there are homes that will have to be raised, and while there are some homes that will see very high insurance rates, the vast majority of homes on Long Beach Island see annual insurance rates of between \$400 and \$1,500/ year!

To understand flood insurance on Long Beach Island, you must understand how insurance rates are determined, what can be done to lower the costs of insurance, and how flood insurance has and will impact home prices in the LBI real estate market.

Understanding the “ins and outs” of flood insurance can help you save money and make a good investment decision in the real estate market on Long Beach Island.



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Understanding Flood Insurance on Long Beach Island, NJ

Flood insurance rates are based on the property's elevation above Base Flood Elevation or BFE. Generally speaking, the higher a property is above BFE, the lower the rate will be (up to 3 feet above BFE). On the other side of the coin, the lower below base flood elevation, the higher the flood insurance cost will be. Special conditions will apply when rating flood insurance costs on Long Beach Island, NJ. Does the property have a basement (and believe it or not there are homes on LBI that have basements), the number of flood vents in the foundation, is the crawlspace below the grade of the property, and most importantly, the flood zone in which the property is located. Generally speaking, flood zones on LBI fall into an "A" or a "V" category. Most of Long Beach Island lies in an "A" flood zone, which generally sees lower rates and easier building restrictions (for example, a block foundation is permitted in an "A" zone). A "V" flood zone on Long Beach Island will not only see more stringent building requirements, but generally a higher flood insurance rate. In order to be placed in a "V" zone, the property must be suspected of sustaining a direct wave impact of a 3 foot or higher wave. For this reason, "V" zones are generally limited to the oceanfront and certain bayfront areas.

In the absence of a flood elevation certificate, the actual cost of flood insurance is impossible to estimate. This document, which can be obtained from a survey company, tells not only the ground elevation, but also any special conditions that will impact the flood premium on LBI.



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Understanding Flood Insurance Terms

There are a few key terms that are essential to Understanding Flood Insurance on Long Beach Island, New Jersey.

•**Base Flood Elevation:** Also known as BFE, refers to the elevation above sea level a property is recommended to be built to. The BFE is obtained by combining the natural ground elevation with the foundation's structure.

•**Flood Insurance Rate Map:** Also known as a FIRM map, these maps are produced and distributed by FEMA. The maps show the BFE of a certain area like Long Beach Island, the flood zone, and risk premium zones.

•**Pre Firm:** This term relates to homes built before the first FIRM date (December 31, 1974). Most of the Cape Cod style homes on Long Beach Island are considered to be Pre-FIRM construction, unless they have been substantially improved.

•**Post Firm:** This term relates to homes built after December 31, 1974, and were built to the standards of flood elevation at that time. Post-FIRM homes on Long Beach Island are generally raised on pilings.



Flood Insurance and FIRM Maps

Flood insurance is a federal program, and therefore, has to adhere to federal guidelines when seeking to increase flood insurance rates. Flood insurance rates will be increasing, however, these increases were actually approved in September BEFORE Hurricane Sandy had even formed in the Atlantic. These approved changes call for a 25% increase in flood insurance based on the risk associated with the property.

Prior to recent changes, flood insurance was based on two sets of rates: Pre-FIRM and Post-FIRM (FIRM stands for Flood Insurance Rate Map). Pre-FIRM homes, which were homes built on Long Beach Island before the mid 1970's, were based on an established Pre-FIRM rate. Post-FIRM homes were rated on their actual flood elevation above sea level. Under the new law, all homes will be rated based on their actual elevation and level of risk. For some homeowners, this will lead to an increase in flood insurance rates on Long Beach Island. For others, rates will actually DECREASE because the elevation of their house will provide a more favorable rate than the Pre-FIRM rate they were paying. The actual elevation of the property, as used for rating purposes, is an equation comprised of the natural elevation of the land above sea level and the elevation of the structure. For rating purposes, these two numbers together determine the property's elevation. To use an example, if a property is located in an "A8" flood zone, FEMA recommends the property be elevated 8 feet above sea level. If the natural elevation of the ground is 5 feet (much of LBI is between 3 and 6 feet above sea level), then the house need only be elevated 3 feet to meet FEMA's guideline.



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Flood Zones on Long Beach Island, NJ

There are three flood zones on Long Beach Island. They are:

- **A Flood Zone**
- **V Flood Zone**
- **X Flood Zone**

Most of Long Beach Island is in the “A” flood zone. Homes in the “A” zone will typically see lower rates, as they are considered to be less risky. The “V” zone is considered to be one of the worst zones, as it runs the risk of sustaining a direct wave impact of 3 feet or higher (according to FEMA). Therefore, flood insurance rates tend to be higher in a “V” zone as compared to the “A” zone. There are strict building codes that must be followed when building in the “V” zone. Typically, “V” zones are limited to the oceanfront and some bayfront areas. The “X” zone is the best zone to be in on LBI! Homes in the “X” zone may not require flood insurance as they are considered to be “safe”. These areas tend to be on the oceanside in South Beach Haven and suffered no damage from Hurricane Sandy.



Flood Zones on Long Beach Island, NJ

The federal government, which determines flood rates and flood zones on Long Beach Island, has performed a major revision of the flood zones, and this revision is where many questions arise. There are two major zones to consider. Flood Zones: “A” and “V”. If your property is in an “A” zone, which the majority of Long Beach Island is, typically one can anticipate lower rates and less restrictive building restrictions than the “V” zone. If your property is located in a “V” zone, there are a few points to consider:

- **Foundations must consist of break away walls and cannot be located on a solid block foundation.**
- **The base flood elevation on Long Beach Island in a “V” zone tends to be higher, usually about 10 feet.**
- **Additional considerations must be made for new construction, such as sacrificial garage slabs (no more than 4” thick and not reinforced by pilings)**

If your property was located in an “A” zone, and has now been redrawn to a “V” zone, AND the property sustained substantial damaged, you must adhere to these new building guidelines, or be exposed to higher flood insurance.



Rebuilding in a “V” Zone on Long Beach Island, NJ

A “V” flood zone is considered to be an area of higher risk. Therefore, flood insurance rates tend to be higher in a “V” zone as compared to an “A” zone. Also, there are building restrictions and additional methods that are recommended to safeguard the house. It is very important to understand new construction in a “V” zone on Long Beach Island, NJ. In short, homes must be built higher, with breakaway walls, and to achieve the best rate, built without enclosures below the structure. When building in an “A” or “V” zone, both FEMA and the towns on LBI have established a minimum required height, often known as the BFE (Base Flood Elevation). Building higher than the BFE will lower both the flood insurance premium on LBI as well as future flood risk. A helpful example is offered by FEMA to demonstrate that by building higher, the flood insurance rate (premium) on Long Beach Island will drop significantly

- **A single story home built on wood pilings in a “V” flood zone built to BFE (base flood elevation) would have a monthly premium of roughly \$878/ month.**
- **A single story home built on wood pilings in a “VE” flood zone built 3 feet ABOVE BFE (base flood elevation) would have an estimated monthly premium of only \$315/ month!**
- **This is a savings of almost \$6,800/ year on flood insurance on Long Beach Island, NJ!**

Rebuilding in an “A” zone on Long Beach Island after Hurricane Sandy offers a very similar situation as building in a “V” zone, however, it is important to note that flood insurance rates are generally less expensive and building codes are more relaxed.



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The “A” Flood Zone on Long Beach Island, NJ

FEMA defines an “A” and “AE” flood zone as having a 1% chance of an annual flood (it is partly from this definition that the term “100 year storm” comes from when speaking of Hurricane Sandy). Homeowners in an “A” or “AE” flood zone on Long Beach Island can expect the following:

- **Flood insurance rates in an “A” or “AE” zone will be less expensive than a “V” zone.**
- **Building codes will be less restrictive in an “A” or “AE” flood zone on LBI.**
- **Breakaway wall foundations are not required (although they are recommended).**



Due to FEMA’s interpretation that flooding will be less destructive in an “A” or “AE” flood zone, flood insurance is less expensive than a “V” zone. In order for a property to be zoned a “V” zone on LBI, FEMA must ascertain that the subject property will sustain the direct impact of a 3 foot or higher wave. In the eyes of FEMA, properties on LBI in an “A” or “AE” flood zone do not share this risk. It is for this reason that homes in “A” and “AE” flood zones can be built on a solid block foundation with flood vents rather than the break away wall system required in a “V” zone. For some buyers, an “A” or “AE” flood zone on Long Beach Island will be more attractive in the real estate market. In the wake of Hurricane Sandy, the LBI real estate market has become very reactionary to flood zones and flood insurance. Many buyers are concerned with the potential for flood insurance rate increases, and the impact these increases will have on the future value of the Long Beach Island real estate market. The good news is, most homeowners will see very manageable rate increases.

Building A New Home on Long Beach Island, NJ

Building a new house on Long Beach Island can be an excellent investment and can realize immediate equity in the LBI NJ real estate market. There are still some excellent opportunities with storm damaged homes on LBI, as well as non-damaged knock downs. When rebuilding after Hurricane Sandy, remember building to the new flood codes will lessen the risk of damage from future storms and lower your costs of flood insurance. There are some important points to consider when rebuilding after Hurricane Sandy on LBI:

- **Flood insurance is based on the perceived risk associated with the property.**
- **Risk levels are determined by many factors, but flood zone and elevation above sea level top the list.**
- **Foundation systems and flood vents can greatly impact the amount a homeowner pays for flood insurance on Long Beach Island.**

All properties on Long Beach Island have a base flood elevation associated with them. There are three predominate flood zones on LBI. They are an “A” flood zone, a “V” flood zone and a “X” flood zone. The majority of Long Beach Island falls into the “A” flood zone. Homes in an “A” zone are permitted to have solid block or piling foundation systems, and usually fall into a Base Flood Elevation (BFE) of 7-9 feet. “V” zones are the most restrictive with higher elevations (usually 9-15 feet), and limitations on what can be used as a foundation system. For example, solid wall foundations (blocks) are not permitted, as the foundation system needs to have break away walls. “V” zones are mostly limited to the oceanfront and some bayfront areas on LBI. The “X” zone is actually the best zone to be in, as it is the least restrictive, with some lenders not even requiring flood insurance in these zones!



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Foundations on Long Beach Island, NJ

There are two foundation systems commonly used for new construction on Long Beach Island. The most common is a piling support system with a breakaway wall foundation and flood vents. This system will be viewed as less risky by insurance companies, and can often result in a discount on the flood insurance premium. Less commonly used are block foundations. Although this was the go to method for homes built in the early stages of development on LBI, these systems are rarely used for new homes on LBI. You do see this foundation system commonly used for raising homes on LBI. In either case, flood vents are an important upgrade that can significantly raise or lower the cost of flood insurance on LBI. The rule of FEMA, and to meet code, you need 1 square inch of flood vent for every 1 square foot of enclosure. Regardless if your plan is to buy a knock down on LBI or build on an existing property, keeping in mind the guidelines imposed by FEMA will not only lower your risk, it will also save you money in the long run!



Overview of Flood Insurance on Long Beach Island, NJ

The damage caused by flooding, some of which was only a few inches of water inside a house, showed very clearly the advantage of having a house raised on pilings or block foundations. **House Raising on Long Beach Island, New Jersey**, which prior to the storm was a rather obscure profession, suddenly was thrust into the forefront of many people's minds. Let me begin by saying that **not** every house on Long Beach Island needs to be raised. This, above all else, is perhaps the biggest falsity concerning house raising on Long Beach Island. FEMA has established a Base Flood Elevation or "BFE" for all properties on Long Beach Island. This is the level above sea level to which FEMA recommends a new house be built to or a house be elevated to, should a major renovation take place. The BFE is computed by adding the natural elevation of the ground above sea level with the elevation of the structure. For example:

- **A house has a Base Flood Elevation (BFE) of 8 feet.**
- **The ground elevation is 5 feet above sea level.**
- **The house must be elevated 3 additional feet to meet FEMA's requirement.**

A house needs to be raised (by order of the town and FEMA) only if a new construction is taking place, or if the house was "substantially damaged". A house is considered to be "substantially damaged" when the costs of repairs exceed 49% of the replacement value of the structure. There are in fact many locations on LBI where the ground elevation is already at Base Flood Elevation, and therefore, no additional elevation would be required to meet FEMA's minimum standard. This deals only with the requirement minimum. There is an inherent advantage to a house that is raised, as it will be safer in future storms and flood insurance will be less expensive. Thus far, my goal is simply to point out that House Raising on Long Beach Island New Jersey is not a requirement to obtain flood insurance and is not a necessity for all homeowners on LBI.



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The Process of Raising a House on Long Beach Island, NJ

If you are required to raise your house, or you decide the costs are worth the added piece of mind, it is important to understand the process of raising a house on LBI NJ. Among the items needed to get started, you will need the following:

- An engineering report on the structural soundness of the house.
- A soil test to determine if the house will be raised on blocks or pilings.
- A survey and flood elevation certificate.
- Disconnection letters from the utility companies.

Most of the homes that are being raised on Long Beach Island are the 1950's era Cape Cod homes. Traditionally, the houses were built on a block foundation. If the house being raised is located in an "A" flood zone, then the block foundation is still permitted. If the house is located in a "V" flood zone, then a breakaway wall system is needed to meet building requirements. There are cases when even in an "A" flood zone pilings will be required, as sometimes the soil cannot support the additional block foundation. Once all the required items are collected, the house raising company will come, elevate the house, install the additional foundation, and place the house on the new foundation. Afterwards, stairs and decks must be built for access to the house.



Elevation Certificates and Flood Insurance

An elevation certificate is a legal document drafted by a licensed survey firm or engineering company, which in the simplest explanation, gives you the elevation of a specific property. There are several important points to consider on Elevation Certificates on Long Beach Island, New Jersey. They are:

- **Ground elevation of the property on LBI**
- **Elevation of the first floor**
- **Grade (ground level) of the crawl space, if the house is on a block foundation**
- **Number of flood vents**

This type of information helps to determine the flood insurance premium. Flood insurance is based on the elevation of the first floor, so this is the principal, but not the only component. In order to obtain Elevation Certificates on Long Beach Island, New Jersey, a homeowner or prospective buyer must contact a survey firm, pay the required fee, and schedule a time for the firm to perform their field work. The certificate itself consists of several pages and photos, which note the elevations of the property and the house at different points, as well as cover any other factors (for example the number and style of flood vents) which may impact the flood insurance rate.

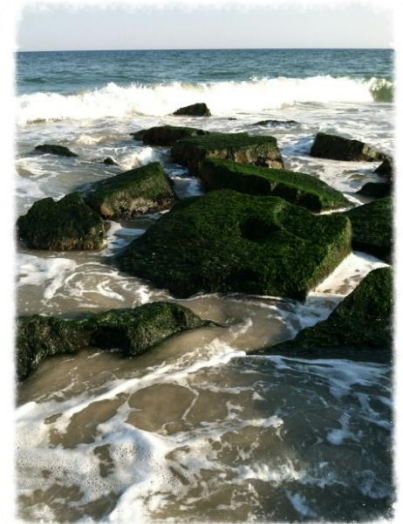


Changes to Long Beach Island, NJ

In September 2012, Congress made substantial changes to the National Flood Insurance Program. These changes penalized owners who were not currently at the new Base Flood Elevations. While not all homes on Long Beach Island need to be raised, these changes to the flood policy (and the damage caused by Hurricane Sandy) prompted many homeowners to raise their homes or tear down their storm damaged homes, and build new. This has clearly changed the look of Long Beach Island in the following ways:

- **Many older Cape Cod style homes on the bayside have been lifted, and new foundations have been built above the new Base Flood Elevations.**
- **Some homes on larger lots were not only raised, but expanded to add bedrooms and living space.**
- **Some storm damaged homes were demolished, and new construction built in their place.**

These changes are extremely positive for the Long Beach Island area and the greater LBI NJ real estate market. It is a common truth that newer homes increase the overall value of a real estate market, and with so much new construction taking place, the entire LBI area will benefit. One would be hard pressed to drive down any street on Long Beach Island and not see some sort of redevelopment and investment taking place. The changes to Long Beach Island will create a new and positive environment for the real estate market, and the enjoyment of everyone on Long Beach Island.



Hurricane Sandy and the LBI Real Estate Market

Hurricane Sandy, which struck Long Beach Island at the end of October 2012, left a major impact on the area and the Long Beach Island real estate market. Hurricane Sandy was the first major storm to directly impact Long Beach Island since 1992, and really can only be compared with the notorious “Storm of 62”, which also saw a similar combination of storms to create one major weather event. In the wake of Hurricane Sandy, many LBI homeowners were left with damaged homes now in need of repair or house raising, and also in need of an understanding of the different flood zones on Long Beach Island. While Hurricane Sandy changed Long Beach Island, the LBI real estate market remained comparatively stable. The LBI real estate market witnessed a number of storm damaged homes coming on the market, however, these sales represent only about 1/5 of the current market activity. The majority of LBI homeowners were able to rebuild either on their own or with the aid of insurance money. Hurricane Sandy and the Long Beach Island NJ Real Estate Market have created some new challenges that must be considered, and it is more important now than ever to do one’s homework before buying or selling in the LBI real estate market.



Hurricane Sandy and the LBI Real Estate Market

On the whole, prices in the Long Beach Island real estate market have remained strong, and interest in the market has increased. Hurricane Sandy and the Long Beach Island Real Estate Market have created a few generalizations that currently hold true. These are:

- The average price of a single family home appears lower than a year ago. However, when storm damaged homes are taken out of the equation (as they are being sold at land value with little to no consideration given to the structure), prices have actually remained the same or increased in some months.
- In general, activity has remained steady, and has increased for homes that have been elevated on pilings.
- There are excellent opportunities for those looking to purchase a damaged home and renovate or rebuild.
- It is important to check and recheck local zoning laws and flood maps before buying or selling in the Long Beach Island NJ real estate market.



If you are considering the purchase or sale of real estate in the Long Beach Island real estate market, it is important to understand the different areas of LBI ,and how they weathered Hurricane Sandy. For example, Holgate, on the very southern end of Long Beach Island, suffered the most from Hurricane Sandy. While progress has been made, the recovery takes time. Fear, more than anything else, drives a market, and Holgate will sadly carry the memory of the damage for a long time to come.



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Hurricane Sandy and the LBI Real Estate Market

Perhaps the question on most everyone's mind is with regards to flood insurance costs, and if these costs will negatively impact the value of the Long Beach Island real estate market. In most cases, flood insurance rates are very affordable, and by no means does a house have to be raised to obtain flood insurance. Flood insurance rates are based on the combined elevation of the ground above sea level and the structure's elevation. Most homes on Long Beach Island are, at worst, 2 -3 feet below the Base Flood Elevation or BFE (after combining the ground elevation with the property's foundation) established by FEMA, and these homes will see a comparatively minor increase in their flood insurance. Therefore, it will have minimal, if any, impact on the Long Beach Island real estate market valuations. Of course, exceptions do exist. For example, homes that have a basement (and believe it or not there are homes on Long Beach Island that have basements!) so it is best to speak with an insurance agent about a specific property to understand what unique characteristics may exist.



Hurricane Sandy and Long Beach Island, New Jersey



Helpful Links:

- [Understanding Flood Insurance on Long Beach Island](#)
- [Hurricane Sandy and the LBI Real Estate Market](#)
- [“AE” Flood Zones on Long Beach Island](#)
- [House Raising on Long Beach Island](#)
- [Building a New Home on LBI](#)
- [Changes to Long Beach Island New Jersey](#)
- [Shopping for Storm Damaged Homes on LBI](#)
- [Long Beach Township Flood Insurance Information](#)
- [Homestyle Renovation Loans](#)
- [Rebuilding on LBI After Hurricane Sandy](#)

Thank you for reading my E-Book about Hurricane Sandy, flood insurance and the LBI real estate market! I hope the information was helpful! I have enclosed a few helpful links to my blog about Long Beach Island that has additional information for you. You can also contact me, Nathan Colmer, anytime and I will be happy to answer any questions you have!

[Click Here to search all homes for sale on Long Beach Island](#)



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