

## QUESTIONS FROM THE 18 DECEMBER CHERRY POINT MEETING

1. What about the land east of Pungo lake that is already owned by the government?

Response: It is unclear what property the question refers to. The land immediately to the east of Pungo Lake is part of the Pocosin Lakes National Wildlife Refuge.

2. Will agricultural rental rates be discounted due the fact that farmers are under flight paths and exposed to noise?

Response: No, agricultural rental rates will not be discounted on the basis of flight tracks or noise exposure.

3. What are the specifics of crop restrictions? Where, when, what crops? Also referring to the practice of leaving corn stalks tall to discourage birds, when can they be cut down or plowed under?

Response: No decision has been made on specifics of any crop restrictions. Some areas near the airfield (and possibly under flight tracks) may not be out leased to discourage waterfowl from using areas near the runway/primary flight tracks. The areas that are outleased will be handled in accordance with existing agricultural out leasing procedures. Nothing has been finalized at this point.

4. How does government ownership of the land affect cultivator's Dept of Agriculture subsidies?

Response: There are a variety of federal agricultural subsidies available to farmers. Each individual farmer will need to consult with the Department of Agriculture to determine if the acquisition of their property, or the property that they farm through a lease or contract agreement, will have an impact on their ability to receive subsidies. Generally speaking however, the General Counsel's Office for the Department of Agriculture indicated that the most common subsidy programs do not require ownership for the benefits to flow. The most common subsidy program for the type of crops cultivated in the OLF area is known as the Direct and Counter Cyclical Program (DCP). Subsidies paid to farmers through the DCP do not depend upon ownership of the land for eligibility. Therefore, in most cases ownership of the property by the federal government should not impact the ability of farmers to continue to receive the same subsidies they are currently collecting.

5. Will navy buy property just outside the 60 dnl line if residents can't tolerate the noise?

Response: The Navy will not buy property outside the 60 dnl contour because noise impacts are minimal outside this contour.

6. How is fair market value determined for agricultural outleasing rates?

Response: The market rental value is based on an appraisal, which estimates the rental value of the property using evidence of market rents available to the appraiser and the proposed terms and conditions of the Government lease.

7. What about the OLF that was shut down?

Response: In developing the EIS, the Navy looked at all existing airfields in its search area to determine if one could be converted/improved to serve as an OLF. There were no such fields identified that met our operational and environmental screening criteria.

8. Owners need capital gains tax relief. Some owners of property depend on rental money to live. When land is sold they will pay almost 50% of money in taxes. Older people don't want to buy new land.

Federal tax law (26 U.S. Code § 1033) allows a three-year period for persons whose property is acquired by the Navy to purchase other property similar or related in use to their former property. Generally, the basis of the acquired property will be the same as the basis of the property converted- this is called a "carryover basis" and avoids taxable capital gain at the time of the forced transaction. Additional relief from tax consequences would have to come from Congress. The Navy believes that the maximum applicable tax rate was 15%, not 50%, in 2003, but affected landowners should consult a tax professional.

9. Why doesn't the Navy provide CPAs and Lawyers since the Navy is making us move?

The Navy's transition team will provide all landowners with the pertinent information they need in order to make an informed decision on how to proceed. The Navy is fiscally prohibited from providing accounting and legal services to non-DoD individuals. It would be a conflict of interest for the Federal government, who in this case is also the buyer, to advise a seller on the seller's legal and financial interests and options concerning any sale.

10. The Navy should pay replacement cost for houses, not market value.

The Constitutional command that the government must meet is to pay "just compensation." This has been consistently interpreted as market value by the courts up to the Supreme Court. The Navy cannot acquire property at replacement value.

11. Will the Navy open a "Relocation Office?"

Response: Yes. The Navy intends to open a local field office for the acquisition project. Property owners will be notified when the office has been opened. In

the meantime, the Navy will soon provide owners a toll-free telephone number by which they can contact the Navy's real estate acquisition personnel.

12. Can people see the appraisal the Navy received on their property?

Response: No, appraisals are business sensitive documents and release of the reports is prohibited in almost all instances. However, a summary of the appraisal including identification of the appraiser, the effective date of the valuation, the appraiser's conclusion regarding the "highest and best" use of the property, the public recordation data for comparable sales, and of course the amount offered as just compensation for the property will be provided to the property owner.

13. Aside from standard relocation benefits, are there any federal grants available to help people who are displaced?

This has been thoroughly researched and no other benefits have been discovered. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended by the Uniform Relocation Amendments of 1987 provides the sole legal and statutory mechanism for relocation assistance.

14. How is standing timber factored into property value?

Response: If standing timber is considered to add value to the property being appraised based on the highest and best use of the property being appraised, a timber appraisal is obtained from a qualified forester to estimate the market value of the standing timber. This value increment is then used by the appraiser in the estimation of the overall value of the property.

15. What about the school that is directly under the flight path?

The Navy intends to obtain all property out to the 60dnl noise contour. Under current Navy policy as defined in the AICUZ instruction, which incorporates National guidelines on land use compatibility, educational facilities located in an area up to 64dnl are considered compatible without the need for additional sound attenuation. By definition this covers any facilities located off of the proposed OLF site.

16. If the landowner chooses to build a new house, will the Navy let them live on the property over 180 days, until the house is complete?

The Navy will make every effort to minimize impacts on displaced persons. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended by the Uniform Relocation Amendments of 1987 only requires a 90 day period in which to vacate. The Navy has, as a matter of policy, decided to provide 180 days. However, on a case-by-case basis and where circumstances warrant it, the Navy will consider allowing individuals to remain in place past the 180-day limit.

17. Can people living along route 32 choose to stay if they desire?

Response: This is a policy decision being evaluated by the Navy. The Navy intends to acquire all property around the OLF that falls within the 60 DNL zone and all homeowners in this zone will be strongly encouraged to relocate. However, there may be some extenuating circumstances that would allow individuals in the outermost regions to remain on the government owned property.

18. Can the Navy provide detailed maps to show which parcels will be purchased?

Response: Yes. Maps will be provided to all property owners.

19. How are people going to find 30,000 acres to reinvest money to avoid capital gains?

Under the law landowners are given up to three years in which to locate suitable property. (See answer to question 8)

20. Will the noncompetitive leasing offer pass down from generation to generation?

Response: No. However, under unique circumstances, the Secretary may decide that a noncompetitive lease to the child or grandchild may be in the United States' interests, but that is a case by case decision that the Secretary has to make.

21. If a farmer currently cultivates land that will be taken out of production in the core area, can the Navy extend a noncompetitive lease to them for other similar land?

Response: It is anticipated that there may be property purchased by the Navy that would ordinarily be marketed for a competitive leasing agreement. To the extent that individual farmers have been displaced and do not have access to property that has been taken out of production, the special permission that we received from the Secretary for non-competitive lease agreements could be applied to allow displaced cultivators the first opportunity to utilize such property at the non-competitive rate. The availability of such property will be determined as the land acquisition process develops.

22. Who is responsible for capital improvements (i.e. bridges, drainage systems, roads, etc.) on leased property?

Response: The Navy lease will identify who will be responsible for the maintenance of capital improvements such as bridges, roads, etc. located on the leased property. In many cases the tenant will be responsible for such maintenance. The annual rental to be paid by the tenant to the Navy will reflect the value of the maintenance work to be performed by the tenant.

23. For residents between the 60 and 65 DNL who opt to remain in their homes, will they have the option to be relocated later if the noise proves to be unbearable?

Response: An initial review of the pertinent statutes indicates that once a lease agreement is entered into the right of relocation assistance is no longer available.

24. Will firearms be permitted on leased property?

Response: Generally, applicable state(state or Federal?) laws determine if firearms are permitted. Hunting activities will be coordinated with the U.S. Fish and Wildlife Service and the North Carolina Game Department. Specific firearm and hunting procedures and requirements will be finalized in the base Security Plan and Integrated Natural Resources Management Plan.

25. What are the conditions of the termination clause for the agricultural outleases?

Response: Per the letter of intent, the leases with tenant-cultivators will be for 10-year terms, renewable by mutual consent. For early termination, in accordance with the statute, the government may terminate the lease at any time. The lessee may only terminate upon 30 days written notice in the event of damage or destruction of the property or a substantial portion of the property that renders the leased property incapable of use for the purpose for which it is leased.

26. Will aerial chemical application be allowed in the vicinity of the airfield? Are there any limitations on the chemicals that can be used?

Aerial chemical application will be allowed in the vicinity of the airfield consistent with State and Federal Regulations and operational requirements of the airfield.

27. Many of the farmers rely on agricultural program payments from the federal government. Will those payments continue for farming that takes place on leased property?

Response: See question 4.

28. In those cases where the Navy will purchase nearly all the land that a landowner owns, will the Navy consider purchasing whatever remaining land the landowner has outside the 60 DNL?

The Navy can only purchase property for which Congress has provided specific authorization. For this project the Navy has been given discretion to purchase property that is contiguous to the planned OLF to accommodate landowners that have overlapping property. This authority does not extend to the purchasing of property located apart from and outside the 60dnl area.

29. Is there any recourse for those residents outside the 60 DNL if the jet noise is unbearable?

The Navy is concerned about the potential impact of noise on people living in the vicinity of the OLF. For that reason, the Navy decided to obtain all property out to the 60dnl noise contour. Under current Navy policy as defined in the AICUZ instruction, which incorporates National guidelines on land use compatibility, residential homes located in an area up to 64dnl are considered compatible without the need for additional sound attenuation.

## **QUESTIONS FROM RDML TURCOTTE POST MEETING**

1. Where will security fence be constructed around the airfield and who does this affect (land owner/cultivator) and how?

Response: Two fences will be necessary. A security/deer fence will be constructed around the airfield and main compound within the Core area. A second barbed wire fence with Government property signs will be constructed around the outside buffer area property line. The security/deer fence will have controlled access through a gate with guards. Cultivators will have access to any agricultural leased areas.

2. Can cultivators use “out buildings” as part of agri-lease?

Response: Any outbuildings permitted to remain on the property after Navy purchase can, in many cases, be included in the Navy lease and used by the cultivator. The use of such buildings would be factored in the annual rental to be paid by the cultivator.

3. How does this affect the lease and how is the lease worded WRT to maintenance/repair responsibility?

Response: When outbuildings are included in the Navy lease, the lease will identify who will be responsible for the maintenance of the buildings. The annual rental to be paid by the tenant to the Navy will reflect the value of the maintenance work to be performed by the tenant.

4. Will annual acreage lease unit costs be reduced from market analysis in that the Federal Government will not pay property taxes? (The issue raised in this question is whether the Navy will provide an offset on the cost of the lease to compensate for the potential additional local tax that may be imposed on the agriculture lease holders.)

Response: Rents are negotiated each lease term. The only requirement is that the rents must reflect fair market value.