

FEMA'S SUBSTANTIAL IMPROVEMENT RULE

Determining Structure Value and Improvement Costs

You are receiving this handout because City staff have conducted an initial screening of your permit application and have determined that your property is in a Special Flood Hazard Area (Zones A, AE, AR, AH and AO), and either:

- The cost of improvement is greater than 40% of the County Tax Assessor's market value; or
- The market value for your individual structure from the County Tax Assessor's office was not available.

Further review is required by City staff in order to issue your building permit.

BACKGROUND INFORMATION:

If your property is in a Special Flood Hazard Area, City staff are required to determine if the proposed work is a Substantial Improvement (SI). Substantial Improvement is any reconstruction, rehabilitation, addition, or other improvement of a structure, where the cost of improvement equals or exceeds 50 percent of the market value of the structure (not including land).

Cost of Improvement (CI): _____

Market Value of Existing Structure (MV): _____

SI Calculation: $\frac{CI}{MV} \times 100 =$ _____

The proposed work is a substantial improvement if it equals or exceeds 50%.

CI is based on the cost of the proposed work listed on your initial application and any work conducted on the same structure within the last year. The items to be included in the cost of improvement calculation can be found on the next page.

MV is initially calculated from the County Tax Assessor's office. If the initial SI calculation is over 40%, an independent appraisal of the market value (structure only) may be used (provided at owner's expense). Please use the "cost approach" method, so that the structure value is separated from the land value. The appraisal must be prepared and signed by a professional appraiser no earlier than 90 days before a building permit application is submitted. The permit must be issued within 180 days of the application.

SI Calculations ≥ 50%

If the final SI calculation for the proposed work equals or exceeds 50%, then floodplain development standards apply. The structure must be elevated (or floodproofed if it is non-residential) to at least 1-foot above the Base Flood Elevation (BFE) and meet other applicable requirements listed in the City's Floodplain Management Ordinance.

Substantial Damage – damage of any origin sustained by a structure whereby the cost of restoring the structure to its before-damaged condition would be equal to or exceed 50% of the market value of the structure.

FEMA'S SUBSTANTIAL IMPROVEMENT/DAMAGE CHECKLIST

ITEMS TO BE INCLUDED:

- Construction management/supervision, contractor's overhead and profit, sales taxes on materials
- All structural elements, including:
 - Foundations (e.g. spread/continuous foundation footings, perimeter walls, pilings, columns, etc)
 - Monolithic or other types of concrete slabs
 - Bearing walls, tie beams and trusses
 - Flooring and ceilings
 - Attached decks and porches
 - Interior partition walls
 - Exterior wall finishes (brick, stucco, siding) including painting and moldings
 - Windows and doors
 - Reshingling or retiling a roof, roofing, gutters, and downspouts
 - Hardware
- All interior finishing elements, including:
 - Floor finishes (e.g. hardwood, vinyl, tiling, linoleum, stone, or carpet over subflooring)
 - Bathroom tiling and fixtures
 - Wall finishes (dry wall, painting, stucco, plaster, paneling, marble, etc.)
 - Built-in cabinets (e.g. kitchen, utility, entertainment, storage, and bathroom)
 - Built-in bookcases, cabinets, and furniture
 - Hardware, insulation
- All utility and service equipment, including:
 - HVAC equipment
 - Plumbing fixtures and piping; electrical wiring, outlets, and switches
 - Light fixtures and ceiling fans
 - Security systems
 - Built-in appliances
 - Central vacuum systems
 - Water filtration, conditioning, or recirculation systems
- **Market value of all labor and materials for repairs, demolition, and improvements, including management, supervision, overhead, and profit (do not discount volunteer/self labor or donated/discounted materials).**

ITEMS TO BE EXCLUDED:

- Plans and Specifications
- Survey costs
- Permit fees and inspection fees
- Costs required for the minimum necessary work to correct existing violations of health, safety, and sanitary codes. City staff will determine what is considered to be the minimum necessary work.
- Plug-in appliances such as washing machines, dryers, and stoves
- Carpeting and recarpeting installed over finished flooring such as wood or tiling
- Outside improvements, including landscaping, irrigation, sidewalks, driveways, fences, yard lights, swimming pools, pool enclosures, and detached accessory structures (e.g., garages, sheds, and gazebos). Detached accessory structures must be treated as separate structures. Floodplain development standards still apply.
- Post-storm debris removal and clean up

ACCEPTABLE SOURCES OF COST INFORMATION:

- Itemized costs of materials and labor, or estimates of materials and labor that are prepared by licensed contractors or professional construction cost estimators.
- Building owners may submit cost estimates that they prepare themselves. Provide as much supporting documentation as possible (receipts/pricing information from hardware stores). The estimate must also include the fair market value of labor, including the owner's labor.

For more information, please contact the CWF Public Works Engineering Department at 940-761-7477, or Google [FEMA Publication: FEMA P-758 Substantial Improvement/Substantial Damage Desk Reference](#)