



FEMA

# Substantial Improvement/Substantial Damage for Residents and Business Owners Mitigation Fact Sheet

## **National Flood Insurance Program (NFIP) Regulation Background Information**

In order to participate in the National Flood Insurance Program (NFIP), local communities must adopt and enforce local floodplain management regulations that meet or exceed the NFIP's minimum criteria. By participating in the NFIP, property owners throughout the community will be able to purchase flood insurance, and disaster assistance will be available throughout your community.

These regulations require the local community to 1) evaluate damaged structures and 2) review permit applications for additions, alterations, and/or, repairs; in order to determine if the threshold for substantial improvements or substantial damage has been reached.

## **Frequently asked questions about “substantial improvement” and “substantial damage” issues**

### ***What is substantial improvement?***

A building is considered to be substantially improved when the cost of reconstruction, rehabilitation, addition, or other improvement of a structure, equals or exceeds 50 percent of the market value of the structure before the “start of construction” of the improvement.

This term includes structures which have incurred “***substantial damage***”, regardless of the actual repair work performed. The term does not, however, include either:

- (1) Any project for improvement of a structure to correct existing violations of state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions or
- (2) Any alteration of a “historic structure” provided that the alteration will not preclude the structure's continued designation as a “historic structure.”

### ***What is substantial damage?***

A building is considered to be substantially damaged when the total cost of repair equals or exceeds 50 percent of the pre-damage market value of the structure. Land value is excluded from this determination.

***My house is been declared substantially improved, what does this mean to me?***

In order to improve or repair your house it will have to meet the minimum elevation requirements in your local floodplain management regulations.

***Do property owners have to meet certain requirements if they want to rebuild a substantially damaged structure?***

The local community's regulations specify rebuilding standards for a substantially damages structure. When a community participates in the NFIP, it must have and enforce a floodplain management ordinance that helps to protect lives and property from future floods. Reducing future losses helps keep flood insurance premiums down. The ordinance requires owners of damaged structures to obtain a floodplain development permit from their local government before they rebuild.

***How do I determine the elevation of my house?***

The elevation of your house is documented by a surveyor or other authorized person on an Elevation Certificate (FEMA Form 81-31). Check with your local floodplain administrator to see if there is an elevation certificate on file for your house.

***What happens if a residence is determined to be substantially damaged?***

Owners must then comply with their community's floodplain management ordinance should they choose to rebuild. In some cases, a building may need to be elevated, retrofitted, or changed to comply with the ordinance and reduce future flood losses.

In some instances owners may voluntarily request to be included in a community-sponsored acquisition program primarily funded by state and federal agencies. However, a request to be included in such a program is not a guarantee that there will, in fact, be a program or that there will be funding to acquire all properties whose owners request acquisitions.

***What happens if your community fails to enforce its local floodplain management ordinance?***

Failure to enforce these measures can jeopardize the community's continued participation in the NFIP and ability to qualify for federal assistance following a disaster.

***Where can I get more information?***

- For general flood insurance questions, call 1-800-427-4661, or contact your insurance company or insurance agent.
- For more information, visit [FEMA.gov](http://FEMA.gov) and [FloodSmart.gov](http://FloodSmart.gov)
- To protect your property with a flood insurance policy, call your insurance agent or call 1-800-427-2419 to find an agent near you.

***Additional Resources:***

FEMA Publications call 1-800-480-2520

- Answers to Questions About Substantially Damaged Buildings – FEMA 213 (5/91)
- Repairs, Remodeling, Additions, and Retrofitting – Tech Fact Sheet 30 (8/05)