Substantial Damage & Substantial Improvement in Your Community
Overview:

- Definitions
- Determinations
- How are they done
- When are they done
- Why are they done
- Your Community
Terminology

- **Substantial Damage** – Damage to a structure that to restore would be => 50% of market value.

- **Substantial Improvement** – Any reconstruction, rehabilitation, addition or improvement that is => 50% of market value.
Determinations

- **Substantial Damage** determination for NFIP **MUST** be from local community official.
  - Not from insurance adjustor
  - Not from FEMA NFIP
  - Not from FEMA Individual Assistance
  - Not from SBA loan official
Determinations

- **Substantial Improvement** – Every permit that is issued for development in the Special Flood Hazard Area (SFHA) should be reviewed.
 WHEN ???

**Substantial Damage**
determinations should be done ASAP
after damage incurred

**Substantial Improvements**
determinations should be documented
every time a permit is issued in SFHA
and documented on permit
Substantial Improvements

Maintenance Checklist; roof, attic, gutters, fireplace, HVAC, windows, doors, siding, paint, basement, hot water heater
Pre-FIRM & Post-FIRM

Pre-FIRM

Post-FIRM
Why is Pre-FIRM and Post-FIRM important?

- Lowest floor below or above BFE
- Structure is built in compliance or not in compliance
- Insurance Rating – Pre/Post FIRM and BFE
How many structures are Pre-FIRM for your community?

How many structures are Post-FIRM for your community?
Increased Cost of Compliance

- An additional flood insurance claim payment to help cover the cost of bringing a substantially or repetitively damaged building into compliance with the local floodplain management ordinance.

- The insured building must be in the regulatory floodplain.

- The claim must be a direct result of a flood loss.
Questions?