



### National Flood Insurance Program Substantial Damage/Substantial Improvement

The purpose of this Fact Sheet is to answer frequently asked questions regarding the Substantial Improvement/Substantial Damage (SI/SD) requirements of the National Flood Insurance Program (NFIP) for the repair or improvements of structures that have been damaged as a result of flooding.

**1. Can I move back into my home before a substantial damage inspection has been performed?**

Yes. There is no FEMA requirement that a SD determination inspections must be performed prior to a property owner moving back into their home. Property owners are encouraged to contact their community for any life safety requirements regarding occupying a flood damaged home. Property owners should only return to their homes after local officials have determined that it is safe to do so. Communities participating in the NFIP are responsible for conducting determinations on whether the costs to improve or repair a damaged building have exceeded the 50 percent threshold (see question 3) of the building's market value.

**2. What is substantial improvement?**

The National Flood Insurance Program defines Substantial improvement, as *"any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which 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 value of or actual cost of 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'."*

**3. What is substantial damage?**

The National Flood Insurance Program considers a building to be substantially damaged when: *"damage of any origin is sustained by a structure whereby the cost of restoring the structure to it's before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred."*

**4. What is the community's responsibility if buildings are being improved or repaired after being damaged?**

A participating community in the National Flood Insurance Program is responsible for making determinations on whether or not the costs to improve or repair a damaged building or structure have exceeded the 50 percent threshold of the buildings market value as adopted in the local floodplain ordinance. A written SD determination should be provided to the homeowner. The SI/SD threshold of 50% damage is established in the definition in Question 3 and is adopted in the local floodplain management ordinance and enforced by the local community's floodplain administrator or building department.

**5. If a structure is substantially damaged, what must happen to the structure?**

If the cost necessary to fully repair the structure to its before damaged condition is equal to or greater than 50 percent of that structure's market value before damages, then the structure must be elevated or floodproofed

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(non-residential only) to or above the level of the base flood, and meet and additional requirements of the local floodplain ordinance. All structures that are determined by the local community to be substantially damaged are automatically considered to be substantial improvements, regardless of the actual repair work performed.

**6. Are permits needed for repair and/or improvement of structures after a flooding event?**

Yes. Permits are required for the repair and/or improvement of structures in the Special Flood Hazard Area (SFHA). In making a Substantial damage determination, the local official must consider the entire costs to repair or improve the structure even if the homeowner's plan is to repair/improve the structure will be performed in phases or at a later date.

Some communities may allow minor activities without a building permits in order to prevent further damage to the building. **FIRST, CHECK WITH THE LOCAL BUILDING DEPARMENT.** Examples of some activities that may be allowed are disposal of damaged contents and carpeting; cleaning floors and walls to prohibit mold and covering damaged roofs and windows. Many of these activities are considered clean-up activities, which are not typically included in the substantial damage calculations.

However, all costs that are intrinsically part of *repairing and restoring* the damaged building must be included, in the community's SD determination. For additional information see, ***FEMA P-758 Substantial Improvement/Substantial Damage Desk Reference, Sections 4.4.***

Homeowners and communities should refer to the SI/SD *Desk Reference* to help understand what costs must be included and what costs can be excluded from the SI/SD determination. Homeowners must document, preferably through pictures or video and should work with their local community officials to determine flood damages.

**7. If a structure is determined to be substantially damaged by the local building official, will Increase Cost of Compliance (ICC) be available to policyholders?**

ICC is available for structures that are determined by the local official as substantially damaged and have flood damages that equal 50 percent of the structure's market value. The maximum coverage limit for ICC is up to \$30,000 toward elevation, demolition, relocation and floodproofing (nonresidential building only). For additional information see, [https://www.fema.gov/media-library-data/20130726-1620-20490-1621/f663\\_icc.pdf](https://www.fema.gov/media-library-data/20130726-1620-20490-1621/f663_icc.pdf)

**References:**

- *FEMA P-758 - Substantial Improvement/Substantial Damage Desk Reference, May 2010:* <http://www.fema.gov/media-library/assets/documents/18562>
- *FEMA 213 – Answers to Questions about Substantially Damaged Buildings, May 1991:* <http://www.fema.gov/media-library-data/20130726-1505-20490-8308/fema213.pdf>
- *FEMA P-301 – Increase Cost of Compliance – Guidance for State and Local Officials Coverage* <https://www.fema.gov/pdf/plan/floodplain/fema301.pdf>

**For additional information contact your:**

- State Floodplain Manager at <http://www.floods.org/index.asp?menuID=274&firstlevelmenuID=185&siteID=1>
- FEMA Region Mitigation Division at <https://www.fema.gov/regional-contact-information>

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