



Shrinking time between disaster and recovery.



Home Damage and Elevation and Code Compliance

If your home suffered extensive damage from a disaster event, the cost to repair the structure may trigger your local municipality's requirement to upgrade to current codes and standards. Below, we've provided an overview of this process: determining if your home is "substantially damaged," and if so, what to do if you have to elevate your house and fix it to local code.

Key Terms

Use the key below as a reference for certain important terms.

SUBSTANTIAL DAMAGE:

This is the damage of a structure (such as your house) whereby the cost to fix the structure to its pre-disaster condition would equal or exceed 50%* of the market value of the structure. The "substantial damage rule" applies to all buildings, regardless of whether the building was covered by flood insurance.

MARKET VALUE:

This is the value of your structure before the damage occurred, pertaining only to the insurable structure in question, not to the land, landscaping or detached accessory structures on the property.

BASE FLOOD ELEVATION (BFE):

This refers to the level to which floodwaters are modeled to rise during the base flood (also known as the 100-year flood or the flood that has a 1% chance of being equaled or exceeded in any given year).

**Consult your local floodplain administrator as your local ordinance may require < 50% damage threshold.*

STRUCTURE ELEVATION PROJECT:

This is the lifting of an existing building structure so that the First Floor Elevation (FFE) is at or above the BFE as required by FEMA or local ordinance to reduce flood risks.

INCREASED COST OF COMPLIANCE (ICC):

In cases where the local floodplain ordinance requires elevation or retrofitting of a substantially damaged building, the flood insurance policy will not only pay for repairs to the flooded building, it will pay up to \$30,000 to help cover the additional cost of complying with the ordinance.

For information visit our website at SBPUSA.org

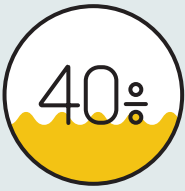
The Basic Process



Disaster event floods home.



Initial inspection estimates percent damage.



If at least **40%** damaged, detailed inspection confirms percent damage.



If **50% or greater**, local Floodplain Manager provides Substantial Damage Determination.



Homeowner obtains building permits and must comply with current building codes including floodplain elevation.

THE CALCULATION:

$$\frac{\text{COST TO REPAIR}}{\text{MARKET VALUE OF HOME}}$$



50%



SUBSTANTIAL DAMAGE

STEP 1

Determine Your Cost to Repair and the Market Value of Your Home

DETERMINE YOUR COST TO REPAIR

The cost to repair is the true cost of bringing the building back to its pre-damage condition using qualified labor and materials obtained at market prices.

- It must be calculated for full repair, even if the owner elects to do less.
- It must also include the cost of any improvements that the owner has opted to include during the repair project.
- Get the cost to repair from an objective third-party or undebatable source, such as:
 - A licensed general contractor
 - A professional construction estimator
 - Insurance adjustment papers (excluding damage to contents)
 - Damage assessment field surveys conducted by building inspection, emergency management or tax assessment agencies after disaster (e.g., using FEMA Substantial Damage Estimator Program)

DETERMINE THE MARKET VALUE OF YOUR HOME

Acceptable estimates of market value include:

- An independent appraiser
- A detailed estimate of the structure's actual cash value (the replacement cost for the building, minus a depreciation percentage based on age and condition)
- An estimate from your local building department or tax assessor's office



Future Flood Protection Ideas to Consider

1. Obtain and maintain flood insurance no matter what flood zone you are located in. If located outside the regulatory floodplain, or Special Flood Hazard Area, the cost of flood insurance is greatly reduced.
2. If located in high-risk wind zones, strengthen the roof, windows, doors, and structure following the IBHS FORTIFIED Home standards.

STEP 2

Your Home is Officially Declared “Substantially Damaged”

(If your home is NOT declared “substantially damaged, skip to Step 5)

You will receive official notification by the local floodplain administrator that the cost to repair your structure’s damages is 50% or more of the fair market value of the building.

STEP 3

Elevation and Code Compliance

If your home is substantially damaged AND its first floor elevation is below the elevation required by the local floodplain ordinance (typically BFE or BFE plus 1 to 3 ft.), it must be elevated to or above the level of the base flood, and meet other applicable local code compliance upgrades. Consult your local floodplain administrator or permitting office for more information on the base flood level. Your local ordinance may require “less than 50% damage threshold.”

STEP 4

How to Fund Your Elevation and Code Compliance Project

There are numerous ways to pay for the cost of your project. Elevation can be self-funded, financed through an SBA loan or other lender, and assisted with the ICC program. You can also request to be added to state and local lists of structures to receive federal and state assistance to fund elevations, if available.

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Reasons to consider elevating and strengthening your house to reduce risks, regardless of whether you are required to:

<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center; gap: 5px;"> ↓ <div>Reduce the risk of future floods that damage property, destroy irreplaceable items and cause massive disruption</div> </div> <div style="display: flex; align-items: center; gap: 5px;"> ↓ <div>Reduced flood insurance and homeowners insurance rates</div> </div> </div>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center; gap: 5px;"> ↑ <div>High probability of long-term compliance with increasingly tighter codes and requirements</div> </div> <div style="display: flex; align-items: center; gap: 5px;"> ↑ <div>Increased market value and resale value of the home</div> </div> </div>
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STEP 5

Voluntary Methods to Reduce Future Flood Damage

If the structure is not substantially damaged then the building *does not have to be elevated or otherwise protected or brought up to code*. However, it is advisable to incorporate methods to reduce future flood damage, such as use of flood-resistant materials and installation of electrical, heating and air conditioning units above BFE. If the building’s FFE is below BFE and there are hazard mitigation grants available, it might be a good time for local residents to consider elevation as part of a local Hazard Mitigation Grant Program project even if not required by code.

Potential Post-Disaster Changes

- National Flood Insurance Program (NFIP) Flood Insurance Rate Map (FIRM) changes, which dictate flood zone and flood insurance rate. Check the NFIP website at floodsmart.gov to find out more information about these potential changes
- Local and state ordinance changes
- Lender and insurance company requirements
- Availability of funding for elevation and other compliance measures