

THE WHO, WHAT, WHEN, WHERE, WHY, AND HOW OF SUBSTANTIAL-DAMAGE

Q: WHO IS RESPONSIBLE FOR MAKING THE DETERMINATION WHETHER A STRUCTURE HAS BEEN SUBSTANTIALLY DAMAGED?

A: Ultimately, it is the responsibility of the community permitting official to assure that market value estimates are reasonably accurate and the cost estimate reasonably reflects the actual costs to fully repair the damage to the structure.

Q: WHAT IS A SUBSTANTIALLY DAMAGED STRUCTURE?

A: Substantial-damage for floodplain management purposes is defined in 44 Code of Federal Regulations (CFR) 59.1 as:

“Damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.”

Q: WHEN IS A STRUCTURE CONSIDERED SUBSTANTIALLY DAMAGED?

A: A structure is considered to be substantially damaged when it has been damaged more than 50% of its pre-damaged market value. The criteria for determining substantial-damage is the ratio of the cost of repairing the structure to its before damaged condition to the market value of the structure prior to the damage.

Q: WHERE DOES THE SUBSTANTIALLY DAMAGED CRITERION APPLY?

A: The substantial-damage criterion is applied to all structures located in the 100-year floodplain that are damaged 50% or more by any natural or man-made event. Structures sustaining 50% or more damage from fire, wind, snow, tornado, or explosion would be subject to compliance with all community floodplain construction requirements regardless of the extent of actual repairs.

Q: WHY WAS THE 50% FIGURE CHOSEN AS THE SUBSTANTIAL-DAMAGE THRESHOLD?

A: The 50% threshold was chosen as a compromise between the extremes of prohibiting all construction in the floodplain not meeting the minimum National Flood Insurance requirements and allowing structures to be built without regard to the hazard risk.

Q: HOW MUCH ACCURACY IS NEEDED TO DETERMINE SUBSTANTIAL-DAMAGE?

A: The closer the level of damage approaches 50% of the market value of the structure, the greater the precision needed in determining substantial-damage.

For additional explanation on ‘substantial-damage’ see, “Answers to Questions about Substantially Damaged Buildings,” FEMA publication 213, May 1991.