

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

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

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 make the improvements to the structure.

Q: WHAT IS A SUBSTANTIALLY IMPROVED STRUCTURE?

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

- 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.’”*

Q: WHEN IS A STRUCTURE CONSIDERED SUBSTANTIALLY IMPROVED?

A: A structure is considered to be substantially improved when it has been rehabilitated, added to, reconstructed, or substantially damaged more than 50% of its pre-damaged market value. Substantial-improvements more commonly occur during non-disaster times.

Q: WHERE DOES THE SUBSTANTIALLY IMPROVED CRITERION APPLY?

A: The substantial-improvement criterion is applied to all existing or newly improved structures located in the 100-year floodplain that are improved 50% or more of the market value. These structures are subject to compliance with all community floodplain construction requirements.

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

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

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

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

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