

Florida's Substantial Improvement and Substantial Damage Notice for Property Owners, Contractors, and Design Professionals

[This example is based on the NFIP definition for Substantial Improvement and Substantial Damage. Florida communities that adopt modifications to those definitions should amend this packet to reflect those modifications.]

TO: Property Owners, Contractors, and Design Professionals

FROM: **City of Hollywood Floodplain Administrator**

SUBJECT: Notice for Work on Existing Buildings in Special Flood Hazard Areas
Substantial Improvement / Substantial Damage Worksheets

The *Florida Building Code* (FBC) requires all new buildings located in Special Flood Hazard Areas (SFHAs) (regulated floodplains) to have their lowest floors elevated to or above the Base Flood Elevation (BFE). The regulations also specify that **substantial improvement** of existing buildings (alterations, remodeling, rehabilitation, improvement, or addition) or buildings that have sustained **substantial damage** must be brought into compliance with the requirements for new construction. Please note that a building may be substantially damaged by any cause, including fire, flood, high wind, seismic activity, land movement, or neglect. It is important to understand all costs of improvements, and all costs to repair a substantially damaged building to its pre-damage condition, must be identified.

There are several aspects that must be addressed to achieve compliance with the flood hazard area requirements of the FBC. The requirements depend on several factors, including the flood zone at the property. The most significant compliance requirement is the lowest floor, as defined in the FBC, must be elevated to or above a specific elevation. Please plan to meet with this department to review your proposed project, to go over the requirements, and to discuss how to bring your building into compliance.

The *Florida Building Code* defines these terms:

Substantial damage means 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.

Substantial improvement means any repair, reconstruction, rehabilitation, alteration, addition, or other improvement of a building or structure, the cost of which equals or exceeds 50 percent of the market value of the structure before improvement or repair is started. If the structure has sustained substantial damage, any repairs are considered substantial improvement regardless of the actual repair work performed. The term does not, however, include either:

- (1) Any project for improvement of a structure to correct existing health, sanitary or safety code violations identified by the building official and that are the minimum necessary to assure safe living conditions.
- (2) Any alteration of a "historic structure" provided that the alteration will not preclude the structure's continued designation as a "historic structure."

To make the substantial improvement determination, or the substantial damage determination, this office compares the cost of the proposed improvement or repairs to the market value of the building (excluding land, accessory structures, and landscaping). If the resulting ratio equals or exceeds 50 percent, the existing building must be brought into compliance with the flood hazard area requirements for new buildings.

$$\frac{\text{Cost of Improvement or Cost to Repair to Pre-Damage Condition}}{\text{Market Value of Building}} \geq 50\%$$

Please note:

- You must provide an estimate of the costs of all proposed improvements or repairs. If your building has been damaged, the cost estimate must include all work required to repair the building to its before-damage condition. The cost estimate must include all labor and materials. If the work will be done by a contractor, the contractor's overhead and profit must be included. If the work will be done by the owner or volunteers, market rates must be used to estimate the cost of materials and the value of labor. Attached to this notice is a list of costs that must be included and costs that are excluded. After we review the cost estimate, we may require that it be broken down to show all materials and labor estimates.
- We will estimate the market value of the building by using the most recent tax assessment value adjusted to approximate market value by a factor provided by the County Property Appraiser. Alternatively, you may provide an appraisal of the market value prepared by a qualified independent appraiser. The market value must be the value before any improvement are started or before any damage occurred.

If you have any questions regarding this information, please email the City's Floodplain Administrator, Alicia Vereia-Feria,CFM at averea-feria@hollywoodfl.org .

Attachments:

- Requirements for Applications for Permits for Substantial Improvements and Repair of Substantial Damage
- Costs for Substantial Improvements and Repair of Substantial Damage
- Owner's Affidavit
- Contractor's Affidavit

Requirements for Applications for Substantial Improvement and Repair of Substantial Damage

Please contact the City's Floodplain Administrator, Alicia Vereá-Feria, CFM at averea-feria@hollywoodfl.org if you have questions about the Substantial Improvement and Substantial Damage requirements. Your building may have to be brought into compliance with the floodplain management requirements for new construction.

Applications for permits to work on existing buildings that are located in Special Flood Hazard Areas must include the following:

- Current photographs of the exterior (front, rear, sides)
- If your building has been damaged, include photographs of the interior and exterior; provide pre-damage photos of the exterior, if available
- Detailed description of the proposed improvement (rehabilitation, remodeling, addition, etc.) or repairs
- Cost estimate of the proposed improvement or the cost estimate to repair the damaged building to its before-damage condition
- Elevation certificate or elevation survey
- You may submit a market value appraisal prepared by a licensed professional appraiser or we will use the tax assessment value of the building
- Owner's affidavit (signed and dated)
- Contractor's affidavit (signed and dated)

Costs for Substantial Improvements Repair of Substantial Damage Items that must be included:

Items that must be included in the costs of improvement or costs to repair are those that are directly associated with the building. The following list of costs that must be included is not intended to be exhaustive, but characterizes the types of costs that must be included:

- Materials and labor, including the estimated value of donated or discounted materials and owner or volunteered labor
- Site preparation related to the improvement or repair (foundation excavation, filling in basements)
- Demolition and construction debris disposal
- Labor and other costs associated with demolishing, moving, or altering building components to accommodate improvements, additions, and making repairs
- Costs associated with complying with any other ordinance or code requirement that is triggered by the work, including costs to comply with the requirements of the Americans with Disabilities Act (ADA)
- Costs associated with elevating a structure to an elevation that is lower than the BFE
- Construction management and supervision
- Contractor's overhead and profit
- Sales taxes on materials
- Structural elements and exterior finishes, including:
 - Foundations (e.g., spread or continuous foundation footings, perimeter walls, chainwalls, pilings, columns, posts, etc.)
 - Monolithic or other types of concrete slabs
 - Bearing walls, tie beams, trusses
 - Joists, beams, subflooring, framing, ceilings
 - Interior non-bearing walls
 - Exterior finishes (e.g., brick, stucco, siding, painting, and trim)
- Structural elements and exterior finishes (cont.):
 - Windows and exterior doors
 - Roofing, gutters, and downspouts
 - Hardware
 - Attached decks and porches
- Interior finish elements, including:
 - Floor finishes (e.g., hardwood, ceramic, vinyl, linoleum, stone, and wall-to-wall carpet over subflooring)
 - Bathroom tiling and fixtures
 - Wall finishes (e.g., drywall, paint, stucco, plaster, paneling, and marble)
 - Built-in cabinets (e.g., kitchen, utility, entertainment, storage, and bathroom)
 - Interior doors
 - Interior finish carpentry
 - Built-in bookcases and furniture
 - Hardware
 - Insulation
- Utility and service equipment, including:
 - HVAC equipment
 - Plumbing fixtures and piping
 - Electrical wiring, outlets, and switches
 - Light fixtures and ceiling fans
 - Security systems
 - Built-in appliances
 - Central vacuum systems
 - Water filtration, conditioning, and recirculation systems

Items that may be excluded:

Items that can be excluded are those that are not directly associated with the building. The following list characterizes the types of costs that may be excluded:

- Clean-up and trash removal
- Costs to temporarily stabilize a building so that it is safe to enter to evaluate required repairs
- Costs to obtain or prepare plans and specifications
- Land survey costs
- Permit fees and inspection fees
- Carpeting and recarpeting installed over finished flooring such as wood or tiling
- Outside improvements, including landscaping, irrigation, sidewalks, driveways, fences, yard lights, swimming pools, pool enclosures, and detached accessory structures (e.g., garages, sheds, and gazebos)
- Costs required for the minimum necessary work to correct existing violations of health, safety, and sanitary codes
- Plug-in appliances such as washing machines, dryers, and stoves

Contractor's Affidavit: Substantial Improvement or Repair of Substantial Damage

Building Permit Application No.: _____

Property Address: _____

Parcel ID Number: _____

Owner's Name: _____

Owner's Address/Phone: _____

Contractor: _____

Contractor's License Number: _____

Date of Contractor's Estimate: _____

I hereby attest I have personally inspected the building located at the above-referenced address and discussed the nature and extent of the work requested by the owner, including all improvements, alterations, rehabilitation, remodeling, repairs, additions, and any other form of improvement.

At the request of the owner, I have prepared a cost estimate for all of the improvement work and repairs requested by the owner and the cost estimate includes, at a minimum, the cost elements identified by the Building Department that are appropriate for the nature of the work. If the work is repair of damage, I have prepared a cost estimate to repair the building to its pre-damage condition. I acknowledge that if, during the course of construction, the owner requests more work or modification of the work described in the application, a revised cost estimate must be provided to the Building Department, which will re-evaluate its comparison of the cost of work to the market value of the building to determine if the work is Substantial Improvement. Such re-evaluation may require revision of the building permit and may subject the property to additional requirements.

I also understand I am subject to enforcement action and/or fines if inspection of the property reveals I have made or authorized repairs or improvements that were not included in the description of work and the cost estimate for that work used as the basis for issuance of a permit.

Owner's Signature: _____ Date: _____

Notarized:

Owner's Affidavit: Substantial Improvement or Repair of Substantial Damage

Building Permit Application No.: _____

Property Address: _____

Parcel ID Number: _____

Owner's Name: _____

Owner's Address/Phone: _____

Contractor: _____

Contractor's License Number: _____

Date of Contractor's Estimate: _____

I hereby attest the description included in the building permit application for the work on the existing building that is located at the property identified above is all of the work that will be done, including all improvements, alterations, rehabilitation, remodeling, repairs, additions and any other form of improvement. I further attest that I requested the above-identified contractor to prepare a cost estimate for all of the work, including the contractor's overhead and profit.

I acknowledge that if, during the course of construction, I decide to add more work or to modify the work described, The Building Department will re-evaluate its comparison of the cost of work to the market value of the building to determine if the work is Substantial Improvement. Such re-evaluation may require revision of the building permit and may subject the property to additional requirements.

I also understand I am subject to enforcement action and/or fines if inspection of the property reveals I have made or authorized repairs or improvements that were not included in the description of work and the cost estimate for that work that were the basis for issuance of a permit.

Owner's Signature: _____ Date: _____

Notarized: