

**FEMA 50% RULE –SUBSTANTIAL IMPROVEMENT/SUBSTANTIAL DAMAGE**

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**NOTICE TO PROPERTY OWNERS**

*Rebuilding or repairing your home or business after the storm?  
Adding on, renovating, or remodeling your home or business?  
Here's information YOU need to know about the FEMA 50% Rule.*

The Village of Estero has floodplain management regulations that may affect how you remodel, renovate, or add on to your building. If your home or business sustained structural and/or interior damage, or if you want make some voluntary improvements to your existing home or business, these regulations may affect how you rebuild. These regulations are required by the National Flood Insurance Program (NFIP) to protect your lives and investments from future flood damages. The Village must adopt and enforce these regulations in order for federally-backed flood insurance to be made available to Village residents and property owners.

*Save yourself time and money!  
Please read the following information.*

**SUBSTANTIAL DAMAGE** shall mean damage of any origin sustained by a structure whereby the cost of restoring the structure to its before-damage condition would equal or exceed fifty (50) percent of the market value of the structure before the damage occurred. Substantial damage also means flood-related damage sustained during a five-year period for which the cost of repairs at the time of the event, equals or exceeds fifty (50) percent of the market value of the structure before the damage occurred. (Note: The cost of the repairs must include all costs necessary to fully repair the structure to before-damage condition.)

**SUBSTANTIAL IMPROVEMENT** shall mean any combination of repair, reconstruction, rehabilitation, addition or improvement of a building or structure taking place during a 5-year period, the cumulative cost of which equals or exceeds fifty (50) percent of the market value of the structure before the improvement or repair is started. For each building or structure, the 5-year period begins on the date of the first permit issued for improvement or repair of that building or structure. 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: Any project for improvement of a building required 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.

All repairs and improvements must be permitted through the Building Division for properties subject to the Substantial Improvement/Substantial Damage (SI/SD) review. Even some improvements that typically do not require a permit (i.e., cabinets, floor covering replacement, fixture replacement) must be evaluated as a remodel since the value must be included in the calculation for this review.

If a building is “substantially damaged” or “substantially improved” it must be brought into compliance with flood damage prevention regulations, including elevating the building 1 foot above the Base Flood Elevation (BFE) or to the Design Flood Elevation (DFE), whichever is higher. Likewise, all electrical and mechanical equipment (heating and cooling, etc.), bathrooms and laundry rooms must be elevated as well or removed from the flood hazard area. Only parking, building access and limited incidental storage is allowed below the flood level. Non-residential buildings may be “dry flood-proofed” instead of being elevated. Building permits are required for elevating the structure, if necessary.

## REVIEW PROCEDURE

The Village of Estero, following National Flood Insurance Program (NFIP) requirements, has the responsibility to determine “substantial damage” and “substantial improvement” and has implemented the following procedures to do so:

1. If you plan to improve or repair an existing structure that is located within a special flood hazard area (i.e. Zones A, AE, VE) an Elevation Certificate or an elevation survey indicating the Lowest Floor Elevation (LFE) of the existing structure shall be provided in order to determine if Substantial Improvement/Substantial Damage regulations apply.
  - a) If the LFE, electrical, plumbing and mechanical equipment are at or above the freeboard, i.e., one foot above the current Base Flood Elevation (BFE), the building can be repaired or improved and the FEMA 50% Rule ***will not*** apply. You do not need to complete or provide anything further with respect to Substantial Improvement/Substantial Damage regulations.
  - b) If the LFE, electrical, plumbing and mechanical equipment are at the current BFE and below the freeboard, or below the current BFE, then the FEMA 50% Rule ***will*** apply.
2. If it is determined that the FEMA 50% Rule applies, then we will estimate Market Value by using the tax assessment value of your structure (excluding the land and features). If you disagree with this estimate of Market Value, you may hire a state licensed appraiser and submit a certified property appraisal for the depreciated value of the structure.
3. You must submit to us a detailed and complete cost estimate for the addition, remodeling, reconstruction or for repair of all the damages sustained by your home, prepared and signed by a licensed contractor. The contractor must sign an affidavit indicating that the cost estimate submitted includes all damages or all improvements to your home, not just structural. The signed contract document must be submitted with your application. If the owner is acting as his or her own contractor, the owner is responsible for submitting the cost estimate, and providing documentation, including subcontractor bids, to document the cost estimate.
4. We will evaluate the cost of improvements or repairs and determine if they are fair and reasonable. For damage repairs, pre-storm prices and rates will be utilized. The cost of improvements or repairs does not include items not considered a permanent part of the structure. Please see pages 4-5 for more details on what may be included and excluded from the SI/SD review.

## **IMPORTANT NOTE ON DONATED MATERIALS & VOLUNTEER LABOR**

The value placed on materials should be equal to the actual or estimated cost of all materials to be used. Where materials or servicing equipment are donated or discounted below normal market values, the value should be adjusted to an amount equivalent to that estimated through normal market transaction.

Self or Volunteer Labor: The value placed on labor should be equal to the actual or estimated labor charge for repairs of all damages sustained the structure. Where non-reimbursed (volunteer) labor is involved, the value of the labor should be estimated based on applicable minimum hourly wage scales for the type of construction work to be completed. Our plans examiner based on his/her professional judgment and knowledge of local/regional wage scales can provide additional guidance to determine reasonable labor rates for professional trades (i.e. electricians, plumbers, block masons, framers, etc.).

A list of items to be included and excluded from the Substantial Improvement / Substantial Damage review and a checklist are found on pages 4 and 5 of this package.

## **ATTACHED FORMS TO BE COMPLETED**

- COD-SI/SD-001 – Application for Substantial Improvement /Substantial Damage Review
- COD-SI/SD-002 – Property Owner’s Substantial Improvement or Substantial Damage Affidavit
- COD-SI/SD-003 – Contractor’s Substantial Improvement or Substantial Damage Affidavit
- COD-SI/SD-004 – Estimated Cost of Improvement or Reconstruction

NOTE: This package is intended to be an informational guide to the Substantial Improvement / Substantial Damage review process. There may be additional information and documentation required based on individual circumstances.

If you have any additional questions, please contact us for assistance.

## **SUBSTANTIAL IMPROVEMENT / SUBSTANTIAL DAMAGE REVIEW**

### ITEMS TO BE INCLUDED IN ESTIMATING COST:

All structural elements including but not limited to:

- ✓ Spread or continuous foundation footings and pilings,
- ✓ Monolithic or other types of concrete slabs,
- ✓ Bearing wall, tie beams and trusses,
- ✓ Wood or reinforced concrete decking or roofing,
- ✓ Floors and ceilings,
- ✓ Attached decks and porches,
- ✓ Interior partition walls,
- ✓ Exterior wall finishes (e.g. brick, stucco, or siding) including painting and decorative moldings,
- ✓ Windows and doors,
- ✓ Re-shingling or retiling of roof, and
- ✓ Hardware.

All interior finish elements, including but not limited to:

- ✓ Tiling, linoleum, stone, or carpet over sub-flooring,
- ✓ Bathroom tiling and fixtures,
- ✓ Wall finishes, e.g. drywall, painting, stucco, plaster, paneling, marble, or other decorative finishes,
- ✓ Kitchen, utility and bathroom cabinets,
- ✓ Built-in bookcases, cabinets, and furniture, and
- ✓ Hardware.

All utility and service equipment, including but not limited to:

- ✓ HVAC equipment and duct work,
- ✓ Repair or reconstruction of plumbing and electrical services,
- ✓ Light fixtures and ceiling fans,
- ✓ Security systems,
- ✓ Built-in kitchen appliances,
- ✓ Central vacuum systems, and
- ✓ Water filtration, conditioning or recirculation systems.

Also:

- ✓ Labor and other costs associated with demolishing, removing or altering building components, and
- ✓ Overhead and profit.

## **SUBSTANTIAL IMPROVEMENT / SUBSTANTIAL DAMAGE REVIEW**

### ITEMS TO BE EXCLUDED:

- Plans and specifications,
- Survey costs, and
- Permit fees.
- Debris removal (e.g., removal of debris from building or lot, dumpster rental, transport fees to landfill and landfill tipping fees), and
- Clean-up (e.g., dirt and mud removal, building dry out, etc.)
- Items not considered real property such as: throw rugs (carpeting over finished floors), furniture, refrigerators, stoves not built-in, etc.

### Outside improvements, including:

- Landscaping,
- Sidewalks,
- Fences,
- Yard lights,
- Swimming pools,
- Screened pool enclosures,
- Sheds,
- Gazebos,
- Detached structures (including garages), and
- Landscape irrigation systems.

## **CHECKLIST OF ITEMS REQUIRED TO EVALUATE YOUR APPLICATION**

### *APPLICANT MUST SUBMIT ALL OF THE FOLLOWING:*

- Completed and signed **Application for Substantial Improvement or Substantial Damage Review** (included in this package).
- Elevation certificate or elevation survey** indicating the building's LFE.
- Property Owner's Substantial Damage or Substantial Improvement Affidavit** signed, notarized and dated (included in this package).
- Contractor's Substantial Damage or Substantial Improvement Affidavit** signed, notarized and dated (included in this package).
- Estimated Cost of Improvement or Reconstruction** form (included in this package) and all required backup. Include subcontractor's bids and itemized cost lists (see footnotes on Estimate Cost Form).
- Copy of **construction contract**. If the owner is the contractor, submit all subcontractor bids to document the cost estimate.

**Village of Estero  
SUBSTANTIAL IMPROVEMENT/SUBSTANTIAL DAMAGE REVIEW  
APPLICATION**

Property Address: \_\_\_\_\_

Property Owner's Name: \_\_\_\_\_

Property Owner's Address: \_\_\_\_\_

Property Owner's Phone No: \_\_\_\_\_

Contractor's Name: \_\_\_\_\_

Contractor's License No: \_\_\_\_\_

Contractor's Address: \_\_\_\_\_

Contractor's Phone No: \_\_\_\_\_

FEMA Flood Zone(s): \_\_\_\_\_ Base Flood Elevation (BFE): \_\_\_\_\_

Lowest Floor Elevation:\*\* \_\_\_\_\_ (excluding the attached garage)

*\*\*In most cases the lowest floor elevation (LFE) is found in Item C2a of the Elevation Certificate.*

**CHECK ONE OF THE FOLLOWING:**

- I **am** attaching a State Certified Appraiser's report of the property.
  
- I am **not** attaching a State Certified Appraiser's report and I accept the use of the valuation of the property that has been recorded by the Broward County Property Appraiser's Office.

**SIGNATURES:**

Property Owner: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

Contractor: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

COD-SI/SD-1

**Village of Estero**  
**PROPERTY OWNER'S**  
**SUBSTANTIAL DAMAGE OR SUBSTANTIAL IMPROVEMENT AFFIDAVIT**

Property Address: \_\_\_\_\_

Property Owner's Name: \_\_\_\_\_

Property Owner's Address: \_\_\_\_\_

Property Owner's Phone No: \_\_\_\_\_

I hereby attest that the list of work and cost estimate submitted with my Substantial Damage or Substantial Improvement Application reflects **ALL OF THE WORK TO BE CONDUCTED** on the subject structure including all additions, improvements and repairs and, if the work is the result of Substantial Damage, this work will return the structure at least to the "before damage" condition and bring the structure into compliance with all applicable codes. Neither I nor any contractor or agent will make any repairs or perform any work on the subject structure other than what has been included in the attached list.

I UNDERSTAND THAT I AM SUBJECT TO ENFORCEMENT ACTION, WHICH MAY INCLUDE FINES, IF ANY INSPECTION OF THE PROPERTY REVEALS THAT I, OR MY CONTRACTOR, HAVE MADE REPAIRS OR IMPROVEMENTS NOT INCLUDED ON THE ATTACHED LIST OF REPAIRS OR THE APPROVED BUILDING PLANS.

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me this day personally appeared \_\_\_\_\_,  
who, being duly sworn, deposes and says that he/she has read, understands, and agrees to comply with all the aforementioned conditions.

\_\_\_\_\_  
Property Owner's Signature

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
STAMP:

COD-SI/SD-2

**Village of Estero  
CONTRACTOR'S  
SUBSTANTIAL DAMAGE OR SUBSTANTIAL IMPROVEMENT AFFIDAVIT**

Property Address: \_\_\_\_\_

Contractor's Name: \_\_\_\_\_

Contractor's License No: \_\_\_\_\_

I hereby attest that I, or a member of my staff, personally inspected the subject property and produced the attached itemized list of repairs, reconstruction and/or remodeling which are hereby submitted for a Substantial Damage or Substantial Improvement Review. The list of work contains **ALL OF THE WORK TO BE CONDUCTED** on the subject property. If the property sustained Substantial Damage, this list of work will return the structure to at least its condition prior to damage and bring the structure into compliance with all applicable codes. I further attest that all additions, improvements or repairs proposed for the subject building are included in this estimate and that neither I nor any contractor or agent representing me will make any repairs or perform any work on the subject structure other than what has been included in the attached list.

I UNDERSTAND THAT I AM SUBJECT TO ENFORCEMENT ACTION, WHICH MAY INCLUDE FINES, IF ANY INSPECTION OF THE PROPERTY REVEALS THAT I, OR MY SUBCONTRACTORS, HAVE MADE REPAIRS OR IMPROVEMENTS NOT INCLUDED ON THE ATTACHED LIST OF REPAIRS OR THE APPROVED BUILDING PLANS.

STATE OF \_\_\_\_\_

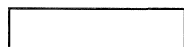
COUNTY OF \_\_\_\_\_

Before me this day personally appeared \_\_\_\_\_, who, being duly sworn, deposes and says that he/she has read, understands, and agrees to comply with all the aforementioned conditions.

\_\_\_\_\_  
Contractor's Signature

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public  
STAMP:



COD-SI/SD-3



**VILLAGE OF  
ESTIMATED COST OF IMPROVEMENT OR RECONSTRUCTION**

Property Address: \_\_\_\_\_

Property Owner's Name: \_\_\_\_\_

*This cost estimate of improvement or reconstruction must be prepared by and signed by the contractor. Owners who act as their own contractors must estimate their labor cost at the current market value for any work they intend to perform.*

ITEMS <sup>d</sup>	Subcontractor Bids <sup>b,c,d</sup>		Contractor or Owner Estimates <sup>b,c,d</sup>	
	Bid Amounts	Material Costs	Labor Costs	
MASONRY				
CONCRETE				
CARPENTRY (ROUGH)				
ROOFING				
INSULATION & WEATHER-STRIP				
EXTERIOR FINISH (STUCCO, SIDING)				
DOORS, WINDOWS & SHUTTERS				
CARPENTRY (FINISH)				
HARDWARE				
DRYWALL				
CABINETS (BUILT-IN)				
FLOOR COVERING				
PLUMBING				
ELECTRICAL & LIGHT FIXTURES				
HVAC (HEATING, COOLING)				
BUILT-IN APPLIANCES				
PAINT				
DEMOLITION & REMOVAL				
OVERHEAD & PROFIT				
CONTINGENCY (5%)				
<b>SUBTOTALS</b>				
<b>TOTAL ESTIMATE (ALL 3 SUBTOTALS ADDED TOGETHER)</b>				

- a. A copy of the signed construction contract must accompany this estimate.
- b. Subcontractor bids may be used for any material and/or labor cost breakdown. Include all donated materials and volunteer labor.
- c. If any amounts appear in the "Subcontractor Bids" column, a copy of each signed and dated bid must accompany this form.
- d. Cost backup must be provided for every line item entry. If any amounts appear in the "Subcontractor" column, a copy of each signed and dated bid must accompany this form. For all other costs, you must list the quantity of materials to be installed and their unit cost on a separate sheet that references the line number. For example, the backup documentation may contain a section called "Drywall":

<u>This Sheet</u>	<u>Separate Sheet Description</u>
Materials: \$2,000.00	1,000 sq. ft. 1/2" drywall @ \$2.00/sq. ft. = \$2,000.00
Labor: \$320.00	16 man-hours to hang drywall @ \$20.00/hr. = \$320.00

Contractor's Name: \_\_\_\_\_ License No: \_\_\_\_\_

Contractor's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
COD-SI/SD-4

