

# FACT SHEET: “Substantial Damage” – What Does it Mean?

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For communities that participate in the National Flood Insurance Program (NFIP), substantial damage determinations are required by local floodplain-management ordinances. These rules must be in place for residents of a community to purchase flood insurance through the NFIP.

Substantial damage applies to a structure in a Special Flood Hazard Area (SFHA) for which the total cost of repairs is 50 percent or more of the structure’s market value before the disaster occurred, regardless of the cause of damage. This percentage could vary among jurisdictions but must not be below NFIP standards.

For example, if a structure’s market value before the damage was \$200,000 and repairs are estimated to cost \$120,000, that structure is substantially damaged. Land value is excluded from the determination.

FEMA does not make a determination of substantial damage and does not notify any property owner of a damage determination. FEMA damage assessment teams may be asked to respond to local requests to assess the extent of disaster-caused damage to some structures. The data is provided to local jurisdictions, which may make substantial damage determinations based on their own ordinances. That information helps property owners decide whether to, or how to, repair or replace a damaged dwelling, and whether additional work will be needed to comply with local codes and ordinances, such as elevating a structure in a SFHA.



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If a building in a floodplain is determined by the local official to be substantially damaged, it must be brought into compliance with local floodplain management regulations.

Owners may:

- Elevate their structures, or change them in some other way to comply with those local floodplain regulations and avoid future losses;
- Relocate or demolish the structure; or,
- Flood proof a non-residential, or historical structure.

All property owners should check with local building officials to determine which permits for repairs are required before beginning the work. Depending on local codes and ordinances, there can be serious consequences for not complying with the permitting process.

Property owners who have a flood insurance policy through the NFIP and a substantially damaged building (from flooding) in a SFHA may be able to use additional funds – known as Increased Cost of Compliance (ICC) - from their flood insurance policy (up to \$30,000) to help defray the costs of elevating, relocating, demolishing a structure, or flood proofing a non-residential structure. For more information on ICC, contact your insurance agent.

For more information regarding substantial damage and other floodplain related issues, contact your local floodplain administrator, the National Flood Insurance Program at (800-427-4661) or call 711 (TTY and other services available) and 866-337-4262 for VRS. You can also email [FloodSmart@dhs.gov](mailto:FloodSmart@dhs.gov) to request information in a language other than English. Information also is available at [www.fema.gov/](http://www.fema.gov/) and [www.floodsmart.gov](http://www.floodsmart.gov).

Texas residents can learn how to buy a flood-insurance policy by calling their insurance agent or by calling 800-427-4661, call 711. Information is also available online at [floodsmart.gov](http://floodsmart.gov) For flood information and safety tips visit



[www.ready.gov/floods](http://www.ready.gov/floods). Find the Spanish-language website at [www.listo.gov](http://www.listo.gov).

For more information on Tropical Storm Imelda and Texas recovery, visit the Tropical Storm Imelda webpage at [www.fema.gov/disaster/4466](http://www.fema.gov/disaster/4466), the [@FEMARegion6](https://twitter.com/FEMARegion6) Twitter account, [www.fema.gov/txmit](http://www.fema.gov/txmit) and the [Texas Division of Emergency Management website](#). TTY users may call 800-462-7585.

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FEMA's mission: Helping people before, during, and after disasters.

Disaster recovery assistance is available without regard to race, color, religion, nationality, sex, age, disability, English proficiency or economic status. If you or someone you know has faced discrimination, call FEMA toll-free at 800-621-3362, voice/VP/711. Multilingual operators are available. TTY users may call 800-462-7585.

The U.S. Small Business Administration is the federal government's primary source of money for the long-term rebuilding of disaster-damaged private property. SBA helps businesses of all sizes, private nonprofit organizations, homeowners and renters fund repairs or rebuilding efforts and cover the cost of replacing lost or disaster-damaged personal property. For more information, applicants may contact SBA's Disaster Assistance Customer Service Center at 800-659-2955. TTY users may also call 800-877-8339. Applicants may also email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) or visit SBA at [www.SBA.gov/disaster](http://www.SBA.gov/disaster).



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