

Understanding Substantial Damage Determinations

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For communities that participate in the National Flood Insurance Program (NFIP), local floodplain management ordinances require substantial damage determinations for buildings in flood zones. These determinations help ensure that residents have access to federally backed flood insurance through the NFIP.

What is Substantial Damage?

Structures in a Special Flood Hazard Area (SFHA) that have incurred disaster damages that would cost more than 50% of the building's market value pre-damage to repair are determined to have substantial damage. For example, if a structure's pre-damage market value is \$200,000, and repair costs are estimated at \$120,000, it is considered substantially damaged.

Who Makes the Determination?

Local jurisdictions are responsible for substantial damage determinations based on their specific floodplain ordinances and will notify property owners of those decisions. FEMA does not make substantial damage determinations or notify property owners; however, FEMA may assist local jurisdictions with damage data to help them make these determinations.

What Substantial Damage Means for Homeowners

If a building in an SFHA is determined by local officials to be substantially damaged, it must be brought into compliance with current local floodplain regulations.

This may involve:

- Elevating or modifying your structure to meet floodplain standards.
- Relocating or demolishing the structure.
- Floodproofing non-residential or historic buildings.

Before starting repairs, check with local building officials for required permits.



Increased Cost of Compliance (ICC) Coverage

If you have a building in a Special Flood Hazard Area (SFHA) that has NFIP flood insurance coverage and is substantially damaged by flooding, you may qualify for ICC coverage. ICC provides up to \$30,000 to help with the cost of elevating, relocating, demolishing, or floodproofing a non-residential structure. For more information, contact your insurance agent.

For additional resources and requirements, consult with local building officials or visit: [floodsmart.gov](https://www.floodsmart.gov)

