

MEMORANDUM

TO: Zoning Administrator/Floodplain Administrator

CC: Selectboard

FROM: Kari Dolan, CFM
State Coordinator
National Flood Insurance Program

DATE May 19, 2011

SUBJECT: 2011 Flood Disaster Information Regarding
Substantial Damage and Increased Cost of Compliance

Since some structures in your community may have suffered major damage by the recent flooding, I wanted to take this time to remind you of one of your community's responsibilities as a participating community of the National Flood Insurance Program (NFIP) and to inform you of resources that are available to assist your community.

Substantial Damage/Improvement

As an NFIP participating community, it is the community's responsibility to address the substantial damage/improvement requirements contained in the community's floodplain ordinance. Before a permit can be issued to repair or improve a damaged structure that is located in the floodplain, the community's building permit official (typically the Zoning Administrator in Vermont) must determine in writing if the structure is substantially damaged. As defined in your community's floodplain bylaw, substantial damage means "damage of any origin is 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."

When a community's building permit official determines a structure to be substantially damaged, that structure must then be brought into compliance, if it is not already, with the NFIP regulations and other requirements in the community's floodplain bylaw for new construction. For example, the lowest floor (including a basement) of the structure must be located (or floodproofed if it is a non-residential structure) at or above the base flood elevation.

It is important for your community to follow the substantial damage/improvement requirements to not only remain in good standing in the NFIP but also to help ensure that your residents will not have to pay high flood insurance premiums. For example, an annual flood insurance premium could increase dramatically if a substantially damaged structure located in the floodplain is rebuilt with its lowest floor several feet below the base flood elevation.

To assist you with determining if a structure is substantially damaged, I have enclosed a list of on-line resources. I recommend that you work with your community's assessor to help determine the market value of any applicable structures. FEMA has also developed a software program called the Substantial Damage Estimator (SDE), which provides guidance on determining if a structure is substantially damaged. This software is available for download from FEMA's website and the link provided on the last page of this memo.

Increased Cost of Compliance Coverage

For those property owners whose structure has been determined to be substantially damaged due to a flood and is now being required by the community to bring that structure into compliance, assistance is available if a Standard Flood Insurance Policy (SFIP) covers that structure. Every SFIP includes an Increased Cost of Compliance (ICC) coverage (Coverage D), which will pay up to \$30,000 for the cost to elevate, demolish, relocate, or floodproof (non-residential buildings only) a substantially damaged structure. For more information about ICC, please see the enclosed list of on-line resources and/or have the property owner contact their insurance company.

For More Information or Questions

If you have any questions, need further assistance regarding the National Flood Insurance Program, or have any problems accessing the on-line information, please either contact me at (802) 241-1554 / kari.dolan@state.vt.us, or Rebecca Pfeiffer at (802) 241-4597 / rebecca.pfeiffer@state.vt.us.

Substantial Damage/Improvement and Increased Cost of Compliance Coverage On-Line Resources

If you have any problems accessing the information below, please contact Kari Dolan at the VT Department of Environmental Conservation at (802) 241-1554 or kari.dolan@state.vt.us.

**Substantial Improvement/Substantial Damage Desk Reference
(FEMA-P-758, 05/2010)**

<http://www.fema.gov/library/viewRecord.do?id=4160>

**Answers to Questions about Substantially Damaged Buildings
(FEMA-213, 05/1991)**

<http://www.fema.gov/library/viewRecord.do?id=1636>

**Unit 8: Substantial Improvement and Substantial Damage of the Floodplain
Management Requirements - A Study Guide and Desk Reference for Local Officials
(FEMA-480, 02/2005)**

http://www.floods.org/ace-files/documentlibrary/CFM-Exam/NFIP_SG_Unit_8_Substantial_Damage.pdf

Substantial Damage Estimator Software (FEMA P-784, 06/2010)

<http://www.fema.gov/library/viewRecord.do?id=4166>

Increased Cost of Compliance Coverage

<http://www.fema.gov/library/viewRecord.do?id=1532>

**Homeowner' Guide to Retrofitting – Six Ways to Protect Your Home from
Flooding (FEMA P-312, 12/2009)**

<http://www.fema.gov/library/viewRecord.do?id=1420>