

# SUBSTANTIAL DAMAGE

## RESIDENT FACT SHEET

Structures located in Special Flood Hazard Areas (SFHAs) that are substantially modified more than 50 percent are required to comply with local building and floodplain requirements. Local community officials (typically floodplain administrators) are responsible for substantial improvement and damage (SI/SD) determinations. These determinations are required for participation in the National Flood Insurance Program (NFIP).

### What is substantial improvement and substantial damage?

- Substantial Improvement: any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which exceeds 50 percent of the market value of the structure before the start of construction of the improvement.
- Substantial Damage: 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.

### What does market value mean?

- Market value: the price at which a property will change hands between a willing buyer and a willing seller; refers to the market value of buildings and structures, excluding the land and other improvements on the parcel.

### What happens if my structure is declared as substantially improved?

- To complete the improvements on the structure, you must comply with your local minimum elevation requirements. These will be found in your local floodplain management regulations. Check with your local floodplain administrator to see what the current elevation of your structure is.

### How will I know if my structure is considered substantially improved/damaged?

- Residents are notified of the need to comply with floodplain regulations via letter. This letter will state that the structure must be elevated to the height specified in the local code. The letter will also include the calculations and estimated values used to make this determination, in addition to next steps to take to bring the structure back into compliance.

### **What happens if my structure is determined to be substantially damaged?**

- Residents must comply with local floodplain standards when rebuilding/repairing damage. A structure that is designated as substantially damaged often requires a retrofit, a raise in elevation, or change to comply with the ordinance.

### **What if I don't bring my structure into compliance with local floodplain standards?**

- Failure to bring the structure into compliance puts the community at jeopardy of being eligible for the National Flood Insurance Program and the ability to apply for federal assistance following a disaster.

### **Where can I learn more about the SI/SD process?**

- For general flood insurance information, contact your insurance company or agent.
- Visit [North Dakota Department of Water Resources - Floodplain Management](#) for more information on the NFIP in North Dakota.



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