



Office of Floodplain Management

Procedure for Substantial Improvement/Damage Determinations

Purpose: To standardize routine guidelines for estimating the value of construction improvements/repairs and building values for the purpose of determining appropriate permitting fees, and, compiling Substantial Improvement/Damage determinations for properties located within the city's FEMA mapped Special Flood Hazard Areas (SFHA).

A specific procedure is established for making Substantial Damage determinations in a disaster recovery environment.

Section 1: Responsibility: Substantial Damage/Improvement determinations are the responsibility of the City's Floodplain Administrator. [City of Key West local ordinance Sec. 34-25.4]

Section 2: Values:

- a. Options for determining value of work, in successive order:
 - i. Floodplain Administrator's experience & collective information
 - ii. Cost of Improvements Affidavit completed by Applicant/Contractor
 - iii. RS Means construction job cost estimating materials, based upon Miami/Dade rates plus 15% for Key West's remote location.
 1. Values by RS Means aren't subject to debate, only whether those costs are applicable to the specific project are debatable.
 - iv. Notes:
 1. Owner-builders and/or donated/discounted materials
 - a. The value for an owner-builder's work has a value of \$30 per hour.
 - b. Donated/discounted materials are valued at their full market rate.
- b. Options for determining building value, in successive order:
 - i. Floodplain Administrator's experience & collective information
 - ii. Property Appraiser's value for the building plus 15%
 - iii. Private market value appraisal
 1. Property value, minus values for: land, other structures & non-building related improvements.
 2. Income based appraisals are prohibited.
 - iv. Notes:
 1. The initial method of determining building value shall remain the value through the five-year (5) cumulative substantial improvement period.
 2. Neither building appraisals/values nor improvements made, may be cascaded during the five-year (5) cumulative substantial improvement period to increase the 50% threshold.
 3. Deterioration or neglect count toward Substantial Damage, not Substantial Improvement.

Section 3: Application: Permitting applications require Applicants to declare a value for the intended improvements, and to file permit revision applications should those values change. Permit fees are based in part upon the values declared.

a. Initial Review: City building inspectors, plan reviewers and floodplain management staff may provide input regarding the values claimed by Applicants.

1. Repairs/Renovations/Additions:

a. Values less than 10% cumulative of Building Value:

i. Appropriate: If upon first review, the values claimed appear reasonable – based upon the staff members’ knowledge and experience, for the scope of work cited - the review may continue.

ii. Questionable: If staff question the values claimed, a Cost of Improvements Affidavit (COA) shall be required of the contractor.

1. Disputed values: RS Means construction costs estimation tools may be utilized if the COA remains questionable.

iii. When costs are 10% or greater of Building Value:

1. Contractor is required to submit a Cost of Improvements Affidavit

a. In lieu of completing the back side of the City’s costs affidavit, a contractor may include attachments detailing costs. Any attachments must be notarized in addition to the cover sheet.

iv. Substantial Improvement Determinations

1. When the value of any permit, or when combined with cumulative five-year (5) permit values, the potential for a Substantial Improvement exists, the Floodplain Administrator may exercise a S/I review.

Section 4: Appeals. Substantial Improvement/Damage determinations may be appealed to the City Commission, then to Circuit Court. [City Ordinance Sec. 34-129.2]

Section 5: Substantial Damage Determinations in a Disaster Recovery Environment: Following a declared disaster, with damage to a significant number of structures, substantial damage determinations for properties located within the City’s SFHA may be made under the following guidelines:

a. Rapid Evaluations and Detailed Safety Evaluations by Building officials:

i. Identify buildings that appear to be so damaged that they are unsafe and should not be reentered without a detailed inspection of structural integrity, and,

- ii. Identify buildings that appear to have damage sufficient to require a permit before they can be repaired or reoccupied.
 - 1. Post the following notices as appropriate:
 - a. Inspected (typically a green placard). This signifies that no apparent hazard was identified, that the original lateral- and vertical-load capacity is not significantly decreased, and there are no restrictions on use or occupancy. It does not mean that work can proceed without a permit.
 - b. Restricted Use (typically a yellow placard). This signifies that the safety of the building is questionable or hazardous conditions exist or are believed to exist and warrant restrictions on occupancy and reuse. Further evaluation is necessary (which may or may not be performed by the local official).
 - c. Unsafe (typically a red placard). This signifies that an extreme hazard or unsafe situation is present and there may be a significant risk of further damage or collapse. These buildings are unsafe for occupancy or entry, except as authorized by the local official. A “red tag” is not a demolition order, although such an order may be issued depending on subsequent evaluations.
 - b. Using Estimates of Repair Costs and Market Values to Screen for Substantial Damage
 - i. Market Value Determinations:
 - 1. Adjusted Assessed Values as Estimates of Market Values: Assessment values assigned by the Monroe County Property Appraiser may be adjusted upward by 15% to determine a structure’s pre-disaster market value, or
 - 2. A certified market value property pre-disaster appraisal may be utilized.
 - ii. Damage Assessment:
 - 1. Damage Less than 40%: Floodplain or Building staff may, after a brief inspection, determine damage to a structure is clearly less than 40% of its market value and no further action is required.
 - a. Floodplain staff may reassess this determination during the permitting phase.
 - 2. Damager Greater than 40%:
 - a. Replacement Cost Values as Estimates of Market Values (RCV):
 - i. RCV can be estimated easily, even when a large number of damaged buildings must be assessed. Therefore, City staff has the option to use RCV to estimate market values in the post-disaster period to screen all damaged buildings.

- ii. The older and more deteriorated a structure is, the greater the potential for a difference between RCV and market value. Thus, when City officials RCV use estimates for screening a low threshold for the ratio of cost to repair to RCV, such as 30 percent. In that case, any building that the screening indicates has a ratio value of greater than 30 percent will be examined carefully to ensure that valid cost estimates and market values are used in the substantial damage determinations.
- b. FEMA's Substantial Damage Estimator Software (SDE): The SDE enables local officials to calculate a reasonable and defensible estimate of whether a building has been substantially damaged. Local officials can use these results from the software to make substantial damage determinations.
- c. RS Means construction/repair estimating tools may be utilized.
- d. Insurance Estimates of Repair Costs: Are only useful as an initial screening tool. They shall not be depended upon for a SD determination.

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