

RESIDENTIAL CONSTRUCTION IN A FLOOD ZONE: WHAT IS "SUBSTANTIAL IMPROVEMENT?"

Source: Westport Zoning Regulations and FEMA Publication 213, May 1991, "Answers to Questions About Substantially Damaged Buildings"

If a property is located in a Special Flood Hazard Area (A or V Zones) the Planning and Zoning staff is required to determine if a structure will be substantially improved.

"Substantial Improvement" is defined in the Westport Zoning Regulations as follows:

Any combination of repairs, reconstruction, alteration or improvements to a structure, during **any** five (5) year period, in which the cumulative cost equals or exceeds fifty (50) percent of the **market value** as of the existing *structure* before "the start of construction" of the improvement. This term also includes structures which have incurred Substantial damage," regardless of the actual work performed.

The starting date to determine cumulative costs will be 5 years prior to the issuance of any permit under consideration. All future work considered will require appropriate approvals prior to construction. All cumulative costs will be re-evaluated at the time the permits are issued.

"Market Value" is defined in the Westport Zoning Regulations as follows:

The Value of Real Property (i.e. building) as determined by dividing the assessed value of the building as shown on the official Tax Assessor's records by the current assessment sales ratio established by the State Office of Policy and Management (OPM)

Note: The Market Value does **not** include the value of the land, or other structures on the property.

A substantially improved residential structure in a Flood Zone must be brought into compliance with the Westport Zoning Regulations for new construction. This means the structure, including the cellar/basement must be elevated to or above the level of the 100-year or base flood, and meet other applicable requirements. These regulations are based upon the Federal Emergency Management Agency (FEMA) requirements and affect your flood insurance costs.

Existing residential structures can be "substantially improved" by interior renovations or new additions, including second floor additions.

EXAMPLE: In order to determine whether a proposed construction project would be classified as a substantial improvement, the market value of the **building** needs to be determined. This value is found on the official tax assessor's card (the 1999 assessor's card) for the property. That number is then divided by 2 to determine the substantial improvement threshold.

Therefore, a home with a market value of \$100,000.00 could have no more than \$50,000 worth of new construction/renovations and/or repairs before the house, including the cellar/basement, would have to be elevated above the 100 year base flood elevation as shown on the Flood Insurance Rate Maps.

It is the responsibility of the Planning and Zoning staff to ensure that the market value estimates are accurate and the cost estimate reflects the actual costs to fully repair the damage and make

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any other improvements to the structure. The staff requires that the permit applicant or owner of the building supply the proposed construction cost estimate, or contractor's contract, to make the determination. The staff then uses the latest "Means Square Foot Costs" and "Means Construction Cost Data" books to determine the accuracy of the estimate. These are nationally accepted manuals, which itemize all components involved with construction. The manual provides adjustment rates to handle the varying construction costs throughout the country.

Q: What should be included in a contractor's estimate?

A: Basically, the only items that are **not** included in the cost include plans, specification surveys and permit fees. All materials that are permanently a part of the structure should be included in the cost estimate. These items include, but are not limited to: windows, doors, hardwood floors, wall to wall carpeting, sheetrock, lumber, roofing material, footings, pilings, kitchen cabinets and counter tops, bathroom vanities, tiling, plumbing fixtures, new furnaces, hot water heaters, heating and air conditioning systems, electrical work and labor.

The cost of all materials involved in new construction or replacing and restoring a structure to its pre-damaged condition must be included. Even if volunteer labor is used, it must be estimated based on minimum-hour wage scales for the type of construction work that is done.

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The OPM current sales ratio as of February 2010 is as follows:

Residential Ratio	68.05%
Commercial Ratio	57.26%