What is a "Substantial Improvement"?

A "substantial improvement" is defined as any repair, reconstruction, or improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the existing structure. The "market value" of an existing structure is determined by calculating its replacement cost and adjusting that replacement cost by a depreciation factor, based on the age and condition of the structure. Public Works staff accepts a default figure of $120 per square foot for determining the market value of existing living areas and $60 per square foot for garages. In cases where an applicant believes that Public Works staff's market value determination is inaccurate, the applicant may provide a market value determination calculated by a licensed real estate appraiser. The appraiser must use the methodology described above for determining the market value of an existing structure.

What is "Market Value" of a Structure?

"Market value of the structure" means that value of a structure determined by estimating the cost to replace the structure in a new condition and adjusting that cost figure by the amount of depreciation which has accrued since the structure was constructed. The cost of replacement of the structure shall be based on a square foot cost factor determined by reference to a building cost estimating guide recognized by the building construction industry, as approved by the floodplain administrator. The amount of depreciation shall be determined by taking into account the age and physical deterioration of the structure and functional obsolescence, as approved by the floodplain administrator, but shall not include economic or other forms of external obsolescence. The use of replacement costs or accrued depreciation factors different from those contained in recognized building cost estimating guides may be considered only if such factors are included in a report prepared by an independent professional appraiser and supported by a written explanation of the differences.