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# 7 Substantial Damage in the Disaster Recovery Environment

## 7.1 Overview

Following a disaster, local officials will often have many additional duties and face the challenge of fulfilling them with few resources. Local officials may encounter a large number of damaged structures and a high volume of permit applications. Most property owners want to repair and rebuild as quickly as possible. Sometimes there is pressure on local officials to waive requirements that are perceived

Waiving permit fees and inspection fees is a common post-disaster action taken by many communities. However, waiving fees does not waive the requirement for permits.

to hamper getting back to normal, including pressure to waive the substantial damage requirements. Yielding to such pressure would expose people and their properties to future damage. The recognition that returning to “normal” leads to repetitive flood damage was one of the driving forces behind the creation of the NFIP. To effectively meet the substantial damage requirements of their local regulations, local officials will have to rapidly perform a large number of inspections and substantial damage determinations.

Developing standard procedures can help communities better manage post-disaster recovery. This chapter describes ways to estimate repair costs and market values for large numbers of damaged buildings. Section 7.5 briefly describes FEMA’s *Substantial Damage Estimator* (SDE). The manuals that accompany this computer-based tool include specific recommendations for collecting building data in advance, developing protocols, conducting inspections, and producing reports that support making substantial damage determinations and preparing substantial damage determination letters. Using this tool, and other methods described in this chapter, can help local officials provide reasonable and defensible substantial damage determinations.

This chapter offers guidance for communities to handle the unique challenges following a disaster event and to prepare an effective and efficient response. It also includes a very brief overview of damage assessments and building evaluations that may help local officials after disasters, and describes some effective measures communities can take to clearly communicate the substantial damage requirement in their floodplain management regulations and codes.

## 7.2 Preparing for Post-Disaster Recovery

There are several ways that communities can effectively administer their floodplain management responsibilities in the post-disaster recovery period. Some successful actions include:

- Brief all elected officials, as soon as possible after the event, of the community’s responsibilities to:

- Issue permits for repair and reconstruction,
  - Make substantial damage determinations for buildings that are located in the mapped SFHA,
  - Explain what it means to bring a substantially damaged building into compliance with current floodplain management standards,
  - Explain NFIP Increased Cost of Compliance insurance coverage (Section 7.6), and
  - Share the materials developed to communicate with citizens.
- Ask electric utility companies and community utility departments to turn on service only if the owner provides a copy of a building permit or evidence that a permit is not required.
- Establish a routine to drive through affected areas to check for unpermitted construction work and ask the police and other departments to report on activities that may not be authorized by permit.
- Depending on the scale and severity of damage, some communities institute a full or partial moratorium on issuing permits. Once the community has evaluated the magnitude, scope, and general location of potentially substantially damaged structures, the community may remove the moratorium. When mitigation projects such as floodplain buyouts, elevation-in-place, or other measures are considered, it may be reasonable to delay rebuilding until the pros and cons of such projects are evaluated (Chapter 8).
- Keep records in a format that allows plotting by a geographic information system (GIS) to easily document the status of each damaged building, including those that have been inspected, those with pending permit applications, those that have been determined to be substantially damaged, those with permits, and those that have been inspected during construction.

Communities that have extensive floodplains and significant numbers of flood-prone buildings are encouraged to plan ahead to handle the workload. Despite good planning, support may be necessary to handle large numbers of damage inspections and permit applications. In addition to support from the State and FEMA, resources may be available from other communities, State floodplain management associations, State building code associations, and organizations that represent engineers and architects. Some States and communities develop mutual aid agreements, interlocal agreements, or some other mechanism to facilitate this post-disaster support. While help may be offered to perform inspections and gather data, the final SI/SD determinations and permit decisions remain the responsibility of the local official in the affected community.

### 7.2.1 Sources of Assistance

Many technical issues can arise when inspecting damaged buildings and making substantial damage determinations. For matters related to the floodplain management requirements of local regulations and building codes, local officials are encouraged to contact their NFIP State Coordinating Agency or the appropriate FEMA Regional Office (Appendix A). After disasters, training or other assistance may be available from FEMA on how to use SDE such as collecting information on damaged buildings.

## 7.3 Assessing Building Damage

Although every disaster is unique, local officials can anticipate and prepare for many of the activities that take place after large-scale events. This section is intended to highlight those activities that relate to identifying substantially damaged buildings.

### 7.3.1 Preliminary Damage Assessments

Immediately after large-scale events that cause major damage, community and State officials typically undertake an initial “windshield review” of the extent of damage. This survey yields a broad characterization of the number of buildings affected and the level of anticipated damage. It usually is a precursor to a decision regarding whether to seek a declaration of the event as a major disaster.

Typically, this initial survey is followed by an official Preliminary Damage Assessment (PDA). PDAs are performed by teams of representatives from FEMA and/or the State. Local building officials and floodplain managers can participate in PDAs, which usually are coordinated by local emergency managers.

Preliminary Damage Assessments are performed to broadly characterize the extent of damage – they are not equivalent to substantial damage determinations.

The PDA augments the initial reports from communities regarding the scope, magnitude, and impact of an event on individuals, families, businesses, and public property. The PDA teams view the damage first-hand, assess the scope of damage, and develop gross estimates of repair costs. The information is used to determine whether Federal disaster assistance should be requested by the Governor and forms the basis for the disaster declaration. The PDA also identifies any unmet needs that may require immediate attention.

Local officials charged with performing building inspections and making substantial damage determinations may find the results of the PDA useful to identify areas where significant damage has occurred and to coordinate their substantial damage inspections.

### 7.3.2 Rapid Evaluations and Detailed Safety Evaluations

Depending on the scope of an event and severity of damage, some communities conduct a rapid evaluation of damaged areas as a preliminary step before detailed evaluations are performed.

Safety evaluations are performed to identify unsafe buildings – they are not equivalent to substantial damage determinations.

Rapid evaluations, sometimes called “building condition surveys,” typically are based on an exterior inspection. They are conducted to:

- 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
- Identify buildings that appear to have damage sufficient to require a permit before they can be repaired or reoccupied.

These rapid evaluations can also help local officials determine the scope of an event and the level of effort that will be required to perform building-by-building inspections, review permit applications, collect substantial damage data, and perform inspections once recovery work is underway.

One method for conducting rapid evaluations is described in ATC 45, *Field Manual: Safety Evaluation of Buildings after Windstorms and Floods*. This document, produced by the Applied Technology Council (ATC, <http://www.ATCouncil.org>), is not a manual for making substantial damage determinations. It provides guidelines and procedures for conducting both rapid evaluations and more detailed evaluations to determine whether damaged buildings are safe for use or if entry should be restricted or prohibited.

Most communities perform additional detailed safety evaluations when buildings have sustained significant damage. The purpose of the evaluations is to identify restrictions on building access and use. For complex buildings and many non-residential buildings, the evaluation may lead the local official to conclude that it is appropriate for the owner to submit an independent engineering evaluation. In addition to describing methods for conducting rapid evaluations, ATC 45 includes a method for conducting detailed evaluations. ATC 45 and other sources recommend posting damaged buildings with one of three notices:

- **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.
- **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).
- **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.

### 7.4 Using Estimates of Repair Costs and Market Values to Screen for Substantial Damage

Some readily-available data can be used to estimate repair costs and market values. The sources of estimates described below can be used to “screen” damaged buildings for those that are most likely to have sustained substantial damage. Comparing readily-available information on repair costs to readily-available information on market value can give local officials a basic picture of which structures will require more attention and more detailed information in order to make substantial damage determinations. While the sources of information listed below should not be used to make final substantial damage determinations, local officials can use them to organize and focus efforts following a disaster.

When using estimates in this manner, there is no firm rule to determine how close to 50 percent is close enough to warrant requiring additional effort to improve the accuracy of the data. Each community should decide in advance, based on its selected method of making estimates, how close is close enough. For example, as described below, a community may decide to use easily-obtained estimates for screening purposes. The local official may then decide that, using those estimates, if the ratio of estimated costs compared to estimated market value is less than 40 percent, no further evaluation is necessary because the work obviously does not constitute SI/SD. Using that same logic, the community may decide that, if the ratio is greater than 60 percent, no further evaluation is necessary because the work obviously constitutes substantial damage.

Continuing this example, the question then becomes what should the local official do when the ratio, based on estimates, falls between the bounds of 40 percent and 60 percent. The local official may require the applicant to provide a detailed list of costs (materials and labor) and/or to obtain a professional appraisal of the market value of the building (Section 4.5.1). Alternatively, if the local official has evidence that an estimate reflects actual repair costs (or actual market values), those estimated costs and values may be used for the final SI/SD determination.

Local officials will still be responsible for administering their standard permit requirements and procedures for structures that fall outside the parameters of their screening efforts. In the example above, permits will still be required for structures where the ratio is more than 60 percent and those with a ratio of less than 40 percent. Local officials can reexamine the substantial damage requirements during the review of those permit applications.

### 7.4.1 Insurance Estimates of Repair Costs

Property owners who have insurance will receive estimates of damage from their insurance companies. For a number of reasons, these estimates are not sufficient for local officials to make substantial damage determinations. The basis used by adjusters to estimate damage and the costs to repair are governed by the terms of the insurance policy. The insurance estimate may not cover all costs associated with repairing a structure to its pre-damage condition, which is the basis that communities must use.

Only the community is legally responsible for making SI/SD determinations. Information from insurance claims may help screen for substantial damage, but cannot be used as the basis for final determinations.

After floods, adjusters who handle NFIP claims are instructed to submit an Adjuster Preliminary Damage Assessment form to FEMA if a building appears to have been substantially damaged (FEMA Form 81-109, in Appendix D). The form provides information about a damaged building, including Probable Repair Cost, Building Replacement Cost Value, and Building Actual Cash Value. Local officials can use this information for screening purposes to help identify those buildings that should be examined more closely. Because Federal flood insurance does not cover all damage that local officials must consider when determining substantial damage, the reported Probable Repair Cost may underestimate the total cost to repair. In addition, the Building Replacement Cost Value and the Building Actual Cash Value may not be equivalent to market value. After floods, communities should contact the NFIP State Coordinating Agency or FEMA Regional Office to determine if this information is available.

If insurance claims data are available from property owners for buildings damaged by events other than flooding, the same limitations apply. While local officials may find such data useful for screening, claims data must not be used as a proxy for the costs of repair to make substantial damage determinations.

### 7.4.2 Unadjusted Assessed Values as Estimates of Market Values

Section 4.5.2 describes using adjusted assessment values that are developed by applying an adjustment factor to property assessment values provided by the local property assessment authority to yield a reasonable estimate of market value. In the post-disaster period, unadjusted assessed values may be used as estimates of building market value to quickly screen damaged buildings to help focus attention on those for which more detailed information has to be provided.

### 7.4.3 Replacement Cost Values as Estimates of Market Values

Replacement cost value (RCV) means the cost to replace a building on the same parcel with a new building that is intended for the same purpose and using comparable materials and quality (at the present day cost of materials and labor). The concept of RCV is used by the insurance industry and the construction industry. Definitions may vary from State to State.

RCV can be estimated easily, even when a large number of damaged buildings must be assessed. Therefore, local officials may find it useful to use RCV to estimate market values in the post-disaster period to screen all damaged buildings.

The older and more deteriorated a structure is, the greater the potential for a difference between RCV and market value. Thus, local officials who use RCV estimates for screening are advised to set 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 would be examined carefully to ensure that valid cost estimates and market values are used in the substantial damage determinations.

A number of commercial sources of construction cost information are available to support estimating the replacement cost of a building, including industry-accepted guides available from companies such as RSMeans (<http://www.rsmeans.com>) and the Craftsman Book Company (<http://www.craftsman-book.com>), among others. These sources allow computation of construction costs based on occupancy, square footage, quality, and regional cost variations.

## 7.5 Damage Assessments for Substantial Damage Determinations

Communities have choices about how to handle making substantial damage determinations when many buildings have been damaged by a significant event:

- They can proactively inspect buildings soon after the event and use available information to estimate repair costs and market values; those data can then be used to develop substantial damage determinations in advance of owners submitting applications with more detail; or

- They can notify owners of the requirement to get permits and then wait for property owners to apply for permits and make substantial damage determinations at that time, following their normal permit review procedures.

The first option offers a number of benefits that should make it easier to administer the SI/SD requirements. One benefit is to provide property owners with information about the requirement to bring buildings into compliance before they get very far along with their plans to repair. Another benefit is that owners that have Federal flood insurance policies will more quickly receive the community's substantial damage determination that they need in order to submit a claim for ICC coverage to their adjuster (Section 7.6). The second option may pose more of a challenge to the community because many people begin repairs without getting permits. In addition, by the time owners apply for permits, they may have hired design professionals to develop plans for repairs and improvements that do not take into consideration the requirement to bring SI/SD buildings into compliance.

### 7.5.1 FEMA's Substantial Damage Estimator Software

FEMA's SDE software offers a formalized approach to develop reasonable estimates of building values and reasonable estimates of the cost to repair or reconstruct buildings. 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.

The SDE is described in the *FEMA Substantial Damage Estimator* (FEMA P-784 CD).<sup>1</sup> This publication includes a User's Manual and a Field Workbook. Together they focus on using the SDE tool to perform field evaluations and post-event data collection, as well as pre-planning before an event.

Originally developed for single-family homes and manufactured homes, the 2010 version of SDE now includes a component that will allow it to be used for common non-residential structures (e.g., office buildings, strip malls, restaurants, grocery stores, convenience stores, department stores, schools, etc.). However, SDE is not designed for estimating damage to unique buildings and buildings designated by State or Federal entities as "historic structures." The SDE also is an effective tool to use even if only one or a few buildings are damaged. The SDE Field Workbook includes worksheets that are useful even if the software is not used. SDE includes worksheets for single/multi-family buildings, manufactured homes, and certain non-residential buildings.

While SDE can be used to evaluate damage by any cause (flood, tornado, earthquake, etc.), flooding is the most frequently-occurring natural hazard. Therefore, the software and companion workbook focus primarily on developing inventories of flood-damaged structures.

Communities may request assistance with SDE:

- FEMA offers training workshops on SDE.
- FEMA may deploy personnel to help local officials use SDE after disasters

<sup>1</sup> Replaces and expands the 2001 version of the *Residential Substantial Damage Estimator* (FEMA 311) and the 2003 version of the *RSDE Workbook* (FEMA 311WB).

The SDE software allows the user to develop damage estimates by examining individual building elements. Users are able to estimate damage percentages for each described building element. Using these percentages, SDE produces an aggregate “percent damage” for the structure as a whole.

SDE is customizable, allowing users to develop estimated repair costs and market values, or to input professional estimates or valuations. To develop estimates for repair costs and market value, SDE is intended to be used in conjunction with an industry-accepted, construction cost-estimating guide such as *RSMMeans*® *Residential Cost Data Book*, *RSMMeans*® *CostWorks*, and the *Craftsman*® *National Building Cost Manual*. The SDE is designed for use by local officials or others who have some experience and knowledge of residential and non-residential construction costs and practices.

Building-specific attributes that affect the estimates that the software produces are inputted by the user. The required attributes include the quality of construction (low, budget, average, good, and excellent), foundation type, number of stories, square footage, superstructure type, exterior finish, roof covering, and presence of HVAC systems. Additional inputs are requested for non-residential buildings, including building use, presence of elevators, escalators, and fire suppression systems.

Photographs of each inspected building can be uploaded and stored with the software and later retrieved for reports. Fields allow input of latitude and longitude coordinates acquired onsite using a handheld global positioning system (GPS) device. Figure 7-1 shows how the data can be displayed on geographically registered images such as digital aerial photography, Google Earth, and NASA’s World Wind.

Users can define their own reports or use one of the ten pre-determined report formats:

1. Community Report for all residential structures
2. Community Report for all non-residential structures
3. Community Report for residential structures that appear to be substantially damaged
4. Community Report for substantially damaged non-residential structures
5. Structure and Percent Damage Report for all residential structures
6. Structure and Percent Damage Report for all non-residential structures
7. Structure and Percent Damage Report for substantially damaged residential structures
8. Structure and Percent Damage Report for substantially damaged non-residential structures
9. Summary Report for all residential structures
10. Summary Report for all non-residential structures





Figure 7-1. SDE data displayed using mapping software.

The Community Reports noted above include the following information (Structure and Percent Damage Reports include only items 1, 2 and 6):

1. Community name and identification number
2. Owner first and last names, building address, community, State, and zip code
3. Basis for value of building (computed actual cash value from the SDE software, adjusted tax assessed value, or professional appraisal)
4. Basis for costs to repair (computed damage from the SDE software, contractor's estimate, or community estimate)
5. Type of structure (single-family, town or row house, manufactured home, or non-residential)
6. Estimate of percent damaged (results of comparing the estimated cost to repair to the estimated building value)

## 7.6 Increased Cost of Compliance Coverage

NFIP flood insurance policies on buildings include ICC coverage. This coverage was authorized by Congress to help pay the added costs of bringing buildings that are repetitively or

substantially damaged by flooding into compliance with the community’s floodplain management requirements for new construction.

ICC claims are paid after direct physical loss caused by flooding and:

- The building is determined by the community to be substantially damaged, or
- If the community has adopted a “repetitive loss” or cumulative substantial improvement provision that requires compliance based on flood damage that occurs two times in a 10-year period ending on the second event, where the cost to repair the damage equals or exceeds 25 percent of the building’s pre-damage market value on each occurrence (Section 5.7.3).

An ICC claim can be made regardless of whether a flood results in a Presidential disaster declaration.

In 2010, the ICC coverage could provide up to \$30,000 towards the cost of bringing certain flood-damaged buildings into compliance.

ICC payments are made to help pay for the following mitigation options that bring buildings into compliance:

- Elevation (including freeboard if required by the community)
- Relocation
- Demolition
- Dry floodproofing (non-residential buildings only)

In order for an ICC claim to be paid:

- Local officials must make SD determinations and work with owners to develop measures to bring buildings into compliance.
- Owners must file an ICC claim.
- Adjusters must verify key information and process claims.
- The community issues permits for the work.

Guidance on ICC is available in FEMA 301, *Increased Cost of Compliance Coverage: Guidance for State and Local Officials*. This publication describes the coverage, conditions of eligibility, and the claims process. The roles of the insurance agent, claims adjuster, and policyholder are described. The community’s role is described in detail, including the following:

- Requiring compliance with all NFIP and local requirements.
- Collecting information and making substantial damage determinations.
- Informing property owners about the requirement to bring buildings into compliance and working with them to determine the appropriate options to achieve compliance.
- Providing the property owner/policyholder a letter with the substantial damage determination; the owner then provides a copy to the claims adjuster to process the ICC claim.
- Issuing permits and inspecting construction.
- Performing final inspections and issuing certificates of occupancy or letters that state the building has been brought into compliance and that no variance was granted; this evidence is required before policyholders can receive the final installment of their ICC claim payments.

## 7.7 Post-Disaster Permits and Inspections

The occurrence of a disaster that affects a large number of buildings does not alter a community's responsibility to review permit applications, issue permits, inspect construction, and cite violations. All of those actions should be performed as usual (see FEMA 480, *NFIP Floodplain Management Requirements: A Study Guide and Desk Reference for Local Officials*). The only difference will be the volume of work and the number of owners who will need assistance. Chapter 5 of this Desk Reference describes community responsibilities for issuing permits and Chapter 4 offers guidance for estimating repair costs, improvement costs, and market values.

It is important that each permit application be carefully examined. Some damage may not have been readily apparent when post-disaster assessments were performed, some owners may decide to undertake improvements at the same time as repairs, or some owners may postpone repairs for many months. Each of these may alter the determination. Every permit file should contain the documentation necessary to support the finding that the work does – or does not – constitute SI/SD.

Even after a disaster, local officials should not assume that construction will proceed as spelled out in the permit application. Follow-up inspections are vital to ensure that applicants adhere to the permit requirements. Local officials should develop a plan to handle the increased number of permits and inspections.

## 7.8 Appeals and Variances

After events that cause major damage, owners often seek relief from requirements to comply with building code and floodplain management requirements. There are two mechanisms through which such relief may be processed: appeals and variances.

Owners may appeal decisions, orders, and determinations made by local officials, including substantial damage determinations. Appeals are described in more detail in Section 5.6.6. Even in the post-disaster recovery period, appeals should be handled according to the community's established process.

Owners may request variances. A variance is a grant of relief from the terms of a land use, zoning, building code, or other regulation. If granted, it allows construction in a manner that is otherwise prohibited. Variances are described in more detail in Section 5.6.7.

The NFIP regulation at 44 CFR § 60.6 outlines procedures for granting variances; these procedures must be followed even in the post-disaster recovery period (also see FEMA 480, *NFIP Floodplain Management Requirements: A Study Guide and Desk Reference for Local Officials*). If granted, variances are to provide only the minimum relief necessary. A variance should be rare, and granted only after due consideration.

Especially when damage was caused by flooding, it is difficult to conceive of situations where it can be justified to waive the requirement to elevate buildings that were determined to have been substantially damaged. Local officials are required to advise owners that, even if approved

by a properly granted variance, buildings that have their lowest floors below the BFE may be rated for NFIP flood insurance using very high rates, resulting in costly premiums (see Section 6.6).

## 7.9 Post-Disaster Communications with Property Owners

Communications with property owners will take place throughout the post-disaster recovery phase. Local officials should recognize that substantial damage determinations may generate a number of questions from home and business owners, and should be prepared to respond to these questions. This section provides local officials with guidance for communicating substantial damage information, and describes the following:

- Information about clean-up and repairs
- Information about permits
- Information about Increased Cost of Compliance coverage
- Interactions during damage inspections
- Providing substantial damage determination letters to owners

### 7.9.1 Information About Clean-up and Repairs

The initial contacts with property owners are typically related to cleaning up, advising them that inspections must be conducted to determine the safety of buildings, reminding owners not to perform any work that requires a permit until permits are obtained, and advising them that substantial damage determinations must be made and that such determinations trigger the floodplain management requirement to bring buildings into compliance by elevating them (or by dry floodproofing, non-residential buildings only). Local officials can provide information to owners about the kinds of clean-up and repairs that may be performed prior to a substantial damage determination, including work necessary to temporarily stabilize a building so it is safe to enter, as well as trash removal and clean-up.

Unless there are restrictions on entering areas that have sustained major damage, most owners and occupants start to clean up right away. There are many online sources of information to help with clean-up work, including <http://www.fema.gov> and <http://www.redcross.org>, among others. Copies of FEMA 234, *Repairing Your Flooded Home* may be available from local offices of the American Red Cross (ARC) or copies may be ordered from the FEMA publication warehouse (see Appendix B for ordering instructions). This booklet was developed in partnership with ARC and FEMA. FEMA has other materials related to recovering from, and coping with, flood damaged property, available online at <http://www.fema.gov/hazard/flood/coping.shtm>.

### 7.9.2 Information About Permits

It is extremely important to make sure that property owners are informed about their responsibilities to obtain permits for repairs following disasters. Lack of information about permit requirements can cause many problems in the post-disaster period. FEMA's *SDE Field Workbook*

(Section 7.5.1) includes samples of a press release, a notice that can be posted in affected areas, and a handout that can be used to alert residents that inspections will be performed and permits may be required.

Communities should consider developing and providing guidance to citizens and property owners on:

- The importance of having damaged buildings inspected before repair work is started.
- Activities that require a permit.
- The floodplain management requirements that apply when buildings in the SFHA are substantially damaged.
- Activities that do not require a permit (e.g., disposing of damaged contents and carpeting; cleaning floors, walls, and ductwork; or covering damaged roofs and windows).
- The availability and benefits of ICC coverage that is part of NFIP flood insurance policies on buildings in mapped SFHAs (Section 7.6). FEMA has developed a brochure that explains ICC (FEMA F-663, *Increased Cost of Compliance Brochure*) (see Appendix B for ordering instructions).
- The importance of hiring licensed contractors and cautions about fraudulent and unlicensed entities that may take advantage of victims in areas that have been hit by a significant event.
- The importance of including damage-reduction measures to minimize future flood damage, even if such measures are not required by the community's floodplain management regulations.

### 7.9.3 Information About Increased Cost of Compliance Coverage

As described in Section 7.6, local officials should remind owners who have NFIP flood insurance policies that ICC coverage may help pay for the cost to bring buildings into compliance with local floodplain management requirements if it is determined that the building has been substantially or repetitively damaged. The local official should also provide guidance to property owners on mitigation options to bring buildings into compliance. Local officials should obtain copies of FEMA F-663, *Increased Cost of Compliance Brochure* and distribute it to property owners as needed.

### 7.9.4 Interactions with the Public During Damage Assessments

After disasters and while conducting damage assessments, local officials may be faced with many questions from property owners and occupants. Communities are encouraged to set guidelines for interactions between inspectors and owners so that inspectors can efficiently perform their work. Although some assessments may be performed without direct contact with property owners, detailed evaluations and use of FEMA's SDE software tool typically require contact and coordination with owners.

The inspector's job is to inspect damaged buildings and collect data. Local officials should encourage inspectors to refrain from speculating or discussing the likely outcome of substantial

damage determinations. Because the final determination must be made by the local official, discussions in the field may contribute to misinformation and confusion.

Before they are sent out to inspect damaged buildings, a meeting should be held with all inspectors to talk about the importance of consistent communication with owners and occupants. It is a good practice to set up a single point of contact to answer questions from owners, and inspectors should encourage people to call that contact. Not only does this improve the consistency of the information provided, but it will help inspectors get their jobs done more efficiently.

Every inspector should carry an official letter that explains the purpose of the inspection and the requirement for owners to obtain permits for repair work. Inspectors should limit their interactions to collecting data. Some communities may direct inspectors to advise owners if they observe any ongoing work that should be suspended because a permit is required. If materials are available, inspectors can give owners a handout that explains the community's permit requirements and procedures.

### 7.9.5 Providing Substantial Damage Determination Letters to Owners

After inspections are completed and the data evaluated and substantial damage determinations are made, owners should be provided letters with the results. Appendix E includes examples of three letters:

- Letter to notify property owners of a determination that work constitutes substantial improvement
- Letter to notify property owners of a determination that work constitutes repair of substantial damage
- Letter to notify property owners of a determination that work does not constitute repair of substantial damage

Communities that have developed mitigation plans may hold meetings or distribute materials to explain mitigation options and FEMA's mitigation grant programs (Chapter 8).

Understandably, people will have many questions about the determinations, including whether it can be appealed, what it means to bring a building into compliance, and how they can access the NFIP's ICC claim payment (if they have NFIP flood insurance). As noted above, designating a single point of contact or contacts to discuss these questions with owners will ensure consistency.