



Borough of Manasquan

How to Calculate Substantial Improvement/Damage



CHAPTER 29 FLOOD DAMAGE PREVENTION ORDINANCE for the Borough of Manasquan defines **Substantial Improvement** as: *any reconstruction, rehabilitation, modification, addition, or other improvement of a structure during a ten (10) year period the cost which exceeds forty (40%) percent of the market value of the structure before the “start of construction” of the improvement. Substantial improvement also means “cumulative substantial improvement” for the last ten (10) years prior to the issuance of a building permit for such improvement. This term includes structures which have incurred “substantial damage” regardless of the actual repair work performed or “repetitive loss.”*

If the value of an addition or alteration to a structure equals or exceeds **forty percent (40%)** of the value of the structure before the addition or alteration, or **flood-related damages sustained by a structure on two (2) or more separate occasions during a ten (10) year period for which the cost of repairs at the time of each such flood event, on the average, equals or exceeds twenty-five (25%) percent of the market value of the structure before the damages occurred**, the entire structure must be treated as a substantially improved structure.

FORMULA EXAMPLE: Cost of the project divided by the value of the building

Improvement project = \$30,000

Value of the building = \$50,000 (Land value is **not** to be included in the calculation)

\$30,000 divided by \$50,000 = 0.6 (60%)

The cost of the project exceeds 40 percent of the building's value, so it is a substantial improvement. The floodplain regulations for new construction apply and the building must meet the post-FIRM construction requirements.

Existing buildings must comply with N.J.A.C. 5:23-6.3A (Flood-resistant construction).

What is to be included in calculating the costs of the project?

The cost of the project means all structural costs, including ♦ all materials ♦ labor ♦ built-in appliances ♦ overhead ♦ profit ♦ repairs made to damaged parts of the building worked on at the same time.

ITEMS TO BE INCLUDED:

- ✓ All structural elements, including:
- ✓ Spread or continuous foundation footings and pilings
- ✓ Monolithic or other types of concrete slabs
- ✓ Bearing walls, tie beams and trusses
- ✓ Floors and ceilings
- ✓ Attached decks and porches
- ✓ Interior partition walls
- ✓ Exterior wall finishes (brick, stucco, siding) including painting and moldings
- ✓ Windows and doors
- ✓ Re-shingling or retiling a roof
- ✓ Hardware
- ✓ All interior finishing elements, including:
- ✓ Tiling, linoleum, stone, or carpet over subflooring
- ✓ Bathroom tiling and fixtures
- ✓ Wall finishes (drywall, painting, stucco, plaster, paneling, marble, etc.)
- ✓ Kitchen, utility and bathroom cabinets
- ✓ Built-in bookcases, cabinets, and furniture
- ✓ Hardware
- ✓ All utility and service equipment, including:
- ✓ HVAC equipment
- ✓ Plumbing and electrical services
- ✓ Light fixtures and ceiling fans
- ✓ Security systems
- ✓ Built-in kitchen appliances
- ✓ Central vacuum systems
- ✓ Water filtration, conditioning, or recirculation systems
- ✓ Cost to demolish storm-damaged building components
- ✓ Labor and other costs associated with moving or altering undamaged building components to accommodate improvements or additions
- ✓ Overhead and profits

ITEMS TO BE EXCLUDED:

- ✓ Plans and specifications
- ✓ Survey costs
- ✓ Permit fees
- ✓ Post-storm debris removal and clean up
- ✓ Outside improvements, including:
- ✓ Landscaping
- ✓ Sidewalks
- ✓ Fences
- ✓ Yard lights
- ✓ Swimming pools
- ✓ Screened pool enclosures
- ✓ Detached structures (garages, sheds, gazebos)
- ✓ Landscape irrigation systems

TWO EXEMPTIONS EXIST FOR NOT INCLUDING COSTS IN THE CALCULATION:**1. IMPROVEMENT TO CORRECT CODE VIOLATIONS****2. HISTORIC BUILDINGS**

NOTE: IF A UCC CONSTRUCTION PERMIT IS NOT REQUIRED FOR THE WORK, IT MUST STILL BE INCLUDED IN THE COST CALCULATIONS

ACCEPTABLE ESTIMATES OF MARKET VALUE CAN BE OBTAINED FROM THESE SOURCES:

- ◆ An independent appraisal by a professional appraiser. The appraisal must exclude the value of the land and not use the “income capitalization approach” which bases value on the use of the property, not the structure.
- ◆ Detailed estimates of the structure’s actual cash value—the replacement cost for a building, minus a depreciation percentage based on age and condition. For most situations, the building’s actual cash value should approximate its market value. Your community may prefer to use actual cash value as a substitute for market value, especially where there is not sufficient data or enough comparable sales.
- ◆ Property values used for tax assessment purposes with an adjustment recommended by the tax appraiser to reflect current market conditions (adjusted assessed value).
- ◆ The value of buildings taken from NFIP claims data (usually actual cash value).
- ◆ Qualified estimates based on sound professional judgment made by the staff of the local building department or tax assessor’s office.

PROJECTS AFFECTED:

All building improvement projects worthy of a permit must be considered. These include:

- ◆ Remodeling projects
- ◆ Rehabilitation projects
- ◆ Building additions
- ◆ Repair and reconstruction projects