



FEMA

February 14, 2023

The Honorable Ray Murphy
Mayor, Town of Fort Myers Beach
2525 Estero Blvd
Fort Myers Beach, FL 33931

Dear Ray Murphy,

Local officials in communities that participate in the National Flood Insurance Program (NFIP) must determine whether the proposed construction work qualifies as a substantial improvement or repair of substantial damage (referred to as an “SI/SD determination”). If work on buildings constitutes SI/SD, structures must be brought into compliance with NFIP requirements for new construction, including the requirement that lowest floors be elevated to the Base Flood Elevation (BFE) plus one foot of freeboard as required by the Florida Building Code, or higher depending on local ordinance.

The SI/SD requirements are triggered when the local official determines that the cost to repair the damage or improve a building in a Special Flood Hazard Area (SFHA) equals or exceeds 50 percent of the building’s market value (excluding land value). Enforcing the SI/SD requirements is a very important part of a community’s floodplain management responsibilities. There are many factors that local officials will need to consider and several scenarios they may encounter while implementing the SI/SD requirements.

Assessed values from a county property appraiser can be a useful tool in determining market value for the purposes of an SD determination, but the use of an assessed value has some limitations that, if not considered and accounted for, can produce erroneous estimates of market value. It has come to our attention that the Lee County Property Appraiser is creating a product designed for homeowners to use to determine a market or just value for their property. While NFIP regulations do not define market value, they do state that market value must be based on the condition of the structure before the damage occurred.

Because property appraisers often perform mass appraisals based upon statistical analyses of the previous year’s sales data in between actual physical appraisals, which may occur as infrequently as once in a decade or longer, these values must be adjusted carefully to be used for a SD determination. The product created by the Lee County Property Appraiser adjusts portions of the property’s valuations; however, we have observed a wide disparity in how these adjustments are applied. Consistency is key when making SD determinations to have a defensible process, and without knowing how these adjustments are being calculated, we cannot determine if these values are acceptable.

Making SD determinations is the sole responsibility of the local Building Official or Floodplain Administrator; however, FEMA is tasked with assessing community compliance with the minimum NFIP criteria, including SD determinations. If a community is found to be making incorrect SD determinations based upon inaccurate market values, they risk a retrograde of their Community Rating System (CRS) level, meaning a loss of premium discount for their residents or further sanctions to include probation or suspension from the NFIP. We strongly recommend using methods other than the product created by the Lee County Property Appraiser.

We share the community's goal of remaining in good standing in the NFIP. As always, we stand ready to provide additional guidance and support to Lee County and incorporated communities by discussing acceptable methods and procedures for determining market value. If you have questions, please contact Jamie Mascellino at james.mascellino@fema.dhs.gov or 407-716-9528.

Sincerely,

A handwritten signature in black ink that reads "Jacky S. Bell". The signature is fluid and cursive, with the first name "Jacky" being more prominent than the last name "Bell".

Jacky S. Bell
Director
Mitigation Division

Cc:

Conn Cole, Florida NFIP State Coordinator

Kristin Schumacher, Floodplain Administrator, Town of Fort Myers Beach