

## UNDERSTANDING THE FEMA 50% RULE

### The City's Role

The Federal government makes flood insurance available throughout the community when it participates in the National Flood Insurance Program (NFIP).

Over 22,000 communities participate in the NFIP nationwide, with more than five million policies providing over \$1.3 trillion in coverage.

Dunedin has participated in the NFIP since 1971 and there's approximately 3,400 policies currently providing \$800 million in coverage.

To remain eligible to participate in the NFIP, each community must adopt and enforce regulations and codes that apply to development in Special Flood Hazard Areas (SFHA).

All communities that participate in the NFIP must also determine whether proposed work on existing structures qualifies as substantial improvement or substantial damage using the FEMA 50% Rule.

### How the FEMA 50% Rule Works

FEMA's 50% Rule is a federal regulation that limits the cost of repairs and improvements to a structure to less than 50% of its market value. If the cost of repairs or improvements equals or exceeds 50% of the market value, the entire structure must be brought into compliance with current flood regulations.

In Dunedin, the 50% rule applies to any combination of repairs, reconstructions, rehabilitation, additions, or improvements to a structure over a 5-year period. The 5-year period begins on the date of the first permit issued for the structure.

### Why 50%?

The 50 percent threshold was chosen by FEMA as a compromise between two extremes. One extreme would be to prohibit all investment in existing structures that do not meet minimum NFIP requirements. The other extreme would be to allow structures in flood hazard areas to be improved in any fashion without regard to the flood risk.

In the first alternative, there is the potential for causing hardship to those who have located in flood hazard areas without knowledge of the risk because the structure was constructed prior to the designation of the area as flood-prone. These individuals would not be able to improve their structures as damage or age contributed to decline.

The second alternative provides no mechanism to ensure that increased investment in flood hazard areas will receive needed protection from the flood risk, thus contributing to the increased threat to life and property.

So, the threshold of 50 percent is a compromise at a half-way point and was chosen because it conforms to similar building code and zoning standards that also use this threshold.

## When Does the FEMA 50% Rule Apply?

The FEMA 50% Rule applies when the existing structure is:

1. Located in a SFHA (e.g., A or V flood zones); and
2. Non-compliant with current floodplain management regulations. In general, this means the building's lowest living floor elevation is below the current BFE; and
3. Undergoes repair or improvement.

## Determining Market Value

Market value must always be based on the condition of the structure before the improvement is undertaken or before the damage occurred.

Only the market value of the structure is pertinent. The value of the land and site improvements (e.g., landscaping, driveways, fences, pools, detached accessory structures, etc.) are not included.

Methods to determine market value:

1. Assessed value developed for property tax assessment purposes, adjusted to approximate market value.
2. Property appraisals that are prepared by a licensed professional appraiser according to standard practices of the profession.

## How to Find Assessed Market Value

Visit the Pinellas County Property Appraiser's Website at <https://www.pcpao.gov/>

- Step 1. Search for the property by Address, Owner, Parcel ID or Sub/Condo
- Step 2. Click on "FEMA/WLM Letter" in the Quick Pick Tool (upper right corner of page)
- Step 3. See the value allocation in the letter based on the FEMA 50% Rule

## Appraised Market Value

The permit applicant provides an appraisal of market value prepared by a qualified professional who is licensed to perform appraisals in the State of Florida.

Appraised market value must always be based on the condition of the structure before the improvement is undertaken or before the damage occurred.

Property appraisals that are prepared by a professional appraiser according to standard practices of the profession are usually the most accurate and reliable method for determining market value.

## Online Resources

[Floodplain Management Regulations](#)

[Substantial Improvement or Damage Review Package](#)

[Flood Awareness](#)