

# Substantial Damage

**What Is Substantial Damage?** When a house is flooded and the cost to repair to the “pre-flood” condition is equal to or greater than 50% of the value of the house, the house is considered Substantially Damaged (SD). After Ida, the Borough used FEMA Substantial Damage Estimator software to determine over 200 homes to be SD. The software uses many factors, including:

- depth of first floor flooding (from teams of field personnel who went door-to-door at over 500 houses);
- age and square footage of house, type of construction, and other factors related to the house;
- assessed value of the house (from the tax records)

**What does SD mean?** The recipient of an SD letter has three choices:

- **Challenge the SD determination.** Since the SD letters were sent based on FEMA estimating software, the actual numbers may be lower. The floodplain manager will review these and may rescind the SD. However, keep in mind the cost of donated materials and labor need to be included at market rates.
- **Blue Acres.** The NJDEP runs a program called Blue Acres, whereby the State of New Jersey will essentially buy your house and deed-restrict the lot so no one can build there in the future. Blue Acres has purchased over 150 houses in Manville since the 1990s. For more information, see their website at <https://dep.nj.gov/blueacres/>,
- **Elevate.** If you choose to stay in your house or sell via the real estate market, it needs to be elevated. The first floor needs to be lifted to an elevation at least four (4) feet above the FEMA Base Flood Elevation (BFE) on the FEMA map. In addition, the basement needs to be filled in, converted to a slab-on-grade, and utilities need to be relocated at or above the elevated first floor. The new foundation walls will need to have flood vents installed to equalize the flood pressures during the next flood.

## Recent Developments

**State OEM Prohibiting Federal Funding for Elevations.** The Borough of Manville has pursued many avenues to assist homeowners with the cost of elevating, which can amount to \$100,000 to \$150,000 or more, depending on the house and other factors. These include filing grant applications to FEMA and welcoming the Department of Community Affairs (DCA) Housing Assistance and Recovery Program (HARP) to Manville. However, the NJ Office of Emergency Management (OEM) issued a policy directive that essentially prohibits federal spending in Manville in areas mapped as “Risk Reduction Areas”. This has put a stop to many elevation projects.

Borough of Manville Strengthens Flood Damage Prevention Ordinance. The Borough made two important changes to their ordinance in November 2022:

- Adopt “cumulate damages” definition to SD. Going forward, future flood damage repair numbers will be added to the Ida numbers. If the total number is over 50%, the homeowner will receive an SD letter.
- Regulate 500-year floodplain. The flooding from Ida was so expansive, combined with the fact that FEMA’s flood maps for Manville are significantly out-of-date, the Borough now regulates the 100-year and 500-year floodplains. Many houses that flooded during Ida did not receive SD letters because they were outside of the 100-year floodplain, and, therefore, outside of our jurisdiction.

## What Does this Mean Going Forward?

**Real Estate Transactions.** Many homeowners have been caught off guard when putting their houses on the market. If you’re not sure if your house was issued an SD letter, or you have misplaced your SD letter, please let the Building Department know. Here is the procedure:

- Make sure the listing agent is aware that this is an SD house. This ensures that any buyer is aware that the house needs to be elevated.
- The buyer needs to know that he/she will not receive a Certificate of Occupancy (CO) until it is elevated. They will receive a Temporary Certificate of Occupancy (TCO) until it is lifted and passes final inspection.
- The Building Office will require the buyer to sign an affidavit stating essentially that they understand the lifting requirement.

**What Will Happen After the Next Flood?** The 2024 Hurricane Season is predicted to be a busy one, which should make Manville residents take notice. If there is another major flood, there will be many more SD letters. It is important to know that the SD letter can get the property owner an additional \$30,000 from their insurance claim; this is known as Increased Cost of Compliance (ICC). This ICC coverage is intended to offset the cost of elevating and is standard with insurance policies issued via the FEMA National Flood Insurance Program (NFIP). Private flood insurance will not offer ICC.

## More information:

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