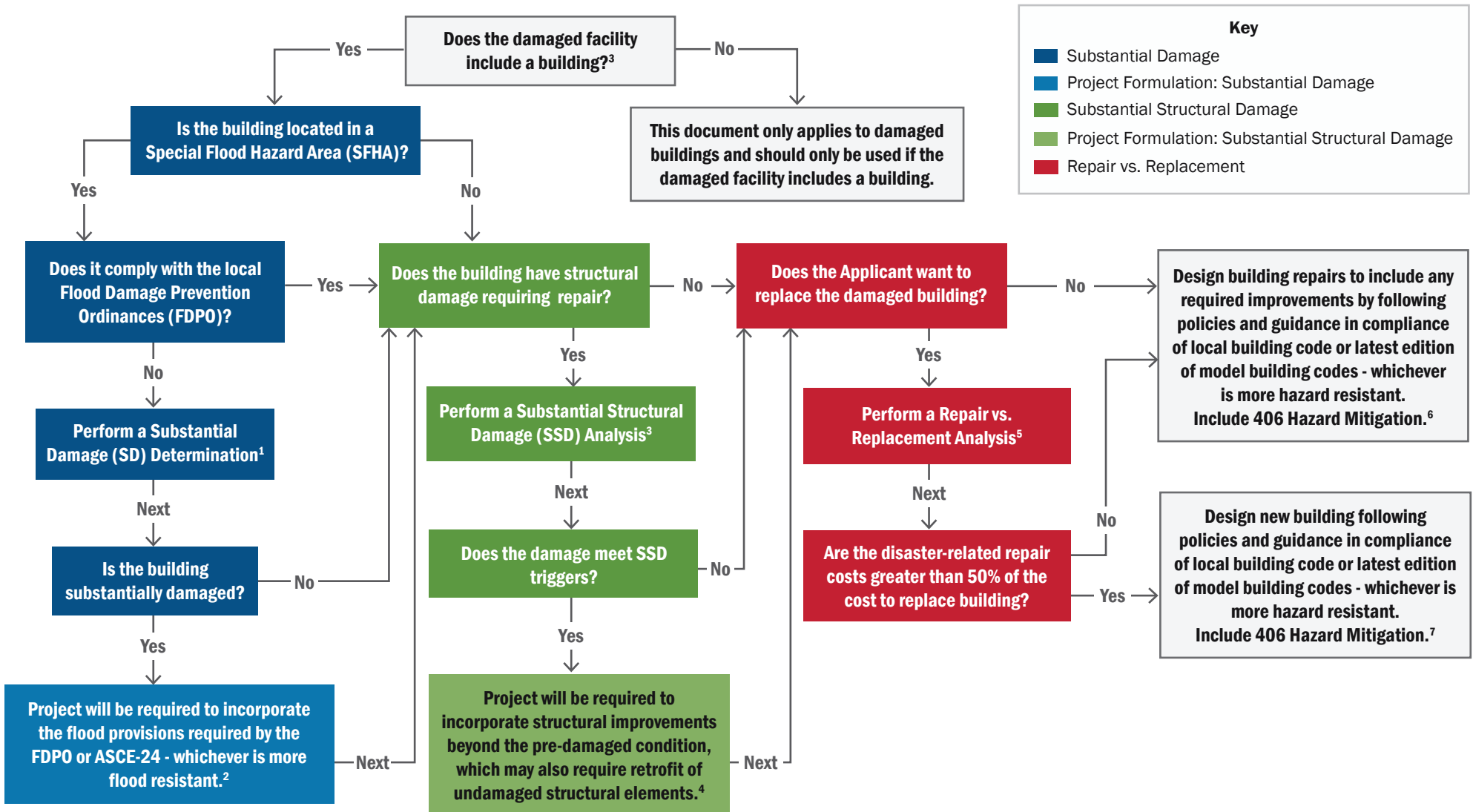


Summary: Substantial Structural Damage and Substantial Damage are two conditions that require a building to be improved beyond its pre-damage condition. In addition, FEMA Public Assistance (PA) policy also allows improvement of a damaged building through replacement when the cost of repair would exceed 50% of the replacement cost. This document has been developed to guide FEMA staff, PA grant applicants or their representatives through the process of making these determinations and decisions.



Key

- Substantial Damage
- Project Formulation: Substantial Damage
- Substantial Structural Damage
- Project Formulation: Substantial Structural Damage
- Repair vs. Replacement

Please note: This decision tree does not provide guidance for certain special circumstances and or polices that can be found in the **Public Assistance Program and Policy Guide**, which are detailed in the **Related Policies** section on the following page.

References and Resources

Related Policies

Substantial Damage

- ¹ [FEMA P-758, Substantial Improvement/Substantial Damage Desk Reference \(2010\)](#)
- [FEMA P-784, Substantial Damage Estimator \(SDE\) Tool \(2017\)](#)
- [Understanding Substantial Damage in the International Building Code, International Existing Building Code, or International Residential Code](#)
- [P-213, Answers to Questions About Substantially Improved/Substantially Damaged Buildings \(2018\)](#)

“Relocations.” FEMA PAPPG V4 2020, Chapter 8: VI. *Relocations*. FEMA may approve funding for restoration and relocation of an eligible facility under certain conditions; including, if the facility is subject to heavy repetitive damage, the project is not barred by other regulations, or the project is cost effective.

Project Formulation: Substantial Damage

- ² [FEMA Recovery Interim Policy FP 104-009-11 Consensus-Based Codes, Specifications and Standards for Public Assistance](#)
- [FEMA Building Science publication library](#)

“Duplication of Benefits.” FEMA PAPPG V4 2020, Chapter 6: XVIII. *Duplication of Benefits*. Insurance Proceeds, Non-Federal Grants and Cash Donations, Third-Party Liability, and Other Federal Awards from non-Federal sources are subject to certain criteria based on whether the funds are provided towards a specific purpose, and whether that purpose is eligible for PA funding.

Substantial Structural Damage

- ³ [Understanding Substantial Structural Damage in the International Building Code, International Existing Building Code, or International Residential Code](#)
- [International Existing Building Code](#)

“Historic Preservation Compliance.” FEMA PAPPG V4 2020, Chapter 8: III. D. 1. *Historic Preservation Compliance, Federal Requirement*. If the facility is in or eligible for the National Register of Historic Places, and codes or standards are required, costs associated with work to comply with the code or standard are eligible, even if repairs costs exceed replacement costs.

Project Formulation: Substantial Structural Damage

- ⁴ [FEMA Recovery Interim Policy FP 104-009-11 Consensus-Based Codes, Specifications and Standards for Public Assistance](#)
- [International Existing Building Code](#)
- [FEMA P-2006, Example Application Guide for ASCE/SEI 41-13 Seismic Evaluation and Retrofit of Existing Buildings: with Additional Commentary for ASCE/SEI 41-17 \(2018\)](#)
- [FEMA Building Science publication library](#)

“Floodplain Ordinance.” FEMA PAPPG V4 2020, Chapter 8: III. F. *Requirement for Communities Participating in the National Flood Insurance Program*. Work that is required for compliance with the floodplain ordinance is eligible provided the ordinance meets the eligibility criteria for codes and standards and the Substantial Improvements are disaster-related repairs. If the cost to repair the facility in accordance with the floodplain ordinance is greater than the cost to replace the facility in accordance with the ordinance, the eligible cost is capped at the replacement cost.

Repair vs. Replacement

- ⁵ [Public Assistance Program and Policy Guide \(PAPPG\)](#)
- [Repair vs. Replacement, FEMA PAPPG V4 2020, Chapter 8: V](#)

“Eligible Funding.” FEMA PAPPG V4 2020, Chapter 8: V. *Repair vs. Replacement*. If the estimated repair cost exceeds 50% of the estimated replacement cost, the actual replacement cost is eligible. The Applicant may elect to repair the facility in conformance with applicable codes and standards. In this case, FEMA limits the eligible cost to the estimated cost of repair or replacement, whichever is less.

Finalize Project Requirements and Design

- ⁶ [FEMA Recovery Interim Policy FP 104-009-11 Consensus-Based Codes, Specifications and Standards for Public Assistance](#)
- [FEMA Building Science publication library](#)
- ⁷ [FEMA Recovery Interim Policy FP 104-009-11 Consensus-Based Codes, Specifications and Standards for Public Assistance](#)
- [FEMA Building Science publication library](#)

“Mitigation Funding .” FEMA PAPPG V4 2020, Chapter 8: V. C. *Eligible Funding*. With exception of specific projects identified in Appendix J : Cost Effective Hazard Mitigation Measures, mitigation funding cannot be applied to replacement facilities, unless the facility is part of an Alternative Procedures Project.

Source: FEMA PAPPG V4 2020, <https://www.fema.gov/assistance/public/policy-guidance-fact-sheets>