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## Notice for Property Owners, Contractors, and Design Professionals.

TO: Property owners, contractors, and design professionals

FROM: Millcreek Building Department

SUBJECT: Notice for Work on Existing Buildings in Special Flood Hazard Areas  
Substantial Improvement / Substantial Damage Worksheets

Millcreek floodplain management regulations and codes specify that all new buildings to be constructed in Special Flood Hazard Areas (SFHAs) (regulated floodplains) are required to have their lowest floors elevated to or above the base flood elevation (BFE). The regulations also specify that **substantial improvement** of existing buildings (remodeling, rehabilitation, improvement, or addition) or buildings that have sustained **substantial damage** must be brought into compliance with the requirements for new construction. Please note that a building may be substantially damaged by any cause, including fire, flood, high wind, seismic activity, land movement, or neglect. It is important to note that all costs to repair a substantially damaged building to its pre-damage condition must be identified.

There are several aspects that must be addressed to achieve compliance with the floodplain management requirements. The requirements depend on several factors, including the flood zone at your property. The most significant compliance requirement is that the lowest floor, as defined in the regulations/code, must be elevated to or above the BFE. Please plan to meet with this department to review your proposed project, to go over the requirements, and to discuss how to bring your building into compliance.

Our regulations define these terms:

**Substantial damage** means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.

**Substantial improvement** means any combination of repairs, reconstruction, rehabilitation, addition, or other improvement of a structure, during the previous five (5) years the cost of which equals or exceeds fifty (50) percent of the market value of the structure (not including the market value of the land) before "start of construction" of the improvement. This includes structures which have incurred "substantial damage", regardless of the actual repair work performed. The term does not, however, include either:

1. Any project for improvement of a structure to correct existing violations of state or local health, sanitary, or safety code specifications which have been identified by the local code enforcement official and which are the minimum necessary conditions or
2. Any alteration of a "historic structure", provided that the alteration will not preclude the structure's continued designation as a "historic structure."

To make the substantial improvement determination or the substantial damage determination, we compare the cost of the proposed improvement or repairs to the market value of the building (excluding land, accessory structures, and landscaping). If the resulting ratio equals or exceeds 50 percent, the existing building must be brought into compliance with the floodplain management requirements for new buildings.

$$\frac{\text{Cost of Improvement or Cost to Repair to Pre-Damage Condition}}{\text{Market Value of Building}} \geq 50\%$$

Please note:

- You must provide an estimate of the cost to perform the proposed improvements or repairs. If your building has been damaged, the cost estimate must include all work required to repair the building to its pre-damage condition. The cost estimate must include all labor and materials. If the work will be done by a contractor, the contractor's overhead and profit must be included. If the work will be done by the owner or volunteers, market rates must be used to estimate the cost of materials and the value of labor. Attached to this notice is a list of costs that must be included and costs that are excluded. After we review the cost estimate, we may require that it be broken down to show all materials and labor estimates.
- You must provide a market value appraisal of the building that is prepared by a professional appraiser according to standard practices of the profession. We will review the appraisal to determine that it accurately describes your building and does not include the value of the land, accessory buildings, and landscaping. Alternatively, we will use the tax assessment value of your building as the estimate of the market value of the building before the work is performed.

If you have any questions regarding this information, please contact the Millcreek Building Department at 801.214.2700.

Attachments:

- ❖ Requirements for Applications for Permits for Substantial Improvements and Repair of Substantial Damage
- ❖ Costs for Substantial Improvements and Repair of Substantial Damage
- ❖ Owner's Affidavit
- ❖ Contractor's Affidavit
- ❖ Substantial Improvement or Substantial Damage Worksheet.

## Requirements for Applications for Permits for Substantial Improvements and Repair of Substantial Damage

Please contact the Millcreek Building Department at 801.214.2700 if you have questions about the substantial improvement and substantial damage requirements. Your building may have to be brought into compliance with the floodplain management requirements for new construction.

Applications for permits to work on existing buildings that are located in Special Flood Hazard Areas must include the following:

- ❖ Current photographs of the exterior (front, rear, sides)
- ❖ If your building has been damaged, include photographs of the interior and exterior; provide pre-damage photos of the exterior, if available
- ❖ Detailed description of the proposed improvement (rehabilitation, remodeling, addition, etc.) or repairs
- ❖ Cost estimate of the proposed improvement or the cost estimate to repair the damaged building to its before-damage condition
- ❖ You may submit a market value appraisal prepared by a licensed professional appraiser or we will use the tax assessment value of the building
- ❖ Owner's affidavit (signed and dated)
- ❖ Contractor's affidavit (signed and dated)
- ❖ Substantial Improvement or Substantial Damage Worksheet.

## Costs for Substantial Improvements and Repair of Substantial Damage

### Included Costs

Items that must be included in the costs of improvement or costs to repair are those that are directly associated with the building. The following list of costs that must be included is not intended to be exhaustive, but characterizes the types of costs that must be included:

- ❖ Materials and labor, including the estimated value of donated or discounted materials and owner or volunteered labor
- ❖ Site preparation related to the improvement or repair (foundation excavation, filling in basements)
- ❖ Demolition and construction debris disposal
- ❖ Labor and other costs associated with demolishing, moving, or altering building components to accommodate improvements, additions, and making repairs
- ❖ Costs associated with complying with any other regulation or code requirement that is triggered by the work, including costs to comply with the requirements of the Americans with Disabilities Act (ADA)
- ❖ Costs associated with elevating a structure to an elevation that is lower than the BFE
- ❖ Construction management and supervision
- ❖ Contractor's overhead and profit
- ❖ Sales taxes on materials
- ❖ Structural elements and exterior finishes, including:
  - Foundations (e.g., spread or continuous foundation footings, perimeter walls, chain walls, pilings, columns, posts, etc.)
- ❖ Monolithic or other types of concrete slabs
- ❖ Bearing walls, tie beams, trusses
- ❖ Joists, beams, subflooring, framing, ceilings
- ❖ Interior non-bearing walls
- ❖ Exterior finishes (e.g., brick, stucco, siding, painting, and trim)
- ❖ Structural elements and exterior finishes (cont.):
  - ❖ Windows and exterior doors
  - ❖ Roofing, gutters, and downspouts
  - ❖ Hardware
  - ❖ Attached decks and porches
  - ❖ Interior finish elements, including:
    - Floor finishes (e.g., hardwood, ceramic, vinyl, linoleum, stone, and wall-to-wall carpet over subflooring)
  - ❖ Bathroom tiling and fixtures
  - ❖ Wall finishes (e.g., drywall, paint, stucco, plaster, paneling, and marble)
  - ❖ Built-in cabinets (e.g., kitchen, utility, entertainment, storage, and bathroom)
  - ❖ Interior doors
  - ❖ Interior finish carpentry
  - ❖ Built-in bookcases and furniture
  - ❖ Hardware
  - ❖ Insulation
  - ❖ Utility and service equipment, including:
    - HVAC equipment
    - Plumbing fixtures and piping
    - Electrical wiring, outlets, and switches
    - Light fixtures and ceiling fans
    - Security systems
    - Built-in appliances
    - Central vacuum systems
    - Water filtration, conditioning, and re-circulation systems

## Excluded Costs

Items that can be excluded are those that are not directly associated with the building. The following list characterizes the types of costs that may be excluded:

- ❖ Clean-up and trash removal
- ❖ Costs to temporarily stabilize a building so that it is safe to enter to evaluate required repairs
- ❖ Costs to obtain or prepare plans and specifications
- ❖ Land survey costs
- ❖ Permit fees and inspection fees
- ❖ Carpeting and re-carpeting installed over finished flooring such as wood or tiling
- ❖ Outside improvements, including landscaping, irrigation, sidewalks, driveways, fences, yard lights, swimming pools, pool enclosures, and detached accessory structures (e.g., garages, sheds, and gazebos)
- ❖ Costs required for the minimum necessary work to correct existing violations of health, safety, and sanitary codes
- ❖ Plug-in appliances such as washing machines, dryers, and stoves