
OFFICIAL POLICY

City of Miami
BUILDING DEPARTMENT



Date: May 18, 2021

SUBJECT: Establishing values for FEMA regulations

CODE & SECTION: FBC, Latest Ed.) / FEMA P-758 / City of Miami Ordinance

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Director of Building

PURPOSE: In order to achieve and promote consistency and fairness in the evaluation of cost estimates submitted for the purpose of determining the applicability of FEMA rules for substantial improvements to residential and non-residential structures.

DISCUSSION and PROCEDURES:

1. The City of Miami Code of Ordinances provides a definition of Substantial Improvement. For the complete text refer to Section 20.1, excerpted here (underlined for emphasis):

SUBSTANTIAL IMPROVEMENT. Any repair, reconstruction, rehabilitation, or improvement of a structure, the cost of which equals or exceeds, over a two-year period, a cumulative total of 50 percent of the market value of the structure.The market value of the structure shall be (1) the assessed value of the structure prior to the start of the initial repair or improvement, or (2) in the case of damage, the value of the structure prior to the damage occurring.

Therefore, the City of Miami will use the following definition of *market value*.

MARKET VALUE. The value of buildings and structures, excluding the land and other improvements on the parcel. Market value is the Actual Cash Value (like-kind replacement cost depreciated for age, wear and tear, neglect, and quality of construction) determined by a qualified independent appraiser, or tax assessment value adjusted to approximate market value by a factor provided by the Property Appraiser.

2. City of Miami may accept the applicant's stated market value if based on one of the following:
 - a. The assessed value (building only) as listed on the Miami-Dade Property Appraiser's website.
 - b. An appraisal of the value of the structure (only) as determined by a Florida-licensed real estate appraiser, using the quality control standards and methodology found in the *Uniform Standards of Professional Appraisal Practice*. The appraisal must be less than six months old.
3. To establish the construction cost of the proposed improvements, the City of Miami will require:
 - a. A fully executed AIA "Standard Form of Agreement Between Owner and Contractor", or an equivalent contract form. The contract shall include a detailed cost breakdown.
 - b. An affidavit from the Architect of Record (AOR) certifying that the contract sum includes the entire scope of work represented on the plans, with no exclusions unaccounted for.
4. The City will exercise due diligence in the review of all supporting documentation submitted, and **reserves the right to reject unrealistic costs and/or request that a second appraisal be submitted**. For the purpose of enforcing FEMA regulations, the City will be guided by publication *FEMA P-758 Substantial Improvement/Substantial Damage Desk Reference*.
5. Should the Floodplain Manager or any other City of Miami personnel suspect that unrealistic cost proposals were submitted, or that other fraud or falsification was perpetrated, the Director of Building or the Building Official may take appropriate actions against any of the affected licensees with the Department of Business and Professional Regulation (DBPR).
6. **Proposed improvements that are found to cost 50% or more of the market value of the existing structure will be designated as a Substantial Improvement, and will need to comply with all applicable FEMA regulations, the City of Miami ordinance, and the Florida Building Code.**

CONCLUSION: The procedures outlined above will be effective immediately.