PLANNING COMMISSION  
STAFF REPORT

REPORT DATE: March 1, 2018  
AGENDA DATE: March 8, 2018  
PROJECT ADDRESS: 536 Bath Street (MST2017-00806 & BLD2017-00883)  
TO: Planning Commission  
FROM: Planning Division, (805) 564-5470, extension 4539  
Beatriz Gularte, Senior Planner  
Tony Boughman, Assistant Planner  
SUBJECT: Appeal of the City Floodplain Administrator’s Decision to Require Substantial Improvement Data as a Condition for a Building Permit in a Special Flood Hazard Area

I. PROJECT DESCRIPTION

The subject site is developed with a two-story single residential unit with a partial basement, a covered front porch, a rear landing and steps, and one uncovered parking space on the 4,832 square foot lot. The City owned this property prior to the current owner. The current building permit under review includes a kitchen and bathroom remodel, footing reinforcement to bring the foundation up to current code, and the permitting of an as-built reconfiguration of a laundry and bathroom and non-bearing walls listed as building violations in Zoning Information Report ZIR2017-00012 for work without permits. The project site is located in a Special Flood Hazard Area (FEMA Flood Zone), in the City’s R-MH Land Use Zone at the corner of Bath and West Cota Streets, adjacent to Mission Creek to the east, and the Cota Street bridge to the north.

Because the project site is located within a Special Flood Hazard Area, any improvements to structures on the project site must comply with the City’s Floodplain Management Ordinance Santa Barbara Municipal Code Chapter 22.24. Portions of the existing residence are located below the Base Flood Elevation (BFE). Alterations may be made to the structure; however, if the aggregate value of the alterations or improvements exceed 50% of the depreciated value of the structure, the improvements are considered Substantial Improvements and will require the entire structure to be raised above the BFE in accordance with the City’s Floodplain Management Ordinance. Therefore, in connection with the building permit application, the City Floodplain Administrator is conducting a Substantial Improvement Determination.

In five building permit plan check reviews between May 1, 2017 and November 2, 2017, the City Floodplain Administrator advised the Appellant that additional information was required regarding the value of the as-built improvements in order to make the Substantial Improvement determination. The Appellant objected to the request for additional information and filed an appeal challenging the Floodplain Administrator’s decision that additional information was required in order to make the Substantial Improvement Determination. Pursuant to SBMC § 22.24.140 the Planning Commission hears appeals when it is alleged there is an error in any
requirement, decision, or determination made by the Chief of Building and Zoning in the enforcement or administration of Chapter 22.24.

As of the date of this report, the Appellant has not supplied the requested information and the subsequent Substantial Improvement determination has not been made.

II. RECOMMENDATION

Staff recommends that the Planning Commission deny the appeal and uphold the Chief Building Official’s decision to require sufficient and accurate valuation data regarding the Appellant’s improvements as this information is essential to making a Substantial Improvement Determination that is acceptable to FEMA.

III. BACKGROUND

In 2014 the City replaced the Cota Street Bridge over Mission Creek. In order to facilitate the bridge replacement project, the City acquired the subject property in 2013. In the course of the bridge replacement project, it was determined that space on the subject property was needed to construct the bridge and creek channel improvements. City staff applied for and obtained a building permit on April 2, 2015 to remove the rear dwelling unit of the duplex and restore the remaining dwelling unit as a single residence. The City made no further improvements to the remaining part of the structure. The City’s improvements to the structure received final building permit sign-off on April 4, 2016. On May 3, 2016 the City sold the property to the Appellant.

On January 12, 2017 the Appellant applied for a Zoning Information Report in anticipation of a sale of the subject property. In the course of preparing the Zoning Information Report (ZIR), City staff conducted a site inspection on January 25, 2017 during which unpermitted work to the residence was observed. The ZIR inspection discovered work was done to the existing house to remove a laundry room and the area incorporated into a full bathroom without a permit. On April 20, 2017 a building permit application was submitted to permit the unpermitted work, and for additional improvements consisting of a kitchen and bath remodel, including demolition of non-bearing walls, and reinforcement of footings to meet current code. This unpermitted work is proposed to be permitted in the scope of work of the subject building permit. Additional unpermitted improvements to the structure were discovered during building permit plan check and subsequently added to the scope of work.

A Substantial Improvement includes any repair, reconstruction, or improvement of a structure within a 24 month period. Therefore, the valuation of the City’s improvements to the structure beginning April 2, 2015 through April 4, 2016 must be aggregated with the valuation of the currently proposed scope of work in determining a Substantial Improvement because the work occurred within 24 months of the application of the subject building permit currently under review.

In connection with the building permit application, the Appellant submitted an estimate as evidence of the value of the Appellant’s unpermitted work on the structure (Exhibit G). The Building Official rejected this evidence as unreliable based on its value and the fact that the evidence was prepared and submitted by the Appellant himself. While the FEMA Substantial
Improvement Desk Reference acknowledges that property owners can submit cost estimates, the Desk Reference also acknowledges that such estimates may be suspect because of the inherent self-interest of a property owner to demonstrate that the work does not amount to a substantial improvement. The Building Official found the Appellant’s submission to be substantially below market rate for remodel projects within the area and felt that the Appellant’s submission was not adequately documented.

The decision of the Chief Building Official regarding the determination of Substantial Improvement was appealed to the Planning Commission pursuant to Santa Barbara Municipal Code §22.24.140.B which specifies that the Planning Commission hears and decides appeals when it is alleged there is an error in any requirement, decision, or determination made by the Chief Building Official in the enforcement or administration of the Flood Plan Management Ordinance.

Vicinity Map. Project site outlined in yellow.
IV. SITE INFORMATION AND PROJECT STATISTICS

<table>
<thead>
<tr>
<th>Applicant:</th>
<th>Jarrett Gorin</th>
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<tr>
<td>Property Owner:</td>
<td>NGC Fund 1, LLC</td>
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<td>Site Information</td>
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<td>Parcel Number:</td>
<td>037-161-001</td>
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<td>Lot Area:</td>
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<td>General Plan:</td>
<td>High Density Residential/Priority Housing</td>
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<td>North</td>
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<tr>
<td>South</td>
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<tr>
<td>East</td>
<td>Residential</td>
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<tr>
<td>West</td>
<td>Residential</td>
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V. APPEAL ISSUES
The Appellant requests that the Planning Commission over turn the decision of the Chief Building Official for the following reasons, summarized below (see Exhibit A):

- The City has not provided the value of alterations made to the structure independent of the extensive site work;
- The City’s alterations were a Substantial Improvement and the requisite Floodplain Management Ordinance obligations were the City’s;
- The value of the City’s improvements were given with no supporting documentation as they are now requiring the property owner to provide;
- FEMA regulations do not specify a requirement for an itemized estimate for improvements provided by a third-party licensed contractor, and FEMA regulations specifically allow that an owner-builder may provide the required estimate;
- Profit and overhead are not part of the value of alterations, and in the case of an owner-builder there is no profit and overhead. It is not clear if the value of the City’s improvements included profit and overhead in determining if the City would have been obligated to carry out alterations for a Substantial Improvement;
- The City will not provide the Civil Engineering Plans to the Appellant to determine the extent of site improvements which should be excluded from the valuation of City improvements to accurately calculate the aggregate value of alterations to the structure;
- The City asserts an arbitrary value of $150 per square foot for the alterations performed by the owner, which is absurd given the scope of the project;
- The valuation data that have been submitted are sufficient. County Assessor records indicate the value of the structure to be $179,000. The estimate provided by the owner of improvements is $45,913.72;
- The previous scope of work performed by the City of $59,783 includes major site work which should be subtracted out of that amount to determine the correct aggregate value of improvements by the City and the Appellant; and
- The City will not provide the necessary information to determine a Substantial Improvement.
VI. DISCUSSION

Building permit applications for structures located within a Special Flood Hazard Area must comply with the City’s Floodplain Management Ordinance (Exhibit B). Permit plans are reviewed by the City’s Floodplain Coordinator and Flood Zone plan check corrections are returned to the applicant. This permit had five rounds of Flood Zone plan review, with repeated comments requesting project valuation information (Exhibit C).

One element of reviewing for Floodplain Management Ordinance compliance is making a determination of Substantial Improvement (page 16 Exhibit B). A determination of a Substantial Improvement would require additional standards for flood hazard reduction, including elevating the lowest floor of the house to one foot above the base flood elevation. In an effort to make a determination of Substantial Improvement, the Floodplain Management Ordinance plan review comments repeatedly requested project valuation data from the Appellant in order to determine if the project constitutes a Substantial Improvement to the structure per SBMC §22.24.040.GG. Specifically, the project valuation of the proposed improvements that was provided by the Appellant is $69 per square foot. This cost per square foot is unrealistically low given the cost per square foot estimates of approximately $250 per square foot that Santa Barbara contractors typically provide for bathroom and kitchen remodels.

The City’s Floodplain Coordinator and Chief Building Official follow guidance given by the Federal Emergency Management Agency (FEMA) on the acceptable forms of project valuation data to be considered in making a determination of Substantial Improvement (Exhibit D). The City’s review of projects under the National Flood Insurance Program (NFIP) is subject to audit by FEMA for compliance with Federal laws. Failure of the City to enforce FEMA’s flood regulations can result in a sanction by FEMA. Sanctions by FEMA could negatively impact the flood insurance premiums of hundreds of Santa Barbara property owners.

According to FEMA guidance documents (Exhibit D), the depreciated value of the structure at the time work commenced is the basis for determining a Substantial Improvement. The value of the structure according to an appraisal done by a licensed appraiser on November 13, 2012 and hired by the property owner at the time was $160,939 (page 4 Exhibit E). If the aggregate value of improvements to the structure exceed 50% of this amount, or $80,469.50, then the project is a Substantial Improvement.

The City’s improvements to the structure and the Appellant’s current improvements are evaluated in aggregate. The City’s work on this site had a total estimated valuation of $59,783, of which $32,954 were subtracted out as improvements to the site rather than the structure, including demolition of the rear unit, replacement of rear stairs, site grading, utilities work, driveway resurfacing, etc. Thus, the valuation of the City’s improvements to the remaining single-unit structure were estimated to be $26,829 (Exhibit F). The Floodplain Coordinator gave the Appellant the opportunity to provide his own estimate of the value of the City’s improvements to the structure, in order to reflect the current market value. In the estimate provided by the Appellant of the improvements done by the Appellant and by the City, the City’s improvements are estimated to be $32,552.73 (Exhibit G). If the value of the current improvements exceeds
47,916.77 ($80,469.50 minus $32,552.73), then the project is determined to be a Substantial Improvement.

The Appellant provided an estimate of the aggregate improvements to the structure performed by the City and the Appellant prepared by Syncon Homes. The estimate provided for the fair market value of the improvements performed by the City is acceptable, however the estimate of the applicant’s as-built and proposed improvements is not acceptable to be used to determine the project valuation for the following reasons:

a) The City’s Floodplain Administrator has the discretion to not accept valuation documentation from property owners (see page 8-19 Exhibit F). The contractor providing the quote must be a disinterested third party or undeniable source. Nick Foster of Syncon Homes has been identified by the applicant as being part of the ownership of the property.

b) The scope of work is not on the quote.

c) The total for all work excluding the work which is identified as being previously done by the City and the proposed basement wall repair totals $17,817.46. The bathroom/kitchen remodel is approximately 234 square feet. That results in a per square foot remodel valuation of $76.14, which is unrealistic. The lead planner for FEMA for our Region has told the City that any project with less than $150 per square foot valuation would automatically be flagged on the City’s FEMA audit as a potential violation.

d) The cost of the previously proposed wall heater is not included in the quote. The plan check response from the applicant stated "The heater is no longer part of the scope of work." Building Code requires that every dwelling unit be provided with heating facilities. So, either the cost of heating facilities, along with the required thermostat, must be included in the quote or an existing, legally permitted and functional heating system must be identified on the plans.

In response to the Appellant’s request for a detailed account of the City’s improvements to the structure, staff asked the City Public Works Department for an accounting record of invoices and payment for this work. Unfortunately, the $5 million invoice and payment record for the Cota Street bridge replacement, creek channel improvements, and other site work aggregates the 536 Bath Street structure improvements with other site work at this address. The resulting invoiced amount for reconstructing the 536 Bath Street structure was $95,000 with no detail of the work on the invoice. Given that the $95,000 figure is one line item within a much larger contracted scope of work, and more than three times the amounts that both staff and the Appellant have estimated for improvements attributable to the structure, staff considers the $95,000 invoice to not be the best evidence in estimating the construction value of the City’s work on the home. The City continues to agree to use the $32,552.73 estimate provided by the Appellant.
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<th>Valuation Data Summary</th>
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<td>Appellant</td>
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<tr>
<td>House Value $179,000</td>
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<tr>
<td>Appellant’s Improvements $17,817.46</td>
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<td>Appellant’s Improvements Per Square Foot $76</td>
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<td>City’s Prior Work $32,552.73</td>
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<td>Total Appellant + City $50,370.19</td>
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<td>Total Improvements Greater Than 50% House Value = Substantial Improvement</td>
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The first floor of the house is 2.1 feet below the Base Flood Elevation. Even without the requirements of a Substantial Improvement, all materials lower than one foot above the Base Flood Elevation are required to be water resistant, including all current improvements such as cabinets, wallboard, etc. The Appellant has not shown that the cabinets and other materials installed below the base flood elevation are water resistant. Replacement of those building elements with water resistant materials need to be quantified and included in the project valuation.

It is the opinion of Staff that until sufficient and accurate valuation data are presented, a Substantial Improvement determination cannot be made. In reviewing projects within a Special Flood Hazard Area and subject to the National Flood Insurance Program, the City is administering Federal regulations and has limited discretion when following published Federal guidelines. The appeal of the decision to require accurate FEMA Substantial Improvement information is unwarranted. Please note that the office of the Chief Building Official has repeatedly requested the necessary additional information in order to make a determination on Substantial Improvement, and has been met with resistance from the Appellant.

A determination of a Substantial Improvement for this structure would mean that the lowest floor would have to be elevated to one foot above the Base Flood Elevation (BFE). The underfloor area (basement) could only be used for storage, parking, or access to the floor above. All materials lower than one foot above the BFE would have to be water resistant. The walkout basement could only be used for storage and all materials that are not water resistant would have to be replaced with materials that are. The basement bathroom would not be allowed to remain. Currently the first floor is 2.1 feet below the BFE and would have to be elevated 3.1 feet to achieve the required one foot freeboard above the BFE. The existing structure encroaches into the required front setback along West Cota Street and raising it 3.1 feet may qualify for a Minor
Zoning Exception per SBMC §30.165.040.B.1. If it does not qualify for a Minor Zoning Exception, Planning Staff can recommend approval of a setback modification to elevate the building as necessary.

VII. FINDINGS

The Planning Commission denies the appeal of the Chief Building Official’s decision to require additional valuation information to determine whether the project is a Substantial Improvement in a Special Flood Hazard Area. The valuation information thus far provided by the Appellant is insufficient because:

1. The construction valuation estimate of $76 per square foot is unrealistically low;
2. The construction valuation does not include all proposed work;
3. The cost estimate was provided by a property owner;
4. The Appellant has not confirmed that the finishes and construction materials installed below the freeboard elevation are water resistant.

Exhibits:

A. Appellant’s letter dated November 20, 2017
B. Santa Barbara Municipal Code Chapter 22.22, Flood Plain Management
C. City Flood Zone Plan Check Comments
D. FEMA P-758 Substantial Improvements/Substantial Damage Desk Reference Chapter 4
E. 2012 Appraisal of Property Value
F. City’s Estimate of Work 2014
G. Appellant’s Estimate of Work 2017
H. FEMA Floodplain Reference Guide Substantial Improvement/Damage
I. Site Plan, building plans
November 20, 2017

Jay Higgins, Chair
City of Santa Barbara Planning Commission
630 Garden Street
Santa Barbara, CA 93101

Hand Delivered

RE: 536 Bath Street (BLD2017-00883)
   Appeal of Building and Safety Determination of Substantial Improvement

Dear Mr. Carroll

Vanguard Planning Inc. represents the owner (the “Owner”) of the above referenced property (the “Subject Property”), located at the corner of Bath Street and Cota Street in the City of Santa Barbara (the “City”). Owner purchased the Subject Property from the City in June of 2016.

Prior to Owner’s acquisition of the Subject Property, the City made several alterations to the existing structure on the site (the “Residence”), and extensive grading and site improvements, in combination with the Cota Street Bridge Replacement Project (collectively the “City Improvements”).

We applied for a as-built building permit, Case No. BLD2017-00883, in April 2017. The scope of the permit is as follows:

“Abate violations from ZIR2017-00012. Kitchen and bathroom remodel (231 SF), including demo of non-bearing walls, new kitchen island, and reconfiguration of bathroom wall. Replace 37” of existing footing with new reinforced footing on East side of house.”

As part of our initial plan check corrections, the City indicated that “the last assessor valuation we have access to is $0.00” and that effectively any work on the Residence represents a Substantial Improvement. This triggers the need to elevate the finished floor of the entire Residence above the Base Flood Elevation.

We have been through several iterations of submittals and plan check corrections. As part of this exercise, we provided the City with current Santa Barbara County Assessor records that show the Property Tax basis for the Residence. This is listed as “Improvements” on the tax bill. The County Assessor indicates the value of the “Improvements” (i.e. the Residence) is $179,000.00, not $0.00 as originally asserted by the City. As a result, the threshold value for determining whether the current proposal represents a Substantial Improvement is 50% of $179,000.00 or $89,500.00 (the “Substantial Improvement Value”).

Vanguard Planning Inc.
735 State Street, Suite 204
Santa Barbara, CA 93101-5502

EXHIBIT A
The proposed Scope of Work is $45,913.72 according to an estimate provided by the Owner, who is a developer and acting as an owner-builder in this case. The previous scope of work, carried out by the City as part of the City Improvements, is listed as $59,783.00 on the approved plan set for the City Improvements. However, the scope of work for the City Improvements comprised not only alterations to the Residence, but also major site alterations including but not limited to grading and structural retaining walls. That portion of the City Improvements, which are not alterations to the Residence must be omitted from the aggregate Substantial Improvement Value used to determine whether the current proposal is a Substantial Improvement. Therefore, it is likely that the current proposal, in addition to the City’s alterations to the Residence, do not exceed the Substantial Improvement Value. As discussed below, the City cannot and/or will not provide the information necessary to make this determination.

We are appealing the City’s determination that the current proposal is a Substantial Improvement for reasons including but not limited to the following:

- The City refuses to provide, or does not possess any information that would allow Owner, or the City, to determine the value of alterations the City made to the Residence, independently from the combined City Improvements, which include substantial site work and structural retaining walls.

- Based on the City’s initial plan check comments that “the last assessor valuation we have access to is $0.00,” any alterations to the Residence by the City were a Substantial Improvement, and the requisite upgrades to the Residence were the City’s obligation when it carried out its project prior to Owner’s

- The City appears to have used a valuation of $160,939.00 as its basis to determine whether the City Improvements were a Substantial Improvement. The plans used by the City to receive its determination that the City Improvements did not represent a Substantial Improvement is a single figure of $59,783.00 with no supporting documentation. No itemized information, or third-party bid, was required by the City for its own project and associated Substantial Improvement determination.

- In the case of Owner’s proposal, the City demands an itemized estimate for improvements provided by a third-party licensed contractor. FEMA regulations do not specify such a requirement, and specifically allow that an Owner may provide the required estimate in the case of an owner-builder project.

- The City demands that profit and overhead be included in the value of work used to determine whether Owner’s proposal is a Substantial Improvement. Profit and Overhead are not part of the value of alterations, and in the case of an Owner Builder, such as the instant case, there is no profit and overhead. Furthermore, we have no way to determine if the City included profit and overhead in its valuation for the City Improvements, and therefore whether or not the City Improvements were a Substantial Improvement which would have obligated the City to carry out alterations to the Residence to comply with applicable FEMA requirements.

- The City has frequently referred to “Civil Engineering Plans” used for the City Improvements. It is without question that the scope of site improvements carried out by the City required such plans, specifically the structural retaining walls. However, the City cannot, or will not, provide these plans to us so that we may determine the extent of its site improvements, which should be excluded from the valuation of the City Improvements, so that we, or the City, may accurately calculate the aggregate value of alterations to the Residence.
• The City asserts an arbitrary value of $150/s.f. for Owner’s alterations to the property. As identified in the scope of work above, these improvements comprise changing out cabinets, carpeting, a minor alteration to a non-structural wall, and replacement of a small section of footing to abate a drainage problem which was caused by negligence of a City contractor during the course of the City Improvements. The City’s arbitrary value of $150.00/s.f. generates a project cost of $144,300.00. This is absurd given the scope of the project. Furthermore, if the City had applied this valuation to its own project, that project would have been a Substantial Improvement and would have obligated the City to carry out alterations to the Residence that the City now attempts to force Owner to carry out. The value of the City Improvements, which included demolition and reconstruction of entire portions of the Residence, likely exceeds the value of Owner’s limited interior alterations.

We reserve the right to submit additional and/or supplemental information prior to the hearing date scheduled for this appeal.

Please let us know the projected agenda date.

Sincerely,

VANGUARD PLANNING INC.

[Signature]

Jarrett Gorin, AICP
Principal

cc: Andrew Stuffer, Chief Building Official (via E-mail)
    Nick Foster, Owner (via E-mail)
    James M. Sweeney, Esq, Owner’s Counsel (via E-mail)
ORDINANCE NO. 5807


WHEREAS, the Legislature of the State of California has conferred upon local governments the authority to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry; and

WHEREAS, the Federal Emergency Management Agency (FEMA) has identified special flood hazard areas within the boundaries of the City of Santa Barbara and such areas may be subject to periodic inundation which may result in loss of life and property, health and safety hazards, disruption of commerce and governmental services, extraordinary public expenditures for flood protection and relief, and impairment of the tax base, all of which adversely affect the public health, safety and general welfare, and

WHEREAS, the City of Santa Barbara was accepted for participation in the National Flood Insurance Program (NFIP) on December 15, 1978 (FIRM Effective Date) and the Council of the City of Santa Barbara desires to continue to meet the requirements of Title 44 Code of Federal Regulations (CFR), Sections 59 and 60, necessary for continued participation in the NFIP; and

WHEREAS, the City of Santa Barbara is required to administer and enforce the State building codes, and such building codes contain certain provisions that apply to the design and construction of buildings and structures in flood hazard areas.

WHEREAS, the criteria set forth in the NFIP are minimum standards for the adoption of flood plain management regulations by flood-prone, mudslide (i.e., mudflow)-prone and flood-related erosion-prone communities. Any community may exceed the minimum criteria of the NFIP by adopting more comprehensive flood plain management regulations. In some instances, community officials may have access to information or knowledge of conditions that require, particularly for human safety, higher standards than the minimum criteria set forth in subpart A of the NFIP. Therefore, any flood plain management regulations adopted by a State or a community which are more restrictive than the criteria set forth in the NFIP are encouraged and shall take precedence.

NOW, THEREFORE, the City Council of the City of Santa Barbara does ordain as follows:
22.24.001 Citation of Statutory Authorization
The Legislature of the State of California has in Government Code Sections 65302, 65560, and 65800 conferred upon local governments the authority to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry. Therefore, the City of Santa Barbara does hereby adopt the following floodplain management regulations.

22.24.010 Findings of Fact.

A. In order for the City of Santa Barbara to participate in the National Flood Insurance Program (NFIP), it is required to adopt and enforce a local ordinance which meets the minimum requirements of Title 44 Code of Federal Regulations (CFR) Parts 59-78. The NFIP regulations, FEMA Publications and FEMA Technical Bulletins shall be used as guidance for the interpretation of this Chapter.

B. The flood hazard areas of the City of Santa Barbara are subject to periodic inundation which has resulted in loss of property, health and safety hazards, disruption of commerce and governmental services, extraordinary public expenditures for flood protection and relief, and impairment of the tax base, all of which adversely affect the public health, safety and general welfare.

C. These flood losses are caused by the cumulative effect of:

1. Obstructions in areas of special flood hazards which increase flood heights and velocities; and

2. Inadequately anchored structures, that damage uses in other areas when washed downstream; and

3. Structures that are inadequately elevated, flood-proofed or otherwise
protected from flood damage.

22.24.020 Statement of Purpose.

It is the purpose of the chapter to promote the public health, safety, and general welfare, and to minimize public and private losses due to flood conditions in specific areas by legally enforceable regulations applied uniformly throughout the community to all publicly and privately owned land with flood prone, mudslide [i.e. mudflow] or flood related erosion areas. It is also the purpose of this chapter to ensure that the owners of buildings within a FEMA Special Flood Hazard Area can obtain flood insurance. These regulations are designed to:

A. To protect human life and health;
B. To minimize expenditure of public money for costly flood control projects;
C. To minimize the need for rescue and relief efforts associated with flooding and generally undertaken at the expense of the general public;
D. To minimize prolonged business interruptions;
E. To minimize damage to public facilities and utilities such as water and gas mains, electric, telephone and sewer lines, streets and bridges located in areas of special flood hazard;
F. To help maintain a stable tax base by providing for the second use and development of areas of special flood hazard so as to minimize future flood blight areas;
G. To insure that potential buyers are notified that property is in an area of special flood hazard; and
H. To ensure that those who occupy the areas of special flood hazard assume
responsibility for their actions.

22.24.030  Methods of Reducing Flood Losses.

In order to accomplish its purposes, this Chapter includes methods and provisions for:

A. Restricting or prohibiting uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or in flood heights or velocities;

B. Requiring that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;

C. Controlling the alteration of natural flood-plains, stream channels, and natural protective barriers, which help accommodate or channel flood waters;

D. Controlling filling, grading, dredging, and other development which may increase flood damage; and,

E. Preventing or regulating the construction of flood barriers which will unnaturally divert flood waters or which may increase flood hazards in other areas.

22.24.040  Definitions.

Unless specifically defined below, words or phrases used in this Chapter shall be interpreted so as to give them the meaning they have in common usage and to give this Chapter its most reasonable application.

A.  500-YEAR FLOOD. A flood having a 0.2 percent (0.2%) chance of being equaled or exceeded in any given year; or also referred to as the 0.2-percent-annual-chance
flood.

B. ALTERATION. Any remodel, repair, replacement of elements, etc. to an existing building or non-substantial improvements.

C. APPEAL. A request for a review of the Floodplain Administrator's interpretation of any provision of this Chapter or a request for a variance.

D. AREA OF SHALLOW FLOODING. An area designated AO, AH, AR/AO, AR/AH or VO Zone on the Flood Insurance Rate Map (FIRM) with a one percent or greater annual change of flooding to an average depth of one to three feet, where a clearly defined channel does not exist, where the path of flooding is unpredictable and indeterminate, and where velocity flow may be evident. Such flooding is characterized by ponding or sheet flow.


F. AREA OF SPECIAL FLOOD HAZARD. See "Special flood hazard area".

G. BASE FLOOD or 100 YEAR FLOOD. A flood having a one percent (1%) chance of being equaled or exceeded in any given year; or also referred to as the 1-percent annual chance flood.

H. BASE FLOOD ELEVATION (BFE). The elevation of the Base Flood, including wave height, relative to the North American Vertical Datum (NAVD) or other datum specified on the Flood Insurance Rate Map (FIRM).

I. BASEMENT. An area of a building having its floor subgrade (below ground level) on all sides.

J. BREAKAWAY WALLS. Any type of wall, whether solid or lattice, and whether
constructed of concrete, masonry, wood, metal, plastic or any other suitable building material which (i) is not part of the structural support of the building; (ii) is designed to break away under abnormally high tides or wave action without causing any damage to the structural integrity of the building or to any buildings to which they might be carried by flood waters; (iii) has a safe design loading resistance of not less than ten and no more than twenty pounds per square foot; and (iv) has been certified for use in the building by a registered professional engineer or architect and meets the following standards:

1. Breakaway wall collapse will result from a water load less than that which would occur during the base flood; and

2. The elevated portion of the building will not incur any structural damage due to the effects of wind and water loads acting simultaneously in the event of the base flood.

K. CRITICAL FACILITY (AND ESSENTIAL FACILITY). Buildings and structures that contain essential facilities and services necessary for emergency response and recovery, or that pose a substantial risk to the community at large in the event of failure, disruption of function, or damage by flooding. Facilities include:

1. Hospitals and health care facilities having surgery or emergency treatment facilities;

2. Fire, rescue, ambulance, and police stations and emergency vehicle garages;

3. Designated emergency shelters;

4. Designated emergency preparedness, communication, and operation centers and other facilities required for emergency response;
5. Power generating stations and other public utility facilities required in emergencies;

6. Critical aviation facilities such as control towers, air traffic control centers, and hangars for aircraft used in emergency response;

7. Ancillary structures such as communication towers, electrical substations, fuel or water storage tanks, or other structures necessary to allow continued functioning of a Flood Design Class 4 (ASCE-24) facility during and after an emergency; and

8. Buildings and other structures (including, but not limited to, facilities that manufacture, process, handle, store, use, or dispose of such substances as hazardous fuels, hazardous chemicals, or hazardous waste) containing sufficient quantities of highly toxic substances where the quantity of the material exceeds a threshold quantity established by the authority having jurisdiction and is sufficient to pose a threat to the public if released.

L. COASTAL HIGH HAZARD AREA. An area subject to high velocity wave action, including coastal and tidal inundation or tsunamis and designated on a Flood Insurance Rate Map (FIRM) as Zone V1-V30, Ve or V.

M. DEPRECIATED MARKET VALUE. The replacement cost of the building reduced based on the age and condition. The County Assessor valuation of the building can be used or a licensed appraiser can be hired to make the determination based on Uniform Standards of Professional Practice. The "Income Capitalization Approach" is not acceptable for determining Depreciated Market Value because it is based on how the property is used and not the value of the structure alone.

N. DEVELOPED AREA. An area of a community that is:
1. A primarily urbanized, built-up area that is a minimum of 20 contiguous acres, has basic urban infrastructure, including roads, utilities, communications, and public facilities, to sustain industrial, residential, and commercial activities, and
   a. Within which 75 percent or more of the parcels, tracts, or lots contain commercial, industrial, or residential structures or uses; or
   b. It is a single parcel, tract, or lot in which 75 percent of the area contains existing commercial or industrial structures or uses; or
   c. It is a subdivision developed at a density of at least two residential structures per acre within which 75 percent or more of the lots contain existing residential structures at the time the designation is adopted.

2. Undeveloped parcels, tracts, or lots, the combination of which is less than 20 acres and contiguous on at least 3 sides to areas meeting the criteria of paragraph (1) at the time the designation is adopted.

3. A subdivision that is a minimum of 20 contiguous acres that has obtained all necessary government approvals, provided that the actual “start of construction” of structures has occurred on at least 10 percent of the lots or remaining lots of a subdivision or 10 percent of the maximum building coverage or remaining building coverage allowed for a single lot subdivision at the time the designation is adopted and construction of structures is underway. Residential subdivisions must meet the density criteria in paragraph (1)(c).

O. DEVELOPMENT. Any man-made change to improved or unimproved real property, including but not limited to buildings or other structures, mining, dredging, filling, grading, paving, excavation or drilling operations.
P. EXISTING CONSTRUCTION. For the purposes of determining rates, structures for which the "start of construction" commenced before December 15, 1975. "Existing construction" may also be referred to as "existing structures."


R. FIMA. Federal Insurance and Mitigation Administration (formerly Federal Insurance Administration).

S. FLOOD or FLOODING.

1. A general and temporary condition of partial or complete inundation of normally dry land areas from:
   a. The overflow of inland or tidal waters;
   b. The unusual and rapid accumulation or runoff of surface waters from any source; or
   c. Mudslides (i.e., mudflows) which are proximately caused by flooding as defined in paragraph (1)(b) of this definition and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water and deposited along the path of the current.

2. The collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels or suddenly caused by an unusually high water level in a natural body of water, accompanied by a severe storm, or by an unanticipated force of nature, such as flash flood or an abnormal tidal surge, or by some similarly unusual and unforeseeable event which results in flooding as defined in paragraph 1(a) of this definition.
T. FLOOD BOUNDARY AND FLOODWAY MAP. The official map on which FEMA or FIMA has delineated both the areas of flood hazard and the floodway.

U. FLOOD DESIGN CLASSES. ASCE 24 establishes elevations of lowest floors, flood-resistant materials, equipment, floodproofing and freeboard for Flood Design Class 4: Buildings and structures that contain essential facilities and services necessary for emergency response and recovery, or that pose a substantial risk to the community at large in the event of failure. See “CRITICAL FACILITY AND ESSENTIAL FACILITY” definition above.

V. FLOOD HAZARD AREA. See “Special Flood Hazard Area”.

W. FLOOD INSURANCE RATE MAP (FIRM). An official map on which FEMA or FIMA has delineated both the areas of special flood hazards and the risk premium zones applicable to the community.

X. FLOOD INSURANCE STUDY (FIS). An official report provided by FEMA or FIMA that includes flood profiles, the FIRM, the Flood Boundary and Floodway Map, and the water surface elevation of the base flood.

Y. FLOODPLAIN or FLOOD-PRONE AREA. Any land area susceptible to being inundated by water from any source (see definition of “flooding”).

Z. FLOODPLAIN ADMINISTRATOR is the community official designated by title to administer and enforce the floodplain management regulations. The Chief Building Official is appointed to administer and implement this Chapter for the City of Santa Barbara.

AA. FLOODPLAIN MANAGEMENT. The operation of an overall program of corrective and preventive measures for reducing flood damage, including but not limited
to, emergency preparedness plans, flood control works and floodplain management regulations.

BB. FLOODPLAIN MANAGEMENT REGULATIONS. Zoning ordinances, subdivision regulations, the California Building Code as adopted and amended by the City, health regulations, special purpose ordinances (such as floodplain ordinances, grading ordinances and erosion control ordinances) and other applications of police power. The term describes such federal, state or local regulations in any combination thereof, which provide standards for the purpose of flood damage prevention and reduction.

CC. FLOODPROOFING. Any combination of structural and nonstructural additions, changes, or adjustments to structures which reduce or eliminate flood damage to real estate or improved real property, water and sanitary facilities, structures and their contents.

DD. FLOODWAY or REGULATORY FLOODWAY. The channel of a river or other watercourse and the adjacent land areas that must be preserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than one (1) foot.

EE. FREEBOARD. A factor of safety usually expressed in feet above a flood level for purposes of floodplain management. "Freeboard" tends to compensate for the many unknown factors that could contribute to flood heights greater than the height calculated for a selected size flood and floodway conditions, such as wave action, bridge openings, and the hydrological effect of urbanization of the watershed.

FF. FUNCTIONALLY DEPENDENT USE. A use which cannot perform its intended purpose unless it is located or carried out in close proximity to water. The term includes
only docking facilities, port facilities that are necessary for the loading and unloading of cargo or passengers, and ship building and ship repair facilities, and but does not include long-term storage or related manufacturing facilities.

GG. HIGHEST ADJACENT GRADE. The highest natural elevation of the ground surface prior to construction next to the proposed walls of a structure.

HH. HISTORIC STRUCTURE. Any structure that is:

1. Listed individually in the National Register of Historic Places (a listing maintained by the Department of the Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register;

2. Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary to qualify as a registered historic district;

3. Individually listed on a state inventory of historic places in states with historic preservation programs which have been approved by the Secretary of Interior; or

4. Individually listed on a local inventory of historic places in communities with historic preservation programs that have been certified either by an approved state program as determined by the Secretary of the Interior or directly by the Secretary of the Interior in states without approved programs. (FEMA Publication P-467-2).

II. LOWEST FLOOR. The lowest floor of the lowest enclosed area (including basement). An unfinished or flood resistant enclosure, usable solely for parking of vehicles, building access or storage in an area other than a basement area is not considered a building's lowest floor, provided, that such enclosure is not built so as to
render the structure in violation of the applicable non-elevation design requirements of this chapter.

JJ. MANUFACTURED HOME. A structure, transportable in one or more sections, which is built on a permanent chassis and is designed for use with or without a permanent foundation when attached to the required utilities. The term "manufactured home" does not include a "recreational vehicle".

KK. MANUFACTURED HOME PARK or SUBDIVISION. A parcel (or contiguous parcels) of land divided into two or more manufactured home lots for sale or rent.

LL. MANUFACTURED HOME PARK OR SUBDIVISION – (EXISTING) is an existing manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including, at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed before December 15, 1978.

MM. MANUFACTURED HOME PARK OR SUBDIVISION – (EXPANSION TO AN EXISTING) is the preparation of additional sites by the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads).

NN. MANUFACTURED HOME PARK OR SUBDIVISION – (NEW) is a manufactured home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured homes are to be affixed (including at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed on or after May 4, 1978.
OO. NATIONAL FLOOD INSURANCE PROGRAM. NFIP

PP. NEW CONSTRUCTION. "New construction" is, for the purposes of determining insurance rates, structures for which the "start of construction" commenced on or after December 15, 1978 and includes any subsequent improvements to such structures. For floodplain management purposes, new construction means structures for which the start of construction commenced on or after the effective date of a floodplain management regulation adopted by a community and includes any subsequent improvements to such structures.

QQ. ONE HUNDRED YEAR FLOOD. See "Base Flood".

RR. PERSON. An individual, firm, partnership, association or corporation, or agent of the foregoing, or this state or its agencies or political subdivisions.

SS. RECREATIONAL VEHICLE. A vehicle which is:

1. Built on a single chassis;
2. 400 square feet or less when measured at the largest horizontal projection;
3. Designed to be self-propelled or permanently towable by a light-duty truck;

and

4. Designed primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.

TT. REGISTERED PROFESSIONAL ENGINEER. A Civil Engineer licensed by the State of California. Civil engineers licensed prior to January 1, 1982, with a license number 33965 or before, are authorized to practice all land surveying. Civil engineers licensed after January 1, 1982 may only practice "engineering surveying" as defined in California Business and Professional Code 6731.1.
UU. REMEDY A VIOLATION. To bring a structure or other development into compliance with state or local floodplain management regulations, or, if this is not possible, to reduce the impacts of its noncompliance by various means, including but not limited to, protecting the structure or other affected development from flood damages, implementing the enforcement provisions of the ordinance or otherwise deterring future similar violations, or reducing federal financial exposure with regard to the structure or other development.

VV. RIVERINE. Relating to, formed by, or resembling a river (including tributaries), stream, or brook.

WW. SAND DUNES. Naturally occurring accumulations of sand in ridges or mounds landward of the beach.

XX. SPECIAL FLOOD HAZARD AREA (SFHA). The land in the floodplain within a community subject to a 1 percent or greater chance of flooding in any given year. The area may be designated as Zone A on the FIRM. After detailed ratemaking has been completed in preparation for publication of the flood insurance rate map, Zone A usually is refined into Zones A, AO, AH, A1-30, AE, A99, AR, AR/A1-30, AR/AR, AR/AH, AR/A, VO, or V1-30, VE, or V. For purposes of these regulations, the term "Special Flood Hazard Area" is synonymous in meaning with the phrase "Area of Special Flood Hazard".

YY. START OF CONSTRUCTION. "Start of Construction" (for other than new construction or substantial improvements under the Coastal Barrier Resources Act (Pub. L. 97348)), includes substantial improvement, and means the date the building permit was issued, provided the actual start of construction, repair, reconstruction,
rehabilitation, addition placement, or other improvement was within 180 days of the permit date. The actual start means either the first placement of permanent construction of a structure on a site, such as the pouring of slab or footings, the installation of piles, the construction of columns, or any work beyond the stage of excavation; or the placement of a manufactured home on a foundation pursuant to a valid building permit. Permanent construction does not include land preparation, such as clearing, grading, and filling, nor does it include the installation of streets or walkways; nor does it include excavation for a basement, footings, piers, or foundations or the erection of temporary forms; nor does it include the installation on the property of accessory buildings, such as garages or sheds not occupied as dwelling units or not as part of the main structure.

ZZ. STRUCTURE. A walled and roofed building, including a gas or liquid storage tank that is principally above ground, as well as a manufactured home.

AAA. SUBSTANTIAL DAMAGE. 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 Depreciated Market Value of the structure before the damage occurred.

BBB. SUBSTANTIAL IMPROVEMENT. Any repair, reconstruction, addition or improvement of a structure within any twenty four (24) month period, the cost of which equals or exceeds fifty percent (50%) of the Depreciated Market Value of the structure either before the improvement or repair is started or, if the structure has been damaged and is being restored, before the damage occurred. For the purposes of this definition, "substantial improvement" is considered to occur when the first alteration of any wall, ceiling, floor, or other structural part of the building commences, whether or not that
alteration affects the external dimensions of the structure. 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 to assure safe living 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".

CCC. VARIANCE. A grant of relief from the requirements of this Chapter which permits construction in a manner that would otherwise be prohibited by this Chapter.

DDD. VIOLATION. The failure of a structure or other development to be in full compliance with this Chapter. A structure or other development without the elevation certificate, other certifications, or other evidence of compliance required in this Chapter is presumed to be in violation until that documentation is provided.

22.24.050 Lands to Which This Chapter Applies.

This chapter shall apply to all areas of special flood hazards within the City of Santa Barbara.

22.24.060 Basis for Establishing the Areas of Special Flood Hazard.

"The Flood Insurance Study for The City of Santa Barbara", dated December 15, 1978 and all subsequent revisions and amendments by FEMA with accompanying FIS and FIRMs are hereby adopted by reference and declared to be a part of this Chapter. [CFR 60.2(h)] Copies of the Flood Insurance Study and maps referred to therein, shall
be maintained on file at 630 Garden Street, Santa Barbara, California. The Flood
Insurance Study establishes the areas of special flood hazard identified by FEMA or
FIMA. These areas are the minimum area of applicability of this Chapter; their
boundaries may be changed, or new areas designated by the City Council following a
recommendation thereon by the Floodplain Administrator.

22.24.070 Compliance.

No structure or land shall hereafter be constructed, located, extended, converted, or
altered without full compliance with the terms of this Chapter and other applicable
regulations. Violations of the provisions of this Chapter by failure to comply with any of
its requirements (including violations of conditions and safeguards established in
connection with conditions) shall constitute a misdemeanor.

For all new structures, in addition to the compliance provisions of this Chapter, the
City adopts the most recent editions of the national standard, ASCE 24 “Flood Resistant
Design and Construction” in its entirety. When the requirements of elevation of flood
protection in ASCE 24 conflict with other regulations, ASCE 24 will govern. The
Floodplain Administrator may, on a case by case basis, consider, document and file an
analysis of the provisions of Section 22.24.140.D, Items 1-11 to administratively reduce
any of the requirements of ASCE 24.

22.24.080 Abrogation and Greater Restrictions.

This Chapter is not intended to repeal, abrogate, or impair any existing easements,
covenants, or deed restrictions. However, where this Chapter and another ordinance,
easement, covenant, or deed restriction conflict or overlap, whichever imposes the more stringent restrictions shall prevail.

22.24.090  Interpretation.
In the interpretation and application of this Chapter, all provisions shall be considered as minimum requirements, liberally construed in favor of the governing body, and, deemed neither to limit nor repeal any other powers granted under federal or state statutes.

22.24.100  Warning and Disclaimer of Liability.
The degree of flood protection required by this Chapter is considered reasonable for regulatory purposes and is based on scientific and engineering considerations. Larger floods can and will occur on rare occasions. Flood heights may be increased by man-made or natural causes. This Chapter does not imply that land outside the areas of special flood hazards or uses permitted within such areas will be free from flooding or flood damages. This Chapter shall not create liability on the part of the City of Santa Barbara, any officer or employee thereof, or FIMA, for any flood damages that result from reliance on this Chapter or any administrative decision made thereunder.

22.24.101  Severability
This ordinance and the various parts thereof are hereby declared to be severable.
Should any section of this ordinance be declared by the courts to be unconstitutional or
invalid, such decision shall not affect the validity of the ordinance as a whole, or any portion thereof other than the section so declared to be unconstitutional or invalid.

22.24.110 Establishment of Flood Development Permit.

A flood development permit shall be obtained before construction or development begins within any area of special flood hazard. Application for a flood development permit shall be made on forms furnished by the Floodplain Administrator and may include, but not be limited to:

A. Three sets of plans drawn to scale showing:
   1. The nature, location, dimensions, and elevations of the proposed and existing structures, fill, storage of materials, and drainage facilities;
   2. Proposed locations of water supply, sanitary sewer, and other utilities;
   3. Grading information showing existing and proposed contours, any proposed fill, and drainage facilities;
   4. Location of the regulatory floodway when applicable; and
   5. Base flood elevation information as specified in 22.24.060 or 22.24.130C.

B. The following information is required on an application:
   1. Elevation (NAVD 1988) of the lowest floor (including basement) of all structures; in Zone AO or VO, elevation of highest adjacent grade and proposed elevation of lowest floor of all structures;
   2. Elevation in relation to NAVD 1988 to which any structure has been or will be flood-proofed;
   3. All certifications required by Sections 22.24.130C and 22.24.160; and
4. Description of the extent to which any watercourse will be altered or relocated as a result of proposed development.

22.24.120 Designation of the Floodplain Administrator.

The Chief Building Official is hereby appointed as the Floodplain Administrator to administer and implement this Chapter by granting or denying flood development permit applications in accordance with its provisions.

22.24.130 Duties and Responsibilities of the Floodplain Administrator.

Duties of the Floodplain Administrator shall include, but not be limited to:

A. Review of all flood development permits applications to determine that:

1. All permit requirements of this Chapter have been satisfied.

2. All necessary permits have been obtained from those federal, state or local governmental agencies from which prior approval is required.

3. The site is reasonably safe from flooding.

4. If the proposed development adversely affects the flood carrying capacity of areas where base flood elevations have been determined but a floodway has not been designated; then, for-purposes of this Chapter, "adversely affects" means that the cumulative effect of the proposed development when combined with all other existing and anticipated development will increase the water surface elevation of the base flood more than one foot at any point.

5. All Letters of Map Revision (LOMR's) for flood control projects are approved prior to the issuance of building permits. Building Permits must not be issued based on
Conditional Letters of Map Revision (CLOMR's). Approved CLOMR's allow construction of the proposed flood control project and land preparation as specified in the "start of construction" definition.

B. Determination of Substantial Improvement based the Depreciated Market Value of the structure and the project cost.

C. Determination of Base Flood Elevations based on data in accordance with Section 22.24.060.

D. When base flood elevation data in accordance with Section 22.24.060 is unavailable, the Floodplain Administrator shall obtain, review, and reasonably utilize any base flood elevation and floodway data available from a federal, state or other source, in order to administer Section 22.24.160 pertaining to specific standards for residential and nonresidential construction.

E. Maintain for public inspection all records pertaining to the provisions of this Chapter, including:

1. The certification required in Section 22.24.160.C.1 (floor elevations);

2. The certification required in Section 22.24.160.C.2 (elevations in areas of shallow flooding);

3. The certification required in Section 22.24.160.C.3 (elevation or flood-proofing of nonresidential structures);

4. The certification required in Section 22.24.160.C.3 (wet flood-proofing standard);

5. The certified elevation required in Section 22.24.160.E.2 (subdivision standards);
6. The certification required in Section 22.24.180.A (floodway encroachments); and


8. A record of all variance actions, including justification for their issuance, and report such variances issued in its biennial report submitted to FEMA.

F. Notification of Other Agencies, including:

1. Adjacent communities, the Santa Barbara County Flood Control and Water Conservation District, and the California Department of Water Resources prior to any alteration or relocation of a watercourse, and submit evidence of such notification to FEMA. Require that the flood carrying capacity of the altered or relocated portion of the watercourse is maintained.

2. FEMA for Base Flood Elevation changes due to physical alterations:
   a. Within 6 months of information becoming available or project completion, whichever comes first, the Floodplain Administrator shall submit or assure that the permit applicant submits technical or scientific data to FEMA for a Letter of Map Revision (LOMR).

   b. All LOMR’s for flood control projects are approved prior to the issuance of building permits. Building Permits must not be issued based on Conditional Letters of Map Revision (CLOMR’s). Approved CLOMR’s allow construction of the proposed flood control project and land preparation as specified in the “start of construction” definition.

3. FEMA for changes in corporate boundaries. Include a copy of a map of the community clearly delineating the new corporate limits.

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G. Make interpretations as to the exact location of the boundaries of the areas of special flood hazards, (for example, where there appears to be a conflict between a mapped boundary and actual field conditions). The persons contesting the location of the boundary shall be given a reasonable opportunity to appeal the interpretation as provided in Section 22.24.140.

H. Take action to remedy violations of this Chapter as specified in Section 22.24.070.

22.24.140 Variance and Appeal Procedure.

A. The Planning Commission of the City of Santa Barbara shall hear and decide appeals and requests for variances from the requirements of this Chapter.

B. The Planning Commission shall hear and decide appeals when it is alleged there is an error in any requirement, decision, or determination made by the Floodplain Administrator in the enforcement or administration of this Chapter.

C. The applicant or any interested person may appeal the decision of the Planning Commission to the City Council in accordance with the procedures provided in Section 1.30.050 of this Code.

D. In reviewing such application, the Planning Commission shall consider all technical evaluations, all relevant factors, standards specified in other sections of this Chapter, and each of the following:

1. The danger that materials may be swept onto other lands to the injury of others.

2. The danger to life and property due to flooding or erosion damage.
3. The susceptibility of the proposed facility and its contents to flood damage and the effect of such damage on the individual owner.

4. The importance of the services provided by the proposed facility to the community.

5. The necessity to the facility of a waterfront location, where applicable.

6. The availability of alternative locations for the proposed use which are not subject to flooding or erosion damage.

7. The compatibility of the proposed use with existing and anticipated development.

8. The relationship of the proposed use to the General Plan and Flood Plain Management Program for that area.

9. The safety of access to the property in times of flood for ordinary and emergency vehicles.

10. The expected heights, velocity, duration, rate of rise, and sediment transport of the flood waters and the effects of wave action, if applicable, expected at the site.

11. The costs of providing governmental services during and after flood conditions, including maintenance and repair of public utilities and facilities such as sewer, gas, electrical, and water systems, and streets and bridges.

E. Upon consideration of the factors identified in Section 22.24.140.D and the purposes of this Chapter, the Planning Commission may attach such conditions to the granting of variances as it deems necessary to further the purposes of this ordinance.

F. The Floodplain Administrator shall maintain the records of all appeal actions and report any variances to FIMA upon request.
22.24.150   Conditions for Variances.

A. Variances may be issued for new construction and substantial improvements to be erected on a lot of one half acre or less in size contiguous to and surrounded by lots with existing structures constructed below the base flood level provided the provisions of considerations specified in Section 22.24.140.D have been fully considered. As the lot size increases beyond one-half acre, the technical justification required for issuing the variance increases.

B. Variances may be issued for new construction and substantial improvements and for other development necessary for the conduct of a functionally dependent use, provided the provisions of Section 22.24.140.D are satisfied and that the structure or other development is protected by methods that minimize flood damage during the base flood and create no additional threats to public safety.

C. Variances shall not be issued within any designated floodway if any increase in flood levels during the base flood discharge would result.

D. Variances shall only be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief.

E. Variances shall only be issued upon:

1. A determination that failure to grant the variance would result in exceptional hardship to the applicant; and

2. A determination that the granting of a variance will not result in increased flood heights, additional threats to public safety, extraordinary public expense, create nuisances, cause fraud on or victimization of the public as identified in Section
22.24.140.D, or conflict with existing local laws or ordinances.

F. An applicant to whom a variance is granted shall be given written notice that the structure will be permitted to be built with a lowest floor elevation below the base elevation and that the cost of flood insurance will be commensurate with the increased risk resulting from the reduced lowest floor elevation. A copy of the notice shall be recorded by the Floodplain Administrator in the office of the Santa Barbara County Recorder in a manner so that it appears in the chain of title of the affected parcel of land.

In all areas of special flood hazards the following standards shall apply:

A. Anchoring.

All new construction and substantial improvements shall be anchored to prevent flotation, collapse or lateral movement of the structure resulting from hydrodynamic and hydrostatic loads, including the effects of buoyancy.

B. Construction Material and Methods.

1. All new construction and substantial improvements shall be constructed:
   a. With materials and utility equipment resistant to flood damage.
   b. Using methods and practices that minimize flood damage.
   c. With electrical, heating, ventilation, plumbing and air conditioning equipment and other service facilities that are designed and located so as to prevent water from entering or accumulating within the components during conditions of flooding.

The above regulations in section 22.24.160 B are advisory only and not mandatory for one- and two-family building additions or alterations that are not a substantial improvement.

2. Within Zones AH, AO or VO, the site is required to have adequate drainage paths around structures on slopes to guide flood waters around and away from proposed structures.

C. Elevation and Floodproofing.

1. In "AE" and "AH" Zones, new construction shall have the lowest floor, including basement, elevated in accordance with ASCE 24. Substantial improvements
and additions to single unit residential structures and two-unit residential structures constructed after December 15, 1978 and before January 1, 2018, shall be elevated to or above the base flood elevation. The City Floodplain Administrator shall advise pre-January 1, 2018 permit applicants of the benefits of freeboard during the building permit plan review process. Substantial improvements and additions to single unit residential structures and two-unit residential structures constructed on or after January 1, 2018 shall be elevated in accordance with ASCE 24.

2. In zones where there is no documented base flood elevation in a special flood hazard area the following means of determining the lowest finished floor elevation apply:

   a. "AO" Zone: Elevated above the highest adjacent grade to a height equal to or exceeding the depth number specified in feet on the FIRM plus the ASCE 24 freeboard elevation, or elevated at least 2 feet above the highest adjacent grade plus the ASCE 24 freeboard elevation if no depth number is specified. Substantially improved single unit residential structures and two-unit residential structures are not required to meet ASCE 24 freeboard elevations.

   b. "A" Zone without a base flood elevation specified on the FIRM: Elevated at least to the base flood elevation as determined under 22.24.130.C plus the ASCE 24 freeboard elevation. Substantially improved single unit residential structures and two-unit residential structures are not required to meet this freeboard elevation.

3. All "V" Zones: Meet the standards as determined in 22.24.170.

Upon the completion of the structure the elevation of the lowest floor including
basement shall be certified by a registered professional engineer or surveyor to be properly elevated. Such certification or verification shall be provided to the Floodplain Administrator in the form of a FEMA Elevation Certificate.

4. All new construction and substantial improvements, with fully enclosed areas below the lowest floor that are usable solely for parking of vehicles, building access or storage, and which are subject to flooding, shall be designed to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwaters. Designs for meeting this requirement must either be certified by a registered professional engineer or architect or meet or exceed the following minimum criteria:

   a. A minimum of two openings having a total net area of not less than one square inch for every square foot of enclosed area subject to flooding shall be provided in the enclosure. The bottom of all openings shall be no higher than one foot above grade. Openings may be equipped with screens, louvers, valves or other coverings or devices provided that they permit the automatic entry and exit of floodwaters. Buildings with more than one enclosed area must have openings on exterior walls for each area to allow flood water to directly enter; or

   b. Be certified to comply with a local flood-proofing standard approved by the FIMA.

5. Critical Facilities (and Essential Facilities) shall also meet the standards in Section 22.24.160.F.

6. Manufactured homes shall also meet the standards in Section 22.24.160.G.

D. Utilities.
1. All new and replacement water supply and sanitary sewage systems shall be
designed to minimize or eliminate infiltration of flood waters into the system and
discharge from systems into flood waters.

2. On-site waste disposal systems shall be located to avoid impairment to them
or contamination from them during flooding.

3. All new, repaired, altered or replaced electrical gear shall be elevated above
the Base Flood Elevation or designed to minimize or eliminate infiltration of flood
waters.

4. All new, repaired, altered or replaced mechanical equipment and ductwork
shall be elevated above the Base Flood Elevation.

E. Subdivision Proposals.

1. All preliminary subdivision proposals shall identify the Special Flood Hazard
Area (SFHA) and Base Flood Elevations (BFE).

2. All final subdivision plans shall provide for each proposed structure: lowest
floor elevation, lowest adjacent grade, and pad elevation. If the site is filled above the
base flood, the final pad elevation shall be certified by a registered professional
engineer or surveyor and provided to the Floodplain Administrator.

3. All subdivision proposals shall be consistent with the need to minimize flood
damage.

4. All subdivision proposals shall have public utilities and facilities such as
sewer, gas, electrical, and water systems located and constructed to minimize flood
damage.

5. All subdivision proposals shall have adequate drainage provided to reduce
exposure to flood damage.

F. Essential Facilities.

1. All new critical facilities shall not be located within a FEMA Special Flood Hazard Area unless necessary due to its function.

2. If a critical facility must be located in a floodplain, that critical facility (and essential facility) shall:

   b. Meet the freeboard requirements of the State Building Code in effect at the time of permit application

G. Manufactured Homes. All manufactured homes that are placed or substantially improved, on sites located: (1) outside of a manufactured home park or subdivision; (2) in a new manufactured home park or subdivision; (3) in an expansion to an existing manufactured home park or subdivision; or (4) in an existing manufactured home park or subdivision upon which a manufactured home has incurred "substantial damage" as the result of a flood, shall meet the standards in 22.24.160.A through 22.24.160.E.

H. Recreational Vehicles.

1. All recreational vehicles placed in Zones A1-30, AH, AE, V1-30 and VE will either:

   a. Be on the site for fewer than 180 consecutive days; or
   b. Be fully licensed and ready for highway use. A recreational vehicle is ready for highway use if it is on its wheels or jacking system, is attached to the site only by quick disconnect type utilities and security devices, and has no permanently attached additions; or
c. Meet the permit requirements of 22.24.110 and the elevation and anchoring requirements for manufactured homes in 22.24.160F.


   1. Basements. All basement levels, not legally permitted as habitable space, below the BFE shall be maintained only for use as storage, parking or access to the floor above; such spaces shall not contain any of the following:

      1. Habitable space.
      2. Plumbing fixtures.
      3. Mechanical equipment or ductwork.
      4. Electrical gear (service panel, sub-panel, switch gear, etc.).
      5. Electrical circuits unless ground-fault circuit interrupter-protected (GFCI).

22.24.170 Coastal High Hazard Areas.

   Within coastal high hazard areas, Zones V, V1-30, VE and Coastal AE as established pursuant to Section 22.24.060, the following standards shall apply:

A. All substantial improvements to other than single unit residential and two-unit residential structures and all new construction, shall be elevated on adequately anchored pilings or columns and securely anchored to such pilings or columns so that the lowest horizontal portion of the structural members of the lowest floor (excluding the pilings or columns) is elevated to or above the base flood elevation plus the ASCE 24 freeboard elevation, unless a higher elevation is required by the Floodplain
Administrator. Substantially improved single unit residential and two-unit residential structures shall have their lowest horizontal portion of the structural system of the lowest floor above the base flood elevation. The pile or column foundation and structure attached thereto is anchored to resist flotation, collapse, and lateral movement due to the effects of wind and water loads acting simultaneously on all building components. Water loading values used shall be those associated with the base flood. Wind loading values used shall be those required by applicable state or local building standards.

B. All new construction and other development shall be located on the landward side of the reach of the mean high tide.

C. All new construction and substantial improvements shall have the space below the lowest floor free of obstructions or constructed with breakaway walls as defined in Section 22.24.040. Such temporarily enclosed space shall not be used for human habitation or and will be used solely for parking of vehicles, building access, or storage.

C. Fill shall not be used for structural support of buildings.

D. Man-made alteration of sand dunes which would increase potential flood damage is prohibited.

E. The Floodplain Administrator shall obtain and maintain the following records:

1. Certification by a registered engineer or architect surveyor that a proposed structure complies with Section 22.24.170.A above; and

2. The elevation (in relation to NAVD 1988) of the bottom of the lowest structural member of the lowest floor (excluding pilings or columns) of all new and substantially improved structures, and whether such structures contain a basement.
22.24.180 Floodways.

Since the floodway is an extremely hazardous area due to the velocity of flood waters which carry debris, potential projectiles, and erosion potential, the following provisions apply to floodways:

A. No encroachments, including fill, new construction, substantial improvements, and other development are permitted unless a registered professional engineer or architect certifies that the development will not result in any increase in flood levels during the occurrence of the base flood discharge.

B. If Section 22.24.180.A above is satisfied, all new construction and substantial improvements shall comply with all applicable flood hazard reduction provisions of Sections 22.24.160 and 22.24.170.

C. No mobile homes may be placed in any floodway, except in a mobile home park or mobile home subdivision established prior to the effective date of this Chapter.
ORDINANCE NO. 5807

STATE OF CALIFORNIA
COUNTY OF SANTA BARBARA
CITY OF SANTA BARBARA

I HEREBY CERTIFY that the foregoing ordinance was introduced on October 10, 2017, and was adopted by the Council of the City of Santa Barbara at a meeting held on October 17, 2017, by the following roll call vote:

AYES: Councilmembers Jason Dominguez, Gregg Hart, Frank Hotchkiss, Cathy Murillo, Randy Rowse, Bendy White; Mayor Helene Schneider

NOES: None

ABSENT: None

ABSTENTIONS: None

IN WITNESS WHEREOF, I have hereto set my hand and affixed the official seal of the City of Santa Barbara on October 18, 2017.

Sarah P. Gorman, CMC
City Clerk Services Manager

I HEREBY APPROVE the foregoing ordinance on October 18, 2017.

Helene Schneider
Mayor
Initial Review Flood Zone May 1, 2017:

SUBSTANTIAL IMPROVEMENT DETERMINATION

This Project is located within a Special Flood Hazard Area (SFHA) as indicated on the Federal Insurance Rate Map. The National Flood Insurance Program (NFIP) requires that a Substantial Improvement determination be made for all repairs, reconstruction, or improvements of structures which have the lowest finish floor lower than the Base Flood Elevation and are located in a SFHA. If it is determined that this is a Substantial Improvement, the building will have to be elevated to or above the Base Flood Elevation. Please review & adhere to the design requirements of the City Municipal Code 22.24 'Floodplain Management' with additional design clarification as contained in the NFIP Technical Bulletins TB 1 thru 11. Refer to www.fema.gov/fima/techbul.shtm or copies maybe reviewed at Building & Safety.

a) The lowest floor of this building is below the BFE so please provide the information requested below.

b) A substantial improvement consists of any repair, reconstruction, or improvement of a structure within 24-month period equaling or exceeding 50% of the existing structure's depreciated construction value.

The Plans Examiner needs to determine if the proposed project is a substantial improvement.) The last assessor valuation we access to have is $0 and your proposed cost of construction is $10,000. All Work below the BFE requires special materials such as water resistant drywall, corrosion resistant fasteners, etc. Please provide the following in order to establish that the project valuation is less than 50% of the replacement value of each structure:

i) An updated County Assessors valuation, OR An itemized Depreciated Construction Value of each improved structure prepared by a professional Commercial or Residential appraiser as appropriate;

ii) AND; A quantitative & itemized construction estimate of each improved structure prepared by a licensed Contractor. This estimate should include amounts for the water resistant materials as mentioned above. This estimate must separate labor and material cost. The estimate must include the contractor information including license number and signature; the scope of the work; the method that the bid/estimate is based on to ensure that it meets a nationally recognized method for fair market value of the labor, materials and profit; and a statement that a site visit was performed.

Do not include the following items in either estimate:

(a) The value of the land, relative property costs to determine a "subtractive" market value, the market rent rate, or comparable sales

(b) The value of other detached structures not part of the improvements

(c) Site improvements

(d) Plans & specifications, survey costs, or permit fees

(e) Non-insurable items

2) A Determination of Substantial Improvement will be completed by the City. If the project is determined NOT to be a Substantial Improvement, the form will need to be reproduced onto the Cover Sheet of the plans along with the Base Flood Elevation Determination and nothing

Exhibit C
further would be required. Note: a determination that the project is NOT a Substantial Improvement only exempts the requirement to elevate (or floodproof, commercial only) the building. It does not allow any new work to violate any FEMA/NFIP regulations such as; the requirement for water resistant construction below the BFE, electrical and mechanical equipment below the BFE, etc. Please note this information on the plans and show methods of water resistant design.

a) If the project IS determined to be a Substantial Improvement, you will need to show on the plans how the building is protected from flooding. A FEMA Elevation Certificate would need to be completed by a Licensed Surveyor or Engineer qualified by law to certify elevation information.

3) Reproduce the included Base Flood Elevation Determination letter onto the cover sheet of the plans.

4) Please add printed name, signature and signature of the licensed individual who is going to be responsible for the Floodplain portion of the design to the included Floodplain Design Criteria form and reproduce it onto the plans.

5) Please provide a Site Plan.

6) Please show on the plans how all new, remodeled or altered work is protected from flood damage. This would include showing flood resistant materials, GFCI protected circuits, etc.

7) Provide a complete basement plan showing the area of the basement. It was assumed based on the most recent plans that the basement/underfloor area was small, that is why only 280 square inches of flood vents were required. For every square foot over 280, an additional square inch of flood vent will need to be added to the underfloor area.

8) Add a large conspicuous note on the Cover Sheet of the Plan stating that "The basement area is below the Base Flood Elevation in a FEMA Special Flood Hazard Area. It cannot be used as habitable space. Floors below the BFE can only be used as storage, parking or access to the floor above."

9) Show the level of the basement floor, first floor and the Base Flood Elevation in feet of the North American Vertical Datum (NAVD) 1988 on the Elevation Plan.

First Resub Review Flood Zone July 24, 2017

This is an incomplete plan review. Requested documentation was not provided. It has also been discovered that work has been done to the structure since the last permit which is not covered on the proposed plans. Please provide the requested documentation below. It seems very likely that this project will constitute a Substantial Improvement. If that is the case, the lowest floor of the building will have to be elevated to or above the Base Flood Elevation.

SUBSTANTIAL IMPROVEMENT DETERMINATION

Original Correction:

1) This Project is located within a Special Flood Hazard Area (SFHA) as indicated on the Federal Insurance Rate Map. The National Flood Insurance Program (NFIP) requires that a Substantial Improvement determination be made for all repairs, reconstruction, or improvements of structures which have the lowest finish floor lower than the Base Flood Elevation and are located in a SFHA. If it is determined that this is a Substantial Improvement, the building will
have to be elevated to or above the Base Flood Elevation. Please review & adhere to the design requirements of the City Municipal Code 22.24 'Floodplain Management' with additional design clarification as contained in the NFIP Technical Bulletins TB 1 thru 11. Refer to www.fema.gov/fima/techbul.shtm or copies maybe reviewed at Building & Safety.

a) The lowest floor of this building is below the BFE so please provide the information requested below.

b) A substantial improvement consists of any repair, reconstruction, or improvement of a structure within 24-month period equaling or exceeding 50% of the existing structure's depreciated construction value.

The Plans Examiner needs to determine if the proposed project is a substantial improvement.) The last assessor valuation we access to have is $0 and your proposed cost of construction is $10,000. All Work below the BFE requires special materials such as water resistant drywall, corrosion resistant fasteners, etc. Please provide the following in order to establish that the project valuation is less than 50% of the replacement value of each structure:

i) An updated County Assessors valuation, OR An itemized Depreciated Construction Value of each improved structure prepared by a professional Commercial or Residential appraiser as appropriate;

ii) AND; A quantitative & itemized construction estimate of each improved structure prepared by a licensed Contractor. This estimate should include amounts for the water resistant materials as mentioned above. This estimate must separate labor and material cost. The estimate must include the contractor information including license number and signature; the scope of the work; the method that the bid/estimate is based on to ensure that it meets a nationally recognized method for fair market value of the labor, materials and profit; and a statement that a site visit was performed.

Do not include the following items in either estimate:

(a) The value of the land, relative property costs to determine a "subtractive" market value, the market rent rate, or comparable sales

(b) The value of other detached structures not part of the improvements

(c) Site improvements

(d) Plans & specifications, survey costs, or permit fees

(e) Non-insurable items

Response was "See assessed value on A1.5.

1st Resub Comment:

a) The assessed value form does not need to be reproduced onto the plans.

b) The quantitative & itemized construction estimate of each improved structure prepared by a licensed Contractor requested in 1)b)ii) above was not provided. This must include all work done in the last two years. This includes the work done under BLD2014-01072.

Original Correction:

2) A Determination of Substantial Improvement will be completed by the City. If the project is determined NOT to be a Substantial Improvement, the form will need to be reproduced onto the Cover Sheet of the plans along with the Base Flood Elevation Determination and nothing
further would be required. Note: a determination that the project is NOT a Substantial Improvement only exempts the requirement to elevate (or floodproof, commercial only) the building. It does not allow any new work to violate any FEMA/NFIP regulations such as; the requirement for water resistant construction below the BFE, electrical and mechanical equipment below the BFE, etc. Please note this information on the plans and show methods of water resistant design.

a) If the project IS determined to be a Substantial Improvement, you will need to show on the plans how the building is protected from flooding. A FEMA Elevation Certificate would need to be completed by a Licensed Surveyor or Engineer qualified by law to certify elevation information.

3) Done.

Original Correction:

4) Please add printed name, signature and signature of the licensed individual who is going to be responsible for the Floodplain portion of the design to the included Floodplain Design Criteria form and reproduce it onto the plans.

Response was "See Site Plan on A0.0".

1st Resub Comment:

The response does not address the correction. The Design Criteria Form reproduced onto the plans is required to be completed and signed by a qualified licensed individual. The form was not signed and the individuals' information was not provided. Please complete.

Original Corrections:

5) Please provide a Site Plan.

Response was "See Site Plan on A0.0".

The site plan provided is incomplete. A site plan is required to show all setbacks (including creek top of bank setback), the creek, any easements, retaining walls stairs, etc. Please provide a complete site plan.

Original Correction:

6) Please show on the plans how all new, remodeled or altered work is protected from flood damage. This would include showing flood resistant materials, GFCI protected circuits, etc.

No Response was provided for correction 6-9.

1st Resub Comment:

Please show on the plans how this addressed and provide a written response stating where on the plans it is addressed.

7) Done.

Original Correction:

8) Add a large conspicuous note on the Cover Sheet of the Plan stating that "The basement area is below the Base Flood Elevation in a FEMA Special Flood Hazard Area. It cannot be used as habitable space. Floors below the BFE can only be used as storage, parking or access to the floor above."

No Response was provided for correction 6-9.
1st Resub Comment:
The note was provided but the floor plan now shows a bathroom, new washer dryer hookups and an electrical panel. The new laundry hookups cannot be allowed. The existing bathroom will have to be removed if this ends up being a Substantial Improvement.

Original Correction:

9) Show the level of the basement floor, first floor and the Base Flood Elevation in feet of the North American Vertical Datum (NAVD) 1988 on the Elevation Plan.

No Response was provided for correction 6-9.

1st Resub Comment:
This information was not provided. I have inked part of it in red on sheet A1.4 in the FIRE BLDG tagged set of plans.

FINAL REVIEW ITEMS

See FIRE BLDG tagged set of plans for additional questions/comments. All marks made in ink on the plans if any, are made part of these corrections and shall be addressed as if they were written. Additional information may be required depending on the completeness of the responses to this request.

If you have questions or do not understand the corrections, please contact the Plans Examiner shown at the top of this list.

Second Resub Review Flood Zone August 31, 2017

This is an incomplete plan review. Requested documentation was not provided. It has also been discovered that work has been done to the structure since the last permit which is not covered on the proposed plans. Please provide the requested documentation below. It is possible that this project will constitute a Substantial Improvement. If that is the case, the lowest floor of the building will have to be elevated to or above the Base Flood Elevation.

SUBSTANTIAL IMPROVEMENT DETERMINATION

Original Correction:

1) This Project is located within a Special Flood Hazard Area (SFHA) as indicated on the Federal Insurance Rate Map. The National Flood Insurance Program (NFIP) requires that a Substantial Improvement determination be made for all repairs, reconstruction, or improvements of structures which have the lowest finish floor lower than the Base Flood Elevation and are located in a SFHA. If it is determined that this is a Substantial Improvement, the building will have to be elevated to or above the Base Flood Elevation. Please review & adhere to the design requirements of the City Municipal Code 22.24 'Floodplain Management' with additional design clarification as contained in the NFIP Technical Bulletins TB 1 thru 11. Refer to www.fema.gov/fima/techbul.shtm or copies maybe reviewed at Building & Safety.

a) The lowest floor of this building is below the BFE so please provide the information requested below.

b) A substantial improvement consists of any repair, reconstruction, or improvement of a structure within 24-month period equaling or exceeding 50% of the existing structure's depreciated construction value.
The Plans Examiner needs to determine if the proposed project is a substantial improvement. The last assessor valuation we access to have is $0 and your proposed cost of construction is $10,000. All Work below the BFE requires special materials such as water resistant drywall, corrosion resistant fasteners, etc. Please provide the following in order to establish that the project valuation is less than 50% of the replacement value of each structure:

i) An updated County Assessors valuation, OR An itemized Depreciated Construction Value of each improved structure prepared by a professional Commercial or Residential appraiser as appropriate;

ii) AND; A quantitative & itemized construction estimate of each improved structure prepared by a licensed Contractor. This estimate should include amounts for the water resistant materials as mentioned above. This estimate must separate labor and material cost. The estimate must include the contractor information including license number and signature; the scope of the work; the method that the bid/estimate is based on to ensure that it meets a nationally recognized method for fair market value of the labor, materials and profit; and a statement that a site visit was performed.

Do not include the following items in either estimate:

(a) The value of the land, relative property costs to determine a "subtractive" market value, the market rent rate, or comparable sales
(b) The value of other detached structures not part of the improvements
(c) Site improvements
(d) Plans & specifications, survey costs, or permit fees
(e) Non-insurable items

Response was "See assessed value on A1.5.

1st Resub Comment:

a) N/A.

b) The quantitative & itemized construction estimate of each improved structure prepared by a licensed Contractor requested in 1)b)ii) above was not provided. This must include all work done in the last two years. This includes the work done under BLD2014-01072.

1st Resub Response was "See A0.2".

2nd Resub Comment:

a) The construction estimates are not supposed to be on the plans. They are supposed to be submitted to the City on hard copies with wet signatures. Remove this information from the plans.

b) The construction estimates are supposed to be itemized, breaking out material from labor. They are supposed to show contractor profit. Refer the licensed contractor to the included document - pages 4-5 through 4-7 of the SI/SD Desk Reference.

c) The construction estimates are supposed to have wet signatures and a statement that a site visit was performed.

d) FEMA requires that FEMA make the determination of Substantial Improvement. Please do not include any calculations or opinions on the percentage of improvement on any documentation.
Original Correction:

2) A Determination of Substantial Improvement will be completed by the City. If the project is determined NOT to be a Substantial Improvement, the form will need to be reproduced onto the Cover Sheet of the plans along with the Base Flood Elevation Determination and nothing further would be required. Note: a determination that the project is NOT a Substantial Improvement only exempts the requirement to elevate (or floodproof, commercial only) the building. It does not allow any new work to violate any FEMA/NFIP regulations such as; the requirement for water resistant construction below the BFE, electrical and mechanical equipment below the BFE, etc. Please note this information on the plans and show methods of water resistant design.

a) If the project IS determined to be a Substantial Improvement, you will need to show on the plans how the building is protected from flooding. A FEMA Elevation Certificate would need to be completed by a Licensed Surveyor or Engineer qualified by law to certify elevation information.

3) Done.

Original Correction:

4) Please add printed name, signature and signature of the licensed individual who is going to be responsible for the Floodplain portion of the design to the included Floodplain Design Criteria form and reproduce it onto the plans.

Response was "See Site Plan on A0.0".

1st Resub Comment:

The response does not address the correction. The Design Criteria Form reproduced onto the plans is required to be completed and signed by a qualified licensed individual. The form was not signed and the individuals' information was not provided. Please complete.

1st Resub Response was "Signed. See A0.0".

2nd Resub Comment:

a) The printed name of the individual who signed the form was not provided. Syncon Homes of CA is not an individual. This individual is signing a document saying that he or she affirms that all of the information on it is true. This included all of the information about materials below the BFE. This document is a contract between the licensed individual and the City. Please provide accurate information.

Original Corrections:

5) Please provide a Site Plan.

Response was "See Site Plan on A0.0".

1st Resub Comment:

The site plan provided is incomplete. A site plan is required to show all setbacks (including creek top of bank setback), the creek, any easements, retaining walls stairs, etc. Please provide a complete site plan.

1st Resub Response was "Site Plan has been improved. See A0.0".

2nd Resub Comment:
The 25' Mission Creek setback is still not shown on the plan. Please provide.

Original Correction:

6) Please show on the plans how all new, remodeled or altered work is protected from flood damage. This would include showing flood resistant materials, GFCI protected circuits, etc.

No Response was provided for correction 6-9.

1st Resub Comment:

Please show on the plans how this addressed and provide a written response stating where on the plans it is addressed.

1st Resub Response was "See note on A1.1/2, new GFCI outlets on A1.2/2, and notes on structural sheets.

2nd Resub Comment:

a) I could find no notes on A1.1, A1.2 or the S sheets which address how the above correction is being addressed. The plans need to clearly show that all materials below the BFE are water resistant. The kitchen cabinets, the OSB plywood shown in Detail 2 on S-1.2 and the drywall at the new bathroom wall are just a few examples of this. The water resistant materials have to be specified on the plans and the extra cost must be factored into the project cost estimate that is to be provided for the Substantial Improvement Determination.

b) Another example of protecting the altered work from flood damage is the plumbing waste line. What prevents the flood waters from backing up into the newly remodeled first floor through the new plumbing fixtures? Is there already a sewer backflow device in place? If not, one would need to be installed. Please design all new work to meet the minimum standards of FEMA, NFIP and ASCE 24.

7-9) Done.

FINAL REVIEW ITEMS

See FIRE BLDG tagged set of plans for additional questions/comments. All marks made in ink on the plans if any, are made part of these corrections and shall be addressed as if they were written. Additional information may be required depending on the completeness of the responses to this request.

If you have questions or do not understand the corrections, please contact the Plans Examiner shown at the top of this list.

**Third Resub Review Flood Zone September 22, 2017**

SUBSTANTIAL IMPROVEMENT DETERMINATION

Original Correction:

1) This Project is located within a Special Flood Hazard Area (SFHA) as indicated on the Federal Insurance Rate Map. The National Flood Insurance Program (NFIP) requires that a Substantial Improvement determination be made for all repairs, reconstruction, or improvements of structures which have the lowest finish floor lower than the Base Flood Elevation and are located in a SFHA. If it is determined that this is a Substantial Improvement, the building will have to be elevated to or above the Base Flood Elevation. Please review & adhere to the design requirements of the City Municipal Code 22.24 'Floodplain Management' with additional design
clarification as contained in the NFIP Technical Bulletins TB 1 thru 11. Refer to www.fema.gov/fima/techbul.shtm or copies maybe reviewed at Building & Safety.

2nd Resub Comment:

a) Done.

b) Done.

c) The construction estimates are supposed to have wet signatures and a statement that a site visit was performed.

d) FEMA requires that the City make the determination of Substantial Improvement. Please do not include any calculations or opinions on the percentage of improvement on any documentation.

2nd Resub Response was "Done" for a) - d).

3rd Resub Comment:

c) The estimate submitted was a photocopy that does not have a wet signature.

d) i) The estimate provided shows a window to be replaced. I could not find a window replacement on the plans. Please address.

ii) The estimate provided shows the kitchen cabinet material cost at $1,155.00. The plans identify all of the cabinets and island as "water resistant". I called the contractor to ask what kind of cabinets were put in and he did not call back.

iii) The estimate provided does not appear to account for the bathroom remodel since there are no fixtures or framing included.

iv) The estimate does not include the new heater.

Original Correction:

2) A Determination of Substantial Improvement will be completed by the City. If the project is determined NOT to be a Substantial Improvement, the form will need to be reproduced onto the Cover Sheet of the plans along with the Base Flood Elevation Determination and nothing further would be required. Note: a determination that the project is NOT a Substantial Improvement only exempts the requirement to elevate (or floodproof, commercial only) the building. It does not allow any new work to violate any FEMA/NFIP regulations such as; the requirement for water resistant construction below the BFE, electrical and mechanical equipment below the BFE, etc. Please note this information on the plans and show methods of water resistant design.

a) If the project IS determined to be a Substantial Improvement, you will need to show on the plans how the building is protected from flooding. A FEMA Elevation Certificate would need to be completed by a Licensed Surveyor or Engineer qualified by law to certify elevation information.

3) Done.

Original Correction:

4-5) Done.

Original Correction:
6) Please show on the plans how all new, remodeled or altered work is protected from flood damage. This would include showing flood resistant materials, GFCI protected circuits, etc.

3rd Resub Comment:

Nothing was provided to show how the heater is protected. Is this a wall heater? If so, how high is it mounted? Show this on the plans.

7-9) Done.

FINAL REVIEW ITEMS

See FIRE BLDG tagged set of plans for additional questions/comments. All marks made in ink on the plans if any, are made part of these corrections and shall be addressed as if they were written. Additional information may be required depending on the completeness of the responses to this request.

If you have questions or do not understand the corrections, please contact the Plans Examiner shown at the top of this list.

Fourth Resub Review Flood Zone November 2, 2017

The original corrections are copied below the 4th Resub Corrections for reference:

4th Resub Corrections:

1) The quote from Syncon Homes is not acceptable to be used to determine the project valuation for the following reasons:

   a) The contractor providing the quote must be a disinterested third party or undebatable source. Nick Foster of Syncon Homes has been identified by the applicant as being part of the ownership of the property.

   b) The scope of work is not on the quote.

   c) The total for all work excluding the work which is identified as being previously done by the City and the proposed basement wall repair totals $16,197.19. The bathroom/kitchen remodel is approximately 234 square feet. That results in a per square foot remodel valuation of $69.22. The lead planner for FEMA Region IX has told the City that any project with a per square foot valuation of less than $150 would automatically be flagged on our FEMA audit as a violation.

   d) The cost of the wall heater and installation is still not part of the quote. The response from applicant stated "The heater is no longer part of the scope of work." The heater was added to the plans in response to my original Building & Safety Correction number 26 "Heating: Every dwelling unit shall be provided with heating facilities capable of maintaining a minimum room temperature of 68 degrees Fahrenheit at a point 3 feet above the floor and 2 feet from the exterior walls in all habitable rooms. The installation of one or more portable space heaters shall not be used to achieve compliance with this section. Show means of attaining on plans. CRC R303.9".

You cannot now simply say that the heater is removed from the Scope of Work and not account for it in the quote but still show it on the current plans as "(N) Heater". The heater is required so it needs to stay on the plans and it needs to be added in to the costs in the quote, along with the required thermostat.

The most straightforward way I see to provide the City with the necessary documentation to justify making the determination that this project is NOT a Substantial Improvement is to have a
licensed contractor who is not associated with the property prepare an itemized bid with the following information:

i) The Scope of Work (234 sq. ft. Kitchen and bathroom remodel including demo of non-bearing walls, new kitchen island, counters and cabinets, and reconfiguration of bathroom wall. Replace 37' of existing footing with new along with new reinforced footing on East side of house.)

ii) Contractor information including license number and signature.

iii) The method the bid/estimate is based on to ensure that it meets a nationally recognized method for fair market value of labor, materials and profit.

iv) A statement that the bid/estimate is based on a site visit and review of the proposed plans.

v) The cost of the heater, thermostat and installation.

If the contractor estimate/bid for the bathroom/kitchen remodel comes out to an amount greater than $150 per square foot (I think the amounts on the current bid for the previous work by the City seems reasonable as is) and the total is still under $80,469.50, I can make the determination that the project is not a Substantial Improvement.

2) Previous correction number 6 asked for you to show how the new heater is protected from flood water. The response was "The heater is no longer part of the scope of work."

Show on the plans how this required piece of mechanical equipment is either elevated above the BFE or otherwise protected from flood damage.

3) 3rd Resub Comment 1d)ii) stated "The estimate provided shows the kitchen cabinet material cost at $1,155.00. The plans identify all of the cabinets and island as 'water resistant'. I called the contractor to ask what kind of cabinets were put in and he did not call back."

The written response was "The buyer will assume responsibility for cabinet damage in the event of a flood."

The response implies that regular cabinets are used and that is why the cost is as low as it is. The plans still identify the island and kitchen cabinets as water resistant. The quote and the plans need to reflect the work that was actually done. If regular cabinets were installed, then the plans are not accurate. If the plans are accurate, adjust the cost of the cabinets and provide information of what cabinets were used.
4 Making Substantial Improvement and Substantial Damage Determinations

4.1 Overview

Administering the SI/SD requirements requires local officials to perform four major actions: (1) determine costs, (2) determine market values, (3) make SI/SD determinations, and (4) require owners to obtain permits to bring substantially improved or substantially damaged buildings into compliance with the floodplain management requirements. This chapter describes how to determine whether work is a substantial improvement or a repair of substantial damage. The first step is to review estimates of the improvement or repair costs; this step involves deciding which costs to include and exclude. Next, the market value of the structure must be determined. There is more than one way to determine costs and market value, and the local official must examine both for reasonableness and accuracy.

Communities must be prepared to explain to permit applicants how they make SI/SD determinations. Local officials should develop written procedures that can help them make and document consistent determinations and improve efficiency, especially in the post-disaster period when large numbers of buildings may be damaged.

Chapter 5 outlines community responsibilities that are specifically related to administering these SI/SD requirements. Chapter 6 describes factors to consider when evaluating permit applications and all aspects of bringing substantially improved and substantially damaged buildings into compliance; it also includes illustrations of improvements and repairs.

Chapter 7 addresses handling substantial damage in the post-disaster period, with recommendations for planning ahead to be prepared for the added workload and demands on staff and resources. It describes some methods that can help communities focus their efforts when many damaged buildings may have to be evaluated. It also describes FEMA’s Substantial Damage Estimator (SDE) software that communities can use to collect information about damaged buildings in order to make substantial damage determinations.
4.2 Accuracy and Verification

Costs of proposed repairs or improvements and market values are needed to determine whether proposed work is SI/SD. Methods for obtaining this information are described in Sections 4.4 and 4.5, respectively. Local officials are responsible for verifying that the data are complete and reasonable. The local official is responsible for reviewing the validity of all cost estimates provided by applicants, whether prepared by licensed contractors, engineers, architects, professional cost estimators, or by property owners. When work is repair of damage, an inspection visit should be made to verify that the proposed work is all of the work that is necessary to restore the building to its pre-damage condition.

To be consistent, local officials should document their decisions and the documentation should be retained in the community’s permit records. A sample worksheet that can be used to document SI/SD determinations is included in Appendix D. Maintaining good records and documentation is especially critical if a community has elected to administer a cumulative SI/SD requirement (Section 5.7.3).

4.3 Making SI/SD Determinations

Work on buildings ranges from routine maintenance and minor repairs (which may not require permits) to work that costs more than 50 percent of a structure’s market value. Local officials who are responsible for administering their floodplain management regulations or codes are responsible for determining whether work is SI/SD. Other entities, such as insurance claims adjusters, may make estimates of damage for purposes of adjusting damage claims. However, an adjuster’s estimate must not be used to make SI/SD determinations because the estimates of damage that determine the amount of a claim payment may not include all of the costs to repair the building to its pre-damage condition.

Figure 4-1 illustrates an overview of the steps in the SI/SD determination that are described in detail in this Desk Reference. Once the cost of the work and the market value of the structure have been determined, the local official must make a final determination. The work is SI/SD if the ratio of the cost of work to the market value equals or exceeds 50 percent:

\[
\frac{\text{Cost of Improvement or Cost to Repair to Pre-Damage Condition}}{\text{Market Value of Building}} \geq 50\% 
\]
Communities may use a combination of sources for the data needed to make SI/SD determinations. For example, a community may make SI/SD determinations based on applicant-supplied costs of repairs or improvements and community-obtained market values.

**Figure 4-1. Make the SI/SD determination (overview)**

### 4.3.1 SI/SD Provisions in the 2006 and 2009 I-Codes

The IBC and IRC apply to new construction and also to alteration, movement, enlargement, replacement, and repair of existing buildings. The IBC, the IRC, and the IIEC include SI/SD provisions that are consistent with the NFIP’s requirements. The specific code provisions are described below:

- **IBC.** The IBC relies on the definitions of “substantial improvement” and “substantial damage” in Section 1612. The code official must determine whether any alteration, repair, or addition to existing buildings, or work associated with a change of occupancy or moved buildings, meets those definitions. Section 1612.1 states that “all new construction of buildings, structures, and portions of buildings and structures, including substantial improvement and restoration of substantial damage to buildings and structures, shall be designed and constructed to resist the effects of flood hazards and flood loads.” In addition, the requirements for existing buildings, including historic buildings, are found in IBC Chapter 34.

- **IRC.** The IRC contains detailed administrative provisions in Chapter 1:
  - **R105.3.1.1 Substantially improved or substantially damaged buildings and structures in areas prone to flooding.** This section specifies that the building official shall examine
applications and prepare a finding with regard to the value of the proposed work. If the value equals or exceeds 50 percent of the market value of the building before the damage occurred or the improvement is started, the finding is provided to the board of appeals.

- **R112.2.1 Determination of substantial improvement in areas prone to flooding.** This section requires the board of appeals to determine if a proposal, referred to the board by the building official pursuant to Section R105.3.1.1, constitutes a substantial improvement (or repair of substantial damage). If the proposed work is found to be a substantial improvement or repair of substantial damage, the work must meet the requirements of Section R324 (Flood-Resistant Construction).

- **IEBC.** The IEBC is organized based on the nature of the work: repairs; repair of damaged buildings; alterations (Levels 1, 2, and 3); work associated with change of occupancy classification; additions (horizontal, vertical, new/raised foundations); and relocated or moved buildings. These characterizations of work are similar to those used in Chapter 6 (also see Table 3-1, which lists the definitions and terms used in the IEBC). The provisions of the IEBC that pertain to flood resistance are all triggered by a determination of whether the work constitutes a substantial improvement or a repair of substantial damage. When that occurs, the IEBC requires the building to be brought into compliance with the flood damage-resistant provisions of the IBC (located in IBC Section 1612). The IEBC also includes provisions for historic structures that are located in SFHAs.

### 4.4 Determining Costs of Improvements and Costs to Repair

The term “costs of improvements” includes the complete costs associated with all of the types of work that are described in Chapter 6. The term “costs to repair” includes the costs of all work necessary to restore a damaged building to its pre-damage condition. Both terms include the costs of all materials, labor, and other items necessary to perform the proposed work. Costs that must be included are described in Section 4.4.1 and certain costs that may be excluded are described in Section 4.4.2. Figure 4-2 illustrates the steps that local officials need to take in order to determine costs for making SI/SD determinations.

The term “substantial damage” refers to the repairs of all damage sustained and cannot reflect a level of repairs that is less than the amount of the damage sustained. If an owner does not intend to repair the damaged building right away or if the owner cannot afford to make all repairs immediately, the local official should inspect the property to determine whether, based on estimates, the work required to restore it to its pre-damage condition will constitute substantial damage. If this is the case, then the cost to repair is compared to the building’s market value and the local official should provide written notice to the owner of the substantial damage determination. The local official should include in the written notice information about obtaining permits and about the floodplain management requirements that must be met. Further, sometimes these buildings also are improved beyond their pre-damage condition. If proposed, then the cost of improvements must be included along with the cost to repair to make the SI/SD determination. Note that the substantial damage requirement applies regardless of the cause of damage, such as wind or fire.
The following topics related to determining costs will be covered in this section:

- Costs that must be included
- Costs that may be excluded
- Acceptable sources of cost information
- Estimates of donated or discounted materials
- Estimates of owner and volunteer labor
- Demolition, debris, and disposal
- Clean-up and trash removal
- Cost exclusions to correct existing health, safety, and sanitary code violations

### 4.4.1 Costs That Must be Included in SI/SD Determinations

Items that must be included in the costs of improvement and the 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 (Section 4.4.4) and owner or volunteer labor (Section 4.4.5)
- Site preparation related to the improvement or repair (e.g., foundation excavation or filling in basements)
- Demolition and construction debris disposal (Section 4.4.6)
- 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 regulations 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 when the proposed elevation 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)
  - 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:
  - Heating, ventilation, and air conditioning (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 recirculation systems

4.4.2 Costs That May be Excluded from SI/SD Determinations

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 (Section 4.4.7)
- Costs to temporarily stabilize a building so that it is safe to enter to evaluate and identify required repairs
- Costs to obtain or prepare plans and specifications
- Land survey costs
- Permit fees and inspection fees
- Carpeting and recarpeting 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 (Section 4.4.8)
- Plug-in appliances such as washing machines, dryers, and stoves

4.4.3 Acceptable Sources of Cost Information

The costs of improvements and the costs to repair are necessary to make the SI/SD determination. The following are acceptable methods to determine the costs:

- Itemized costs of materials and labor, or estimates of materials and labor that are prepared by licensed contractors or professional construction cost estimators.
- Building valuation tables published by building code organizations and cost-estimating manuals and tools available from professional building cost-estimating services. These sources can be used as long as some limitations are recognized, notably that there are local
variations in costs and the sources do not list all types and qualities of structures. These sources should not be used for structures that are architecturally unique, exceptionally large, or significantly different from the classes of structures that are listed.

- "Qualified Estimate" of costs that are prepared by the local official using professional judgment and knowledge of local and regional construction costs. This approach is most often used post-disaster when there are large numbers of damaged buildings and when permits must be quickly processed.

- Building owners may submit cost estimates that they prepare themselves. If the community is willing to consider such estimates, owners should be required to provide as much supporting documentation as possible (such as pricing information from lumber companies and hardware stores). In addition, the estimate must include the value of labor, including the value of the owner's labor (Section 4.4.5).

FEMA developed the Substantial Damage Estimator, summarized in Section 7.5, to provide estimates of building values and costs to repair. In general, this method is most often used in the post-disaster period when local officials need to inspect large numbers of damaged structures and make many substantial damage determinations.

4.4.4 Estimates of Donated or Discounted Materials

To help make improvements or repairs to damaged homes, some organizations and individuals donate materials, and some companies donate or provide materials at a discount. The value placed on all donated or discounted materials should be equal to the actual or estimated cost of such materials and must be included in the total cost. Where materials or servicing equipment are donated or discounted below normal market values, the value should be adjusted to an amount that would be equivalent to that estimated through normal market transactions.

As part of the documentation required for a permit, the applicant should provide cost estimates of the value of donated or discounted materials based on actual or estimated costs. This estimate should be verified by the local official based on professional judgment and knowledge of local or regional material costs. Some communities help non-profit organizations and applicants make these estimates.

4.4.5 Estimates of Owner and Volunteer Labor

The situations described in Section 4.4.4 that involve donated or discounted materials may also involve volunteer labor. Also, property owners may undertake fairly significant improvement and repair projects on their own. In both cases, the normal "market" value or "going rate" for labor must be included in the estimates of the cost of improvements and the costs to repair. After significant events, labor rates may change and should be taken into account.

Labor rates vary geographically and by the nature of the work and trade required. As part of the documentation required for a permit, the applicant should provide an estimate of the value of owner or volunteer labor. The value placed on labor should be estimated based on applicable minimum-hour wage scales for the skill and type of construction work that is done. This
estimate should be verified by the local official based on professional judgment and knowledge of the local or regional construction industry wage scales. Some communities help non-profit organizations and permit applicants make these estimates.

4.4.6 Demolition and Construction Debris Disposal

Demolition and construction debris disposal is not the same as clean-up and trash removal (Section 4.4.7). Virtually any type of work on a building requires some demolition. It may be as little as removing the flooring or an interior wall, or as much as complete removal of a portion of the building and its foundation. Demolition may be part of an improvement project and usually is a necessary part of repairing damage. The costs of demolition, including the costs of disposal of the resulting debris, must be included in the cost of work for the purpose of making the SI/SD determination.

4.4.7 Clean-up and Trash Removal

Clean-up and trash removal are distinguished from demolition and construction debris disposal (Section 4.4.6). Clean-up and trash removal costs are not included in the costs used in the SI/SD determination because they are not related to the actual cost of improving or repairing a building.

Clean-up costs include such work as draining a basement; removing dirt and mud; and cleaning, disinfecting, and drying out buildings. Trash removal includes disposing of trash piled in the interior of the building or accumulated on the lot and related costs (e.g., dumpster, hauling, and tipping fees), as well as removal of abandoned contents and debris related to general clean-up of the structure before the improvement or repairs can be performed.

If clean-up and trash removal are done at the same time as demolition and construction debris disposal, a cost estimate should clearly distinguish between costs that must be included and costs that may be excluded. Local officials can:

- Require property owners to submit itemized costs from all contractors, clearly identifying the costs related to trash disposal and clean-up from those related to demolition necessary to perform the work on the building, or
- Based on judgment and knowledge of local costs, estimate the amounts to be excluded. The permit record should contain documentation of the basis for making this estimate.

4.4.8 Costs to Correct Existing Health, Safety, and Sanitary Code Violations

The definition of substantial improvement provides an exclusion for “[a]ny 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 to assure safe living conditions” (emphasis added).

When deciding whether to exclude the costs to correct existing cited health, safety, and sanitary code violations, local officials must consider the following:
Correct existing cited violations. The work must be:

- Limited to that necessary to correct an existing violation. This means that only work that is directly required for correction can be excluded from the costs of the proposed improvement or repair. All other work must be counted in the estimation of costs.

- Required to correct an existing violation. This means the condition considered in violation pre-dates the application for a permit (or the date of a damage event) and, importantly, an official who has the authority to enforce the community's health, safety, and sanitary codes must have prior knowledge of the condition and must have verified that it constitutes a violation.

- Required to correct an existing violation. Violations of a community's health, safety, and sanitary represent threats to public health and safety. Such conditions are considered violations only if they have been identified as violations. The mere presence of a condition that does not conform to current codes does not qualify as a violation.

Identified by the local code enforcement official. To exclude certain costs from the SI/SD determination, an official who has the authority to enforce the community's health and sanitary codes must have knowledge of and have identified the condition, and must have verified or determined that the condition constitutes a violation (normally, this involves issuing a citation or other official notice). Communities might not make a routine practice of inspecting structures in order to document and issue citations for violations. If likely violations of health and sanitary codes are identified by the property owner or contractor during the course of deciding what work to perform and before any improvements or repairs are made, the costs to address those code violations may be excluded, but only if the local official has made the determination that they can be excluded.

Minimum necessary to ensure safe living conditions. To qualify as excludable, the cost of correcting existing violations must be only those costs for the work that is the minimum necessary to address and resolve the violation. Costs of work in excess of the minimum necessary must be included in the SI/SD determination.

For proper treatment of this substantial improvement exclusionary provision, a clear distinction must be made between violations and elements that simply do not meet the present-day design or building code standards. The following examples describe situations where the work performed to meet code requirements must be included in SI/SD determinations and some situations where costs may be excluded:

- Work on a building, or work associated with a change in use or occupancy, may trigger requirements for compliance with the current code. When this occurs, the costs associated with compliance do not qualify for exclusion because the work is not a code violation, but is necessary to meet current code. For example, consider an applicant who applies for a permit to perform work necessary for a change of occupancy from retail space to a restaurant. This will trigger certain code requirements and those costs must be included in the SI/SD determination. Costs that are related to compliance with current code requirements, but are not related to correcting existing violations must be included.
The owner of a poorly insulated building proposes to rehabilitate it for a new occupant. Although the building does not conform to the current code for energy efficiency, the costs of adding insulation and other energy efficiency work must be included because the lack of adequate insulation is not a health and safety violation.

An owner proposes to improve a building and has applied for a permit. The owner presents the building official with evidence of termite damage. Termite damage is discovered in the floor joists and the joists are unable to safely support loads required by current code. The building official verifies that it constitutes a violation and cites it as a safety code violation. The minimum cost to correct this violation may be excluded if the violation was cited. If other building components have sustained termite damage that is not a safety code violation, such as damage to non-bearing wall studs and wall trim, the cost to address the damage must be included.

A restaurant’s plumbing system is failing and bathroom fixtures are inoperable. The condition is cited as a violation of the sanitary code. The owner proposes not only to correct the violation but make other improvements, including adding a second bathroom. The costs to correct the failing plumbing system and replace its fixtures may be excluded. The costs of the other improvements, including the second bathroom, must be included.

In the course of inspecting an abandoned building, the code official cites several conditions as violations that must be corrected before the building can be reoccupied. The building is subsequently purchased and the new owner applies for a permit to not only address the violations, but also to rehabilitate the building. Only the costs to correct the cited violations that are explicitly related to health, sanitary, and safety code requirements may be excluded. All other costs associated with the rehabilitation must be included in the cost of improvements.

The owner of a home has been notified that the home is not safe to occupy because of violations of the electrical code provisions. Rather than perform only the required repairs, the owner decides to completely renovate the home and submits an application that shows all renovation costs, while excluding the costs associated with all of the electrical work (including replacing all wiring and fixtures, installing more outlets, upgrading the panel board, etc.). The plan reviewer should catch this discrepancy. The only costs that may be excluded are those that are necessary to correct the violation – which means the costs associated with the code violation must be determined before they can be excluded from the SI/SD determination. All other costs associated with the upgrade of the electrical work must be included.

### 4.5 Determining Market Value

For purposes of making SI/SD determinations, local officials need to determine the “market value” of structures in question. When work is an improvement, the market value is the building’s market value “before the start of construction” of the improvement.” When work is repair of substantial damage, the market value is the building’s market value “before the damage occurred.” If buildings have not been maintained and have deteriorated over time, then the market value is determined as of the date of the application for the permit to improve or repair the building.
The NFIP regulations do not define "market value." Generally, market value can be explained as the amount an owner would be willing but not obliged to accept, and that a buyer would be willing but not compelled to pay. The term may be defined by State statutes that pertain to zoning, property taxation, or real estate transactions.

Before reviewing options to determine the market value of a structure, it is important to note two basic NFIP requirements:

- 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 (landscaping, driveway, detached accessory structures, etc.) and the value of the use and occupancy (business income) are not included. Any value associated with the location of the property should be attributed to the land, not the building.

Many communities require the permit applicant to obtain an appraisal of market value from a qualified professional who is licensed to perform appraisals in the State or community where the property is located (Section 4.5.1). In addition, three other methods to estimate market value are covered in this section:

- Assessed value developed for property tax assessment purposes, adjusted to approximate market value (Section 4.5.2)
- Estimates of a structure's actual cash value, including depreciation (Section 4.5.3)
- "Qualified estimates" based on the professional judgment of a local official (Section 4.5.4)

Figure 4-3 illustrates the steps local officials need to take in order to determine market values. Additional guidance on estimating market value following disasters is provided in Chapter 7.

**Figure 4-3. Determine the market value (overview)**
4.5.1 Professional Property Appraisals

Property appraisals that are prepared by a professional appraiser according to standard practices of the profession are the most accurate and reliable method for determining market value. Professional appraisers should be qualified to appraise the type of property (e.g., residential, commercial, industrial) and should be licensed in the State or community in which the property is located. Most States require professional property appraisers to be licensed and to perform valuation work in accordance with the quality control standards found in the Uniform Standards of Professional Appraisal Practice, which are maintained and administered by The Appraisal Foundation (http://www.appraisalfoundation.org). In those States that require use of the standards, local officials should check that market value appraisals prepared to support SI/SD determinations have a statement regarding conformance with this standard.

Appraisal reports should identify intended users, including the property owner, who can then submit it as part of a permit application. In addition, the appraisal should be recent enough to reasonably reflect current market value as of the date of the permit application. When used to determine market value for damaged buildings, the appraisal must reflect the pre-damage condition. The “market approach” for determining market value works best if there are adequate market data and recent sales of comparable properties in the vicinity. Note that using the “income capitalization approach” is not acceptable because it is based on how the property is used, and not the value of structure alone. To separate the market value of a structure from the value of the land on which it is located, appraisers may need to do more research than is normally undertaken in order to reasonably allocate the total value between the structure and the land.

The following are situations where the local official may require the applicant to provide a professional appraisal to determine the market value of a structure:

- When it is written explicitly into the community’s floodplain management regulations or required by other local or State codes that independent appraisals shall be used for decisions related to non-conforming use permits.

- When the estimating methods that are used post-disaster (Section 7.4) yield a market value that indicates that the cost of proposed work closely approaches 50 percent of the structure’s estimated market value.

- When an applicant disagrees with the community’s SI/SD determination.

When a professional appraisal of market value is submitted, the local official is responsible for examining it to determine that it is reasonable for the specific characteristics of the building and to check that it does not include the value of land, land improvements (e.g., landscaping, paving), and accessory buildings. The market value of a non-residential building does not include the value of the use or occupancy. If there is cause to question the appraisal (for example, if it appears to overvalue the structure), the local official may request that another appraisal be provided.
4.5.2 Adjusted Assessed Value

Generally, assessed values or property assessments are determined by the State or local taxing or assessment authority. The assessor’s job is to independently estimate the market value of real property. Assessments usually provide both land value and value of improvements, and are used as the basis for determining property taxes. Assessments are revised or adjusted periodically to account for changes in property values. The use of assessed value has some limitations that, if not considered and accounted for, can produce erroneous estimates of market value. These limitations are:

- **Appraisal cycle.** How often are the appraisals done and when was the date of the last appraisal? Market value estimates can be grossly outdated if the cycle is long and the property happens to be in the latter stage of its cycle and has not been appraised for many years.

- **Land values.** In most cases, land values and the value of improvements (structures) thereon will be assessed separately and listed as such in the tax records. In cases where they are not distinguished, a determination of the value of the land will have to be made and subtracted from the total assessed value.

- **Assessment level.** States and local taxing authorities vary in assessment levels (an established statutory ratio between the assessor’s estimate of value and the true fair market value). For example, many States use an assessment level of 90 percent. In this case, the assessed values will underestimate market values by 10 percent. In cases where the assessment level is unacceptably low or where the projected ratio of cost of repair to market value is close to 50 percent, adjustments for assessment level must be made.

Local officials who elect to use assessed values for making SI/SD determinations should consult the authority that prepares the assessment values to understand the limitations on use of the data. Usually an adjustment factor is necessary because the assessed values cannot be used as a direct equivalent for current market value. The assessor’s office should provide the adjustment factor that, when applied to assessed value, yields the “adjusted assessed value” that can then be used as an estimate of market value. A copy of the adjustment factor justification should be retained with the community’s permanent records.

Adjusted assessed value may be used as a screening technique to separate out structures for which the ratio of repair or improvement costs to market value (adjusted assessed value) are obviously less than or greater than 50 percent. In post-disaster situations where no other market value estimates are available or where the number of permit applications is overwhelming, unadjusted assessed values may have to suffice as the definitive estimate of market value.

An owner may appeal the use of assessed value, but the burden of proof can be placed on the applicant who can be required to submit an independent professional property appraisal that is prepared by a qualified appraiser.
4.5.3 Actual Cash Value

Actual cash value (ACV) is the cost to replace a building on the same parcel with a new building of like-kind and quality, minus depreciation due to age, use, and neglect. ACV does not consider loss in value simply due to outmoded design or location factors. The concept of ACV is used in both the insurance industry and the construction industry. In most situations, ACV is a reasonable approximation of market value.

A number of commercial sources of construction cost information are available to support estimating the replacement cost of a building, including industry-accepted guides available from companies such as RSMeans (http://www.rsmeans.com) and the Craftsman Book Company (http://www.craftsman-book.com), among others. These sources allow computation of construction costs based on occupancy, square footage, quality, and regional cost variations.

Depreciation accounts for the physical condition of a structure. Depreciation does not take into account functional obsolescence (e.g., outmoded design or construction that pre-dates current codes) or factors that are external to the structure (e.g., reputation of schools or distance to shopping and parks). Commercially available references provide tables and formulas to calculate physical depreciation. These tables and formulas are objective and are used by most professionals in the fields of property appraisal and building inspection. Local officials may consult with a qualified appraiser regarding depreciation, or additional guidance for applying depreciation rates over time is found in FEMA P-784 CD, Substantial Damage Estimator (Section 7.5).

4.5.4 Qualified Estimates

A “qualified estimate” of a structure’s market value is an estimate developed by a qualified local official who has sufficient experience and professional judgment on which to base such estimates. The local official may be in the building department or in the tax assessor’s office. The estimates should be made using the best available information, which may include recent permit records, recent home sales, regional cost data, estimates of depreciation based on knowledge of the pre-damage condition of buildings, and adjustments for unique or distinctive features of individual buildings. Another way that a local official may develop qualified estimates is if professional appraisals have been prepared for a few buildings; in that case, those results may be used to approximate the market values of similar buildings. This approach should be used only if the approaches described above cannot be used. Qualified estimates are most likely to be used in the post-disaster situation after large numbers of buildings have been damaged.
APPRAISAL REPORT

OF

536 Bath Street and 233 W. Cola Street
Santa Barbara, CA 93101-3404

PREPARED FOR

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AS OF

11/13/2012

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EXHIBIT E
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<td>E &amp; O Insurance Policy</td>
<td>14</td>
</tr>
<tr>
<td>Flood Map</td>
<td>15</td>
</tr>
<tr>
<td>Building Permit for a Dark Room</td>
<td>16</td>
</tr>
<tr>
<td>Assessors Parcel Information Details</td>
<td>17</td>
</tr>
<tr>
<td>Photos (6)</td>
<td>18</td>
</tr>
<tr>
<td>Photo Subject</td>
<td>19</td>
</tr>
<tr>
<td>Photos (6)</td>
<td>20</td>
</tr>
<tr>
<td>Photos (6)</td>
<td>21</td>
</tr>
<tr>
<td>Photos (6)</td>
<td>22</td>
</tr>
<tr>
<td>Photos (6)</td>
<td>23</td>
</tr>
<tr>
<td>Photo Comparables 1-2-3</td>
<td>24</td>
</tr>
<tr>
<td>Sketch</td>
<td>25</td>
</tr>
<tr>
<td>Flat Map</td>
<td>26</td>
</tr>
<tr>
<td>Location Map</td>
<td>27</td>
</tr>
</tbody>
</table>
## Small Residential Income Property Appraisal Report

**Address:** 336 Bath Street, Santa Barbara, CA 93101

**Appraiser:** Olga Martinez

**Client:** Owner of Public Retirement, Lorenzo and Angelina Trustee of the Lorenz Equities

**County:** Santa Barbara

**State:** CA

**Zip Code:** 93101-3404

**Assessor’s Parcel No.:** 037-161-001

**Transaction Date:** 2012

**Tax Year:** 2012

**Property Tax:** $936.42

**Plan:**

- **Neighborhood:** West of State
- **Map Reference:** 995 B-5
- **Census Tract:** 00:00:00

**Document Type:** Purchase Transaction

**Financial:**

- **Price:** $1,200,000
- **Term:** 24:1 Unit

**Market Value:**

- **Date of Contract:** Is the property the seller or the public report? Yes | No
- **Data Source:** Yes | No
- **Is there any financial assistance (loan charges, sale concessions, gift or down payment assistance, etc.) to be paid by any party on behalf of the borrower?** Yes | No
- **If yes, report the total dollar amount and the items to be paid.**

**Note:** Race and the residential composition of the neighborhood are not appraisal factors.

### Neighborhood Characteristics

<table>
<thead>
<tr>
<th>24-Unit Housing Trends</th>
<th>24-Unit Housing</th>
<th>Present and Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>X: Urban</td>
<td>X: Stable</td>
</tr>
<tr>
<td>Built-Up</td>
<td>Over 70%</td>
<td>X: Stable</td>
</tr>
<tr>
<td>Growth</td>
<td>X: Fast</td>
<td>X: Stable</td>
</tr>
<tr>
<td>Utilities</td>
<td>X: Sewer</td>
<td>X: Stable</td>
</tr>
<tr>
<td>Other (describe)</td>
<td>Gas</td>
<td>X: Stable</td>
</tr>
<tr>
<td>FFMA Special Flood Hazard Area</td>
<td>Yes</td>
<td>FMA Map # 08063C1387F</td>
</tr>
<tr>
<td>Zoning</td>
<td>R-4</td>
<td>Zoning Classification Hotel-Motel Multiple Residential</td>
</tr>
<tr>
<td>Sanitary Sewer</td>
<td>X: None</td>
<td>Zoning Description Hotel-Motel Multiple Residential</td>
</tr>
<tr>
<td>Utilities (Other describe)</td>
<td>Gas</td>
<td>Zoning Classification Hotel-Motel Multiple Residential</td>
</tr>
</tbody>
</table>

### Utilities

- **Public:** Water, Street, Paved Asphalt
- **Private:** Gas, Sewer

### Off-site Improvements

<table>
<thead>
<tr>
<th>Type of Improvement</th>
<th>Public</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>screwwarden</td>
<td>X</td>
<td>No</td>
</tr>
<tr>
<td>fence</td>
<td>X</td>
<td>No</td>
</tr>
<tr>
<td>driveway</td>
<td>X</td>
<td>No</td>
</tr>
<tr>
<td>garage</td>
<td>X</td>
<td>No</td>
</tr>
<tr>
<td>pool</td>
<td>X</td>
<td>No</td>
</tr>
</tbody>
</table>

### Building

- **Roof:** Shingle
- **Exterior Finish:** Stucco
- **Finishes:** Tiled

### Ceiling

- **Living Room:** 8 ft. 6 in.
- **Kitchen:** 8 ft. 6 in.
- **Other:** 8 ft. 6 in.

### Heating/Cooling

- **System:** None
- **Type:** None

### Appliances

- **Refrigerator:** Yes
- **Washers/Dryers:** Yes
- **Microwave:** Yes
- **Trash Bin:** Yes

### Additional Features

- **Condition:** Good
- **Basement:** Yes
- **Basement Finish:** X

### Foundation

- **Footings:** Yes
- **Foundation:** Concrete

### Exterior Description

- **Exterior Material:** Stucco
- **Color:** Tan

### General Description

- **Condition:** Good
- **Structure:** Single Family

### General Information

- **Bedrooms:** 3
- **Bathrooms:** 2
- **Square Feet:** 1,200

### Land Analysis

- **Lot Size:** 6,000 sq. ft.

### Property Description

- **Type:** Single Family
- **Style:** Bungalows

### Summary

The property is located in a residential area, approximately 1 mile from downtown Santa Barbara. The neighborhood is moderately diverse with a mix of residential and commercial properties. The property is situated on a 6,000 sq. ft. lot with a 1,200 sq. ft. residence. The property is in good condition with a concrete foundation. The interior features include a living room, dining room, and three bedrooms. The property is zoned for residential use and is located in a flood hazard area. The property is valued at $1,200,000 for the purpose of this appraisal.

**Appraiser:** Olga Martinez

**Date:** March 2015

**File No.:**.uf23

**Case No.:** 4217
Small Residential Income Property Appraisal Report

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or value of the property?  X Yes  No  If Yes, describe

Subject is located on a flood hazard area.

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc)?  X Yes  No  If No, describe

Is the property subject to rent control?  X Yes  X No  If Yes, describe

The following properties represent the most current, similar, and proximate comparable rental properties to the subject property. This analysis is intended to support the opinion of the market rent for subject property.

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>SUBJECT</th>
<th>COMPARABLE RENTAL #1</th>
<th>COMPARABLE RENTAL #2</th>
<th>COMPARABLE RENTAL #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Addieh Bath Street and 1330 Castillo Street</td>
<td>334 W. Figueroa Street</td>
<td>1906 Castillo Street</td>
<td>Santa Barbara, CA 93101-3404</td>
</tr>
<tr>
<td>Proximity</td>
<td>0.77 miles NW</td>
<td>0.51 miles NW</td>
<td>1.30 miles NW</td>
<td></td>
</tr>
<tr>
<td>Current Monthly Rent</td>
<td>$3,200</td>
<td>$3,700</td>
<td>$3,300</td>
<td>$3,200</td>
</tr>
<tr>
<td>Rent Control</td>
<td>Yes  X  No</td>
<td>Yes  X  No</td>
<td>Yes  X  No</td>
<td>Yes  X  No</td>
</tr>
<tr>
<td>Rent Control Area</td>
<td>2,600 sq. ft</td>
<td>1,970 sq. ft</td>
<td>2,350 sq. ft</td>
<td>2,340 sq. ft</td>
</tr>
<tr>
<td>Data Source</td>
<td>Physical Inspection</td>
<td>S.B. Multiple Service</td>
<td>Appraiser Files</td>
<td>S.B. Multiple Service</td>
</tr>
<tr>
<td>Date of Lease(s)</td>
<td>Unknown to appraiser</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>Location</td>
<td>Good/Average</td>
<td>Good/Average</td>
<td>Good/Average</td>
<td>Good/Average</td>
</tr>
<tr>
<td>Actual Age</td>
<td>112 years</td>
<td>102 years</td>
<td>85 years</td>
<td>92 years</td>
</tr>
<tr>
<td>Condition</td>
<td>Good/Avg.</td>
<td>Superior</td>
<td>Superior</td>
<td>Superior</td>
</tr>
<tr>
<td>Gross Building Area</td>
<td>1,281</td>
<td>1,850</td>
<td>1,245</td>
<td>1,260</td>
</tr>
<tr>
<td>Unit Breakdown</td>
<td>Rm Count  Size Sq. Ft</td>
<td>Rm Count  Size Sq. Ft</td>
<td>Rm Count  Size Sq. Ft</td>
<td>Rm Count  Size Sq. Ft</td>
</tr>
<tr>
<td></td>
<td>Total  Br  Ba</td>
<td>Total  Br  Ba</td>
<td>Total  Br  Ba</td>
<td>Total  Br  Ba</td>
</tr>
<tr>
<td>Unit #1</td>
<td>6  2  1.00  865</td>
<td>6  2  1.00  1,100</td>
<td>3  1  1.00  725</td>
<td>3  1  1.00  650</td>
</tr>
<tr>
<td>Unit #2</td>
<td>3  1  1.00  416</td>
<td>3  1  1.00  765</td>
<td>3  1  1.00  725</td>
<td>3  1  1.00  650</td>
</tr>
<tr>
<td>Unit #3</td>
<td>0  0  0  0</td>
<td>0  0  0  0</td>
<td>0  0  0  0</td>
<td>0  0  0  0</td>
</tr>
<tr>
<td>Utilities Included</td>
<td>All utilities are paid</td>
<td>Tenants pay for all utilities</td>
<td>Tenants pay all utilities</td>
<td>Water and Trash paid by owner by the owner.</td>
</tr>
</tbody>
</table>

Analysis of rental data and support for estimated market rents for the individual subject units resulted below (including the adequacy of the comparables, rental concessions, etc.). No rental concessions are being offered at this time. There is no rental control in the County of Santa Barbara. Water and trash are usually included in rents. Two bedroom units rent at $1,900 to $2,300 per month. One bedroom units rent at $1,200 to $1,500 per month. The rents depend on the location of the units, the dwelling condition and property amenities.

Rent Schedule: The appraiser must reconcile the applicable indicated monthly market rents to provide an opinion of the market rent for each unit in the subject property.

<table>
<thead>
<tr>
<th>Lease</th>
<th>Actual Rent</th>
<th>Opinion Of Market Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit No</td>
<td>Begin</td>
<td>End</td>
</tr>
<tr>
<td>1</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>2</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>3</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>4</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Comment on lease data No leases were provided to the appraiser.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Monthly Income (tenant)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Actual Monthly Income</td>
<td>$3,200</td>
<td>$3,200</td>
</tr>
<tr>
<td>Utilities included in estimated rents</td>
<td>X Electric  X Water  X Sewer  X Gas  X Oil  X Cable  X Trash collection  X Other</td>
<td></td>
</tr>
<tr>
<td>Comment on actual or estimated rents and other monthly income (including percent property) The front unit rent is currently under market at this time. The tenant has lived there for over 30 years. This unit could rent for at least $2,000 per month. The rear unit is small and the current rent is at market range. There is no other rents collected on the property at this time.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I X did  I did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research: X Yes  X No  If research not done or if any prior sales or transfers of the subject property for the three years prior to the effective date of the appraisal.

Data source(s): Santa Barbara MLS Service and Agent Pro 247

My research: X Yes  X No  If any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data source(s): Santa Barbara MLS Service and Agent Pro 247

Reported the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 4)

<table>
<thead>
<tr>
<th>ITEM</th>
<th>SUBJECT</th>
<th>COMPARABLE SALE #1</th>
<th>COMPARABLE SALE #2</th>
<th>COMPARABLE SALE #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Sale/Transfer</td>
<td>Unknown</td>
<td>12/28/1997</td>
<td>Unknown</td>
<td>09/30/2003</td>
</tr>
<tr>
<td>Price of Sale/Transfer</td>
<td>Unknown</td>
<td>$3,400,000</td>
<td>Unknown</td>
<td>$750,000</td>
</tr>
<tr>
<td>Effect Date of Data Source</td>
<td>11/16/2012</td>
<td>11/16/2012</td>
<td>11/16/2012</td>
<td>11/16/2012</td>
</tr>
</tbody>
</table>

Analysis of prior sale or transfer history of the subject property and comparable sales. Subject property has not sold within the past three years. None of the three sales have sold within the past three years.
**Small Residential Income Property Appraisal Report**

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>SUBJECT</th>
<th>COMPARABLE SALE #1</th>
<th>COMPARABLE SALE #2</th>
<th>COMPARABLE SALE #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Bath Street and 233 W. Cola Street</td>
<td>Santa Barbara, CA 93101-3404</td>
<td>Santa Barbara, CA 93101</td>
<td>Santa Barbara, CA 93101</td>
</tr>
<tr>
<td></td>
<td>1350 W. Figueroa Street</td>
<td>334 W. Figueroa Street</td>
<td>1906 Castillo Street</td>
<td>1906 Castillo Street</td>
</tr>
<tr>
<td>Proximity to Subject</td>
<td>0.77 miles NW</td>
<td>0.51 miles NW</td>
<td>1.30 miles NW</td>
<td>1.30 miles NW</td>
</tr>
</tbody>
</table>

**Property Description**

- **Sale Price**: $749,000
- **Market Value**: $605,000
- **Comparable Price**: $595,000
- **Gross Living Area**: 3,200 sq. ft.
- **Gross Living Area**: 2,900 sq. ft.
- **Gross Living Area**: 3,000 sq. ft.
- **Price Per Unit**: $374,500
- **Price Per Room**: $83,222
- **Price Per Bedroom**: $249,667

**Sale or Financing**

- **Concessions**: None
- **Date of Sale**: 11/13/2012
- **Location**: Good/Average
- **Lot Size**: 5,054 S.F.
- **View**: Average/Nearby Neighborhood
- **Design/Style**: California Cottage
- **Quality of Construction**: Average
- **Acreage**: 112 years
- **Basement**: None
- **Heated/Cooling**: Wall/No Air Cond
- **Energy Efficiency**: None
- **Parking**: None
- **Porch/Patio**: Deck/Patio
- **Fireplace**: No Fireplaces
- **Complete BI**: Complete BI
- **Design and Appeal**: Good/Avg
- **Net Adj. (Total)**: $640,000

**Adjusted Sale Price of Comparables**

- **Gross Adj真实性**: 19%
- **Net Adj真实性**: 5%
- **Adjusted Sale Price**: $331,500
- **Gross Adj真实性**: 19%
- **Net Adj真实性**: 5%
- **Adjusted Sale Price**: $320,000
- **Gross Adj真实性**: 19%
- **Net Adj真实性**: 5%
- **Adjusted Sale Price**: $320,000

**Value Per Unit**

- **Value Per Unit**: $230,000
- **Value Per Room**: $72,000
- **Value Per BI**: $1,210

**Summary of Sales Comparison Analysis**

All sales are closed and verified. All sales have sold as regular arm's length transactions. No RED or short sales were utilized in this report. Sale No. 3 inferior location was adjusted at $50,000.

The lot size differences were adjusted at $2.50 per square foot on Sale No. 1 only. Sale No. 1 superior dwelling condition was adjusted at $20,000. Sale No. 2 was sold as a fixer upper at the time of sale and was adjusted at $26,000. The dwelling living area was adjusted at $50,000 per square foot on Sales 1 and 2 only. Extra or less total rooms were adjusted at $3,000 each. None of three sales have basement areas. All three were adjusted at $30,000 each. Sale No. 1 superior heating system was adjusted at $10,000. Garages spaces were adjusted at $10,000 each. Sale No. 3 superior property amenities were adjusted at $5,000. Continue on next page...
Small Residential Income Property Appraisal Report

Fireplaces were adjusted at $5,000 each. Sale No. 1 superior two-story dwelling was adjusted at $20,000. Greatest weight is given to Sales 1 and 2, with supporting weight given to Sale No. 2, which is the older sale of all three sales.

COST APPROACH TO VALUE (not required by Fannie Mae.)

<table>
<thead>
<tr>
<th>Source of cost data</th>
<th>Marshall and Swift Residential Cost Index Book</th>
<th>Opinions of Site Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost data</td>
<td>Dwelling 1.291 $250.00</td>
<td>$440,000</td>
</tr>
<tr>
<td></td>
<td>Dwelling 1.105 $50.00</td>
<td>$22,500</td>
</tr>
<tr>
<td></td>
<td>Garage/Carport 0 $0.00</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total Estimate of cost</td>
<td>$375,500</td>
</tr>
<tr>
<td></td>
<td>Depreciation 214,561 $50.00</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>Depreciated Cost of improvements</td>
<td>160,939</td>
</tr>
</tbody>
</table>

Estimated Remaining Economic Life (HUD and VA only) 30 years. Indicated Value by Cost Approach: $650,939

PROJECT INFORMATION FOR PUDs (If applicable)

Is the developer/builder in control of the Homeowner’s Association (HOA)? Yes No
If Yes, Units owned: Detached Attached

Was the project created by the conversion of existing buildings into a PUD? Yes No
If Yes, date of conversion

Does the project contain any multi-dwelling units? Yes No
Data source

Age the units: common elements and recreation facilities complete? Yes No
If No, describe the status of completion

Are the common elements leased to or by the Homeowner’s Association? Yes No
If Yes, describe the rental terms and options

Describe common elements and recreational facilities.
This report form is designed to report an appraisal of a two- to four-unit property, including a two- to four-unit property in a planned unit development (PUD). A two- to four-unit property located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal association, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property; (2) inspect the neighborhood; (3) inspect each of the comparable sales from at least the street; (4) research, verify, and analyze data from reliable public and/or private sources; and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area, these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparing the financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements, including each of the units. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or apparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:
1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison and income approaches to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost approach to value but did not develop it, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make any change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/originator in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.
Small Residential Income Property Appraisal Report

21. The lender/client may disclose or distribute this appraisal report to: the borrower, another lender at the request of the borrower, the mortgagee or its successor and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations, any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original handwritten signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original handwritten signature.

APRAISER

Signature [Signature]
Name Jesus Flores
Company Name Jesus Flores Appraisals
Company Address 94 Mallard Avenue
Goleta, CA 93117
Telephone Number (805) 264-1248
Email Address jesusflores@yahoo.com
Date of Signature and Report 11/16/2012
Effective Date of Appraisal 11/13/2012
State Certification # AR009757
or State License # or Other (describe) State #
State CA
Expiration Date of Certification or License 03/29/2013

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature
Name
Company Name
Company Address
Telephone Number
Email Address
Date of Signature
State Certification #
or State License #
State
Expiration Date of Certification or License

ADDRESS OF PROPERTY APPRAISED
536 Bath Street and 233 W. Cola Street
Santa Barbara, CA 93101-3404

APRAISED VALUE OF SUBJECT PROPERTY $ 650,000
LENDER/CLIENT
Name
Company Name Olena Martin/Client
Company Address 536 Bath Street
Santa Barbara, CA 93101
Email Address

SUBJECT PROPERTY
[ ] Did not inspect subject property
[ ] Did inspect exterior of subject property from street
Date of Inspection
[ ] Did inspect interior and exterior of subject property
Date of Inspection

COMPARABLE SALES
[ ] Did not inspect exterior of comparable sales from street
[ ] Did inspect exterior of comparable sales from street
Date of Inspection

Freddie Mac Form 72 March 2005
Produced by ClickFONMS Software 800-622-0727 Page 7 of 27
# Market Conditions Addendum to the Appraisal Report

**Property Address** 539 Bath Street and 233 W. Codie Street  
**City** Santa Barbara  
**State** CA  
**ZIP Code** 93101-3404  

## Borrower Information
- **Name**: Olga Martinez
- **Address**: 539 Bath Street

## Instructions
The appraiser must use the information required on this form as the basis for his/her conclusions and must provide support for those conclusions regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide an analysis as indicated below. Any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be available for data for the shaded areas below, if it is available, however, the appraiser must include that data in the analysis. If data sources provide all the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markers, new construction, foreclosures, etc.

## Inventory Analysis

<table>
<thead>
<tr>
<th></th>
<th>Prior 7-12 Months</th>
<th>Prior 4-6 Months</th>
<th>Current - 3 Months</th>
<th>Overall Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # of Comparable Sales (Settled)</td>
<td>9</td>
<td>3</td>
<td>7</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Absorption Rate (Total Sales/Months)</td>
<td>1.50</td>
<td>1.00</td>
<td>2.33</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Total # of Comparable Active Listings</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>Stable</td>
</tr>
<tr>
<td>Months of Housing Supply (Total Listings/Rate)</td>
<td>1.33</td>
<td>2.00</td>
<td>0.43</td>
<td>Increasing</td>
</tr>
<tr>
<td>Median Sales &amp; List Price, % of List Price</td>
<td>Prior 7-12 Months</td>
<td>Prior 4-6 Months</td>
<td>Current - 3 Months</td>
<td>Overall Trend</td>
</tr>
<tr>
<td>Median Comparable Sales Price</td>
<td>$515,000</td>
<td>$495,000</td>
<td>$500,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Median Comparable Sales Days on Market</td>
<td>49</td>
<td>14</td>
<td>27</td>
<td>Stable</td>
</tr>
<tr>
<td>Median Comparable List Price</td>
<td>$592,000</td>
<td>$474,000</td>
<td>$524,000</td>
<td>Stable</td>
</tr>
<tr>
<td>Median Comparable Listing Days on Market</td>
<td>140</td>
<td>36</td>
<td>56</td>
<td>Stable</td>
</tr>
<tr>
<td>Median Sales Price % of List Price</td>
<td>97.00</td>
<td>99.00</td>
<td>69.00</td>
<td>Stable</td>
</tr>
<tr>
<td>Seller-financed, buffer, etc. / paid financial assistance required?</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Stable</td>
</tr>
</tbody>
</table>

## Analysis

**Median Sales & List Price, % of List Price**
- Median Comparable Sales Price: $515,000
- Median Comparable Sales Days on Market: 49 days
- Median Comparable List Price: $592,000
- Median Comparable Listing Days on Market: 140 days
- Median Sales Price % of List Price: 97.00%

**Other Financial Assistance Required**
- Yes

**Explain in detail other concessions, trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, etc.)**

**There are no sales concessions being offered in the area and in the subject's price range.**

**Are foreclosure sales (REO sales) a factor in the market?**
- Yes [ ]  
- No [x]

**Are REO sales a factor in this market?**
- Yes [ ]  
- No [x]

**Data Sources for above information**

**Santa Barbara MLS Service**

**Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales, and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.**

**See Neighborhood Section on page 1.**

## Subject Project Data

<table>
<thead>
<tr>
<th>Subject Project Data</th>
<th>Prior 7-12 Months</th>
<th>Prior 4-6 Months</th>
<th>Current - 3 Months</th>
<th>Overall Trend</th>
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<td>1.33</td>
<td>2.00</td>
<td>0.43</td>
<td>Increasing</td>
</tr>
</tbody>
</table>

**Are foreclosure sales (REO sales) a factor in the project?**
- Yes [ ]  
- No [x]

**Not Applicable**

**Summarize the above trends and address the impact on the subject unit and project.**

**Not Applicable**

---

**Signature**

**Appraiser Name**: Jesus Flores  
**Supervisor Name**: [Signature]

---

**Company Name**: Jesus Flores Appraisals  
**Company Address**: 94 Malard Avenue, Goleta, CA 93117  
**State License/Certification**: AM005757

---

**Email Address**: jesusfloresbb@yahoo.com  
**Fannie Mae Form 1004MC March 2020**  
**Produced by ClickFORMS Software 800-622-8727**  
**Page 8 of 27**
STATE OF CALIFORNIA

Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

JESUS FLORES

has successfully met the requirements for a license as a residential real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified Residential Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER: AR009757

Date Issued: March 30, 2011
Date Expires: March 29, 2013

Director, OREA

Audit No. 133999
Property Details

Property Address: 536 Bath Street and 233 W. Cota Street
City: Santa Barbara  County: Santa Barbara  State: CA  Zip Code: 93101-3404
Lender/Client: Olga Martel/Client
Address: 536 Bath St, Santa Barbara, CA 93101

Property Report

Property Details

Martel Lorenzo G & Angelina C (Trustees); Martel Lorenzo G & Angelina Fam Liv Tr (8/15)
536 Bath St, Santa Barbara, CA 93101

APN: 037-161-001
Santa Barbara County

Owner Information

Primary Owner: MARTEL LORENZO G & ANGELINA C (TRUSTEES);
MARTEL LORENZO G & ANGELINA FAM LIV TR (8/15)

Mail Address: SANTA BARBARA CA 93101

Assessor Parcel Number: 037-161-001
Census Tract: 0209.00
Lot Number: 
Legal Description:

Property Characteristics

Bedrooms: 8
Bathrooms: 2
Total Rooms: 
Square Feet: 
Number of Units: 8
No of Stories: 

Latitude: 34.41497
Building Style: 
Pool: 

Year Built: 1903
Garage: 
Fire Place: 
Lot Size: 5,217 SF
Property Type: 2-4 Units
Use Code: Multi-Family Dwellings
(General, Any Combination
2+) 
Zoning: 

Latitude: -119.691933

Sale & Loan Information

Transfer Date: 
Transfer Value: N/A
Cost/SP: N/A
Sale Type: 
Lender:

Seller: 
Document #: 
First Loan Amount: N/A
Title Company:

Property Report

Transaction History

Martial Lorenzo G & Angelina C (Trustee); Martial Lorenzo & Angelina Fam LIV Tr (947)
536 Bath St, Santa Barbara, CA 93101

Prior Transfer

Recording Date: 09/05/1997
Price: NA
First TD: NA
Mortgage Date: NA
Lender Name: NA
Buyer Name: MARTEL, LORENZO G; MARTEL, ANGELINA C
Buyer Type: Living Trust
Seller Name: MARTEL, LORENZO G & ANGELINA C
Legal description:
Abbreviated Description: LOT 2 BLK 232
City/Municipality: SANTA BARBARA

Document #: 87045947 BLK PG:
Document Type: Interal Transfer or Dissociation
Type of Sale: NA
Interest Rate: NA

EXHIBIT A

LEGAL DESCRIPTION

Real property in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

PARCEL 1:

THAT PORTION OF BLOCK 232 IN THE SAID CITY OF SANTA BARBARA, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WESTERLY CORNER OF SAID BLOCK, RUNNING THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF BATH STREET 36.5 FEET TO A POINT; THENCE AT RIGHT ANGLES NORTHEASTERLY AND PARALLEL WITH THE SOUTHEASTERLY LINE OF COTA STREET 150.94 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF THE THIRD COURSE NAMED IN THE FOURTH PARAGRAPH, AND ALSO IN "PARCEL C OF PARAGRAPH 1" IN THAT CERTAIN JUDGMENT AND DEED ISSUED OUT OF THE SUPERIOR COURT OF SANTA BARBARA COUNTY, STATE OF CALIFORNIA, IN AN ACTION THEREIN, (NO. 12345), WHEREIN WILLIAM H. STAFFORD, ET AL., WERE PLAINTIFFS AND W.B. JACOBS, ET AL. WERE DEFENDANTS, DATED DECEMBER 2, 1922, A CERTIFIED COPY OF WHICH WAS RECORDED DECEMBER 4, 1922 IN BLOCK 213 OF DEEDS, AT PAGE 389, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, THENCE WESTERLY TO A POINT ON THE SOUTHEASTERLY LINE OF COTA STREET, DISTANT NORTHEASTERLY 125 FEET FROM THE WESTERLY CORNER OF SAID BLOCK; THENCE SOUTHWESTERLY ALONG SAID SOUTHEASTERLY LINE OF COTA STREET 126 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

TOGETHER WITH A RIGHT OF WAY FOR ALL THE PURPOSES OF A PRIVATE DRIVEWAY OVER THAT PORTION OF BLOCK 232 OF SAID CITY, ACCORDING TO THE OFFICIAL MAP THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF BATH STREET, DISTANT THEREON 36.5 FEET SOUTHEASTERLY FROM THE MOST WESTERLY CORNER OF SAID BLOCK; AND RUNNING THENCE SOUTHEASTERLY ALONG SAID LINE OF BATH STREET 5 FEET; THENCE AT RIGHT ANGLES NORTHEASTERLY 70 FEET; THENCE AT RIGHT ANGLES NORTHWESTERLY 5 FEET; THENCE AT RIGHT ANGLES SOUTHWESTERLY 70 FEET TO THE POINT OF BEGINNING.

APN: 037-161-001
Willis
Five Star Appraisal Program

300 W. Madison Suite 700, Chicago, IL 60606
Toll Free: (800) 497-4664 * Dir: (512) 855-2045 * fax: (866) 720-5003

PROOF OF COVERAGE

1. Name and Address of Insured: (a member of the Five Star Realty Inc., Risk Purchasing Group)
   Jesus Flores
   Jesus Flores Appraisals
   94 Madlitt Avenue
   Goleta, CA, 93117

2. Insurer: Certain Underwriters at Lloyd's
   Rating: AM Best: A (Excellent) & S&P: A (Positive)

3. Coverage: Errors and Omissions

4. Master Policy Number: MPREA-2010

5. Certificate Number: To Be Assigned at time of Policy Issuance

6. Limits of Liability:
   $1,000,000 Each Claim, including Claims Expenses
   $1,000,000 Annual Aggregate, including Claims Expenses

7. Deductible:
   $1,000 Each Claim, including Claims Expenses
   ($722.16 Paid in Full, Including any fees and taxes)

8. Annual Policy Premium:

9. Policy Period:
   8/3/2012 to 8/3/2013
   12:01 a.m. standard time at the location stated above.

10. Retroactive Date:

11. Appraiser(s) covered:

12. Coverage is subject in all respects to the terms, conditions, & limitations of the master policy issued by certain Underwriters at Lloyd's, Policy Number MPREA-2010, unless otherwise specified.

13. This “Proof of Coverage” notice is your formal “Evidence of Insurance”, and is to be used to notify banks, and other third parties that such coverage exists. This document will be replaced by your policy.

Data of issuance: 8/3/2012

Kevin M. Ottley
Authorized Representative

November 13, 2010

RE: IMPORTANT INFORMATION REGARDING E&O COVERCAE WITH 5 STAR SPECIALTY PROGRAMS
EFFECTIVE NOVEMBER 13, 2010 AND FORWARD

Dear Valued Insured:

Within the past several years we have all witnessed changes in the housing and economic markets. There have been struggles to maintain employment and financial stability. A 5 star specialty programs we understand that our Real Estate Appraisers are struggling with this down turn and we have some exciting news and some not so exciting news regarding the E&O coverage we provide.

First the good news, we have heard time and time again that our prices are very expensive, well after many discussions with the appraisers we insure we have enlisted a new carrier and are able to now offer a new, more affordable E&O product. The bad news is that With these new lower prices and the new carrier we are unable to provide you With coverage for past appraisals. coverage will only cover you for appraisals performed after coverage is purchased.

https://www.5starappraisers.com/2010/tempcert.cfm

8/3/2012
## Building Permit for a Dark Room

**Property Address:** 536 Bath Street and 233 W. Cola Street  
**City:** Santa Barbara  
**County:** Santa Barbara  
**State:** CA  
**Zip Code:** 93101-3404  
**Lender/Client:** Olga Martel/Client  
**Address:** 536 Bath Street, Santa Barbara, CA 93101

---

### Application for a Building or Structure Permit

**Property:** Dark Room  
**Location:** 726

<table>
<thead>
<tr>
<th>Room No.</th>
<th>Room Name</th>
<th>Address</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>536 Bath Street</td>
<td>233 W. Cola Street</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROOM NO.</td>
<td>536 Bath Street</td>
</tr>
<tr>
<td>LMT NO.</td>
<td>233 W. Cola Street</td>
</tr>
<tr>
<td>BUILDING</td>
<td>Dark Room</td>
</tr>
</tbody>
</table>

**Foundation:**

- **Type of Structure:** 
  - Foundations: 
  - Wood Frame
  - Metal Frame
  - Brick or Stone

**Frame Building Specifications:**

- **Roofing:** 
  - Shingles

**Roof Covering:**

- **Roofing Material:** 
  - Shingles

**Roof Area:** 

- **Roof Area (sq. ft.):** 1240

**Total Area:** 

- **Total Area (sq. ft.):** 1240

---

**Note:**

I have carefully examined and read the above application and know the same to be true and correct, and that all provisions of the ordinances and laws governing building construction will be complied with, whether herein specified or not.

---

**Permit Issued:**

- **Permit Number:** 1203
- **Issue Date:** 12/10/31
- **Expiry Date:** 12/10/31

---

**Graph:**

- **Graph Layout:** Dark Room

---

**Approval:**

- **Approval Date:** 12/10/31

---

**Permittee:**

- **Permittee Name:** Olga Martel

---

**Note:**

- **Note:** Dark Room

---

**Stamp:**

- **Stamp:** 7137

---

**Acknowledgment:**

- **Acknowledgment by:** Olga Martel

**Printed by ClickFORMS Software 800-622-9727**
Assessor Parcel Information Details

Property Address: 536 Bath Street and 233 W. Cota Street
City: Santa Barbara
County: Santa Barbara
State: CA
Zip Code: 93101-3404
Address: 536 Bath Street, Santa Barbara, CA 93101

Parcel Number: 037-151-001
Value: $33,061

Use Description: Residential Rental
Jurisdiction: City of Santa Barbara
Acreage: 0.12
Square Feet: 1,950
Year Built: 1975
Effective Year Built: 1975
Bedrooms: 5
Bathrooms: 3

Assessor Parcel Information Details

2012 Assessed Values
Land & Mineral Rights: $33,061
Improvements: $33,061
Personal Property: $0

Exempt Exemptions:
( 32)
( 90)
Total Exemptions: $122

Net Assessed Value: $33,061

11/16/2012
FRONT OF
SUBJECT PROPERTY
536 Bath Street and 233 W. Coca Street
Santa Barbara, CA 93101-3404

REAR OF
SUBJECT PROPERTY

STREET SCENE
ENTRANCE TO THE BASEMENT AREA

EAST ELEVATION OF THE HOME AND BASEMENT

CLOSER LOOK AT THE ENTRANCE TO BASEMENT

VIEW OF THE ADJACENT FLOOD CONTROL EASEMENT/CREEK

NORTHERN AREA OF SITE/CREEK IS THE LEFT OF THE SHRUBS
NORTH ELEVATION OF THE REAR UNIT
BASEMENT ARE AND THE 7 X 26 FOOT DARK ROOM

CONCRETE FLOORS IN THE BASEMENT

VIEW OF THE DRIVE WAY LOOKING SOUTH

NORTH AND WEST ELEVATION OF BOTH UNITS

KITCHEN IN THE REAR UNIT (233 W. COTA)

BEDROOM IN REAR UNIT (233 W. COTA ST)
<table>
<thead>
<tr>
<th>COMPARABLE SALE #</th>
<th>Address</th>
<th>City</th>
<th>County</th>
<th>Zip Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1330 Castillo Street</td>
<td>Santa Barbara</td>
<td>Santa Barbara</td>
<td>93101</td>
</tr>
<tr>
<td>2</td>
<td>334 W. Figueroa Street</td>
<td>Santa Barbara</td>
<td>Santa Barbara</td>
<td>93101</td>
</tr>
<tr>
<td>3</td>
<td>1906 Castillo Street</td>
<td>Santa Barbara</td>
<td>Santa Barbara</td>
<td>93101</td>
</tr>
</tbody>
</table>
536 Bath Street - Engineer's Estimate
Non Participating Federal-Aid Items

<table>
<thead>
<tr>
<th>No.</th>
<th>ITEM</th>
<th>UNIT</th>
<th>QTY</th>
<th>Unit Price</th>
<th>Unit Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Building Demolition - Concrete Removal - Floor slab</td>
<td>SF</td>
<td>400</td>
<td>$6.00</td>
<td>$2,400</td>
</tr>
<tr>
<td>2</td>
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Contract Change Orders (Contingency) (A x 10%) 10% $5,435

Estimated Project Cost $59,783

8.8.2014

Bengal Engineering
## Quote

**Syncon Homes of California INC**  
**ESTIMATE # 2005RV1**  
**DATE: SEPTEMBER 27, 2017**  
**EXPIRATION DATE OCTOBER 30, 2017**  

**TO NGC Fund I, LLC**  
536 Bath St  
Santa Barbara, CA 93101  

---

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**Labor**  
- Replace 1 window - New White vinyl  
  - $166.62  
- Replace 1 door - Exterior grade single lite  
  - $401.25  
- Refinish approx. 13 lf of (e) wall - Includes paint  
  - $1,072.50  
- Replace 20 lf of basement wall and related foundation  
  - $6,545.00  
- Provide 1 new access door at basement - Steel No lite  
  - $234.85  
- Replace approx. 70 sfr of roofing - Less than 1 square  
  - $4,262.25  
- New redwood porch stairs with handrail - Per Architectural plans  
  - $1,815.00  
- Install (3) lights Exterior  
  - $107.25  
- Exterior - Paint trim, doors, garage doors, siding of house and staircase  
  - $1,138.50  
- Interior - Prime and paint all walls 2 coats  
  - $1,237.50  
- Install light bulb package  
  - $165.00  
- Provide & Install white shaker kitchen and bath cabs with water resistant finishes  
  - $1,815.00  
- Provide & Install Quartz countertops kitchen and bath  
  - $1,210.00  
- Provide and install chrome gooseneck faucet  
  - $82.50  
- Provide and install cement floor tile with hardbacker  
  - $198.00  
- Provide and install bath faucets, mirrors, valves and toilet with supply lines etc  
  - $302.50  
- Tile Shower all inclusive including shower door  
  - $1,210.00  
- Relocate bath/kitchen wall  
  - $770.00  
- Flooring - Carpet  
  - $669.28  
- Concrete wall work  
  - $7,590.00  
- Appliances  
  - $150.00  

**Material**  
- $106.03  
- $255.34  
- $682.50  
- $4,165.00  
- $149.45  
- $271.25  
- $1,155.00  
- $682.25  
- $724.50  
- $787.50  
- $105.00  
- $1,155.00  
- $270.00  
- $52.50  
- $126.00  
- $192.50  
- $770.00  
- $490.00  
- $425.91  
- $4,830.00  
- $1,475.00  

**Profit & Overhead**  
- $4,937.64  

---

Total **$50,851.36**

---

*Work completed by City of Santa Barbara Under Previous Permit  
I personally performed several site visits to confirm conditions*  

---

Quotation prepared by: **Mike Flax**  

---

This is a quotation on the goods named, subject to the conditions noted below: The quotation for the work completed by the City of Santa Barbara was based on the plans provided by the city of Santa Barbara.

To accept this quotation, sign here and return: **EXHIBIT G**
UNIT 8
SUBSTANTIAL IMPROVEMENT AND SUBSTANTIAL DAMAGE

In this unit

This unit covers:

- The substantial improvement rule – how to regulate major additions and other improvements to buildings in the floodplain.
- The substantial damage rule – how to regulate reconstruction and repairs to buildings that have been severely damaged.
- Exceptions to the basic rules for some special cases.
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INTRODUCTION

In previous units we focused on the rules and regulations that prevent or reduce damage from floods to new buildings. But what happens when the owner wishes to make an improvement, such as an addition, to an existing building? What if a building is damaged by a fire, flood or other cause?

**Basic rule:** If the cost of improvements or the cost to repair the damage exceeds 50 percent of the market value of the building, it must be brought up to current floodplain management standards.

That means an existing building must meet the requirements for new construction.

People who own existing buildings that are being substantially improved will be required to make a major investment in them in order to bring them into compliance with the law. They will not be happy. If the buildings have just been damaged, they will be financially strapped and your elected officials will want to help them, not make life harder for them.

For these reasons, it is easy to see that this basic rule can be difficult to administer. It is also the one time when your regulatory program can reduce flood damage to existing buildings. That’s why this course devotes this unit to administering the substantial improvements and substantial damage regulations.

In this reference guide, the term “building” is the same as the term “structure” in the NFIP regulations. Your ordinance may use either term. The terms are reviewed in more detail in Unit 5, Section E.
A. SUBSTANTIAL IMPROVEMENT

44 CFR 59.1. Definitions: "Substantial improvement" means any reconstruction, rehabilitation, addition or other improvement to a structure, the total cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement.

This section provides information on determining whether a building has been substantially improved and on what NFIP requirements apply.

PROJECTS AFFECTED

All building improvement projects worthy of a permit must be considered. These include:

- Remodeling projects.
- Rehabilitation projects.
- Building additions.
- Repair and reconstruction projects (these are addressed in more detail in Section B on substantial damage)

If your community does not require permits for, say, reroofing, minor maintenance or projects under a certain dollar amount, then such projects are not subject to the substantial improvement requirements. However, if you have a larger project that includes reroofing, etc., then it must include the entire cost of the project.

One problem you may face is a builder trying to avoid the requirement by applying for a permit for only part of the job and then later applying for another permit to finish the work. If both applications are together worth more than 50% of the value of the building, the combined project should be considered a substantial improvement and subject to the rules.

FEMA requires that the entire improvement project be counted as one. In order to help you enforce this, you may want to count all applications submitted over, say, one year as one project. Check with your attorney on whether your ordinance clearly gives you the authority to do this and be sure to spell it out in the permit papers given to the applicant.

Some communities require that improvements be calculated cumulatively over several years. All improvement and repair projects undertaken over a period of five years, 10 years or the life of the structure are added up. When they total 50 percent, the building must be brought into compliance as if it were new construction.

Substantial Improvement/Damage
The Community Rating System credits keeping track of improvements to enforce a cumulative substantial improvement requirement. It also credits using a lower threshold than 50 percent. These credits are found under Activity 430, Section 431.c and d in the CRS Coordinator’s Manual and the CRS Application. See also CRS Credit for Higher Regulatory Standards for example regulatory language.

**Post-FIRM buildings**

The rules do not address only pre-FIRM buildings—they cover all buildings, post-FIRM ones included.

In most cases, a post-FIRM building will be properly elevated or otherwise compliant with regulations for new construction. However, sometimes a map change results in a higher BFE or change in FIRM zone. A substantial improvement to a post-FIRM building may require that the building be elevated to protect it from the new, higher, regulatory BFE.

It should be remembered that all additions to a post-FIRM building must be elevated at least as high as the BFE in effect when the building was built. (You can’t allow a compliant building to become noncompliant by allowing additions at grade.) If a new, higher BFE has been adopted since the building was built, additions that are substantial improvements must be elevated to the new BFE.

**THE FORMULA**

A project is a substantial improvement if:

\[
\text{Cost of improvement project} \geq 50 \text{ percent} \cdot \frac{\text{Market value of the building}}{}
\]

For example, if a proposed improvement project will cost $30,000 and the value of the building is $50,000:

\[
\frac{$30,000}{50,000} = 0.6 \text{ (60 percent)}
\]

The cost of the project exceeds 50 percent of the building’s value, so it is a substantial improvement. The floodplain regulations for new construction apply and the building must meet...
the post-FIRM construction requirements. If the project is an addition, only the addition has to be elevated (see the examples later in this section).

The formula is based on the cost of the project and the value of the building. These two numbers must be reviewed in detail.

**Project cost**

The cost of the project means all structural costs, including

- all materials
- labor
- built-in appliances
- overhead
- profit
- repairs made to damaged parts of the building worked on at the same time

A more detailed list is included in Figure 8-1.

To determine substantial improvement, you need a detailed cost estimate for the project, prepared by a licensed general contractor, professional construction estimator or your office.

Your office must review the estimate submitted by the permit applicant. To verify it, you can use your professional judgment and knowledge of local and regional construction costs, or you can use building code valuation tables published by the major building code groups. These tables can be used for determining estimates for particular replacement items if the type of structure in question is listed in the tables.

There are two possible exemptions you should be aware of: 1) improvements to correct code violations do not have to be included in the cost of an improvement or repair project and 2) historic buildings can be exempted from substantial improvement requirements. These are explained in more detail later on.

**Market value**

In common parlance, market value is the price a willing buyer and seller agree upon. The market value of a structure reflects its original quality, subsequent improvements, physical age of building components and current condition.
However, market value for property can be different than that of the building itself. Market value of developed property varies widely due to the desirability of its location. For example, two houses of similar size, quality and condition will have far different prices if one is on the coast, or in the best school district, or closer to town than the other—but the value of the building materials and labor that went into both houses will be nearly the same.

For the purposes of determining substantial improvement, market value pertains only to the structure in question. It does not pertain to the land, landscaping or detached accessory structures on the property. Any value resulting from the location of the property should be attributed to the value of the land, not the building.
Items to be included

— All structural elements, including:
— Spread or continuous foundation footings and pilings
— Monolithic or other types of concrete slabs
— Bearing walls, tie beams and trusses
— Floors and ceilings
— Attached decks and porches
— Interior partition walls
— Exterior wall finishes (brick, stucco, siding) including painting and moldings
— Windows and doors
— Reshingling or retiling a roof
— Hardware
— All interior finishing elements, including:
— Tiling, linoleum, stone, or carpet over subflooring
— Bathroom tiling and fixtures
— Wall finishes (drywall, painting, stucco, plaster, paneling, marble, etc.)
— Kitchen, utility and bathroom cabinets
— Built-in bookcases, cabinets, and furniture
— Hardware
— All utility and service equipment, including:
— HVAC equipment
— Plumbing and electrical services
— Light fixtures and ceiling fans
— Security systems
— Built-in kitchen appliances
— Central vacuum systems
— Water filtration, conditioning, or recirculation systems
— Cost to demolish storm-damaged building components
— Labor and other costs associated with moving or altering undamaged building components to accommodate improvements or additions
— Overhead and profits

Items to be excluded

— Plans and specifications
— Survey costs
— Permit fees
— Post-storm debris removal and clean up
— Outside improvements, including:
— Landscaping
— Sidewalks
— Fences
— Yard lights
— Swimming pools
— Screened pool enclosures
— Detached structures (including garages, sheds and gazebos)
— Landscape irrigation systems

Figure 8-1. Items included in calculating cost of the project
Substantial Improvement/Damage
Acceptable estimates of market value can be obtained from these sources:

- An independent appraisal by a professional appraiser. The appraisal must exclude the value of the land and not use the “income capitalization approach” which bases value on the use of the property, not the structure.

- Detailed estimates of the structure’s actual cash value—the replacement cost for a building, minus a depreciation percentage based on age and condition. For most situations, the building’s actual cash value should approximate its market value. Your community may prefer to use actual cash value as a substitute for market value, especially where there is not sufficient data or enough comparable sales.

- Property values used for tax assessment purposes with an adjustment recommended by the tax appraiser to reflect current market conditions (adjusted assessed value).

- The value of buildings taken from NFIP claims data (usually actual cash value).

- Qualified estimates based on sound professional judgment made by the staff of the local building department or tax assessor’s office.

Some market value estimates are often used only as screening tools (i.e., NFIP claims data and property appraisals for tax assessment purposes) to identify those structures where the substantial improvement ratios are obviously less than or greater than 50 percent (i.e., less than 40 percent or greater than 60 percent). For structures that fall in the 40 percent to 60 percent range, more precise market value estimates are sometimes necessary.
**Substantial Improvement Examples**

**Example 1. Minor rehabilitation**

A rehabilitation is defined as an improvement made to an existing structure which does not affect the external dimensions of the structure.

If the cost of the rehabilitation is less than 50 percent of the structure’s market value, the building does not have to be elevated or otherwise protected. However, it is advisable to incorporate methods to reduce flood damage, such as use of flood-resistant materials and installation of electrical, heating and air conditioning units above the BFE.

Figure 8-2 shows a building that had a small rehabilitation project. Central air conditioning was installed and the electrical system was upgraded. The value of the building before the project was $60,000. The value of the project was $12,000:

\[
\frac{12,000}{60,000} = 0.2 \text{ (20 percent)}
\]

The project costs less than 50 percent of the building, so this is not a substantial improvement.

![Figure 8-2. Minor rehabilitations use flood-resistant methods and materials](image)

Neither structure would benefit from post-FIRM flood insurance rates because they are not elevated.

**Note:** To gauge what happens to flood insurance premiums if a substantially improved building is not brought up to post-FIRM standards, see Figures 7-7 through 7-12.
Example 2. Substantial rehabilitation

If the rehab costs more than 50 percent of the value of the building, your ordinance requires that an existing structure be elevated and/or the basement filled to meet the elevation standard.

Figure 8-3 shows a building that has been allowed to run down. Its market value is $35,000. To rehab it will require gutting the interior and replacing all wallboard, built-in cabinets, bathroom fixtures and furnace. The interior doors and flooring will be repaired. The house will get new siding and a new roof. The cost of this rehab will be $25,000:

\[
\frac{25,000}{35,000} = 71.4 \text{ percent}
\]

Because total cost of the project is greater than 50% the rehab is a substantial improvement.

Figure 8-3. Substantially rehabilitated building elevated above the BFE.

In A Zones, elevation may be on fill, crawlspace, columns, etc. In V Zones, only pilings, columns or other open foundations are allowed. The new structure would benefit from post-FIRM flood insurance rates.
Example 3. Lateral addition—residential

Additions are improvements that increase the square footage of a structure. Commonly, this includes the structural attachment of a bedroom, den, recreational room garage or other type of addition to an existing structure. Note that if one building is attached to another through a covered breezeway or similar connection, it is a separate building and not an addition.

When an addition is a substantial improvement, the addition must be elevated or floodproofed, providing that improvements to the existing structure are minimal. Figures 8-4 and 8-5 illustrate lateral additions that are compliant.

Depending on the flood zone and details of the project, the existing building may not have to be elevated. The determining factors are the common wall and what improvements are made to the existing structure. If the common wall is demolished as part of the project, then the entire structure must be elevated. If only a doorway is knocked through it and only minimal finishing is done, then only the addition has to be elevated.

In A Zones only, if significant improvements are made to the existing structure (such as a kitchen makeover), both it and the addition must be elevated and otherwise brought into compliance. Some states and many communities require that both the existing structure and lateral additions be elevated in all cases.

In V Zones, the existing structure always has to be elevated, placed on an engineered foundation system, etc., when an addition is proposed that constitutes a substantial improvement. This is due to the “free-of obstruction” standard whereby the lower existing structure would obstruct the storm surge, causing damage to the addition.
structure on the left would not benefit from post-FIRM flood insurance rates because it was not elevated.

**Example 4. Lateral addition—nonresidential**

A substantial improvement addition to a nonresidential building may be either elevated or floodproofed. Otherwise, all the criteria for residential buildings reviewed in Example 3 must be met.

If floodproofing is used, the builder must ensure that the wall between the addition and the original building is floodproofed. Floodproofing is not allowed as a construction measure in V Zones.

![Diagram of lateral addition](image)

**Figure 8-5. Lateral addition to a nonresidential building in an A Zone.**

This approach is not allowed in V Zones. The structure would *not* benefit from post-FIRM flood insurance rates because the original building was not elevated or flood-proofed.
Example 5. Vertical addition—residential

When the proposed substantial improvement is a full or partial second floor, the entire structure must be elevated (Figure 8-6). In this instance, the existing building provides the foundation for the addition. Failure of the existing building would result in failure of the addition, too.

Figure 8-6. Vertical addition to a residential building in a V Zone.

The new structure would benefit from post-FIRM flood insurance rates.
Example 6. Vertical addition—nonresidential

When the proposed substantial improvement is a full or partial second floor, the entire structure must be elevated or floodproofed (Figure 8-7).

The owner could obtain post-FIRM rates on the building if it is floodproofed to one foot above the BFE and he has a floodproofing certificate signed by a registered engineer. An optional approach is to elevate the entire building and obtain an elevation certificate.

![Diagram](image)

Figure 8-7. Vertical addition to a nonresidential building in an A Zone.

The new floodproofed structure would benefit from post-FIRM flood insurance rates.
Example 7. Post-FIRM building—minor addition

All additions to post-FIRM buildings are defined as new construction and must meet the requirements of your floodplain management ordinance regardless of the size or cost of the addition (Figure 8-8). A small addition to a residential structure that is not a substantial improvement must be elevated at least as high as the BFE in effect when the building was built. Minor additions to nonresidential structures can be floodproofed to the BFE.

If a map revision has taken place and the BFE has increased, only additions that are substantial improvements have to be elevated to the new BFE or flood-proofed (nonresidential buildings only).

![Diagram showing elevation requirements for post-FIRM structures](image)

Figure 8-8. Small additions to post-FIRM buildings must be elevated.
Example 8. Post-FIRM building—substantial improvement

Substantial improvements made to a post-FIRM structure must meet the requirements of the current ordinance. Figure 8-9 shows a lateral addition made after a map revision took place and the BFE was increased.

Figure 8-9. Substantial improvements to post-FIRM buildings must be elevated above the new BFE. Nonresidential buildings may be floodproofed
B. SUBSTANTIAL DAMAGE

44 CFR 59.1. Definitions: "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.

Two key points:

- The damage can be from any cause—flood, fire, earthquake, wind, rain, or other natural or human-induced hazard.
- The substantial damage rule applies to all buildings in a flood hazard area, regardless of whether the building was covered by flood insurance.

The formula is essentially the same as for substantial improvements:

\[
\frac{\text{Cost to repair}}{\text{Market value of the building}} \geq 50 \text{ percent}
\]

Market value is calculated in the same way as for substantial improvements. Use the pre-damage market value.

COST TO REPAIR

Notice that the formula uses “cost to repair,” not “cost of repairs.” The cost to repair the structure must be calculated for full repair to the building’s before-damage condition, even if the owner elects to do less. It must also include the cost of any improvements that the owner has opted to include during the repair project.

The total cost to repair includes the same items listed in Figure 8-1. As shown in Example 2 below, properly repairing a flooded building can be more expensive than people realize. The owner may opt not to pay for all of the items needed. The owner may:

- Do some of the work, such as removing and discarding wallboard.
- Obtain some of the materials free.
- Have a volunteer organization, such as the Mennonites, do some of the work.
- Decide not to do some repairs, such as choosing to nail down warped flooring rather than replace it.
536 Bath Street Site Plan
Basement Wall and Footing Replacement

Note: All new materials are required to be water resistant.