

# 1 RCNY §3606-01

## CHAPTER 3600

### Appendices

#### §3606-01 Alteration applications; determinations of market value and substantial improvement.

(a) Scope. This rule provides application submission requirements for alterations to structures located in areas of special flood hazard, provides the method for determining the market value of a structure, and provides the method for determining whether repairs, reconstructions, rehabilitations, additions or improvements constitute a substantial improvement.

(b) References. See Section BC G201.2 (definitions of market value of structure, substantial damage, and substantial improvement) and Section 28-104.7.11.

(c) Applicant's statement. Applicants shall include in every alteration application the statement: "Work proposed in this application (is/is not) included in a substantial improvement as defined by Section BC G201.2 and 1 RCNY 3606-01."

(d) Calculation of market value. To determine the market value of a structure, the applicant shall use either of the two calculation methods below:

(1) Assessment roll option. Applicants shall utilize dollar amounts provided by the Department of Finance's most recent "Final Assessment Roll" by multiplying the total market value by the ratio (market value of structure to total market value):

$$\begin{array}{l} \text{Market Value} \\ \text{of Structure} \end{array} = \begin{array}{l} \text{Estimated} \\ \text{Market Value} \\ \text{(Total)} \end{array} \times \frac{\text{Actual AV (Total)} - \text{Actual AV (Land)}}{\text{Actual AV (Total)}} \quad \text{(See Example 1)}$$

or

$$\begin{array}{l} \text{Market Value} \\ \text{of Structure} \end{array} = \begin{array}{l} \text{Estimated} \\ \text{Market Value} \\ \text{(Total)} \end{array} \times \frac{\text{6-20\% Limitation (Total)} - \text{6-20\% Limitation (Land)}}{\text{6-20\% Limitation (Total)}} \quad \text{(See Example 2)}$$

or

$$\begin{array}{l} \text{Market Value} \\ \text{of Structure} \end{array} = \begin{array}{l} \text{Estimated} \\ \text{Market Value} \\ \text{(Total)} \end{array} \times \frac{\text{8-30\% Limitation (Total)} - \text{8-30\% Limitation (Land)}}{\text{8-30\% Limitation (Total)}} \quad \text{(See Example 3)}$$

or, at the option of the owner, or where the assessment roll method would not reflect the market value of structure because more than one building occupies a single tax lot,

(2) Appraisal option. Applicants shall utilize dollar amounts obtained from an appraisal performed by a New York State licensed Real Estate Appraiser and performed within one year of the filing of the alteration application:

$$\begin{array}{l} \text{Market Value} \\ \text{of Structure} \end{array} = \begin{array}{l} \text{Appraised Market Value} \\ \text{(Land and Structure)} \end{array} - \begin{array}{l} \text{Appraised Market Value} \\ \text{(Land)} \end{array}$$

(e) Calculation of cost. To determine the cost of repairs, reconstructions, rehabilitations, additions or improvements of a building or structure, the applicant shall add together:

(1) The costs for the given application, regardless of the time it takes to complete the work, plus

(2) The cost of all other work to be performed during the same period, including work filed under separate application(s) and including any minor alterations and ordinary repairs.

(f) Determination of substantial improvement. Work shall be deemed a substantial improvement if the cost as calculated in paragraph (e) equals or exceeds 50% of the market value of structure as calculated in paragraph (d). A substantial improvement shall also include work performed to a structure that has sustained substantial damage, as such term is defined in Section BC G201.2. In determining whether a structure has sustained substantial damage, the market value shall be calculated in accordance with paragraph (d) of this rule.

(g) Application for construction document approval. For an alteration that is not a substantial improvement with a cost exceeding the greater of (1) \$40,000 or (2) 25% of the market value of the structure as calculated in subdivision (d) of this section, the applicant shall include calculations of the market value of the structure and costs as outlined in this rule, and shall include any relevant backup documentation including either the online printout of the Department of Finance Final Assessment Roll or a copy of the real estate appraisal.

(h) Examples of calculation of market value. The Assessment Information for the following examples is based on information from the Final Assessment Roll as provided by the Department of Finance.

(1) Example 1; Actual A/V. For the purposes of this example, the assessed values for both the land and the total for the property are indicated as follows:

DESCRIPTION	LAND	TOTAL
ESTIMATED MARKET VALUE		814,000
ACTUAL AV	135,000	366,300
ACTUAL EX AV	0	136,080
TRANS AV	135,000	363,150
TRANS EX AV	0	136,080

The example property assessment roll indicates that the ESTIMATED MARKET VALUE is \$814,000 for both the land and the structure. Using the values in the prescribed formula, the market value of only the structure is calculated as follows:

Market Value of Structure	=	Estimated Market Value (Total)	x	$\frac{\text{Actual AV (Total)} - \text{Actual AV (Land)}}{\text{Actual AV (Total)}}$
Market Value of Structure	=	\$814,000	x	$\frac{\$366,300 - \$135,000}{366,300}$
	=	\$814,000	x	63.15%
	=	\$514,041		

(2) Example 2; 6-20% Limitation. For the purposes of this example, the assessed values for both the land and the total for the property are indicated as follows:

DESCRIPTION	LAND	TOTAL
ESTIMATED MARKET VALUE		144,000
6-20% LIMITATION	2,040	5,702
ACTUAL EX AV	1,570	1,570

The example property assessment roll indicates that the ESTIMATED MARKET VALUE is \$144,000 for both the land and the structure. Using the values in the prescribed formula, the market value of only the structure is calculated as follows:

$$\begin{aligned}
 \text{Market Value of Structure} &= \text{Estimated Market Value (Total)} \times \frac{\text{6-20\% Limitation (Total)} - \text{6-20\% Limitation (Land)}}{\text{6-20\% Limitation (Total)}} \\
 \text{Market Value of Structure} &= \$144,000 \times \frac{5,702 - 2,040}{5,702} \\
 &= \$144,000 \times 64.22\% \\
 &= \$92,481
 \end{aligned}$$

(3) Example 3; 8-30% Limitation. For the purposes of this example, the assessed values for both the land and the total for the property are indicated as follows:

DESCRIPTION	LAND	TOTAL
ESTIMATED MARKET VALUE		391,000
8-30% LIMITATION	13,050	30,427
ACTUAL EX AV	0	0

The example property assessment roll indicates that the ESTIMATED MARKET VALUE is \$391,000 for both the land and the structure. Using the values in the prescribed formula, the market value of only the structure is calculated as follows:

$$\begin{aligned}
 \text{Market Value of Structure} &= \text{Estimated Market Value (Total)} \times \frac{\text{8-30\% Limitation (Total)} - \text{8-30\% Limitation (Land)}}{\text{8-30\% Limitation (Total)}} \\
 \text{Market Value of Structure} &= \$391,000 \times \frac{30,427 - 13,050}{30,427} \\
 &= \$391,000 \times 57.11\% \\
 &= \$223,302
 \end{aligned}$$