

# State Funded Assistance Programs for Homeowners With Crumbling Concrete Foundations

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## Issue

Provide an overview of how the state provides financial assistance to homeowners with crumbling concrete foundations, as well as a funding update on the [Connecticut Foundation Solutions Indemnity Company, LLC](#) (CFSIC) and the [Collapsing Foundations Supplemental Loan Program](#).

## Summary

Generally, the CFSIC and the Collapsing Foundations Supplemental Loan Program provide the majority of state financial assistance to homeowners to replace or repair concrete foundations deteriorating due to the presence of pyrrhotite. According to its [March 17, 2020](#), report, CFSIC has paid a total of \$28.7 million in claims since its inception, completed work repairing over 150 homes, and has 1,469 total claimants. As of July 28, 2020, the supplemental loan program has provided homeowners with \$537,664 in loans.

Connecticut also provides other types of assistance to homeowners with crumbling foundations, including by exempting certain properties from the real estate conveyance tax, waiving certain building or repair fees to replace crumbling concrete foundations, and requiring municipalities to reassess these properties upon request. For more information on state actions to assist homeowners with crumbling concrete foundations, see OLR Reports [2019-R-0184](#) and [2018-R-0239](#).

## ***CFSIC***

CFSIC is a nonprofit captive insurance company, created by the legislature in 2017, to provide grants to homeowners to repair or replace crumbling concrete foundations, subject to certain maximums (generally \$175,000 for a residential home). In total, it has 1,469 active (i.e., completed applications with participation agreements or pending agreements), inactive (incomplete applications requiring additional application information or materials), or pending (i.e., certain applications made after January 13, 2020, that are in process) claimants ([March 17, 2020, Memorandum Report](#)).

CFSIC is funded through a \$100 million state bond authorization, of which \$60 million has been allocated. An additional \$20 million is expected to be allocated in FY 21 and FY 22. Additionally, CFSIC annually receives a portion of the Healthy Homes homeowners insurance surcharge. Because CFSIC has a total outstanding claim liability of \$104.2 million, it recently suspended issuing participation agreements (i.e., grant funding) and stopped accepting applications, pending the authorization and disbursement of additional bond and Healthy Homes funding. However, on June 29, 2020, CFSIC [announced](#) higher-than-expected revenue from the Healthy Homes surcharge, and resumed issuing participation agreements.

On June 22, 2020, CFSIC announced that pending and inactive claims made on and after June 1, 2020, may be transferred to a home's buyer. CFSIC already allowed active claims to be transferred to a buyer. While not direct assistance, this practice helps to ease the process of selling houses with crumbling concrete foundations for homeowners.

## ***Supplemental Loan Program***

The supplemental loan program provides additional assistance for homeowners who receive CFSIC funding but require additional money to help (1) complete the foundation repair or replacement or (2) restore the property's functionality and appearance, to the extent they were impacted by the crumbling foundation or its repair or replacement process. Eligible expenses include drywall, paint, porch, or deck repair, and landscaping. Three banks offer program loans: Webster, Liberty, and People's United.

The Connecticut Housing Finance Authority guarantees the loans, up to a total of \$2 million. The maximum loan is \$75,000 per homeowner, up to an aggregate of \$20 million for all program loans. The program caps maximum closing costs at \$800 and loans carry fixed interest rates that are equal to or less than that of certain similar loans issued through the Federal Home Loan Bank of Boston. As of July 28, 2020, the program had closed \$537,664 in loans, with an additional \$77,000 in loans pending.

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