

Healthy Homes Fund

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Issue

Describe the Healthy Homes Fund.

Summary

The Healthy Homes Fund is used to support (1) the Crumbling Foundations Assistance Fund, which assists homeowners with concrete foundations damaged by pyrrhotite (i.e., crumbling foundations); (2) homes with structural subsidence or water damage in New Haven and Woodbridge; and (3) Department of Housing (DOH) lead removal, remediation, and abatement activities.

The Healthy Homes Fund is capitalized by revenue from an annual \$12 surcharge on certain homeowners insurance policies. According to the Office of Fiscal Analysis (OFA), the Insurance Department collected \$12,472,011.00 in surcharges in FY 20.

Healthy Homes Surcharge

State law imposes a \$12 surcharge on the named insured under certain homeowners insurance policies. The surcharge applies each time a policy covering one of the dwellings below is issued or renewed, through December 31, 2029:

1. owned homes with four or fewer units, excluding mobile homes;
2. individual condominium units; or
3. individual units in common interest communities that are used exclusively for residential purposes.

Insurers collect the surcharge and remit it to the insurance commissioner, who must deposit it, less the administrative costs of collection, into the Healthy Homes Fund ([CGS § 38a-331](#)).

Crumbling Foundations Assistance

The Healthy Homes Fund is one source of revenue for the Crumbling Foundations Assistance Fund. By law, 85% of the surcharges deposited into the Healthy Homes Fund must be transferred to the Crumbling Foundations Assistance Fund, which is subsequently transferred to the Connecticut Foundation Solutions Indemnity Company, Inc. ([CFSIC](#)). CFSIC is the captive insurance company created to distribute grants to homeowners with foundations deteriorating due to the presence of pyrrhotite ([CGS § 8-441](#)).

According to OFA, \$10,601,209 was transferred from the Healthy Homes Fund to CFSIC in FY 20. In addition to surcharge revenue, the Crumbling Foundations Assistance Fund receives state bond funds and donations.

Other Homeowner Assistance

The Healthy Homes Fund provides direct support for certain homes with structural damage and lead abatement activities, and DOH must use 15% of surcharges deposited into the fund for these purposes.

Specifically, DOH must provide the Department of Economic and Community Development with up to \$1 million for grants to homeowners with homes:

1. in the immediate vicinity of the West River in Woodbridge and the Westville section of New Haven that have structural damage from subsidence and
2. next to the Yale Golf Course in the Westville section of New Haven Woodbridge with structural damage from subsidence or water infiltration.

DOH must use the remaining funds for lead removal, remediation, and abatement activities, including necessary administrative expenses. (Although the statute establishing the Healthy Homes Fund ([CGS § 8-446](#)) allows these funds to also be used for radon and other contaminants, the following section ([CGS § 8-446a](#)) limits the program's scope to lead removal, remediation, and abatement.)

According to OFA, in FY 20, the full \$1 million was transferred to DECD and \$870,802 was made available to DOH lead abatement activities.

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