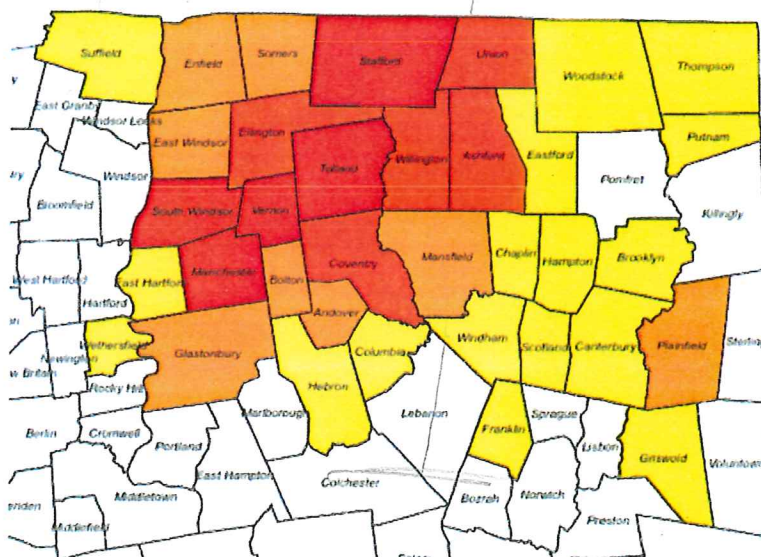


# CRUMBLING FOUNDATIONS

## Which Towns Are Affected?



As of December 2017 the minimum number of known affected homes is: 567

The number of houses affected by this issue is unknown

Current estimates from municipalities begin at 4,000 or more

## Costs to Remediate



\$150,000 to \$250,000 or more per home for remediation.

Currently, the only known method of remediation is re-pouring the foundation.

## Ad-Hoc Working Committee

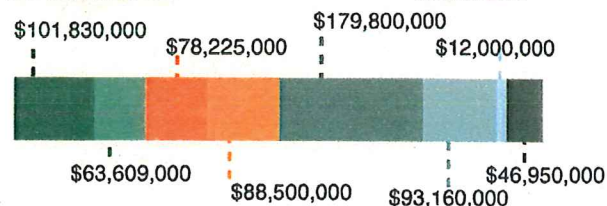
CRCOG's Ad Hoc Working Committee on Crumbling Foundations has been doing considerable work related to crumbling foundations.

- Recommendations on applying HSB 5180 for towns
- Recommended guidelines for towns in implementing fee waivers
- Created a qualified vendor list for structural engineering and remediation services
- Developed templates for funding distribution

## Estimates - 8 Towns

**ESTIMATED NUMBER OF HOMES (8 TOWNS): 3,975**

**REPLACEMENT COST ESTIMATES \$664 Million**



Coventry Manchester Mansfield Somers  
South Windsor Tolland Union Willington

8 municipalities have performed an estimate based on homes built in the time period and an estimate of the percentage of those homes that are affected





# CRUMBLING FOUNDATIONS

OFFICIALLY REPORTED TO DATE

567

**ESTIMATED NUMBER OF HOMES (8 TOWNS): 3,975**

**REPLACEMENT COST ESTIMATES \$664,074,000**



\*All estimates based solely on the towns reflected in the chart. Does not include all affected municipalities

**ESTIMATED TAXES WAIVED  
(15 YEARS)  
\$70,906,514**



**ESTIMATED BUILDING FEE  
WAIVERS (15 YEARS)  
\$7,329,500**



Model assumptions:

\* Does not include additions, stand-alone garages, or other structures

\*\* Assumes funding is announced to begin in 2018 and that all affected homes will eventually get reassessed

\*\*\* Foundation replacement will be over a long period due to contractor availability, homeowner ability to pay, and time differentials in discovery of the problem

^Official Reported numbers are compiled from DCP, CT Department of Insurance and individual municipalities and assumes overlap across all data



## CRCOG Ad-Hoc Working Committee on Crumbling Foundations

# \$25 Million Annual Aid for Crumbling Foundations

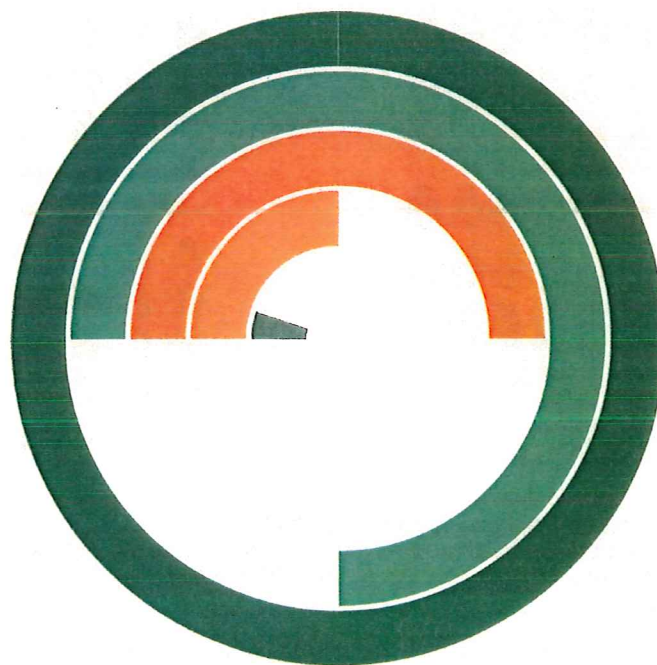
Total number of homes affected by crumbling foundations:  
UNKNOWN

As of December 2017 the minimum number of known affected homes is: 567

Current estimates from municipalities begin at 4,000 or more

- Homes do not have to be fixed immediately, but could be triaged over a period of time.
- Dedicated source of revenue of \$25 Million in Annual Aid would be able to help 333 homes annually.
- Over time, homeowners and towns will have a pathway out and be on the road to recovery.

Total number of homes that could be helped over 20 years: 6,660



■ Year 20 ■ Year 15 ■ Year 10 ■ Year 5 ■ Year 1

## **CRCOG Ad-Hoc Working Committee on Crumbling Foundations**

### **Guidelines Regarding Assessments Related to Crumbling Foundations**

Numerous towns have experienced crumbling foundations. The passage of HB 5280 allows for homeowners to adjust their assessments who have experienced this problem. ***CRCOG's Ad-Hoc Working Committee on Crumbling Foundations is putting forth the following guidelines in an attempt to enable the impacted communities to act as consistently as possible.***

CRCOG's Ad-Hoc Working Committee along with assessors of many of the towns have agreed on the following as guidelines for towns for the following reasons:

- 1) There has not been enough home sales that have this problem to establish market data of the actual fluctuations in home values
- 2) The homeowner's change in assessment is valid for five years, but the homeowner may request a reassessment based on changes or advancement of the problem.

The following suggested depreciation schedule has been agreed upon by the majority of assessors in the affected towns:

**Level A** (documented to be "defective" - no sign of problems), 20% (requires a petrographic analysis to establish that the problem actually exists)

**Level B** (minor degradation- no repair required), 60%

**Level C** (minor to moderate degradation- repair suggested/recommended), 75%

**Level D** (moderate to severe degradation- significant repairs required), 90%

**Level E** (severe degradation- imminent threat of failure), 100%

This discount is recommended off of the building value. A minority of assessors feel that the devaluation value could be applied as a percentage off an estimate cost to cure (of about \$800 per linear foot), but the majority prefers the building value as that is more defensible and is a standardized measure, not subject to numerous variations.

The guidelines below were adopted by CRCOG's ad-hoc working group on crumbling foundations on November 3, 2016 in order to help towns who are considering fee waivers for homes that are affected by crumbling foundations.

### **Recommended Guidelines for Fee Waivers in Towns Affected by Crumbling Foundations**

1. Waive all permitting fees related to crumbling foundations (excluding required state fees)
2. Allow the building official to determine which fees of the project relate to crumbling foundations including related electrical, plumbing or other permitting fees
3. Recommend building official exclude fees related to enhancements that are not a direct replacement (for example, adding a bathroom that was not there previously)
4. If desired, the building official may conduct a pre-inspection to clarify what is or not included in any fee waivers
5. Recommend notifying the homeowner that the fee waiver has occurred (either by letter or within the copy of the documentation that is sent to the homeowner and contractor).
6. The simplest approach is to waive the fees on a going forward basis after the date of passage of the fee waiver. There could be a number of different circumstances that would make it desirable for a town to retroactively approve fee waivers, however, each town may have had a variety in the level of activity in replacing defective concrete and a variety of complications may arise that relate to attempting retroactivity. Recommend any retroactive granting of fee waivers be decided at the individual town level.
7. Building officials generally felt that the waiver should go to the applicant, with notice to the homeowner. One town prefers reimbursing homeowner directly for the fee after the completion of the work.

## **Information Sheet for Homeowners**

Based on the current best practices for fixing the problem of a crumbling concrete foundation, CRCOG has compiled the following list of vendors to perform replacement services for property owners with a crumbling concrete foundation.

**The list is provided as a public service and CRCOG does not warrant or guarantee any work nor make any representations regarding the contractors on the list.**

**Before hiring a contractor, please visit the website below for Consumer Information on Hiring a Contractor. Although a panel of Public Works and Building Officials recognizes the contractors on the following lists are qualified to do the work, homeowners should perform their due diligence.** Please protect yourself and your property by following the steps listed at the following website:

<https://www.consumer.ftc.gov/articles/0242-hiring-contractor>

The Connecticut Department of Consumer Protection also has a website regarding crumbling foundations: [www.ct.gov/DCP/concrete](http://www.ct.gov/DCP/concrete)

### **CRUMBLING CONCRETE FOUNDATIONS QUALIFIED VENDOR LIST, 1<sup>ST</sup> EDITION Structural Engineering Services**

DTC (Diversified Technology  
Consultants)  
2321 Whitney Avenue, Suite 301  
Hamden, CT 06518  
Phone: (203) 239-4200  
Fax: (203) 234-7376  
[dtt@teamdtt.com](mailto:dtc@teamdtt.com)  
[www.teamdtt.com](http://www.teamdtt.com)

GNCB Consulting Engineers, P.C.  
130 Elm Street  
P.O. Box 802  
Old Saybrook, CT 06475  
Phone: (860) 388-1224  
Fax: (860) 388-4613  
[brown@gncbengineers.com](mailto:brown@gncbengineers.com)  
[www.gncbengineers.com](http://www.gncbengineers.com)

Silva Engineering, LLC  
90 Quarry Street, Lower Level  
Willimantic, CT 06226  
Phone: (860) 423-4506  
Fax: (860) 423-1875  
[SilvaJL@SilvaEngineering.com](mailto:SilvaJL@SilvaEngineering.com)  
[www.silvaengineering.com](http://www.silvaengineering.com)

E2 Structural Engineers  
488 Montauk Avenue  
New London, CT 06320  
Phone: (860) 437-3259  
Fax: (860) 437-3194  
[scott.erricson@e2engineers.com](mailto:scott.erricson@e2engineers.com)  
[www.e2engineers.com](http://www.e2engineers.com)

Northeast Engineers & Consultants,  
Inc.  
55 John Clarke Road  
Middletown, RI 02842  
Phone: (401) 849-0810  
Fax: (401) 846-4169  
[steveno@northeastengineers.com](mailto:steveno@northeastengineers.com)  
[www.northeastengineers.com](http://www.northeastengineers.com)

Ralph E. Tulis, P.E., dba Structures  
Consulting  
P.O. Box 280  
Willington, CT 06279  
Phone: (860) 684-6404  
[rht\\_pe@charter.net](mailto:rht_pe@charter.net)

### **Information Sheet for Homeowners**

Based on the current best practices for fixing the problem of a crumbling concrete foundation, CRCOG has compiled the following list of vendors to perform replacement services for property owners with a crumbling concrete foundation.

**The list is provided as a public service and CRCOG does not warrant or guarantee any work nor make any representations regarding the contractors on the list.**

**Before hiring a contractor, please visit the website below for Consumer Information on Hiring a Contractor. Although a panel of Public Works and Building Officials recognizes the contractors on the following lists are qualified to do the work, homeowners should perform their due diligence.** Please protect yourself and your property by following the steps listed at the following website:

<https://www.consumer.ftc.gov/articles/0242-hiring-contractor>

The Connecticut Department of Consumer Protection also has a website regarding crumbling foundations: [www.ct.gov/DCP/concrete](http://www.ct.gov/DCP/concrete)

### **CRUMBLING CONCRETE FOUNDATIONS QUALIFIED VENDOR LIST, 1<sup>ST</sup> EDITION Remediation Services**

CRA Construction and Home  
Elevations LLC  
3430 Sunset Avenue, Suite 5  
Ocean, NJ 07712  
Phone: (732) 637-2374  
Fax: (732) 696-8110  
[Paul@CRAHomeElevations.com](mailto:Paul@CRAHomeElevations.com)

Hemlock Construction  
109 Sunrise Drive  
Torrington, CT 06790  
Phone: (860) 482-7509  
Fax: (860) 489-8060  
[hemlockconst@gmail.com](mailto:hemlockconst@gmail.com)  
[www.hemlockconstruction.org](http://www.hemlockconstruction.org)

J.R. Russo LLC  
107 Oakwood Drive  
Glastonbury, CT 06033  
Phone: (860) 633-9481  
Fax: (860) 205-4472  
[www.JRRUSSOLLC.com](http://www.JRRUSSOLLC.com)



# **CRCOG Ad-hoc Working Committee on Crumbling Foundations**

## **Proposed Template – APPROVED November 3, 2016**

### **Program Outline**

#### **Eligibility**

1. Owner of a residential building (two family homes or less)
2. The building has damage
3. The damage is caused by pyrrhotite in the concrete and work is necessary to ensure the integrity of the foundation.
4. The building was purchased before the date of the implementation of the bill. Buyers after this date are presumed to have been aware of the issue.

#### **Assistance Offered**

75% of eligible costs up to \$75,000 in assistance. If grantee receives compensation from an insurance company or another source (including results of civil remedies), the assistance will cover 75% of the balance of the eligible costs up to \$75,000 in assistance.

#### **Eligible Work**

- Replacement of the building foundations, including building accesses if integrated into foundations and, if necessary, the building exterior (siding). Footings must be incorporated into the work unless deemed unnecessary for the overall integrity of the foundation and is so certified by a structural engineering report.
- Rooms located in the basement
- Claims must be made to the applicant's Insurance Company including any initial appeals of denial prior to eligibility.
- Applicant must also file with the Department of Consumer Protection.
- Legal expenses related to crumbling foundations up to \$5,000. Must be clearly documented as relating to this matter.

#### **Ineligible Work**

- Landscaping,
- Driveways (pavement, asphalt paving),
- Replacement or remediation of wooden structures, swimming pools, spas, or other "accessories"
- Settling that may take place after the foundation and footings are replaced.
- Home has already received assistance under this program

#### **Application Process**

1. Submit the following by certified mail or in person or through the designated website (notarized documents must be mailed after website submission)
  - Notarized initial application form
  - Affidavit of receipt or non-receipt of funds from insurance funds or other civil remedies

- Proof of insurance claim filing
  - Proof of DCP filing
  - Petrographic analysis showing the presence of pyrrhotite.
  - If footings will not be replaced, a certified structural engineer report deeming footing replacement unnecessary for the overall integrity of the foundation
2. Individual municipal building department reviews and conducts inspection in order to verify the problem.
  3. Applicant must submit two quotes from licensed contractors as well as a building form.
  4. The municipal building department reviews the submissions and determines the maximum allowable financial assistance, depending on the estimate of the work.
    - Municipal building department issues certificate that certifies the work is eligible for the program
    - Applicant (or contractor on behalf of applicant) must apply separately for all appropriate building permits
  5. Municipal building department submits documentation as well as a signed contract between homeowner and contractor to the state agency and requests initial funding disbursement for 1/3 of the approved amount.
  6. Once the work is complete, the applicant contacts the building department who will conduct a final inspection. He/she will ensure that the final report is signed by the owner, contractor (if applicable) and the building official.
    - During the final inspection, the inspector will conduct a visual inspection as well as taking photos of the foundation and the newly remediated parts of the basement.
  7. Once all the necessary documentation has been completed, the municipal building department submits a check request for the remainder of the funds, not to exceed the maximum amount along with the final signed report of the project to the state agency for payment.

### Prequalification

- If funding is no longer available, applicants may go through the application process as outlined above and be eligible to receive funding once funding becomes available again.
- Applicants must follow the outlined process, including the initial application and all other program requirements.

### Prior Work

Work conducted prior to approval will be eligible under these circumstances:

- Only work completed 1 year prior to the inception of the program
- Applicant filed a claim with applicant's insurance company
- Applicant filed with the DCP.
- Applicant must file initial application along with any supporting information showing proof of eligibility (pictures, assessment reduction documentation, structural engineering reports, etc.) as well as documentation of costs and invoices paid by the applicant
- Applicant must meet all requirements of the program, including petrographic analysis and must have replaced the footings as well as the foundations (or have a structural engineering report that deems the footing replacement unnecessary for the overall integrity of the foundation).

## **Additional Legislative Considerations**

- Exemption from CHRO and Prevailing Wage minimums
- Add on to the sales disclosure form that the buyer is aware of problems in eastern Connecticut for foundations that was poured from the mid-1980's to 2016

## **Revolving Loan Fund for Balance of Work**

Many homeowners may not have the balance of the funds available even with assistance.

Some thoughts on making up that difference could be

- Use Community reinvestment act for private banking pools
- State guarantee for private bank loans related to pyrrhotite
- Other potential sources?

## **Sources of Funds – Initial Ideas**

- Conveyance tax ¼% increase (either in affected municipalities or whole state?):  
Total real estate conveyance to the state of CT is currently \$156MM annually
- Sales tax increase on construction only (1% increase = \$18MM annually)
- Insurance companies?



# **CRCOG Ad-hoc Working Committee on Crumbling Foundations Proposed Template – APPROVED – January 12th, 2017**

## **Program Outline**

### **Eligibility for Planned Unit Developments**

1. Owner of the unit
2. The building has damage
3. The damage is caused by pyrrhotite in the concrete and work is necessary to ensure the integrity of the foundation.
4. The building was purchased before the effective date of the legislation. Buyers after this date are presumed to have been aware of the issue.
5. The owners' association declaration permits the repair or replacement of the foundation by the owner and the association certifies that all of the requirements of the declaration have been satisfied.

### **Assistance Offered**

75% of eligible costs up to \$75,000 in assistance. If grantee receives compensation from an insurance company or another source (including results of civil remedies), the assistance will cover 75% of the balance of the eligible costs up to \$75,000 in assistance.

### **Eligible Work**

- Replacement of the building foundations, including building accesses if integrated into foundations and, if necessary, the building exterior (siding). Footings must be incorporated into the work unless deemed unnecessary for the overall integrity of the foundation and is so certified by a structural engineering report.
- Rooms located in the basement
- Claims must be made to the applicant's Insurance Company including any initial appeals of denial prior to eligibility.
- Applicant must also file with the Department of Consumer Protection.
- Legal expenses related to crumbling foundations up to \$5,000. Must be clearly documented as relating to this matter.

### **Ineligible Work**

- Landscaping,
- Driveways (pavement, asphalt paving, walkways),
- Replacement or remediation of wooden structures, swimming pools, spas, or other "accessories"
- Settling that may take place after the foundation and footings are replaced.
- Home has already received assistance under this program

### **Application Process**

1. Submit the following by certified mail or in person or through the designated website (notarized documents must be mailed after website submission)

- Notarized initial application form
  - Affidavit of receipt or non-receipt of funds from insurance funds or other civil remedies
  - Proof of insurance claim filing
  - Proof of DCP filing
  - Petrographic analysis showing the presence of pyrrhotite.
  - If footings will not be replaced, a certified structural engineer report deeming footing replacement unnecessary for the overall integrity of the foundation
  - Letter from the association declaring the owner may proceed with the repair or replacement of the foundation.
2. Individual municipal building department reviews and conducts inspection in order to verify the problem:
  3. Applicant must submit two quotes from licensed contractors as well as a building form.
  4. The municipal building department reviews the submissions and determines the maximum allowable financial assistance, depending on the estimate of the work.
    - Municipal building department issues certificate that certifies the work is eligible for the program
    - Applicant (or contractor on behalf of applicant) must apply separately for all appropriate building permits
  5. Municipal building department submits documentation as well as a signed contract between homeowner and contractor to the state agency and requests initial funding disbursement for 1/3 of the approved amount.
  6. Once the work is complete, the applicant contacts the building department who will conduct a final inspection. He/she will ensure that the final report is signed by the owner, contractor (if applicable) and the building official.
    - During the final inspection, the inspector will conduct a visual inspection as well as taking photos of the foundation and the newly remediated parts of the basement.
  7. Once all the necessary documentation has been completed, the municipal building department submits a check request for the remainder of the funds, not to exceed the maximum amount along with the final signed report of the project to the state agency for payment.

### **Prequalification**

- If funding is no longer available, applicants may go through the application process as outlined above and be eligible to receive funding once funding becomes available again.
- Applicants must follow the outlined process, including the initial application and all other program requirements.

### **Prior Work**

Work conducted prior to approval will be eligible under these circumstances:

- Only work completed 1 year prior to the inception of the program
- Applicant filed a claim with applicant's insurance company
- Applicant filed with the DCP.
- Applicant must file initial application along with any supporting information showing proof of eligibility (pictures, assessment reduction documentation, structural engineering reports, etc.) as well as documentation of costs and invoices paid by the applicant

- Applicant must meet all requirements of the program, including petrographic analysis and must have replaced the footings as well as the foundations (or have a structural engineering report that deems the footing replacement unnecessary for the overall integrity of the foundation).

## **Additional Legislative Considerations**

- Exemption from CHRO and Prevailing Wage minimums
- Add on to the sales disclosure form that the buyer is aware of problems in eastern Connecticut for foundations that was poured from the mid-1980's to 2016

## **Revolving Loan Fund for Balance of Work**

Many homeowners may not have the balance of the funds available even with assistance.

Some thoughts on making up that difference could be

- Use Community reinvestment act for private banking pools
- State guarantee for private bank loans related to pyrrhotite
- Other potential sources?

## **Sources of Funds – Initial Ideas**

- Conveyance tax ¼% increase (either in affected municipalities or whole state?):  
Total real estate conveyance to the state of CT is currently \$156MM annually
- Sales tax increase on construction only (1% increase = \$18MM annually)
- Insurance companies?



# **CRCOG Ad-hoc Working Committee on Crumbling Foundations**

## **Proposed Template – APPROVED– January 12, 2017**

### **Program Outline**

#### **Eligibility for Residential Condo Developments**

##### **Foundation is a Limited Common Element**

1. The building has damage
2. The damage is caused by pyrrhotite in the concrete and work is necessary to ensure the integrity of the foundation.
3. The building was purchased before effective date of the legislation. Buyers after this date are presumed to have been aware of the issue.
4. The owners' association through its declaration or other means has determined that the foundation is a limited common element.
5.
  - a. All owners with shared foundations affected by crumbling foundations are co-applicants and have created an escrow account with at least 25% of the funding needed for the repair or replacement.
  - b. Any owner having an individual foundation affected by a crumbling foundation is an applicant and must have created an escrow account with at least 25% of the funding needed for the repair or replacement.
6. Certification that the owners' association has satisfied all of the requirements of the declaration.
7. The owners have not previously received aid for the building.

##### **Foundation is a Common Element of the Association**

1. The building has damage
2. The damage is caused by pyrrhotite in the concrete and work is necessary to ensure the integrity of the foundation.
3. The building was purchased before effective date of the legislation. Buyers after this date are presumed to have been aware of the issue.
4. The Association has in its escrow account at least 25% of the repair or replacement costs.
5. The Association has committed to repairing or replacing the damaged foundation.
6. Certification that the owners' association has satisfied all of the requirements of the declaration.
7. Association has not previously received aid for the building.

#### **Assistance Offered**

75% of eligible costs up to \$75,000 in assistance for single or two family dwellings. For buildings that have greater than two family dwellings, 75% of eligible costs up to \$75,000 in assistance per unit will be given. If grantee receives compensation from an insurance company or another source (including

results of civil remedies), the assistance will cover 75% of the balance of the eligible costs up to \$75,000 in assistance per unit.

### Eligible Work

- Replacement of the building foundations, including building accesses if integrated into foundations and, if necessary, the building exterior (siding). Footings must be incorporated into the work unless deemed unnecessary for the overall integrity of the foundation and is so certified by a structural engineering report.
- Rooms located in the basement
- Claims must be made to the applicant's Insurance Company including any initial appeals of denial prior to eligibility.
- Applicant must also file with the Department of Consumer Protection.
- Legal expenses related to crumbling foundations up to \$5,000. Must be clearly documented as relating to this matter.

### Ineligible Work

- Landscaping,
- Driveways (pavement, asphalt paving, walkways),
- Replacement or remediation of wooden structures, swimming pools, spas, or other "accessories"
- Settling that may take place after the foundation and footings are replaced.
- Home has already received assistance under this program

### Application Process

1. Submit the following by certified mail or in person or through the designated website (notarized documents must be mailed after website submission)
  - Notarized initial application form
  - Affidavit of receipt or non-receipt of funds from insurance funds or other civil remedies
  - Proof of insurance claim filing
  - Proof of DCP filing
  - Petrographic analysis showing the presence of pyrrhotite.
  - If footings will not be replaced, a certified structural engineer report deeming footing replacement unnecessary for the overall integrity of the foundation
  - Letter from the association declaring the repair or replacement of the foundation may proceed.
  - Applicants must show proof of an escrow account that has a balance of at least 25% of the total funding required for repair or replacement as provided in paragraph 5 of the Eligibility Provisions herein.
2. Individual municipal building department reviews and conducts inspection in order to verify the problem.
3. Applicant must submit two quotes from licensed contractors as well as a building form.

4. The municipal building department reviews the submissions and determines the maximum allowable financial assistance, depending on the estimate of the work.
  - Municipal building department issues certificate that certifies the work is eligible for the program
  - Applicant (or contractor on behalf of applicant) must apply separately for all appropriate building permits
5. Municipal building department submits documentation as well as a signed contract between homeowner, the association and contractor to the state agency and requests initial funding disbursement for 1/3 of the approved amount.
6. Once the work is complete, the applicant contacts the building department who will conduct a final inspection. He/she will ensure that the final report is signed by the owner, contractor (if applicable) and the building official.
  - During the final inspection, the inspector will conduct a visual inspection as well as taking photos of the foundation and the newly remediated parts of the basement.
7. Once all the necessary documentation has been completed, the municipal building department submits a check request for the remainder of the funds, not to exceed the maximum amount along with the final signed report of the project to the state agency for payment.

### **Prequalification**

- If funding is no longer available, applicants may go through the application process as outlined above and be eligible to receive funding once funding becomes available again.
- Applicants must follow the outlined process, including the initial application and all other program requirements.

### **Prior Work**

Work conducted prior to approval will be eligible under these circumstances:

- Only work completed 1 year prior to the inception of the program
- Applicant filed a claim with applicant's insurance company
- Applicant filed with the DCP.
- Applicant must file initial application along with any supporting information showing proof of eligibility (pictures, assessment reduction documentation, structural engineering reports, etc.) as well as documentation of costs and invoices paid by the applicant
- Applicant must meet all requirements of the program, including petrographic analysis and must have replaced the footings as well as the foundations (or have a structural engineering report that deems the footing replacement unnecessary for the overall integrity of the foundation).

### **Additional Legislative Considerations**

- Exemption from CHRO and Prevailing Wage minimums
- Add on to the sales disclosure form that the buyer is aware of problems in eastern Connecticut for foundations that was poured from the mid-1980's to 2016

### **Revolving Loan Fund for Balance of Work**

Many homeowners may not have the balance of the funds available even with assistance.



Some thoughts on making up that difference could be

- Use Community reinvestment act for private banking pools
- State guarantee for private bank loans related to pyrrhotite
- Other potential sources?

## Sources of Funds – Initial Ideas

- Conveyance tax  $\frac{1}{4}\%$  increase (either in affected municipalities or whole state?):  
Total real estate conveyance to the state of CT is currently \$156MM annually
- Sales tax increase on construction only (1% increase = \$18MM annually)
- Insurance companies?



## **APPROVED LEGISLATIVE AGENDA**

### **Crumbling Concrete Foundations**

A total of 37 towns, of which 20 are in CRCOG have been impacted by crumbling concrete foundations related to the presence of a mineral pyrrhotite in the concrete mix. This is a significant and growing issue for home owners and towns.

**Concrete Testing Funding.** CRCOG supports the use of CDBG or program income funds to help homeowners with crumbling foundations to, at a minimum, test the affected property to verify the existence of a problem. Any income restrictions for this purpose should be waived.

**Remediation Fund.** CRCOG supports the creation of a relief fund for homeowners experiencing crumbling foundations. CRCOG's Ad-hoc working committee has a template in progress that it is willing to discuss with legislators details regarding the program. Some key points regarding any relief funding should include:

- Any state funding for crumbling foundations should be exempt from CHRO and prevailing wage requirements. The homeowners will be the ones who are finding contractors, etc. for this project and to require them to adhere to CHRO or prevailing wage requirements will be too high of a bar.
- In conjunction with the development of a process and a cut-off date after which buyers will no longer be eligible for relief (the date the act is implemented), the sales disclosure statement should reflect that the buyer is aware that such a problem exists if it does not do so already.

**Remediation Funding Sources.** CRCOG recognizes that funding for the relief fund will be a challenge. CRCOG's Ad-hoc Working Committee on Crumbling Foundations has put forward a few suggestions as a starting point for this discussion – recognizing that any funding mechanism will cause economic reverberations. This issue is a challenging and difficult one that is already having economic impact on the affected municipalities and will continue to affect those communities. Some potential suggested funding mechanisms for a relief fund are as follows:

- An increase in the conveyance tax for affected municipalities by 1/4%
- Potentially increasing sales tax on construction only by 1% or .5%
- Insurance companies: CRCOG would support the state encouraging insurance companies to participate in a relief fund to which a few insurance companies have already pledged some support.

**Guaranteed Loan Fund for Concrete Remediation.** CRCOG supports pursuing a potential state-guaranteed private loan fund or other private banking based loan fund to help homeowners facing crumbling foundations.

**State Building Fee Waiver.** CRCOG supports waiving the state portion of the building fee for any municipalities waiving fees for work on crumbling foundations.

**Future Testing.** CRCOG supports testing of residential and commercial concrete for the presence of pyrrhotite and possibly establishing and regulating a maximum acceptable amount to be present in concrete loads.

**Time Limits for Filing Claims.** CRCOG supports reviewing increasing time limits for filing claims related to crumbling foundations with insurance companies as well as examining time limits for appeals and adjudication of such claims.

**Peril of Collapse Insurance Coverage.** CRCOG supports requiring insurance companies to provide coverage for the “peril of collapse” due to the presence of pyrrhotite resulting in the impairment of the structural integrity of the building.



# 4 STEPS

## FOR MUNICIPALITIES FACING CRUMBLING FOUNDATIONS

Residents of more than 30 municipalities in Central and Eastern Connecticut are facing crumbling foundations.

#1

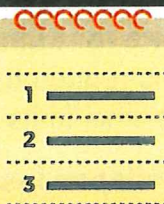


### What is it?

Crumbling foundations is caused by a mineral called pyrrhotite that is found in a quarry in Willington, CT (temporarily shut down for residential use as of May 2016).

When exposed to water and air, the concrete starts to crack and eventually, it will crumble. This happens through no fault of the homeowner.

#2



### What is required?

As of October 1, 2016

- 1) The building official must collect the name of the concrete provider;
- 2) Allow residential buildings to be re-assessed based on structural engineering reports with the reassessment to take place 90 days from the receipt of the report or the following assessment year. This reassessment is valid for 5 years. The homeowner must notify the municipality within 30 days of any repair or replacement.

#3



### Where can a town find help?

CRCOG's Ad-Hoc Working Group on Crumbling Foundations has developed a number of resources for towns. We have guidelines on how to do the tax reassessments as well as building fee waivers. They can be found at:

<http://crocog.org/crumbling-foundations/>

Any CRCOG vetted qualified contractors will also be listed on the page.

#4

### Next?

Encourage the citizens to register with DCP. The more who register, the more we understand the scope of the problem.

Support CRCOG's legislative agenda regarding Crumbling Foundations. This is a complex issues with many facets. CRCOG's Crumbling Foundations Legislative Agenda include waiver of state building fees, potential sources for relief, support for disclosures among many others.