

Dannel P. Malloy

GOVERNOR
STATE OF CONNECTICUT

October 19, 2016

The Honorable William Craig Fugate
Administrator
Federal Emergency Management Agency
500 C Street SW
Washington, DC 20472

Re: Request for FEMA Field Office in Northeastern Connecticut

Dear Administrator Fugate:

I write to request the establishment of a Federal Emergency Management Administration (FEMA) field office in northeastern Connecticut to conduct a preliminary damage assessment for the purpose of determining the extent and impact of a growing natural disaster that is causing residential basements to crumble and actually collapse. This is an untenable situation – homeowners risk injury if they remain in their homes, yet because this condition is excluded from most insurance policies, the cost to evaluate the risk and fully remedy the problem is simply too great for them to bear alone. Our state government, local governments, and a coalition of insurers are collaborating on a strategy to address this problem, but we need assistance from the federal government. I am asking that FEMA help us undertake the next phase of this investigation by establishing and staffing a joint field office to work in coordination with the State to test the 34,130 homes at risk.

This is not our first conversation with your agency regarding this disaster. In April 2016, the Lieutenant Governor and I directed the Connecticut Division of Emergency Management and Homeland Security (DEMHS) to contact FEMA Region 1 to investigate what assistance the agency could provide these homeowners. The informal response we received back in an email from the FEMA Regional Administrator was that the crumbling foundation issue did not appear to constitute an emergency or major disaster. Instead, it was suggested that it might be a consumer product defect or construction safety issue, similar in nature to the 2010 Chinese drywall issue in Florida, which resulted in corroded copper and affected air-conditioning and heating units, but was not considered by FEMA to be an emergency or major disaster.

Since the time of our informal request to FEMA Region 1, we have further scientific information that this potentially catastrophic damage appears to be the result of a natural disaster – specifically the reaction of a naturally occurring mineral, pyrrhotite, to oxygen and water. Pyrrhotite is an iron sulfide mineral, thus exposure to oxygen and water leads to a chemical reaction which results in deterioration, and disastrous results for a home foundation. This

particular issue is quite rare, with the most similar situation occurring in the Mauricie region of Quebec, Canada. There, the federal government contributed towards a program of remediation.

I would like you to take note that my office has been unable to identify any state or national building standard that regulates the percentage of pyrrhotite allowed in aggregate used for residential or commercial foundations. This mineral, when exposed to water, is so damaging that it should have not ever been considered for use in residential foundations, but because these building standards do not exist, we are looking at a problem that could easily cost anywhere between \$100 million and \$1 billion to fully remediate. This estimate is based on a universe of homes built between 1983-2000 within a 20 mile radius of the originating quarry, and the cost of replacing a home's foundation, which ranges from \$75,000 - \$150,000,

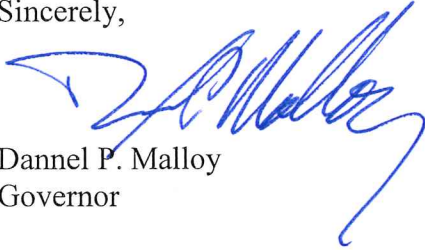
Again, potentially tens of thousands of Connecticut residents are at risk. Even if a particular home's foundation has not yet begun to crumble, it could develop the condition at any time in the future. It is imperative that the universe of potentially affected homes be tested as soon as possible. Although there is no set threshold for recommending Individual Assistance (IA), FEMA considers Connecticut to be a medium-sized state, and the average estimated number of homes suffering uninsured major damage or totally destroyed under the FEMA IA Program for a medium state is 582. At this point, our state Department of Consumer Protection has received 338 complaints across 23 towns, and the state Insurance Department has identified 322 insurance claims regarding foundations. There may be some overlap in these two pools, but we are confident that our estimated number of homes exceeds the 582 threshold. This is why it is crucial for us to work together in a joint office to test the 34,130 homes potentially at risk.

I understand that under the National Response Framework, DHS/FEMA is the Emergency Support Function (ESF) 5 coordinator for a federal response, which supports and facilitates multiagency planning and coordination, including information collection, analysis and dissemination. Your administrative expertise and resources deployed at this stage – akin to a preliminary damage assessment to determine the estimated scope of damage after an extreme weather event – are critical as we proceed. It may be that other federal agencies, such as the Army Corps of Engineers, may also be able to assist in this assessment process, and I look to FEMA to help determine what other federal agencies might have the resources necessary to determine the scope of and response to this problem.

At the state level, we will continue to work with the various stakeholders involved in this issue – including homeowners, municipal and state officials, our federal delegation and the insurance industry. Regarding insurance, it is important to note that many conditions related to home foundations are typically excluded from home insurance policies. As such, relief from insurance is not a viable option for many homeowners. Nevertheless, together with the Office of the Lieutenant Governor, senior members of my administration sat down with the Office of the Attorney General and Travelers Insurance Company have engaged in an ongoing conversation focused on potential strategies to help homeowners. This type of public-private partnership is a critically important component of our strategy to address this problem, and I am hopeful that more insurers will join our conversation. We will continue to pursue these types of options, but we are also asking for the federal assistance and expertise that FEMA could provide.

While none of us can fully grasp the full weight this disaster has placed upon these homeowners, it is vital that we all come together to assist them. My administration is always available for any questions or to provide additional background information you may need on this complex issue. I look forward to hearing from you.

Sincerely,



Dannel P. Malloy
Governor

cc: The Honorable Jeh Johnson, U.S. Secretary of Homeland Security
The Honorable Nancy Wyman, Lieutenant Governor of Connecticut
The Honorable George Jepsen, Attorney General
The Honorable Richard Blumenthal, U.S. Senator
The Honorable Christopher Murphy, U.S. Senator
The Honorable John B. Larson, U.S. Representative
The Honorable Joe Courtney, U.S. Representative
Jonathan Harris, Commissioner of Consumer Protection
Katharine Wade, Commissioner of Insurance
William P. Shea, Deputy Commissioner of Emergency Management and Homeland Security