

November 21, 2016

Senators Timothy Larson and Catherine Osten
Legislative Office Building, Room 3600
Hartford, CT 06106

RE: Crumbling Foundations

Dear Senators Larson and Osten:

Over the last several months the Capital Region Council of Governments' Ad Hoc Committee on Crumbling Foundations has taken affirmative steps to assist those residents dealing with the problem of crumbling foundations. This includes: advice to local assessors on how to deal with requests from home owners with crumbling foundations for reduced assessments; suggested wording for resolutions waiving local building permit fees for work related to repairing foundations; soliciting and vetting proposals from contractors, engineers and concrete testers which can be utilized by homeowners in their search for competent and cost effective remedies; discussions with the State Commissioner of Housing regarding the possibility of using CDBG funds and/or program income to create a fund to offset the cost of concrete tests and exploring the possibility of having a third party perform a financial impact study on the region as a result of crumbling foundations. The committee's work also includes the creation of a suggested legislative package including waiving the state portion of building permit fees when local fees are waived for foundation repair work, offsets to the state income tax for those with expenses related to this issue and longer time limits to either make claims against insurance companies or to institute legal action after a denial of a claim and the creation of a template modeled after a program in Canada to provide financial assistance to impacted homeowners.

We have heard loud and clear the emotional and financial havoc crumbling foundations are causing residents in our region. Some thirty-six (36) municipalities have at least one home with a crumbling foundation and over 390 homeowners have registered problems with the State Department of Consumer Protection. This is a problem of monumental proportion requiring that local, state, and federal officials work together with our concerned residents to further develop programs to address what is an ever growing concern.

At the last meeting of the Ad Hoc committee just prior to the recent elections a number of legislators were in attendance representing both political parties. A commitment was made to identify after the election those elected leaders who could best work with our committee to further the initiatives already started. A key issue remaining is how best to fund the assistance template previously mentioned. Obviously the next State legislative session is quickly approaching and it behooves us all to develop together alternative means to create a fund. It is the ad hoc committee's strong feeling that this is not a problem of any singular town, but one which must be looked at on a regional and statewide basis.

A fund of this nature to assist private homeowners with their repair costs is unique. This is nothing like municipalities using their bonding authority to repair public roads or public facilities. Towns required to borrow funds for this purpose individually would: result in increased costs for bond council and debt managers; require Towns to hold public referendums and/or Town Meetings leading to the possibility that some communities secure authorization to pursue relief while others

do not; result in each program in the thirty-six (36) Towns potentially having different requirements and benefit levels; put this need in competition with other public needs such as improvements to schools, public safety facilities , roads, bridges etc.; in very difficult economic times put a number of smaller Towns in a difficult financial position having to deal with increased borrowing costs; and put homeowners in limbo as to whether this program is meant to be a loan or grant. There are also a number of legal questions which would need to be addressed with the use of municipal bonds, including: can such bonds be passed onto private citizens and still retain their tax exempt status, and does the use of such public funds require that prevailing wage be utilized as well as minority preference bidding. Moreover, use of municipal bond funds for private use could require state law change as well as charter revisions for the affected towns. Finally, because municipal bonds are time-limited and towns will not have control of the timing of the individual projects, this could cause additional complications and difficulties for all involved.

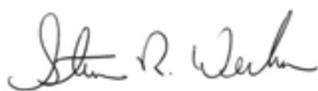
The ad hoc committee would recommend that any such fund come from federal, state or insurance sources. An initial fund of \$35 million dollars utilizing our funding guidelines would be an appropriate starting point to address the immediate needs of homeowners. We recognize the financial constraints facing the State and would offer the following proposals as potential ways to minimize the impact of such a fund:

1. In the impacted communities increase the conveyance tax by 1/4% to 1/2% with the increase going to the fund as an ongoing source of revenue;
2. Segregate out the tax on building construction materials in the impacted communities with the tax amount going to the fund;
3. Consider using bonded STEAP funds for the next year or two as seed money to start the fund. This money is intended to promote economic development and what better purpose then insuring that the home values in eastern Connecticut remain vibrant, that homes deemed unmarketable return to marketable status and that diminishing grand lists in impacted Towns are assisted.

Impacted Town governments are dealing with this issue on a daily basis. We are seeing our grand lists reduced; residents in some cases abandoning properties creating possible blight conditions; added pressure on our building and assessment officials and concerned citizens looking for help from all levels of government for a problem which unfortunately could be with us for many more years.

We encourage interested legislators to reach out to our committee so that we can work together to develop meaningful programs to best help our residents. Our next committee meeting is December 1st at noon at the CRCOG offices and we look forward to continuing the dialogue at that time.

Sincerely,



Steven Werbner, Town Manager, Tolland
Co-Chairs, CRCOG Ad-Hoc Working Committee on Crumbling Foundations



Lisa Pellegrini, First Selectman, Somers
Co-Chairs, CRCOG Ad-Hoc Working Committee on Crumbling Foundations

cc:

Timothy Ackert, Representative

Samuel Belsito, Representative

Jeff Currey, Representative

Christopher Davis, Representative

Anthony Guglielmo, Senator

Kurt Vail, Representative

Ad-Hoc Working Committee on Crumbling Foundation Members

Lieutenant Governor Nancy Wyman