Crumbling Foundations:
Working Toward a Solution
What is the Capitol Region Council of Governments?

- Formed to initiate and implement regional programs of benefit to the towns and the region
  - Regional Planning Organization
  - Metropolitan Planning Organization
  - Regional Homeland Security and Public Safety
  - Municipal Services Department (Purchasing Council, Information Technology Cooperative)

- Guided by the chief elected officials of our 38 Metro Hartford municipalities
CRCOG Ad-Hoc Working Committee on Crumbling Foundations

- Formed by CRCOG to address the issue
- NECCOG, and non-CRCOG towns are also members of this group
- Comprised primarily of municipal officials -- First Selectman, Mayors and Town Managers
- State Legislators and Federal Delegation have attended meetings

Data compiled from Municipalities, CT Department of Consumer Protection and CT Insurance Department
What has the Working Committee been doing?

1. Information collection and estimates
2. Recommendations on applying HSB 5180 (Public Act 16-45) for towns
3. Recommended guidelines for towns in implementing fee waivers for permits
4. Created a qualified vendor list for structural engineering and remediation services
5. Developed templates for funding distribution
6. Other work
Map

- **Sources**
  - Department of Consumer Protection
  - Connecticut Department of Insurance (press release 9/30/2016)
  - Town Assessors
- **Assumes overlap across all sources**
Estimates from Towns

- Spreadsheet created by Christina Mailhos, First Selectwoman of Willington

- Towns input the number of homes that were built in the affected time period and estimate the percentage of homes that are affected. The towns that have completed the estimates have been conservative in their percentages.

- “Back of the envelope” calculations

- Assumes eventual replacement and reassessment of all affected homes

- Does not include additions, stand-alone garages, or other structures
Initial Estimate – 8 towns

ESTIMATED NUMBER OF HOMES (8 TOWNS): 3,975
REPLACEMENT COST ESTIMATES $664,074,000

- Coventry $101,830,000
- Manchester $78,225,000
- Mansfield $179,800,000
- Somers $12,000,000
- South Windsor $63,609,000
- Tolland $88,500,000
- Union $93,160,000
- Willington $46,950,000

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

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 and foundations replaced
*** Foundation replacement will be over a long period due to contractor availability, homeowner ability to pay, and time differentials in discovery of the problem
Initial Analysis – 8 towns

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

**ESTIMATED BUILDING FEE WAIVERS (15 YEARS)**
$7,329,500
2. HSB 5180 (Public Act 16-45) - Reassessment Recommended Guidelines Background

- Municipalities were looking for guidance on implementation
- Developed in conjunction with multiple assessors in affected towns as well as state building official, and municipal officials
- Not enough home sales with this problem documented to establish market data
- There was not a 100% consensus on the guidelines, however, majority of the assessors agreed with the framework
Re-Assessment Guidelines

- Five Progressive levels of impact were vetted with State Building Official

- Some towns have the tax assessor and building official go together to verify the problem and assess the damage in addition to the engineering report.

- **Reassessment 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 or 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.
Re-assessment Discount Guidelines Continued

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

- Level B (minor degradation - no repair required), 60% of Building Value

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

- Level D (moderate to severe degradation - significant repairs required), 90% of Building Value

- Level E (severe degradation - imminent threat of failure), 100% of Building Value
3. Building fee waiver guidelines

- Similar to the guidelines for re-assessment, developed working with affected town building officials
- The purpose is to give a framework for towns who wish to waive fees
- Reviewed and approved by overall committee
Building fee waiver guidelines

• Waive all permitting fees related to crumbling foundations excluding state fees

• Allow the building official to determine which fees of the project relate to crumbling foundations including related electrical, plumbing or other permitting fees

• Recommend building official exclude fees related to enhancements that are not a direct replacement such as adding a bathroom that was not there previously

• If desired, the building official may conduct a pre-inspection to clarify what is or not included in any fee waivers

• 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
4. Qualified Vendor List

- CRCOG performed an Request for Qualifications which was reviewed by CRCOG, Public Works and Building Officials from various towns
- Provided as a public service
- Not a comprehensive list. Homeowners need to do their DUE DILIGENCE!
- Doing another RFQ currently (due February 3rd), and plan on conducting more
- Sub-committee focused on known best practices
5. Templates for Funding

- Proposals for aid to homeowners if funding were available
- Patterned after Quebec program
- Homeowner, Planned Unit Development and Condominium Templates have been approved by the committee
Trois-Rivières, Quebec, Canada (pop. 126,000)

- Similar problem with crumbling foundations as a result of pyrrhotite.
- Estimates of total impacted houses: 1700 confirmed houses. Higher estimates are up to 4000
- State created fund with a recent infusion of federal funding to help homeowners.
- No aid to commercial building owners
- Lost $13 Million in tax revenue annually through revaluations of the 1700 homes ($190 Million in tax revenue in 2016). Revaluations have ranged but a reduction of 40% total value has been the average
Trois-Rivières, Quebec Local Program

- Developed in conjunction with the Quebec Housing Corporation (equivalent to the state department of housing)
  - Building must have damage OR have 0.23% or more pyrrhotite as measured by volume in the foundation concrete
- Residential foundation or basement rehabilitation only
- No assistance for purchases after June 22, 2011
- Enhancements, landscaping and walkways are not covered
Trois-Rivières, Quebec Local Program

- Pays 75% of remediation costs up to $75,000
- Must supply two estimates from licensed contractors
- Must be pre-approved through the process before receiving any funding and before beginning work
- Pre-work inspection must be performed prior to approval
- Work must be complete and post-work inspection complete before funding is issued
Templates for Funding

- Requires registration with CT DCP
- Building must have been purchased before the implementation date of the bill.
- Must put in a claim with insurance and been denied
- Planned Unit Developments and Condominiums have additional requirements
6. Other Work

• Many of the state representatives, senators as well as members from the federal delegation have attended our meetings and have added valuable input.

• Discussion with Commissioner of Housing

• Presentation to Lieutenant Governor Wyman
$5 Million for Testing and CT DOH $1 Million

- Department of Housing (Small Cities Community Development Block Grant) Testing Set-aside
  - Towns must apply (1, 2 or 3 towns). Lead town may not submit another CDBG application
  - For testing only
  - 51% of the homes must be occupied by low or moderate income families

- Governor’s press release: $5 Million bonding funds for testing named CRCOG to administer the funding
  - Work in progress
“When eating an elephant take one bite at a time.”
Creighton Abrams

http://crcog.org/crumbling-foundations/

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