

CRCOG Ad-hoc Working Committee on Crumbling Foundations Proposed Template – DRAFT – October 26, 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 May 10, 2016. 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 $\frac{1}{4}$ % 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?