

Connecticut State Department of Housing

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Crumbling Foundations



Upwards of 35,000 homes in a radius of Stafford Springs, Connecticut, are facing the potential for a failed concrete foundation due to the possible presence of a naturally occurring iron sulfide, pyrrhotite, in their concrete foundation. The concrete originated from the Mottes Concrete Company in Stafford Springs, Connecticut, during the years 1983 - 2015. The mineral is found in a Willington, Connecticut, quarry that no longer supplies aggregate for residential foundations.

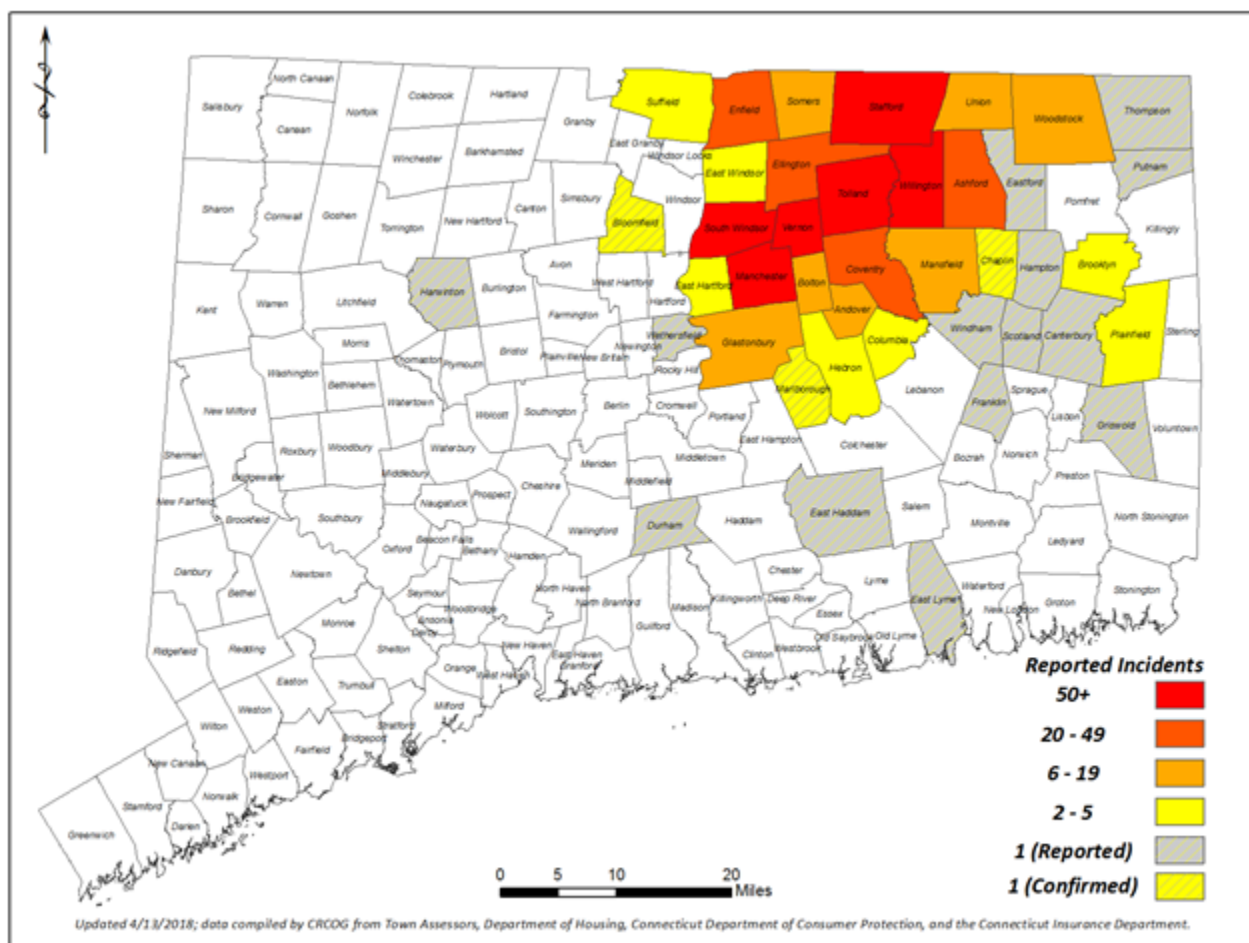
Pyrrhotite causes the slow deterioration of the concrete when exposed to oxygen and water. While the presence of pyrrhotite indicates the potential for concrete deterioration, its existence alone does not necessarily cause it.

The cracking starts small and may take more than 10 years to over 30 years to appear. Horizontal cracks or cracks that splinter out like a web are the most concerning. A rust color residue or white powder may appear. The sheetrock walls of a finished basement may need to be removed to examine the concrete. As the concrete deteriorates, it often becomes structurally unsound.

The damage is irreversible. The repair is to fully replace the impacted foundation with a new foundation that does not contain pyrrhotite.

The State of Connecticut is providing financial assistance to homeowners who have a crumbling foundation, due to pyrrhotite, where the home, condo, Planned Unit Development, or home addition was built after January 1, 1983, and before December 31, 2015.

Towns Identified by CRCOG as having been impacted by Crumbling Foundations



TESTING FOR PYRRHOTITE

Homeowners who suspect their foundation may be showing signs of cracking should have the foundation tested by a VISUAL test and/or a CORE test. At this time, the only test that can definitively confirm the presence of pyrrhotite is a CORE test.

- A **VISUAL** test is a licensed professional engineer's (PE) expert opinion based on education, observation, and prior experience that the foundation's cracking is due to incompatible materials in the concrete mix. This visual report describes the current condition of the concrete and cannot predict if un-cracked concrete will deteriorate at a later date.
- A **CORE** test determines the presence, or absence, of pyrrhotite and the percent of pyrrhotite that exists in the sample. It requires drilling out a 4 inch diameter cylinder from the concrete which is sent to a lab for analysis. The concrete is plugged after the core sample is removed.

The State of Connecticut is assisting homeowners, in the affected area, with the cost of testing their foundation. Two opportunities for testing payment assistance are available.

I. The State of Connecticut allocated \$5 million to reimburse homeowners for the cost of testing their concrete foundation. The Capitol Region Council of Governments (CRCOG) is administering the program for the State of Connecticut.

Eligibility requirements for this program include:

- **Visual Inspections must be performed by a CT licensed professional engineer (PE).**
- The home was built on or after January 1, 1983, and before December 31, 2015.
- If the home was built before 1983, but an addition was constructed during the years 1983 to 2015, then the foundation of the addition is eligible for testing under the program.
- The home is in Connecticut and within 20 miles radius of J.J. Mottes Concrete Company in Stafford Springs. A waiver application for homes outside of the 20 mile radius is available.

- CORE Testing will be reimbursed at 50%, up to \$2,000, for pyrrhotite testing of up to 2 core samples.
- VISUAL inspection, performed by a CT licensed professional engineer (PE), will be reimbursed at 100% up to \$400.
- Homeowners are eligible for the program.

Homeowners are eligible to receive reimbursement for **both** visual and core testing on the same property. However, each house is eligible for reimbursement for only one visual examination and one set of core tests.

For full details on the program and an application for reimbursement, visit: www.foundationtesting.org (<http://www.foundationtesting.org/>) or contact CRCOG at 860-724-4277.

II. The State of Connecticut, Department of Housing, through a Community Development Block Grant (CDBG) has provided funding to eligible municipalities for a foundation testing program. A CDBG crumbling foundations testing program may cover 100% of the costs to test a foundation for pyrrhotite, up to \$5,000. There may be other qualifiers. **Residents should contact the town before arranging any testing.**

Residents in Ellington, Stafford and Vernon should apply directly to their town before they begin testing.

REDUCTION IN PROPERTY TAX ASSESSMENT

Connecticut Public Act 16-45 requires municipal assessors to inspect and reassess residential properties with foundations made from defective concrete at the property owner's request. To request this reassessment, contact your town and submit a written report by a CT licensed professional engineer (PE). The property must be inspected and its assessment adjusted within 90 days after the report has been submitted or the next assessment year, whichever is earlier.

This new assessment is valid for 5 years or until the foundation is repaired or replaced, whichever is earlier. Homeowners who repair or replace the foundation have 30 days to notify the assessor in writing. The property must be inspected and reassessed by the assessor within 90 days of the notification or before the next assessment year, whichever is earlier.

INSURANCE

Insurance companies cannot cancel or refuse to renew a homeowner's policy due to a crumbling foundation. If you believe this has happened to you, you should file a complaint with the [Connecticut Insurance Department \(https://portal.ct.gov/CID/Consumer-Affairs/File-a-Complaint-or-Ask-a-Question\)](https://portal.ct.gov/CID/Consumer-Affairs/File-a-Complaint-or-Ask-a-Question) or call the Connecticut Department of Insurance, Consumer Affairs Unit at 1-800-203-3447.

LEGISLATION

PA 18-179 (<https://www.cga.ct.gov/2018/ACT/pa/2018PA-00179-R00HB-05321-PA.htm>)

Summary of PA 18-179

This bill codifies the residential disclosure report home sellers must provide to purchasers and expands what must be included in it. It includes:

- disclosures on the building's structure and any improvements made to it, including questions on, among other things, the roof, exterior, driveway, and the types of testing, inspection, or repairs done to the foundation; and
- **A new statement on concrete foundations that states "prospective buyers may have a concrete foundation inspected by a licensed professional engineer who is a structural engineer for deterioration of the foundation due to the presence of pyrrhotite."**
- The bill allows a member of the CFSIC's board of directors, who owns a residential property with a crumbling foundation, or his or her spouse or dependent child, to apply for and receive assistance from CFSIC. It does so by deeming that such a circumstance does not constitute a conflict of interest, provided that the board member abstains from deliberating, voting, or taking any other action on his or her specific application.

EFFECTIVE DATE: July 1, 2018 for the residential disclosure report provisions, June 2018 for the CFSIC provisions.

PA 18-160 (<https://www.cga.ct.gov/2018/ACT/pa/2018PA-00160-R00HB-05209-PA.htm>)

Summary of PA 18-160

This bill imposes a \$12 surcharge on certain homeowners insurance policies issued, renewed, amended, or endorsed between January 1, 2019 and December 31, 2029 to be deposited into the Healthy Homes Fund which the bill establishes.

The bill establishes the Healthy Homes Fund, a separate non lapsing General Fund account to collect insurance surcharge funds to in part help homeowners with concrete foundations damaged from pyrrhotite. Under the bill, within 30 days of receiving the deposit of surcharge funds, 85% of the deposits must be transferred to the Crumbling Foundations Assistance Fund, which is used by the Connecticut Foundation Solutions Indemnity Company, LLC to assist homeowners with crumbling concrete foundations.

EFFECTIVE DATE: January 1, 2019, for the insurance surcharge provisions, and June 2018 for the provisions on the Healthy Homes Fund.

PA 17-2 (<https://www.cga.ct.gov/2017/ACT/pa/2017PA-00002-R00SB-01502SS1-PA.htm>)

Summary of PA 17-2 Sec 334 – 348

- Provides a framework to assist owners of residential buildings (i.e., a one- to four-family dwelling, including condominium and planned development units) with concrete foundations damaged by the presence of pyrrhotite (“crumbling concrete foundation”)
- Creates a not-for-profit captive insurance company (“captive”) to help homeowners repair or replace crumbling concrete foundations with the lowest possible amount of borrowed funds

* Requires five “incorporators,” four of whom must be General Assembly members appointed by the legislative leaders and one appointed by the governor, to incorporate the captive with an organizing committee (the organizing committee members are appointed by the incorporators, but must include four General Assembly members appointed by legislative leaders as ex-officio, non-voting members)

* Captive contains any money deposited or donated to the Crumbling Foundations Assistance Fund (a separate non lapsing General Fund account the bill creates) and is prohibited from returning any donations or using the money for any other purpose

* Requires the captive, among other things, to: (1) establish a volunteer board of directors and allows the legislative leaders to appoint nonvoting, ex-officio members; (2) develop financial assistance eligibility requirements and underwriting guidelines; (3) develop a single, unified financial assistance application for homeowners; (4) provide financial assistance to affected homeowners and help them obtain additional financing if necessary; (6) approve and disburse funds to eligible contractors for repairing or replacing foundations; (7) apply for and receive federal funds; (8) enter into agreements with CHFA and participating lenders to develop additional loan programs for homeowners; and (9) make recommendations to legislative committees to improve the program

* Prohibits the captive from spending more than 10% of money allocated to it in any calendar year on administrative or operational costs

* Subjects the captive to existing laws regulating captive insurance companies but exempts it from having to pay a license fee in its first year or a renewal fee thereafter

* Deems that captive employees and agents are not state employees, but (1) subjects its employees, directors, agents, consultants, and contractors to certain state ethics provisions and (2) allows the Office of State Ethics to enforce these provisions

*Requires the captive to file, in addition to any report required of nonprofit entities, quarterly reports to specified legislative committees on its operations, including town by town information on claims, claim amounts, applications, and application approvals.

* Creates an application and review process and an appeal process for homeowners whose applications are denied

* Sunsets the captive on June 30, 2022, or earlier if its existence is terminated by law, and vests all rights and properties to the state at that time

- * Allows DOH to apply for federal funds, and requires it to deposit the money into the Crumbling Foundations Assistance Fund
- * Requires the Insurance; Finance, Revenue and Bonding; Planning and Development; Public Safety; and Housing committees to, at least annually, hold a joint public hearing on the captive's operation and financial condition
- * Creates the Collapsing Foundations Credit Enhancements Program, administered by CHFA, to help homeowners obtain additional funding necessary to replace or repair crumbling concrete foundations and requires CHFA to publish a plain language summary of the program on its website
- * Prohibits the use of recycled material containing pyrrhotite to make structural concrete unless (1) the State Building Inspector adopts a standard and (2) the person selling or offering the concrete provides the purchaser with written notice that the concrete meets the standard
- * Makes a violation punishable under the Connecticut Unfair Trade Practices Act (CUTPA)
- * Requires municipalities to waive application fees (regardless of any conflicting municipal charters, home rule ordinances, or special acts) and the State Building Inspector to waive education fees for building permit applications to repair or replace crumbling concrete foundations
- * Requires the DCP commissioner to include in the residential property condition disclosure report a (1) recommendation that the prospective purchaser have any concrete foundation inspected by a state licensed structural engineer for deterioration caused by the presence of pyrrhotite, (2) question as to whether the seller has knowledge of any testing or inspection by a licensed professional related to the property's foundation, and (3) question as to whether the seller has any knowledge of any repairs related to the property's foundation.
- * Requires personal risk insurance policies (e.g., homeowners) and certain condominium master and property insurance policies to allow suit against insurers for up to one year after the date the insured receives a written denial for all or any part of a claim under property coverage provision for a crumbling concrete foundation
- * Allows taxpayers to reduce their Connecticut adjusted gross income by the amount of any financial assistance received from the Crumbling Foundations Assistance Fund or paid to, or on behalf of, an owner of a residential building pursuant to the bill
- * Allows municipalities to jointly borrow, or individually bond, to fund projects to abate certain deleterious conditions caused by crumbling concrete
- * Establishes an eight-member working group to develop a model quality control plan for quarries and to study the workforce of contractors repairing and replacing crumbling concrete foundations; it must report its findings to the General Law Committee by December 31, 2018, at which point it terminates
- * Establishes a special homeowner advocate within DOH responsible for, among other things, coordinating state efforts to assist homeowners with crumbling concrete foundations, helping resolve complaints concerning the captive, working with the federal government, and reporting to General Assembly
- * Establishes a training program for contractors repairing or replacing these foundations

EFFECTIVE DATE: Upon passage, with the provision allowing suit against certain insurers for up to one year after a claim denial is applicable to policies issued, renewed, or in effect on or after the bill's effective date; and the tax deduction provisions applicable to taxable years beginning on or after January 1, 2017

PA 16-45 (<https://www.cga.ct.gov/2016/ACT/pa/2016PA-00045-R00HB-05180-PA.htm>)

Summary of PA 16-45

This act makes various changes related to residential and commercial concrete foundations. It requires:

1. Additional documentation to obtain a certificate of occupancy for a new structure for which a concrete
2. Municipalities, at an owner's request, to reassess residential properties with foundation problems;
3. The Department of Consumer Protection (DCP) to investigate the cause or causes of concrete foundation failure; and
4. Executive branch agencies to maintain records related to failing residential concrete foundations as confidential for at least seven years.

EFFECTIVE DATE: May 2016, and applicable to assessment dates beginning on or after that date, except the provision requiring a report to the legislature is effective July 1, 2016 and the provision about certificates of occupancy is effective October 1, 2016.

PRESS RELEASES

May 2, 2018

[DOH Extends Application Deadline For Crumbling Foundations Testing Program](#)

March 8, 2018

[DOH Expands Eligibility for Crumbling Foundation Testing Reimbursement](#)

November 28, 2017

[Gov. Malloy Announces State Begins Providing Reimbursements to Northeastern Connecticut Homeowners for Testing of Crumbling Foundations \(/Malloy-Archive/Press-Room/Press-Releases/2017/11-2017/Gov-Malloy-Announces-State-Begins-Providing-Reimbursements-to-Homeowners-for-Crumbling-Foundations\)](#)

February 17, 2017

[Gov. Malloy Proposes Creating State Loan Program to Support Northeastern Connecticut Homeowners Confronting Crumbling Foundations \(/Malloy-Archive/Press-Room/Press-Releases/2017/02-2017/Gov-Malloy-Proposes-Creating-State-Loan-Program-to-Support-Northeastern-Connecticut-Homeowners\)](#)

January 23, 2017

[Gov. Malloy Announces State Funding to Conduct Foundation Testing For Homes in Northeastern Connecticut \(/Malloy-Archive/Press-Room/Press-Releases/2017/01-2017/Gov-Malloy-Announces-State-Funding-to-Conduct-Foundation-Testing-For-Homes-in-Northeastern-CT\)](#)

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