

Connecticut celebrates 1,000th home fixed in crumbling foundation crisis

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One thousand Connecticut homes with crumbling foundations have been fixed, the latest milestone for the captive insurance company established five years ago.

What began as despair and frustration for thousands of Connecticut homeowners has turned into a celebration as 1,000 homes with crumbling foundations have been fixed, the latest milestone for the captive insurance company established five years ago.

When Lisa deRoode purchased her Manchester townhouse in 2016 in the Lydall Woods community, she felt that it would be the last home she purchased.

About two years later, she learned that she and her neighbors shared a crumbling foundation, and "nothing pleasant" was going through her mind, she said. "I was very stressed and very anxious," deRoode said. "I was in a pickle that I couldn't get out of."

After consulting town officials and neighbors who shared experiences with the Connecticut Foundation Solutions Indemnity Co., or CFSIC, deRoode and her neighbors applied for assistance through the captive insurance company. She said she had a "wonderful" experience with CFSIC staff and Superintendent Michael Maglaras.

Her home has since been lifted and the slab foundation replaced, becoming the 1,000th home to be fixed since CFSIC was established in 2019.

"A large weight has been lifted off my shoulders," deRoode said. "I feel much better. It seems like it's brand new. ... Overall, CFSIC was very organized, very on the ball."

With CFSIC reaching yet another milestone, Steve Werbner, the chairman of CFSIC's Board of Directors and president, praised not only the captive, but also the homeowners who have faced the crisis with dignity.

"It's always important to remember that this is not a number," he said. "This is 1,000 families who have faced the crumbling foundation crisis with bravery and perseverance. CFSIC has been there to help them."

U.S. Rep. Joseph Courtney, D-2nd District, a staunch advocate for homeowners with crumbling foundations, called CFSIC's latest achievement "a remarkable milestone" that emphasizes the "life-changing" role the captive plays in the lives of Connecticut homeowners.

The state legislature creating the captive insurance model to address crumbling foundations in 2017 "was a bold move driven by a grassroots coalition of homeowners who had no other redress," Courtney said.

"What an achievement," Sen. M. Saud Anwar, D-South Windsor, said of CFSIC latest milestone.

Anwar's district is among those in Connecticut that had been ravaged by crumbling foundations. He said he has "had the privilege of seeing firsthand" how CFSIC has benefited residents who, at one time, were hopeless.

"Mike and his team have done outstanding work, and my constituents are very grateful for their success," Anwar said.

Municipal impact

Courtney has worked to support CFSIC for years, including helping the captive to receive its nonprofit status, enabling it to receive tens of thousands of dollars in private donations in addition to state funding.

He continues to push for federal legislation that would restore the casualty loss deduction, which would make taxpayers who suffered an unexpected disaster — including crumbling foundations — eligible for tax relief for uninsured losses.

"There are still many homes at risk from pyrrhotite damage, and it is critical that we redouble our efforts to stabilize the home and real estate markets in Connecticut that have been ravaged by this insidious defective concrete," Courtney said.

While the state legislature passed a law in 2016 that enabled homeowners with crumbling foundations to have their property values reassessed, the law had an unintended consequence for municipalities.

Although it saved some homeowners money on their property taxes, it led to towns losing millions of dollars as a result of reassessments. Some losses were offset by new construction and growing grand lists in some towns, however.

Since 2016, Tolland, one of the hardest hit municipalities in the state, saw an assessment reduction totaling nearly \$22.4 million, resulting in about \$800,000 in lost tax revenue, according to Assessor Jason Lawrence.

With more than 140 homes fixed so far in Tolland, assessments have risen by more than \$9.5 million, increasing tax revenue by more than \$350,000, he said.

Lawrence noted, however, that Tolland conducted a revaluation in 2019, and the full market value of the fixed homes won't be realized until the 2024 grand list is complete.

The town is also conducting another revaluation for this year, and officials are working to determine the impact crumbling foundations has on the currently hot real estate market, he

said, adding that values are up between 40 and 50 percent from 2019 for most residential properties.

Praise for CFSIC

Courtney was among federal and state officials who praised Maglaras and CFSIC — as well as grassroots organizers, including Tim Heim and Debra MacCoy — during an informational hearing in Ellington last month.

"We have been so blessed to have Mike Maglaras," Courtney said, adding that his unique background in the insurance industry and being an Ashford resident with an understanding of the local impact of crumbling foundations are invaluable assets.

Maglaras has stretched each dollar as far as possible, Courtney said. "You think back to what it looked like 10 years ago, it's an amazing record of success."

Aside from the benefit to homeowners, CFSIC has created 225 new construction jobs, which in turn has led to the cost of replacing foundations to decrease over the years due to the competition created by having a variety of contractors able to do the replacements.

With the Connecticut Supreme Court ruling in 2019 that foundations are not covered by homeowners insurance because they are not in imminent danger of collapsing, crumbling foundation victims had nowhere to turn before CFSIC was created.

Now, Maglaras said that another roughly \$160 million is needed through \$100 million more in state bonding and extending a \$12 insurance surcharge through 2035 in order to fix all affected foundations in the state. Without more funding, roughly 1,000 homes would be left behind, he said.

He's hopeful that residents throughout the state recognize that their tax dollars are being used efficiently in order to restore value to homes and make them safe again.

To date, CFSIC has paid out more than \$156 million to fix foundations, as well as reimbursements for work already performed.

"The way we lick this crisis is we come together, we stay together even if your town doesn't have any crumbling foundations," Maglaras said, adding that legislation has been passed with bipartisan support from state lawmakers, many of whom do not represent districts with crumbling foundations. "That's the secret of the success of this program. ... I am that close to driving a stake through the heart of this crisis."