

Concrete repair brings value to local tax rolls

By Eric Bedner / Journal Inquirer

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Karen O'Connor of Ashford, with her dogs Lizzie, Lola, and Louie, moved back into her home in November 2020 after the crumbling foundation was replaced,
Jim Konrad / Journal Inquirer



Karen O'Connor's house was lifted to replace the crumbling foundation.
Karen O'Connor

Local towns plagued by crumbling foundations are beginning to see their tax rolls return to normal as homes that had been reassessed at lower values are being fixed, returning millions of dollars of property taxes to municipalities.

In June 2019, the Journal Inquirer reported that local municipalities were facing losses of millions of dollars in home assessments due to reductions granted to residential structures with crumbling foundations.

Vernon was among the hardest-hit communities with 216 homes being reassessed in the previous three years for a total reduction of more than \$24.8 million in value, equating to a net loss in tax dollars of nearly \$988,000.

A majority of Vernon's reassessments were from condominiums, rather than single-family homes. Vernon had 161 condo units in three complexes reassessed, reducing the assessments by about \$15.4 million, or roughly \$614,000 in total tax dollars lost in 2019.

As of December 2021, there were only 18 applications for reassessments, with a net assessed value loss of about \$1.4 million, assessor David Wheeler said.

However, 37 foundations for reassessed homes in town have already been fixed, equating to a total net assessment gain of about \$2.3 million, he said.

Tolland's 2018 grand list had 36 applications for reduced assessments in 2019, resulting in a \$2.2 million loss in assessed value. That was in addition to 55 reassessments from the previous year and 48 the year before that, resulting in a loss of \$4.2 million and \$3.6 million, respectively.

Since 2016, there have been a total of 256 reductions in town, equating to nearly \$20 million in reduced value or about \$725,000 in property taxes lost to the town.

Beginning in 2018 and ramping up significantly since, there have been a total of 70 homes fixed in Tolland, Assessor Jason Lawrence said.

Despite ongoing efforts to fix the most deteriorated foundations, some area towns continue to struggle with reassessments.

At the beginning of 2019, Coventry had 45 single-family homes reassessed for a reduction of \$2.85 million in revenue.

Despite 29 homes being repaired since, Coventry continues to struggle as there are now 59 homes still with reassessed values, with a total assessment decrease of about \$5.7 million, assistant to the assessor Rachel Vertefeuille said.

“That’s the highest count to date,” she said.

Three years ago, roughly 80 Manchester property owners had received a reduction in assessed value, resulting in a roughly \$6 million hit to the grand list.

For its 2021 grand list signed in January, Manchester has seen 37 properties repaired already, assessor John Rainaldi said.

He noted that there are more repairs currently being done that will be reflected in this year’s grand list.

Because the town’s mill rate has not yet been determined for this year, Rainaldi said the overall tax impact is not yet known.

However, the 2020 grand list shows the reduction due to defective concrete was about \$12.438 million, equating to a reduction of roughly \$520,000 in taxes.

Overall, Manchester’s 2021 grand list rose by 18%, with residential values up nearly 27% due to a revaluation in 2021.

The most recent grand list showed more reduced assessments than in 2020 — 167 compared to 156 — and new applications continue to come in, Rainaldi said.

“Defective concrete foundations remain a very serious issue in Manchester, impacting many Manchester residents and impacting the grand list,” he wrote in January after signing the 2021 grand list.

524 foundations fixed

The number of homes being fixed at a relatively rapid pace would not be possible without the Crumbling Foundation Solutions Indemnity Co., or CFSIC, the captive insurance company leading remediation efforts.

Since opening its doors on Jan. 10, 2019, CFSIC has fixed 524 foundations as of Tuesday, the captive's superintendent, Michael Maglaras, said.

He noted that CFSIC won't make a final payment to a contractor until a certificate of completion is issued by a town's building inspector.

After that, the home is "immediately" returned to its full assessed value, Maglaras said.

While not all homes that have been fixed were necessarily reassessed, 10 towns make up about 94% of foundations that have been replaced.

Vernon and Tolland top the list with 89 and 82, respectively, according to data from CFSIC.

Stafford, Willington, and Manchester range from 56 to 53. South Windsor, Ellington, and Coventry have had a total of 49, 41, and 30 foundations fixed, respectively.

Ashford and Somers round out the top 10 with 11 replacements each.

One of those homes belongs to Ashford resident Karen O'Connor, a single mother of three whose Turnpike Road home was among several in her neighborhood with a crumbling foundation.

Her foundation was deteriorating to the point that the house shifted so much that windows and doors either wouldn't open or wouldn't close, she said.

At the time, O'Connor was a trooper with the state police and also worked as a legislative liaison for the agency, requiring her to be in the Legislative Office Building where lawmakers were negotiating crumbling foundation bills.

She said the most frustrating part of the remediation process was that it took her insurance company nearly a year to deny her claim, forcing her to wait for assistance through CFSIC.

“It was terrifying,” O’Connor said.

In late 2019, her home was placed on the waiting list and classified as among the most in need for immediate repairs.

“I consider myself lucky; I found out and immediately went into action,” she said, praising those who had worked for years lobbying for legislation and raising awareness of the crisis.

Work cost about \$90,000 out of pocket

O’Connor’s home was lifted in September 2020 and her family was back in their home by Thanksgiving the same year, she said.

At the time, CFSIC capped foundation repair funding at \$175,000, but the total cost for O’Connor’s foundation replacement was about \$187,000.

The extra \$12,000, along with peripheral costs, such as her yard and the cost of a dumpster and storage canister, O’Connor still had to pay about \$90,000 out of pocket.

Fortunately, she and her children were able to stay with O’Connor’s mother while the foundation was being fixed, saving some money that otherwise would’ve been spent on a rental property.

O’Connor has since retired as a state trooper and serves as the executive director and chief executive officer of the Network Against Domestic Abuse in Enfield.

As of Tuesday, the average cost to fix a crumbling foundation was \$141,339, and the time it takes to replace a foundation has decreased by exactly two weeks compared to two years ago, Maglaras said, noting that the timeframe also saves many families from paying more for rentals if they cannot live in their homes while the foundation is being fixed.

The cap on construction costs covered through the captive was increased from \$175,000 to \$190,000 beginning on Jan. 2.

“We’re trying to get as much bang for our buck as we can,” Maglaras said, adding that costs and the time it takes to fix a foundation have steadily declined as contractors compete for business. “Old fashioned American capitalism is prevailing. ... It’s very consumerist oriented.”

\$90 million paid in claims

Maglaras is hopeful that another \$36 million in funding comes for foundations between the middle of June and the end of July, as participation agreements have been suspended since July 21.

If the \$36 million — \$25 million from the state Bond Commission and roughly \$11 million from a surcharge on certain homeowner insurance policies — comes when Maglaras hopes, CFSIC will be able to continue to enter into participation agreements through April 2023, which would have a direct benefit to municipal tax rolls.

Nearly \$90 million has been paid out in claims, and hundreds more homeowners have already entered into participation agreements to have their homes fixed.

Last month, CFSIC completed the replacement of its first severity class 2 claimant. The captive's guidelines require it to prioritize severity class 3 homes ahead of class 2 structures. With a new commitment from the state of another \$100 million over the next four years, more class 2 families will be able to have their homes fixed, Maglaras said.

Within the next year, another 100 to 125 families should be back in their safe homes, he said, adding, "We measure our success by the number of families that we help."