

# Connecticut legislature passes crumbling foundations bill protecting homeowners

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In this 2017 file photo, Vincent Perracchio points to a patch of concrete in the basement wall of his Willington home, where the foundation has deteriorated to the point of imminent collapse.

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Connecticut lawmakers approved a bill meant to protect owners of homes with crumbling foundations and prevent the faulty concrete that caused the costly and widespread problem from ever being used again.

Gov. Ned Lamont is reviewing the bill, his spokesman said Tuesday.

Among other provisions, the legislation removes a five-year cap on revaluing affected properties and makes permanent a state-funded insurance company dedicated to helping homeowners whose dream properties turned into nightmares.

The bill also requires quarries that produce aggregate for concrete to prepare a geological source report annually and commissions a report on damage to nonresidential buildings throughout the state.

Concrete used in homes in eastern Connecticut contained the mineral pyrrhotite, which degraded foundations. Without repairs costing \$150,000 to \$250,000, affected homes eventually would be uninhabitable.

Shawn and Kim Kowalyshyn of Willington were among residents who wrote to legislators urging passage of the bill. The Kowalyshyns bought their home in 2007 for \$345,000 and spent another \$40,000 on renovations. They learned in 2015 that their foundation was falling apart, and like other affected homeowners, found no relief from their home insurance provider.

“We are hard-working, middle-class people who raised and put through college our four kids, so needless to say, we don’t have a lot of money,” the couple wrote. “Thank goodness for the captive insurance company — we are finally having our basement replaced in June.”

The captive insurance company is the Connecticut Foundation Solutions Indemnity Company, formed in 2017 and focused on helping homeowners replace their cracked and weakening foundations. So far, the company has paid out \$64,236,481 for 315 foundation replacements and 78 foundation reimbursements, company Superintendent Michael Maglaras said.

Funded by the state and through a surcharge on Connecticut homeowners’ insurance policies, the company was due to be terminated next year, but the bill eliminates that sunset date.

“We have been told that only if the sunset date is extended may we be eligible to have our basement repaired in 2026 or 2027,” James and Evelyn Dahl of Manchester wrote to legislators. “We will be 81 and 79 years of age. Not what we had in mind for our retirement... If the state does not help us out, we are not sure what we will do.”

Private Insurance companies have denied homeowners’ claims to cover the cost of foundation repairs. In 2019, the state Supreme Court ruled that homeowners’ insurance policies can exclude crumbling foundations under the existing definition of “collapse.”

Legislators who have been active in seeking protections for homeowners include Sens. Steve Cassano, D-Manchester, Saud Anwar, D-South Windsor, and Dan Champagne, R-Vernon, and Reps. Tom Delnicki, R-South Windsor, and and Jaime Foster, D-East Windsor/Ellington.

“With the pain and anguish faced by those struggling with issues in their homes, purchases they sunk their lives into and planned to live in for decades, we must do all we can to limit further struggles,” Anwar said.

Under current law affecting homes with crumbling foundations, a property reassessment is valid for five years unless the foundation is repaired or replaced sooner. The bill eliminates the five-year maximum, allowing taxpaying property owners to benefit from reduced assessments until their foundations are fixed.

Champagne and Foster noted that municipalities have lost significant revenue due to reduced assessments on affected homes.

“Crumbling foundations are a huge threat to our local property values and tax assessments,” Foster said.

Manchester assessment and collection Director John Rainaldi said the most recent list of taxable property included \$12,437,900 in assessment reductions due to crumbling foundations, a tax revenue loss of \$520,000.

Testifying in support of the proposed bill, Betsy Gara, executive director of the Connecticut Council of Small Towns, relayed concerns that without added protections, home values will continue to drop and homeowners will abandon their properties.

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