

## **Crumbling Foundations Summary**

*October, 2018*

Since first learning about the issue of crumbling foundations potentially affecting upwards of 35,000 homeowners in eastern Connecticut, Governor Malloy and Lieutenant Governor Nancy Wyman and their executive agencies worked actively with the Connecticut Attorney General, the Connecticut General Assembly, and federal partners to bring relief to affected homeowners and to assess the safety of public projects.

Upon learning of the problem, the Governor requested that Lieutenant Governor Wyman personally oversee the state's involvement. He also requested that the Office of the Attorney General and the Department of Consumer Protection conduct an investigation of the Crumbling Foundations issue under the Connecticut Unfair Trade Practices (CUTPA) Act. The investigation concluded that there was insufficient evidence to commence any action.

Further, Governor Malloy requested advice from the Federal Emergency Management Agency (FEMA) regarding the requirements under which Connecticut could qualify for federal disaster assistance. Ultimately, FEMA denied disaster assistance, but set up a group consisting of the U.S. Department of Housing and Urban Development (HUD), the U.S. Army Corps of Engineers, the U.S. Department of Agriculture (USDA), and the Small Business Administration (SBA) to lend technical assistance.

To provide relief to homeowners:

- Noticed insurers that they cannot cancel or non-renew a homeowners policy due to a crumbling foundation;
- Directed insurers to disclose to homeowners the contractual limitation period for pursuing a lawsuit in the event a property loss is denied;
- Provided property tax relief to affected homeowners and safeguarded affected homeowner's complaints from Freedom of Information Requests;
- Provided \$5 million, and set-aside another \$1 million from the federal government, for a testing reimbursement program to help the state better understand the scope of the problem;
- Created a captive insurance company for crumbling foundations to provide financial assistance to repair and/or replace eligible crumbling foundations and provided \$100 million in bonding authorizations between Fiscal Years 2018 – 2022; and
- Established a Collapsing Foundations Credit Enhancement Program, administered by the Connecticut Housing Finance Authority to develop financial products, such as low interest loans and loan guarantees to help homeowners cover remaining costs after receiving aid from the captive insurance company.