



FEMA

November 8, 2016

The Honorable Dannel P. Malloy
Governor of Connecticut
210 Capitol Avenue
Hartford, Connecticut 06106

Dear Governor Malloy:

Thank you for your October 19, 2016 letter, requesting that the Federal Emergency Management Agency (FEMA) establish a field office in northeastern Connecticut to conduct a preliminary damage assessment for the purpose of determining the extent and impact of crumbling residential basements. You stated that this damage appears to be the result of the reaction of a naturally occurring mineral, pyrrhotite, to oxygen and water.

Based upon the July 7, 2016 status report from the State's Attorney General, it appears that the pyrrhotite was present in the stone aggregate in the concrete which was used in these foundations. While the mineral and chemical reactions may be naturally occurring, the mixing of concrete and the placing of these foundations are manmade events and do not constitute a natural catastrophe as that term is used in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). As such, neither preliminary damage assessments nor Stafford Act assistance are appropriate to address this situation.

Although we are unable to provide Stafford Act assistance, FEMA Region I will make a senior liaison available to facilitate your engagement of other federal partners. Please do not hesitate to contact Paul F. Ford, Regional Administrator, FEMA Region I at (617) 956-7500. We remain committed partners in emergency management and thank you for your collaboration.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Craig Fugate". The signature is stylized and somewhat cursive.

W. Craig Fugate
Administrator

DRAFT LEGISLATIVE AGENDA

Crumbling Concrete Foundations

A total of 37 towns, of which 20 are in CRCOG have been impacted by crumbling concrete foundations related to the presence of a mineral pyrrhotite in the concrete mix. This is a significant and growing issue for home owners and towns.

Concrete Testing Funding. CRCOG supports the use of CDBG or program income funds to help homeowners with crumbling foundations to, at a minimum, test the affected property to verify the existence of a problem. Any income restrictions for this purpose should be waived.

Remediation Fund. CRCOG supports the creation of a relief fund for homeowners experiencing crumbling foundations. CRCOG's Ad-hoc working committee has a template in progress that it is willing to discuss with legislators details regarding the program. Some key points regarding any relief funding should include:

- Any state funding for crumbling foundations should be exempt from CHRO and prevailing wage requirements. The homeowners will be the ones who are finding contractors, etc. for this project and to require them to adhere to CHRO or prevailing wage requirements will be too high of a bar.
- In conjunction with the development of a process and a cut-off date after which buyers will no longer be eligible for relief (right now, May 10, 2016, the day Mottes ceased operating from the quarry for residential projects has been proposed), the sales disclosure statement should reflect that the buyer is aware that such a problem exists if it does not do so already.

Remediation Funding Sources. CRCOG recognizes that funding for the relief fund will be a challenge. CRCOG's Ad-hoc Working Committee on Crumbling Foundations has put forward a few suggestions as a starting point for this discussion – recognizing that any funding mechanism will cause economic reverberations. This issue is a challenging and difficult one that is already having economic impact on the affected municipalities and will continue to affect those communities. Some potential suggested funding mechanisms for a relief fund are as follows:

- An increase in the conveyance tax for affected municipalities by 1/4%
- Potentially increasing sales tax on construction only by 1% or .5%
- Insurance companies: CRCOG would support the state encouraging insurance companies to participate in a relief fund to which a few insurance companies have already pledged some support.

Guaranteed Loan Fund for Concrete Remediation. CRCOG supports pursuing a potential state-guaranteed private loan fund or other private banking based loan fund to help homeowners facing crumbling foundations.

State Building Fee Waiver. CRCOG supports waiving the state portion of the building fee for any municipalities waiving fees for work on crumbling foundations.

Future Testing. CRCOG supports testing of residential and commercial concrete for the presence of pyrrhotite and possibly establishing and regulating a maximum acceptable amount to be present in concrete loads.

Time Limits for Filing Claims. CRCOG supports reviewing increasing time limits for filing claims related to crumbling foundations with insurance companies as well as examining time limits for appeals and adjudication of such claims.

Peril of Collapse Insurance Coverage. CRCOG supports requiring insurance companies to provide coverage for the “peril of collapse” due to the presence of pyrrhotite resulting in the impairment of the structural integrity of the building up to \$150,000.