



April 17, 2024

The Honorable Thomas Umberg  
Chair, Senate Committee on Judiciary  
1021 O Street, Room 3240  
Sacramento, CA 95814

**RE: SB 1470 (Glazer) Construction defect cases. – SUPPORT**

Dear Chair Umberg,

The California Home Building Alliance (HBA) writes you to express our support for Senate Bill 1470, to create a true “right to repair” as part of the pre-litigation process to resolve condominium construction defect claims. It is important to note, this legislation does not preclude litigation; it simply says that the pre-litigation “right to repair” – which was the intent of SB 800 (Burton, 2002) – should be just that: pre-litigation.

This coalition includes trade associations representing small and large businesses, for-profit and not-for-profit home builders, realtors, developers, employers, affordable housing infill builders, and non-profit research, education, and advocacy organizations focused on increasing the supply of new housing and improving the quality and affordability of housing in California.

According to research conducted by Lambda Alpha International, the global land economics society, states such as Hawaii and Washington and the Canadian province of British Columbia produce ten times the number of condominiums that California does on an annual basis.

Only about 3,000 condominiums are built each year in California because of the risk developers and insurers associate with them. Developers and building contractors face high financial risk due to litigation from post-construction defect claims. While there is risk for all home

construction, there is more risk for condominiums compared to single-family homes because construction defect litigation is brought on behalf of HOAs in class actions. As a result, developers in California simply choose to build multifamily rental projects instead and avoid for-sale projects that could create more affordable homeownership opportunities.

While current law is supposed to require developers to be allowed an opportunity to repair a defect prior to litigation, the pre-litigation process does not work in practice. Frequently, the builders are not given sufficient time to return and repair, are not told what the defect is by the HOA or homeowner, and are unable to agree on a repair plan with the homeowner to correct the defect adequately. In many cases, the homeowner rejects repairs by the builder altogether.

As a result, litigation is common and HOAs can effectively sue developers for construction defects prior to allowing the developer to make the repairs. Under current law, developers are liable for defects in their condominium development up to 10 years following construction.

Now, more than 20 years after passage of SB 800 (Burton, 2002), we have ample evidence that the so-call “right to repair” law is not working as intended and production of condominiums has plummeted in California.

SB 1470 seeks to strengthen the pre-litigation process in current law by requiring the homeowner or HOA and the builder to agree on repairs and provides ample consumer protection by requiring a local building permit for repair and review of the work by a third-party quality assurance inspector.

Furthermore, the legislation defines a “standard of care” for home construction as the industry standard for similar work on similar construction and then defines a construction defect as any defect that violates the standard of care or affects the habitability or usefulness of the home.

Taken together, these reforms will decrease the risk for condominium development in the state and thereby increase affordable homeownership options for Californians.

For these reasons, the HBA supports SB 1470 (Glazer).

Sincerely,



Louis Mirante  
Vice President of Public Policy  
Bay Area Council



Adam Briones  
Chief Executive Officer  
California Community Builders



Jordan Panana Carbajal  
Legislative Advocate  
California YIMBY



Corey Smith  
Executive Director  
Housing Action Coalition



Laura Foote  
Executive Director  
YIMBY Action



Azeen Khanmalek  
Executive Director  
Abundant Housing LA



Michael Lane  
State Policy Director  
SPUR



Tahra Goraya, MA, MPA  
President & CEO  
Monterey Bay Economic Partnership



Jeremy Levine  
Policy Manager  
Housing Leadership Council of San Mateo  
County



Howard Ahmanson  
President  
Fieldstead and Company, Inc.



Erik de Kok, ACP  
Vice President Policy and Legislation  
APA California