

ASSEMBLY BILL

No. 280

Introduced by Assembly Members Blakeslee and Ma

February 12, 2009

An act to add Section 10089.55 to the Insurance Code, relating to the California Earthquake Authority.

LEGISLATIVE COUNSEL'S DIGEST

AB 280, as introduced, Blakeslee. California Earthquake Authority: retrofit programs: grants.

Existing law establishes the California Earthquake Authority, administered under the authority of the Insurance Commissioner. Existing law provides that the authority shall be governed by a 3-member governing board consisting of the Governor, the Treasurer, and the commissioner. The authority is authorized to transact insurance as necessary to sell policies of basic residential earthquake insurance, as specified.

This bill would authorize the board to create a program, administered by the authority, to access and dispense federal stimulus dollars for purposes of retrofitting multiunit, soft-story buildings, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) There is a 99 percent chance that a magnitude 6.7 or greater
- 4 earthquake will occur in California sometime in the next 30 years.

1 (b) The Great Southern California Shakeout, a program run by
2 the Earthquake Country Alliance and the University of Southern
3 California's Southern California Earthquake Center, found that a
4 large earthquake in southern California would cost about \$213
5 billion dollars, including business interruption.

6 (c) The Great Southern California Shakeout estimates that about
7 1,800 people would die in a large southern California earthquake.

8 (d) The next major earthquake on the Hayward Fault, near the
9 bay area, may cause more than \$165 billion in property damage
10 alone.

11 (e) The last major earthquake on the Hayward Fault was 140
12 years ago. The last five earthquakes on the fault have come, on
13 average, 140 years apart.

14 (f) There are approximately 4,600 wood-framed buildings with
15 three or more stories and five or more residential units in San
16 Francisco.

17 (g) In San Francisco, approximately 80 percent of the weakest
18 wood-framed buildings are expected to completely collapse or be
19 damaged beyond repair in a large earthquake; residents of these
20 approximately 2,000 uninhabitable buildings would need new
21 homes for the years it would take to rebuild. Approximately 60,000
22 people live, 2,000 businesses use, and 7,000 employees work in
23 these buildings.

24 (h) Multifamily housing is slow to recover after an earthquake.
25 A 1994 study after the Loma Prieta earthquake found that one year
26 after the earthquake, 90 percent of the units destroyed were still
27 out of service. Four years later, 50 percent were still not repaired
28 or replaced.

29 (i) Retrofit projects provide hundreds of spade-ready jobs that
30 could commence within 12 months.

31 (j) Retrofit projects stimulate the economies of San Francisco
32 and the East Bay at a time when unemployment is soaring.

33 (k) Retrofits would cost approximately \$9,000 to \$28,000 per
34 residential unit for direct construction costs.

35 (l) Retrofit construction would last two to four months and
36 would be limited to the ground floor.

37 (m) For the most dangerous wood-framed units in San Francisco,
38 total unit collapse could be reduced to one in 30 rather than the
39 current level of one in five.

1 (n) Depending on the type of retrofit performed on a building,
2 average per unit dollar loss avoided to structure and contents ranges
3 from \$24,000 to \$52,000.

4 SEC. 2. Section 10089.55 is added to the Insurance Code, to
5 read:

6 10089.55. The board may, for purposes of retrofitting multiunit
7 soft-story buildings, establish a program, administered by the
8 California Earthquake Authority, to access and dispense federal
9 stimulus dollars made available by the federal government to
10 stimulate the economy. The authority may offer grants or loans
11 for some or all of the costs of a project, as otherwise allowed under
12 this section. The following limitations shall apply to funds
13 dispensed by the authority under this program:

14 (a) The authority shall only fund retrofit projects that are located
15 in city or county jurisdictions which have adopted, by ordinance,
16 a retrofit program that includes:

17 (1) Mandated retrofits of at-risk structures within the jurisdiction
18 by the year 2040 or earlier.

19 (2) A streamlined and fast-tracked permit procedure for seismic
20 retrofit projects funded by the authority through the program
21 created under this section.

22 (3) A procedure for tracking and documenting program-funded
23 retrofit projects and for reporting about these projects to the
24 authority.

25 (b) The authority shall only fund retrofit projects of large,
26 wood-framed, soft-story buildings with three or more stories and
27 five or more residential units, and each of these projects shall be
28 rated on its ability to mitigate the greatest risk at the lowest cost.

29 (c) The program shall only fund retrofit or other mandated
30 upgrades and shall not fund functional or aesthetic improvements.

31 (d) The authority shall only dispense federal funds.