

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1429**

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**Introduced by Assembly Member Chiu  
(Coauthor: Assembly Member Nazarian)**

February 27, 2015

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An act to add Section 10089.397 to the Insurance Code, relating to earthquake ~~mitigation repairs~~: *loss mitigation*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1429, as amended, Chiu. ~~Earthquake mitigation retrofit program:~~  
~~homes:~~ *loss mitigation: grant programs.*

*Existing law, the California Earthquake Authority Act, establishes the California Earthquake Authority and authorizes the authority to transact insurance in this state as necessary to, among other things, create and maintain, in collaboration or jointly with subdivisions and programs of local, state, and federal governments and with other national programs, programs and activities that mitigate against seismic risks, for the benefit of homeowners and other property owners. Existing law establishes the Earthquake Loss Mitigation Fund, a subaccount of the California Earthquake Authority Fund, a continuously appropriated fund. Existing law authorizes the authority to apply money in the Earthquake Loss Mitigation Fund to supply grants and loans or loan guarantees to dwelling owners who wish to retrofit their homes to protect against earthquake damage, as specified.*

*This bill would require the authority to establish a grant program, administered by a joint powers authority of the authority and the Office of Emergency Services, that would give a grant to a qualifying applicant who owns a residential structure that contains between 5 and 10*

*dwelling units for the purpose of paying a portion of the cost of seismic retrofit work to the structure, as specified. This bill would require the authority and the office to jointly adopt regulations necessary to implement the grant program, to establish eligibility criteria for participation in the grant program, and to establish criteria for determining the amount of a grant awarded under the grant program. This bill would provide that money in the Earthquake Loss Mitigation Fund may be expended to implement the grant program and make grants under the program upon appropriation by the Legislature. This bill would make related findings and declarations.*

~~Existing law establishes a program within all cities and all counties and portions thereof located within seismic zone 4, as described, to identify all potentially hazardous buildings, as defined, establish a mitigation program for these buildings, and file a report on the programs with the Seismic Safety Commission. Among other tax incentives, the Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.~~

~~This bill would declare the intent of the Legislature to enact legislation that would create and fund a program to assist California homeowners with earthquake mitigation repairs to their homes.~~

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

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

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) The earthquakes of 2014 that affected the Cities of La Habra
- 4 and Napa have generated increased interest in mitigating
- 5 single-family homes against earthquake damage.
- 6 (2) The California Earthquake Authority and the Office of
- 7 Emergency Services plan to expand the Earthquake Brace + Bolt
- 8 ~~Program~~ program to 650 homes in 2015.
- 9 (3) The California Earthquake Authority is working with the
- 10 Federal Emergency Management Agency and the Applied
- 11 Technology Council, a nonprofit research organization, to develop
- 12 the “ATC-110. ~~Redevelopment~~ *Development* of a Prestandard for
- 13 the Evaluation and Retrofit of One and Two Family Light Frame
- 14 Residential Buildings” for retrofitting additional types of
- 15 single-family homes.

1 (4) A well-funded program to encourage homeowners to mitigate  
2 their homes would mean more homes would survive an earthquake  
3 and homeowners who retrofit their homes would receive actuarially  
4 justified lower rates for earthquake insurance.

5 (5) Only 12 percent of California homeowners currently  
6 purchase earthquake insurance, leaving the vast majority of  
7 homeowners unprotected in the event of a major earthquake.

8 (6) There are many paths to funding a retrofit program, including  
9 income tax credits, sales tax rebates, attaching the financing to  
10 property taxes, and grants.

11 (b) Therefore, it is the intent of the Legislature to enact  
12 legislation that would create and fund a program to assist California  
13 homeowners with earthquake mitigation repairs to their homes.

14 *SEC. 2. Section 10089.397 is added to the Insurance Code,*  
15 *immediately following Section 10089.39, to read:*

16 *10089.397. (a) On or before July 1, 2016, the authority shall*  
17 *establish a grant program that is administered by a joint powers*  
18 *authority of the authority and the Office of Emergency Services*  
19 *for the purpose of providing monetary grants that assist a qualified*  
20 *owner of a multi-unit residential structure, whose tenants cannot*  
21 *afford a rent increase to finance seismic retrofit expenses passed*  
22 *on by the owner, by defraying the owner's cost of seismic*  
23 *retrofitting of the structure.*

24 *(b) An applicant who satisfies all of the following may seek a*  
25 *grant from the program established by this section:*

26 *(1) The applicant is an owner of record of the structure to be*  
27 *retrofitted.*

28 *(2) The structure is a residential building of not less than five,*  
29 *but not more than 10 dwelling units.*

30 *(3) The dwelling units in the structure are occupied by tenants*  
31 *who are members of "lower income households," as defined in*  
32 *subdivision (a) of Section 50079.5 of the Health and Safety Code.*

33 *(4) The structure meets structural requirements established*  
34 *pursuant to subdivision (c).*

35 *(5) The structure is located in a high-risk earthquake area,*  
36 *based on criteria established pursuant to subdivision (c).*

37 *(6) The retrofit work qualifies as work for which the applicant*  
38 *may receive a grant, based on criteria established pursuant to*  
39 *subdivision (c).*

1     (c) *The authority shall, jointly with the Office of Emergency*  
2 *Services, adopt regulations necessary to implement this section,*  
3 *including, but not limited to, establishing structural eligibility*  
4 *requirements for a structure that will receive seismic retrofit work,*  
5 *defining criteria for determining whether a structure is located in*  
6 *a high-risk earthquake area, defining criteria for seismic retrofit*  
7 *work that qualifies as work eligible for receipt of a grant, and*  
8 *defining criteria for the determination of the amount of a grant*  
9 *awarded pursuant to the program created by this section.*

10    (d) *The authority may expend money in the Earthquake Loss*  
11 *Mitigation Fund, upon appropriation by the Legislature, to*  
12 *implement and make grants pursuant to the program established*  
13 *by this section.*