

AMENDED IN ASSEMBLY APRIL 20, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1429

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

February 27, 2015

An act to add Section 10089.397 to the Insurance Code, relating to earthquake loss mitigation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1429, as amended, Chiu. Earthquake loss mitigation: grant programs.

Existing law, the California Earthquake Authority Act, establishes the California Earthquake Authority, *administered by the Insurance Commissioner*, 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~~ *recognize the existence of the California Residential Mitigation Program (CRMP), a joint powers authority created in 2012 by agreement between the California Earthquake Authority and the Office of Emergency Services. The bill would require the CRMP to implement a grant program and, on or after July 1, 2017, authorize it to give a grant to a qualifying owner of a residential structure that contains between 5 and 10 dwelling units for the purpose of paying a portion of the* ~~to defray the owner's cost of seismic retrofit work to the structure, as specified.~~ *specified, if the Legislature appropriates funds for that purpose.* This bill would require ~~the authority and the office to jointly adopt regulations~~ *the governing board of the CRMP, after providing notice and opportunity for public review and comment, to adopt policies and procedures* 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.

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. (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 *the*
- 5 *damage to single-family homes against earthquake damage. from*
- 6 *earthquakes.*
- 7 (2) The California Earthquake Authority and the Office of
- 8 Emergency Services plan to expand the Earthquake Brace + Bolt
- 9 program to 650 homes in 2015.
- 10 (3) The California Earthquake Authority is working with the
- 11 Federal Emergency Management Agency and the Applied
- 12 Technology Council, a nonprofit research organization, to develop

1 the “ATC-110. Development of a Prestandard for the Evaluation
2 and Retrofit of One and Two Family Light Frame Residential
3 Buildings” for retrofitting additional types of single-family homes.

4 (4) A well-funded program to encourage homeowners to mitigate
5 *risks to* their homes would mean more homes would survive an
6 earthquake and homeowners who retrofit their homes would receive
7 actuarially justified lower rates for earthquake insurance.

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

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

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

17 SEC. 2. Section 10089.397 is added to the Insurance Code,
18 immediately following Section 10089.39, to read:

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

27 *10089.397. (a) The Legislature finds and declares that there*
28 *exists the California Residential Mitigation Program, also known*
29 *as the “CRMP;” a joint powers authority created in 2012 by*
30 *agreement between the California Earthquake Authority and the*
31 *Office of Emergency Services.*

32 *(b) If the Legislature appropriates funds for the purpose of*
33 *funding the CRMP’s implementation of the grant program*
34 *described in this section, the CRMP shall, pursuant to the*
35 *requirements of this section, implement the grant program and,*
36 *on and after July 1, 2017, make grants that assist a qualifying*
37 *owner of a multiunit residential structure by defraying the owner’s*
38 *cost of seismic retrofitting of the structure.*

39 ~~(b) An~~

1 (c) *The CRMP may make a grant to an applicant who satisfies*
 2 *all of the following may seek a grant from the program established*
 3 *by this section: following:*

4 (1) *The applicant is an owner of record of the structure to be*
 5 *retrofitted: retrofitted and has secured the written consent of all*
 6 *other owners of the structure to make a grant application.*

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

9 (3) *The dwelling units in the structure are occupied by tenants*
 10 *who are members of “lower income households,” as defined in*
 11 *subdivision (a) of Section 50079.5 of the Health and Safety Code.*

12 (4) *The structure meets structural requirements established*
 13 *pursuant to subdivision (e): (d).*

14 (5) *The structure is located in a high-risk earthquake area, based*
 15 *on criteria established pursuant to subdivision (e): (d).*

16 (6) *The retrofit work qualifies as work for which the applicant*
 17 *may receive a grant, based on criteria established pursuant to*
 18 *subdivision (e): (d).*

19 ~~(e) The authority shall, jointly with the Office of Emergency~~
 20 ~~Services, adopt regulations~~

21 *(d) The governing board of the CRMP shall adopt policies and*
 22 *procedures necessary to implement this section, including, but not*
 23 *limited to, establishing the means by which the applicant may*
 24 *satisfy the tenant-related economic eligibility criteria for the*
 25 *program, establishing structural eligibility requirements for a*
 26 *structure that will receive seismic retrofit work, defining criteria*
 27 *for determining whether a structure is located in a high-risk*
 28 *earthquake area, defining criteria for seismic retrofit work that*
 29 *qualifies as work eligible for receipt of a grant, and defining criteria*
 30 *for the determination of the amount of a grant awarded pursuant*
 31 *to the program created by this section. In adopting those policies*
 32 *and procedures, the governing board shall provide notice and*
 33 *opportunity for public review and comment, publish the policies*
 34 *and procedures on the CRMP’s Internet Web site, and otherwise*
 35 *make the policies and procedures available to the public.*

36 ~~(d) The authority may expend money in the Earthquake Loss~~
 37 ~~Mitigation Fund, upon appropriation by the Legislature, to~~

- 1 ~~implement and make grants pursuant to the program established~~
- 2 ~~by this section.~~

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