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ANNIVERSARY

March 14, 2018

The Honorable Jim Frazier
Assembly District 11
State Capitol, Room 3091
Sacramento, CA 95814

RE: AB 2353 – Construction Defect – SUPPORT/HOUSING CREATOR

Dear Assemblyman Frazier,

The California Building Industry Association (CBIA) is pleased to announce that we have taken a support position on your bill, Assembly Bill 2353, and identified it as a “Housing Creator.” As you know, CBIA has recently instituted its “Housing Killer” and “Housing Creator” lists to be used as a tool to highlight bills that will either exacerbate or ameliorate the current housing crisis. We have found that AB 2353, which decreases the statute of limitations for construction defect lawsuits from 10 to 5 years, will have a beneficial impact on the condition of housing and it has therefore been deemed a “Housing Creator.”

In order to place bills on either list, we enumerated several criteria with which to judge a bill’s merits as it relates to housing. With regard to AB 2353, we found the following:

- **Will the bill stimulate housing production and supply? YES.** By reducing costs and liability, it could stimulate housing production.
- **Will it decrease the cost to build houses? YES.** It is believed that this bill will reduce insurance premiums and self-insured retentions and increase the availability of general liability insurance for contractors and homebuilders, thereby increasing the supply and holding down costs.
- **Will it make housing less expensive for Californians? YES.** The Legislative Analyst’s Office has noted that housing in California is 250% more expensive than the rest of the country. California’s construction defect regime does not require proof of damage to the property to win a construction defect lawsuit. Instead, California’s construction defect regime focuses on how a home performs. Because litigation can be successful without the manifestation of any damage, there is no need to delay the filing of a claim, so a shorter period is appropriate.
- **Will it make any of the processes associated with homebuilding such as the entitlement, approval, or permitting processes less complicated, easier, and expeditious? YES.** The bill will simplify the after-market aspect of homebuilding by reducing the length of time during which a homeowner can file a suit.
- **Does it encourage homeownership? YES.** Insofar as this will have a generally positive affect on the housing market and help increase the housing supply, this bill would help provide homeownership opportunities to Californians.
- **Does it decrease regulatory barriers? YES.**
- **Will it discourage unnecessary lawsuits aimed at new home construction? YES.** In fact, it will do the opposite and decrease lawsuits.
- **Does the bill propose to resolve the housing crisis fairly, with an egalitarian distribution of the solution? YES.** This bill will help all housing products.

For these reasons, we support your AB 2353 and have identified it as a “Housing Creator.” Assemblyman Frazier, we appreciate your efforts to address California’s grave housing crisis and look forward to working with you on this and your other housing-related legislation.

With regards,

Erin Guerrero

Erin Guerrero
Vice President, Legislative Affairs