

ASSEMBLY BILL

No. 1010

Introduced by Assembly Member Dutra

February 23, 2001

An act relating to construction defect litigation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1010, as introduced, Dutra. Construction defect litigation.

Existing law permits the registrar of contractors to discipline a contractor who has violated provisions of the Contractors' State License Law, which can include requiring the contractor to correct construction defects that are the result of the contractor being found to have violated provisions of the Contractors' State License Law. Existing law also provides for a comprehensive procedure that must be satisfied before a common interest development association commences an action for damages against a builder of a common interest development based on a claim of defects in design or construction.

This bill would state legislative findings relating to, among other things, a statewide housing crisis in California, the relatively low percentage of Californians who are able to buy median-priced homes, and the connection of construction defect litigation to a scarcity of insurance for, and construction of, condominiums and townhouses. The bill would state that California needs an alternative method to resolve legitimate construction disputes that will reduce the need for litigation while adequately protecting the rights of homeowners.

Vote: majority. Appropriation: no. Fiscal committee: no. 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 the
- 2 following:
- 3 (1) California has a statewide housing crisis.
- 4 (2) Nationally, nine of the 10 least affordable housing markets
- 5 are in California.
- 6 (3) A median-priced home in California costs more than
- 7 \$250,000, and only families earning at least twice the state’s
- 8 median income can afford it.
- 9 (4) Only 32 percent of Californians can afford the
- 10 median-priced home, while nationwide, 54 percent can afford a
- 11 median-priced home.
- 12 (5) In certain job centers around the state, such as San
- 13 Francisco, only 10 percent can afford the median-priced home.
- 14 (6) By 2003, only 20 percent of the households in Los Angeles
- 15 County will be able to afford a median-priced home in that county.
- 16 (7) Condominiums and townhouses have traditionally been a
- 17 source of housing designed for single people, young families, and
- 18 senior citizens.
- 19 (8) Over the last six years, the construction of this type of
- 20 housing for sale has declined 84 percent statewide.
- 21 (9) Research shows that an epidemic of construction defect
- 22 litigation has contributed significantly to a scarcity of insurance
- 23 for condominiums and townhouses and, ultimately, to a statewide
- 24 decline in their production.
- 25 (b) California needs an alternative method to resolve legitimate
- 26 construction disputes that will reduce the need for litigation while
- 27 adequately protecting the rights of homeowners.

