March 24, 2025

The Honorable Mike McGuire
President Pro Tempore
California State Senate
1021 O Street, Suite 8518
Sacramento, California 95814

The Honorable Robert Rivas
Speaker of the Assembly
California State Assembly
1021 O Street, Suite 8330
Sacramento, California 95814

RE: Opposition to AB 306

Dear Pro Tem McGuire and Speaker Rivas,

As organizations that support building safety, resilience, sustainability, and affordability, **we write in opposition to AB 306.**

As drafted, AB 306 would prevent any update to California's residential construction standards for nearly a decade — potentially including updates to address earthquake risk, flooding, energy storage systems, energy and water utility costs, and structure fires.[1]

Model building codes are updated every three years to keep pace with technological advancements, improvements in building science, methods, and best practices, and to incorporate lessons learned after disasters. According to the National Institute of Building Sciences (NIBS), for every $1 invested, California's codes provide as much as $32 in mitigation savings against seismic risk, $8 in wildfire mitigation savings, and $6 in flood mitigation savings.[2] These benefits represent avoided casualties, property damage, business interruptions, first responder and annual homeownership costs, and are enjoyed by all building stakeholders: from governments, developers, titleholders, and lenders, to tenants and communities. For its part, FEMA estimates California's codes offer the mitigation equivalent of $470 million every year in avoided losses from earthquakes, structure fires, wildfires, and flood risks.[3]

FEMA recognizes community flood hazard mitigation efforts—including the regular updating of construction codes—through reductions in National Flood Insurance Program premiums. Dozens of California cities and counties participate in this program. AB 306's prohibition on code updates by the state as well as local amendments would lead to the forfeiture of existing insurance premium reductions for numerous communities, including Los Angeles County. For some communities, the resulting premium increases could be as high as 30 percent.[4]

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[1] As it relates to building hazard resilience, the state may only consider proposals concerning wildfire home hardening that are proposed by the State Fire Marshal's Office or changes deemed "emergency standards."
[2] NIBS, National Hazards Mitigation Saves (2019).
[3] FEMA, Building Codes Save: A Nationwide Study (2020); Building Codes Save: Fire Hazards Pilot Study (2024).
[4] *See* https://www.fema.gov/floodplain-management/community-rating-system; https://nfipservices.floodsmart.gov/reports-flood-insurance-data; https://www.fema.gov/floodplain-management/community-rating-system#participating.

In addition to these benefits, studies have repeatedly demonstrated that modern model building codes have no appreciable implications for housing affordability. [5,6] **No peer-reviewed research has found otherwise**. For example, recent studies have found that adoption of model residential codes only increased a home's purchase price by around half a percentage point over a 30-year period.[7] Another study found no significant statistical evidence that California's codes affected home construction costs.[8] At the same time, codes' flood resilient provisions reduce net monthly mortgage and flood insurance costs by around 5 percent,[9] while codes' mitigation benefits have been found to reduce post-disaster mortgage delinquency rates by as much as 50 percent.[10]

According to a report prepared by Home Innovation Research Labs for the National Association of Homebuilders, the 2024 International Residential Code can save homeowners as much as $2,200, with these benefits applicable across every region/climate zone studied.[11] As drafted, AB 306 would prevent the state from capturing benefits like these for nearly a decade.

While we share the authors' concerns regarding housing affordability and would welcome the opportunity to work together to address those goals. Because it risks building safety and resiliency updates and restricts on the state's ability to incorporate alternative cost-saving updates, we oppose AB 306. Thank you for your consideration.

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[5] Simmons, K. & Kovacs, P., Real Estate Market Response to Enhanced Building Codes in Moore, OK, Investigative Journal of Risk Reduction (Mar. 2018) (stronger building code had no effect on the price per square foot or home sales).
[6] NEHRP Consultants Joint Venture, Cost Analyses and Benefit Studies for Earthquake-Resistant Construction in Memphis, Tennessee, NIST GCR 14-917-26 (2013) (adopting stronger codes would add less than 1-percent to the construction while reducing annualized loss—in terms of repair cost, collapse probability, and fatalities—by approximately 50-percent).
[7] Porter, K., Resilience-related building-code changes don't affect affordability, SPA Risk LLC Working Paper Series 2019-01 (2019) (over the nearly 30-year period studied only increased a home's purchase price by around a half a percentage point in earthquake country or in an area affected by riverine flood).
[8] California Statewide Utility Codes and Standards Program, Report – New Home Cost v. Price Study (2015).
[9] Association of State Floodplain Managers, Comments in Response to FR-6187-N-01, White House Council on Eliminating Barriers to Affordable Housing Request for Information (Docket HUD-2019-0092).
[10] Corelogic, Can Modern Building Codes Impact Mortgage Delinquency After Hurricanes? (Aug. 2023).
[11] Home Innovation Research Labs, Estimated Costs of the 2024 IRC Code Changes (July 2, 2024).