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## **Colorado State Senate Moves Comprehensive Construction Defects Reform Forward**

*SB 156 passes second reading with bipartisan support*

Denver – In a bipartisan show of support, the Colorado State Senate Monday moved SB 156, a comprehensive construction defects bill, forward towards a final senate vote.

The bill, backed by the entire Metro Mayors Caucus and Homeownership Opportunity Alliance, a broad coalition that includes housing advocates and business leaders, provides a common sense and balanced solution that protects consumers from faulty construction while also increasing diverse and more affordable options for home ownership.

“Everyone from seniors to young professionals to firefighters, teachers and other public servants are struggling to find homes they can afford,” said state Sen. Owen Hill R-Colorado Springs. “This bill helps provide hard-working Coloradans with the ability to build equity and take control of their financial future.”

State Sen. Rachel Zenzinger, a Democrat from Arvada, also emphasized that SB 156 would bring relief for many Coloradans priced out of the housing market.

“This is good policy for Colorado because without construction defects reform there is no path to attainable owner-occupied multi-family housing,” Zenzinger said. “This legislation creates more transparency and accountability and could be the first real step toward providing more affordable housing for people. Communities around the state have already adopted these common sense measures, and it makes sense to adopt them statewide.”

The Denver Post recently [reported](#) that Colorado is one of the most difficult places in the country for first-time home buyers to break into the housing market. And the [Common Sense Policy Roundtable \(CSPR\) unveiled a study](#) last week showing immense unmet demand exists for affordable housing in the Denver metro area, where 68 percent of homes are now priced above \$400,000.

This housing squeeze and lack of new entry-level homes being built has pushed residents into the expensive rental market where [40 percent of working Colorado renters](#) spend more than a third of their income on rent.

Currently, as few as two homeowners can file a class action suit on behalf of the entire homeowner association. As a result, condo owners who have attempted to sell or refinance their homes have been prohibited from doing so because of pending legal actions on behalf of their board – even if the owner did not consent to the action.

Exploitation of the current law has led to widespread litigation throughout the state, which has created skyrocketing insurance costs for builders, most of whom have abandoned new condo projects. For instance, in 2005 condos comprised 20 percent of the metro Denver new housing market, while today it has plummeted to just 3 percent.

This bill provides a common sense and balanced solution that protects consumers from faulty construction while also increasing attainable options for home ownership. Specifically, the bill requires homeowner associations litigating construction defects issues:

- Obtain written consent of a majority of homeowners in the association
- Disclose projected costs, duration, and financial impact of the claim
- Enter into mediation or arbitration by a neutral third party