



**PREPARED STATEMENT OF CAROL GORE
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**TO THE ALASKA SENATE
SPECIAL COMMITTEE ON ENERGY**

“ALASKA’S ENERGY POLICIES AT WORK”

April 2, 2015

Co-Chairs Bishop and Micciche, distinguished members of the Special Committee on Energy, thank you for the opportunity to speak with you briefly this morning regarding the important work being done on the State’s behalf through its energy efficiency programs.

My name is Carol Gore. For fifteen years, I have been privileged to serve as the President and CEO of Cook Inlet Housing Authority, which serves most of Southcentral Alaska. During that time, I have learned a great deal about the relationship between energy consumption, housing affordability, and fiscal responsibility at both the household and statewide levels.

No organization has done a better job of summarizing the data on energy consumption and housing affordability than the Alaska Housing Finance Corporation, which in 2014 released its Alaska Housing Needs Assessment. We all know that Alaskan homes use more energy than homes in the Lower 48. Yet it is startling to learn how much more energy we use. On average, housing in Alaska uses more than twice as much energy as housing located in *cold climate* regions in the Lower 48 and nearly three times as much energy per square foot as the national average.

Why is our energy consumption so high in Alaska? Because of a combination of extreme climate and poor quality housing stock. Most of Alaska’s housing stock is not energy efficient, having been hurriedly built during the pipeline boom in the 1970s and 1980s. In Anchorage, which has some of the best quality housing in the State, the average energy rating of the 33,000 homes built in the 70s and 80s is 2-Star-Plus to 3-Star. The 14,400 homes built between 2000 and 2011 average 4-Star-Plus. Statewide, nearly 20,000 homes have an energy rating of 1-Star, the lowest energy rating a home can have.

As you know, energy costs are also higher in Alaska. In Southcentral Alaska, which has the most affordable energy in the state, residential energy costs are 50% greater than in “cold climate” regions in the Lower 48. In the Interior, energy costs are more than four times higher than in the colder portions of the Lower 48.

Across Alaska, high energy costs combined with high energy consumption have put a financial squeeze on both Alaska families and the State itself. Families in Interior Alaska, for example, pay on average more than \$8,000 per year in energy costs. The State bears a significant fiscal burden due to energy costs and consumption, in part through programs like Power Cost Equalization and the Heating Assistance Program.

In 2013, at the Legislature's request, Economists from UAA's Institute of Social and Economic Research (ISER) evaluated different approaches to addressing Alaska's energy challenges. ISER found that energy efficiency programs were the most conservative and cost effective option, saving both energy and money, creating short-term and permanent jobs, and yielding a timely and low-risk return on state dollars. ISER's Sue Libenson wrote in an Alaska Dispatch News article, "Few other programs have demonstrated the capacity to reduce costs for Alaska and create jobs to this degree. These programs have statewide impacts and have saved Alaskans millions of dollars."

The Supplemental Housing Development Program

In particular, I would call the Committee's attention to a small but highly impactful program administered through the Alaska Housing Finance Corporation, called the Supplemental Housing Development Grant Program. The program is designed to encourage the delivery of safe, energy-efficient housing throughout Alaska. Supplemental Housing Development Grant Funds can be used for energy efficient design features, electrical distribution systems, on-site water and sewer facilities, and road infrastructure.

The State's investment of Supplemental Housing Development funds is limited. By statute, the program may fund no more than 20% of development costs for any project. Historically, the recipients have matched every dollar of Supplemental funding with five additional dollars. The program has been widely successful; Alaska's Regional Housing Authorities have used Supplemental Housing Development grants to attract other funding investments, allowing them to build and rehabilitate 11,700 homes in more than 250 Alaskan communities.

In Rural Alaska

The State's Supplemental Housing Development program plays a critical role in ensuring that housing built and rehabilitated in rural Alaska is energy efficient. Alaska is one of 12 states that do not have a mandatory building energy code that meets 2006 International Energy Conservation Code. However, the use of Supplemental Housing Development Grant funds triggers compliance with Alaska's Building Energy Efficiency Standard (BEES) program, which is administered by AHFC. In rural parts of the state that do not have energy efficiency building standards, the program both triggers energy efficiency requirements and helps to fund some of the costs of energy efficient design and construction.

The Supplemental Housing Development program represents a proportionately small investment of State funding when compared to non-State sources. In Rural Alaska, however, that investment insures that the housing being built and rehabilitated is energy efficient, more economical, and lasts longer. This, in turn, reduces dependency on programs like Power Cost Equalization and the Heating Assistance Program.

The impact of the Supplemental Housing Development program is clear throughout rural Alaska. Based in Barrow, Tagiugmiullu Nunamiullu Housing Authority (“TNHA”) serves Alaska’s northernmost communities. Recognizing the harshness of their climate, TNHA launched their *Sustainable Northern Shelter Project* to address the need for sustainable rural housing that uses simple construction techniques and results in dwellings that use very little energy. TNHA’s sustainable Northern Shelter model combines the time-tested method of earth banking with numerous innovative design and construction techniques such as spray-on soy-based urethane foam insulated walls. The result is the production of homes that are designed to last 100 years or more and use just 18% of the heating fuel consumed by typical homes in the same climate.



Sustainable Norther Shelter

Funding Sources	Amount
Federal Indian Housing Block Grant Funds	\$ 1,671,180
Federally Guaranteed Commercial Bank Loan	\$ 6,672,170
Alaska Supplemental Housing Development Grant	\$ 1,478,468
Percentage of State Funds in Project	15%
Total Project Funds	\$ 9,821,818

Another example of the importance of the Supplemental Housing Development program can be found in the village of Hooper Bay. In 2006, the community was ravaged by a fire, which destroyed much of the available housing. AVCP Regional Housing Authority sought to quickly rebuild, but they wanted to construct quality, energy efficient housing that would withstand the harsh climate and limit energy consumption. A Supplemental Housing Development grant made it feasible to build 19 new, energy efficient homes in Hooper Bay, even though the State’s total investment in the project was only 1/5 of the project costs. The remaining 80% of funds came from HUD and federal housing tax credits.



The 2006 Hooper Bay Fire



New, Energy Efficient Housing in Hooper Bay

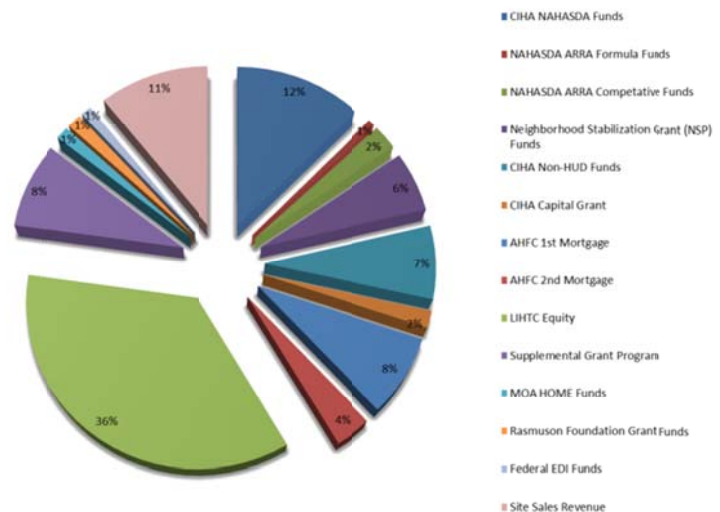
The impacts of the Supplemental Housing Development program in rural Alaska extend beyond housing. Because the program is often used to close funding gaps and advance developments that are otherwise infeasible, it has significant labor force impacts throughout Alaska. The Regional Housing Authorities employ more than 1,000 Alaskans, and their activities support the employment of 2,250 Alaskans in total.

In Urban Alaska

The impact of the Supplemental Housing Development program is not limited to Rural Alaska. It has had a substantial and lasting impact in urban communities as well.

In Anchorage, Cook Inlet Housing Authority is moving forward with a development called Grass Creek North, a multi-phase development in East Anchorage that will consist of 100 apartment homes for families and seniors. Because of the availability of Supplemental Housing Development funds, all homes in Grass Creek North will be built to new 6-star energy efficient design standards.

In urban communities, the Supplemental Housing Development program helps RHAs to secure federal and other non-state resources to develop and rehabilitate housing to energy efficient standards. For example, in Anchorage's Mountain View neighborhood, Cook Inlet Housing Authority has since 2002 facilitated approximately \$88 million in energy-efficient housing development and redevelopment. The State's portion of that investment, excluding Alaska Housing Finance Corporation debt, was just 8%.



Again, I extend my sincere appreciation to the Co-Chairs and Members of the Senate's Special Committee on energy for the opportunity to appear today. I look forward to addressing any questions you may have.