

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 10, 2025

3:15 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Carolyn Hall, Co-Chair
Representative Ashley Carrick
Representative Robyn Niayuq Burke
Representative Dan Saddler
Representative Julie Coulombe
Representative David Nelson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION(S): HOUSING IN ALASKA, OPPORTUNITIES AND
CHALLENGES

- HEARD

HOUSE BILL NO. 80

"An Act relating to minimum standards for residential buildings; relating to construction contractors and residential contractor endorsements; establishing the Alaska State Residential Building Safety Council; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 34

"An Act establishing the Alaska Innovation Council; and relating to financial disclosures for members of the Alaska Innovation Council."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 80

SHORT TITLE: RESIDENTIAL BUILDING CODE

SPONSOR(S): LABOR & COMMERCE

01/31/25 (H) READ THE FIRST TIME - REFERRALS
 01/31/25 (H) L&C
 02/03/25 (H) L&C AT 3:15 PM BARNES 124
 02/03/25 (H) <Bill Hearing Canceled>
 02/10/25 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 34

SHORT TITLE: AK INNOVATION COUNCIL

SPONSOR(s): HOLLAND

01/22/25 (H) PREFILE RELEASED 1/10/25
 01/22/25 (H) READ THE FIRST TIME - REFERRALS
 01/22/25 (H) L&C, FIN
 01/29/25 (H) L&C AT 3:15 PM BARNES 124
 01/29/25 (H) <Bill Hearing Canceled>
 02/10/25 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

MELANIE BAHNKE, Board Member

Housing Alaskans: A Public-Private Partnership
 Nome, Alaska

POSITION STATEMENT: Co-offered the presentation on Housing in Alaska, Opportunities and Challenges.

MIKE ROBBINS, Executive Director

Anchorage Community Development Authority
 Anchorage, Alaska

POSITION STATEMENT: Co-offered the presentation on Housing in Alaska, Opportunities and Challenges and presented a PowerPoint, titled "Creating an Environment For Attainable Housing Development."

SHAUN DEBENHAM, Real Estate Developer

Debenham LLC
 Anchorage, Alaska

POSITION STATEMENT: Co-offered the presentation on Housing in Alaska, Opportunities and Challenges.

GRIFFIN HAGLE-FORSTER, Executive Director

Alaska Association of Housing Authorities
 Anchorage, Alaska

POSITION STATEMENT: Co-offered the presentation on Housing in Alaska, Opportunities and Challenges.

MINDY O'NEALL, Executive Director

Cold Climate Housing Research Center

Fairbanks, Alaska

POSITION STATEMENT: Co-offered the presentation on Housing in Alaska, Challenges and Opportunities via PowerPoint [hard copy included in committee file], titled "Housing in AK: Opportunities & Challenges"; gave invited testimony on HB 80.

TRISTAN WALSH, Staff
Representative Carolyn Hall
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 80 on behalf of the bill sponsor, House Labor and Commerce Standing Committee, on which Representative Hall serves as co-chair.

JEFF TWAIT, Builder
Cornerstone Custom Homes & Design
Kenai, Alaska

POSITION STATEMENT: As an invited testifier, testified and answered questions during the hearing on HB 80.

JIMMY ORD, Director of Research & Rural Development
Alaska Housing Finance Corporation
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony during the hearing on HB 80.

REPRESENTATIVE KY HOLLAND
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor gave presentation on HB 34.

JACQUELINE SUMMERS, Executive Director
Health TIE
Anchorage, Alaska

POSITION STATEMENT: As an invited testifier, testified in support of HB 34.

LINDA JANES, Humanity Director
gBETA
gener8tor
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 34.

ACTION NARRATIVE

[3:15:47 PM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 3:15 p.m. Representatives Nelson, Coulombe, Saddler, Burke, Carrick, Hall, and Fields were present at the call to order.

PRESENTATION(S): Housing in Alaska, Opportunities and Challenges

[3:16:16 PM](#)

CO-CHAIR FIELDS announced that the first order of business would be a presentation on Housing in Alaska, Opportunities and Challenges.

[3:16:47 PM](#)

MELANIE BAHNKE, Board Member, Housing Alaskans: A Public-Private Partnership (HAPPP), began by explaining that HAPPP formed in 2022, making Alaska the forty-eighth state to have such an organization. She stated that HAPPP takes both private and public funding to leverage funds and provide housing in Alaskan communities. She thanked the legislature for its appropriation in fiscal year 2023 (FY 23) of \$1 million. Ms. Bahnke explained that those funds were used to launch HAPPP's first grant cycle, with a \$150,000 top-off grant. Within two weeks, she said, HAPPP received over 35 applications, ultimately resulting in the construction of over 80 homes and apartments in Juneau, Nikolai, Nome, Sitka, Soldotna, and Wasilla. She stated that HAPPP estimated a need for 27,580 new and rehabilitated homes over the next 10 years to keep up with housing needs in Alaska.

MS. BAHNKE asserted that housing should be thought of as "necessary community infrastructure" such as roads or schools due to the significant impact on economics and wellbeing. She reported HAPPP's research revealed that there are hundreds of housing units that remain stalled due to major challenges of accumulating "capital stacks" - typically from dozens of sources, all with differing timelines, processes, reporting schedules, and restrictions. She stated that it can take years to get a project underway and years further to completion. She explained that HAPPP connects private and public funding sources to get projects across the finish line quickly.

MS. BAHNKE concluded that HAPPP needs more [access to] patient capital and incentive loan rates to assist more housing developers, private or public. She explained that other states

accomplish this with housing and land trusts, green banks, established during a prior legislature, and working with private financial sectors to improve financial products. She asserted that local governments and tribal entities know the housing needs of the community better than statewide or federal agencies reviewing "disparate applications." She concluded that planning for community infrastructure should occur at the local level, and that HAPPP's focus would be on assisting with supply for housing.

[3:21:41 PM](#)

REPRESENTATIVE SADDLER asked about the funding sources other than the State of Alaska for HAPPP.

[3:22:01 PM](#)

MS. BAHNKE explained that the HAPPP board consists of members from both non-profit and private industries. She stated that she is the President of Kawerak. She stated that HAPPP acts as a vehicle to receive private and public funding. She reported that Wells Fargo recently committed funds to HAPPP. She explained that HAPPP's first priority with initial funding was to provide top-off grants for "shovel-ready projects." She noted that the existence of public-private partnerships is not new and reported that 47 other states have these types of entities.

MS. BAHNKE, in response to a follow-up question from Representative Saddler, directed him to housingalaskans.com.

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CO-CHAIR HALL asked about plans for private fundraisers. Further, she asked what kind of public funds HAPPP might be seeking, local, state, or federal.

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MS. BAHNKE responded that HAPPP is always open to funding. She reported that the legislature provided HAPPP with its initial \$1 million in funding. She stated that, until HAPPP's funding source is large enough to support whole projects, its focus would be primarily top-off projects i.e. getting construction past the finish line.

[3:25:23 PM](#)

CO-CHAIR HALL offered her understanding that HAPPP helped bring 80 homes online and thanked Ms. Bahnke for her work.

MS. BAHNKE responded that in her hometown, Nome, Alaska, she saw firsthand the positive impact of HAPPP, as she witnessed the opening of HomePlate Nome, LLC - a Housing First project designed to provide homes for the previously unhoused.

[3:26:43 PM](#)

MIKE ROBBINS, Executive Director, Anchorage Community Development Authority (ACDA), presented a PowerPoint, titled "Creating an Environment For Attainable Housing Development." He started by thanking the committee for its support of Senate Bill 179 from the Thirty-Third Alaska State Legislature, which, he stated, has allowed communities across the state to offer economic development assistance for housing. He argued that the housing crisis in Alaska has become an economic crisis. From the second slide of the PowerPoint, he reported that 47 percent of employers surveyed in Anchorage felt that the housing market is impacting their worker shortage or ability to attract workers. Additionally, he reported that 15 percent of employers had job candidates decline to relocate to Anchorage due to housing-related issues. Finally, [only] 8 percent of employees reported high satisfaction with housing options available in Anchorage. Mr. Robbins stated that ACDA is focused on creating an environment for attainable housing development. He stated that, in focusing on "affordable housing," many have missed "attainable housing."

MR. ROBBINS stated that a house is typically the largest investment that one will make in their life. He reported, from the fourth slide, that in 2022, the average price of a home in Anchorage was \$456,000. He emphasized that to afford such a home, one would have to make over \$120,000 annually. He asserted that attainable housing is not available in the Alaska marketplace.

MR. ROBBINS, referencing the sixth slide, concluded that there are many ways the legislature could help. He stated that the legislature could not control the cost of goods, labor, or financing; however, he argued, it could control the environment created for laborers. He stated one of the largest expenses in the construction of a new home is the infrastructure - sewer system, water tank, sidewalk, et cetera. He proposed that the legislature consider an infrastructure bank, and additional

property taxes could be levied. Finally, Mr. Robbins stated that there are currently dueling opinions on the use of tax increment financing (TIF). He reported that every state in the country except for Alaska uses TIF financing. He stated that TIF financing is commonly used for multi-family housing and homeownership in other states. He echoed an earlier presenter stating that access to affordable capital is a large barrier for builders. Mr. Robbins suggested the issuance of bonds to bring down the cost to the builders in creating more affordable housing. He concluded by offering his belief that legislators do not need to appropriate additional funds; rather, they need to aid in creating an environment for builders and laborers to thrive.

[3:31:33 PM](#)

CO-CHAIR FIELDS asked how ACDA looks at development opportunities and how ACDA might use funds appropriated to an infrastructure bank to complete projects.

[3:32:03 PM](#)

MR. ROBBINS provided an anecdote with a company called Debenham, LLC. He explained that ACDA purchased land, cleaned the lot, and provided the environmental work. He stated that ACDA provided the land at a reasonable lease. Additionally, he stated that ACDA provided more capital to aid the developer in securing commercial financing from a bank. He stated that providing for and ensuring property is "ready to go" is one of many ways that ACDA can help in the development of projects.

[3:33:20 PM](#)

REPRESENTATIVE CARRICK asked about attainable housing thresholds [on the fifth slide of the PowerPoint]. She asked whether rising utility costs were factored in for numbers provided on the columns, titled "Maximum Monthly Housing Costs" or "Maximum Cost of Attainable Home[s]."

[3:33:54 PM](#)

MR. ROBBINS responded that the chart [on the fifth slide] does include some allowance for utilities. He reiterated that, currently, the Alaska Multiple Listing Service (AK MLS) reports only 53 homes available in Anchorage that cost under \$400,000.

[3:35:02 PM](#)

SHAUN DEBENHAM, Real Estate Developer, Debenham LLC, stated that he specializes in multi-family, market-rate housing. He reported that Debenham LLC recently finished a public/private partnership with ACDA, in which the company completed the construction of 48 units in downtown Anchorage. He reported that, within 3 months, every unit was occupied, and he continues to report a high occupancy. He stated that Debenham LLC will construct 107 town homes in Anchorage in the coming year. He commented that single-family housing is typically very expensive, and he characterized his developments as "affordable luxury."

MR. DEBENHAM stated that, in spite of high demand for the type of housing that he provides, there are significant barriers slowing down the process. He emphasized two significant barriers: location [it is expensive to do construction in Alaska] and "red tape" [bureaucracy]. He concluded that the public sector could make a large difference in the development of housing projects, by providing both finances and patient capital or low-interest bridge funding for developments. He noted that financing at the state level is typically done for commercial, not residential, housing.

[3:38:13 PM](#)

REPRESENTATIVE SADDLER asked Mr. Debenham to provide examples of recent developments in Anchorage, Alaska.

[3:38:28 PM](#)

MR. DEBENHAM responded that Block 96, on 8th Avenue and K Street, is most recent development completed by his company in Anchorage, Alaska. Additionally, he stated that Debenham LLC built a 27-unit complex in southwest Anchorage called Northwood Apartments. He provided the websites associated with the residences.

MR. DEBENHAM, in response to a question from Representative Saddler on whether HB 80 would help or hinder the construction of affordable housing, posed another question: Will [HB 80] increase or decrease the cost of housing? He noted that he is typically against anything that might increase the cost of housing. Notwithstanding, he noted that Anchorage already has very strict building and land-use codes, and he anticipated that HB 80 would likely not be as prescriptive and difficult as the existing codes in Anchorage.

MR DEBENHAM, in response to Co-Chair Fields' question regarding the location of the 107-town home development, responded that the development is adjacent to the residences on Northwood Street, off of Raspberry Road in Anchorage, Alaska.

[3:41:20 PM](#)

GRIFFIN HAGLE-FORSTER, Executive Director, Alaska Association of Housing Authorities (AAHA), explained that AAHA is a membership organization comprised of the 14 regional housing authorities. He stated that AAHA also has a strong partnership with the Alaska Housing Finance Corporation (AHFC). He stated that housing in Alaska, particularly rural Alaska, is too scarce, expensive, crowded, and in need of repair. He asserted that the Build America, Buy America (BABA) Act, a federal law, is exacerbating the aforementioned issues in housing in Alaska. He stated that the regional housing authorities in Alaska have been developing and managing affordable housing for over 50 years and AAHA was founded in 1994. He highlighted that AAHA focuses on collaboration, not competition, and fosters an environment of shared resources, best practices, technical assistance and training amongst its members.

MR. HAGLE-FORSTER explained that most of the housing stock in the state was developed in the '70s and '80s, either due to the oil boom in urban centers, or infusions of money from the U.S. Department of Housing and Urban Development. He asserted that, beginning in the late '90s going into 2022, federal investment in affordable housing did not keep up with inflation. He stated that from 2000-2023, the purchasing power of regional housing authorities was down 30 percent due to "stagnant federal funding." He reported that consumer prices in Alaska have increased by 20 percent since 2020. He added that construction prices in the United States have increased by 30 percent. He asserted that Alaska is behind in population growth due to lack of investment in housing and the natural decline of construction materials in the last two decades. He noted that, since federal reform in the late '90s, regional housing authorities have been able to exercise self-determination and local control in developing homes suited for Alaska's varying climates.

MR. HAGLE-FORSTER circled back to BABA, which, he explained, mandated that all construction materials - iron, steel, lumber - be American-made or American-sourced. He argued that, while the goals of BABA are allottable, the pace of the implementation of such has been too fast. He stated that the manufacturing bases

in America could not reach the demand in the short-term without a price increase of, he estimated, around 15-30 percent. He reiterated that, with the cost of construction already significant, increasing the cost of materials would decrease available and affordable housing in Alaska.

MR. HAGLE-FORSTER stated that the state funding is used by housing authorities to provide for programs like weatherization and senior and rural housing grants. He asserted that housing and energy are closely tied to each other. He argued that the value of energy efficiency should be regarded similarly to other fuel sources. Further, he maintained that high-performing homes allow for the postponement of transporting liquified natural gas (LNG) into Alaska.

[3:46:57 PM](#)

CO-CHAIR FIELDS stated that historically, energy has been separated from housing. He noted that rising heat and electric costs significantly increase the cost of housing. He asked if it was cheaper to incorporate higher standards for insulation at the start of construction or to weatherize the residence after construction.

MR. HAGLE-FORSTER responded that it is largely dependent on the cost of fuel, whose cost is expected to increase significantly in the coming years. In 2012, after the conclusion of AHFC's Home Energy Rebate Program [as a part of AHFC's Weatherization Program], there was a 28-percent average reduction in housing costs. Further, he anecdotally commented that every couple of weatherized houses represents one tank of LNG that is not shipped into the state.

CO-CHAIR FIELDS asked how the cost of utilities compares to the cost of mortgages.

MR. HAGLE-FORSTER believed that data was available in the 2018 Housing Assessment and stated he would follow-up with the information.

[3:49:21 PM](#)

MR. HAGLE-FORSTER, in response to Representative Saddler's question on the duties of housing authorities, explained that housing authorities were chartered under Alaska statues in the early '70s as public corporations. He explained that the legislature created them primarily to serve needs of villages

and communities around Alaska where the private market was insufficient. He stated that AAHA members operate and maintain housing programs around the state, including rehabilitation, weatherization, and modernization of units. He noted that there is variation among the regional housing authorities in the type of aid that is available. He stated that he would follow-up with more information for the committee.

REPRESENTATIVE SADDLER further queried the nature of the relationship between AHFC and AAHA.

MR. HAGLE-FORSTER explained that the supplemental housing authority grant is used by regional housing authorities on 1:4 ratio, meaning they must secure U.S. Department of Housing and Urban Development (HUD) funding to qualify for the Supplemental Housing Development Grant Program (SHDG) from AHFC. Further, he explained that funds from the supplemental housing authority grant are not used for overhead costs; rather, funds are used for energy efficient building techniques, or electrical infrastructure, making AHFC a critical funding partner.

[3:52:52 PM](#)

MINDY O'NEALL, Executive Director, Cold Climate Housing Research Center (CCHRC), as an invited testifier, co-offered the presentation on Housing in Alaska, Challenges and Opportunities via PowerPoint [hard copy included in committee file], titled "Housing in AK: Opportunities & Challenges." She stated that CCHRC is a non-profit located in Fairbanks, Alaska, that has been active for approximately 25 years. As shown on the second and third slides, she described the makeup of the organization. Drawing attention to the fourth slide, she stated that the work of CCHRC focuses on three main areas: education, policy, and research, with the shared goal of promoting solutions for healthy, resilient homes in cold climates. To the fifth slide, she stated that approximately 60 percent of the work that CCHRC does is education, providing educational opportunities, including an educational hotline and public lectures series. Additionally, as shown on the seventh slide, the center created an owner-builder masterclass in Fairbanks, Alaska, in fall [2024]. Pointing to the eighth slide, she noted that CCHRC developed a 25-module online platform called the Cold Climate Weatherization Installer Badges, which allows people to enter the industry and be placed with contractors upon completion of badges. She reported that CCHRC has 13,000 followers on its YouTube [channel], where CCHRC posts videos ranging from short tutorials to hour-long lectures.

MS. O'NEALL stated that CCHRC has many partners around the state, including AAHA, HAPPP, the Alaska Native Tribal Consortium (ANTC), and many other regional housing authorities, and with those partners, drafts various manuals and programs that establish standardized methods of building. On the sixth slide, Ms. O'Neill reported that 60 percent of CCHRC's current funding comes from grants. She stated that CCHRC is a partner with AHFC and recipients of annual dividends.

MS. O'NEALL gave an overview of key research areas for CCHRC, found on the eleventh slide, which read as follows [original punctuation provided, with some format changes]:

Investment Challenges for Affordable [sic] Housing

Supply Chain Tracker, Best Practices for Building in Rural AK

Manufacturing and Distribution of local, lightweight materials

Design buildings to enable deconstruction, reassembly and reuse

Build Houses to withstand stronger and more frequent weather events

Involve occupants' needs and profiles in the design and operation

MS. O'NEALL, referring to the fourteenth slide, cited the history of housing in Alaska, echoing a prior speaker in noting that Alaska experienced a housing boom shortly after World War II (WWII) and into the 1970s, particularly in urban areas. She stated that AAHA was established in the 1970s, and, when Alaska experienced major building failures in the 1990s, the State of Alaska incorporated AHFC's age of efficiency standards. She stated that the Alaska State Home Building Association (ASHBA) established CCHRC in 1999. She reported that, in 2016, the first rural village in Alaska relocated due to climate change. In the same year, 30 other rural villages were labeled "imminently threatened." A 2018 housing assessment conducted by AHFC found the following [original punctuation provided]:

Overcrowding

More than 1/2 of rural homes are overcrowded, twice the national average

Energy Inefficiency

Approximately 14,600 housing units are energy inefficient, burdening residents with high costs.

High Housing Costs

Nearly 79,000 households spend more than 30 percent on their income on costs related to housing;

Housing Construction Needed

Broadly, the current rate of construction in housing is insufficient to keep pace with Alaska's projected population

MS. O'NEALL, on the sixteenth and seventeenth slides, further reported that nearly half of Cook Inlet's 2023 gas demand went toward heating buildings and the region cannot fully meet the gas demand forecast beyond 2026 with current proved reserves. She asserted that it is critical to regard housing as a solution to the energy crisis.

MS. O'NEALL gave an overview of the health/quality of life effects of inadequate/nonexistent housing on the eighteenth, through twenty-first slides. Some of the outcomes include poor indoor air quality due to lack of adequate ventilation; lack of in-home piped water in 20 percent of rural Alaska homes; increased mental health issues; and an aging population that is not supported by residential infrastructure. She reported that bringing the entire Yukon Kuskokwim Delta to full water and sewer service is estimated to save \$5.6 million a year in health care cost savings. Additionally, she reported that the elder population in Alaska is expected to double by 2030, representing nearly one-fifth of the total population. She stated that, without mechanisms for senior living, fall-related injuries cost \$135 million in 2016. She argued that housing reduces recidivism in prisons and the State of Alaska could save over \$40,000 per person per year by designating housing for those coming out of the prison system. Finally, she showed the twenty-second slide, which listed other challenges associated with housing in Alaska, as follows [original punctuation provided]:

Labor & Workforce Development
Logistics & Transportation
Poor Quality Housing to Start

Aging Population
Expensive Development Costs
Overcrowding
Extreme Climates
Health
Higher Frequency of Extreme Weather Events
High Costs of Energy
Short Building Season
Affordability
Workforce Housing

MS. O'NEALL, referring to the twenty-fourth through twenty-seventh slides, concluded by discussing three opportunities for housing development: prioritizing construction, using local materials, and developing the workforce.

[4:04:13 PM](#)

REPRESENTATIVE CARRICK queried the impact of short-term rental markets on housing availability in Alaska. Further, she asked if there has been an increase in long-term renters over homeowners in Alaska due to housing costs/market conditions.

[4:05:22 PM](#)

MR. HAGLE-FORSTER stated his experience is filtered through his primary residence in Utqiagvik for the last 10 years.

REPRESENTATIVE CARRICK offered her belief that the availability of housing is affected by the short-term rental market in Alaska.

[4:06:34 PM](#)

REPRESENTATIVE SADDLER queried CCHRC's range and scope of research and policy. Additionally, he asked Ms. O'Neill whether she was an elected official to a body.

MS. O'NEALL responded that she is an assemblymember in the Fairbanks North Star Borough (FNSB). Additionally, she responded that CCHRC's research focus has shifted in the past five years from technical research to the economic and social benefits of housing. In response to a follow-up question from Representative Saddler, Ms. O'Neill stated that, although CCHRC's headquarters is located in Fairbanks, the work is applicable statewide.

[4:07:51 PM](#)

CO-CHAIR FIELDS asked how to protect homeowners from increasing natural gas cost burdens.

[4:08:12 PM](#)

MR. HAGLE-FORSTER described a "heat pump belt" from Kodiak to Ketchikan, whereas the energy is relatively affordable and clean. He commented that on the Railbelt and going further north, the cost of electricity is six times the equivalent cost of gas. He explained that natural gas costs are, currently, highly location dependent. He offered his belief that heat pumps will become more worthwhile in the next five years, as prices will likely converge.

[4:09:37 PM](#)

MS. O'NEALL added that the cold climate heat pumps are evolving fast. She offered her belief that more cold climate heat pumps will be used in the future in the regions far north of Alaska. She suggested investment into the workforce development of those that install heat pumps.

[4:10:10 PM](#)

REPRESENTATIVE COULOMBE asked about CCHRC's total annual budget.

MS. O'NEALL responded that CCCHRC's budget is about \$2 million with 60 percent of the budget funded through state and federal grants. She stated that the majority of the center's grants come from AHFC. She further stated that approximately [30] percent of CCHRC's budget is driven by revenue.

REPRESENTATIVE COULOMBE asked whether the funding over the years has been stable, or fluctuating.

MS. O'NEALL offered her belief that grants are not stable funds by nature. She noted that, in every year prior, CCHRC had successfully advocated for funding, but that had yet to come to fruition in the current fiscal year.

[4:11:31 PM](#)

REPRESENTATIVE NELSON referred to the sixth slide of the PowerPoint, titled "Housing in AK: Opportunities & Challenges," and asked about the sources of income.

MS. O'NEALL responded that CCHRC owns a facility that it rents out to the National Renewable Energy Laboratory (NREL), which constitutes the majority of CCHRC's income. Additionally, she explained that CCHRC has a consulting firm.

[4:12:16 PM](#)

REPRESENTATIVE NELSON asked whether the educational initiatives were well received.

MS. O'NEALL responded that as the price of energy goes up, homeowners are looking into ways that they can save money. She stated that CCHRC's online lecture series typically has about 30 participants and has drawn attention from outside of Alaska.

[4:13:47 PM](#)

MS. O'NEALL, in response to a question from Representative Saddler regarding the facility that CCHRC rents out to NREL, stated that the building was constructed in 1999 and funded through an Economic Development Administration (EDA) grant and a United States Department of Agriculture (USDA) grant. She stated that the land is owned by the University [of Alaska Fairbanks], which stipulates the usage of the facility shall be in alignment with CCHRC's mission. She stated that NREL has contributed significantly to cold climate research and innovation in partnership with CCHRC.

CO-CHAIR FIELDS thanked the invited testifiers.

HB 80-RESIDENTIAL BUILDING CODE

[4:15:10 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 80, "An Act relating to minimum standards for residential buildings; relating to construction contractors and residential contractor endorsements; establishing the Alaska State Residential Building Safety Council; and providing for an effective date."

[4:16:00 PM](#)

TRISTAN WALSH, Staff, Representative Carolyn Hall, Alaska State Legislature, presented HB 80 on behalf of the bill sponsor, House Labor and Commerce Standing Committee, on which

Representative Hall serves as co-chair. He began a PowerPoint [hard copy included in the committee file], titled "HB 80: State Residential Building Code." He stated that the State of Alaska has local jurisdictions with building codes. He stated that, outside of local jurisdictions, the International Code Council (ICC) acts as the governing body for regulations. He reported that the Alaska Housing Finance Corporation (AHFC) adopted ICC's International Building Code of 2018 and further reported that AHFC is in the process of considering the adoption of ICC's International Building Code of 2024. He stated the [ICC] code is updated every three years.

MR. WALSH stated that building codes create minimum standards with the primary goal being the safety of the occupants. According to studies done by ICC and the Federal Emergency Management Agency (FEMA), 65 percent of counties, cities, and towns across the United States have not adopted modern building codes. He reported that 50 percent of construction done post-2000 follows the standard set by the ICC. Additionally, he reported that 30 percent of new construction occurs in communities with no codes or codes that have not been updated in at least 20 years. He stated that AHFC has adopted both the ICC and the International Residential Code (IRC) with modifications to accommodate for "local context."

MR. WALSH gave an overview of the benefits of the proposed legislation. He reported that studies done by the [National] Institute of Building Sciences (NIBS) in 2019 found that the adoption of IRC codes were cost-saving, with \$11 saved for every \$1 invested. Additionally, these studies found that cost-savings extended to retrofits and use of federal mitigation grants. He stated that, as communities face challenges such as flooding, hurricane surges, high wind events, earthquakes, and fires related to climate change, the adoption of modern codes increases the resiliency of structures and creates a more durable housing stock for Alaska. Additionally, he asserted that building to a higher code would save money in terms of state/federal emergency appropriations in times of crisis. He cited a graph on slide 6, displaying how much the State of Alaska has invested in retrofits, and he noted that there is \$4 saved for every \$1 invested in retrofits. Finally, Mr. Walsh cited a study conducted by the U.S. Department of Energy across seven states that found the adoption of modern codes resulted in "significant savings."

MR. WALSH, referencing slide 8, outlined consumer protections of the proposed legislation, which read as follows [original punctuation provided]:

Requires residential contractors to test and show expertise in state building code for ongoing licensing in residential contracting.

Exempts owner-builds and recreational cabins.

Creates protections for consumers by ensuring compliance by residential constructors with a uniform code outside of local jurisdictions.

MR. WALSH, in conclusion, talked about the relationship between HB 80 and AHFC. He reiterated that AHFC has adopted the 2018 ICC Standards and is considering the adoption of the 2024 ICC Standards. He noted that financiers typically look at building codes in determination of loan applications. He stated that HB 80 would authorize AHFC to enforce regulations. Finally, he stated that HB 80 would establish the Alaska State Residential Building Safety Council with the purpose of advising AHFC on regulations through public feedback on the proposed changes.

[4:22:18 PM](#)

REPRESENTATIVE SADDLER clarified that this is the first hearing on HB 80 and the committee had previously heard invited testimony on housing, but not on building codes.

CO-CHAIR FIELDS stated that proposed legislation was the result of a request from the Alaska State Homebuilding Association (ASHBA).

[4:22:57 PM](#)

JEFF TWAIT, Builder, Cornerstone Custom Homes & Design, gave invited testimony and answered questions during the hearing on HB 80. He stated that he is a builder in Kenai, Alaska, and a member of the Alaska State Home Building Association. He stated that ASHBA has been attempting to involve the State of Alaska in residential building codes for about two decades. Initially, he explained, the system was voluntary, with paid inspections. After that, the statewide building code was constructed to include everyone, homeowners and builders, and was intended to serve as the code for every residential home in Alaska. Finally, the scope of the building code was narrowed, to target just residential contractors with continuing education

requirements such that they would be required to meet minimum standards.

MR. TWAIT asserted that residential codes exist for life, safety, health, and sustainability. He provided an anecdote on smoke detectors and egress windows, emphasizing that there is potential for death due to not building to a minimum code.

MR. TWAIT further stated that it is difficult to totally quantify the increased cost of building to code as it is highly dependent on how far one deviates from the building code. He maintained that, although it may be cheaper up front not to build to code, in the long-term, the payback is insurmountable with regard to sustainability, maintenance, heating costs, life safety issues, et cetera. He asserted that ASHBA should do more consumer outreach and education to aid in raising the standard for building. He stated that he is in support of HB 80.

[4:27:59 PM](#)

CO-CHAIR FIELDS stated that home insurance markets are changing rapidly and there are insurers refusing to insure homes not built to minimum standards. He noted that some weather events in Alaska include wildfires and high wind events. He further asked Mr. Twait how building to minimum standards might help with insurance coverage.

MR. TWAIT commented that licensed residential builders are not building to code due to affordability, as consumers are not able to afford it. To address the issue of affordability, he suggested an inclusion of a disclosure statement with detailed code deficiencies as a possible amendment to the legislation.

[4:29:34 PM](#)

REPRESENTATIVE COULOMBE reiterated that one of the biggest barriers to construction is red tape. She offered her belief that HB 80 would increase red tape and cost for [licensed] builders. She asked whether the extension of a bond could fix the problem of "bad actors" in the building industry. She queried whether HB 80 would help increase available housing and pondered on the impacts of the proposed legislation in rural Alaska.

MR. TWAIT responded that the proposed legislation would not require additional permits; rather, all licensed contractors with continuing education credits would be required to build to

a certain minimum standard. He provided an anecdote, stating that, currently, a licensed builder could legally build outside of city limits without a minimum standard. Further, he continued that, were an earthquake to destroy a house built outside of local jurisdictions, the homeowners would have no legal standing against the licensed contractor. He stated that extending a bond could help; however, he opined that may be harder to implement than a residential statewide building code.

[4:32:33 PM](#)

REPRESENTATIVE BURKE commented that a statewide residential code would provide necessary structure. She noted that there is a lack of resources and emergency services in rural Alaska. She asserted that fewer codes put more residential units and more residents at risk. She offered her appreciation for HB 80.

[4:33:29 PM](#)

REPRESENTATIVE COULOMBE asked why local governments do not create their own building standards, and offered her belief that adopting standards would raise the costs. She noted that there are municipalities with existing building codes.

CO-CHAIR FIELDS offered his belief that the codes proposed by HB 80 are not as strict as those of the Municipality of Anchorage (MOA).

[4:34:32 PM](#)

MR. WALSH stated that HB 80, as currently drafted, would not preclude local jurisdictions from adopting another standard.

[4:34:59 PM](#)

REPRESENTATIVE COULOMBE clarified that, were HB 80 to be implemented in a community that doesn't have a local code, not in a community that already has one, that particular community would not have a lot of flexibility in the adoption of local codes.

[4:35:22 PM](#)

MR. TWAIT responded that a community could adopt a stricter code. If the Kenai Peninsula Borough decided to adopt the 2021 ICC Standards, it could amend certain stipulations out of the

code; however, once the standard is set, licensed builders could not build to less than the adopted standards.

MR. TWAIT further stated that typically ASHBA is a right-leaning organization and prefers limited government, which underscores the gravity of the issue. He emphasized that the State of Idaho, a state that is more conservative leaning, recently adopted a statewide building code. He reiterated that only licensed builders would be subject to the proposed legislation under HB 80, not owner builders.

[4:37:51 PM](#)

CO-CHAIR FIELDS asked Mr. Twait to speak to specific examples of extreme weather in Alaska and that houses built to a standard are less likely to need repair or "fall apart" during extreme weather events.

MR. TWAIT responded that, from the foundation up, there is a pathway of connections built into a residence. He stated that there is a vast array of climates and conditions in Alaska identified in the codebook, such as seismic events, extreme cold and darkness, and high wind events. Further, he stated that the codebook has outlined methodologies for addressing region-specific weather events.

[4:39:13 PM](#)

REPRESENTATIVE CARRICK asked if all construction projects, new and existing, would be subject to the proposed legislation.

[4:39:44 PM](#)

MR. WALSH offered his belief that HB 80 would apply to all new construction going forward. He repeated that AHFC had already implemented the ICC's International Building Code of 2018 and is considering the implementation of the ICC's 2024 code.

[4:40:10 PM](#)

REPRESENTATIVE CARRICK echoed Representative Burke's comments about the importance of a building code in rural areas for the protection of the residents. Further, she asked about the barriers to the adoption of local codes.

[4:41:00 PM](#)

MR. TWAIT reported that Kenai, Soldotna, and Homer have adopted local building codes, which represent approximately two-thirds of the population on the Kenai Peninsula Borough. He highlighted the importance of education in the adoption of local codes, as there are residents that view the adoption of a code as intrusive governance, not as a measure of ensuring safety.

REPRESENTATIVE CARRICK queried whether a statewide standard would actually be easier than local codes in every community. She noted that most [licensed] contractors work in multiple communities.

MR. TWAIT explained that the State Fire Marshal has adopted a statewide building code for commercial buildings. He offered his belief that it would not be a "big stretch" to adopt a statewide building code for residential buildings. Additionally, he noted that local communities could adopt a stricter code than HB 80.

[4:42:54 PM](#)

REPRESENTATIVE SADDLER clarified that if a small town or village had to follow a statewide building code but wanted to adopt a local building code, the code could not be "less strict" than the statewide building code. Further, he asked whether there were exemptions to adherence to the proposed statewide building code.

MR. TWAIT deferred to AHFC.

[4:43:38 PM](#)

JIMMY ORD, Director of Research & Rural Development, Alaska Housing Finance Corporation, as an invited testifier, answered questions during the hearing on HB 80. He responded that AHFC has adopted a statewide building code [ICC's International Building Code of 2018] with some "Alaska-specific" amendments. He offered his understanding that, under Section 9 of HB 80, the statewide building code would be the ICC's International Building Code of 2018 that AHFC has already adopted.

[4:44:20 PM](#)

REPRESENTATIVE SADDLER clarified that a village or town could have its own code, but it must still adhere to the statewide code.

MR. TWAIT confirmed that was his understanding.

REPRESENTATIVE SADDLER, looking at slide 7 of the PowerPoint, titled "HB 80: State Residential Building Code," queried the commensurate estimate of costs of implementing new technology or standards. He quoted the bullet point, stating that there is an estimated "5-7 percent efficiency gained by the adoption of new technology or standards."

MR. WALSH stated that he would follow-up with Representative Saddler.

[4:45:35 PM](#)

MINDY O'NEALL, Executive Director, Cold Climate Housing Research Center (CCHRC), gave invited testimony during the hearing on HB 80. She began by stating, in [2018], a 7.0 magnitude earthquake struck Anchorage, Alaska. She reported that, within the MOA, 40 buildings suffered significant structural failure due to the earthquake. She stated that of the 40 buildings that suffered structural failure, 95 percent (38 of the 40 buildings) were located in areas without [residential] code enforcement.

MS. O'NEALL stated that CCHRC is in support of the enactment of a statewide building code with "sensible, compliant alternatives" to "account for regional differences." She stated that weatherization programs have saved an average of 28 percent on energy bills for residents in Alaska. With the stunted projections of natural gas availability in Cook Inlet, Ms. O'Neall asserted, prioritizing energy efficiency reduces heating loss. She noted that in Fairbanks, heating loss leads to poor air quality and poor health conditions. In rural Alaska, where diesel is barged into communities, communities are paying a "premium price" to stay warm.

MS. O'NEALL asserted that the adoption of a statewide residential code would increase safety standards and protect homeowners. She maintained that a statewide code would establish a standard, so that, regardless of region, town, or village, the "basics are the same." She stated that local jurisdictions without statewide standards create a patchwork of codes, such as the State of Missouri, which is currently instituting a statewide building code to simplify and reduce barriers of different codes per jurisdiction.

MS. O'NEALL stated there are proven techniques readily available to apply region-specific codes to avoid increasing costs and

burden of construction. She offered a few examples, such as optional exemptions for communities with small populations, using performance-based codes over prescriptive-based codes, and allowing a longer timeframe for compliance from local jurisdictions. She reported that CCHRC is a good resource for best practices that meet environmental conditions and climates that vary widely across Alaska. She stated the existing AHFC "Alaska-specific" amendments were written with the goal of ensuring sustainable and durable homes. She argued that a statewide building code would not create barriers to residential construction, rural or urban. She echoed other speakers, saying that HB 80 would not affect anyone who is not a licensed contractor. She concluded that swift and certain action is necessary to meet the [housing] needs of Alaska residents.

[4:49:57 PM](#)

REPRESENTATIVE SADDLER commented that HB 80 would be a far-reaching change to housing and construction in Alaska. He stated his desire to hear more testimony regarding the proposed legislation.

CO-CHAIR FIELDS stated his intention to hear from more homebuilders.

[4:51:44 PM](#)

REPRESENTATIVE COULOMBE stressed the importance of weighing public safety issues against increased housing costs and regulatory burden. She maintained that Anchorage is a perfect example [of the increased regulatory burden]. She cautioned that the proposed legislation could increase both housing costs and regulatory burden.

CO-CHAIR FIELDS stated the committee would like additional follow-up on the cost gap between meeting a minimum standard as proposed under HB 80 and current costs for building throughout Alaska.

CO-CHAIR FIELDS announced that HB 80 was held over.

HB 34-AK INNOVATION COUNCIL

[Contains discussion of HB 30.]

[4:52:54 PM](#)

CO-CHAIR FIELDS announced that the final order of business would be HOUSE BILL NO. 34, "An Act establishing the Alaska Innovation Council; and relating to financial disclosures for members of the Alaska Innovation Council."

[4:54:04 PM](#)

REPRESENTATIVE KY HOLLAND, Alaska State Legislature, as prime sponsor, presented HB 34. He shared that he has been involved in the Alaska entrepreneurial and innovation ecosystem for approximately 10 years. He stated that innovation is the center of the economy in the United States. He said that the U.S. economy has grown two-thirds since World War II, largely due to innovation and the evolution of technology. He stated the opportunity for innovation has resulted in the development of new businesses. He cited the creation of General Communications Incorporated (GCI) as an example of entrepreneurial innovation.

REPRESENTATIVE HOLLAND asserted that the opportunity in Alaska is in diversifying the economy and investing in high-growth emerging sectors, such as mariculture, seafood technologies & logistics, et cetera. He explained that Alaska published a Comprehensive Economic Development Strategy (CEDS) in 2022 and highlighted goals including: cultivating growth sectors, supporting an entrepreneurial ecosystem, building & updating foundations, developing Alaska's workforce, building a resilient economy, and strengthening Alaska's economic engine. He emphasized that 89 percent of net job creation in Alaska over 10 years is generated from businesses that are less than five years old. He argued that Alaska's economy has been relatively stagnant for about 15 years, stating that the number of companies has been "relatively flat" and that the working population has decreased.

REPRESENTATIVE HOLLAND referred to a PowerPoint presentation [hard copy included in committee file], to highlight the proposed provisions of HB 34. He drew attention to the fifth slide, which read as follows [original punctuation provided]:

Creates a 19-member Alaska Innovation Council with representatives from government, industry, academia, labor, and investment sectors.

Develops an annual Innovation & Economic Competitiveness Plan for the Governor and Legislature.

Establishes an Innovation Index to benchmark Alaska's progress against national metrics.

REPRESENTATIVE HOLLAND stated that HB 34 would be tied to the Department of Commerce, Community and Economic Development (DCCED) for the purpose of developing new businesses and allowing them to thrive. He referenced the Joint Legislative Seafood Task Force, the [2024] Sustainable Energy Task Force, and the Mariculture Task Force - all of which identify a need for innovation and growth acceleration of new businesses.

REPRESENTATIVE HOLLAND shared that he drew inspiration for HB 34 from Calgary and Alberta, Canada, which utilized an "innovation council type of structure." He explained that Calgary's economy was heavily reliant on oil, gas, and mining approximately 15 years ago. He stated that Calgary, upon the realization that there was little growth in oil, gas, and mining, brought together a group of people with the aim of creating 1,000 new technology startups by 2030. He maintained that Calgary is still supporting their legacy economies [oil, gas, mining] in addition to developing data science, energy technologies, and healthcare technology. He further referenced innovation councils established in Utah and Washington.

REPRESENTATIVE HOLLAND concluded by describing the outcomes of the proposed legislation, including job creation and business development. Additionally, he offered his hope that HB 34 would help to keep young people in Alaska and excite them regarding future prospects. Finally, he noted that HB 30 includes an entrepreneurship office and includes provisions for DCCED to support emerging entrepreneurial activities. He stated that HB 34 and HB 30 are complimentary and do not overlap with each other.

[5:04:31 PM](#)

JACQUELINE SUMMERS, Executive Director, Health TIE, gave invited testimony during the hearing on HB 34. She explained that Health TIE is an Alaska-based healthcare innovative hub. She reported that Alaska has some of the highest healthcare costs in the country. She stated that, through work with startups both in and outside of Alaska, she has launched a series of pilot projects with new methods for addressing opioid use/treatment, independence for those with intellectual/developmental disabilities, those with traumatic brain injuries (TBIs), and senior care. She emphasized that there is a need for coordination of activities within the entrepreneurial ecosystem.

She described challenges to connecting healthcare startups with local nonprofit organizations and social services. She concluded by offering strong support for HB 34.

[5:06:32 PM](#)

LINDA JANES, Managing Director, gBETA, gener8tor, gave invited testimony during the hearing on HB 34. Since 2021, Ms. Janes stated, gBETA at gener8tor helped raise over \$5.5 million to initiate 30 companies and sustain 91 jobs. She gave a list of the various industries she works with, including housing in rural communities, clean outdoor air technology, aviation weather monitoring, food preservation, industrial facilities, sustainable energy generation, oil and gas, and many more. She said that a strong support network is critical to success, especially in an "islanded place" like Alaska. A strong support network entails access to early capital, mentorships, exposure to like-minded entrepreneurs, and innovation-supported infrastructure. She offered her belief that HB 34 addresses the need [for a strong support network] by assembling a council of investors, entrepreneurs, and industry leaders who would advise on best practices, enhance commercialization efforts, promote capital formation in Alaska, and identify opportunities for action.

MS. JANES opined that the cost attached to HB 34 should be looked at as an investment, not "throwing money away," and noted that the investment of time and money create returns. She argued that there is a false sense of security in Alaska and further stated that the demand for medical jobs is increasing, primarily due to the aging population in Alaska that is expected to peak in 2035. However, she argued that the long-term economic landscape shows an out-migration of young, working people due to a lack of "ongoing opportunities." Ms. Janes concluded that people in Alaska need to see the State of Alaska invest in long-term opportunities for the state.

[5:10:10 PM](#)

CO-CHAIR FIELDS invited questions from committee members.

[5:10:19 PM](#)

REPRESENTATIVE COULOMBE asked how the Alaska Small Business Development Center (ASBDC) is different from the proposed council.

5:10:58 PM

REPRESENTATIVE HOLLAND answered that ASBDC provides a broad array of services, particularly for "bankable" local businesses or businesses that are eligible for a loan or are "bootstrap[ped]." He offered commentary that technology businesses and technology transfers require a different set of skills. He noted that Path to Prosperity [Business Competition] has been a successful program in Southeast Alaska (SEAK) in helping local entrepreneurs develop businesses, and programs like that would be complemented by ASBDC. He stated that ASBDC is one of many tools that aspiring entrepreneurs/businessowners can utilize for aid. He stated that in many cases, entrepreneurs need additional help with customer validation/discovery work.

REPRESENTATIVE HOLLAND provided an example, stating that GBeta would help an aspiring entrepreneur with creating an investable business model, which might eventually lead to a small business opportunity that is "bankable" and thus could use help from the ASBDC. He stated that, throughout the country, it is common to see the entrepreneurial ecosystems feed into the SBDCs.

5:13:30 PM

REPRESENTATIVE SADDLER remarked that HB 34 would create a 19-member council. He asked what would oblige the legislature or the administration to follow or implement the recommendations of the Alaska Innovation Council.

REPRESENTATIVE HOLLAND explained that he did not intend to create required action in statute. He stated that the function of the Alaska Innovation Council would be advisory, and the Council could identify potential state action.

REPRESENTATIVE SADDLER clarified that the function of the Alaska Innovation Council would be to generate advice. He asserted that the cost of the proposed legislation would be "significant" at \$500,000.

REPRESENTATIVE HOLLAND responded that the Alaska Innovation Council would be a "next step" in developing methodologies for implementing Alaska's 2022 CEDS, for example. He agreed with Representative Saddler, asserting that whether action is taken would be dependent on the will of the commissioners, the governor, and the legislature. He reiterated that HB 34 would

not be "binding" but argued that Alaska "would have to go beyond plans on a shelf that are ignored."

REPRESENTATIVE SADDLER asserted that he does not see how the advice would be taken into action with the voluntary model of the proposed legislation.

REPRESENTATIVE HOLLAND gave an anecdotal response, stating that when starting a business, one typically writes a business plan. He added that enforcement of a business plan is not mandatory. He continued that, if a business plan is well thought out and given to the right people, people would commit time and resources towards action, such as getting said business afloat. He further noted that there is no end to business plans that have been thought out and never acted upon. He concluded by offering his hope that the legislature would pursue action recommendations of the proposed Alaska Innovation Council.

[5:18:36 PM](#)

CO-CHAIR FIELDS announced that HB 34 was held over.

[5:18:42 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:18 p.m.