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1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 358

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing minimum thermal and lighting
7 energy standards applicable to residential buildings
8 that are constructed or purchased with state finan-
9 cial assistance, and excluding commercial and indus-
10 trial buildings from the class of buildings to which
11 state thermal and lighting standards apply; and
12 providing for an effective date."

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

14 * Section 1. AS 18.56.090 is amended to read:

15 Sec. 18.56.090. GENERAL POWERS. In addition to other powers
16 granted in this chapter, the corporation may, for the purpose of
17 providing housing for persons of lower and moderate income or persons
18 located in remote, underdeveloped, or blighted areas of the state and
19 for its other corporate purposes,

20 (1) [REPEALED

21 (2)] make or participate in the making of mortgage loans to
22 sponsors, developers, builders, and purchasers of residential housing,
23 if the corporation determines that

24 (A) mortgage loans are not otherwise available, wholly
25 or in part, from private lenders upon reasonably equivalent terms
26 and conditions; and

27 (B) the residential housing for which the mortgage
28 loans are made complies with applicable provisions of AS 18.56.-
29 096(c) and the applicable thermal and lighting energy standards

1 of AS 46.11.040:

2 (2) [(3)] purchase or participate in the purchase of mort-
3 gage loans made to sponsors, developers, builders, owners, and pur-
4 chasers of residential housing, if the corporation

5 (A) has given approval before the initial making of
6 the loan and has determined that mortgage loans were, at the time
7 the approval was given, not otherwise available, wholly or in
8 part, from private lenders upon reasonably equivalent terms and
9 conditions, or

10 (B) has determined that

11 (i) the purchase or participation will result in
12 additional residential housing, taking into account without
13 limitation such factors as reinvestment of the proceeds of
14 the sale in additional mortgage loans, increased avail-
15 ability of mortgage loans insured by the federal government,
16 its agencies or departments, the reduction, if any, of
17 interest payments to be made with respect to mortgage loans,
18 or such other factors as will tend to increase or improve
19 the supply of residential housing within the state; and

20 (ii) the residential housing covered by the mort-
21 gage loan complies with applicable provisions of AS 18.56.-
22 096(c) and the applicable thermal and lighting energy stan-
23 dards of AS 46.11.040;

24 (3) [(4)] make partial rental payments and mortgage inter-
25 est payments under a contract with any housing owner if the payments
26 will be applied to decrease rental or mortgage interest charges of
27 persons of lower and moderate income or owners or purchasers of res-
28 idential housing in remote, underdeveloped, or blighted areas of the
29 state;

- 1 (4) [(5)] make loans from the housing development fund;
- 2 (5) [(6)] collect and pay reasonable fees and charges in
3 connection with making, purchasing, and servicing its mortgages,
4 loans, notes, bonds, certificates, commitments, and other evidences of
5 indebtedness;
- 6 (6) [(7)] acquire real property, or any interest in real
7 property, in its own name, by purchase, transfer, or foreclosure, when
8 the acquisition is necessary or appropriate to protect any loan in
9 which the corporation has an interest; sell, transfer, and convey the
10 property to a buyer; and, if the sale, transfer, or conveyance cannot
11 be effected with reasonable promptness or at a reasonable price, rent
12 or lease the property to a tenant pending the sale, transfer, or
13 conveyance;
- 14 (7) [(8)] sell, at public or private sale, to any purchas-
15 er, including the Federal National Mortgage Association, all or any
16 part of a mortgage or other instrument or document securing a con-
17 struction, land development, mortgage, or temporary loan of any type
18 permitted by this chapter;
- 19 (8) [(9)] purchase, in order to meet the requirements of
20 the sale of its mortgages to the Federal National Mortgage Associa-
21 tion, stock of the Federal National Mortgage Association;
- 22 (9) [(10)] procure insurance against any loss in connection
23 with its operation;
- 24 (10) [(11)] consent to the modification of the rate of
25 interest, time of payment of any installment of principal or interest,
26 or any other terms, of the mortgage loan, mortgage loan commitment,
27 construction loan, temporary loan, contract, or agreement of any kind
28 to which the corporation is a party;
- 29 (11) [(12)] borrow money as provided in this chapter to

1 carry out and effectuate its corporate purposes; and issue its obliga-
2 tions as evidence of borrowing;

3 (12) [(13)] include in any borrowing the amounts necessary to
4 pay financing charges, interest on the obligations for a period not
5 exceeding one year after the date on which the corporation estimates
6 funds will otherwise be available to pay the interest, consultant,
7 advisory and legal fees, and other expenses that are necessary or
8 incident to this borrowing;

9 (13) [(14)] under AS 18.56.088, adopt and publish regula-
10 tions respecting its lending programs and other regulations that are
11 necessary to effectuate its purposes;

12 (14) [(15)] provide technical and advisory services to
13 sponsors, builders, and developers of residential housing and to
14 residents of it;

15 (15) [(16)] promote research and development in scientific
16 methods of constructing low-cost and energy-efficient residential
17 housing of high durability;

18 (16) [(17)] make and execute agreements, contracts, and
19 other instruments necessary or convenient in the exercise of the
20 powers and functions of the corporation under this chapter, including
21 contracts with any person, firm, corporation, governmental agency, or
22 other entity;

23 (17) [(18)] receive, administer, and comply with the condi-
24 tions and requirements respecting any appropriation or gift, grant, or
25 donation of property or money;

26 (18) [(19)] sue and be sued in its own name;

27 (19) [(20)] adopt an official seal;

28 (20) [(21)] adopt bylaws for the regulation of its affairs
29 and the conduct of its business and adopt regulations and policies in

1 connection with the performance of its functions and duties;

2 (21) [(22)] employ fiscal consultants, engineers, attorneys,
3 real estate counselors, appraisers, and other consultants and employ-
4 ees that may be required in the judgment of the corporation, and fix
5 and pay their compensation from funds available to the corporation;

6 (22) [(23)] do all acts and things necessary, convenient, or
7 desirable to carry out the powers expressly granted or necessarily
8 implied in this chapter;

9 (23) [(24)] invest or reinvest, subject to its contracts with
10 noteholders and bondholders, any money or funds held by the corpora-
11 tion in any obligations or other securities or investments in which
12 banks or trust companies in the state may legally invest funds held in
13 reserves or sinking funds or any funds not required for immediate
14 disbursement, and in certificates of deposit or time deposits secured
15 by obligations of, or guaranteed by, the state or the United States;

16 (24) [(25)] REPEALED

17 (26) REPEALED

18 (27) REPEALED

19 (28)] purchase a mortgage loan made to refinance an existing
20 mortgage loan, without regard to whether the corporation holds the
21 existing mortgage loan, as long as the interest rate and fees charged
22 to the borrower are sufficient to fully reimburse the corporation for
23 all costs incurred by the corporation in purchasing the mortgage loan
24 and as long as the borrower will be in compliance with AS 18.56.-
25 096(a)(6) after purchase of the mortgage loan by the corporation.

26 * Sec. 2. AS 18.56.096 is amended by adding a new subsection to read:

27 (c) The corporation may not make, participate in the making of,
28 purchase, or participate in the purchase of a residential building if
29 construction of the building begins after December 31, 1990, unless

1 the building complies with the thermal and lighting energy standards
2 required by AS 46.11.040. The corporation

3 (1) may adopt regulations to implement this subsection; and

4 (2) shall, by regulation, establish

5 (A) procedures by which the person responsible for the
6 construction of the building may demonstrate that the building
7 complies with the thermal and lighting energy standards, includ-
8 ing

9 (i) self-certification, if the contractor respon-
10 sible for the building construction provides satisfactory
11 evidence that the contractor has completed a training pro-
12 gram of the Alaska Craftsman Home Program and the training
13 program is satisfactory to the commissioner of community and
14 regional affairs;

15 (ii) submission of the certificate of a registered
16 architect, registered engineer, or the building official of
17 the municipality in which the building is located, and the
18 architect, engineer, or building official has completed a
19 training program of the Alaska Craftsman Home Program and
20 the training program is satisfactory to the commissioner of
21 community and regional affairs;

22 (iii) submission of the certificate of occupancy
23 issued by the municipality in which the building is located,
24 if the certificate is issued by a municipality in which the
25 municipal building code meets or exceeds the thermal and
26 lighting energy standards;

27 (iv) another method approved by the commissioner
28 of community and regional affairs in regulations adopted by
29 the commissioner after consultation with the executive

1 director of the corporation; and

2 (B) criteria by which the energy conservation stan-
3 dards may be met; for purposes of this subparagraph, the residen-
4 tial building complies with the energy standards if the residence
5 has received a "four star plus" rating under the rating system
6 developed by Energy Rated Homes of Alaska if, in the judgment of
7 the commissioner of community and regional affairs, the rating
8 system meets or exceeds the thermal energy standards required by
9 AS 46.11.040.

10 * Sec. 3. AS 18.56.105 is amended to read:

11 Sec. 18.56.105. ALLOCATION OF LENDING ACTIVITIES. The corpora-
12 tion shall designate regions within the state which in the aggregate,
13 encompass the entire state. In participating in the making or pur-
14 chasing of loans under AS 18.56.090(1) and (2) [AS 18.56.090(2) AND
15 (3)] or under AS 18.56.100, the corporation shall make its money
16 available through the private financial institutions in the state
17 within each region designated by the corporation under this section.
18 The corporation shall allocate its money among the regions on the
19 basis of recent and future anticipated lending activity as well as the
20 potential need for the loans in each region and may reallocate its
21 money among the regions as it considers appropriate to reflect changes
22 in lending activity or need in the regions.

23 * Sec. 4. AS 18.56.110(g) is amended to read:

24 (g) Notwithstanding AS 18.56.090(11) [AS 18.56.090(12)] and (a)
25 of this section, the corporation may not issue bonds in any 12-month
26 period beginning after June 30, 1983, in an amount that exceeds the
27 amount of bonds authorized to be issued during the preceding period,
28 unless a different amount is authorized by the legislature. This
29 subsection does not apply to the issuance by the corporation of

1 refunding bonds or to the issuance by the corporation of bonds the
2 proceeds of which are intended to be used to refinance mortgage loans
3 held by the corporation.

4 * Sec. 5. Section 1, ch. 83, SLA 1980, is amended to read:

5 Section 1. DECLARATION OF POLICY. It is the policy of the state
6 to encourage and facilitate the implementation of energy conservation
7 measures relating to in-state energy use. This policy shall be imple-
8 mented by

9 (1) the state setting an example of wise and efficient
10 energy use, by designing and managing public buildings and their
11 energy systems to meet appropriate standards for energy efficiency;

12 (2) providing incentives for the design and modification of
13 residential [COMMERCIAL, AND INDUSTRIAL] buildings to accomplish
14 maximum energy efficiency; and

15 (3) establishing mandatory energy efficiency standards for
16 buildings purchased or constructed with state financial assistance.

17 * Sec. 6. AS 46.11.040 is amended to read:

18 Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY
19 STANDARDS TO RESIDENTIAL [PRIVATE] BUILDINGS. State financial assis-
20 tance may not be approved or granted for the construction or purchase
21 of a new residential [OR COMMERCIAL] building if construction of the
22 building begins after December 31, 1990 [1980], unless

23 (1) the building is in compliance with thermal and lighting
24 energy standards;

25 (2) the building is in compliance with the building code of
26 a municipality and the standards for thermal and lighting energy of
27 the municipal building code meet [MEETS] or exceed [EXCEEDS] the
28 thermal and lighting energy standards;

29 (3) the building

1 (A) is constructed under an exception to the municipal
2 building code granted because the exception will result in in-
3 creased energy efficiency; or

4 (B) is located or is to be located in an area where
5 thermal and lighting energy standards are not justified because
6 of the high cost of implementation of the standards, as deter-
7 mined under regulations adopted by the commissioner of community
8 and regional affairs; or

9 (4) the applicant agrees, in writing, that the building
10 will be brought into compliance with thermal and lighting energy
11 standards within one year of conveyance.

12 * Sec. 7. AS 46.11.900 is amended to read:

13 Sec. 46.11.900. DEFINITIONS. In this chapter

14 (1) "alternative energy system"

15 (A) means a source of thermal, mechanical, or elec-
16 trical energy that [WHICH] is not dependent on oil or gas or a
17 nuclear fuel for the supply of energy for space heating and
18 cooling, refrigeration and cold storage, electrical power, mechan-
19 ical power, or the heating of water;

20 (B) includes

21 (i) an alternative energy property as defined by
22 [SEC. 48(1)(3)(A) OF THE INTERNAL REVENUE CODE () 26 U.S.C.
23 48(1)(3)(A) []]; and

24 (ii) a method of architectural design and construc-
25 tion that [WHICH] provides for the collection, storage, and
26 use of direct radiation from the sun; [AND

27 (iii) REPEALED]

28 (2) "department" means the Department of Commerce and
29 Economic Development;

1 (3) "energy audit" means a determination and written sum-
2 mary prepared under 42 U.S.C. 8216(b) [42 U.S.C. 8216(b)(1)(A),
3 (SEC. 215, P.L. 95-619, NATIONAL ENERGY CONSERVATION POLICY ACT)] of

4 (A) the energy consumption characteristics of a build-
5 ing, including the size, type, and rate of energy consumption of
6 major energy consuming systems of the building and the climate
7 characterizing the region where the building is located; and

8 (B) the energy conservation and cost savings likely to
9 result from appropriate energy-conserving maintenance and operat-
10 ing procedures and modifications, including the purchase and
11 installation of energy-related fixtures; for purposes of this
12 subparagraph when a fossil fuel is the energy source, the energy
13 cost savings shall be determined with reference to the projected
14 price of that fossil fuel over a 10-year period;

15 (4) "financial institution" means a bank, trust company,
16 savings bank, savings and loan association, or credit union;

17 (5) "life-cycle cost" means the total cost of owning,
18 operating, and maintaining a building over its useful life, including
19 its energy and fuel costs, determined on a basis of a systematic
20 evaluation and comparison of alternative building systems, except that
21 in the case of leased buildings the life-cycle cost shall be calculat-
22 ed over the effective remaining term of the lease;

23 (6) ["NEW BUILDING" MEANS A BUILDING THE CONSTRUCTION OF
24 WHICH BEGINS AFTER DECEMBER 31, 1980;

25 (7)] "public building" means a building owned or controlled
26 and held by the state for government or public use;

27 (7) [(8)] "state financial assistance" means a loan, grant,
28 guarantee, insurance, payment, rebate, subsidy, or other form of state
29 assistance other than aid under AS 05.35.010 - 05.35.070,

1 AS 14.11.100 - 14.11.135, and AS 29.60, including the purchase by a
2 state agency of a loan to finance the construction or purchase of a
3 new residential [, COMMERCIAL, OR INDUSTRIAL] building;

4 (8) [(9)] "thermal and lighting energy standards" means the
5 thermal and lighting energy standards

6 (A) established by the American Society of Heating,
7 Refrigeration, and Air Conditioning Engineers as revised

8 (i) [(A)] by the commissioner of transportation
9 and public facilities under AS 44.42.020(a) for public
10 facilities; or

11 (ii) [(B)] by the commissioner of community and
12 regional affairs for buildings and structures that are not
13 public facilities; or

14 (B) developed in regulations adopted

15 (i) by the commissioner of transportation and
16 public facilities under AS 44.42.020(a) for public facili-
17 ties; or

18 (ii) by the commissioner of community and regional
19 affairs for buildings and structures that are not public
20 facilities.

21 * Sec. 8. APPLICATION OF THERMAL AND LIGHTING ENERGY STANDARDS TO
22 PROGRAMS FOR RESIDENTIAL HOUSING THAT IS CONSTRUCTED OR PURCHASED WITH
23 STATE FINANCIAL ASSISTANCE. Persons responsible for administration and
24 management of programs in which state assistance is provided for the pur-
25 chase or construction of residential buildings are encouraged to adopt and
26 enforce the compliance standards and methods of AS 18.56.096(c)(2), added
27 by sec. 2 of this Act, within the housing programs for which they are
28 responsible.

29 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).