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1 IN THE HOUSE BY THE C&RA COMMITTEE  
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 358 (C&RA)  
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20 (1) [REPEALED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 a building inspector, and  
17 the architect, engineer, or building inspector has completed  
18 a training program of the Alaska Craftsman Home Program and  
19 the training program is satisfactory to the commissioner of  
20 community and regional affairs;

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

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 rating under the rating system developed by Energy  
6                   Rated Homes of Alaska if, in the judgment of the commissioner of  
7                   community and regional affairs, the rating meets or exceeds the  
8                   thermal energy standards required by AS 46.11.040.

9   \* Sec. 3. AS 18.56.105 is amended to read:

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

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

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

1 proceeds of which are intended to be used to refinance mortgage loans  
2 held by the corporation.

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

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

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

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

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

16 \* Sec. 6. AS 46.11.040 is amended to read:

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

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

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

28 (3) the building

29 (A) is constructed under an exception to the municipal

1 building code granted because the exception will result in in-  
2 creased energy efficiency; or

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

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

11 \* Sec. 7. AS 46.11.900 is amended to read:

12 Sec. 46.11.900. DEFINITIONS. In this chapter

13 (1) "alternative energy system"

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

19 (B) includes

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

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

26 (iii) REPEALED]

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

29 (3) "energy audit" means a determination and written

1 summary prepared under 42 U.S.C. 8216(b) [42 U.S.C. 8216(b)(1)(A),  
2 (SEC. 215, P.L. 95-619, NATIONAL ENERGY CONSERVATION POLICY ACT)] of

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

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

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

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

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

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

26 (7) [(8)] "state financial assistance" means a loan, grant,  
27 guarantee, insurance, payment, rebate, subsidy, or other form of state  
28 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11.-  
29 100 - 14.11.135, and AS 29.60, including the purchase by a state

1 agency of a loan to finance the construction or purchase of a [NEW]  
2 residential [, COMMERCIAL, OR INDUSTRIAL] building;

3 (8) [(9)] "thermal and lighting energy standards" means the  
4 thermal and lighting energy standards

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

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

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

13 (B) developed in regulations adopted

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

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

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

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