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SENATE FINANCE COMMITTEE REPORT

DATE: 4/2/90

FURTHER:

DATE TURNED INTO OFFICE: 4/24/90

The Finance Committee considered

CS SSB 358 (Finance)

"An Act relating to minimum thermal and lighting energy standards; and providing for an effective date."

and recommended:

- replace with 5 CS CS SS HB 358 (Fin) same title
 or adopt _____ CS _____ new title
 attached amendment(s) technical title change (HB only)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) DCRA 263.0

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

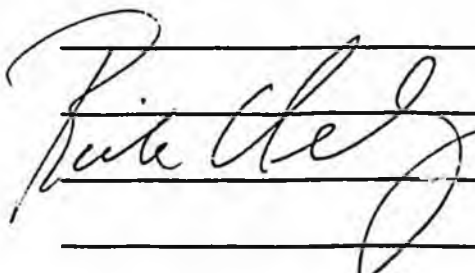
Dept/Date:

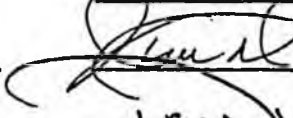
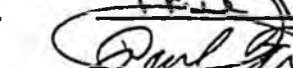

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:

OTHER RECOMMENDATIONS:



 - No Rec
 - No Rec
 - No Rec

1.

2.

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Community & Regional Affairs
 Title: "An Act..thermal & lighting energy standards..." BRU: _____
 Sponsor: Reps Brown, M.Davis, MacLean, etc. Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL	13.0	-0-	5.0	-0-	5.0	-0-
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	250.0	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS						
TOTAL OPERATING	263.0	-0-	5.0	-0-	5.0	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	263.0	-0-	5.0	-0-	5.0	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	263.0	-0-	5.0	-0-	5.0	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90. Travel is for private industry members of the technical advisory committee. Grants reflects early adopter grant of \$1,500 for 167 new housing starts in FY 1991. Grant funds would discontinue after period of year when standard would go into effect.

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
 Division: Municipal & Regional Assistance Date: 3/16/90

Approved by Commissioner: [Signature] Date: 3-26-90
 Agency: Community & Regional Affairs

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Changes in SCS CS SS HB 358(Fin) have no fiscal impact. This fiscal note is appropriate. 4/24/90 JLN

Adopted

6-116R
Chenoweth
5-11-1968

Original sponsor(s): REP. BROWN, M.Davis, MacLean, Hudson, Koponen, Goll

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 358 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to minimum thermal and lighting energy standards; and providing for an effective date."

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

* Section 1. AS 18.56.090 is amended to read:

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

(1) [REPEALED

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

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

(B) the residential housing for which the mortgage loans are made complies with applicable provisions of AS 18.56.-096(c) and the applicable thermal and lighting energy standards of AS 46.11.040;

(2) [(3)] purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners, and purchasers of residential housing, if the corporation

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

6 (B) has determined that

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

16 (ii) the residential housing covered by the mort-
17 gage loan complies with applicable provisions of AS 18.56.-
18 096(c) and the applicable thermal and lighting energy stan-
19 dards of AS 46.11.040;

20 (3) [(4)] make partial rental payments and mortgage inter-
21 est payments under a contract with any housing owner if the payments
22 will be applied to decrease rental or mortgage interest charges of
23 persons of lower and moderate income or owners or purchasers of res-
24 idential housing in remote, underdeveloped, or blighted areas of the
25 state;

26 (4) [(5)] make loans from the housing development fund;

27 (5) [(6)] collect and pay reasonable fees and charges in
28 connection with making, purchasing, and servicing its mortgages,
29 loans, notes, bonds, certificates, commitments, and other evidences of

1 indebtedness;

2 (6) [(7)] acquire real property, or any interest in real
3 property, in its own name, by purchase, transfer, or foreclosure, when
4 the acquisition is necessary or appropriate to protect any loan in
5 which the corporation has an interest; sell, transfer, and convey the
6 property to a buyer; and, if the sale, transfer, or conveyance cannot
7 be effected with reasonable promptness or at a reasonable price, rent
8 or lease the property to a tenant pending the sale, transfer, or
9 conveyance;

10 (7) [(8)] sell, at public or private sale, to any purchas-
11 er, including the Federal National Mortgage Association, all or any
12 part of a mortgage or other instrument or document securing a con-
13 struction, land development, mortgage, or temporary loan of any type
14 permitted by this chapter;

15 (8) [(9)] purchase, in order to meet the requirements of
16 the sale of its mortgages to the Federal National Mortgage Associa-
17 tion, stock of the Federal National Mortgage Association;

18 (9) [(10)] procure insurance against any loss in connection
19 with its operation;

20 (10) [(11)] consent to the modification of the rate of
21 interest, time of payment of any installment of principal or interest,
22 or any other terms, of the mortgage loan, mortgage loan commitment,
23 construction loan, temporary loan, contract, or agreement of any kind
24 to which the corporation is a party;

25 (11) [(12)] borrow money as provided in this chapter to
26 carry out and effectuate its corporate purposes; and issue its obliga-
27 tions as evidence of borrowing;

28 (12) [(13)] include in any borrowing the amounts necessary to
29 pay financing charges, interest on the obligations for a period not

exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees, and other expenses that are necessary or incident to this borrowing;

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

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

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

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

(17) [(18)] receive, administer, and comply with the conditions and requirements respecting any appropriation or gift, grant, or donation of property or money;

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

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

(20) [(21)] adopt bylaws for the regulation of its affairs and the conduct of its business and adopt regulations and policies in connection with the performance of its functions and duties;

(21) [(22)] employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers, and other consultants and employees that may be required in the judgment of the corporation, and fix

and pay their compensation from funds available to the corporation;

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

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

(24) [(25)] REPEALED

(26) REPEALED

(27) REPEALED

(28)] purchase a mortgage loan made to refinance an existing mortgage loan, without regard to whether the corporation holds the existing mortgage loan, as long as the interest rate and fees charged to the borrower are sufficient to fully reimburse the corporation for all costs incurred by the corporation in purchasing the mortgage loan and as long as the borrower will be in compliance with AS 18.56.096(a)(6) after purchase of the mortgage loan by the corporation.

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

(c) The corporation may not make, participate in the making of, purchase, or participate in the purchase of a loan for a residential building if construction of the building begins after December 31, 1991, unless the building complies with the thermal and lighting energy standards required by AS 46.11.040. The corporation

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

(2) shall, by regulation, establish

1 (A) procedures by which the person responsible for the
2 construction of the building may demonstrate that the building
3 complies with the thermal and lighting energy standards, includ-
4 ing

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

11 (ii) submission of the certificate of a registered
12 architect, registered engineer, or a building inspector, and
13 the architect, engineer, or building inspector has completed
14 a training program of the Alaska Craftsman Home Program and
15 the training program is satisfactory to the commissioner of
16 community and regional affairs;

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

23 (iv) another method approved by the commissioner
24 of community and regional affairs, in regulations adopted by
25 the commissioner after consultation with the executive
26 director of the corporation; and

27 (B) criteria by which the energy conservation stan-
28 dards may be met; for purposes of this subparagraph, the residen-
29 tial building complies with the energy standards if the residence

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

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

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

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

(g) Notwithstanding AS 18.56.090(11) [AS 18.56.090(12)] and (a) of this section, the corporation may not issue bonds in any 12-month period beginning after June 30, 1983, in an amount that exceeds the amount of bonds authorized to be issued during the preceding period, unless a different amount is authorized by the legislature. This subsection does not apply to the issuance by the corporation of re-funding bonds or to the issuance by the corporation of bonds the proceeds of which are intended to be used to refinance mortgage loans held by the corporation.

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

Section 1. DECLARATION OF POLICY. It is the policy of the state

to encourage and facilitate the implementation of energy conservation measures relating to in-state energy use. This policy shall be implemented by

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

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

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

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

Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY STANDARDS TO RESIDENTIAL [PRIVATE] BUILDINGS. State financial assistance may not be approved or granted for the construction of or purchase of a loan for a [NEW] residential [OR COMMERCIAL] building if construction of the building begins after December 31, 1991 [1980], unless

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

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

(3) the building

(A) is constructed under an exception to the municipal building code granted because the exception will result in increased energy efficiency; or

(B) is located or is to be located in an area where

thermal and lighting energy standards are not justified because of the high cost of implementation of the standards, with specific consideration given to the availability of inexpensive home heating energy sources, as determined under regulations adopted by the commissioner of community and regional affairs; or

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

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

Sec. 46.11.900. DEFINITIONS. In this chapter

(1) "alternative energy system"

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

(B) includes

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

(ii) a method of architectural design and construction that [WHICH] provides for the collection, storage, and use of direct radiation from the sun; [AND

(iii) REPEALED]

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

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

(A) the energy consumption characteristics of a building, including the size, type, and rate of energy consumption of major energy consuming systems of the building and the climate characterizing the region where the building is located; and

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

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

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

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

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

(7) [(8)] "state financial assistance" means a loan, grant, guarantee, insurance, payment, rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11.-100 - 14.11.135, and AS 29.60, including the purchase by a state agency of a loan to finance the construction or purchase of a [NEW] residential [, COMMERCIAL, OR INDUSTRIAL] building;

2 (8) [(9)] "thermal and lighting energy standards" means the
3 thermal and lighting energy standards

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

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

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

12 (B) developed in regulations adopted

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

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

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

27 * Sec. 9. ELIGIBILITY OF PERSONS FOR STATE INCENTIVE PAYMENT. (a) A
28 person who initiates and completes construction of a residential building
29 after the effective date of this Act and before January 1, 1992, qualifies
30 for payment of not more than \$1,500 from the Department of Community and

10 Regional Affairs if the person demonstrates, to the satisfaction of the
11 commissioner, that

12 (1) the residential building meets or exceeds the thermal and
13 lighting energy standards; or

14 (2) the residential building meets or exceeds the building code
15 of a municipality and the standards for thermal and lighting energy of the
16 municipal building code meet or exceed the thermal and lighting energy
17 standards.

18 (b) The Department of Community and Regional Affairs shall

19 (1) adopt regulations to implement this section;

20 (2) from legislative appropriations made for the purpose, make
21 the payments required to persons who qualify under (a) of this section.

22 (c) In this section,

23 (1) "commissioner" means the commissioner of community and
24 regional affairs;

25 (2) "thermal and lighting energy standards" has the meaning
26 given in AS 46.11.900(8), as amended by sec. 7 of this Act.

27 * Sec. 10. RESIDENTIAL ENERGY STANDARDS TECHNICAL ADVISORY COMMITTEE
28 FOR INITIAL REGULATIONS. (a) Before adopting the initial regulations
29 under AS 46.11.040(3)(B), as amended by sec. 6 of this Act, the commis-
30 sioner of community and regional affairs shall consult with the Residential
31 Energy Standards Technical Advisory Committee established under (b) of this
32 section.

33 (b) To assist with the development and review of the thermal stan-
34 dards developed under AS 46.11.040, the commissioner of community and
35 regional affairs shall establish a Residential Energy Standards Technical
36 Advisory Committee and appoint its members. The advisory committee is
37 composed of 18 members and must include

38 (1) a homebuilder, residential building contractor, or other

1 person who is actively engaged in the construction or sale of residential
2 homes from each of the following regions of the state:

- 3 (A) Anchorage;
- 4 (B) Matanuska-Susitna Borough;
- 5 (C) Kenai Peninsula Borough;
- 6 (D) Bristol Bay-Kodiak-Aleutian Islands;
- 7 (E) Fairbanks and Interior Alaska;
- 8 (F) Southeast Alaska;
- 9 (G) Southwest Alaska;
- 10 (H) Northwest Alaska;
- 11 (I) the Arctic Slope;

12 (2) a representative of the Department of Housing and Urban
13 Development;

14 (3) a representative of the Alaska Housing Finance Corporation;

15 (4) a representative of the Alaska Craftsman Home Program;

16 (5) a representative of the Energy Rated Homes of Alaska Pro-
17 gram;

18 (6) a residential real estate appraiser;

19 (7) a building official employed by a municipality;

20 (8) a registered architect or engineer with experience in energy
21 efficient building design and construction techniques;

22 (9) a representative of a utility; and

23 (10) a public member to represent consumer interests.

24 (c) Before making appointments to the advisory committee, the commis-
25 sioner shall solicit nominations from the Alaska State Homebuilders Asso-
26 ciation for those regions in which the association has an active local
27 association or chapter.

28 (d) In developing the thermal and lighting standards under AS 46.11.-
29 040, the commissioner of community and regional affairs, in consultation

with the technical advisory committee established under (b) of this section, shall ensure that incremental costs attributable to meeting the standards bear a reasonable relationship to the energy cost savings resulting from the energy efficiency investments.

* Sec. 11. Section 9 of this Act is repealed January 1, 1992.

* Sec. 12. Section 10 of this Act is repealed on the effective date of the initial regulations adopted under AS 46.11.040(3)(B), as amended by sec. 6 of this Act. The commissioner of community and regional affairs shall notify the lieutenant governor and the revisor of statutes of the effective date of those regulations.

* Sec. 13. This Act takes effect immediately under AS 01.10.070(c).

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4/23/90
4/23/90 Ordered
new work draft
Fischer Am ADOPTED:
p 12, l 28
p 13, after l 22, insert
new subsection (10)

WORK DRAFT

WORK DRAFT

WORK DRAFT

6-1116P ✓
Dierdorff/
Chenoweth
4/21/90

Original sponsor(s): REP. BROWN, M.Davis, MacLean, Hudson, Koporen, Goll

1 IN THE HOUSE

2 SENATE CS FOR CS FOR 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 relating to minimum thermal and lighting
7 energy standards; and providing for an effective
8 date."

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14 located in remote, underdeveloped, or blighted areas of the state and
15 for its other corporate purposes,

16 (1) [REPEALED

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

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

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24 loans are made complies with applicable provisions of AS 18.56.-
25 096(c) and the applicable thermal and lighting energy standards
26 of AS 46.11.040;

27 (2) [(3)] purchase or participate in the purchase of mort-
28 gage loans made to sponsors, developers, builders, owners, and pur-
29 chasers of residential housing, if the corporation

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7 (i) the purchase or participation will result in
8 additional residential housing, taking into account without
9 limitation such factors as reinvestment of the proceeds of
10 the sale in additional mortgage loans, increased avail-
11 ability of mortgage loans insured by the federal government,
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13 interest payments to be made with respect to mortgage loans,
14 or such other factors as will tend to increase or improve
15 the supply of residential housing within the state, and

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25 state;

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29 loans, notes, bonds, certificates, commitments, and other evidences of

1 indebtedness;

2 (6) [(7)] acquire real property, or any interest in real
3 property, in its own name, by purchase, transfer, or foreclosure, when
4 the acquisition is necessary or appropriate to protect any loan in
5 which the corporation has an interest; sell, transfer, and convey the
6 property to a buyer; and, if the sale, transfer, or conveyance cannot
7 be effected with reasonable promptness or at a reasonable price, rent
8 or lease the property to a tenant pending the sale, transfer, or
9 conveyance;

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12 part of a mortgage or other instrument or document securing a con-
13 struction, land development, mortgage, or temporary loan of any type
14 permitted by this chapter;

15 (8) [(9)] purchase, in order to meet the requirements of
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17 tion, stock of the Federal National Mortgage Association;

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19 with its operation;

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22 or any other terms, of the mortgage loan, mortgage loan commitment,
23 construction loan, temporary loan, contract, or agreement of any kind
24 to which the corporation is a party;

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27 tions as evidence of borrowing;

28 (12) [(13)] include in any borrowing the amounts necessary to
29 pay financing charges, interest on the obligations for a period not

1 exceeding one year after the date on which the corporation estimates
2 funds will otherwise be available to pay the interest, consultant,
3 advisory and legal fees, and other expenses that are necessary or
4 incident to this borrowing;

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7 necessary to effectuate its purposes;

8 (14) [(15)] provide technical and advisory services to
9 sponsors, builders, and developers of residential housing and to
10 residents of it;

11 (15) [(16)] promote research and development in scientific
12 methods of constructing low-cost and energy-efficient residential
13 housing of high durability;

14 (16) [(17)] make and execute agreements, contracts, and
15 other instruments necessary or convenient in the exercise of the
16 powers and functions of the corporation under this chapter, including
17 contracts with any person, firm, corporation, governmental agency, or
18 other entity;

19 (17) [(18)] receive, administer, and comply with the condi-
20 tions and requirements respecting any appropriation or gift, grant, or
21 donation of property or money;

22 (18) [(19)] sue and be sued in its own name;

23 (19) [(20)] adopt an official seal;

24 (20) [(21)] adopt bylaws for the regulation of its affairs
25 and the conduct of its business and adopt regulations and policies in
26 connection with the performance of its functions and duties;

27 (21) [(22)] employ fiscal consultants, engineers, attorneys,
28 real estate counselors, appraisers, and other consultants and employ-
29 ees that may be required in the judgment of the corporation, and fix

1 and pay their compensation from funds available to the corporation;

2 (22) [(23)] do all acts and things necessary, convenient, or
3 desirable to carry out the powers expressly granted or necessarily
4 implied in this chapter;

5 (23) [(24)] invest or reinvest, subject to its contracts with
6 noteholders and bondholders, any money or funds held by the corpora-
7 tion in any obligations or other securities or investments in which
8 banks or trust companies in the state may legally invest funds held in
9 reserves or sinking funds or any funds not required for immediate
10 disbursement, and in certificates of deposit or time deposits secured
11 by obligations of, or guaranteed by, the state or the United States;

12 (24) [(25)] REPEALED

13 (26) REPEALED

14 (27) REPEALED

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

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

23 (c) The corporation may not make, participate in the making of,
24 purchase, or participate in the purchase of a loan for a residential
25 building if construction of the building begins after December 31,
26 1991, unless the building complies with the thermal and lighting
27 energy standards required by AS 46.11.040. The corporation

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

29 (2) shall, by regulation, establish

1 (A) procedures by which the person responsible for the
2 construction of the building may demonstrate that the building
3 complies with the thermal and lighting energy standards, includ-
4 ing

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

11 (ii) submission of the certificate of a registered
12 architect, registered engineer, or a building inspector, and
13 the architect, engineer, or building inspector has completed
14 a training program of the Alaska Craftsman Home Program and
15 the training program is satisfactory to the commissioner of
16 community and regional affairs;

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

23 (iv) another method approved by the commissioner
24 of community and regional affairs in regulations adopted by
25 the commissioner after consultation with the executive
26 director of the corporation; and

27 (B) criteria by which the energy conservation stan-
28 dards may be met; for purposes of this subparagraph, the residen-
29 tial building complies with the energy standards if the residence

1 has received a rating under the rating system developed by Energy
2 Rated Homes of Alaska if, in the judgment of the commissioner of
3 community and regional affairs, the rating meets or exceeds the
4 thermal energy standards required by AS 46.11.040.

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

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

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

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

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

29 Section 1. DECLARATION OF POLICY. It is the policy of the state

1 to encourage and facilitate the implementation of energy conservation
2 measures relating to in-state energy use. This policy shall be imple-
3 mented by

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

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

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

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

13 Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY
14 STANDARDS TO RESIDENTIAL [PRIVATE] BUILDINGS. State financial assis-
15 tance may not be approved or granted for the construction of or pur-
16 chase of a loan for a [NEW] residential [OR COMMERCIAL] building if
17 construction of the building begins after December 31, 1991 [1980],
18 unless

19 (1) the building is in compliance with thermal and lighting
20 energy standards;

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

25 (3) the building

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

29 (B) is located or is to be located in an area where

1 thermal and lighting energy standards are not justified because
2 of the high cost of implementation of the standards, with spe-
3 cific consideration given to the availability of inexpensive home
4 heating energy sources, as determined under regulations adopted
5 by the commissioner of community and regional affairs; or

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

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

10 Sec. 46.11.900. DEFINITIONS. In this chapter

11 (1) "alternative energy system"

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

17 (B) includes

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

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

24 (iii) REPEALED]

25 (2) "department" means the Department of Commerce and
26 Economic Development;

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

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

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

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

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

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

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

24 (7) [(8)] "state financial assistance" means a loan, grant,
25 guarantee, insurance, payment, rebate, subsidy, or other form of state
26 assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11.-
27 100 - 14.11.135, and AS 29.60, including the purchase by a state
28 agency of a loan to finance the construction or purchase of a [NEW]
29 residential [, COMMERCIAL, OR INDUSTRIAL] building;

1 (8) [(9)] "thermal and lighting energy standards" means the
2 thermal and lighting energy standards

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

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

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

11 (B) developed in regulations adopted

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

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

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

26 * Sec. 9. ELIGIBILITY OF PERSONS FOR STATE INCENTIVE PAYMENT. (a) A
27 person who initiates and completes construction of a residential building
28 after the effective date of this Act and before January 1, 1992, qualifies
29 for payment of not more than \$1,500 from the Department of Community and

1 Regional Affairs if the person demonstrates, to the satisfaction of the
2 commissioner, that

3 (1) the residential building meets or exceeds the thermal and
4 lighting energy standards; or

5 (2) the residential building meets or exceeds the building code
6 of a municipality and the standards for thermal and lighting energy of the
7 municipal building code meet or exceed the thermal and lighting energy
8 standards.

9 (b) The Department of Community and Regional Affairs shall

10 (1) adopt regulations to implement this section;

11 (2) from legislative appropriations made for the purpose, make
12 the payments required to persons who qualify under (a) of this section.

13 (c) In this section,

14 (1) "commissioner" means the commissioner of community and
15 regional affairs;

16 (2) "thermal and lighting energy standards" has the meaning
17 given in AS 46.11.900(8), as amended by sec. 7 of this Act.

18 * Sec. 10. RESIDENTIAL ENERGY STANDARDS TECHNICAL ADVISORY COMMITTEE
19 FOR INITIAL REGULATIONS. (a) Before adopting the initial regulations
20 under AS 46.11.040(3)(B), as amended by sec. 6 of this Act, the commis-
21 sioner of community and regional affairs shall consult with the Residential
22 Energy Standards Technical Advisory Committee established under (b) of this
23 section.

24 (b) To assist with the development and review of the thermal stan-
25 dards developed under AS 46.11.040, the commissioner of community and
26 regional affairs shall establish a Residential Energy Standards Technical
27 Advisory Committee and appoint its members. The advisory committee is
28 composed of ¹⁸~~17~~ members and must include

29 (1) a homebuilder, residential building contractor, or other
SCS CSSH B 358()

1 person who is actively engaged in the construction or sale of residential
2 homes from each of the following regions of the state:

- 3 (A) Anchorage;
4 (B) Matanuska-Susitna Borough;
5 (C) Kenai Peninsula Borough;
6 (D) Bristol Bay-Kodiak-Aleutian Islands;
7 (E) Fairbanks and Interior Alaska;
8 (F) Southeast Alaska;
9 (G) Southwest Alaska;
10 (H) Northwest Alaska;
11 (I) the Arctic Slope;

12 (2) a representative of the Department of Housing and Urban
13 Development;

- 14 (3) a representative of the Alaska Housing Finance Corporation;
15 (4) a representative of the Alaska Craftsman Home Program;
16 (5) a representative of the Energy Rated Homes of Alaska Pro-
17 gram;
18 (6) a residential real estate appraiser;
19 (7) a building official employed by a municipality;
20 (8) a registered architect or engineer with experience in energy

21 efficient building design and construction techniques; [and]

- 22 (9) a representative of a utility; *and*
23 *(10) a member of the public to represent consumer interests.*

24 (c) Before making appointments to the advisory committee, the commis-
25 sioner shall solicit nominations from the Alaska State Homebuilders Asso-
26 ciation for those regions in which the association has an active local
27 association or chapter.

28 (d) In developing the thermal and lighting standards under AS 46.11.-
29 040, the commissioner of community and regional affairs, in consultation
with the technical advisory committee established under (b) of this

1 section, shall ensure that incremental costs attributable to meeting the
2 standards bear a reasonable relationship to the energy cost savings result-
3 ing from the energy efficiency investments.

4 * Sec. 11. Section 9 of this Act is repealed January 1, 1992.

5 * Sec. 12. Section 10 of this Act is repealed on the effective date of
6 the initial regulations adopted under AS 46.11.040(3)(B), as amended by
7 sec. 6 of this Act. The commissioner of community and regional affairs
8 shall notify the lieutenant governor and the revisor of statutes of the
9 effective date of those regulations.

10 * Sec. 13. This Act takes effect immediately under AS 01.10.070(c).
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Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Senator Rick Uehling, Co-Chair
Senator John Binkley, Co-Chair
Senate Finance Committee

FROM: Senator Drue Pearce *Pearce*

DATE: April 21, 1990

SUBJ: Draft ^{amendment} ~~CS~~ for SCS SS HB 358 (C&RA) - Thermal Standards

Please find attached a draft ^{Amendment} ~~Committee Substitute~~ for SCS SS HB 358 (C&RA), legislation that would require future new housing built with state financial assistance after December 31, 1991 to meet at least minimum energy efficiency standards.

The fundamental change proposed in this ^{Amendment} ~~Committee Substitute~~ concerns the **establishment of a Residential Energy Standards Technical Advisory Committee** to assist the Department of Community and Regional Affairs with the initial formulation of the minimum thermal standards that would be required under the legislation.

In order to ensure active participation by the homebuilding industry in the formulation of the new standard, this draft ^{Amendment} ~~CS~~ adds two new sections to the bill. New Section 10 would establish the Technical Advisory Committee to guide the formulation of the new state minimum thermal standard. As provided by new Section 12, after adoption of the initial regulations, the advisory committee would be disbanded.

The proposed ^{Amendment} ~~CS~~ also directs the Commissioner of DCRA to consult with advisory committee, prior to the adoption of regulations, to ensure that the standard is reasonable and cost-effective by requiring that incremental costs attributable to the standard are reflected in energy cost savings attributable to the added energy efficiency improvements.

attachment

4/23/90
Pearce
~~ADOPTED~~

4/23/90

SCS CS SS HB 358 (C&RA)

This Am contained
in 4/21/90 draft
ADOPTED by SFC

AMENDMENT

Page 12, line 18

Insert new section:

* Sec. 10. RESIDENTIAL ENERGY STANDARDS TECHNICAL ADVISORY COMMITTEE FOR INITIAL REGULATIONS. (a) Before adopting the initial regulations under AS 46.11.040(3)(B), as amended by sec. 6 of this Act, the commissioner of community and regional affairs shall consult with the Residential Energy Standards Technical Advisory Committee established under (b) of this section.

(b) To assist with the development and review of the thermal standards developed under AS 46.11.040, the commissioner of community and regional affairs shall establish a Residential Energy Standards Technical Advisory Committee and appoint its members. The advisory committee is composed of 17 members and must include

(1) a homebuilder, residential building contractor, or other person who is actively engaged in the construction or sale of residential homes from each of the following regions of the state:

- (A) Anchorage;
- (B) Matanuska-Susitna Borough;
- (C) Kenai Peninsula Borough;
- (D) Bristol Bay-Kodiak-Aleutian Islands;
- (E) Fairbanks and Interior Alaska;
- (F) Southeast Alaska;
- (G) Southwest Alaska;

(H) Northwest Alaska;

(I) the Arctic Slope;

(2) a representative of the Department of Housing and Urban Development;

(3) a representative of the Alaska Housing Finance Corporation;

(4) a representative of the Alaska Craftsman Home Program;

(5) a representative of the Energy Rated Homes of Alaska Program;

(6) a residential real estate appraiser;

(7) a building official employed by a municipality;

(8) a registered architect or engineer with experience in energy efficient building design and construction techniques; and

(9) a representative of a utility.

(c) Before making appointments to the advisory committee, the commissioner shall solicit nominations from the Alaska State Homebuilders Association for those regions in which the association has an active local association or chapter.

(d) In developing the thermal and lighting standards under AS 46.11.-040, the commissioner of community and regional affairs, in consultation with the technical advisory committee established under (b) of this section, shall ensure that incremental costs attributable to meeting the standards bear a reasonable relationship to the energy cost savings resulting from the energy efficiency investments.

Page 12, line 19

Insert new section:

* Sec. ~~10~~¹². Section 10 of this Act is repealed on the effective date of the initial regulations adopted under AS 46.11.040(3)(B), as amended by sec. 6 of this Act. The commissioner of community and regional affairs shall notify the lieutenant governor and the revisor of statutes of the effective date of those regulations.

Renumber other section accordingly.



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Senator Rick Uehling, Co-Chair
Senator John Binkley, Co-Chair
Senate Finance Committee

FROM: Representative Kay Brown *efw*

DATE: April 21, 1990

SUBJ: SCS SS HB 358 (C&RA) - Minimum Thermal Energy Standards

Thank you for scheduling SCS SS HB 358 (C&RA), legislation that would require future new housing built with state financial assistance after December 31, 1991 to meet at least minimum energy efficiency standards.

The Need for Minimum Thermal Energy Standards

Nearly all states have some form of minimum standard. It is ironic that, Alaska -- the state with the most extreme cold-weather temperatures and the highest heating costs in the nation -- is without even minimum energy efficiency requirements. Arguments in support of minimum standards are compelling:

- A survey of eight rural villages found that 16 to 37% of family income is spent on energy while a 1988 "Alaska Rural Housing Needs Assessment" found that 36% of rural homes could not maintain an indoor temperature of 70 degrees during the cold winter months.
- An audit of 714 HUD housing units concluded that "projects are being developed that are infeasible, improperly designed, and inadequately constructed" noting that many of the the rural housing units being constructed were generally unsuited for the harsh Alaskan environment (in some homes interior walls were sheathed in ice during the winter).
- The State of Alaska is the financier (and now owner) through AHFC of thousands of repossessed residential properties. Due to poor building practices these REOs have required substantial funds to repair and upgrade simply to make them marketable.

- Typical home buyers do not have -- nor can they reasonably be expected to have -- the kind of technical expertise necessary to determine whether a home has been built to reasonable energy efficiency standards.

Under this legislation state minimum thermal standards *would apply only to future new homes built with state financial assistance* (existing homes, new homes built "out-of-pocket" or financed without state assistance would not be subject to the standard).

Legislative History of the Alaska Thermal Energy Standard

In 1980, the Alaska Legislature recognized the need for minimum energy efficiency standards by enacting Chapter 83 SLA 1980. This law provided for the adoption of minimum thermal and lighting standards (AS 46.11.010 -.900) for new structures built with "state financial assistance." Between 1983 and 1988, the Department of Community and Regional Affairs undertook an extensive public process that culminated with the adoption of a *minimum* "regionalized" Alaska standard for new state-financed residential construction. However, just prior to the standard becoming effective last year a lawsuit was filed that exploited a drafting oversight in the original 1980 law.

Briefly, although the original 1980 legislation clearly stated the Legislature's intent to establish "mandatory energy efficiency standards for buildings purchased or constructed with state financial assistance" (emphasis added), the language actually codified into law only referenced financing "for the construction of" new structures. Due to this drafting oversight, the Superior Court ruled that the standard should apply only to state financial assistance in the form of direct construction lending. This legislation was introduced to reaffirm the clear legislative objective of requiring that new homes financed through AHFC meet at least minimum thermal standards.

SCS SS HB 358 (C&RA)

SCS SS HB 358 (C&RA) would:

- Explicitly reaffirm the original 1980 intent of the legislature that minimum thermal standards apply to new homes constructed with state financial assistance, as well as those financed through AHFC.
- Make it clear that the thermal standards apply only to future new homes built with state-financial assistance homes (i.e., construction starting after December 31, 1991).
- Explicitly identify several alternative means by which builders can demonstrate compliance with the standard, including self-certification.

- Establish an "early adopter program" to assist the homebuilding industry manage the transition to more thermally efficient construction practices by providing, on a temporary basis, incentive awards of up to \$1,500 per home to builders who voluntarily meet the new standard prior to its becoming legally effective December 31, 1991. This temporary program is offered to: 1) provide an incentive to assist builders in making the transition to higher quality construction; and 2) help offset some of the incremental costs associated with the initial "learning curve."

Proposed Amendment - Technical Advisory Committee

Assuming passage of this legislation, the Department of Community and Regional Affairs would develop and adopt a new minimum standard by way of regulation. In order to draw upon the expertise of the homebuilding industry and to involve other affected parties in the formulation of the new thermal standard, an amendment has been drafted into a proposed Senate Finance Committee Substitute to establish a Residential Energy Standards Technical Advisory Committee. The temporary Technical Advisory Committee, which would be disbanded after the regulations are established, would help guide the formulation of the new minimum thermal standard.

As you can see by the attachments, this legislation has broad support from all across the state. Homebuilders from Nome to Sitka have testified in support of the bill and the need for minimum thermal standards, particularly because this legislation would help put Alaska's quality builders on "a level playing field" with less conscientious builders. I have also provided excerpts of testimony and comment from various builders and other housing professionals that endorse this legislation and the need for minimum thermal energy standards.

Finally, I feel the changes reflected in the proposed Committee Substitute, together with a one-time appropriation to fund the "early adopter" incentive awards, will significantly improve the basic quality of housing in Alaska by ensuring that future new homes developed with state financial assistance are built to meet at least minimum energy efficiency energy requirements.

Although we can not rectify many of the housing problems that have resulted from poor building practices in the past, we can make a new start in the 1990s.

I would appreciate appreciate your support of this legislation.

attachments

3/21/90
Rep. Kay Brown

HB 358 - Minimum Thermal Energy Standards
Endorsements and Statements of Support

Alaska Center for the Environment
Alaska Community Development Corporation (Anchorage)
Alaska Federation of Natives
Alaska Health Project
Alaska Housing Finance Corporation
Alaska Housing Policy Development Committee
Alaska Public Interest Research Group
Alaska Rural Electric Cooperative Association
Alaska State AFL-CIO
Alaska State Employees Association
Alaska Village Electric Cooperative
Alaska Wilderness Alliance
Alaska Wildlife Alliance
Alaska Window (Fairbanks)
Alaska Chapter Sierra Club
Analysis North/Alaska Utility Consumer Advocate
Anchorage League of Women Voters
American Lung Association of Alaska
Anchorage Daily News
Anchorage Neighborhood Housing Services, Inc.
Anchorage Recycling Center
Architects Bisset/Simansko (Palmer)
Arctic Technical Services (Fairbanks)
Barrow Utilities and Electric Cooperative
Brandywine Homeowners Association (Eagle River)
Cedar Park Condominium Association (Anchorage)
Chugach Electric Association (Anchorage)
City and Borough of Juneau
City of White Mountain
City of Brevig Mission
City of Nome
City of Koyuk
City of Shishmaref
City and Borough of Sitka
Denali Citizens Council
Dick Mueller Realty, Inc. (Kenai)
Dinyee Village Corporation (Stevens Village)
Dory and Associates (Nome)
Ellington Construction (Homer)
ENSTAR Natural Gas Company (Anchorage)

Ester Construction (Fairbanks)
Fairbanks North Star Borough
Golden Valley Electric Association (Fairbanks)
Greenpeace USA
Kotzebue Electric Association
Heat Loss Analysis, Inc. (Anchorage)
Home Energy Service (Juneau)
Kachemak Bay Conservation Society
Levelock Village Council
Kodiak Island Mayors League
Low-Income Weatherization Policy Advisory Committee
McGlothlin Balivet Co. - Architects & Planners (Anchorage)
National Audubon Society
North Slope Borough
North and Northwest Alaska Mayors Conference
Nushagak Electric Co-operative, Inc. (Dillingham)
Older Alaskans Commission
Older Persons Action Group, Inc.
Raj Bhargava Associates/Engineering in Alaska (Anchorage)
Rotecki, Bill (Ketchikan)
Rural Alaska Community Action Program
Second Annual Rural Energy Conference Resolution
S.I.H. Inc. Weatherization (Fairbanks)
Southwest Alaska Municipal Conference
State of Alaska Energy Policy Task Force
Thermo-Kool of Alaska, Inc. (Anchorage)
Thompson, David (Fairbanks)
Tlingit & Haida Regional Electrical Authority
Trustees for Alaska
U.S. Department of Housing and Urban Development
Western Alaska Building and Construction Trades Council

2/9/90
Rep. Kay Brown

**BUILDER AND HOUSING PROFESSIONAL COMMENT
IN SUPPORT OF
HB 358 - MINIMUM THERMAL ENERGY STANDARDS**

AHFC has been committed to the development of energy standards for new construction. Staff members have been working with DCRA from the very outset. We served on the Advisory Committee which assisted in the development of the recommended standards.... We believe the standards are a necessity to help ensure a better housing stock for Alaskans as well as provide homeowners with the potential for lower fuel bills.

Tom Behan, Executive Director
Alaska Housing Finance Corporation

The Alaska State Legislature should enact legislation to restore clear legal authority for the implementation of appropriate minimum thermal standards, based on regional differences, for newly constructed state-financed housing.

Housing Policy Development Committee
Alaska Housing Market Council

At Anchorage Neighborhood Housing Services we have had many occasions to inspect housing units as part of our requirements for lending and in conjunction with our construction assistance programs. There exists a great need for improvement to minimum thermal standards in most of the existing housing stock in Anchorage.

Cynthia A. Parker, Executive Director
Anchorage Neighborhood Housing Services, Inc.

As a builder of energy efficient homes in the Fairbanks area for many years which without exception exceed the State Energy Standard, I feel that [HB 358] will tend to put conscientious Alaskan builders on an even playing field with the fly-by-night contractors from outside who don't know how to build in this environment and, in some cases, don't care.

Mike Musick
Ester Construction
Ester, Alaska

As a builder, I am intimately familiar with what it takes to build appropriately for the Alaska climate. I know we can do better for the people of Alaska than we have in the past.... My own building practices meet or exceed the State minimum energy standard. Other builders should be doing the same.

Ralph W. Brodin, Owner
EE/CC General Contractors
Girdwood, Alaska

During the past two years I have built several homes in the Homer area that meet or exceed HB 358's energy standards. I counsel every one that I build for that an energy efficient house is not only healthy and comfortable but also a good investment because of energy savings.

David Ellington
Ellington Construction
Homer, Alaska

As the American Institute of Architects/Alaska Chapter representative on the Advisory Committee for the [state standard] I was impressed by the participation of all Alaska building industry's sectors.... [The standards] are reasonable and reflect logical and climatic conditions for each region of the State.... Too often builders have sought short term practices through the use of inadequate building practices at the expense of long term operation and maintenance costs.

Robert Balivet, AIA
McGlothlin Balivet Co. - Architects & Planners
Anchorage, Alaska

I am an architectural designer and have been involved in the design and construction of several homes that exceed the minimum energy standards. I am very knowledgeable about the building science and practices that ensure a comfortable, healthy, and energy efficient home. I am also aware of the very slow pace in which the building trades adopt new methods and materials... In order to improve the comfort and quality levels of our housing stock, we simply need HB 358.

James A. Dory
Dory and Associates
Nome, Alaska

As a building official of a major Southeast Alaska community, I have been involved with the entire public development of the standards [The standards] are technically sound, reasonable in their scope and practical in their nature and application.

Harry Chartier, Building Official
City and Borough of Sitka

[T]he minimum insulation requirements between the proposed State of Alaska "Energy Standard" for gas heated dwellings in [the] Anchorage area and HUD's MPS [Minimum Property Standards] are nearly identical. The major differences between the two is the state proposes to quantify acceptable infiltration losses and ventilation requirements. We believe that this is a positive step in establishing building performance criteria.

Arlene Patton
U.S. Housing and Urban Development
Anchorage Office - Region X

[T]here must be some inducement to encourage builders to maintain certain standards since businesses tend to stay with the old easy less expensive methods. We are just finishing a new home built to meet or exceed ACHP [Alaska Craftsman Home Program] specs which are more stringent than the proposed State standards.

David T. Thompson
Fairbanks, Alaska

The lack of thermal standards in the past provides the Low-Income Weatherization Program here in the Fairbanks North Star Borough with a seemingly endless supply of rapidly deteriorating high-energy-use dwellings...in need of so much more than the [weatherization] program can provide that the measures often become a band-aid approach to a terminal wound.... There is no reasonable excuse to perpetuate the supply of inadequately constructed buildings.

Robert Maxwell
S.I.H., Inc. - Weatherization
Fairbanks, Alaska

The average homebuyer knows very little, if anything, about energy efficient home design.... Yet they will live in these homes and pay the bills for them ever after.... In our design practices we always strive to meet or exceed the State minimum energy standard. Other architects should be doing the same.

Ronald Bisset and Andrew Simasko
Architects Bissett/Simansko
Palmer, Alaska

I view this legislation [HB 358] as critical to the future of our states' building industry in that it will enable Alaska residents to finally receive thermal value in housing that is appropriate to the diverse climate zones of our great state. As a member of the National Association of Home Builders (NAHB) I am aware of attempts by many of our members to stall implementation of these standards and wish to clarify that there is not in any way a consensus to this effect.

Philip Loudon
Arctic Technical Services
Fairbanks, Alaska

As a four year member of the Alaska Home Builders Association, I would like you to know that I support the Thermal Standards as written and their original intent. One of the reasons I especially liked the original implementation of the Alaska State Thermal Standards is they were not mandatory [and only apply to housing using] Alaska public funds.

C.R. Deer
Alaska Window
Fairbanks, Alaska

Even though the standards will eventually help the construction trades, the industry is taking a short-term viewpoint by delaying implementation.... [further delay] is really unnecessary and only focuses on special interest groups who voice objections... Once again, Alaska is lagging behind the nation in implementing a rational energy policy.

Raj Bhargava, MSME
Raj Bhargava Associates - Engineering in Alaska

Opinion

Energy costs drain the rural economy

By DAVID G. HOFFMAN

In most rural Alaskan communities energy costs are placing a serious strain on the local economy. This burden is illustrated by research showing that rural Alaskans spend between 16 percent and 37 percent of their family incomes on energy bills. In Anchorage energy costs take only two or three percent of a person's paycheck.

Local governments are feeling the pinch too, as the result of the downturn in the states economy combined with cuts in federal funding. Many rural communities have facilities that they can no longer afford to heat or maintain.

Alaska is one of only three states in the union without an energy standard for home construction, and all too often homes built here simply don't measure up to the climate and states energy costs. A Department of Community and Regional Affairs Rural Housing needs assessment found that 28 percent of homes in rural Alaska could not maintain a healthy indoor air temperature of 70 degrees Fahrenheit during the long winter months, regardless of how well the furnace or woodstove is burning.

The wretched condition of rural housing was underscored in the Federal Housing and Urban Development's recent audit of its rural housing program. HUD auditors determined that rural housing projects "are being developed which are in-

feasible, improperly designed and inadequately constructed."

This can be seen in the Northwest Alaska community of Golovin, where a low income family living in a 400 square foot home uses a barrel of heating oil a week and still cannot achieve a comfortable temperature.

Answers are not hard to find

An obvious solution would be to construct home that can withstand the rigors of an Alaskan winter and have affordable heating bills. It's now possible to construct homes that are comfortable and healthy, and can be heated for less than \$300 a year. The department of Community and Regional Affairs recently announced the award of a grant to build 13 such "superinsulated" homes in Golovin next summer.

The Alaska Craftsman Home Program, also sponsored by the Department of community and Regional Affairs, encourages the construction of such homes by offering training and technical assistance to contractors, lending institutions and home builders. Over 50 homes across the state are now being constructed to the program's voluntary standard. But voluntary standards are not enough.

Energy standard needed

In addition, the state needs to implement an energy standard for homes that

have been purchased with state financial assistance. The department has developed a standard geared to the different regions of the state to reflect Alaska's diverse climate, energy expenses, and construction costs. Implementation of the standard is being delayed, however, by a legal challenge from a small group of urban contracts.

Rep. Kay Brown, D-Anchorage, has introduced legislation (House Bill 358) which addresses the legal issues raised by the suit, to clear the way to implement the standard. Alaskans deserve homes that are comfortable, healthy and affordable to heat.

Another solution would be to retrofit community facilities so they could have healthy temperatures and be less expensive to maintain. For example, it is possible to reduce a building's heating costs an average of 60 percent through remodeling it to so-called "superinsulation" values. New energy-efficient light bulbs can provide the same amount of light while using 35 percent less electricity and last four times longer than standard light bulbs.

These are not pie-in-the-sky dreams. Down to earth examples can be found in Tununak where the village clinic was superinsulated, reducing the annual \$4,000 heating bill to \$1,100. A Mat-Su Valley home will be heated by its water heater after it is retrofitted through the

Alaska Craftsman Home Program. A lighting retrofit in Nikolai cost \$2,246 and is expected to net a \$1,151 savings in the first year.

Everybody benefits

The Low Income Weatherization Program assists those Alaskans who are least able to afford high energy bills. The heating expenses for needy Alaskans participating in the program have been cut by an average of 25 percent after receiving home improvements such as additional insulation, repairs to cracked walls and installation of efficient heating systems. This program makes particular sense for rural Alaska with its high energy costs, severe weather and high incidence of substandard housing.

Energy programs strengthen local communities by reducing the operating costs of homes and community facilities, ensuring long-term financial savings. And because the labor skills needed to make the improvements are easily attainable in each community, sorely needed jobs are created. It's a combination that makes sense for rural Alaska.

(David G. Hoffman is the Commissioner of the Department of community and Regional Affairs, which is responsible for energy conservation and weatherization programs in the state.)

Home/Family

E

Poor insulation causes buildup

Masses of glistening icicles catching the winter sun may remind you of Norse myths, snow queens and fantasy.

But to a homeowner, they're more bothersome than beautiful.

A dense string of icicles at the eaves, hanging like gleaming stalactites to the ground, indicates inefficient heating, heat loss and poor insulation. Other signs of the same problem include spots on the roof that are completely bare of snow, and a pattern of trusses or roof supports visible in the frost.

Alaska, land of skis and sled dogs, seems an unlikely place for heat-inefficient dwellings, but examples are everywhere — and especially easy to spot at this time of year. The lumps of ice that accumulate along the cold edges of the roof are called "ice dams," and they're just one symptom of the problem.

Growing concern for waste of natural resources is causing many Alaska homeowners to take a new look at the ways they use energy. And one of those looks should be an appraising one cast at the roof. A heavy snowfall obscures the problem for a while, but within a few days the telltale indicators show up to tell homeowners (and their neighbors) that money and heat are being squandered through heat leaks.

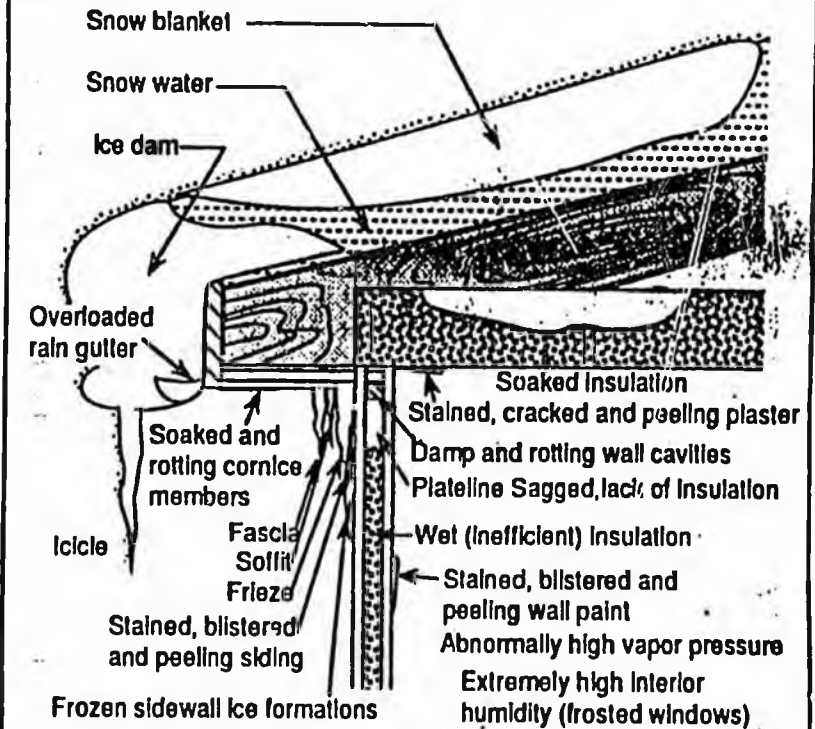
Poor insulation causes ice dams to form. When heat is allowed to seep upward into the roof sheeting and covering, it causes the snow on the roof to melt. As water runs downward to the edge of the roof, it refreezes. Drainage continues, and a pool of water accumulates on the upslope side of the dam. The water pool then often leaks back through the roof and is absorbed into the insulation, sheetrock and, finally, the walls. If the problem is not corrected, the interior can suffer thousands of dollars worth of damage.

Stained ceilings, browned plaster, peeling wallpaper and paint or mold in the corners are typical energy-leak indicators in local homes. As temperatures rise outside after the annual January-February cold snap, these eyesores routinely appear.

Where does all this moisture come from? Although Alaska has a dry climate compared to, say, New England or Hawaii, most homeowners do not realize how much damp is generated by the household each day. Plants, showers, cooking, respiration and perspiration produce 5 to 8

Common and costly ice damages

This diagram shows both the ice dam and its damages. All the damages illustrated here are far more common and costly than are generally acknowledged.



Source: University of Minnesota,

Times graphic by WIT TUTTELL

gallons a day in vapor form, says energy expert Steve Baden of Anchorage.

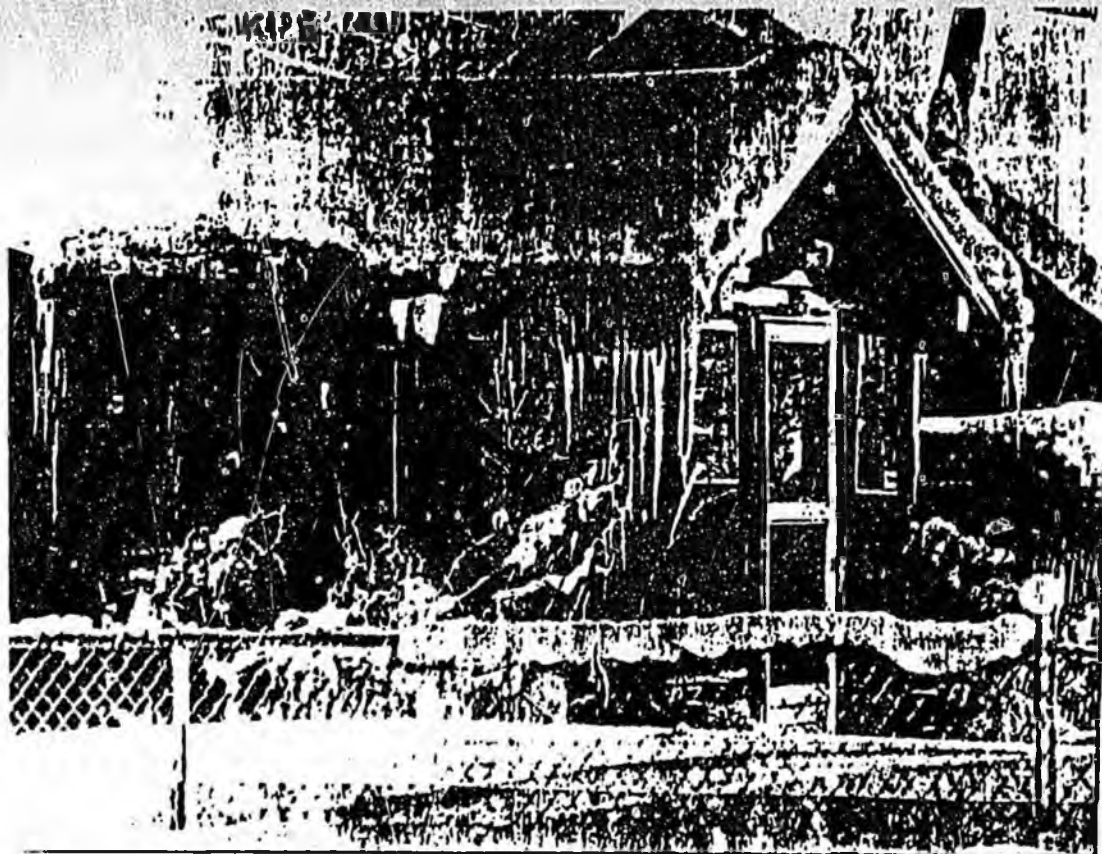
During the dry winter, the house tries to equalize climates between inside and outside by forcing moisture out. If the water cannot escape and freezes in the crawl space, it may later thaw and fall down into the living room, ruining the ceiling.

Steve Baden is chief of energy programs for the Alaska Department of Community and Regional Affairs. He has been in the energy conser-

See Ice dams, page E-2

Ice
be
dammed

By ANN CHANDONNET
Times Writer



Long glistening icicles you see lining the eaves of some homes actually are a sign of poor insulation.

vation field for 10 years.

"Ice dams are a big problem around Anchorage," Baden says, "and they don't necessarily have to be. By taking care in the initial construction of the home, you can do things to prevent the situation. What you see when you see an ice dam is a symptom — not the problem itself," he stresses. "One of three things is happening, or a combination. The basic problem is that the roof is hot, and the heat is melting the snow. As the water hits the edge, which is cold, it's freezing and backing up." This means the roof is under-insulated, says Baden. Occasionally, the roof truss will be too low and the contractor was unable to insulate the side of the truss properly.

"When you can see the trusses

outlined in the frost, which means the trusses have more insulating value than the actual insulation, this shows significant heat loss," Baden says.

However, ice dams can also appear at the edges of roofs that are properly insulated, "but because the vapor barrier wasn't properly installed, the insulation has become wet and lost its insulating value."

A third cause of an ice dam is that there is insufficient ventilation in the attic or crawl space to dissipate what heat makes it through the ceiling insulation, Baden says.

"Some heat will escape, no matter what," says Baden. "And you must have enough ventilation in the attic to take that heat and dissipate it so it won't warm the roof. Otherwise, your hard-earned dollars are going out in melting snow."

The key to energy efficiency is "doing it right the first time," advises Baden. This would be easier if Alaska had different

building codes. "Alaska is one of the only states in the country without energy standards for insulation," adds Baden, "even though we have the highest cost of energy and the coldest temperatures."

Existing Anchorage building codes have a standard of R30 in the roof and R19 in the walls. This standard has been proposed as a state standard, says architect Stuart Brooks. The state proposal includes "a proper vapor barrier, proper ventilation both in the living area and the attic. It would be necessary to have a raised truss in the eave, more raised than current building standards," Brooks said, "to allow for insulation."

Even if adopted, this proposal would be limited in effect because it would apply only to homes that are state-financed, Brooks points out. "The new standard is held up in the courts, but House Bill 358 would address this technically." There would solve only part of the energy effi-

ciency problem because there would still be no proper standard for homes that are not state-financed and existing homes would not be addressed, Brooks and Baden concur.

The Department of Community and Regional Affairs, energy conservation section, advises homeowners of some steps they can take to right existing construction wrongs:

- The condensation problem is worse in rooms with high relative humidity — like bathrooms. Paint the ceiling with Glidden Insul-Aid, or install a polyethylene vapor barrier and replace the ceiling.

- Condensation of ice or snow buildup on the inside of, or between, windows is another sign of energy waste. Quality windows combined with proper weatherstripping or caulking can often solve this problem.

- Drafts due to cracks around doors and window jams can also be minimized with weatherstripping and caulking.

Report says federal housing for Alaska Natives is a mess

By **GEORGE FROST**
Daily News reporter

A federal housing program for Alaska Natives is riddled with waste, and many of the homes built since 1975 are unsafe, substandard and ill-suited to harsh arctic conditions, according to a study released Tuesday by a federal housing inspector.

The program, administered by the Department of Housing and Urban Development, is so poorly run that it must be considered a failure, said Rich Nygaard, regional inspector general for the Department of Housing and Urban Development.

"Despite more than 14 years experience, HUD has

not provided Alaska Natives with decent, safe or affordable housing. Design and construction defects, deferred maintenance and poor housekeeping continues to create safety and health hazards for Alaska families," he said.

Local HUD officials disagreed strenuously with many of the audit findings.

"We feel the audit report is completely flawed and does not cover what they said they were covering," said Arlene Patten, acting HUD manager of the Anchorage office. "It is based on a false premise and a misunderstanding of the program."

Patten said the audit fo-

cused on projects built in the late 1970s and early 1980s startup phase of the program and "does not show the substantial improvements."

"Since then, most of these things have been corrected and the homes are no longer substandard," she said.

"I think the program is trying to meet the need of the regional Bush people of Alaska, and without that program there would be no housing out there for them."

More than \$300 million has been spent to build 3,290 single-family homes under the Alaska Mutual Help Home Ownership Program.

Please see Back Page, HOMES

Continued from Page A-1

The Alaska program, part of a nationwide Indian housing system, gives low-income Native families an opportunity to purchase their own homes. They pay whatever they can afford, and HUD makes the remainder of the loan payments.

Of all the homes built since 1975, more than six of every 10 have been either the subject of a lawsuit because of poor construction or have required extra HUD funding to correct those problems, according to the detailed, 141-page report.

An inspection of 207 of the 714 newer homes built since 1984 showed that almost all had serious problems. All 207 had defective foundations. Many of the homes rest on primitive pads that are unsuited for the fragile tundra, subject to summertime floods and fierce winter storms.

Fifty-seven had broken or deficient furnaces, stoves and other mechanical systems.

"In some projects, home and basic sanitary maintenance was quite limited and others nonexistent," the study said.

A series of inspections in villages throughout the Bush turned up numerous safety hazards: broken stairs and porches, tottering foundations, and electrical hazards from improperly installed lighting fixtures, the audit said.

Some families use Coleman camping stoves to cook their meals because their regular stoves are broken or they can't afford propane cylinders that fuel them. Others burn creosote-soaked driftwood for heating, another potential hazard.

Nine of 50 homeowners in one village reported that cracks in the flooring of their homes allowed winds to "enter with such force that it raises the vinyl floor-

ing off the floor, creating an effect like walking on pillows."

And in wintertime, interior walls are sheathed in up to 4 inches of ice, the audit found.

HUD contracts with 13 different Indian Housing Authorities, most of them subdivisions of local government or Native corporations and agencies, to run the program.

William Nishamura, regional HUD administrator for Alaska, disagreed that a majority of homes are substandard. The audit ignored the complexities of building in the Arctic, he said. Building standards and materials are not yet perfected for Alaska.

Nishamura laid blame for many of the problems at the door of the Native housing agencies. Building sites are chosen by the Native agencies, which also provide the soils engineers, architects, planners and builders, he said.

A majority of problems cited in the report are caused by poor maintenance, not poor design or construction. And it is the responsibility of Native housing agencies to train homebuyers how to maintain their furnaces, stoves and foundations, not HUD's, he said.

John Guinn, executive director of a Bethel-based housing agency run by the Association of Village Council Presidents, agreed with many criticisms in the audit but said the program was not a failure.

"I disagree that it's not working. It's been very effective in providing housing for the needy. The program just needs somebody at HUD who is willing to stand up for what we need."

Guinn said the housing program operated at a furious pace in the early 1980s, and mistakes were made.

"A lot of it was finding a contractor who knew how to

build in rural Alaska," he said. "And a lot of (housing) directors didn't have construction experience. We were playing catchup. I think our housing authorities built over 400 in one year.

"We were building so fast there would have been problems in construction and in HUD oversight."

In the early years of the program, homes were built to Lower 48 standards, he said. "There were not adequate furnaces, not adequately insulated. They (HUD) don't realize that when it's 30 below and blowing 100 outside you have got quite a wind-chill factor."

The Native housing agencies are repairing many of the problems and training families in basic maintenance, he said.

"They are all being repaired. We will authorize \$25,000 or more per house for new furnaces, doors, insulation."

A problem that all concerned agreed on was a shortage of money for the program, and an unrealistic "cap" of \$92,200 that can be spent for any one home.

That money must stretch to pay for "planning, architecture, a soils engineer, shipping, construction, everything," Guinn said. "In many cases in remote villages it is not enough to do the job, so at some point you have to cut corners."

"When you get out to some of these remote tundra villages, gravel is like gold," he said. "You can't afford to fly it in. A couple years down the road, the house starts moving."

Guinn said that HUD signs off on every home that is built, and "someplace along the line I think somebody in the HUD system should have had the intestinal fortitude to say this foundation won't work or this heating system isn't adequate."

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Community & Regional Affairs
 Title: "An Act..thermal & lighting energy standards..." BRU: _____
 Sponsor: Reps Brown, M.Davis, MacLean, etc Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

Prepared by: *Jim Pearson* Phone: 465-4750
 Division: Municipal & Regional Assistance Date: 2/2/90
 Approved by Commissioner: *David G. Palmer* Date: 2/2/90
 Agency: Community & Regional Affairs

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