

HB

180

SENATE COMMITTEE REPORT

DATE: 4/15/93

FURTHER: L&C

DATE TURNED INTO OFFICE: _____

CRA Committee considered HOUSE BILL NO. 180 am

"An Act relating to the residential housing inspection requirements of the Alaska Housing Finance Corporation."

and recommends:

replace with _____ CS _____ ()

or adopt previous _____ CS _____ ()

attaches amendment(s)

same title
 new title
 technical title change
 (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
Dept of Revenue	3/5/93	φ	

Appropriation No Fiscal Note

DO PASS:

Al Adams
John P. G. ...
Doreen ...

OTHER RECOMMENDATIONS:

Robert E. ...

Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. House Bill 180

Revision Date: <u>February 25, 1993</u>	Dept. Affected: <u>Department of Revenue</u>
Title: <u>An Act relating to the residential housing inspection requirement of the Alaska Housing Finance Corporation</u>	BRU: <u>Alaska Housing Finance Corp</u>
Sponsor: <u>Representative MacLean</u>	Component: <u>Alaska Housing Finance Corp</u>
Requestor: <u>Representative MacLean</u>	COMPONENT SERIAL NO. <u>0110</u>

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary)

Alaska Housing Finance Corporation does not anticipate any increased cost with the proposed amendment to AS 18.55.300.

Prepared by: Kay Murphy
 Division: Alaska Housing Finance Corporation
 Approved by: [Signature]
 Agency: REVENUE

Phone: (907) 561-1900
 Date: March 4, 1993
 Date: 3/5/93

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**ALASKA STATE
HOMEBUILDERS ASSOCIATION**

Written testimony regarding HB 180
Senate Community and Regional Affairs
Hearing on April 24, 1993

April 23, 1993

The Alaska State Homebuilders Association supports HB 180 in its current form as of April 14, 1993. HB 180 does not require a fiscal note. We urge swift passage of this important legislation so as not to hamper AHFC financing of homes built in rural areas.

respectfully,

Tommy Doyle

1993 ASHBA President

Post-It™ brand fax transmittal memo 7671 # of pages 1

To: <i>Jim L.I.O.</i>	From: <i>S. DOMINIA L.I.O.</i>
<i>Please deliver to</i>	Co. <i>SICORA</i>
Dept. <i>written testimony</i>	Phone #
Fax #	Fax #



A M E N D M E N T

OFFERED IN THE SENATE

TO: HB 180 am

Page 1, line 2, after "Corporation":

Insert "; and providing for an effective date"

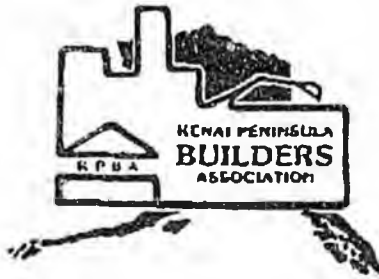
Page 2, after line 18:

Insert new bill sections to read:

"* Sec. 3. AS 18.56.300(e)(3) is amended to read:

(3) "rural area" means a community or [AN] area with a population of not more than 1400 that is not on the land-connected state highway system.

* Sec. 4. Section 3 of this Act takes effect July 1, 1995."



Attention: *Shilley*

Post-it brand fax (transmission no 7871) # of pages 1

To: <i>Senator Randy Phillips</i>	From: <i>Kenai Peninsula Builders Assoc</i>
Dept.	Phone # <i>776-5718</i>
Fax # <i>465-4979</i>	Fax # <i>776-8925</i>

April 16, 1993

Senator Randy Phillips, Chairman
Senate Community & Regional Affairs Committee
P.O. Box V
Juneau, Alaska 99811

FAX: 465-4979

RE: HB 180 Amendment

Dear Senator Phillips;

The Kenai Peninsula Builders Association's Board of Directors respectfully suggests the following amendment to HB 180:

Sec. 1. AS 18.56.300 (b) is amended by adding a new paragraph to read: Inspections of housing financed by AHFC in rural areas may be performed by any person approved by AHFC until June 30, 1995. After June 30, 1995, all inspections in rural areas with permanent populations of more than 1400 people shall be performed by ICBO certified residential inspectors.

Our association agrees that Alaska Housing Finance Corporation should be given the authority to deal with isolated problems of residential inspections in rural areas on a case-by-case basis. Thank you for your support on this issue!

Sincerely,

Jim Stroer, President
Kenai Peninsula Builders Association

cc: Senator Suzanne Little
Senator Judy Salo
Representative Gail Phillips
Representative Mike Navarre
Representative Gary Davis

Box 1753 • Kenai, Alaska 99611 • (907) 776-5719

BILL: HB 180 SHORT TITLE: AHFC HOUSING INSPECTION REQUIREMENTS
BILL VERSION: HB 180 AM
SPONSOR(S): REPRESENTATIVE(S) MACLEAN

CURRENT STATUS: (S) CRA STATUS DATE: 04/15/93
THEN L&L, RLS

TITLE: "AN ACT RELATING TO THE RESIDENTIAL HOUSING INSPECTION REQUIREMENTS OF THE ALASKA HOUSING FINANCE CORPORATION."

02/25/93	455	(H)	READ THE FIRST TIME - REFERRAL(S)
02/25/93	455	(H)	CRA, LABOR & COMMERCE
03/22/93	730	(H)	CRA RPT 3DP 4NR
03/22/93	730	(H)	DP: TUOHEY, OLBERG, WILLIAMS
03/22/93	730	(H)	NR: SANDEPS, BUNDE, DAVIES, WILLIS
03/22/93	730	(H)	-ZERO FISCAL NOTE (REV) 3/22/93
04/02/93	928	(H)	L&C RPT 4DP 2NR
04/02/93	928	(H)	DP: PORTER, SITTON, MACKIE, MUDER
04/02/93	928	(H)	NR: GREEN, HUDSON
04/02/93	928	(H)	-PREVIOUS ZERO FN (REV) 3/22/93
04/14/93	1235	(H)	RULES TO CALENDAR 4/14/93
04/14/93	1235	(H)	READ THE SECOND TIME
04/14/93	1235	(H)	AMENDMENT NO 1 BY DAVIES
04/14/93	1235	(H)	AM NO 1 ADOPTED UNAN CONSENT
04/14/93	1235	(H)	ADVANCED TO THIRD READING UNAN CONSENT
04/14/93	1235	(H)	READ THE THIRD TIME HB 180 AM
04/14/93	1235	(H)	PASSED Y37 N- E3
04/14/93	1243	(H)	TRANSMITTED TO (S)
04/15/93	1404	(S)	READ THE FIRST TIME - REFERRAL(S)
04/15/93	1404	(S)	CRA, LABOR & COMMERCE

HOUSE BILL NO. 180 am
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE MACLEAN

Amended: 4/14/93
Introduced: 2/25/93

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the residential housing inspection requirements of the Alaska
2 Housing Finance Corporation."

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

4 * Section 1. AS 18.56.300(b) is amended to read:

5 (b) As a condition of a commitment to purchase or approve a loan under this
6 section for residential housing the construction of which begins after June 30, 1992,
7 the corporation shall require inspection of the unit of residential housing that is the
8 subject of the loan. The inspection must be performed by a municipal building
9 inspector, [OR] by a person who is approved or certified to perform residential
10 inspections by the International Conference of Building Officials or the International
11 Association of Electrical Inspectors, or, when the unit of residential housing is
12 located in a rural area, by an architect licensed under AS 08.48, by an engineer
13 licensed under AS 08.48, or by another qualified person approved by the
14 corporation. When the unit of residential housing is located in a rural area, the

1 person who makes the inspection may use methods, including reviewing the unit
2 by videotape, other than a personal physical inspection to make the inspection, if
3 the method is approved by the corporation, and variations from the applicable
4 code may be accepted at the corporation's discretion, if the person authorized to
5 inspect the unit under this subsection satisfies the corporation that the variation
6 does not adversely affect the structural integrity of the unit or the health and
7 safety of the residents. The person who makes the inspection shall determine whether
8 the construction conforms to relevant provisions of the construction codes of the
9 municipality or of the state building code, as applicable, at each of the following stages
10 of construction:

- 11 (1) plan approval;
- 12 (2) completion of footings and foundations;
- 13 (3) completion of electrical installation, plumbing, and framing;
- 14 (4) completion of installation of insulation;
- 15 (5) final approval.

16 * Sec. 2. AS 18.56.300(e) is amended by adding a new paragraph to read:

17 (3) "rural area" means an area that is not on the land-connected state
18 highway system.

APR 16 1993

ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean
Co-Chair House Finance Committee
P.O. Box 830
Barrow, Alaska 99723
(907) 852-7111



WHILE IN JUNEAU
State Capitol, Room 507
Juneau, Alaska 99801-1182
465-4833
465-4525
463-3241 FAX

HOUSE OF REPRESENTATIVES

MEMORANDUM

District 37

North Slope
Borough

Anaktuvuk Pass
Atkasuk
Barrow
Kaktovik
Nulqsut
Point Hope
Point Lay
Walnwright

Northwest Arctic
Borough

Ambler
Buckland
Deering
Kiana
Kivalina
Kobuk
Kotzebue
Noatak
Noorvik
Selawik
Shungnak

Seward Peninsula

Brevig Mission
Diomedes
Shishmaref
Teller
Wales

TO: Senator Randy Phillips
Chair, Community and Regional Affairs Committee

FROM: Rep. Eileen Panigeo MacLean *EP*

DATE: April 16, 1993

RE: Scheduling of HB 180

HB 180 has been referred to the C&RA Committee, and I am requesting a hearing on this bill at your earliest convenience.

HB 180 responds to an unintended consequence of last year's merger of DCRA housing loans into AHFC. AHFC's building inspection requirements in AS 18.56.300(b) were designed for residential construction within municipalities or along the road system. Their application to remote settings was not anticipated, and can result in thousands of additional dollars added to the cost of a new home. This works against the development of new housing in remote areas where it is most needed.

HB 180 does not eliminate the requirement for multiple building inspections during construction. Instead it allows AHFC to use some flexibility in applying the existing criteria in remote settings.

HB 180 broadens the pool of eligible inspectors by including licensed architects and engineers, and more importantly it authorizes AHFC to identify other qualified people in rural communities who are capable of doing one or more of the required inspections.

In addition, this bill allows the use of videotape or other means that get the job done without requiring a site inspection. And it authorizes AHFC to use flexibility in its interpretation of building codes as long as health and safety considerations are not compromised.

AS 18.53.300(b) was originally enacted to ensure that areas immediately outside municipal boundaries are held to comparable inspection requirements on AHFC-funded residential housing construction projects. While a requirement of four on-site inspections may be reasonable in urban areas, it imposes an unreasonable burden in areas where inspectors must be flown in.

HB 180 has the support of the banks involved in rural lending. It is welcomed by AHFC. And builders throughout the state have testified to the need for a more flexible arrangement in rural areas.

If you need further documentation, please contact David Harding of my staff (-3862).

Thank you.

Sponsor Statement

HB 180

Rep. Eileen Panigeo MacLean

HB 180 relates to the residential housing inspection requirements of the Alaska Housing Finance Corporation. When DCRA's rural housing loan programs were merged into AHFC last year, they became subject to AHFC's inspection requirements as listed in AS 18.56.300(b). These requirements were never intended to apply to rural housing loan programs; in fact, AHFC's primary rural loan program (non-conforming housing) is specifically exempted in the statute.

Rural housing loans have been subject to the AHFC inspection requirements since July 1, 1992. These statutory requirements mandate a minimum of four site visits by a qualified inspector. Very few of these inspectors live in rural communities. The result is that a homeowner building a new house must pay for an inspector to fly in five times to review the progress of the project. If the inspector finds any problems during one of these site visits, additional inspection trips may be necessary.

Lending institutions have found that these requirements can add thousands of dollars to the price of a new home. This is an unnecessary and unfair burden on rural homeowners who already are faced with extremely high home construction costs.

While it would be simpler to exempt the former DCRA rural loans from such requirements, the housing inspection process can serve a useful purpose. It assures safe construction and offers lending institutions a level of comfort in financing rural projects. However, the key to assuring safe construction in rural areas without sending the price through the roof is flexibility in applying the inspection requirements.

HB 180 would provide this flexibility in the following ways:

- It broadens the pool of eligible inspectors statewide by allowing licensed architects and engineers to conduct the inspections. These professionals are clearly qualified to accomplish the task, and they often travel to rural areas to monitor construction projects.
- It allows AHFC to identify other qualified individuals in rural communities. A local contractor or journeyman in a trade might be obvious candidates to carry out part or all of a remote inspection.
- It authorizes inspection methods other than a physical site visit by an inspector. For example, AHFC could approve an inspection of footings and foundations based on videotape or photographs.

In addition, this bill authorizes AHFC to accept building methods or materials that may not meet state building codes if the corporation is satisfied that the code variation does not sacrifice health or safety. Such variations may help to remedy the rural disadvantage regarding available materials. If a building material were available that may not meet code but would stand up to an engineering review, then AHFC would be allowed to accept such equivalent substitutions.

HB 180 has the support of lending agencies around the state. AHFC agrees with the need for greater inspection flexibility. And builders appreciate the need for different inspection criteria in remote areas. The bill has a zero fiscal note from AHFC.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 4, 1993

SUBJECT: Sectional summary of HB 180

TO: Representative Eileen MacLean
Attn: David

FROM: Theresa L. Bannister *TLB*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Amends AS 18.56.300(b) (in the Alaska Housing Finance Corporation chapter) to

(A) allow additional persons (licensed architects and engineers, and other AHFC-approved persons) to perform in rural areas the inspections required by AS 18.56.-300(b);

(B) allow the inspector to use methods other than personal physical inspections to make the inspections in rural areas, if the methods are approved by the AHFC;

(C) authorize the AHFC to accept in rural areas variations from the applicable building code, if the inspector satisfies the AHFC that the variations don't adversely affect the structural integrity of the unit being inspected or the health and safety of the residents.

Section 2. Defines "rural area" for sec. 1.

If I may be of further assistance, please advise.

TLB:gc
93-193.glc

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. House Bill 190

Revision Date: February 25, 1993
 Title: An Act relating to the residential housing inspection requirement of the Alaska Housing Finance Corporation
 Sponsor: Representative MacLean
 Requestor: Representative MacLean

Dept. Affected: Department of Revenue
 BRU: Alaska Housing Finance Corp
 Component: Alaska Housing Finance Corp
 COMPONENT SERIAL NO. 0110

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary)

Alaska Housing Finance Corporation does not anticipate any increased cost with the proposed amendment to AS 18.56.300.

Prepared by: Kay Murphy
 Division: Alaska Housing Finance Corporation
 Approved by: [Signature]
 Agency: REVENUE

Phone: (907) 561-1900
 Date: March 4, 1993
 Date: 3/5/93

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Sec. 18.56.220. Duty to advise about corporation's programs. The corporation shall make a reasonable effort, through seminars, training sessions, and other forms of technical assistance, to assist local governments, regional housing authorities, nonprofit organizations, and other organizations and individuals to understand the corporation's housing programs and the opportunities that exist to obtain financial assistance from the corporation. (§ 98 ch 4 FSSLA 1992)

Effective dates. — Section 152, ch. 4, FSSLA 1992 makes this section effective July 1, 1992.

Sec. 18.56.300. Construction standards for housing eligible for purchase of loans. (a) The corporation may not make or purchase a housing loan for residential housing the construction of which begins after June 30, 1992, unless the seller of the mortgage loan complies with the provisions of this section and unless

(1) the unit is in compliance with the construction codes of the municipality, if the unit is located within a municipality that has adopted and enforces construction codes and each of those codes meets or exceeds the comparable standards for similar housing established by the state building code; or

(2) the unit is in compliance with the comparable standards for similar housing established by the state building code

(A) if the unit is located

(i) within a municipality whose construction codes do not meet the standards for similar housing established by the state building code;

(ii) within a municipality that does not enforce construction codes;

or

(iii) outside a municipality; or

(B) as to each specific code within the construction codes of the municipality that has adopted and enforces construction codes if the specific code does not meet or exceed the comparable standard for similar housing established by the state building code.

(b) As a condition of a commitment to purchase or approve a loan under this section for residential housing the construction of which begins after June 30, 1992, the corporation shall require inspection of the unit of residential housing that is the subject of the loan. The inspection must be performed by a municipal building inspector or by a person who is approved or certified to perform residential inspections by the International Conference of Building Officials or the International Association of Electrical Inspectors. The person who makes the inspection shall determine whether the construction conforms to relevant provisions of the construction codes of the municipality or of the state building code, as applicable, at each of the following stages of construction:

- (1) plan approval;
- (2) completion of footings and foundations;
- (3) completion of electrical installation, plumbing, and framing;
- (4) completion of installation of insulation;
- (5) final approval.

(c) A person may not bring an action for damages based on a duty imposed by (b) of this section to inspect a residential unit unless the action is for damages caused by gross negligence or intentional misconduct.

(d) This section does not apply to a nonconforming housing loan made or purchased by the corporation.

(e) In this section,

(1) "construction codes" means, with reference to a municipality, the building, mechanical, plumbing, and electrical codes, or any of them that have been adopted and are enforced by the municipality;

(2) "state building code" means

(A) for building standards, the standards set out in the version of the Uniform Building Code adopted by the Department of Public Safety under AS 18.70.080, including the provisions of that code applicable to buildings used for residential purposes containing fewer than four dwelling units, notwithstanding the exclusion of those buildings from the Department of Public Safety's jurisdiction made by AS 18.70.080(a)(2);

(B) for mechanical standards, the standards set out in the version of the Uniform Mechanical Code adopted by the Department of Public Safety under AS 18.70.080, including the provisions of that code applicable to buildings used for residential purposes containing fewer than four dwelling units, notwithstanding the exclusion of those buildings from the Department of Public Safety's jurisdiction made by AS 18.70.080(a)(2);

(C) for plumbing standards, the publications identified as the minimum plumbing code under AS 18.60.705; and

(D) for electrical standards, the minimum electrical standards prescribed by AS 18.60.580. (§ 2 ch 85 SLA 1990; am § 1 ch 29 SLA 1991; am §§ 1, 2 ch 52 SLA 1991; am § 99 ch 4 FSSLA 1992)

Effect of amendments. — The 1992 amendment, effective July 1, 1992, in subsection (d), inserted "nonconforming" and "or purchased" and deleted "under AS 18.56.106" from the end.

Sec. 18.56.390. Definitions for AS 18.56.010 — 18.56.390. In AS 18.56.010 — 18.56.390, unless the context clearly indicates a different meaning,

(1) "adjustable rate mortgage loan" means a mortgage loan with respect to which the interest rate varies or is expected to vary from time to time by reference to an index or formula or other reference point;

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March 9, 1993

Representative Eileen MacLean
State Capital
Room 507
Juneau, AK 99801

Dear Representative MacLean:

We believe HB180 is a necessary change in Section I AS 18.56.300(b) regarding mandatory construction inspections that affect the entire state of Alaska. The change will mitigate the severe financial and procedural impact of the law on rural areas while still providing quality housing, health, and safety protection.

There are approximately 178 ICBO certified inspectors who graduated from a class put on in 1992 by AHFC in anticipation of this law. These inspectors are distributed through 33 communities around the state. These private inspectors may not provide their services at reasonable cost when considering the social need to provide modern housing in rural Alaska.

We see two problems with the existing statutes for rural home builders: 1) The high cost of a home builder supporting the inspection program, and 2) the required inspectors are limited narrowly to only ICBO inspectors. In outlying areas such as St. Paul, King Cove, or Nome, the cost of four on-site inspections is for round-trip airfares plus possibly room and board. Anchorage/St. Paul is currently \$1,054 round-trip. If a typical inspector charges \$1,800 for a house, the total bill could exceed \$7,800. Costs for on-site visits for appraisal, surveys, thermal standards, and environmental considerations are in addition to this.

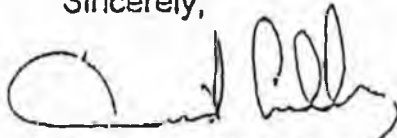
Secondly, by limiting the inspector pool to only ICBO inspectors, many qualified architects, engineers or other responsible persons are eliminated in assisting in the inspection process. Some of these local officials may be more experienced in local conditions than a newly created inspector flying out from an urban area. Many architects and engineers have frequent occasion to fly to rural areas to inspect projects and could add a home inspection at little extra cost.

Representative Eileen MacLean
March 9, 1993
Page Two

It is our understanding that the original legislation exempted DCRA's Rural Housing Program from the statute, but an unintended by-product of the merger of DCRA's rural housing program into AHFC was to make this law a fact-of-life for the entire state.

We believe the solution to this problem is through passage of house bill 180 as it is currently written and asks for the legislature's support of the bill.

Sincerely,

A handwritten signature in black ink, appearing to read "David Cuddy". The signature is written in a cursive style with a large initial "D" and "C".

David Cuddy, President

gs

~~NATIONAL~~
Bank of Alaska



Corporation Headquarters P.O. Box 122600 Anchorage, Alaska 99512-0600 (907) 575-1122

March 11, 1993

Representative Harley Olberg
Alaska State Legislature
State Capital
Juneau, AK 99801-1182

Re: Residential Housing Inspection
Requirements of AHFC

Dear Representative Olberg:

National Bank of Alaska has been a participant in the development of the housing needs of Alaskans since its inception 77 years ago. Due to the difficulty of attracting capital to our state for housing, NBA maintained an office in New York for that purpose in the 1950s and have participated in the creation of Alaska Housing Finance Corporation. NBA has been actively involved with Fannie Mae, Freddie Mac, HUD, VA, the Farmers Home Administration, and other secondary market lenders to assure the flow of capital to meet the housing needs of all Alaskans. It is our belief that the long-term viability of the state of Alaska is dependent on the equal access of housing to all inhabitants. Government regulations that inhibit equal access to housing or create a situation that discriminates by adding burdensome costs to particular residents of our state and does not foster equal access to housing of our population are not acceptable.

We believe that the ICBO legislation previously enacted created a costly bureaucratic situation for rural residents of the state of Alaska and does not practically increase equality of housing to our rural residents. We therefore have supported and encouraged the enactment of House Bill 160 which deals with inspections in rural and remote Alaska and ask that you provide support to this legislation as well. Keep in mind that the proposed amendments to the existing law relate to rural areas and increases the ability of Alaska Housing Finance to meet quality and safety objectives by giving it flexibility to deal with problems of remote communities. Rural in this legislation means an area that is not land connected by the state highway system.

March 11, 1993

Page Two

Alaskans, in general, abhor other people forcing governmental authority onto us when we feel that these rules inhibit our ability to function as a unique society. Please keep in mind that Alaska has numerous communities and climates with unique situations which may require unique solutions. Costs related to Government regulations that may seem reasonable to a Kenai home builder may cost ten times as much for a home in the Bush. The original ICBO law was not intended to cover rural Alaska; however, with the merging of DCRA and Alaska Finance Corporation such a regulatory requirement now exists.

Your support and assistance in this matter would be greatly appreciated. If you have additional questions about the technical aspects of the bill, please contact Jim McCormack at 265-2878.

Sincerely yours,



Jan K. Sieberts
Senior Vice President

sr

GUINN BUILDING SERVICES
GENERAL CONTRACTOR
PO BOX 1021
BETHEL, AK. 99577
343-4513 FAXER


STATE OF ALASKA
RE: HB 180

SIRS:

I AM A GENERAL CONTRACTOR LIVING AND DOING BUSINESS HERE IN BETHEL, AK. I WOULD LIKE TO VOICE MY SUPPORT FOR HB 180 REGARDING THE LOOSENING OF INSPECTIONS ON STATE FUNDED CONSTRUCTION. THE COST OF LIVING AND DOING BUSINESS HERE IN BETHEL AND THE SURROUNDING AREA IS BAD ENOUGH WITHOUT THE PROHIBITIVE COSTS OF THESE INSPECTIONS. AS AN EXAMPLE, IF I WAS SHORT 2 PIECES OF SHEETROCK FOR A JOB TODAY, I CAN BUY THEM IN ANCHORAGE FOR \$9.00 EACH, BUT IT WILL COST ME \$15.00 EACH TO GET THEM HERE, FOR A TOTAL OF \$43.00 EA. IN SOME INSTANCES, THE COST OF THE INSPECTIONS MAY BE THE DIFFERENCE BETWEEN AN APPROVAL OR DENIAL OF FUNDS FOR A PROJECT. MANY TIMES THERE IS A COMPETENT ENGINEER OR CONTRACTOR IN TOWN OR CLOSE BY THAT CAN ATTEST TO THE QUALITY OF PHASES OF A BUILDING. ALSO, IF CHOSEN, THE USE OF VIDEO WILL GREATLY CUT DOWN THE COST OF THE PROJECT.

GENERALLY, THE QUALITY THE STATE IS TRYING TO ATTAIN ON THESE PROJECTS IS MORE THAN SATISFACTORY WHEN A LICENSED GENERAL CONTRACTOR IS HIRED. THE PROBLEMS ARISE WHEN A SPECIALTY CONTRACTOR WHO HAS NO KNOWLEDGE OF THE REGULATIONS, AND IS UNLICENSED TO DO THE TOTAL SCOPE OF WORK TRIES TO DO THE JOB. THE REGULATIONS THE STATE HAS ADOPTED PUT ALL CONTRACTORS ON AN EQUAL BASIS, AND SHOULD BE KEPT IN PLACE AND ADHERED TO.

SINCERELY,

 03-10-93

JIM GUINN, OWNER

TESTIMONY on H.B. - 180

March 11, 1993

My name is Henry Huntington. I'm building my own house in Barrow. I started in June 1992. When I heard about the inspections, it sounded like a good thing - so I could make sure everything was okay with the construction. But then I found out that there was only one qualified inspector in Barrow. He didn't even want to do it, and would have charged \$2000 just to start with, if no re-inspections were needed. That was ridiculous. If I hired a Point bar, I'd have to fly him there at great expense, if he would even be willing to go there, which he probably wouldn't. The cost and the effort required were not worth the product. It is just another hoop to jump through that benefits only AHFC. It really is not appropriate in rural areas where inspectors are few and far between and building is enough of a pain as it is.

By contrast, I got an Energy Rating quickly and easily and for \$60. I was happy to do that, and it is good to know that my house is a 5-star. ~~There~~ That type of system makes much more sense, because it is useful to the homeowner at an affordable cost, and provides AHFC with the information they need. While the idea of checking construction to make sure it is adequate is a good one, without some way to provide for the inspection in a reliable and cost-effective manner, the law is inappropriate to rural Alaska.

H.B. - 180 is a step in the right direction for helping rural Alaskans build quality homes with a minimum of regulatory cost and logistical burden.

EAGLE CONTRACTING CORPORATION

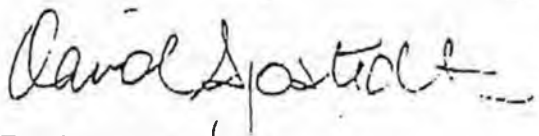
You've tried the rest now try the best.

March 10, 1993

RE: House Bill 180

This letter is to urge you to support HB 180. This bill would greatly benefit rural communities with regard to the expense of building.

Sincerely,



David Sjostedt
President

HOFFMAN-LANGLIE, INC.

GENERAL CONTRACTORS
P.O. BOX 721 BETHEL, AK 99559
(907) 543-3983 FAX (907) 543-3956

3/11/93

Eighteenth Legislature
Juneau, AK

RE: House Bill No. 180

Attn: Legislators

This letter is in support of House Bill No. 180, sponsored by Rep. Eileen Panigeo Maclean, which addresses the problem of the five required inspections on residential housing in rural Alaska.

As a general contractor in the Bethel area for the past 15 years, we know the cost of building in the rural areas is much higher than other areas. Although we feel building inspections benefit all parties concerned, HB 180 at least gives the homeowner some options, which may result in lowering the total cost of construction.

If inspections could be done by more than one qualified agency, the construction process would be able to proceed much faster, and probably much cheaper than depending on one source for inspections.

Since the building season is short, rural builders need some flexibility for getting the required inspections done.

In closing, our company strongly supports HB 180 and its benefits to rural homebuilders, and feel it would not hinder quality construction in rural Alaska. Thank you.

Sincerely,



Michael E. Langlie - President
Hoffman-Langlie, Inc.



APR 16 1993

ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean
Co-Chair House Finance Committee
P.O. Box 830
Barrow, Alaska 99723
(907) 852-7111

WHILE IN JUNEAU
State Capitol, Room 507
Juneau, Alaska 99801-1182
465-4833
465-4525
463-3241 FAX

HOUSE OF REPRESENTATIVES

MEMORANDUM

District 37

North Slope
Borough

Anaktuvuk Pass
Atkasuk
Barrow
Kaktovik
Nulqsut
Point Hope
Point Lay
Wainwright

Northwest Arctic
Borough

Ambler
Buckland
Daering
Kiana
Kivalina
Kobuk
Kolzebue
Noatak
Noorvik
Selawik
Shungnak

Seward Peninsula

Brevig Mission
Diomedes
Shishmaref
Teller
Waios

TO: Senator Randy Phillips
Chair, Community and Regional Affairs Committee

FROM: Rep. Eileen Panigeo MacLean *EP*

DATE: April 16, 1993

RE: Scheduling of HB 180

HB 180 has been referred to the C&RA Committee, and I am requesting a hearing on this bill at your earliest convenience.

HB 180 responds to an unintended consequence of last year's merger of DCRA housing loans into AHFC. AHFC's building inspection requirements in AS 18.56.300(b) were designed for residential construction within municipalities or along the road system. Their application to remote settings was not anticipated, and can result in thousands of additional dollars added to the cost of a new home. This works against the development of new housing in remote areas where it is most needed.

HB 180 does not eliminate the requirement for multiple building inspections during construction. Instead it allows AHFC to use some flexibility in applying the existing criteria in remote settings.

HB 180 broadens the pool of eligible inspectors by including licensed architects and engineers, and more importantly it authorizes AHFC to identify other qualified people in rural communities who are capable of doing one or more of the required inspections.

In addition, this bill allows the use of videotape or other means that get the job done without requiring a site inspection. And it authorizes AHFC to use flexibility in its interpretation of building codes as long as health and safety considerations are not compromised.

Senator Randy Phillips
April 16, 1993

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AS 18.56.300(b) was originally enacted to ensure that areas immediately outside municipal boundaries are held to comparable inspection requirements on AHFC-funded residential housing construction projects. While a requirement of four on-site inspections may be reasonable in urban areas, it imposes an unreasonable burden in areas where inspectors must be flown in.

HB 180 has the support of the banks involved in rural lending. It is welcomed by AHFC. And builders throughout the state have testified to the need for a more flexible arrangement in rural areas.

If you need further documentation, please contact David Harding of my staff (-3862).

Thank you.