

SB

45

<TARGET><BILL>SB 45</BILL><SUBJECT>SB
45</SUBJECT><COMM>HL&C30</COMM></TARGET>

ALASKA STATE LEGISLATURE

Session:

State Capitol, Room 504
Juneau, AK 99801

Phone: (907) 465-4968

Toll-free: 1 (800) 773-4968



Interim:

1500 West Benson Blvd
Anchorage, AK 99503

Phone: (907) 269-0117

Toll-free: 1 (800) 773-4968

Email: Sen.Mia.Costello@akleg.gov

SENATOR MIA COSTELLO
District K

MEMORANDUM

Date: March 14, 2018

To: Representative Sam Kito, Chair of the House Labor and Commerce Committee

From: Senator Mia Costello

Re: Request to schedule SB 45 Exemption: Licensing of Contractors

I respectfully request scheduling CSSB 45 (FIN), construction contractor legislation, for a hearing in the House Labor & Commerce Committee at your earliest convenience.

Here is a web link to the most recent version: CS for Senate Bill 45 (FIN).

<http://www.legis.state.ak.us/PDF/30/Bills/SB0045B.PDF>

There is one zero fiscal note from DCCED, Corporations, Business and Professional Licensing

<http://www.legis.state.ak.us/PDF/30/F/SB0045-1-2-030117-CED-N.PDF>

Attached to this memo are:

- A sectional analysis
- A sponsor statement

The contact for SB 45 is Natasha McClanahan, 465-4968.

Thank you for your consideration.

ALASKA STATE LEGISLATURE

SESSION

State Capitol, Rm 504
Juneau, Alaska 99801-1182
(907) 465-4968 Phone
senator.mia.costello@akleg.gov



INTERIM

1500 W. Benson Boulevard
Anchorage, Alaska 99501
Phone (907) 269-0117

SENATOR MIA COSTELLO SENATE DISTRICT K

Jewel Lake, Kincaid, Turnagain, Lake Hood, Sand Lake, Spenard, Dimond, Campbell Lake

SPONSOR STATEMENT SENATE BILL 45

"An Act relating to an exemption from the regulation of construction contractors."

Senate Bill 45 provides better protections for buyers of homes and other buildings by requiring unlicensed owner-builders to disclose they are selling a newly built home as an unlicensed builder.

The intent of the legislation, as stated in Section 1, is to continue to allow individuals to enjoy the freedom and ability to construct and sell their own homes.

Following the housing market crash of the 1980's, the Alaska Legislature raised professional standards for homebuilders, requiring residential contractors to get a state license, a residential endorsement, bonding, and insurance. The Alaska Housing Finance Corporation was specifically directed by statute to establish energy efficiency initiatives such as energy ratings and the Alaska Craftsman Home Program. These efforts helped Alaska become a place where the home construction industry provides high quality and affordable energy-efficient options for buyers.

Construction contractor law has been on the books since 1968. The current owner-builder exemption, AS 08.18.161(12), was first enacted that year to provide an exemption that allows individuals to build one home or commercial building every two years without a contractor license.

Currently state law provides an exemption that allows individuals to build structures without a contractor license. Alaska law AS 08.18.161 allows anyone to build one structure every two years without a license. While the exemption was intended to allow Alaskans to build their own home, the industry is seeing a growing number of individuals using the exemption to operate construction businesses.

SB 45 requires anyone who builds and sells a home without a contractor license within two years of starting construction to disclose that they do not have a license. The measure does not prohibit owner-builder construction. It does not require state approval for owner-builder construction. Owners have the right to build their own homes and this bill does not change that. It requires simple disclosure that helps home buyers.

Contact: Natasha McClanahan, Staff to Senator Mia Costello at (907)-465-4968

ALASKA STATE LEGISLATURE

SESSION

State Capitol, Rm 504
Juneau, Alaska 99801-1182
(907) 465-4968 Phone
senator.mia.costello@akleg.gov



INTERIM

1500 W. Benson Boulevard
Anchorage, Alaska 99501
Phone (907) 269-0117

SENATOR MIA COSTELLO SENATE DISTRICT K

Jewel Lake, Kincaid, Turnagain, Lake Hood, Sand Lake, Spenard, Dimond, Campbell Lake

SECTIONAL ANALYSIS

SENATE BILL 45 CSSB 45 (FIN)

"An Act relating to an exemption from the regulation of construction contractors."

Section 1. Adds legislative intent language to uncodified law to help assure that changes made by Section 3 of the bill be construed broadly to allow individuals the freedom and ability to construct and sell their own homes based on their own discretion. Page 1, lines 3-7.

Section 2. Amends AS 08.18.116 to require the Department of Commerce, Community, and Economic Development or the Department of Labor and Workforce Development to investigate and take appropriate action if an owner-builder tries to sell a structure while not licensed as a contractor during the time of constructing the building or two years after construction begins. Page 1, lines 8-14.

Section 3. Amends AS 08.18.161 to:

- Exempt from construction contractor requirements those who work on an existing structure on their own property or their own existing residence.
- Require an owner-builder to notify the Alaska Department of Commerce, Community, and Economic Development on a form provided by the agency when advertising or selling a home built if an owner-builder tries to sell it while not licensed as a contractor during the time of constructing the building or two years after construction begins.

Section 4. Adds applicability language to uncodified law that would provide clarity on when construction begins under Section 3: either when the actual construction starts or when an owner enters into an agreement with someone to provide labor, act as a subcontractor, or provide materials for the construction.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	SB 45
Fiscal Note Number:	1
(S) Publish Date:	3/1/2017

Identifier: SB045-DCCED-CBPL-02-03-17
 Title: EXEMPTION: LICENSING OF CONTRACTORS
 Sponsor: LABOR & COMMERCE
 Requester: (S) LAC

Department: Department of Commerce, Community and
Economic Development
 Appropriation: Corporations, Business and Professional
Licensing
 Allocation: Corporations, Business and Professional
Licensing
 OMB Component Number: 2360

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2018 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018						
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Janey Hovenden, Director	Phone: (907)465-2538
Division: Corporations, Business and Professional Licensing	Date: 02/03/2017 01:10 PM
Approved By: Catherine Reardon, Director	Date: 02/03/17
Agency: Division of Administrative Services, DCCED	

REPORTED OUT OF
 SFC 04/12/2017

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION**Analysis**

SB 45 requires the Department of Commerce to investigate and take action any time an owner files a "notice of advertisement" for selling an owner-built structure which is currently under construction or which was constructed within two years if the circumstances indicate that the owner is operating a business for which the owner is required to register as a contractor.

This legislation adds an exemption for work on a person's existing structure or residence, whether or not occupied. It also adds a requirement to the existing exemption for the owner of a home, duplex, triplex, or four-plex who independently performs work or hires workers or subcontracts work; and who sells the structure during construction or during the two years following construction, to affirmatively disclose on forms provided by the Department that he/she is not engaged in Construction Contracting, for which a license is required.

The Division of Corporations, Business and Professional Licensing does not anticipate fiscal impact from this legislation.

ALASKA STATE LEGISLATURE
SENATE FINANCE COMMITTEE

Senator Anna MacKinnon, Co-Chair
State Capitol, Room 516
Juneau, Alaska 99801-1182
Phone: (907) 465-3777
Sen.Anna.MacKinnon@akleg.gov



Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, Alaska 99801-1182
Phone: (907) 465-4453
Sen.Lyman.Hoffman@akleg.gov

Explanation of Changes
CS for SB 45 (FIN)
version: 30-LS0321\O

Moved the language defining when construction begins from section 4 (uncodified law) to section 3, so it will appear in AS 08.18.161 with the rest of the exemption language.

Zoning, Land-Use Planning, and Housing Affordability

By *Vanessa Brown Calder*

October 18, 2017

Local zoning and land-use regulations have increased substantially over the decades. These constraints on land development within cities and suburbs aim to achieve various safety, environmental, and aesthetic goals. But the regulations have also tended to reduce the supply of housing, including multifamily and low-income housing. With reduced supply, many U.S. cities suffer from housing affordability problems.

This study uses regression analysis to examine the link between housing prices and zoning and land-use controls. State and local governments across the country impose substantially different amounts of regulation on land development. The study uses a data set of court decisions on land use and zoning that captures the growth in regulation over time and the large variability between the states. The statistical results show that rising land-use regulation is associated with rising real average home prices in 44 states and that rising zoning regulation is associated with rising real average home prices in 36 states. In general, the states that have increased the amount of rules and restrictions on land use the most have higher housing prices.

The federal government spent almost \$200 billion to subsidize renting and buying homes in 2015. These subsidies treat a symptom of the underlying problem. But the results of this study indicate that state and local governments can tackle housing affordability problems directly by overhauling their development rules. For example, housing is much more expensive in the Northeast than in the Southeast, and that difference is partly explained by more regulation in the former region. Interestingly, the data show that relatively

more federal housing aid flows to states with more restrictive zoning and land-use rules, perhaps because those states have higher housing costs. Federal aid thus creates a disincentive for the states to solve their own housing affordability problems by reducing regulation.

[Continue to full version →](#)

Policy Analysis

October 14, 2013

Zoning, Land-Use Planning, and Housing Affordability

By Vanessa Brown-Culotta

EXECUTIVE SUMMARY

Local zoning and land-use regulations have increased substantially over the decades. These constraints on land development within cities and suburbs aim to achieve various safety, environmental, and aesthetic goals. But the regulations have also tended to reduce the supply of housing, including multifamily and low-income housing. With reduced supply, many U.S. cities suffer from housing affordability problems.

This study uses regression analysis to examine the link between housing prices and zoning and land-use constraints. State and local governments across the country impose substantially different amounts of regulation on land development. The study uses a data set of zoning decisions on land use and zoning that captures the growth in regulations over time and the large variability between the states. The statistical results show that zoning, land-use regulation is associated with rising real estate home prices in 44 states and that zoning regulations are associated with rising real average home prices in 31 states. In general, the states that have increased the amount of rules and restrictions on land use the most have higher housing prices.

The federal government spent almost \$200 billion to subsidize housing and buying homes in 2012. These subsidies show a significant correlation with the results of this study indicating that state and local governments can tackle housing affordability problems directly by amending their development rules. For example, loosening is in fact more expensive in the Northeast than in the Southwest, and this difference is partly explained by more regulation in the former region.

Interestingly, the data show that relatively more federal housing aid flows to states with more restrictive zoning and land-use rules, perhaps because those states have higher housing costs. Federal aid thus creates a disincentive for the states to solve their own housing affordability problems by reducing regulations.

Vanessa Brown-Culotta is a policy analyst at the Cato Institute.

Downloads

- [PDF \(777.62 KB\)](#)
- [EPUB \(748.91 KB\)](#)
- [MOBI \(1.76 MB\)](#)

Introduction

Housing affordability has become a high-profile issue in recent years as sustained economic growth has pushed up housing prices in cities across the nation. One often-overlooked factor affecting affordability is the reduction in housing supply growth relative to housing demand growth that stems from restrictive zoning and land-use regulations. The extra costs and delays created

by these rules have stifled the development of single and multifamily housing in many cities, which have combined with rising demands to raise prices substantially.

Land-use regulation is an umbrella term for rules that govern land development, and zoning is an important type of land-use regulation (Appendix A). Zoning and land-use regulations control the development of private land through use, density, design, and historic preservation requirements. The volume of these regulations has grown markedly over the decades in most U.S. cities. Local governments impose the rules and then enforce compliance via lengthy approval processes overseen by planning commissions or local government administrators. These processes give officials substantial discretionary power, which adds uncertainty to an already costly process for developers and builders.

The growing number of rules and regulations on urban land use has stemmed from well-intentioned efforts to promote public safety, environmental objectives, and aesthetic goals for development. But a major side effect of this growing volume of rules has been to deter construction and reduce the supply of housing, including multifamily and low-income housing. With reduced supply, many U.S. cities suffer from housing affordability challenges.

The deleterious effects of this regulation extend beyond higher housing prices: artificially inflating housing costs discourages migration from rural or suburban areas to cities, which impedes appropriate matching of workers and jobs while limiting the scope of economies of scale and the scope of particular types of economic activity. Thus, these regulations impede economically efficient population density and population allocation.

This study reviews evidence on the effects of zoning and land-use regulation in three related areas: housing supply, housing affordability, and economic growth. The academic research on property regulation indicates that increased regulation is associated with a decline in supply, affordability, and growth. The literature indicates the effects are large, with a recent study suggesting that—because of regulation—economic growth declined by 50 percent and economic output declined by 8.9 percent between 1964 and 2009.¹

This paper then provides supporting evidence that regulations have grown substantially over the decades and that the growth is associated with rising home prices. I used a data set of state-by-state court decisions on land use and zoning, which provides fresh evidence for the link between regulations and housing prices. My statistical results indicate that rising land-use regulation is associated with rising real average home prices in 44 states and that rising zoning regulation is associated with rising real average home prices in 36 states. In general, the states that increased the amount of rules and restrictions on land use most have higher housing prices.

These are important results for national policy discussions because the federal government provides more than \$44 billion a year in rental aid. And this federal aid may be discouraging states from solving their own housing affordability problems. I examine that issue by comparing state-by-state growth in zoning and land-use regulations to the volume of federal aid received by each state. The results indicate that relatively more federal aid flows to states with restrictive zoning and land-use rules, perhaps because those states have higher housing costs. Essentially, then, federal aid is subsidizing burdensome local policies.

The study concludes, therefore, that policymakers can tackle housing affordability problems at the state and local levels by overhauling zoning and land-use rules. They can cap or reduce local regulation, fast-track approval processes, and compensate property owners for regulatory takings. Additional federal aid is not the answer, and it may even undermine incentives for local governments to make needed reforms.

Background

Local planning and zoning regulation directs the design and development of buildings, neighborhoods, and cities. These regulations are contained in a zoning ordinance, which typically determines the height, width, and architectural features of development under its jurisdiction. It also determines landscaping, character, and use of property.² Sometimes, it determines that the property has no permissible use at all.

This class of regulation is most recognizable by the colorful zoning maps that often accompany it. Zoning maps separate property into areas (or zones) where different types of development are permitted or prohibited (Figure 1). The colors represent the underlying properties' allowable use (e.g., industrial, single-family residential, retail/commercial, etc.) and associated development requirements. The regulations apply to properties in urban, suburban, and semirural areas.

Much of the power to regulate and oversee development is vested in local entities. Planning boards are usually authorized by the state legislature, and individual members are elected or appointed locally. Planning boards are generally assisted by professional government planning staff in producing planning documents. The regulations contained in city plans are long term and geographically comprehensive.

objectives. The National Flood Insurance Program provides an example.⁴ In some cases, federal and state regulations may interact with local planning processes to make regulations more restrictive or exclusionary. Federal environmental laws, such as the National Environmental Policy Act, have broadened local residents' veto power in the planning process.⁵

Planning and zoning regulations have been adopted widely, and nearly all properties in urban, suburban, and semirural areas are subject to such regulations. As a result, they control what planners call the "built environment," or the manmade environments where people live, work, and play. Many features that residents take for granted in cities—from the number of parking spaces at the mall to the location of the nearest grocery store—are a result of this comprehensive, long-term planning.

It wasn't always true that zoning had such broad jurisdiction. Comprehensive zoning and land-use planning were mostly unknown in America prior to the 20th century. Property rights remained intact, and the courts adjudicated disputes between landowners.

Invention of the automobile and adoption of bus transportation changed that.⁶ Neighborhood traffic became increasingly difficult to control. Communities could not isolate their homes from people or uses they would like to keep out. Los Angeles is generally credited with the first large-scale municipal zoning and land-use regulation,⁷ adopted in 1908—the same year the Model T was introduced.

Zoning spread quickly. By 1926, 68 additional cities had adopted it.⁸ Two years later, the Supreme Court issued a ruling supporting zoning as an expression of police power.⁹ Perhaps encouraged by the ruling, another 1,246 municipalities adopted zoning in the 10 years between 1926 and 1936.

Controlling neighborhood traffic and development and protecting home values have always been important objectives. But over the course of a century, zoning has become the tool for a broader range of goals. Modern zoning ordinances often aim to protect the environment and farmland. They also endeavor to improve public safety; create aesthetically pleasing, dynamic urban

environments; and ensure plentiful low-cost housing-all while allowing communities to control their property tax base.¹⁰ Unfortunately, many of zoning's stated objectives conflict with each other.

Effects of Land-Use Regulation

Governments adopt land-use regulations for a variety of well-intentioned purposes, but the effects are not all positive. The regulations complicate or prohibit housing development, which reduces supply. Basic economic theory suggests that if demand is rising, then housing prices will increase the most in cities where supply is the most constrained by such regulations.

Empirical research across U.S. cities suggests that, indeed, zoning rules reduce supply, which in turn increases prices. Economist Jonathan Rothwell indicates that "roughly 20 percent of the variation in metropolitan housing growth can be explained through density regulations," and that "anti-density regulation inflates prices in the face of demand shocks."¹¹ Economist Jenny Schuetz suggests that zoning regulations decrease the number of building permits issued, especially for apartments and condominiums.¹²

Zoning regulations restrict supply in many ways. Minimum lot size requirements, for example, reduce the density of housing and thus the overall supply. One study for Boston found that each additional acre of minimum lot size requirement is associated with a 50 percent drop in building permits.¹³ Building height restrictions also limit supply. And some cities directly limit supply by capping the annual number of building permits.

Zoning ordinances also impose design requirements on housing, which can increase costs because of the need to use more expensive building materials. Like most zoning regulations, design requirements can also increase the duration and uncertainty of the development process, which in turn raises costs. Design requirements may increase the cost of materials for development.

The total number of regulations seems to matter. A study by John Quigley and Steven Raphael estimated that each regulation in Californian cities is associated with a 4.5 percent increase in the cost of owner-occupied housing and a 2.3 percent increase in the cost of rental housing.¹⁴ A broad review of the academic

literature by Keith Ihlanfeldt found the evidence strongly suggests that zoning regulation increases the cost of housing within suburban communities.¹⁵ Research on urban markets found similar results.

Regulatory costs hit some U.S. cities harder than others. Edward Glaeser and coauthors estimated that zoning rules pushed up the cost of apartments in Manhattan, New York; San Francisco, California; and San Jose, California, by about 50 percent.¹⁶ A study by Salim Furth found that residents of high-cost coastal cities would pay 20 percent less in homeownership costs and 9 percent less in rent if cities adopted zoning regulations typical of the rest of the country.¹⁷

Areas of the country with the strongest economic growth have some of the costliest zoning and land-use rules. Cities such as San Jose have rising incomes and excellent opportunities for workers, but they have severe housing affordability problems. Lower-skilled workers cannot afford the high housing costs in such heavily regulated cities, and so they get stuck in lower-cost areas that have fewer job opportunities.¹⁸ Thus, land-use zoning is contributing to a sort of geographical segregation by income.¹⁹ Many studies find that zoning is a regressive policy because the costs fall disproportionately on low-income households.²⁰

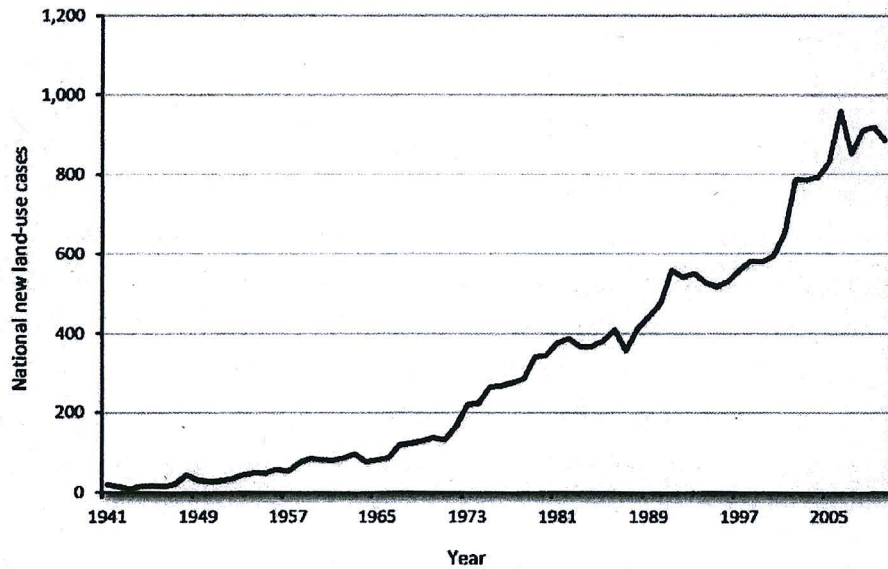
The overall effect of land-use regulations on the U.S. economy may be quite large. If workers cannot afford to live in places where they can put their skills to the best use, U.S. productivity will suffer. A study by Chang-Tai Hsieh and Enrico Moretti estimated that the mismatch between regional labor supply and job opportunities caused by land-use rules had the effect of reducing U.S. economic output by 8.9 percent.²¹

New Evidence on the Effects of Land-Use Regulation

This section provides supporting evidence that land-use regulations have grown substantially and that the growth is associated with rising home prices. Quantifying the volume and effects of zoning and land-use regulation is difficult. I use a data set of state appellate court decisions that include the words "land use" or "zoning" as a proxy for regulation and run two parallel analyses: one for land use and one for zoning.²²

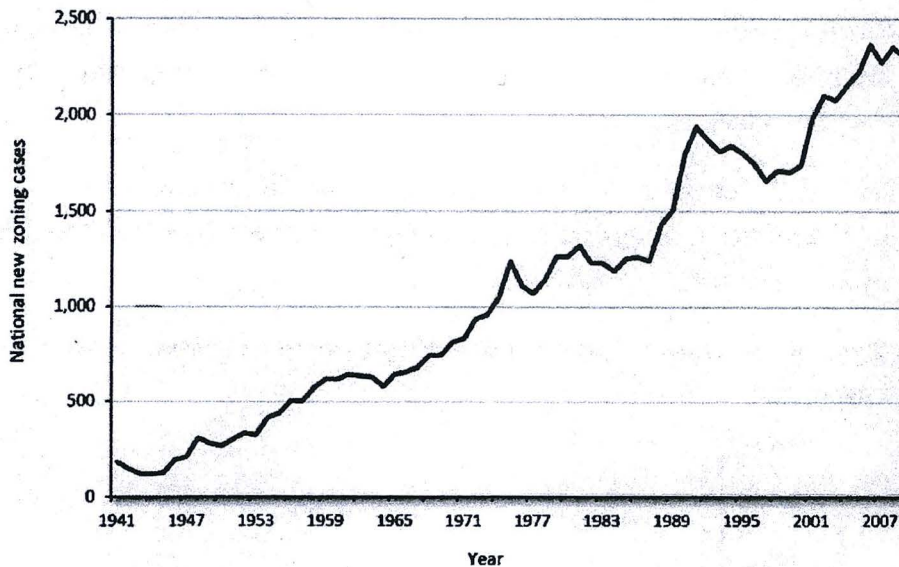
The number of court decisions on land use or zoning is a good proxy for regulation because important land-use and zoning decisions are usually challenged in court. Daniel Shoag and Peter Ganong note that “[land use] rules are often controversial and any such rule, regardless of its exact institutional origin, is likely to be tested... . This makes court decisions an omnibus measure, which captures many different channels of restrictions on new construction.”²³

Figure 2: Land-use regulation growth over time: national (1941-2010)



Source Unpublished dataset generously provided by Daniel Shoag of the Harvard Kennedy School. Copy in author's files.

Figure 3: Zoning regulation growth over time: national (1941-2010)



Source Unpublished dataset provided by Daniel Shoag of the Harvard Kennedy School. Copy in author's files.

The data show that land-use and zoning court cases have increased substantially nationally, as shown in Figures 2 and 3. For example, there were 157 percent more land-use cases in 2010 than there were in 1980. There were 82 percent more zoning cases in 2010 than in 1980. In other words, the number of land-use cases more than doubled and the number of zoning cases nearly doubled over three decades.²⁴ The U.S. population grew 37 percent during the same period. This suggests that zoning and land-use regulation have grown substantially in real terms.

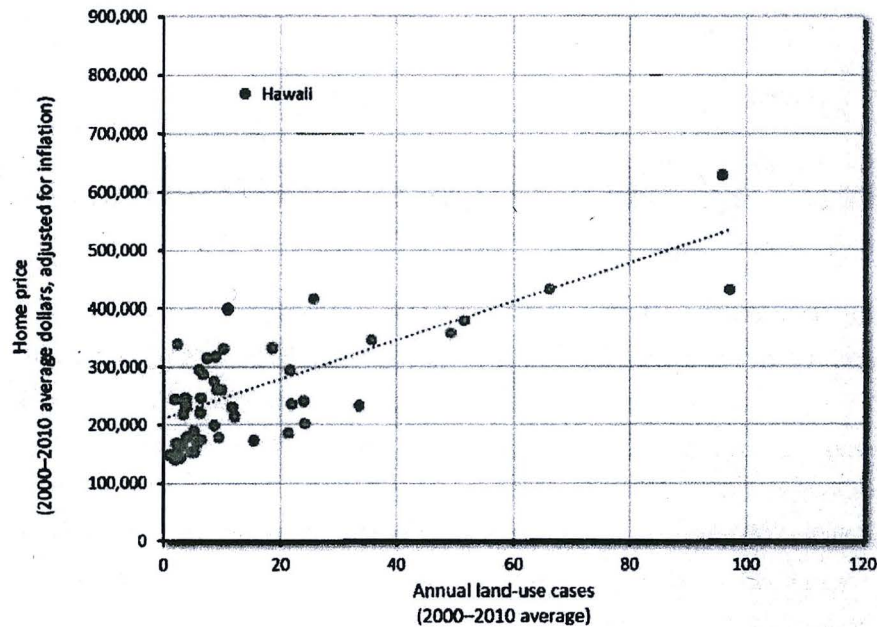
Land-use regulation also grew in all 50 states, as measured by associated court cases, and zoning regulation grew in all states. The annual quantity of new land-use and zoning regulation continues to grow in a majority of states.²⁵

The trouble with rising regulation is that it creates barriers to new housing supply and thus often raises housing prices. Using the court case data, I examined the relationship between housing prices and land-use regulations across the states. I averaged the price and regulation data over a recent 10-year period-2000 to 2010-and performed a simple regression to estimate the strength of the relationship.

Figure 4 shows home prices are lower in states with fewer land-use regulations. The figure shows the fitted line from the regression, which is highly statistically significant.²⁶ The states with the greatest volume of land-use regulations have the highest housing prices.

Separately, I examined this relationship for individual states. In 44 of 50 individual states, rising annual land-use regulation is associated with rising real average home prices over a 35-year period.²⁷

Figure 4: Land-use regulation and home prices rise together: national (2000-2010)



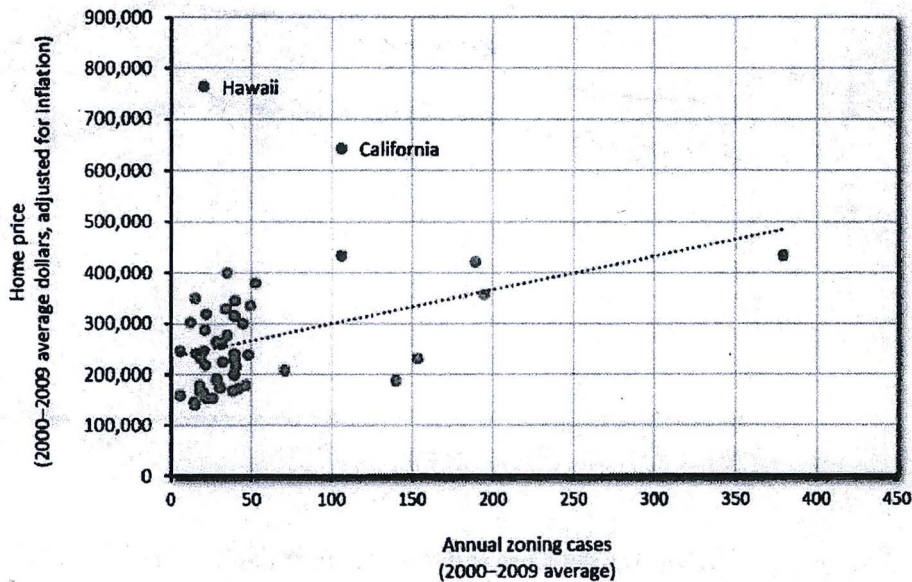
Source Morris A. Davis and Jonathan Heathcote, "The Price and Quantity of Residential Land in the United States," *Journal of Monetary Economics* 54, no. 8 (2007): 2595-620. Case data was provided by Daniel Shoag of the Harvard Kennedy School; copy in author's files.

Zoning regulation is also linked to home prices. Figure 5 shows home prices are lower in states with fewer zoning regulations. The figure shows the fitted line from the regression that estimates the relationship. The relationship is statistically significant.²⁸ The states with the greatest volume of zoning regulations have higher housing prices, on average.

Overall, 36 of 50 individual states show rising zoning regulation is associated with rising home prices over a 35-year period.

Regulation is not the only factor responsible for changes in home prices. Geographic constraints, immigration, unemployment rates, consumer confidence, technological advances, marriage patterns, and location-specific amenities also affect the price of housing. Still, Figures 4 and 5 suggest that zoning and land-use regulations are important.

Figure 5: Zoning regulation and home prices rise together: national (2000-2009)



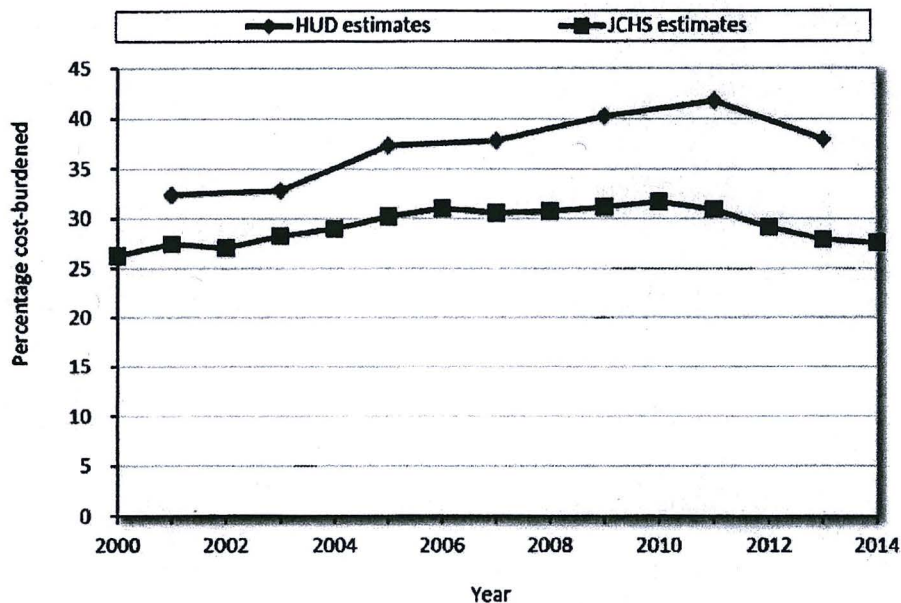
Source Morris A. Davis and Jonathan Heathcote, "The Price and Quantity of Residential Land in the United States," *Journal of Monetary Economics* 54, no. 8 (2007): 2595-620. Case data was provided by Daniel Shoag of the Harvard Kennedy School; copy in author's files.

Policy Implications

The relationship between regulation and home prices is important for public policy because regulation reduces housing affordability, and housing affordability is a major objective of a variety of federal, state, and local government programs.

The federal government spent almost \$200 billion to assist Americans in renting or buying homes in 2015.²⁹ The Department of Housing and Urban Development spends about \$50 billion per year, much of which is devoted to improving housing affordability. Despite this, the number of U.S. households that are considered “cost-burdened”³⁰ by their housing has increased or remained constant over time (Figure 6).

Figure 6: U.S. share of cost-burdened households is not improving



Source “American Housing Survey of the United States-Complete Set of Tables and Standard Errors,” U.S. Census Bureau, 2001-2013, <https://www.census.gov/programs-surveys/ahs/data/2013/ahs-2013-summary-tables/national-summary-report-and-tables—ahs-2013.html>. Joint Center for Housing Studies estimates are provided by Joint Center for Housing Studies of Harvard University. Copy of data in author’s files.

The outlook for severely cost-burdened households³¹ is not better. Aside from a small decline around the time of the financial crisis,³² the percentage of severely cost-burdened households has increased over time. In its most recent report, the Joint Center for Housing Studies at Harvard University projected that the percentage of severely cost-burdened households will increase 11 percent by 2025.³³

Housing affordability advocates often attribute affordability problems to inadequate federal funding. But it is difficult to argue that inadequate federal funding is the source of affordability problems given the relationship between local regulation and housing costs.

Regardless of whether federal funding improves affordability, federal money does encourage poor local policy decisions. After ranking the states based on the burden of their land-use regulations (Appendix B), I find that federal housing subsidies are concentrated in the most restrictively regulated states.

For example, federal housing voucher dollars go to the most-restrictively zoned states at more than twice the rate they go to the least-restrictively zoned states. And the most-restrictively zoned states receive nearly two times more federal dollars per capita compared to the least-restrictively zoned states (Figure 7). States seem to be rewarded for their counterproductive local policies. The relationship between federal subsidies and restrictive zoning regulations holds even after accounting for poverty.³⁴

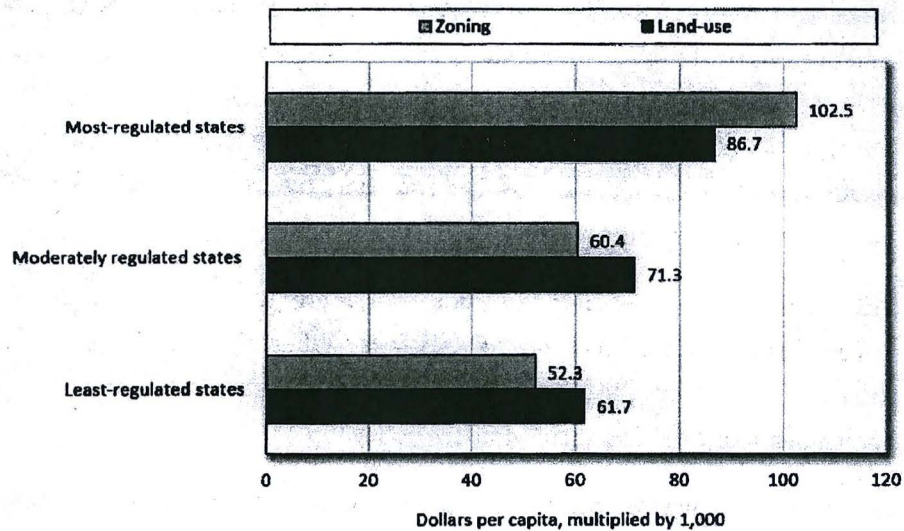
This arrangement poses some problems. First, it prevents states and local government from learning from their mistakes. When affordability problems arise, states can focus the blame on limited federal funding rather than reforming their local zoning or land-use policy.

Second, the relationship between federal and state government poses fairness issues. Federal taxpayers cannot reasonably be expected to subsidize the consequences of irresponsible state and local policies, but this is what happens under current federal policy.

Not all states ignore the cost of regulation; some states and cities have tried to mitigate its effects. They have tried inclusionary zoning, state affordable housing plans, luxury condominium taxes, developer linkage fees,³⁵ and affordable housing quotas. At best, most initiatives only provide a Band-Aid solution, and at worst they undermine their claimed objectives. For instance, inclusionary zoning often weakens the economic incentives for new residential development, which is similar to zoning regulation. As a result, inclusionary zoning compounds housing supply shortages and leads to higher housing prices.³⁶

Effective reform requires a direct approach. For example, states can reduce the scope of the State Zoning Enabling Act, which provides cities with broad latitude to regulate restrictively. States can also amend their laws to explicitly protect property owners from regulatory takings. Currently, property owners are rarely compensated for the destruction of property value accompanying zoning or re-zoning (e.g., re-categorizing property from multifamily residential to single-family residential).³⁷

Figure 7: Federal housing affordability spending is highest in the most-regulated states



Source "2017 Budget State-By-State Tables," Office of Management and Budget, 2017. This pairs the author's 2015 state rank with 2015 budget numbers. Dollar values include Section 8 housing vouchers, Public Housing Operating Fund, and Public Housing Capital Fund spending.

If state government requires cities to compensate property owners for zoning or land-use regulations, this would deter cities from zoning or regulating arbitrarily. States can also reallocate housing subsidy dollars to cities that limit or reduce regulation. A handful of states, including Oregon, have tried this approach.

When major reform is out of reach, local governments can take small steps forward. Streamlining existing approval processes, and making certain classes of development by right-rather than discretionary-would increase housing supply and thereby improve affordability.

Conclusion

In the absence of regulatory reform, it is problematic for local government to rely on federal programs like Section 8 housing vouchers, the Low-Income Housing Tax Credit, and public housing to ease housing affordability issues. Reforming local regulation is both inexpensive and addresses the housing affordability problem directly.

As the academic literature and supporting analysis in this paper suggest, zoning and land-use regulations have deleterious effects on housing affordability. And zoning and land-use regulations are rapidly becoming more restrictive.

Unfortunately, local governments seem to be rewarded for counterproductive behavior. Current federal programs provide incentives for state and local government to ignore local contributions to the housing affordability crisis. Federal money cannot adequately compensate for the effect of local zoning and land-use regulations on housing affordability. Even if it could, using federal funds to back damaging local policy is irresponsible.

States and local municipalities can improve housing affordability without federal cash by reforming local zoning and land-use regulations. Reforms such as streamlining approval processes, making development by right, and reallocating state funds to cities reducing regulation provide benefits to *all* constituents. The benefits of reform include housing affordability, better job-to-worker matching, and improved economic growth.

Appendix

Appendix A. Major Regulation Types

Zoning and land-use regulations have different but overlapping meanings. Land-use regulation is an umbrella term that includes zoning as well as subdivision regulations; building codes; and national, state, or regional rules on

land development and permitting (e.g., National Environmental Policy Act or California Environmental Quality Act). Zoning is an important subset of land-use regulation and includes land-use regulation associated with a city or county zoning ordinance. This report analyzes zoning and land-use regulation independently.

Together, zoning and/or land-use regulation affect the development of housing through some of the following important channels:

Table A.1: Types of zoning and/or land-use regulation

Type	Description
Use regulation	Controls the type of development that is permitted on a given property. Most often, use regulations discourage multifamily housing.* Use regulations may prohibit a property owner from building a home in favor of other types of development or in favor of no development at all. Urban growth boundaries provide an example of the latter.
Density regulation	Limits the height of a building, which has the effect of limiting the number of total housing units in a development. This occurs even in urban metropolises such as Washington, D.C., where property owners living on highly valuable swaths of land in the District are prohibited from building more than three-story townhomes. Density regulations may also impose minimum lot sizes, which limit the number of housing units in a geographic area.
Design regulation	Governs everything from the color of building materials to architectural features and landscaping. Design regulations often stray into the minutiae of development.
Preservation regulation	Limits updates or enlargements of existing development. The goal is usually to preserve historical or notable architectural characteristics. These occur at both the local and federal levels through the National Historic Preservation Act.
Process regulation	Subjects development to a discretionary approval process wherein planning officials scrutinize property owners' plans, usually for conformity to the zoning ordinance and adjacent development. This process delays the construction of new development and adds substantial uncertainty. Some cities also cap annual building permits.
Quality regulation	Limits the supply of older or defective housing, which raises the quality of housing stock overall. This may be disadvantageous to individuals looking for low-cost housing because it limits the supply of such properties.

* Keith Ihlanfeldt, "Exclusionary Land-Use Regulations within Suburban Communities: A Review of the Evidence and Policy Prescriptions," *Urban Studies* 41, no. 2 (2004): 261-83.

Appendix B. State Rank

Regulation is trending up across states, and relative levels of regulation vary by state and geography. Tables B.1 and B.2 compare states' relative level of regulation from 2000 to 2010, scaling by state population. The 2015 case and population numbers are used to conduct the federal spending analysis under Policy Implications.

Many of the states scoring high (low) on zoning regulation also score high (low) on land-use regulation.³⁸ Southern states make up some of the least-restrictively regulated states. These states include Oklahoma, Texas, South Carolina, Mississippi, and Arkansas. Overall, southern states occupy 8 of the 10 least-restrictive spots for land-use regulation and 7 of the 10 least-restrictive spots for zoning.

Northeastern states make up some of the most restrictively regulated states. These states include Connecticut, Rhode Island, Vermont, Delaware, Maine, and New Hampshire. Overall, northeastern states occupy 7 of the 10 most-restrictive spots for land-use regulation and 6 of the 10 most-restrictive spots for zoning. These results aren't particularly surprising, given the northeastern states' reputations for exclusionary zoning and the eastern states' designation as some of the least-free states overall.³⁹

Table B.1: State rank: land-use regulation

Rank (most to least restrictive)	State	Rank (most to least restrictive)	State
1	OH	26	MD
2	CT	27	NM
3	DE	28	CO
4	ME	29	NV
5	VT	30	IA
6	HI	31	WV
7	OR	32	IN
8	RI	33	LA
9	WA	34	TN
10	NH	35	ND
11	NJ	36	KY
12	PA	37	NC
13	AK	38	NE
14	MO	39	FL
15	ID	40	KS
16	MN	41	AZ
17	MA	42	VA
18	MT	43	AR
19	WY	44	AL
20	SD	45	MS
21	UT	46	SC
22	CA	47	GA
23	NY	48	IL
24	MI	49	TX
25	WI	50	OK

Table B.2: State rank: zoning regulation

Rank (most to least restrictive)	State	Rank (most to least restrictive)	State
1	OH	26	WI
2	CT	27	IA
3	RI	28	TN
4	VT	29	MD
5	MA	30	LA
6	DE	31	UT
7	PA	32	AL
8	ME	33	VA
9	MO	34	NC
10	NH	35	NM
11	NJ	36	ND
12	NY	37	KS
13	SD	38	CA
14	AK	39	NV
15	OR	40	GA
16	WY	41	SC
17	MN	42	CO
18	MT	43	FL
19	WA	44	AR
20	ID	45	AZ
21	HI	46	IL
22	KY	47	MS
23	MI	48	WV
24	NE	49	TX
25	IN	50	OK

Notes

1. Chang-Tai Hsieh and Enrico Moretti, "Housing Constraints and Spatial Misallocation," National Bureau of Economic Research Working Paper no. 21154, May 2015.

2. See Appendix 1 for examples and descriptions.
3. William A. Fischel, *Zoning Rules! The Economics of Land Use Regulation* (Cambridge, MA: Lincoln Institute of Land Policy, 2015).
4. Chris Edwards, "The Federal Emergency Management Agency: Floods, Failures, and Federalism," *Downsizing the Federal Government*, December 1, 2014, <https://www.downsizinggovernment.org/>.
5. Stewart Sterk, "Structural Obstacles to Settlement of Land Disputes," *Boston Law Review* 91 (2011), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1581737.
6. William A. Fischel, "An Economic History of Zoning and a Cure for Its Exclusionary Effects," *Urban Studies* 41, no. 2 (2004): 317-40.
7. Michael Tanner, *Poverty: A Libertarian Perspective* (Washington: Cato Institute, forthcoming).
8. Fischel, "An Economic History of Zoning."
9. *Village of Euclid v. Ambler Realty Co.*, 272 U.S. 365 (1926).
10. Previous research suggests that zoning regulation allows the conversion of property taxes into a user fee. See Fischel, *Zoning Rules!*
11. Jonathan T. Rothwell, "The Effects of Density Regulation on Metropolitan Housing Markets," working paper, the Woodrow Wilson School of Public and International Affairs, Princeton University, 2009, <https://dx.doi.org/10.2139/ssrn.1154146>.
12. Jenny Schuetz, "No Renters in My Suburban Backyard: Land Use Regulation and Rental Housing," *Journal of Policy Analysis and Management* 28, no. 2 (2009): 296-320.
13. Edward L. Glaeser and Bryce A. Ward, "The Causes and Consequences of Land Use Regulation: Evidence from Greater Boston," *Journal of Urban Economics* 65 (2008): 265-78, doi:10.3386/w12601.
14. John M. Quigley and Steven Raphael, "Regulation and the High Cost of Housing in California," *American Economic Review* 95, no. 2 (January 2005): 323-28.

15. Keith Ihlanfeldt, "Exclusionary Land-Use Regulations within Suburban Communities: A Review of the Evidence and Policy Prescriptions," *Urban Studies* 41, no. 2 (2004): 261-83.
16. Edward Glaeser et al., "Why Is Manhattan So Expensive? Regulation and the Rise in House Prices," *Journal of Law and Economics* 48, no. 2 (October 2005): 331-70.
17. Salim Furth, "Costly Mistakes: How Bad Policies Raise the Cost of Living," Heritage Foundation Backgrounder no. 3081, November 23, 2015, <http://www.heritage.org/research/reports/2015/11/costly-mistakes-how-bad-policies-raise-the-cost-of-living>.
18. Daniel Shoag and Peter Ganong, "Why Has Regional Income Convergence in the U.S. Declined?," working paper, Harvard Kennedy School, Harvard University, January 2015, https://scholar.harvard.edu/files/shoag/files/why_has_regional_income_con
19. Jonathan T. Rothwell and Douglas S. Massey, "Density Zoning and Class Segregation in U.S. Metropolitan Areas," *Social Science Quarterly* 51, no. 9 (December 2010):1223-43.
20. Sanford Ikeda and Emily Washington, "How Land-Use Regulation Undermines Affordable Housing," Mercatus Research, Mercatus Center at George Mason University, Arlington, Virginia, November 2015, <https://www.mercatus.org/system/files/Ikeda-Land-Use-Regulation.pdf>.
21. Hsieh and Moretti, "Housing Constraints and Spatial Misallocation."
22. The data set was provided by Daniel Shoag of the Harvard Kennedy School. The data contain annual land-use regulations and annual zoning regulations by state over a nearly 70-year period. See Appendix 1 for definitions.
23. Land-use cases correlate well with other measures of land-use restrictiveness, according to Shoag and Ganong. Examples include the Wharton Residential Land Use Regulation Index and a survey of the American Institute of Planners. The former surveyed states' local governments, courts, and executive branches on various process- and outcome-related aspects of land-use regulation; the latter surveyed

planning officials about land-use policies in their states.

24. Annual land-use cases vary from one year to the next, but the average number of cases rises over this period.
25. Individual state analysis is provided in the associated online appendices for this paper, located at the following link:
<https://object.cato.org/sites/cato.org/files/documents/pa-823-appendix.xlsx>.
26. Details of the regression: $R^2 = 0.35$, $F\text{-stat} = 26$, $p\text{-value} = 0.00$, $t\text{-statistic} = 5.1$. A fixed effects model using all 1,800 observations finds an overall $R^2 = 0.38$, $F\text{-stat} = 124$, $p\text{-value} = 0.01$, $t\text{-statistic} = 2.59$.
27. Oklahoma, Alaska, Oregon, Illinois, Missouri, and North Dakota are the exceptions to the rule. It is possible that certain states do not see a positive relationship between regulation and home price because regulation is relatively low.
28. Details of the regression: $R^2 = 0.12$, $F\text{-stat} = 6.4$, $p\text{-value} = 0.01$, $t\text{-statistic} = 2.53$. A fixed effects model using all 1,750 observations finds an overall $R^2 = 0.28$, $F\text{-stat} = 43$, $p\text{-value} = 0.08$, $t\text{-statistic} = 1.79$.
29. Will Fischer and Barbara Sard, "Chart Book: Federal Housing Supply Is Poorly Matched to Need," Center on Budget and Policy Priorities, March 2017, <https://www.cbpp.org/research/housing/chart-book-federal-housing-spending-is-poorly-matched-to-need>.
30. Cost-burdened households spend 30 percent or more of their income on housing and housing-related costs.
31. Severely cost-burdened households spend 50 percent or more of their income on housing.
32. During the financial crisis, many homeowners saw home values fall.
33. Marcia Fernald, ed., "The State of the Nation's Housing 2016," Joint Center for Housing Studies, Harvard University,
http://www.jchs.harvard.edu/research/state_nations_housing.
34. The author's regression analysis uses her own state ranking and 2015 Office of Management and Budget numbers. Details of the zoning regression: $R^2 = 0.18$, $F\text{-stat} = 5.2$, $p\text{-value} = 0.00$, $t\text{-statistic} = 2.91$. States

with the most restrictive land-use regulation receive 40 percent more federal subsidies per capita than states with the least restrictive land-use regulation, but the relationship between the relative regulatory rank and federal subsidies is not statistically significant.

35. Richard Epstein, "The Affordable Housing Crisis," *Defining Ideas*, Hoover Institution, February 27, 2017, <http://www.hoover.org/research/affordable-housing-crisis>.
36. Ikeda and Washington, "How Land Use Regulation Undermines Affordable Housing."
37. Roger Pilon, "Property Rights and the Constitution," in *Cato Handbook for Policymakers*, 8th ed. (Washington: Cato Institute, 2017), <https://object.cato.org/sites/cato.org/files/serials/files/cato-handbook-policymakers/2017/2/cato-handbook-for-policymakers-8th-edition.pdf>.
38. State rankings can be useful for describing general trends in regulation, but they have limits. California is a heterogeneous state, with lots of variation between coastal cities and the Central Valley. But California is toward the middle in land-use and zoning rank. This is because the state rank is an average, which means California as a whole looks better than many of its heavily regulated cities, such as San Francisco or San Jose.
39. William Ruger and Jason Sorens, "Freedom in the 50 States: 2015-2016," Cato Institute, <https://www.freedominthe50states.org/>.



Vanessa Brown Calder is a policy analyst at the Cato Institute



This work by Cato Institute is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-nc-sa/4.0/).

PRINTED FROM CATO.ORG

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 45
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB045CS(FIN)-DCCED-CBPL-03-15-18
Title: EXEMPTION: LICENSING OF CONTRACTORS
Sponsor: LABOR & COMMERCE
Requester: (H) Labor & Commerce

Department: Department of Commerce, Community and
Economic Development
Appropriation: Corporations, Business and Professional
Licensing
Allocation: Corporations, Business and Professional
Licensing
OMB Component Number: 2360

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Updated to the 2018 Legislative form.

Prepared By: <u>Janey McCullough, Director</u>	Phone: <u>(907)465-2538</u>
Division: <u>Corporations, Business and Professional Licensing</u>	Date: <u>03/16/2018</u>
Approved By: <u>Catherine Reardon, Director</u>	Date: <u>03/16/18</u>
Agency: <u>Division of Administrative Services, DCCED</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. CSSB 45 (FIN)

Analysis

SB 45 requires the Department of Commerce to investigate and take action any time an owner files a "notice of advertisement" for selling an owner-built structure which is currently under construction or which was constructed within two years if the circumstances indicate that the owner is operating a business for which the owner is required to register as a contractor.

This legislation adds an exemption for work on a person's existing structure or residence, whether or not occupied. It also adds a requirement to the existing exemption for the owner of a home, duplex, triplex, or four-plex who independently performs work or hires workers or subcontracts work; and who sells the structure during construction or during the two years following construction, to affirmatively disclose on forms provided by the Department that he/she is not engaged in Construction Contracting, for which a license is required.

The Division of Corporations, Business and Professional Licensing does not anticipate fiscal impact from this legislation.

From: Chuck Homan
To: Rep. Sam Kito
Subject: SB45
Date: Thursday, March 22, 2018 10:28:49 AM

Rep. Kito

Please support Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

Thank you,

--

Chuck Homan II CGR, CAPS, CGP

President

Homan Incorporated

12741 Iris Way, P.O. Box 770089 Eagle River, Alaska 99577

(907) 696-3494 office, (907) 862-6116 cell phone

homan@remodelalaska.com, www.RemodelAlaska.com

Alaska Contractor License # 20186, Alaska Residential Endorsement # 227



March 22, 2018

2018 OFFICERS

GWEN PLACE
President

MARK MASLEY
President-Elect

ANGIE TALLANT
Treasurer/
Secretary

Representative Sam Kito, Chairman
House Labor and Commerce Committee
State Capitol, Room 403
Juneau, AK 99801

RE: SB 45 Letter of Support

Dear House Labor & Commerce Committee:

The Alaska Association of Realtors (AAR) represents over 1,800 of the nearly 3000 licensees across Alaska. AAR is in support of Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides Alaska's consumers with additional information about the property when they look to purchase a new home. It is important to disclose the details of the home builder's experience and whether the contractor was licensed in Alaska or not.

Please support the passage of SB 45.

Sincerely,

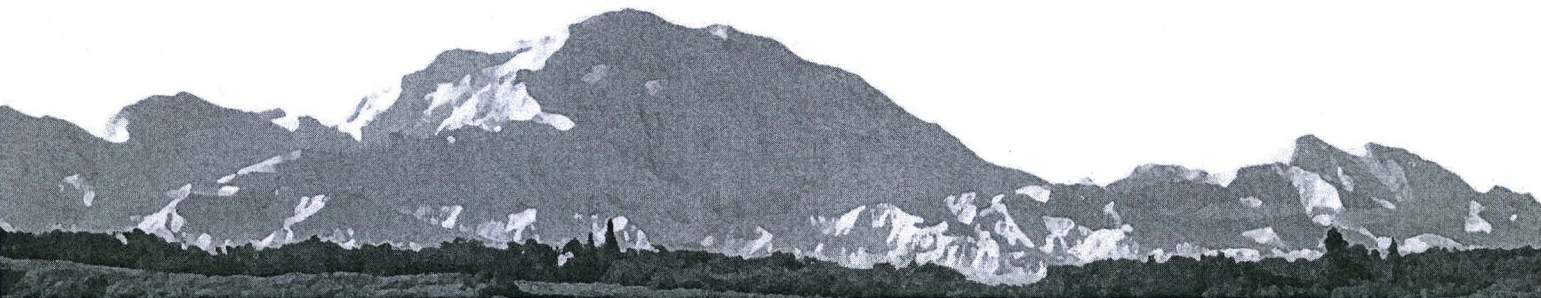
Errol D Champion

Errol Champion, Chair
Advocacy Key Work Group
Alaska REALTORS®

4205 Minnesota Drive
Anchorage, AK 99503

907.563.7133 Office
800.478.3763 Toll-Free
907.561.1779 FAX

alaskarealtors.com



From: Joe Carr
To: Rep. Sam Kito; Rep. Louise Stutes; Rep. Chris Birch; Rep. Gary Knopp; Rep. Colleen Sullivan-Leonard; Rep. Adam Wool; Rep. Andy Josephson
Subject: please support SB45
Date: Wednesday, March 21, 2018 2:40:13 PM

Dear House Labor & Commerce Committee. Please support Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

Regards

Joe Carr

From: Richard Carr
To: Rep. Sam Kito
Subject: sb45
Date: Wednesday, March 21, 2018 2:15:38 PM

Dear House Labor & Commerce Committee. Please support Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

Sincerely,

John Richard Carr- dist 11/F

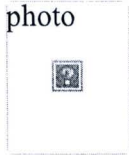
From: Jim Gribbin
To: Rep. Sam Kito; Rep. Adam Wool; Rep. Andy Josephson; Rep. Louise Stutes; Rep. Chris Birch; Rep. Gary Knopp; Rep. Colleen Sullivan-Leonard
Subject: In support of SB45
Date: Tuesday, March 20, 2018 4:19:35 PM

Dear House Labor & Commerce Committee.

Please support Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

Thank you,

photo



Jim Gribbin

Realtor, Jack White Real Estate

(907) 273-7348 | (907) 229-5085 | (708) 570-1937 | jim@jimgribbin.com

<http://www.jimgribbin.com> | Skype: jgribbin

3801 Centerpoint Dr., Suite 200 Anchorage, Alaska 99503



--

--

Jim Gribbin

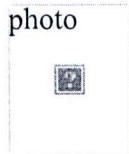
Jack White RE

3801 Centerpoint Dr, #200 Anchorage, AK 99503

ph (907) 273-7348 | cell (907) 229-5085 | fax (907) 562-5485

<http://www.jimgribbin.com>

photo



Jim Gribbin

Realtor, Jack White Real Estate

(907) 273-7348 | (907) 229-5085 | (708) 570-1937 |

jim@jimgribbin.com | <http://www.jimgribbin.com> | Skype: jgribbin |

3801 Centerpoint Dr., Suite 200 Anchorage, Alaska 99503



From: Scott Allen
To: Rep. Gary Knopp; Rep. Colleen Sullivan-Leonard; Rep. Chris Birch; Rep. Louise Stutes; Rep. Andy Josephson; Rep. Adam Wool; Rep. Sam Kito
Subject: Senate Bill 45
Date: Tuesday, March 20, 2018 2:56:53 PM

Dear House Labor & Commerce Committee Members,

It is very important to those of us General Contractors and Home Builders who are properly and fully licensed, with a Residential Endorsement, fully insured (General Liability and Workers Compensation) that employ fellow Alaskans, that you support Senate Bill 45, relating to unlicensed contractors. Senate Bill 45 will hopefully reduce the number of unlicensed, uninsured folks that do not have the proper credentials that take advantage of the Owner / Builder designation to build and sell houses just like a fully licensed and insured Home Builder. While I personally think it does not go far enough, it is a step in the right direction to provide the consumer with information and a small measure of protection when they look to purchase a "new" home.

Wouldn't you like know that you are buying a home from a fully licensed and insured Builder versus someone that is deliberately skirting the law?

Thank you for your time.

Scott Allen

General Manager | Trailboss Solutions | 3330 C Street, Suite 100 | Anchorage AK 99503

President 2016 - 2017 | Proud Member - Anchorage Home Builders Asscoiation

E-mail: sallen@tsllcak.com | Web: www.trailboss-solutions.com | P: 907.646.1403 | F: 907.646.1409

This e-mail, including any attachments may include confidential and/or proprietary information and may only used by the person or entity to which it is addressed. Trailboss Solutions will not be responsible for any errors or omissions which arise as a result of e-mail transmission. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this message is strictly prohibited. If you have received this e-mail in error, please notify the sender by replying to this message and delete this e-mail and any attachments immediately. Thank you.

From: ncp@gci.net
To: Rep. Sam Kito
Subject: SB45
Date: Tuesday, March 20, 2018 12:23:43 PM

Dear House Labor & Commerce Committee.

Please support Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

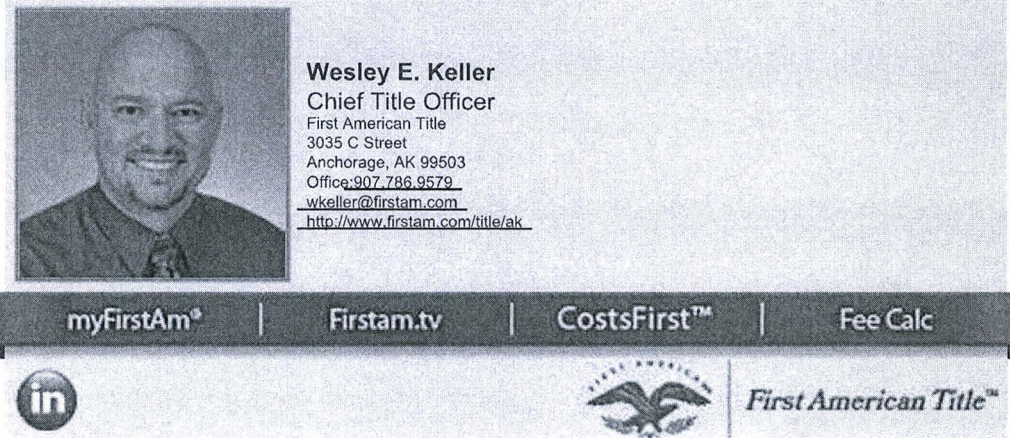
Best Regards,
N. Claiborne Porter, Jr., AIA
NCP Design/Build Ltd.

From: Keller, Wes
To: Rep. Sam Kito; Rep. Adam Wool; Rep. Andy Josephson; Rep. Louise Stutes; Rep. Chris Birch; Rep. Gary Knopp; Rep. Colleen Sullivan-Leonard
Subject: Please Support SB45
Date: Tuesday, March 20, 2018 10:18:19 AM

Dear House Labor & Commerce Committee.


Please support Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

Thank you
Wes Keller



Wesley E. Keller
Chief Title Officer
First American Title
3035 C Street
Anchorage, AK 99503
Office: 907.786.9579
wkeller@firstam.com
<http://www.firstam.com/title/ak>

myFirstAm® | Firstam.tv | CostsFirst™ | Fee Calc

in |  First American Title™

This message may contain confidential or proprietary information intended only for the use of the addressee(s) named above or may contain information that is legally privileged. If you are not the intended addressee, or the person responsible for delivering it to the intended addressee, you are hereby notified that reading, disseminating, distributing or copying this message is strictly prohibited. If you have received this message by mistake, please immediately notify us by replying to the message and delete the original message and any copies immediately thereafter.

If you received this email as a commercial message and would like to opt out of future commercial messages, please let us know and we will remove you from our distribution list.

Thank you.~

FAFLD

From: AI
To: Rep. Sam Kito
Subject: SB45
Date: Tuesday, March 20, 2018 10:56:16 PM

Representative Kito, I am contacting you in support of SB45. I feel this information is very useful to allow the public to make an educated decision on the purchase of a property.

Alfred J. Romaszewski

Broker

RE/MAX of Eagle River, Inc.

11525 Old Glenn Hwy.

Eagle River, AK 99577

907.694.4200 Phone

alfredr@remax.net



Outstanding Licensees – Outstanding Results!

No one sells more Real Estate than RE/MAX!

CONFIDENTIAL NOTICE: This message is a confidential and privileged communication intended only for the use of the individual or entity to whom it is addressed and should not be read or used by anyone else. If you have received this message in error please immediately notify us by return email or fax, delete the message from system and retain no hard copies.

From: Judy Carr
To: Rep. Sam Kito
Subject: sb 45
Date: Wednesday, March 21, 2018 3:11:28 PM

Dear Mr Kito, House Labor & Commerce Committee. Please support Senate Bill 45, relating to unlicensed contractors. The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

Thank you, Judy Carr, District 11/7

From: Aaron Welterlen
To: Rep. Sam Kito
Subject: SB 45
Date: Wednesday, March 21, 2018 7:56:39 AM

Representative Kito,

Dear House Labor & Commerce Committee.

Please support Senate Bill 45, relating to unlicensed contractors.

The bill requires unlicensed contractors to disclose they don't have a license if they sell a home within two years after construction begins. This provides consumers with information and a small bit of protection when they look to purchase a new home.

If you have any questions, please don't hesitate to contact me.

Kind Regards,

Aaron Welterlen
President



3555 Davis Road, Suite 201
Fairbanks, Alaska 99709
Cell 907.378.9241
O/Fx: 907.451.4355

aaron@wvbuildersinc.com
www.wvbuildersinc.com

SB 45- Support Letter- Alaska State Home Building Association (ASHBA)

February 6, 2017

Senator Mia Costello, Chair
Senate Labor & Commerce Committee
Alaska State Senate
State Capital Building
Juneau, Alaska

Subject: SB45, relating to exemption from regulation of construction contractors

Dear Senator Costello:

As the President of the Alaska State Home Building Association (ASHBA), this letter is to express support to the Senate Labor & Commerce Committee for sponsoring SB45, an Act relating to an exemption from the regulation of construction contractors.

ASHBA is a statewide trade association dedicated to maintaining high standards in the building industry. We are member-driven organization that encourages good building practices that are sound and ethical, and we advocate for public policies that achieve these same goals.

Under current state law (AS08.18.025), a contractor may not construct or renovate a home without a "residential contractor endorsement". The law requires the contractor obtain a certificate of registration, pass an examination, pay the fees, and acquire the necessary bonding and insurance. For residential construction, a contractor must also obtain an endorsement after taking multiple education and training classes and an examination on home building in northern climates.

Alaska law, under AS 08.18.161, provides thirteen exemptions from contractor requirements for various circumstances. These include constructing or repairing personal property, any person building their own home, owners of commercial property using their own employees, and construction work incidental to agriculture, mining, logging, fishing, or work in rural districts for fire prevention or access roads.

Senate Bill 45 provides a reasonable protection for consumers and the public by requiring a disclosure when a new home is sold without a contractor's license. The disclosure is only required when newly constructed homes are sold within two years of completion.

All too often, our builder members see situations where new homes are purchased without the buyer knowing whether the construction company had a contractor

registration, insurance, and bonding. We see examples of home-owners forced to pay out their pocket for poor construction. This is bad for the home-owner, and it is bad for Alaska's overall housing market.

Our members supported this same bill language during the Alaska State 29th Legislature, and we appreciate an opportunity to support its passage this session.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aaron Welterlen', written in a cursive style.

Aaron Welterlen, President
Alaska State Home Building Association

SB 45-Support Letter- BEMA Construction Company

BEMA Construction Company

*3900 Steven Drive,
Wasilla, Alaska 99654
907-373-1123*

March 30, 2016

Letter in support of HB 81 and SB 161.

Having testified at the last hearing I want to put into writing two examples of consumers getting harmed by unlicensed contractors.

The first example was a home that had many structural issues that caused the home to be unlivable. The exterior walls were built on a cantilevered engineered floor truss system that was far out of code. Imagine a 500 pound weight sitting on the end edge of a diving board. The exterior walls were actually deflecting downward and allowing water to enter the home both through the roof and wall systems. Our company was contracted to repair the errors and were able to leave the home owner satisfied that her home was structurally sound and water tight. The cost was quite expensive. Had she employed a licensed contractor in the first place 111 would have been avoided.

The second example was a home that was relatively new. The home owner bought the house and thought all was well. It was then that a major sewer back-up revealed a major problem with the main sewage line to the septic. The line was not placed properly and was actually sheared off by the ground movement during house and ground settling. The crawl space was inundated with sewage and a major clean-up was needed.

Sincerely,

Richard Carr
President- BEMA Construction Company
Wasilla, Alaska

From: [Sen. Anna MacKinnon](#)
To: [Senate Finance Committee](#)
Cc: [Juli Lucky](#)
Subject: FW: SB45
Date: Tuesday, April 04, 2017 11:47:50 AM
Attachments: [image001.png](#)

From: Mayo, Jim [mailto:jmayo@sbsalaska.com]
Sent: Tuesday, April 04, 2017 11:23 AM
To: Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>
Subject: SB45

Senator

Thank you for considering SB45, relating to exemption from construction contractor licensing. Please support and pass this bill.

This bill helps consumers to know whether the home they are buying is constructed by licensed and bonded contractor. As someone who is involved in the housing construction industry, there are too many instances where unlicensed builders mislead buyers into believing they are protected by insurance and bonding.

SB45 is a small effort to help consumers, and it does not prevent anyone from building and selling homes.

Thanks Jim

Spenard Builders Supply


Jim Mayo
Assistant Branch Manager
2460 Phillips Field Road
Fairbanks AK 99701
ph. 907-450-2236
fax 907-450-2260

CONFIDENTIALITY NOTICE: This email may contain confidential and privileged material for the sole use of the intended recipient(s). Any review or use by others is strictly prohibited. Any distribution or disclosure by or to others is strictly prohibited. If you have received this communication in error, please notify the sender immediately by e-mail and delete the message and any file attachments from your computer.