



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Wednesday, February 10, 2021
2:00 PM
State Capitol, Conference Room 329

Comments in consideration of
HB 1131
RELATING TO THE STATE BUILDING CODE COUNCIL.

Chair Johanson, Vice Chair Kitagawa, and Members of the Committee, the Hawaii State Energy Office (HSEO) offers comments on HB 1131 which would require the Hawai'i State Building Code Council (SBCC) to consider the cost impact of each proposed code or standard on single-family and multi-family homes built in the State. It would also require a written financial impact assessment of each adopted code or standard.

Our comments are guided by our mission to promote energy efficiency, renewable energy, energy resiliency, and clean transportation to help achieve a decarbonized economy. Updated building codes allow for integration of beneficial technology advancements that both preserve the health and safety of building occupants and advance Hawaii's zero emission clean economy target.

HSEO appreciates the intent of this measure to demonstrate through financial impact assessment the potential costs of building codes. Such an effort should also examine the benefits of building codes as well so that a comprehensive understanding of tradeoffs is obtained. However, undertaking this effort, even to look at only cost, as part of the regular duties of the SBCC, requires substantial resources. The SBCC is unfunded, not staffed, and does not have the considerable resources that would be required to prepare financial impact assessments for each code and standard adopted. Therefore, we are concerned about the effect of the proposed bill on the ability of the SBCC to update codes in a timely manner.

Hawaii State Energy Office Testimony
HB1131 - Relating to the State Building Code Council - Comment
February 10, 2021

The codes considered for adoption by the SBCC are the product of extensive national hearings often involving hundreds of public and private sector participants testifying on behalf of the organizations they represent in order to serve the best interest of their constituents. Participating organizations providing testimony include the National Association of Home Builders, and the Building Industry Association which, like many of their counterparts, provide analysis of the potential impacts of SBCC recommendations.

Thank you for the opportunity to provide comments on this matter.



**HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
State Capitol, Via Videoconference
415 South Beretania Street
1:00 PM**

February 10, 2021

RE: HB 1131, RELATING TO THE STATE BUILDING CODE COUNCIL

Chair Johanson, Vice Chair Kitagawa, and members of the committee:

My name is Beau Nobmann, 2021 President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii is in strong support of HB 1131, which would require the State Building Code Council (SBCC) consider the financial impact of building codes on residential properties when considering whether or adopt a new code or standard.

The current makeup of the SBCC does not take into consideration the cost implications of adopting new codes. Nationally, many of the new codes have mandates built-in that manufacturers and special interest groups have embedded into new code revisions. These mandates are not intended to protect the public health or safety, and ultimately increase the cost of housing. Requiring the SBCC to consider cost implications and report to the Governor would provide the public and the building industry with much-needed information.

The state of Hawaii is in a dire housing crisis which has been further exacerbated by the ongoing pandemic situation. The building industry is one of the very few economic drivers in the state throughout the COVID pandemic, and giving them more opportunity to provide our residents with affordable housing would have a positive impact on our community.

We appreciate the opportunity to express our views on HB 1131.

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HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 10, 2021, 2:00 P.M.

Video Conference

COMMENTS ON HB 1131, SUGGESTED AMENDMENT

Aloha Chair Johanson, Vice Chair Kitagawa, and members of the Committee:

Blue Planet Foundation **offers comments on HB 1131**, which requires the State Building Code Council (SBCC) to consider the financial impacts of code updates on housing costs. Blue Planet suggests that the measure be **amended to clarify that the financial impact analysis should (1) be conducted by an independent third-party, and (2) not only consider the cost of construction but also include an analysis of the code’s financial impacts on ongoing monthly utility bills for both homeowners and renters.**

Various stakeholders often bring to the SBCC process their own analysis of a code’s cost-effectiveness. Unlike other states, Hawai’i lacks a requirement for an independent cost-benefit analysis as part of the code adoption process. An independent, third party analysis of the financial impacts of building code updates could level the playing field and provide objectivity, which could help the SBCC and the county councils to make informed decisions based on credible analyses—not figures driven or manipulated by special interests.

The preamble of the bill mentions a financial assessment of the “construction costs for single-family and multi-family dwellings” and makes no mention of the financial impacts of the code on monthly energy bills residents face. Hawai’i businesses and residents pay the highest electricity rates in the nation, which exacerbates our already high cost of living and has contributed to nearly half of Hawai’i families living paycheck to paycheck *even before* the pandemic.¹ Business as usual isn’t working. We need new approaches that protect families from outdated building codes that may maximize developer profits but saddle residents—particularly renters, who make up 41% of households in Hawai’i²—with unnecessarily high monthly utility bills.

A financial impact analysis based solely upon the upfront construction costs is short-sighted and disregards the interests of Hawai’i residents and tenants who will occupy newly constructed buildings for decades to come and who are ultimately on the hook for paying ongoing monthly expenses. This is particularly apparent with the building energy conservation code, which may

¹ See *ALICE: A Study of Financial Hardship in Hawai’i*, Aloha United Way, <https://www.auw.org/alice>.

² “2015-2019 ACS 5-Year Estimates,” American Community Survey, <https://www.census.gov/programs-surveys/acs>.

result in small upfront construction cost increases but yield **substantial long-term savings** for residents and businesses. For example, the anticipated energy savings arising from the 2015 International Energy Conservation Code were tabulated in a May 2016 independent, third-party report prepared for the Department of Business, Economic Development & Tourism.³ The overall savings to residents and businesses in the state totaled over \$1.4 billion.

Annual Savings	2016	2026	2030	2036
MWh per year	12,962	1,083,590	1,991,059	4,702,738
\$	\$4,000,000	\$337,000,000	\$619,000,000	\$1,463,000,000

(Note: energy cost savings calculated here utilize the average retail cost of electricity over the period 2011 – 2016.⁴)

Energy efficiency is the most cost-effective energy resource available in the state, costing a fraction of fossil fuel-powered electricity.⁵

Thank you for the opportunity to provide comments.

³ See The Cadmus Group, Inc., *Energy Savings Forecast for the 2015 Int'l Energy Cons. Code with Haw. Amendments* (prep'd for DBEDT, May 2016), available at <https://energy.hawaii.gov/wp-content/uploads/2016/07/Energy-Savings-Forecast.pdf>.

⁴ See DBEDT Monthly Energy Trends.

⁵ Energy savings delivered by the state's Hawai'i Energy program in 2014 cost 2.4 cents per kWh. See *Hawaii Energy 2014 Annual Report*, available at https://hawaiienergy.com/images/resources/ProgramYear2014_AnnualReport.pdf. Even with today's relatively low oil prices, electricity from oil-fired power plants costs around five times more. See *DBEDT Monthly Energy Trends*, available at <http://dbedt.hawaii.gov/economic/energy-trends-2/>.

HB-1131

Submitted on: 2/8/2021 2:17:33 PM

Testimony for CPC on 2/10/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Brizee	Individual	Oppose	No

Comments:

At this point in time when the State Building Code Council has NO funding and NO paid administration, this bill will delay or prevent Hawaii amendments to the code. What this Bill is requiring is no easy task and all members of the Council are unpaid and have full time jobs so to expect them to do this pricing exercise is a huge concern and having served on the Council myself in the past, I will guess that this will not be done and the model code will be automatically adopted without amendments just like the 2018 IBC & IRC for which I do not see a benefit to the public by doing this.