

Comments to the
LRC Committee on Property Rate Making

by
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Mr. Chairman, Members of the committee. I have given copies of my remarks for distribution to Committee Members and will be glad to summarize.

On behalf of the more than 13,600 member firms of the North Carolina Home Builders Association (NCHBA), I thank the Committee for the opportunity to share some brief observations regarding building code issues in coastal areas. We commend the General Assembly for focusing attention on the importance of ensuring the availability and affordability of insurance protection in North Carolina, particularly for coastal properties, and look forward to working with the Committee to that end.

With the Chairman's permission, I would like yield a portion of my time to Tyler Newman, Governmental Affairs Director with Business Alliance for a Sound Economy to summarize actual application of the Mitigation Credits following my comments.

Background

In North Carolina, the entity created by the General Assembly and empowered to adopt and maintain a statewide, mandatory, and uniform building code is the North Carolina Building Code Council (hereinafter, the "Council"). The Council comprises 17 members appointed by the Governor from the public and private sectors and reflects a broad range of technical expertise and experience in the building sciences, including engineering, architecture, fire protection, local government and the building trades.

The North Carolina State Building Code is based on the International Code Council (ICC) family of "model" codes. In this, North Carolina is not unique. Most of the states that have a statewide building code do the same, but like North Carolina, no other state adopts the ICC codes without state amendments or the opportunity to make amendments. Such amendments to model codes are necessary to address each state's particular needs. While some would argue that North Carolina should adopt the ICC model codes without amendment, it is instructive to note that while all 50 states have adopted at least one of the ICC model codes, **none of the 48 states that have thus far adopted the ICC residential model code has done so without amendments** or the option of making amendments. This is not surprising since "one size fits all" model codes, whether developed by the ICC or other entities, cannot hope to address the myriad of local variations in construction materials and methods, regional

differences in physiography, climate, hydrology, and other physical risk factors prevalent across the nation, or even just across a state as varied as North Carolina.¹

In the past there have been ill-advised attempts to mandate the adoption of ICC model codes without amendment, however, the North Carolina General Assembly has steadfastly refused to do so. In fact, the General Assembly amended the law some years ago to make clear that **“(t)he Council may use as guidance, but is not required to adopt, the requirements of the International Building Code of the International Code Council”** [N.C.G.S. § 143-138(c)].

Providing life safety and affordability

For more than 40 years, the Council has developed and maintained a building code that has well served the needs of North Carolina and has devoted considerable attention to ensuring the adequacy of the North Carolina State Building Code with regard to commercial and residential construction throughout the state. In high wind areas and coastal construction in particular, the North Carolina Building Code Council has been an innovative leader since its inception, and continues to provide arguably one of the most effective codes in the nation without unnecessarily increasing the cost of housing. Determining what level of protection is sufficient requires balancing what is technically possible with what is economically feasible. At the same time, the Council has striven to ensure that new Code requirements do not unnecessarily increase the cost of housing in keeping with the General Assembly’s mandate to consider the impact of its decisions on the cost of housing [SL1998-57] and in recognition that that “the affordability of housing” is “an important issue” [SL2004-155].

The Council has revised the Code many times in response to new findings and changes in building materials and methods to address wind, hail and wind-borne debris protection in the NC Building Code. In the most recent code making cycle, to further ensure adequate protection for construction in high wind zones, the Council adopted significant changes to the NC Residential Building Code to include: increased wall bracing requirements; new requirements for roof-to-wall connections at braced wall panels; increased fastener requirements for opening protection panels in wind-borne debris regions and a requirement for impact resistant glazing for glazed openings in garage doors in wind-borne debris regions.

Wind Mitigation Credits and NCHBA Recommendations:

In regard to the credits for the presence of specified hurricane mitigation features on residential dwellings insured under the Homeowners and Dwelling Policy Programs in North Carolina as

¹ For example, the Council amended the State Fire Prevention Code to exempt small churches from the ICC sprinkler requirement. This exemption was provided because many rural areas of North Carolina either are not served by a community water system or do not have the water pressure sufficient to support sprinkler systems, and without exception, the cost of such systems would be prohibitive.

approved by the Commissioner of Insurance, NCHBA recommends that in the beach and coastal territories:

1. Consideration should be given to providing tax incentives or mandating reduced property insurance premiums for all new construction, rather than only those that meet IBHS program standards.
2. Consideration should be given to providing tax incentives or mandating reduced property insurance premiums to those who retrofit existing structures to meet or exceed the current Code.
3. Consideration should be given to providing tax incentives or mandating reduced property insurance premiums to those who reroof existing structures that provide secondary water protection and roof deck nailing as required by the current code.
4. Consideration should be given to establishing a designated source of funding for the North Carolina Building Code Council to support its administrative functions and an independent staff of technically competent and objective professionals without ties to the ICC.

Conclusion

Thank you again for the opportunity to provide these brief observations and recommendations on behalf of NCHBA. We look forward to continuing to work with the Committee on these important issues.