



THE FOX GUARDING THE HEN HOUSE
HOW THE HBA CONTROLS BUILDING CODES IN ST. LOUIS
COUNTY

A Report by the Sierra Club, Missouri Chapter
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EXECUTIVE SUMMARY

The St. Louis County Building Codes Review Committee (BCRC) has approved a dangerous draft building codes ordinance. As written, the ordinance would make new homes less energy efficient than homes built to the existing building code. The BCRC approved weakening amendments introduced by a special interest group, the St. Louis Home Builders Association of St. Louis & Eastern Missouri (HBA), despite strident objections from public interest groups.

The HBA enjoys a strong relationship with the parties responsible for approving a new building code. In this report, we will examine the members of the BCRC, highlighting those members who have a documentable financial relationship with the HBA.

WHAT ARE BUILDING CODES AND WHY DO THEY MATTER?

Buildings account for 40% of energy consumption nationwide. Adopting strong energy efficiency standards for residential and commercial buildings reduces not only the cost of utility bills but also reduces air and water pollution.

The current standard for energy building codes is the 2015 International Energy Conservation Code (2015 IECC). Building officials nationwide develop and approve this model code. The 2015 IECC takes into account variations in geography and weather. A new code is released every three years after a vigorous committee, conference and voting process. Currently St. Louis County follows an amended 2009 IECC.

BUILDING CODES SAVE HOMEBUYERS MONEY

New homes in St. Louis County would be 20% more energy efficient with the unamended 2015 IECC than those built in St. Louis County today. An average new homeowner would save \$436 each year on utility bills alone according to an analysis done by the Midwest Energy Efficiency Alliance (MEEA).

In addition to saving new homeowners money, the U.S. Department of Energy (DOE) found the 2015 building code to be cost-effective. In their report, the DOE said new homebuyers are cash flow positive in one year. This means, after one year in the home, homebuyers are saving more on utility bills than they spent on energy efficiency updates. (<http://bit.ly/2jVv5qL>)

The primary selling point of energy efficiency is that it saves homeowners money. However, homeowners save the most when these investments are made during construction, rather than investing in the costly upgrades later. Some energy efficiency measures can be added after a home is built. However, many items deleted from the St. Louis County draft ordinance cannot be changed after construction is complete. For example, walls built to comply with new insulation

standards have few up-front costs and greatly increase the efficiency of a home. However, changing this at a later date would require a full rehab of the home and is not cost-effective.

IMPROVED AIR QUALITY SAVES LIVES

Energy efficiency is a health and safety issue. Poor indoor air quality is linked to poorer health, especially for people with asthma and chronic illness. It has also been linked to some types of cancer and even Alzheimer's disease (<http://bit.ly/2gWXGdu>). Egregious offenders like indoor smoking are not the only causes of poor indoor air quality. Poorly installed insulation, ducts and ventilation bring dust, fecal matter and insulation fibers into the home which can cause health problems and aggravate existing health issues.

Incorporating items mandatory in the 2015 IECC (like mechanical ventilation and air sealing) will prevent indoor air quality issues and make homes healthier. Additionally, Duct blaster tests and blower door tests will provide proof for the buyer and builder that the home is constructed and performing properly.

ENERGY EFFICIENCY BUILDING CODES PRESERVE NEIGHBORHOODS

Homeowners with energy efficient homes are 32% less likely to default on their mortgages than people with less efficient houses (<http://bit.ly/qluzpw>). Lenders recognize this. The Federal Housing Authority (FHA), Fannie Mae and the Veterans Administration are offering "green mortgages" to reduce costs for homeowners investing in energy efficiency. These green mortgages take into account utility bill savings from energy efficiency updates and can reduce the interest rates and mortgage payments of homeowners.

Preventing foreclosures allows communities to preserve neighborhoods and increases the value of homes in those neighborhoods. In St. Louis, electricity costs alone have increased by 61% in the past ten years and they continue to increase (<http://bit.ly/2jL1RbC>). While St. Louis foreclosure rates have gone down since the Great Recession, energy efficiency is a vital part of allowing families to stay in their homes and avoid foreclosure.

WHAT IS THE CODES ADOPTION PROCESS?

St. Louis County historically adopts a new building code every six years, or, every other codes cycle. The model code is first reviewed by the BCRC, then the Building Commission. The BCRC consists of five members appointed by the County Executive. All the current members of the BCRC were appointed before County

Executive Steve Stenger took office. To accept or reject an amendment, the BCRC needs a simple majority of three votes.

THE BUILDING CODES REVIEW COMMITTEE (BCRC)

The BCRC hears testimony and reviews amendments from local special interests, developers, and interested parties. Proposed amendments are never made public, nor are they available before the meeting takes place. Minutes are not made public until they are approved at the next meeting and are never posted in a public place; they must be requested by date. The BCRC then approves a draft ordinance which is reviewed by the St. Louis County Building Commission.

Members of the BCRC: Arthur Merdinian (Chair), Registered Architect, Pella Windows and Doors; Ankeneth Corbin, Fire Service Member, Black Jack Fire Protection District; John DeGuire, Residential Building Contractor, McBride and Son Homes; Ronald Mackey, Structural Engineer, David Mason and Associates, Inc.; Ronald Wiese, Commercial Building Contractor, Alberici.

THE HOME BUILDERS ASSOCIATION OF ST. LOUIS & EASTERN MISSOURI (HBA)

The HBA serves St. Louis, St. Louis City, St. Charles, Jefferson, Lincoln, Pike, Montgomery, Franklin, Warren, and Washington counties. Their mission is to “create a region that promotes and protects the viability of the building industry by serving its members, who strive to meet the housing needs of our neighbors (www.stlhba.com).”

WEAKENING AMENDMENTS

The HBA submitted dozens of amendments for review to the BCRC. Those that pertained to the 2015 IECC were focused on removing energy-saving measures or making those measures optional. With few exceptions, these amendments were approved by the BCRC. As a result, the draft ordinance given to the Building Commission is so heavily amended that:

- The proposed changes will cost homeowners an additional \$152 per year in energy bills compared to their payments under the current St. Louis County Building Code (per MEEA modeling).
- New homes will be 6% less energy efficient than they are under the existing amended 2009 IECC (per MEEA modeling).
- Duct blaster and blower door tests will not be required. This means builders and homebuyers will have no data to ensure homes are being built correctly or performing well.
- People with asthma and chronic illness will continue to have issues with indoor air quality, resulting in costly healthcare bills and costlier home repairs for preventative measures.

THE HBA'S RELATIONSHIP WITH CODES OFFICIALS

The HBA has a significant financial relationship with at least two members of the BCRC. The influence of the HBA on these boards means other interests, such as consumers and public health advocates, are underrepresented or ignored.

Throughout 2014 and 2015 the BCRC unanimously approved the amendments proposed by the HBA despite the fierce opposition of efficiency experts, builders, public health advocates and energy auditors.

Below, we examine some of the members of the BCRC and their ties to the St. Louis HBA.

ARTHUR MERDINIAN, BCRC CHAIR

Arthur Merdinian, Chair of the BCRC, works for Pella Windows and Doors and is the former Mayor of Olivette. Despite numerous organizations reaching out to Merdinian and informing him that the draft ordinance approved by the BCRC is less energy efficient than what is currently in place, he has ignored this information and defended the amendments made by the HBA and BCRC.

Some examples of Merdinian's relationship with the HBA include:

- Merdinian received campaign contributions from the HBA during his bid for Mayor of Olivette in 2010. The HBA was his first donor and made the second largest contribution to his campaign (per MEC filings for Committee to Elect Arthur Merdinian).
- The draft ordinance proposed by the BCRC includes a weakening amendment to reduce window energy efficiency requirements. While researching the amendments approved by the BCRC, the Sierra Club found that no windows at this low U-factor are available for purchase at Home Depot, Lowe's or Menards. This implies the market has moved on from .35 U-factor windows and only independent sellers with stockpiles of out-of-date windows would be able to benefit from this amendment. As an associate at Pella Windows, Merdinian would be very familiar with the window market.
- Merdinian is a leader of the HBA nationally and locally. Merdinian was a board member for the National Association of Home Builders from 2006-2010. He also served on the Board of Directors for the HBA of St. Louis and Eastern Missouri from 2002-2006.
- Merdinian currently serves as a member of the HBA's Codes Advisory Committee and has been part of that committee since 1993 (<https://www.linkedin.com/in/arthurmerdinian>.) This committee writes the amendments which are submitted to the BCRC (and Building Commission).

JOHN DEGUIRE, BCRC MEMBER

John DeGuire, BCRC member, is a Residential Building Contractor for McBride & Son Homes and has worked for McBride & Sons since 1986.

- DeGuire currently serves as a member of the HBA's Codes Advisory Committee (<https://www.linkedin.com/in/john-deguire-522a5946>). This committee writes the amendments which are submitted to the BCRC (and Building Commission).
- From 2011-2016, McBride & Sons contributed \$37,500 to the Home Building Industry Political Action Committee (HBA PAC). McBride & Sons is one of the largest contributors to HBA PAC. The HBA PAC Treasurer is currently Celeste Reuter, the Vice President of the HBA of St. Louis and Eastern Missouri. The PAC donates to elected officials and candidates for office from a variety of backgrounds. The contributions range from \$200 to \$10,000 for offices such as member of the House of Representatives to County Council seats (per MEC filings for the HBA PAC).
- The HBA PAC also contributes directly to the profits of McBride & Sons. From 2011-2016 the HBA PAC paid \$19,500 for event tickets to McBride & Sons. No other developer or builder received PAC funds from the HBA during this time. The only other major expenditure from the HBA PAC, other than campaign contributions, was for accounting services (per MEC filings for the HBA PAC).

CONCLUSION

The foxes are guarding the hen house. St. Louis County has the opportunity benefit residents by adopting a modern, energy efficient building code. However, special interest groups have gutted the industry standard and are proposing a watered-down version which will cost new homeowners money and hurt our region.

Two of five members of the BCRC have a financial relationship with the HBA. The interests of the Home Builders Association of St. Louis & Eastern Missouri, is over-represented on these appointed boards and the effect could be disastrous for new homebuyers and St. Louis County. Residents and homebuyers deserve appointed officials who will serve the County as a whole, not merely the interests of the home building industry.