

EIGHT-PENNY NEWS

VOLUME 11 • NUMBER 9

JUNE 1993

Forest Summit Seeks to Break Logjam

In April, 50 Northwesterners representing a cross-section of interests were called to join President Clinton, Vice-President Gore, and several cabinet members in Portland, Ore., to discuss problems and solutions related to the old-growth forest controversy. The highly touted "forest summit" included everyone from Archbishop Murphy of Seattle and Margaret Powell, a member of the Hoopa tribe in Northern California, to Jim Irvine, a Portland contractor (who also serves as vice president and treasurer of NAHB), and Buzz Eades, a sixth-generation logger and forester. Others in the day-long event included: community officials, "new forestry" experts, timber suppliers, mill owners, and commercial fishermen, as well as local representatives of environmental groups, such as Trout Unlimited and the National Wildlife Federation.

Participants held roundtable discussions focused on three issues:

- "Who is affected and how?"
- "Ecology and economy," and
- "Where do we go now?"

At the time of the summit, industry observers noted that an early spring spike in wood prices — nearly doubling the cost of lumber and adding about \$5,000 to the cost of a new home — was at least partly due to the loss of access to old-growth timber on federally owned lands. Wet winter weather and simple speculation were also blamed.

Old-growth logging in Northwest federal forests has

been virtually locked up since 1991, when environmentalists won court battles charging federal agencies with violations of the National Forest Management Act, Endangered Species Act, and other laws. Estimates of locked out federal forestlands vary, but range between 4 and 5.5 million acres.

Up until the summit, the problem was widely posed as a simple battle between the endangered spotted owl and

the endangered logger. But as they were discussed at the summit, the problems appeared more complex: disappearing old-growth forests, nearly 500 threatened species, declining salmon runs, lost timber jobs (up to 30,000), lack of log supplies for local mills, and depressed timber towns.

The proposed solutions focused on several areas. One approach called "new forestry" aims to boost timber quality in second-growth forests while improving wildlife habitat as well. Along similar lines were discussions of creating jobs and training programs in forest restoration. Other proposals included restricting log exports, encouraging value-added production (of engineered lumber products), and providing loans, training, and incentives for diversification in former timber towns.

Participating environmentalists made no promises to stop using lawsuits to prevent logging old-growth forests, but seemed to be affected by the summit atmosphere of conciliation. Andy Kerr, conservationist,

continued



TOM REESE / SEATTLE TIMES

The fate of giant northern cedars, like the one above, is held in the balance as summit participants weigh logging interests against environmental concerns.

New Panels Weather the Storm

Everyone knows that Habitat for Humanity, a nonprofit organization championed by former President Jimmy Carter, builds homes for low-income families. Inexpensive, yes; cheap no. Witness the 15 Habitat homes still standing among the 80,000 or so destroyed last year when Hurricane Andrew blew through south Florida.

The 1,100-square-foot homes were built using a wall system called *Insteel 3-* that's comprised of prefabricated foam panels reinforced with wire mesh and sprayed with shotcrete.

Insteel panels consist of an expanded polystyrene foam core panel with a light-gauge steel mesh on either side.

Holding the panels together are "truss wires" that penetrate the foam and are welded to the mesh. Once in place, the panels are sprayed with shotcrete to solidify the structure and create a standard 6-inch-thick wall. The concrete is then screeded and finished to the desired texture.

Delivered on site, a standard 4x8-foot Insteel panel weighs only 38 pounds, allowing the entire order to be delivered on one flatbed truck and lifted off by hand. Each panel is installed on the foundation wall or slab with 18-inch-long rebar every 2 feet on-center.

The panels can be cut with a reciprocating saw to conform to any footprint. Adjoining panels

are connected with 2-foot-wide strips of steel mesh running down the length of the joint, which are secured with twisted wire or, more efficiently, with wire rings installed with a pneumatic tool.

Once they brace both sides, the builders cut window and door openings, frame them with wood stapled to the mesh, and place header and plate material into the top of the panels. On the interior side of the wall, the space between the mesh and the foam core provides a chase for plumbing and electrical conduit. After installing all wood framing and mechanicals, the shotcrete is sprayed.

The panels, which have

been used primarily in commercial and industrial applications since being introduced to the U.S. market in 1990, can also serve as retaining walls, floor systems, and roof panels, says Gerald West, Insteel's general manager. Similar panels were first introduced in the 1960s, but lacked the new panels' rigidity and cost more to produce. The product, says West, is priced at about \$1.50 per square foot, a 10% to 40% savings over conventional framing materials. Insteel also offers to review house plans and provides design engineering and take-offs prior to shipment.

Insteel recently received

continued

STATE BY STATE

Massachusetts: Home Depot has agreed to stop teaching homeowners how to install water heaters. The state's attorney general's office had informally requested that Home Depot stop the program in response to a complaint filed by the Massachusetts Association of Plumbing, Heating, and Cooling Contractors. Massachusetts law allows only licensed plumbers to install such equipment.

Maine: To revitalize deteriorating urban neighborhoods in Portland and Lewiston, the state's housing authority is creating Housing Opportunity Zones. The authority is providing \$1.5 million in interest-free loans for home improvements in the opportunity zones.

Vermont: Numerous construction groups in the state are supporting a "statute of repose" bill in response to a recent court decision that holds builders and designers liable for any injuries related to a building's construction for the building's lifetime. The bill being considered would limit the liability to a period of eight years from the date of substantial completion.

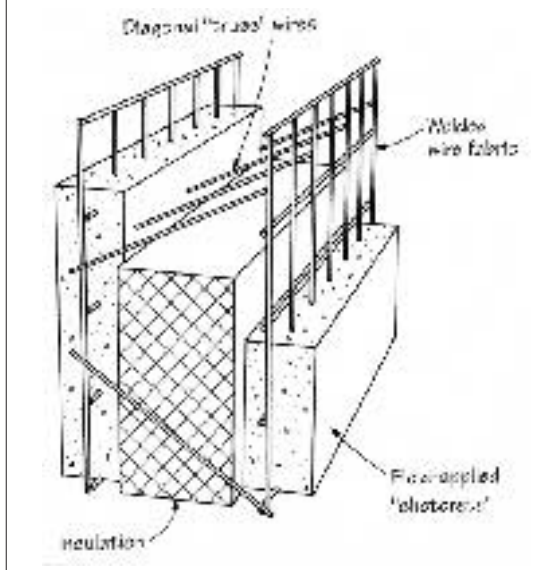
New Jersey: In a step expected to streamline the time-consuming permitting process, New Jersey's Department of Environmental Protection and Energy (DEPE) asked the feds to allow it to take control of the state's wetlands program. If approved, developers will have to go through only one regulatory layer to obtain the necessary building permit rather than go through both the state DEPE and the U.S. Army Corps of Engineers, which oversees the filling and dredging of wetlands. □

New Panels, continued

CABO code compliance, allowing it to be used under the three regional model code groups throughout the U.S. "We're on track to meet the demands of the state and local code officials," says West, knowing that local code bodies are often reluctant to accept new technology. "We have the data they are asking for."

Despite recent publicity from the Andrew coverage, West knows his product has a ways to go toward being accepted by home builders. "It doesn't require the same skills as conventional systems," he says. "It's so simple, it's almost elusive." — *Rich Binsacca is a freelance construction writer in Walnut Creek, Calif.*

The Insteel 3-D Wall Panel



Insteel 3-D panels are cut and assembled on-site, then sprayed with shotcrete.

New Insurance Package Targets Contractors

In an effort to attract more construction tradespeople, ITT Hartford Insurance Group created a small business insurance package directed to specialty contractors with up to \$500,000 in annual payroll. The program, called "Contractors Stretch," adds specific coverage to the company's standard business owner's policy; the endorsement features six additional coverages, including valuable papers, computers and media, contractor's equipment and product installation (up to \$10,000 each), and accounts receivable and personal property of others (up to \$5,000 each).

"We found there were only two small business industries — small manufacturers and contractors — that we were not addressing with targeted coverage," says Hartford's Marty Carroll.

"Contractors can now get a package of coverage well below the cost of buying individual coverage for each item. "The package can be further modified by increasing coverage for equipment up to \$150,000, installation up to \$100,000, and adding a policy of \$5,000 to cover tools

valued at less than \$500 each. Introduced in July of last year, Contractor's Stretch is available in every state except Washington, Cali-

fornia, Oregon, Oklahoma, Kansas, and Vermont; ITT Hartford is in the process of filing in those states to allow coverage. □

Housing Slow on Both Coasts

Building Permits Issued (in thousands of units)

Regions	1986	1989	1992	Affordability Index*
Northeast	283	179	124	66.6%
Midwest	290	252	267	85.8%
South	686	505	447	73.3%
West	510	402	269	44.8%

*Affordability Index is the percentage of both new and existing housing that could have been bought during a given quarter at prevailing interest rates by a family earning the area's median income.

Source: NAHB

Since peaking in 1986, the number of building permits issued in both the West and Northeast has decreased rapidly. Construction has fallen off somewhat in the South and Midwest, but both regions are doing better, proportionately, than the coasts. Despite slow markets, prices remain high in the West and Northeast, relative to incomes there.

From What We Gather

The lead abatement industry is about to get a big boost from Title X, a provision of the recently passed Housing and Community Development Act of 1992. Beginning in 1995, all federal agencies selling pre-1960 homes must inspect and abate lead hazards before any sales or transfers are made. And three years from now, all owners of houses built before 1978 must disclose to buyers or renters the presence of any known lead paint. The law also sets new standards for the training and certifying of abatement contractors.

Health insurance and vehicle allowances rank as the most common benefits that construction companies provide their employees. Fifty-five percent of companies provide full health coverage for management; 31% for field employees. A vehicle allowance is the most common benefit given to field employees, with 38% of companies helping employees pay for the vehicles. Life insurance ranks high as well, with 43% of companies buying it for managers and 30% for field workers.

Vinyl windows will account for 12% of the new construction market by 1994, according to a study by the American Architectural Manufacturers Association.

Vinyl windows have long been a strong force in the replacement window market, accounting for about 25% of those sold. But vinyl has made big strides in the new-home market lately as well, rising from 5.4% of the market in 1990 to 8.2% in 1991. This surge comes mainly at the expense of the aluminum window industry, which has declined from 42% of the new market in 1989 to a projected 33% by 1994. Wood windows continue to dominate, making up over half of all new-construction window sales.

Over 7 million disabled Americans live in homes that have been adapted in some way to accommodate their impairments, according to the National Center for Health Statistics. Another 2.5 million need equipment but can't afford it.

OSHA's handbook for small businesses has been revised to include an updated self-inspection checklist to help contractors and other small business people identify workplace safety hazards and comply with OSHA HazCom laws. The 57-page booklet also lists free OSHA consultation assistance and other services; it is available through the General Printing Office, order number 029-016-001-441, for \$4. Call 202/783-3238 to order. □

TAX TALK

Pay the IRS on Installment Plan

by Milton Zall

First, some auditing trivia:

Over a million 1991 individual tax returns were audited last year — approximately one percent of all returns filed. The percentage of returns audited generally ran higher with income: 5.26% for incomes over \$100,000, 1.11% for those between \$50,000 and \$100,000, 0.65% for incomes between \$25,000 and \$50,000, and 0.80% for incomes under \$25,000.

For individuals filing self-employment returns (Schedule C), however, the audit rates ran higher. For gross receipts of less than \$25,000, 1.45% of returns were audited; for receipts between \$25,000 and \$100,000, 1.85%; and for receipts over \$100,000, a fat 3.63%. Only 0.85% of S Corporation returns, meanwhile, were audited, suggesting the IRS finds those audits less fruitful than Schedule C audits.

In other news, the IRS recently provided its personnel with guidelines for allowing taxpayers to pay overdue taxes on an installment plan. The installment payment agreement can be arranged through the IRS's collection division and involves the submission of a financial statement and other

information that will enable the IRS to set up a monthly payment schedule.

By using installment plans, the IRS hopes to speed payments of overdue taxes. If a taxpayer owes the IRS money but can't make full payment immediately, an IRS examiner can review the taxpayer's financial situation and develop a payment plan, rather than simply present the taxpayer with a bill he or she can't pay. The IRS is supposed to offer an installment plan if:

- the taxpayer has filed all tax returns that are currently due;
- the taxpayer is current on all other tax payments, including the current year's estimated tax;
- the taxpayer's liability to the IRS, including interest and penalties, does not exceed \$10,000; or
- the taxpayer can make monthly payments which meet a specific minimum amount (which the IRS has not made public).

What this boils down to is that builders and remodelers can "settle up" with the IRS even if they don't have the funds required to meet their obligation all at once. Don't make the mistake of failing to file your return because you can't pay your taxes. That can put you in an even deeper hole, subjecting you to penalties, interest, etc. □

Milton Zall writes on tax and business matters from Silver Spring, Md.

Summit, continued from first page

vation director of the Oregon Natural Resources Council and old-growth preservation activist, stated, "Environmentalists can't compromise any more — the forest has been compromised all it can stand." But later, he added a promise that environmentalists would "increase our compassion. We stand ready to embrace programs that will take these timber communities into the 20th century. We can't leave these communities behind; it would be impractical and unjust."

At the end of the day, Clinton gave his staff 60 days to come up with a plan that includes solutions "satisfying human and economic dimensions...and consistent with environmental policy." His staff was directed to look at new ways to manage the forest that will allow maximum timber production without destroying or degrading the forest — and that are legally and scientifically sound. Finally, he called for an end to dissension between federal agencies, which complicates the gridlock even further.

While a few participants, including NAHB's Irvine, called for a review of the Endangered Species Act, most participants said they mainly wanted a clear direction to

replace the current legal gridlock. Walt Minnick of Trus Joist International (TJI) in Boise, Idaho, who participated in the summit, agrees. "The fact that the administration is committed to having a position is in itself encouraging, regardless of what that position is." Over and over again during the summit, uncertainty was blamed as the major source of current economic woes in the Northwest timber industry. Several participants blamed lack of new investments in forest management, industry diversification, and new mill technology on the unpredictability of supply. Minnick guesses that the federal plan will try to find a common ground. He thinks it will "set aside enough old-growth forest that old-growth species stand a reasonable chance of surviving long-term, while freeing up as much timber as possible." For freed-up areas, Minnick expects new logging rules based on "ecosystem management" and "new forestry" techniques — two practices discussed at length during the summit — to be a part of the long-term plan. "I believe we'll find that by using new techniques, logging and species preservation can be compatible," he says.

— Kathleen O'Brien

Mac — It's a Builder's Life

As movies go, *Mac* — the story of a home builder's quest for quality during the housing boom of the '50s — is a mediocre character study. As a portrayal of life on a construction job site, however, the recently released film from Samuel Goldwyn gets a thumbs-up. A good portion of the movie takes place on various job sites, complete with muddy lots, neat stacks of unused (and uncovered) lumber, strewn scraps, and tradespeople who could have been plucked from any project under construction. John Turturro, who co-wrote, directed, and stars as Mac in a tribute to his late father, a builder, acts the stereotypical part: He wears plaid flannel shirts, smokes, has a sore back, and does his books at night in a spare bedroom. He risks his start-up business on a piece of land adjacent to a cow pasture, insane asylum, and horse ranch, then tries to sell the four-unit project from a lawn chair on Sunday afternoons. There are a few gaffes to the trained eye — for instance, I don't know anyone who levels the blocking between studs or pours concrete in a driving rainstorm, and I'm almost positive that a

K. C. BAILEY/THE SAMUEL GOLDWYN CO.



Not your typical Hollywood stud, this 2x4 is carefully eyed for straightness in a scene from the new movie Mac, starring John Turturro (foreground).

"quality" builder in the '50s certainly did not use plywood roof sheathing. Still, it is obvious that Turturro grew up around the job site (witness his proper check-marking on the sill plate for a stud, or his

disdain for 24-inch on-center stud spacing) and felt the need to memorialize his father's trade. For builders in the audience, the job-site scenes add an extra element of entertainment. □

Home of the (Near) Future

It may not resemble the Jetson's (yet), but the typical American home built in the near future will likely be a two-story 2,300-square-foot home on a zero-lot line, according to NAHB Research. It will feature more specific room functions and heightened luxury features. Here's a glimpse:

- separate areas for a media room, home office, exercise room, and sun porch;

- higher ceilings with skylights;
- two full and two half baths;
- larger bathrooms with multiple shower heads, bidets, separate tub and shower, and linen closets;
- zoned heating and cooling;
- two master bedrooms (one on each floor);
- standard use of security systems, lighting controls, and energy management systems. □