

Eight-Penny News

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Builder Sues for FRT Repair Costs

A lawsuit by New Jersey mega-builder K. Hovnanian seeks \$20 million from 20 defendants to recover the costs to repair potentially deteriorating FRT plywood in thousands of its New Jersey townhouses.

Hovnanian rebuilt 440 roofs at Society Hill, a townhouse community in Lawrenceville, N.J., earlier this year. Hovnanian says the project cost \$750,000. The \$20 million it seeks would pay not only for those repairs but also for potential repairs to the thousands of units containing FRT roof sheathing.

Named in its suit are plywood manufacturers, treaters, and distributors, as well as architects, roofing contractors, and Homeowners Warranty Corp. HOW, which like other home warranty firms has been directed by the state Division of Housing in the Department of Community Affairs to pay for FRT defects, has refused. The state ordered coverage of the FRT plywood even though roof sheathing is excluded as a warranted component after the second year. It is not considered structural.

All new homes in New Jersey must carry a ten-year warranty. Most warranties are carried by a state-owned and operated program. HOW is the second-biggest carrier of new-home warranties in the state.

Despite seeking damages to cover repair costs, Hovnanian stands fast in its refusal to repair roofs in developments that have been taken over by homeowners associations. That normally happens when 75% of the homes in a development are completed. ■

Sushi for Lunch?

How many of you still carry a lunch box with a Thermos in it? How many of you drink a cup of coffee from your Thermos during 10 o'clock break? Thermos, the makers of these glass vacuum bottles since 1907, was recently sold to the Japanese giant Nippon Sanso K.K. for \$134 million.

Maybe the Japanese know how to spot a good deal when they see one. Thermos rakes in \$194 million a year and makes coolers, propane grills, and other household products. The Japanese plan to keep manufacturing plants in the U.S., but they will bring new technology to the production plant. Maybe they'll bring some new menus? Tempura, sushi, miso for lunch anyone? ■

Indoor Air Quality Code Could Cost in Mass.

The Massachusetts Commission on Indoor Air Quality has proposed legislative bills and code requirements that affect both state buildings and some new construction. One bill, the State Building Minimum Ventilation Bill, requiring "adequate" ventilation in all newly constructed state buildings, will primarily affect larger commercial projects. But two other bills may have a significant effect on residential and light commercial projects.

Of the two bills affecting light construction, one, the Public Building Ventilation Rates Standards Bill, would require all new private buildings open to the public to have outdoor air supply rates equal to ASHRAE Ventilation for Acceptable Air Quality Standards 62-1989: Table 2. This standard roughly triples the present outdoor air supply requirements. The change would apply to most new commercial projects.

The second bill, the One- and Two-Family Dwelling Mechanical Ventilation Standard, would

require that all new one- or two-family dwellings have continuous mechanical ventilation systems capable of changing the air once every two hours. This regulation, which would be enforced by local code officials, would not apply to

These bills could have significant effect on all types of construction.

seasonal dwellings.

To maintain energy efficiency at these required rates, an air-to-air heat exchanger may be required, adding from \$300 to \$800 to the cost of a new home. On the plus side, the exchanger would reduce not only indoor air pollution levels, but the chance of moisture and conden-

sation problems as well, particularly in heavily insulated houses.

The Building Commission will conduct public hearings on the proposed changes on November 28 at 1 p.m. at the McCormick State Office Building. The hearing will likely prove crucial, according to David MacCartney of the commission's staff. He says that he usually has a feel for which way the commission will lean on a subject, but that he has "no feel whatsoever on this one," due to the complexities of the cost benefit analysis.

The commission also proposed bills (Senate Bill #1951) requiring certification of radon gas testers and mitigators and providing tax credits (House Bill #4820) for residential mitigation of excessive radon gas levels. Both these bills will be considered directly by the legislature. The certification requirements are expected to pass, but with the present fiscal climate in Massachusetts, the tax credit bill stands little chance.

—David Dobbs

PIMA Phases Out CFCs

The Polyisocyanurate Insulation Manufacturers Association (PIMA) has established its own time schedule of Dec. 31, 1993 to phase out all chlorofluorocarbons (CFCs) from its products. International agreement currently requires CFC use to be cut in half by 1998.

This summer PIMA manufacturers reduced CFC usage in their insulation products by about 20%, cutting back to their 1986 level. Although further cuts are scheduled, complete elimination of CFCs will depend on the availability of adequate substitutes. Currently no substitutes for CFC-11 are commercially available. However, two compounds are being tested: HCFC-123 and HCFC-141b.

Present research involves a joint effort by industry and government. One project, cosponsored by PIMA, the Society of Oak Ridge National Laboratory (ORNL), the EPA, the Department of Energy, and the National Roofing Contractors Association (NRCA), is testing potential CFC substitutes in rigid insulation board for commercial roofs. ■

New Baseball Parks Mimic Old

New baseball stadiums planned for Chicago and Baltimore will look more like parks built at the turn of the last century than the 1980s. The reminiscent design of both stadiums, Chicago's Comiskey II and Baltimore's Camden Yards, will capitalize on the nostalgia that seems part of baseball's recent record popularity.

In Chicago, the White Sox will open their 1991 season in Comiskey II, a near-clone of the aging original. The architects (Rick deFlon and Joe Spear of Kansas City's Hellmuth, Obata, & Kassabaum) have designed a stadium of identical dimensions, but they've modernized the traffic flow and designed swankier locker rooms. There will be a smaller overhanging roof to eliminate the need for the sight-restricting supporting piers. Otherwise, the stadium remains essentially the same, and precast concrete will even mimic the brick facade of the original.

In Baltimore, Camden Yards (also being designed by deFlon and Spear) follows the lead of

old fields like Fenway and Wrigley by fitting its dimensions to the available downtown space. (The park is going up in Babe Ruth's boyhood neighborhood.) A short right field will

leave standing an eight-story B&O warehouse just beyond the right-field bleachers. The red brick building will not only make the park distinctive, but its many windows will give Bo Jack-

son something to hit for when he comes to town. Construction begins in 1992.

—David Dobbs



The design of two baseball stadiums, one in Chicago and one in Baltimore, will mimic the design of stadiums built at the turn of the century. Chicago's Comiskey II (illustrated above) will even use precast concrete to mimic the brick facade of aging Comiskey park.

S&L Laws May Limit Construction Lending

Builders who have relied on a savings and loan for construction lending had better check on the future of that relationship. The savings and loan bailout passed by Congress restricts the level of business an S&L can do with one builder.

The restrictions, called the "one borrower rules," are a paradox of S&L reform. Although the law is designed to encourage S&Ls or "thrift institutions" to lend money for home building and buying, rather than for risky commercial ventures, it may limit such lending to some of the thrifts' traditionally best customers.

Kate Boland, National Association of Home Builders vice president for mortgage finance, says the rules may have no effect on small builders dealing with large thrifts. The amount they borrow from one big S&L may be a drop in the bucket of the capital available at that thrift. But it could affect builders who use small thrifts "and do a couple of homes a year," she says.

Boland explains that the law limits what percentage of a thrift's "risk-weighted capital" it may lend to one borrower. "If you need \$2 million a year and if that amount represents more than 30 percent of the risk-weighted capital [for that institution], you may have to get some funding elsewhere," Boland says.

She suggests that builders get in touch with their lending officers to find out if the thrift can legally meet the needs in their business plan, or if they can even meet the amount borrowed during the previous year. If the amount exceeds the limits, it's time to shop for additional financing.

Get in touch with your lending officer to find out if the thrift can legally meet the needs of your business plan.

Jim Christian, chief economist of the U.S. League of Savings Institutions, agrees: "It's in the pairings. If it's a little builder with a big association, there's no problem." The little builder just doesn't do enough business with a big S&L to even approach the limit on lending.

But, he says, "A big builder

may have traditionally dealt with a small institution and been a major borrower of that institution." In that case, the business is likely to top the percentage of capital that the S&L can lend to one borrower. No matter how successful the relationship has been—the builder may have been a reliable source of income for the thrift—it can't continue at levels that are excessive under the new law.

Loans that closed before passage of the law can exceed the limits, Federal Home Loan Bank Board Chairman M. Danny Wall told S&Ls by letter. But Wall said excessive loans that had not closed before passage would have to be reviewed by regulators to be honored.

The other irony of the savings & loan law is in mortgage availability. The law is supposed to encourage mortgage lending by restricting loans for risky commercial endeavors. But other rules in the law conspire to make capital scarce—the capital S&Ls need to grant mortgages to home buyers.

Some banks, particularly the 700 or so that will fall under federal supervision, may not have mortgage money for months. Christian says that condition is more likely to be regional. In states where S&L problems are widespread, such as Texas, Louisiana, and Oklahoma, S&L

mortgage money will be scarce. But so will the demand for mortgages, he says.

Thrifts under federal supervision will begin to get federal funds to increase their capital holdings, and theoretically, speed up their ability to lend mortgage money. As this money flows into ailing thrifts, the thrifts will lower their interest rates from the artificially high levels designed to attract more deposits.

The 2,000 or so healthy thrifts should in most cases be able to continue mortgage lending, Christian says. But a new rule designed to make S&Ls healthier may hinder mortgage lending somewhat. Thrifts must increase their "capitalization levels"—the percentage of their total assets that is in cash—to 3%. To do that, Boland says, even some healthy ones must shrink their assets, and that means lending less money.

Some rules favor lending mortgage money by allowing a greater percentage for mortgages than other types of lending, the amounts that can be loaned are risk weighted—the higher the risk, the lower the amount that can be loaned. Low-risk loans include home mortgages. Christian notes that the majority of S&Ls are healthy, and they are the institutions that continued to put a higher percentage of their assets into mortgages.

Even mortgages with minimal down payments will be encouraged under the rules. Those loans are low risk because they carry guarantees of repayment in case of default, backed by the Federal Housing Administration, the Veterans Administration, or private mortgage insurance. ■

FROM WHAT WE GATHER

The average new or remodeled kitchen costs \$17,803 (including appliances) according to a 1989 survey of k&b dealers conducted by the National Kitchen & Bath Association. A bath runs \$9,749. In kitchens, the top choices are traditional wood cabinets, laminate countertops, and vinyl floors. In baths, tastes lean toward wood cabinets, laminate or solid-surface counters, and tile floors.

Consider women in your future hiring decisions, says the "Workforce 2000" study, conducted by the U.S. Department of Labor. The department estimates that almost two-thirds of the new entrants into the workforce between now and the year 2000 will be women. During that period, the construction industry will generate 890,000 new jobs.

Beer guzzling tradesmen will no longer be welcome on New York City building sites, if Building Commissioner Charles Smith has his way. His proposal to ban alcohol during the lunch hour on all construction sites in the city is opposed by contractors who say they don't want to be liquor police. Trade groups say the move is unconstitutional. Source: Contractor

Tax Talk: Best Bang For Tax Bucks

By Irving Blackman

If you run a business, you must think of yourself and how to get the most out of every dollar spent. You must also think of the employees and how to get the best return on money spent for their benefit. A qualified retirement plan (pension or profit sharing plan) can help you accomplish both of these goals, offering super results for you, your top people, and your rank-and-file employees.

Just what is a qualified retirement plan? Technically, it's called a "qualified plan of deferred compensation." Let's take one word at a time.

A retirement plan that is "qualified" means that the plan meets a long list of specific requirements set forth in the Internal Revenue Code and thus qualifies for favorable tax treatment. The "plan" is a written document that spells out how your own version is going to work.

Okay so far? Good. Now, let's take two words at once. Deferred compensation means wages or salary which are set aside until a future year, but with the added kickers that a "qualified plan" allows you to:

- Take a tax deduction now for the amount contributed to the plan.
- Accumulate investment earn-

ings on the funds in the plan tax-free.

- Get additional tax breaks when those funds are eventually distributed to you or any other employee/participant. Who can have a plan? The answer is that almost any business or professional can. Who hasn't heard of a Keogh or HR-10 Plans for self-employed persons? In the early '80s, the rules for Keogh Plans and plans for incorporated businesses were very different. Thankfully, now the rules are almost identical for every type of retirement plan, whether for self-employed individuals or incorporated businesses. So, forget about Keoghs and HR-10s. Let's focus on qualified retirement plans. The long and short of it is that if you have any earnings from self-employment or are the owner of a closely held corporation, a "qualified retirement plan" may be the best tax mousetrap to capture money for your future. ■

Irving Blackman, CPA, J.D., is with Blackman, Kallick, Bartlestein, Chicago, Ill. For more information on this topic, send \$24 for "Still the Best Fringe Benefit: Profit Sharing and Pension Plans" to Blackman, Kallick, Bartlestein, 300 South Riverside Plaza, Chicago, IL 60606.

OSHA Overdoes It, Builders Complain

It started out as a good idea. But somewhere in its convoluted history, the Occupational Safety and Health Administration's Hazard Communications Standard (HCS) became a major headache for builders and subcontractors.

The intent of the standard, which went into effect March 17, 1989, is to reduce occupational illnesses and injuries by requiring that workers are informed about chemical and material hazards in the workplace. However, as a spokesperson from the Office of Management and Budget points out, "This deceptively simple goal becomes exceedingly complicated when applied to millions of different work sites, work conditions, and products."

The HCS requires general contractors, remodelers, and subcontractors to inform their workers about hazardous materials. They must do the following:

- Provide employee training on each chemical used.
- Make sure all containers are properly labeled.
- Distribute or post in a central location a material safety data sheet (MSDS) for each hazardous material used.
- Maintain a written record describing how the above criteria are met.

In theory, the standard isn't a big deal. But using it on construction sites is confusing. Says

one housing builder: "You'll have enough MSDSs to fill an encyclopedia."

Like it or not, builders must comply with the standard. Two builders, who prefer not to be identified, one in Virginia and one in Illinois, say they are fastidious about keeping copies of the MSDSs on the job and providing training for their employees. While OSHA suggests classroom instruction, the Virginia builder says, "Even if it means talking about it while we're up on the roof working, it's better than nothing. But some of this stuff is so hard to understand. We're not chemists."

Other builders surveyed hadn't even heard of the new standards or were just deciding to find out more about them. "My plumber told me about it," says a builder in Illinois. "But I've been too busy to look into it. I guess once I get a penalty, I'll start doing what I'm supposed to do."

Many builders have already been penalized. According to Akio Konoshima, an information specialist for OSHA, for the first two and a half months the standard was in effect, more than 4,484 violations were cited with more than \$214,700 in penalties.

For more information on the Hazard Communication Standard, contact your OSHA field office or write to OSHA Publications, Room N301, Washington, DC 20210. Or call

202/523-9667. Some of the more helpful pamphlets include:

- Hazard Communication "Guidelines for Compliance" OSHA 3111.
- Chemical Hazard Communication" OSHA 3084.
- OSHA Computerized Information System" OSHA 3085.
- Hazard Communication Standard" Title 29, Code of Federal Regulations.

A kit, "Hazard Communication—A Compliance Kit" (OSHA 3104) is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; 202/783-3238. Ask for GPO Order Number 929-022-000009. The cost is \$18.

—Wendy Talarico

Common Errors, Hanger Nails

Building codes base their nailing requirements on common nail sizes. Most joist hangers and pre-engineered fasteners require common nails or 11/2-inch "joist-hanger" nails. But many contractors have been using cement-coated sinkers instead of common nails. Although sinkers don't pull out as easily as commons, they have a smaller shank, and in general, their shear capacity is 15% to 20% less than common nails of the same pennyweight. They are not strong enough to use with fasteners. Roofing nails should never be used to install joist hangers. Source: BOCA-Ohio

Tortoise Slows Builders

Much to the distress of builders in southern Nevada, a federal court recently upheld the emergency listing of the desert tortoise as an endangered species. The decision effectively shuts down any activity—building, cattle ranching, mining, etc.—within the reptile's habitat. This year concern for the animal has risen since they were recently devastated by a respiratory virus. The desert tortoise's habitat ranges from the Mojave Desert to the more populous counties of southern Nevada, including Las Vegas.

The Southern Nevada Home Builders Association fought unsuccessfully to block the ruling in court. They maintain the

blanket emergency listing is unfair since there is currently no evidence that the tortoises in southern Nevada are affected by the respiratory virus, and the economic impact of the ruling was not considered. However, past challenges to the Endangered Species Act have met with little success.

The Act contains very strict provisions. For instance, a temporary permit for land use is issued only after an intensive private study by biologists. It can take six months to a year to have a permit approved, and costs can be extremely high.

The Southern Nevada Home Builders Association is following the situation closely and has proposed a special task force to establish a single, comprehensive study for the three main Nevada counties affected—Clark, Lincoln, and Nye. The plan would be funded by a county-wide ordinance at a cost of at least \$10 million. The HBA is also providing maps to builders that show the areas not inhabited by the desert tortoise, which are therefore free from restriction. ■

FRT Use Restricted

Builders using Fire-Retardant-Treated plywood and lumber in Fairfax County, Va., face delays in projects unless they are using FRT products approved by the county.

As of September, Fairfax authorized the use of Dricon or Hoover FRT plywood as roof sheathing, but not other brands. It stopped issuing building permits for any project using FRT dimensional lumber in structural applications. FRT dimensional lumber is used mainly in multi-family construction in balconies or lofts, stairwells, and roof trusses.

Dricon and Hoover submitted test results to the county that indicated that their FRT plywood products would not deteriorate as some second-generation FRT plywoods have. Studies in New Jersey have shown earlier FRT plywoods to prematurely char due to normal roof temperatures, and to weaken and crack across the grain. While the defects have not become apparent in FRT dimensional lumber, Fairfax Director of

Inspection Services Sophie Zager decided to require the same testing for certification as she requires for the plywoods. None of the manufacturers or suppliers of FRT dimensional lumber had submitted documentation satisfactory to the county by September.

Zager justified her decision in the face of criticism from builders that no evidence has shown defective FRT lumber. They say she overreacted. "Our mission," Zager asserts, "is to determine that a building is structurally sound and will remain so. If we're not sure, we will not issue a permit." The documented problems in FRT plywood left Fairfax officials uncertain enough about the safety of FRT lumber in structural applications that limits were issued.

As with use of unapproved FRT plywood, builders using structural FRT lumber must issue an escrow account in case the product fails or requires later replacement. The ticket: \$5,000 per unit. David

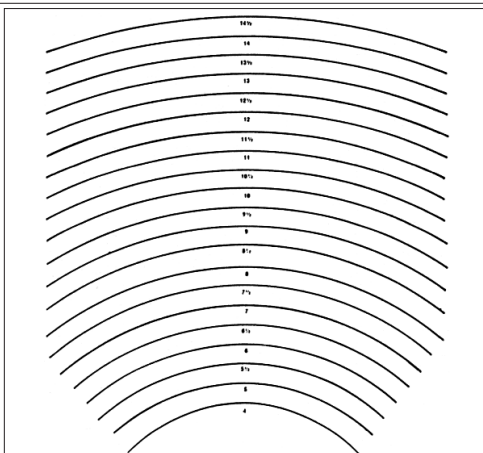
Orr, president of the Northern Virginia Home Builder Association, says some builders actually put up the money. "They had a gun to their head," he says. It was pay the money or get no occupancy permit. "By the time I got involved, 45 of these had been signed," he said of the escrow arrangements. Since then, many of the original agreements have become unnecessary because the plywood involved was subsequently approved. Now certification for lumber is just as necessary, Orr says.

So far, Orr says, he knows of no builders who have stopped using FRT products, particularly plywood. Some builders are considering a return to parapets extending 2-1/2 feet above the roof line to satisfy firework requirements between townhouses. Others are considering a layer of drywall below untreated roof sheathing, which also satisfies the code. But both add to the cost, and since most of this lumber is used in entry-level housing, neither is considered desirable. ■

Radius Chart for Curved Glass

Measuring and ordering curved glass could be much easier with a radius chart from Bent Glass Design. The easy-to-read chart is printed on durable 11x17 paper and illustrates 51 standard radii from 4 inches to 52 inches. To find a radius, it's a simple matter of matching a sample bend of glass to the bend on the chart. A separate technical data sheet that illustrates type of bends and standard allowances is included with the chart.

For a copy of the chart send \$1 (postage and handling) to Bent Glass Design, Inc., Suite 400, Equivest Industrial Center, Ford and Washington Sts., Norristown, PA 19401. ■



Matching a sample of curved glass with one of the lines on this chart and noting the radius dimension makes ordering bent glass easier.

Mall May Float on Mud

To Robert Congel of the Pyramid Company, of Syracuse, N.Y., there is no such thing as an unbuildable site. In Lanesboro, Mass., Pyramid moved a 55-foot granite hill to make room for its Berkshire Mall; its Walden Galleria mall near Buffalo, N.Y., is built over a creek and in a former flood plain. Carousel Center, soon to be built on the shore of Onondaga Lake, N.Y., is only the latest example.

When it was discovered that the soil under the proposed site was the consistency of Jell-O for 250 feet, the first idea was to drive concrete piles into the earth until they hit solid ground. These concrete piles, spliced together until they reached a depth of 250 feet, would support the 1.4 million-square-foot mall, but the idea was abandoned because of expense.

The current solution is to build Pyramid's Carousel Center mall on a 21/2-foot-thick slab of concrete, which will "float" on the 250 feet of soft soil, sand, and gelatinous chemical waste. The cost of construction is estimated at \$150 million.

—Mary Twitchell

Adaptable House Underway

Designing and building a house that will adapt to the needs of the disabled while retaining the look of a traditional home is the object of the Adaptable House, a project of the National Association of Home Builders Research Center.

The elderly and the disabled are at higher risk of injury and often are inconvenienced by standard design techniques. The Adaptable House is designed with added safety features.

Especially important are technical solutions to fire safety, efficiency, convenience, and comfort, at a price of little or no extra cost to the consumer.

Interior designs will include three-foot door openings, universal design kitchen units, easily accessible storage spaces, slip resistant surfaces, wall reinforcements, rounded kitchen corners, and anti-scalding devices on shower heads and faucets. The kitchen and bathrooms will have extra space for easier maneuverability. First and second floor closets will line up to allow a future elevator shaft.

For state-of-the-art fire safety,

smoke detectors which provide visual and audible warnings will be installed, as well as a quick-response residential sprinkler system.

Once the house is built, the National Research Center will conduct a year-long program of presentations to spread the news about the features of their house.

—Mary Twitchell

Remodeling for Seniors

Of the 26 million Americans age 65 or older, nearly 75% of them are homeowners in single-family dwellings. Yet as these homeowners age, they do not like to move, even when their needs change. They would rather stay in their original house and remodel.

"The remodeling industry is second in importance only to the health care industry in terms of the well-being of older people," says Patrick H. Hare, president of Patrick H. Hare Planning and Design in Washington, D.C.

"Our nation is filled with Peter Pan housing, designed for people who would never grow old. Older people's homes will need routine maintenance, weatherization, and modifications to compensate for functional limitations in later life. Under-utilized space can be converted into apartments for other family members or for rental to others."

"This market is already too large to ignore," says Bryan Patchan, director of the NAHB Remodelers Council. "The existing industry will have to accommodate or lose out to others who move in."

To combat the lack of a productive relationship between remodelers and seniors, advocates for the aged are working with the remodeling industry. A recent federal grant to NAHB funded a series of seminars with Florida remodelers which helped to iden-

tify several trends in this field of remodeling.

Volume through intermediaries. Hospitals and homecare agencies know who needs home alterations. For patients with rehabilitation potential, Medicare pays for an occupational therapist to make home assessments and to recommend modifications.

Home-repair services. Most older people want to pay one agency to provide or arrange home repair services.

Bryan Patchan of the Remodelers Council considers the need for craftsmen to do small-scale work the biggest immediate challenge to the industry. "Right now, most companies are not interested in smaller jobs, but given the size of this market, it cannot be ignored."

Getting informed. The American Association of Retired Persons (AARP) in Washington, D.C., provides a free booklet, *The DO ABLE Renewable Home*, with practical information on adapting homes to match older people's needs.

The Whirlpool Corporation distributes two free brochures about appliances for the older consumer—"Designs" and "Tools" for Independent Living.

Lenny Rickman at NAHB invites contractors to call him at 301/249-4000 with questions.

—Carol Schreter



Computer Bits:

Wood-frame professionals can use Integrated Computer Graphics, Inc.'s new Wall Framing Software and its Bill of Material Software. Both complement their Roof and Floor Framing and Truss Engineering software products. Contact ICG, One Buckhead Plaza, Suite 800, 3060 Peachtree Road, NW, Atlanta, GA 30305; 404/233-6383.

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To do three dimensional computer-aided mechanical-design work, Spencer & Rubino, Ltd. offers Cadkey version 3.5. Contact Spencer & Rubino, Ltd., 350 Fifth Ave., 72nd Floor, New York, NY 10118; 212/643-8980.

Computer-aided design and estimating software is available from Huzil Associates, Inc. ProfitCAD runs on a PC, but the builder enters his own cost and spec information into the database. Contact Huzil Associates, Inc., 500 West Cummings Park, Suite 3000, Woburn, MA 01801; 617/935/6800.