EIGHT-PENNY NEWS

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Fiberglass Cleared of Cancer, But Loose-Fill Takes a Fall

The fiberglass industry, recently the subject of controversy as to whether fiberglass fibers cause cancer in humans, got some good news this spring. To begin with, an industry-sponsored study conducted by an independent lab reported that inhaled fiberglass, even in large doses, poses no cancer threat to humans. In the study, conducted in Switzerland, rats forced to inhale very fine glass fibers six hours a day, five days a week for two years, showed normal cancer rates. (A previous study had found that implanting the fibers in the stomach linings of rats produced cancer at abnormal rates. See "Fiberglass Insulation Under Attack," Eight-Penny News, 9/91.)

Also this spring, the U.S. Consumer Products Safety Commission denied a request from the Victims of Fiberglass organization to recall fiberglass insulation with respirable fibers from attics in American homes and to prohibit the manufacture, sale, and installation of such fiberglass. The letter denying the request reportedly cited a lack of evidence that fiberglass qualifies as either a "known" or a "probable" carcinogen.

New worker safety rules. Meanwhile, in June, the U.S. Occupational Safety and Health Administration (OSHA) proposed a new "permissible exposure level" (PEL) of 2 fibers per cubic centimeter (f./cc.) for workers installing fiberglass insulation. This proposed PEL is higher than the proposed 0.2 f./cc. earlier proposed by OSHA. It is still much lower, however, than the 18 f./cc. that a recent study by Owens Corning Fiberglas and Johns Hopkins University found to be common during installation of loose-fill fiberglass insulation. Under the regulations, workers installing loose-fill fiberglass insulation will have to wear respirators unless steps are taken to keep fiber exposure under 2 f./cc. According to *Energy Design Update*, the fiberglass industry is endorsing the new regulations.

Much ado about half as much. Now the bad news: Recent studies showing that loose-fill fiberglass insulation can lose up to 50% of its R-value at sub-freezing temperatures have had their first code consequences. The studies, conducted by the Oak Ridge National Laboratory and the University of Illinois Building Research Council, found that while R-34 loose-fill fiberglass kept its rated R-value down to about 30°F, heat loss increased geometrically as temperatures neared zero. At 10°F, the effective R-value dropped to around R-15.

Even in the most extreme continental U.S. climates, such decreases would add only $20 to $40 a year in heating costs, since temperatures are above 30°F most of the time. Given this, the loose-fill fiberglass industry argued that these findings shouldn't affect published R-value ratings.

The state of Minnesota, however, feels differently. It has added a code provision that R-values must be reported at "design" conditions. This means that the manufacturers (and installers) of loose-fill fiberglass attic insulation must downgrade their R-values by as much as 50%. According to *Energy Design Update*, however, as of this summer, there were no provisions to enforce this new provision, so it was unclear what the actual effect would be. □

Economic Upturn to Be Long but Slow

The present economic recovery may not be following the same robust course that past recoveries have, but despite temporary setbacks, the housing industry is in the early stages of a long, sustainable economic upturn. This was the consensus of a group of economists and building industry experts that met in Washington this spring as part of the National Association of Home Builders' Construction Forecast Conference.

Some of the more interesting ideas that came from the meeting:

- The recovery ahead will be slower than normal, with a modest impact on gains in employment and real incomes.
- The state that is expected to have the most future employment, and therefore housing growth, over the next decade is Maryland. The reason: A wealth of health care centers, such as the National Institute of Health and Johns Hopkins Medical Center, are located there.
- New Hampshire, West Virginia, Oregon, North Dakota, and South Dakota are among those states that are expected to show the most dramatic increase in housing starts over the next 12 to 18 months.
- Interest rates are expected to climb incrementally, but they will have little impact on the housing recovery.
- White collar employees felt the effects of this recession more keenly than blue collar workers. As a result, high-priced homes may move more slowly than starter homes.
- Banks are still reluctant to loosen their purse strings, but the inventory of unsold homes in bank portfolios is declining.

Most economists expect this recovery to be not only slower but more fragile than others. High public and private debt loads, a weak financial industry, and a lack of consumer confidence make the recovery especially vulnerable to sudden political shocks. □

One Way to Reach for the Heavens

The spiraling roof atop the Reorganized Church of the Latter-Day Saints in Independence, Mo., is made from hundreds of stainless steel trapezoidal bays joined with standing seams. Built by the A. Zahner Sheet Metal Company in Kansas City, Mo., the $2 million, 80,000-square-foot roof took two years to complete and is the third largest stainless steel roof in the U.S. Each of the bays was individually fabricated and is of a unique size. The steeple was assembled in the fabricator's shop in two parts and hoisted into place by a crane. The design is meant to imitate a seashell and to symbolize peace and tranquility. □

STATE BY STATE

New York: The owners of several buildings, including the Empire State Building, have been sued for failure to provide adequate access to those with physical disabilities. The suits allege that inadequate entrances, restrooms, elevators, and other barriers prevent disabled people from fully using these facilities, thereby discriminating against them. Similar suits were filed in Washington, D.C., and California. The suits were filed within a week after the American Disabilities Act took effect. The ADA requires all public businesses to make themselves accessible as long as the cost of the changes don't impose "unreasonable" financial burdens. The law is expected to generate substantial business in retrofitting existing public businesses to provide accessibility.

Maryland: County council candidates in Prince George's County are now prohibited from collecting campaign contributions from developers or anyone connected to a zoning application. The law also prohibits council members or the county executive from voting on zoning cases that involve developers who have donated to their campaigns within the last three years.

Georgia: A non-profit research group studying housing conditions in Atlanta recently found that more than 60% of the city's low-income residents spend more than half of their income on housing. The government defines affordable housing as that which costs no more than 30% of income. Atlanta has a severe shortage of affordable homes and rental properties. Compounding the problem, the city has one of the highest unemployment rates in the South. □

From What We Gather

"Single-family housing has lost the momentum it had earlier in the year," says the National Association of Home Builders *Housing Economics* newsletter. The article said that the strong market in this year's first quarter came from a combination of circumstances — low interest rates, pent-up demand, unseasonably mild late-winter weather, and publicity about Bush's proposed tax credit for first-time homebuyers (now considered unlikely to pass) — "that will be hard to repeat." As a result, the NAHB has downgraded its projections for this year's building recovery. Since March, every major housing economy indicator — housing starts, existing home sales, mortgage applications, new home sales, and total construction spending — has fallen significantly.

Black & Decker has filed a petition accusing its Japanese competitors of "dumping" some of their popular circular saws, jigsaws, and grinding tools on the U.S. market at artificially low prices. The petition, filed with the U.S. Department of Commerce and the International Trade Commission, asks the U.S. government to impose duties against certain tools from Makita, Hitachi, and Ryobi, saying those companies are pricing certain tools in the U.S. 25% to 50% lower than in Japan.

The savings-and-loan industry turned a profit for the first time in five years, according to Veribanc, a banking newsletter out of Wakefield, Mass. The first-quarter 1992 profit of $1.1 billion marked a "significant turning point" in the industry's turnaround. Most economists consider the recovery of the S&L and banking industries to be crucial to any long-term recovery in construction and the general economy.

The EPA has ordered a Georgia builder to move two houses he built on wetlands and then restore the swamp, according to the *Atlanta Constitution*. The builder claims he didn't know of the wetlands law when he built the houses. But according to the *Constitution*, U.S. Army Corps of Engineers records show the builder received two cease-and-desist orders telling him not to build the houses. He built them anyway, filling in wetlands to do so. The fill has allegedly directed the water toward other homes the builder built, causing flooding. The homes are to be moved this summer.

It takes roughly twice as much money to build a house in Japan as it does in the U.S., according to a recent survey by the Housing Research and Advancement Foundation of Japan. The study found that a 150-square-meter house (1613 square feet) cost $226,320 to build in Japan and $113,360 here. That's $140/sq.ft. versus $70/sq.ft. The study also found that U.S. builders build their homes faster — a nice change from the auto industry, in which the Japanese build cars in almost half the worker hours American companies require.

Hardware stores and home centers rank among the top ten places to meet men, according to a recent story in *Cosmopolitan* magazine. □

Getting Paid, If It's The Last Thing You Do

Payments from clients have a way of slowing down once a project nears completion. There are several reasons: Customers become discouraged as progress slows in the finish stages, change orders start adding up, or the homeowner's funds may be dwindling. To get those final payments, try the following tips, offered in *The Contractors' Advantage*, a quarterly newsletter published by Councilor, Buchanan, and Mitchell, an accounting firm in Bethesda, Md.

- Payment problems are often directly related to how well or how poorly a job is progressing. If a job has gone bad, do everything in your power to get it back on schedule and on budget.
- Outstanding change orders complicate cash flow. To get paid promptly, be sure to explain all change order costs thoroughly. The best way to do this is face-to-face, during weekly meetings with customers.
- If project financing is through a financial institution, it is likely to question change orders and refuse to cover them until they've been approved — a 30 to 60 day process. Shorten this delay by submitting a detailed change order with all your costs broken down. If the changes are complex, back up the costs with sketches. Every change order should stand alone and provide its own audit trail.
- Let the owner know upfront that you're prepared to exercise your contract rights for late payment, including stopping the job.
- Review all job logs and correspondence when you're nearing a job's completion. This helps you find anything that's fallen through the cracks and may be used by the customer to hold up payment.
- Consider holding onto warranties or not hooking up permanent power until final payment. You might even consider keeping the keys or rekeying the house as an added "incentive" to the owners. □

EPA to GCs: Watch Your CFCs

According to Section 608 of the Clean Air Act, which went into effect July 1, 1992, it is illegal for hvac contractors to vent chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) from heating and cooling equipment into the air while servicing, repairing, or disposing of the equipment. (CFCs and HCFCs destroy the earth's protective ozone layer.) This rule has been a subject of much discussion in the hvac industry, and for good reason — hvac contractors who violate the law may be fined up to $25,000. But general contractors should know that the Environmental Protection Agency (EPA) also intends to fine any builders or remodelers who hire hvac contractors who do not comply.

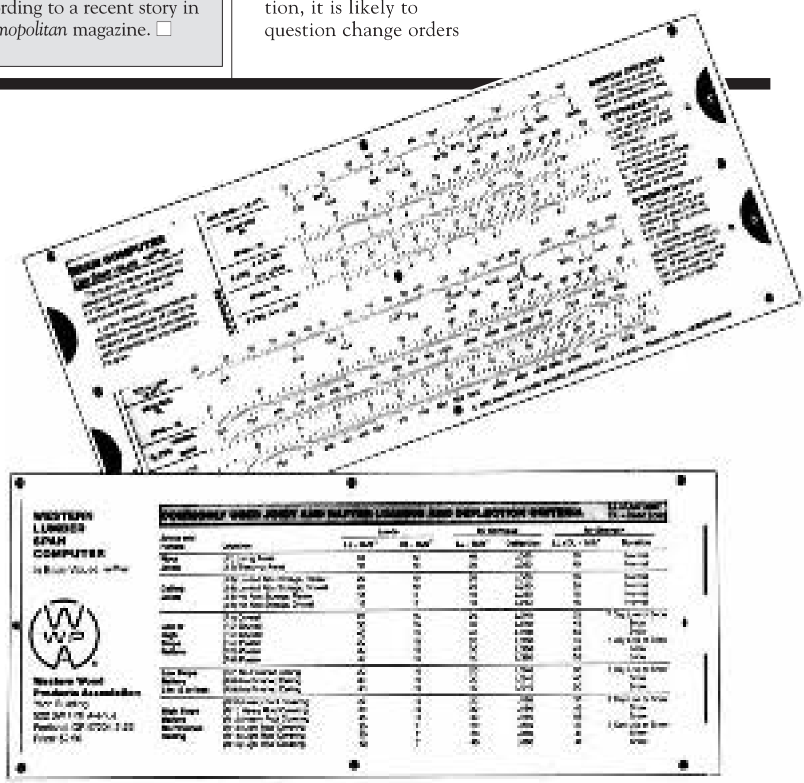
"The question now is just how responsible builders are. We won't really know until the EPA starts enforcing the law and levying some fines," says Jeffrey Smith, president of J.A. Smith Heating and Air Conditioning Inc., in Warminster, Pa. Smith is also a CFC recovery instructor for the Refrigeration Service Engineers Society.

While venting CFCs into the air used to be standard operating procedure, hvac contractors must now purchase recovery equipment which sucks the refrigerant from the unit and stores it in cylinders. The used CFC or HCFC can then be partially recycled.

Until it's clear how the EPA intends to handle builders and remodelers whose hvac subs violate the law, Smith offers the following suggestions:

- Send certified letters to your hvac contractors telling them you expect them to comply with the Clean Air Act.
- As of July 1, 1993, the EPA will require that all technicians servicing household equipment be certified. Let your contractors know you are aware of this restriction and encourage them to get certification.

One special precaution for remodelers: Junkyards and dumps are now refusing hvac equipment, as well as refrigerators and window air conditioners, that still contain CFCs and HCFCs. Have an hvac contractor recover the refrigerant from these items ahead of time or recycle the units at a facility that has recovery equipment. □



Crunch Those New Lumber Numbers

The Western Wood Products Association (WWPA) has updated its "Span Computer" to work with the new In-Grade design values now used for grading Western and Canadian lumber (see "New Numbers for Dimensional Lumber," 7/91). The slide-rule-type computer should simplify the task of sizing rafters, joists, and beams for different loads, spans, deflection limits, and species. The computer costs $2.50 and comes with instructions and a protective slip case. For more information or to order one, contact WWPA Publications, Yeon Bldg., 522 SW 5th Ave., Portland, OR 97204; 503/224-3930. □

New Jersey Builders Unite, Fight

Builders in New Jersey are mad as hell and they're not going to take it anymore. In 1991, fewer homes were built there than before the Great Depression. The state has lost more than 100,000 construction jobs. While some of the blame can be pinned on the recession, builders there also fault what they call a strict, "anti-housing" regulatory environment.

In response, the New Jersey Builders Association (NJBA) started the "Fix the Hammer" campaign, a 23-point plan designed to establish a comprehensive housing policy for the state. If the plan is adopted by lawmakers this year, NJBA officials say it will spur production of more than 40,000 homes each year and help lead other sectors of the state's economy out of the recession.

"Fix the Hammer" establishes a state department of housing to provide continuing attention to the state's housing crisis. It also provides new-home buyers with a state income tax credit of 5% of the purchase price and enhances consumer protection by requiring that remodelers be registered.

To make their point, members of the NJBA visited the state's capitol towing a float carrying a model of a giant broken hammer with them. Builders were also asked to send broken hammers to their representatives to show their support for the plan, some components of which have already passed. □

With a 40-foot broken hammer to drive home their point, New Jersey builders recently launched their "Fix the Hammer" campaign to pass legislation designed to stimulate the state's moribund building economy.

TAX TALK

Three Ways to Defer Till Next Year

by Irving L. Blackman

Earning income but deferring paying the taxes on it for an extra year always sits high on the tax-planning wish list. And rightly so. You can keep on investing those unpaid taxes until the day you must write a check to the IRS. Here are three IRS-approved ways to do it.

Bank certificates of deposit (CDs). Interest earned on a CD that matures in one year or less does not create taxable income until the interest is actually credited to your account at maturity. To perform this trick, you must buy a CD that does not credit interest until 1993. That is, the CD's terms must prevent you from withdrawing interest in 1993 without a penalty. If that's the case, none of the interest will be taxed until you file in 1994. This means you can continue investing your tax dollars until you file your return in April 1994.

Treasury bills (T-Bills). Take a look at T-bills that mature in three, six, or twelve months. They are issued at a discount, which means you buy them at a price below face value and collect the face value at maturity. The discount is your interest income, which is not taxable until the date of maturity. Simply buy a T-bill in 1992 that matures in 1993, and you won't have to pay taxes on the earnings until you file in 1994.

Treasury notes and bonds. These long-term government securities range in maturity from two to thirty years. Such notes and bonds are issued at face value and pay interest at six-month intervals from the date of issue. For example, if you buy a bond in 1992 but don't collect interest until 1993, the first interest check is not taxable until you file in 1994. The date you receive the interest payment is what counts, not the maturity date of the bond or interest coupon.

Retirement plans, of course, provide another way of earning income tax-free, but they tie up your money for the long haul. The methods above give you shorter-term options that let you defer taxes while investing with a relative minimum of risk. They are a particularly good way to set aside income planned for future capital improvements — the down payment for that new truck you plan to buy next year — without paying taxes on it in the meantime. □

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