

NEW ENGLAND

U P D A T E

Lumber Supply in Flux

Maine Forestry Bills Highlight Changes

A pair of competing public referendums to regulate forestry practices in Maine will likely reduce logging and tighten the regional log market. However, experts say the bills will probably not raise lumber prices. Nevertheless, the referendums are part of larger changes in the forest industry that have contributed to price volatility over the last few years, and which promise to continue to affect wood supply and prices for some time.

A question of competition.

In November, voters in Maine — the biggest source of wood in the Northeast — voted on two proposals to regulate the timber industry there. The Clearcutting Referendum, written by the Maine Green Party and backed by some environmental groups, sought to ban clearcutting and impose wide restrictions on other forestry practices. The other bill, known as the Compact, was a compromise bill hammered out by more mainstream environmental groups, timber industry representatives, and Governor Angus King; it called for reductions in the sizes of clearcuts and more modest restrictions on logging.

At press time, it seemed likely the Compact would win the day. But either bill promised to slow the pace of timber harvesting in



RICHARD OBER

Clearcuts have inspired bills to regulate Maine's forest products industry.

Maine — the Compact by somewhere between 5% or 10%, and the Clearcut Referendum by 20% to 35%. These reductions will obviously make it tougher for Maine's mills to find wood. Yet most informed observers, such as economist Lloyd Irland, of Winthrop, Maine, say competition from other regions will prevent Maine mills from increasing prices.

"Milling is a big business in Maine," says Irland, "but the state produces only 2% of the lumber the U.S. uses every year. With so much supply available elsewhere — from New Brunswick, British Columbia, elsewhere in the Northeast, the American South — regional mills are simply not in a position to raise their prices. So I don't suspect contractors will

have to pay more for lumber because of any change in Maine forestry regulations. These harvest reductions are not an immediate consumer issue."

A changing landscape. That said, however, Irland — who sees how his contractor brother-in-law gets buffeted by changing lumber prices — believes that the general volatility in lumber prices will continue. This volatility

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ty, he explains, falls within a fairly consistent historical pattern. Since World War II, lumber markets have regularly gone through a highly unstable period every decade or two in which prices rise erratically in stair-step fashion for a few years before settling into a longer period of stability. During the mid-1970s, for instance, softwood lumber prices quadrupled, then leveled to remain essentially flat until the early 1990s.

Now, says Irland, we're in the midst of another wild upward adjustment. The present price rise is in part a market reaction to decreased supply of quality wood (itself partly a result of overcutting), and in part due to the growing recognition, both in society and in the timber industry, that harvest levels must decrease to conserve the resource. This recognition is

seen both in environmentalists' calls for increased regulation and in recent industry initiatives to practice more sustainable forestry.

Harvest reductions, of course, tighten the wood market. When large reductions occur suddenly, the market reacts sharply, as when court-ordered harvest reductions during the 1991 Pacific Northwest "spotted owl crisis" created short-lived but steep rises in lumber prices nationwide.

More commonly, though, harvest reductions make themselves felt incrementally, such as when they are brought about by state-specific regulations or slow changes in industry practices. Both types of changes are now occurring in Maine — the regulations in the form of the Clearcutting Referendum and the Compact, and the industry changes in the form of the Sustainable Forestry Initiative and

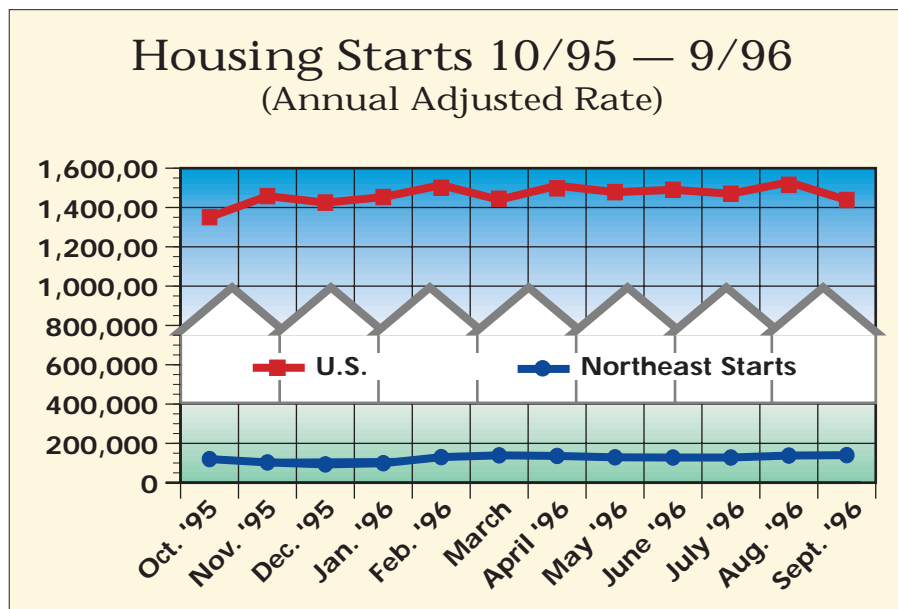
other efforts to practice more sustainable forestry. Not surprisingly, such incremental changes affect prices less radically than big changes over large regions do. And this, in essence, is why any restrictions that hit the Maine woods next year should have little effect on wood prices.

When this adjustment period ends, says Irland, we'll see higher but steadier lumber prices. However, in the meantime, he says, "I expect lumber prices to be quite volatile for the next few years. And if you're a contractor, that volatility will kill you if you don't protect yourself against it in your bids. If you bid your house based on fall lumber prices and then have to build in spring with lumber that's twice as high, you've just lost your margin. You've got to protect yourself against that in your contracts. Otherwise, you're essentially becoming a commodities speculator." ■

Economic Update: New England Grows Amid Mild Slowdown

New England continued its recent growth with a 7.8% increase in housing starts from August to September. In the face of a nationwide drop of 6%, this increase suggested that the New England construction economy may weather the expected slowdown in the national economy's growth better than most regions.

Though the September drop in national numbers was the biggest decline in starts since early 1995, building activity remained at what most analysts considered a healthy annual pace of close to 1.5 million homes, up 3% from 1995, and consistent with the



modest but steady growth that has characterized the economy this year. The National Association of Home Builders Housing Market Index, which is based on surveys of NAHB members, also fell in

September and October, indicating a slowdown of the summer's accelerating real estate market. NAHB president Randy Smith noted that the drop still left the index above average. ■

Stonework: A Counter Specialist From the Old School

Stone countertops may be trendy lately, but for stone counter specialist Anita Aikey, working with granite and marble goes way back.

"Like third grade," says the 32-year-old Aikey. The 8-year-old Aikey began helping out weekends and afternoons with her parents' stonework company in South Burlington, Vt. A few years later, she enrolled in an apprenticeship program at a vocational high school in Barre, Vt., "the granite capital of the world." There she learned carving and etching from stoneworkers who carved monumental grave markers and statues in Barre's century-old granite and marble works. At 16, Aikey returned to the family firm and worked there until last year, when she formed A&M Stoneworks with a friend, Mark Enos (the "M" of A&M).

Her timing was good. Granite and marble have become increasingly popular materials for countertops over the last decade or so, and Aikey, well connected in a state where marble and granite are plentiful and where the economy has been fairly strong, found she was able to keep busy. And while she says, "I'm still learning," her long apprenticeship has paid off in many ways.

"Finished, quality stone is expensive," she points out (\$60 to \$125 a square foot), "so you've got to know how to handle and work it so you don't destroy it. I was just called out on a job the other day where the stoneworker had put in a granite countertop that had a chunk taken out of the front edge. They were hoping I could fix it, but there's not much you can do at that point. It just shouldn't hap-

pen to start with. A customer pays that much for a material, it should be perfect the first time."

Doing it right, says Aikey, means finding high-quality stone, choosing the pieces well to make the most of natural patterns, making sure that the mounting surface is a dead-level plane, and cutting both template (see photo) and stone with great care. In addition, the stone must be installed carefully, and seams and joints sealed well. A good installation also requires recognizing the limits of the materials. Most counters should have a sealer applied to prevent staining or scarring, and the softness of some stones, such as soapstone, requires that they be specked and installed carefully.



PHOTOS BY C. BATES

The job pictured here, a kitchen in a Shelburne Point, Vt., house built by John Hammond of Marshhill Construction, was one of Aikey's more pleasurable jobs: She installed Verde Antique marble over an ell-shaped, 16-foot-long cabinet run and a 5x10-foot island. Installation took about six hours, but that was after Aikey spent the better part of two or three weeks in the shop cutting, polishing, and edging the stone. The cost to the customer? About \$8,500 altogether.

A&M Stoneworks, of Colchester, can be reached at 802/878-6420. ■



Anita Aikey measures a template for a sink in a counter of Verde Antique marble. "About the worst thing you can do," she says, "is mess up that template. I try to take my time with those."

Installing the Verde Antique marble counter is heavy work. Aikey gets help here from her business partner, Mark Enos (at left), and a friend.



The finishing touches: Aikey carefully preps a joint between two counter runs for sealing.

Latest on the Law: R.I. Streamlines Septic Approval; Mass. Offers Relief for Septic Repairs

Rhode Island's legislature stayed busy this summer with construction-related matters, passing a bill that will privatize the licensing of individual sewage disposal systems (ISDSs), passing new lead-disclosure rules, and almost passing wetlands regulations reforms.

The change in approval process for ISDSs was one the Rhode Island Builders Association (RIBA) had worked particularly hard on. For years, obtaining approval for an septic system in Rhode Island has been, as a recent RIBA newsletter put it, "one of the most painfully slow and inconsistent processes under the Department of Environmental Management." Systems had to be individually approved, and the backlog often took weeks. The new legislation, worked out and supported by virtually all sides in the state's development and environmental communities, solves this problem by creating a class of licensed designers of ISDSs who will bear responsibility for designing the systems according to DEM standards. The designer must certify that the ISDS is installed according to approved plans and specs. By relieving DEM of the burden of approving individual plans, this new system is expected to greatly speed design and installation of ISDSs while still protecting water quality.

Rhode Island also passed a lead-paint disclosure bill affecting sellers and landlords. The bill, like many passed by state legislatures during the past few years, requires sellers and resi-

dential landlords of buildings built before 1978 to disclose any known lead-based paint hazards in their rental or sales contracts. Nationwide, the EPA estimates that about three-quarters of housing stock that old contains some lead-based paint. The new law does not require any testing or removal of lead-based paint by sellers or landlords.

The Rhode Island Assembly failed, however, to find a workable reform of freshwater-wetlands rulemaking. A reform bill passed by the Senate died in the House, despite substantial agreement among most parties involved, because of House concerns about a lack of legislative oversight over the new proposed rulemaking procedure. Legislators and industry people who worked on the bill hope the bill will pass next year if it's revised to answer those concerns.

Massachusetts offers help paying for septic.

Massachusetts, seeking to ease the impact of its "Title 5" requirement that anyone selling a home upgrade or replace a septic system not meeting state Department of Environmental Protection standards (see "Mass. Septic Regs Raise a Stink," *New England Update*, 8/96), has created a \$30 million assistance program to help property owners bear the expense of meeting Title 5's requirements. The program provides subsidized loans as well as grants to qualified homeowners upgrading their systems. The relief was sorely needed. Of the 26,000 systems that have been inspected since Title 5 took effect last year, about a quarter have failed. Those that failed have required upgrades or replacements averaging about \$6,000 in cost, slowing and even killing home sales. For information on the relief programs, call the Mass. Department of Environmental Protection at 617/292-5500. ■

"Dream Home Diary" Gives Consumer View of Homebuilding

Wit, Drama, and a Happy Ending

The World Wide Web now includes at least one detailed account of what it is like, from a customer's point of view, to hire a builder to build a house. Though dotted with the usual anxieties about money and move-in dates (and some horror stories about slippery real estate brokers and lawyers), the Dream Home Diary (<http://www.capecod.net/~jmorros/dreamhome/welcome.htm>), written by a couple named Pam and Jason, both in their twenties, paints what is primarily a happy picture: They get a house they like in a spot they're happy with. And they are so happy with the builder, LeBlanc Homes of Rhode Island, that they plan on having the company build them another home in a few years. Their well-constructed and illustrated Web page makes entertaining reading for anyone who has built a home or hopes to. For builders, it also offers an instructive look at the hopes and concerns of a young couple buying their first place.

The diary begins in mid-February 1996, when Pam and Jason decide they've had enough of paying rent and want to buy a house. They detail the critical stages:

Early discouragement. Pam, forlorn after number crunching, writes on March 17, "It's just not affordable. We'll be paying into that big rent-check black hole for years to come."

Sudden success. In late March, they find an affordable lot in a Plymouth, Mass., development. Pleased that the

builder is known for quality work and "seems to be in this for the long haul," they sign a mortgage a week later, with a closing and move-in date set for August 28.

Growing excitement. After planning through April and May, Pam and Jason are thrilled to see framing begin in early June. Pam writes, "It is amazing to see a wood structure where only a foundation sat a few days ago. I'm finally convinced that the house will be done on time."

Hiccups and snafus. As construction continues, the cou-

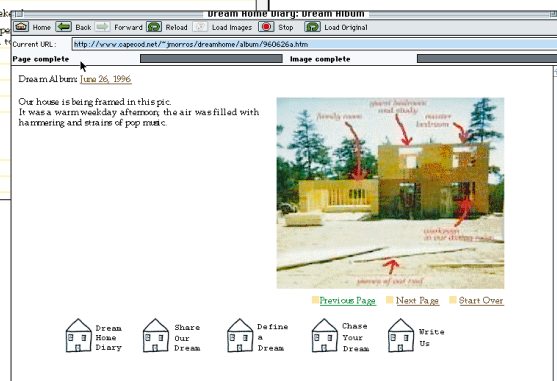
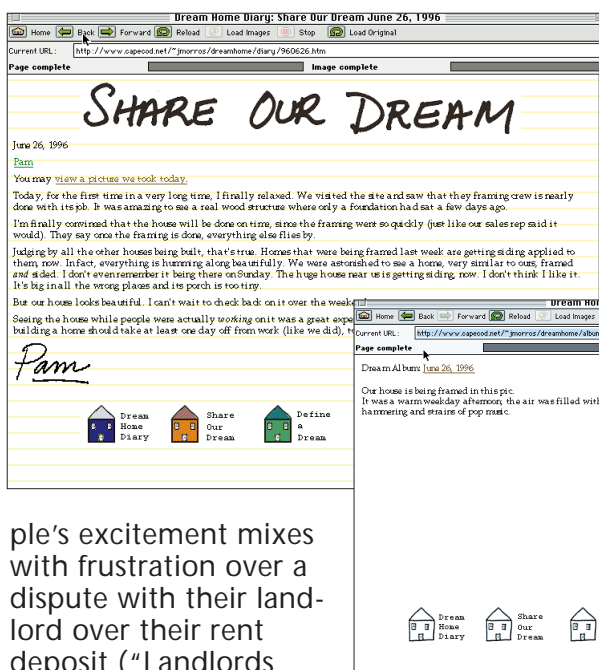
ple's excitement mixes with frustration over a dispute with their landlord over their rent deposit ("Landlords should be an endangered species" was the title of a mid-July entry) and concern over delays. Progress slows when the siding job lags and the cabinets come in late. An early puddle in the basement causes particular consternation: "Our sales rep promised we'd have a 'bone-dry' basement," writes Pam. "If I find a leak when I go to do laundry some rainy night, I'll pull her out of her warm bed and make her mop it up. I do not want to be ripped off with a leaky house!"

Walk-through willies. In the

last week or two before closing, defective carpet and an incorrectly specified tile floor are installed, removed, and replaced. Pam also discovers a vent that "wasn't connected to anything," the wrong mirror in the downstairs bath, an absent phone line outlet, and some malfunctioning lawn sprinklers. But "on the whole," she writes on August 8, "we're pretty pleased."

Happy ending. By closing day, everything is in place. After winning a war of nerves with a mortgage company lawyer who, says Pam, tried to inflate some

This web site offers a frank look at the housebuilding process, from the client's standpoint.



fees (including his own) at the closing, Pam and Jason sign the papers and move in.

Now, other than a small crack in the tub, said Pam in a phone interview, "We are really, really happy with the house, and couldn't be more pleased with the builder."

"In fact, our biggest problem now is there's no place close enough to call out for pizza or get a video. But with 200 houses here and more coming, I think somebody will fill that niche soon enough." ■

Worth Noting: Events and Resources

- The **Rhode Island Energy Office** is offering a class on the 1993 Model Energy Code on December 18 at Rhode Island College at 8 a.m. For details and registration, call Emilie at 401/277-3370.
- The **Energy Rated Homes Program of Vermont** recently announced several new services to builders and home buyers. Its Yearly Energy Savings System mortgage, or YESS mortgage, offers buyers of an existing home a reduced interest rate for the first three years if the buyer makes at least \$2,500 in approved energy upgrades when purchasing the home. The Vermont Housing Finance Agency, which administers the loan, estimates the saved energy could save the borrower more than \$13,000 over the life of a \$75,000 mortgage.
- The **Central Public Service Corporation of Vermont**, the state's largest electric utility, is offering a reward to buyers and sellers of electrically heated homes who switch to another type of fuel at the time of sale. For anyone who switches, CVPS will provide a free Energy Rated Homes energy audit, construction management services to help implement the audit's recommendations, a follow-up inspection, and assistance obtaining an energy-improvement mortgage that will finance the needed upgrades — services worth several hundred dollars total. Since many of the upgrades will be in the form of energy-efficiency work, general remodeling contractors as well as hvac installers and energy consultants could help prospective customers by aiming them toward these programs. ■