New England UPDATE

Growing Pains Return to New England

As Economy Rebounds, So Do Old Conflicts

The "permit cap" in Eliot, Maine — a law establishing a limit of 48 residential permits a year, 12 each quarter — has stood since the mid-1970s. And though the town, like most along the southern Maine coast, has grown considerably during that period — from around 2,000 in the early 1970s to about 6,000 now — the full 48 permits were used only five times.

This year, however, is one of those years. Increased building activity in Eliot has filled the docket and created a waiting list for permits. As a result, builders, landowners, and real estate agents are getting antsy.

In some areas of New England, increased building activity is reviving old tensions between developers and growth-control advocates.

THIS MONTH IN NEW ENGLAND UPDATE:

One of those getting antsy is Ken Zamarchi, a builder/remodeler who has lived in Eliot all of his 60 years and built in the area for 40. Zamarchi typically builds two to four homes a year. This February and early March he applied for permits to build three homes in Eliot, all single-family, individual-lot homes between $120,000 and $150,000. By June, he had received one permit and was waiting on another. As for the third, Zamarchi says the permit cap's complicated point system, which controls the waiting list for permits, made it impossible to predict when the permit would be issued, and his customer got tired of waiting.

"He simply gave up," says Zamarchi. "Everybody's frustrated with this thing. Builders can't sign building contracts," says Zamarchi, "because you're not allowed to sign a contract without a start date. Landowners can't get loans or lock-in rates. And real estate agents can't sell lots because there's no telling when the buyers will be able to build. On its face, I guess the ordinance has a logic to it. But it filters down to an awful lot of problems."

The situation so frustrated Zamarchi that he is lending his support to the Maine Home Builders' Association's decision in early June to sue his town. The suit will seek to have the permit-cap legislation declared illegal under state law, which allows building moratoria only under limited circumstances. The Maine HBA recently successfully sued the town of Standish to have an impact-fee law overturned as arbitrary and illegal, and says that Eliot's permit-cap legislation has similar legal problems.

Not surprisingly, Eliot's town officers feel differ-

ently. Jack Murphy, an Eliot planning commission member since the early 1970s and chair of the commission in 1996, says that while the permit cap may cause some headaches for builders and landowners, it's accomplishing the goals the town designed it to meet and is perfectly legal.

"Everyone recognizes that the delays are difficult, and it may be that we need to tweak the thing to make it more predictable," says Murphy. "But it's essentially working. This cap has accomplished the people's wishes very well, which were to contain growth and keep it at a manageable, plannable pace. It's really only a few people in the building and real estate industries who have objected."

A regional problem. Unfortunately, as New England's building economy rebounds, the conflict in Eliot is being repeated in some form all over the region, as scores of towns are passing or pondering steps to control growth. More often than not these steps include permit caps or impact fees (most of the towns taking action already have zoning). But both are blunt tools, say critics, that often miss the mark altogether. Impact fees can be difficult to design and administer fairly, and don't truly manage growth; they simply pay for its infrastructure costs. And permit caps sometimes cause expensive problems for builders and don't truly manage growth either.

Perhaps most significant, neither of these measures accomplishes what many observers consider to be the most important objective in what policymakers call "growth management": getting developers and community advocates to work cooperatively to plan rather than react to growth. This seems an elusive goal both here in New England and nationwide, despite expressed wishes by both the development community and those concerned about growth that they'd like a more constructive approach.

Finding the right tools. Bob McNamara, a growth planner at the National Association of Home Builders, says the problem is often one of finding the right tools to go with that desire to cooperate. He points to a few cities nationwide where developers and community advocates have worked together to create planning processes that direct growth constructively while giving builders a quicker, more certain path to project approval. These include Chattanooga, Tenn., where builders can get help and presumptive planning board acceptability by planning their projects at a Neighborhood Design Center staffed half by the city and half by the development community. Similarly, in Port Royal, S.C., a detailed "regulating plan" developed by builders, city planners, and community members designates what uses are allowed for almost every site in the city, so that builders can get quick approval for any plan that meets those uses.

These plans work, says McNamara, because they possess two important traits: They acknowledge that growth will happen and try to direct it in ways that reinforce the patterns of development that already work best in a city; and they enlist both builders and community advocates to plan the town's growth rather than react to it.

"Where cities and developers are able to do this," says McNamara, "they're able to work together as partners to create plans that address both community and business concerns, rather than as adversaries fighting over regulations."

Unfortunately, this cooperative approach seems to have eluded most New England communities so far. Part of the problem is that small towns often lack the staffing and expertise needed to create and support these sorts of planning processes. Something less staff-intensive and elaborate — yet still proactive and consensus-based — clearly needs to be developed so that legal standoffs like that in Eliot can be avoided.

In Eliot, for instance, both sides say they'd like to work cooperatively. Zamarchi and Murphy have both worked on and strongly support the town's zoning ordinances, and agree that those ordinances have helped prevent the town's growth from overrunning its rural areas or unduly overburdening services. And the Maine HBA also expresses a desire to work more cooperatively. "We'd really like to find a more consensus-based approach to these problems," says the HBA's president, Sonny Goodwin. "We need to work together to plan and manage growth, not fight over no-growth measures."

Such rhetoric notwithstanding, the two sides were lining up their legal strategies as this story went to press. The Maine HBA had filed suit, and the town's selectboard seemed determined to fight it. Thus it appears that in Maine, and in much of the rest of New England, the development community and growth-control advocates have yet to find a way to answer their main concerns cooperatively.

"The town will survive," says Murphy. "But I wish we could find a better way to work this out."

Working the Line

The Trials of Building on the Border

When John Rahill, a partner at Black River Design of Montpelier, Vt., signed on to do the design work for a $700,000 remodel of the Derby Line, Vt., library and opera house, he knew it wouldn't be simple. The job, in a stately historic building, had some tricky demands: Install an elevator, an exit tower with a staircase, four bathrooms, a sprinkler system, and renovate some offices, all without overly compromising the character of the historic building. But the real challenge was posed by the building's location — smack atop the U.S.–Canadian border, which cuts a diagonal through the building's center.

The location of the U.S.– Canadian border, which runs diagonally through the Derby Line, Vt., library, created numerous complications during renovations.

Vermont architect John Rahill (right) and Quebecois architect Louis Foucher successfully spanned the border — shown here running through the reading room.

The border's bisection of the library generates much amusement and interest for visitors. But for Rahill, the border created what he now calls "quite a challenge."

"Or nightmare," he adds, "depending on your mood. It would have been a sticky job if it was in one country, but it was in two. This created some serious complications."

To start with, every contract on the job had to go out to bid in both countries. This meant plans had to be produced with two sets of specs, one Canadian and one U.S., and in two languages, since the official language of Quebec is French. A Canadian firm won the bid as general contractor. The plumber was American. The carpenters and many of the other subs were a mix, with Canadians working on the north side of the building and Vermonters on the south. Sometimes the lines got fuzzy: The contract for the elevator, which was to be installed on the U.S. side of the library, was won by the Canadian branch of a U.S. company; the elevator itself came from Texas.

"Luckily," says Rahill, "the contractor, Longer Construction, was just great. They often served as translator. And they did a terrific job coordinating all the subs." Rahill also enlisted the help of a Canadian architect, Louis Foucher, to handle some of the Canadian specs, drawings, and contract documents.

Still, says Rahill, the job's multinational, bilingual nature created many problems. The design had to account for two different head heights, two different codes, and much stricter Canadian requirements regarding bathrooms, stamped drawings, engineering approval, and codes in general. "So everything you did took four times as long," says Rahill. "If something came up you'd have to call contractors and subs in both countries — some of whom spoke French — to figure the thing out, and then call them all again when you figured the problem out."

Rahill also faced legal hurdles regarding materials and labor. For instance, he had to have meetings with customs and immigration officials, and Canadian labor law basically forbade any American from working on the north side of the building. "Which would have been amusing," says Rahill, "except they were dead serious about it." The one exception granted was to let an American plumber plumb both the bathrooms and the sprinkler system, since those systems passed through the building and because three of the four bathrooms were in the U.S. "I was awfully glad of that," says Rahill. "I hated to think about two different companies speaking two different languages laying sprinkler pipes that were supposed to meet along a diagonal line."

All things considered, says Rahill, "It was a heck of a job. I'm not sure I made much money on this one. But I figure we'll be ready next time one like this comes along. And that can't be too long. I mean, there must be — what? — at least two or three other buildings on the border."

Toss That Shovel: Snow Removal the Easy Way

If you ask a client what he'd pay to never shovel snow again and he says, "About three bucks a square foot," then it's time to consider radiantly heated drives and sidewalks. Heated walks are nothing new, of course; in some northern cities, tony stores have long used them to keep entrances snow-free. However, today's polyethylene pipe, along with more efficient boilers, sensors, thermostats, and distribution systems, have made the latest radiant "snow-melt" systems cheaper and easier to install, rendering them newly attractive and practical for mid-range and upper-end homes.

Hvac contractor Joe Giandalia (right) and a helper install radiant tubing for a snowmelt system in Lancaster, Pa. New materials have brought the systems to the $2.50- to $3-per-square-foot range.

"For some people, a snow-free entry sidewalk will be a sensible investment," says John Vastyan, a spokesman for Burnham Radiant Heating Co., which makes boilers, piping, and controls for such systems. "For others it'll be worth installing radiant snow-melt under a whole driveway. Either way, such systems are more affordable than you might think." At around $3 a square foot, says Vastyan, a system for a short (20x3-foot) front walkway system should cost less than $250 to install and very little to operate; a system for 60-foot long, 10-foot wide driveway should cost under $2000 to install and modest amounts to run.

Essentially, radiant snow-melt systems are radiant floors outdoors, with a few operational differences. Poly tubes connected to the hydronic heating system get laid in and tied with plastic strapping to reinforcing mesh prior to a concrete pour on either a new or rebuilt walk or drive. The resulting system runs as a separate hydronic zone (filled with glycol antifreeze to prevent freezing) off a conventional boiler. To keep the circuits completely separate, some contractors use a plate-to-plate heat exchanger to move heat to the outdoor circuit.

You can install the system to operate either manually or automatically. Either way, the system works best if activiated just before it snows, so the snow never has a chance to accumulate. In the manual version, the homeowner turns the zone on when snow starts or seems imminent, sending 180-degree water out into the loop just often enough to heat the surface to about 40 degrees. When it stops snowing, you turn the unit off. The automated system uses automatic "snow sensors" - actually a set of weather instruments that read changes in temperature, barometric pressure, and humidity to predict the likelihood of snow - to turn the unit on when snow seems imminent, then off when those conditions pass. The automated set-up runs adds about $500 to the cost of the system, but is obviously more convenient (and usually more efficient, since it won't forget to turn the unit off). Operating costs obviously depend on how often it snows and how big an area you're warming. But since the unit need operate only when it's actually snowing, "operating costs should stay fairly modest," says Vastyan - in most cases, less than the cost of paying someone to plow.

Heated walks probably aren't for everyone — though the idea probably appeals to just about everyone in the Northeast. For more information, consult with your heating sub or contact Burnham Radiant Heating Co., Inc at P.O. Box 3079, Lancaster, PA 17604; 717-481-8430; *www.burnham.com*.

New England Economic Indicators

by Stanley Duobinis

Housing statistics and stock reports often share business headlines, but do they have much to do with one another? The accompanying graphs show a clear correlation between movements in the housing market and movements in the stock market over the last 15 years. But does one cause the other?

The short answer is "No." Economists have established that the causal link between stock values and construction activity is loose at best. For instance, it has been estimated that for every additional gain of $1,000 of wealth (such as in stock holdings), people spend on average only an additional $40. So the huge gains consumers have recently enjoyed in the stock market contribute much less to spending than if their salaries had gone up by like amounts.

The connection between stock values and housing starts, then, must be due to other factors — and the main factor is interest rates. Both stocks and housing markets respond much more to changes in interest rates than to one another, and they tend to respond at the same time. The graphs here show that when interest rates rise, both housing starts and the stock market tend to fall; and that when interest rates fall, starts and stocks rise. Stock markets respond nicely to low interest rates because lower financing costs make businesses more profitable and dividends bigger. And housing become more affordable as interest rates drop. Thus both go up as interest rates go down, and vice versa.

The bottom line: A rising or falling stock market has little direct effect on the housing market, but rather reflects the same factors that drive the housing market. They're both signs of the same thing: low interest rates and an expanding economy.

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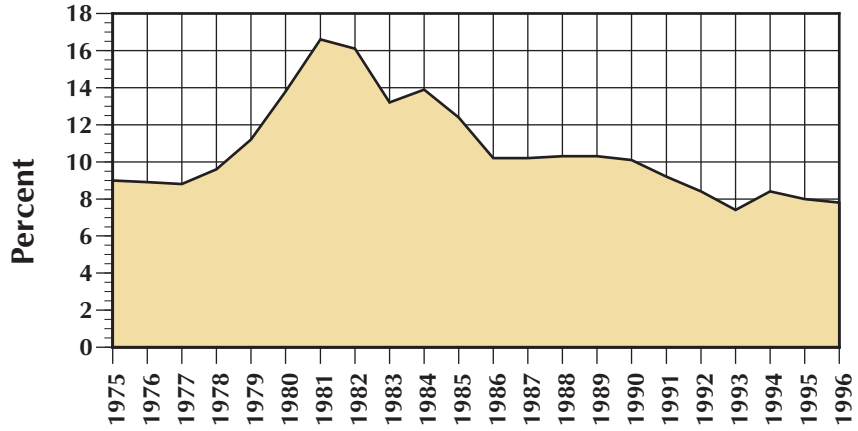
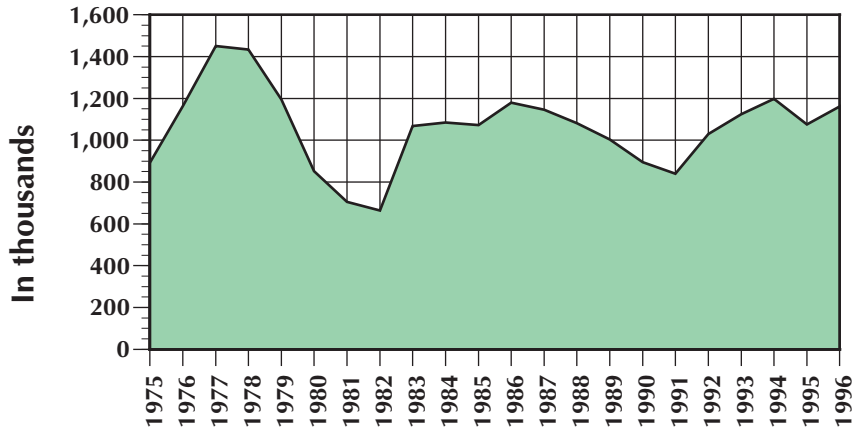
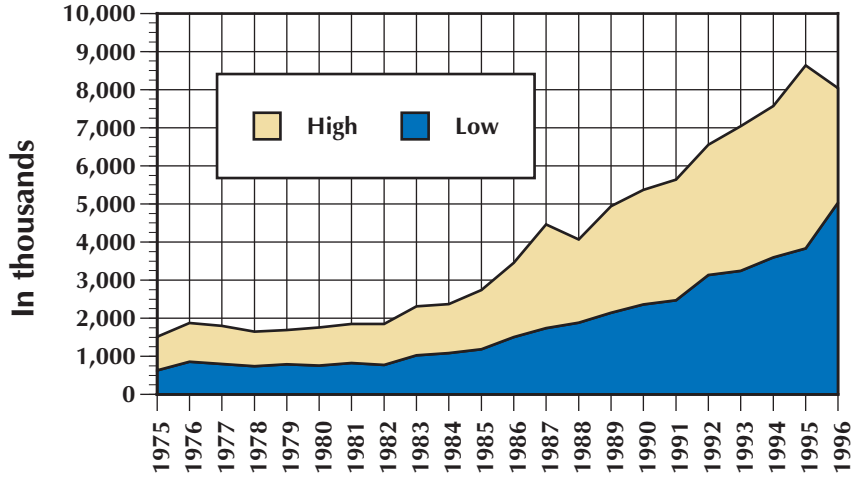
Mortgage Rates



Housing Starts



Dow Jones Averages



Odd Lots

Offbeat items from around the region

Neighbors see the light — and don't like it.
A set of lights atop a North Bennington, Vt., church steeple will stay up despite the objections of angry neighbors, according to a recent *Associated News* report. The lights, erected in December 1995, were approved by the zoning board a year later after a long dispute with neighbors who didn't like the bright light shining into their homes. The neighbors tried again this spring to make the lights less than eternal, collecting signatures and appealing to the zoning board of appeals to have the previous decision overturned. The board, however, said the petition came too late, and ruled the matter closed.

They're built that sway.
Tall buildings don't sway as much as is commonly thought, according to a recent story in the *New York Times*. Popular myth has long held that skyscrapers move as much as 4 or 5 feet in each direction — ever so slowly — in even routine winds. Yet according to the *Times*, even relatively flexible steel-and-glass skyscrapers seldom move more than a foot or two — for a total sway of perhaps 4 feet — even in hurricane winds, and much less day to day. Older, stiffer, stone-clad buildings such as the Empire State Building move even less. Nevertheless, the story reports, engineers sometimes stiffen tall buildings to reduce sway — not so much for structural reasons as for comfort. The 579-foot Trump International Tower, for instance (now an apartment house, but formerly an office building) is being stiffened to correct a slight twist that the owners feel would be more bothersome to residents trying to sleep than to office workers trying to work.

Latest on the Law

Legal briefs from around New England

Maine ponders statewide code. The Maine legislature passed a bill establishing a task force to consider adopting a statewide municipal building code. The state presently lacks any statewide code, partly because of previous objections from builder groups to proposals for such codes. The Home Builders Association of Maine, however, supported the formation of (and will be part of) this task force, which is to report to Governor King by January of 1998.

In other legislative action, attempts to undo some of the state's reforms in workers compensation law failed. Those reforms have been credited with helping to reduce the state's workers comp premium rates for each of the last three years.

Vermont passes property tax reform. After years of failing at the task, the Vermont legislature passed and Governor Dean signed a substantial reworking of the state's property tax and educational funding systems. Earlier this year, the state Supreme Court declared the present system, in which each town raised most of its school funding through property taxes, unconstitutional because it created disparities in educational spending between wealthy and poor towns. The new bill replaces this system with a statewide property tax that supplies block grants of $5,000 per pupil (plus money for transportation and other needs) to each school district; towns can raise additional money through their own property taxes. Individual homeowners' property taxes are limited to 2.5% of their household incomes.

R.I. contractor board short on inspectors. Rhode Island's state Contractors Registration Board was down to only one compliance and enforcement officer after the staff fell from 11 to 6 early this year, according to the *Rhode Island Builder Report* (a publication of the Rhode Island Builders Association). The board, established by the state in 1990, is responsible for registering contractors, resolving disputes between contractors and consumers, and — presumably — catching some of the state's estimated 10,000 unregistered contractors. Despite the understaffing, the board worked on 324 claims in 1996, closing most of them and taking in $34,591 in fines for violations of the state's contractor registration and conduct laws.