

New England UPDATE

Maine HBA Takes Off

From nowhere to
everywhere in three years

On the last Friday of summer, Kendall Buck, executive officer of the Maine Home Builders Association, put in a long day: Rising before 6 a.m., he was at the building site by 7 and stayed there until breakfast the next day, as he and some of his association's members raced to build a three-bedroom spec house, complete from foundation to paint, appliances, and shingles, in 24 hours. They actually beat their own deadline, finishing the job at 6.35 a.m. the next morning — 25 minutes ahead of schedule, and about 80 minutes after a family signed a contract to buy the place.

"Twenty-four hours," said Buck a few days later

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after he'd rested up, "and all material, labor, and services were donated." The proceeds — the \$100,000 selling price — went to the Maine Special Olympics.

As the house attests, Kendall Buck is good at creating something substantial from almost nothing and doing it quickly. He has spent most of the last three years doing just that with the Maine HBA. Four years ago the Maine association was "essentially dead," as one member put it, with fewer than 30 members, a thin mailing list, an empty calendar, and no money. Today the organization serves 300 members, employs three full-time staff members, and is one of the fastest-growing and most active state building associations in the country.

"They're obviously filling a need and providing something of real value," says David Symanski, a staff vice-president for the National Association of Home Builders, which provided the Maine HBA some managerial assistance. "You don't attract hundreds of new members without doing something right."

What's in it for me? Buck says his organization has grown because it fills vital needs for individual builders and vendors and for the industry as a whole. "You've got to address both kinds of need," he says. "The 'What's in it for me?' stuff gets them in. But I think it's the work we do for the larger industry that keeps them in."

The organization serves individuals, says Buck, with group-rate business and personal insurance policies; regular meetings at which members can learn about new products, techniques, or regulatory issues; and networking contacts that lead to jobs.



Among its many other activities, a revived Maine Home Builders Association recently built a house for charity in only 24 hours.

On a larger scale, the organization works to polish the industry's image and to carry its torch in regulatory and legislative matters. The Maine HBA does the former by raising the professionalism of members through educational seminars and by conducting high-visibility events such as home shows and the Maine Special Olympics house-raising. It does the latter by aggressively pursuing builder interests in the legislature and courts.

The Maine HBA has been particularly aggressive on regulatory matters. In addition to the usual lobbying, the group has made headlines all over Maine by suing two towns, Standish in 1996 and Eliot in 1997, over growth-control regulations that the HBA says don't meet state standards. The HBA won the Standish suit in a summary judgment; the Eliot suit (see *New England Update*, 9/97) is still pending. These suits have considerably raised the organization's profile and established the HBA as a fierce protector of builder's interests.

"A big part of this group's success," says the NAHB's Symanski, "was the willingness of the leadership to become actively involved in regulatory issues. It has been critical to their ability to attract and keep members."

Such aggressive tactics can backfire, of course; there's no way to know, for instance, if this aggressive stance turns off some potential members or undermines the group's image in the public eye. But if numbers talk, many builders clearly feel the Maine HBA is fighting the right battles. And as Buck points out, the organization has also been proactive in creating regulatory solutions, such as when they pushed last year for the consideration of a statewide building code as a condition of statewide licensing requirements.

Bright future. With the rebound of the Maine HBA, New England now has active, healthy builder associations in every state. And with the economy expanding, the Maine HBA hopes to double its membership to 600 and broaden its services. For instance, it's currently forming a Remodeler's Council and plans to give Certified Graduate Remodeler and Graduate Builder courses in the near future, and is also starting to work with a couple of voc-tech schools to develop apprenticeship programs.

Says Buck, "We're not planning to slow down anytime soon."



Connor Contracting

Three brothers divide and conquer

Diversity, discipline, and a division of labor appear to be the keys to success for Connor Contracting, Inc., a team of three brothers who in less than a decade have turned a Vermont start-up into a \$3-million-a-year commercial and residential building company. Though two of the brothers had worked together before in central Massachusetts, where all three were raised, it wasn't until they came to Vermont that business began to flourish — despite that they started their

Vermont, where their mother had been born and where they spent summers as children.

Despite slow times (Vermont's construction employment dropped by one-third from 1989 to 1991), Mike managed to drum up a mix of residential and commercial work. In 1991 he convinced Steve, who was running commercial jobs for a \$10-million-a-year company in Boston, to move up and do estimating and sales.

With Steve concentrating on sales and Vermont's construction climate improving, business grew steadily. By 1995, the brothers were busy enough to invite brother John to run production on the company's central Vermont jobs. They've retained this division of labor ever since — Steve handling estimating and sales, John overseeing the production in central Vermont, and Mike running the show in the St. Albans area — both to maintain their company's efficiency and to keep peace among the brothers.

"It keeps us out of each other's hair," says John. "We're all so busy taking care of our own responsibilities we don't have time to worry about what the others are doing."

From the beginning, the brothers found it paid to diversify. "It was crucial to be able to do both residential and commercial," says Steve. "Some years we'd do eight or nine houses and little commercial. Now, with residential moving slowly, we're doing mostly commercial work. The mix has always worked well for us."

In all jobs, the company stresses efficient and attentive customer service. "We're hands-on builders with a lot of owner contact," says Steve. "We work hard to give customers what they want."

"We also hit the deadlines," added John — especially important in commercial work, where the job generally must be ready on opening day.

The company's commercial jobs are diverse. Some are storefront renovations or additions to freestanding buildings, others are stand-alone buildings on new sites. About a third of the company's total business in 1997 was erecting prefabricated steel buildings made by Package Industries, a Sutton, Mass., company for whom the Connor brothers serve as the regional dealer.

To meet these diverse needs, the brothers employ nine carpenters who can comfortably work with any of the materials. They also make a point of staying out of debt. "We pay as we go," says Steve.

"We'll keep working this blend," he adds, "Vermont's just not big enough to focus on only one thing. But I don't see us getting a whole lot bigger. It's working pretty well the way it is."



By mixing commercial and residential work and maintaining clear divisions of responsibility, the Connor Brothers (left to right, Steve, Mike, and John) manage to get along and still put up close to \$3 million of construction in Vermont each year. The brothers built the company from a start-up in less than 10 years.

company in a recession. Today, the three brothers — 39-year-old Steve, 36-year-old Mike, and 32-year-old John — run a 12-employee company that does a variety of jobs all over north and central Vermont.

Mike was first to move to Vermont. He came at neither the most promising time — 1989 — nor to the most promising part of the state, the St. Albans area, near the state's northwestern corner. But the building climate was even worse in Massachusetts, and he and his brothers had a fondness for

New England Economic Indicators


Dropping Inventories + Rising Starts = Good News

When housing starts in the nine-state Northeast region dropped 19.2% from July to August of this year, most newspapers raced to report the “slowest rate” in starts in some time (see graph, below). However, a sober look at the larger trends showed the situation to be less than dire. Even with the August drop, the first three quarters of 1997 held more seasonally adjusted starts than the previous three had, show-

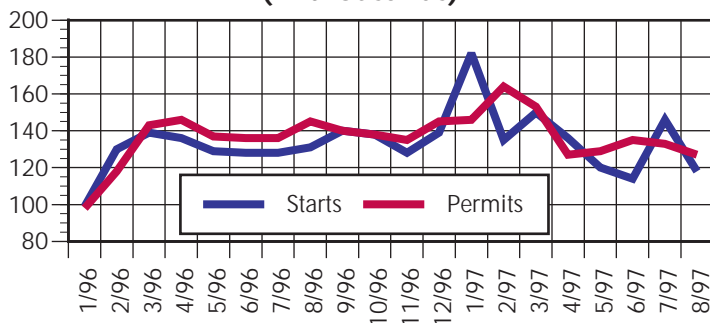
ing that on trend, the Northeast was continuing to gain strength. By contrast, the overall market nationally was indeed slowing from the 1996 pace.

In fact, the numbers really showed that the Northeast had finally reached beyond the 1990–1991 recession and the overbuilding of the 1980s. This change was also reflected in a continuing drop in housing inventories, a key indicator of housing market health. As the graph at the bottom of the page indicates, inventories (unsold homes either existing or under permit), expressed as a function of a month's supply on the market, ran to remarkably high levels at the beginning of this decade as the regional economy collapsed. Only recently have significant improvements in the economy driven those inventories lower.

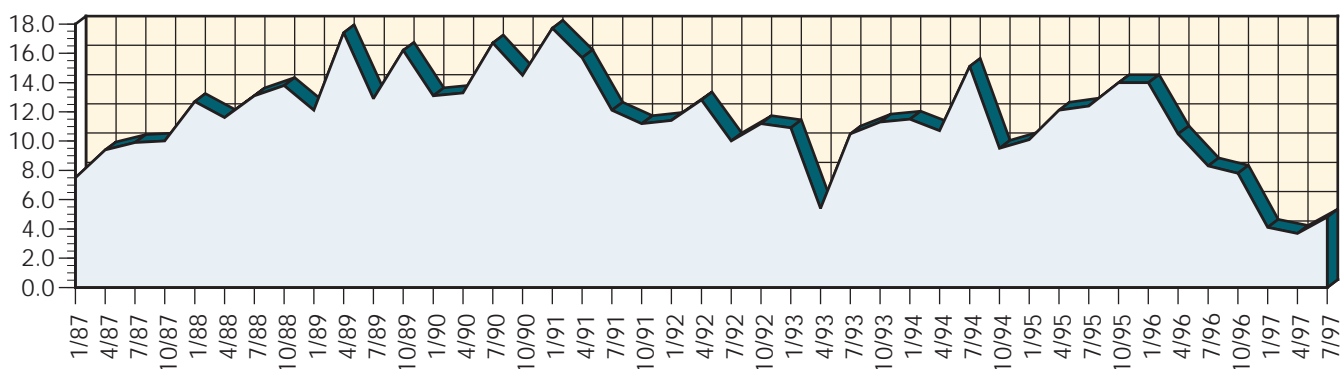
Perhaps most interesting and encouraging, the inventories have declined despite increasing building activity. In the first half of the 1990s, inventories remained high even while starts tumbled and tens of thousands of construction workers lost jobs. Sales were so slow they took quite a while to catch up to even the depressed start levels of that time. It was only in 1996 and 1997 that inventories declined to “normal” levels — and they did so even as housing starts rose, showing that sales were outrunning starts. Now the supply is finally in the six-month-or-less range, where builders like to see them.

The Northeast has solved the housing surplus in the best possible way, as a renewed economy has brought more sales, which have inspired more — but not too many more — starts. Let's hope that this new wave of optimism doesn't lead to the overbuilding that occurred a decade ago. 

Northeast Starts
January 1996 to August 1997
(in thousands)



Available Housing Supply for Northeast
1987 to 1997
(in thousands)



Odd Lots

News from around the region

Boston faces an overall earthquake risk higher than that of San Francisco, according to a new "Earthquake Disaster Risk Index." The index, developed by a doctoral student in civil engineering at Stanford for her thesis, is designed to give a simple measure of earthquake risk that accounts for the probability and potential power of an earthquake, as well as the quality of construction, emergency services, and other safety factors. It ranks Boston's risk at 39 compared with 37 for San Francisco, because even though Beantown has fewer quakes than the Bay City, there is a chance for a strong quake in Boston, and the town has a larger percentage of buildings built before 1975, when the city incorporated seismic safety measures into its building code. The "loser" of the ten cities Davidson rated in this preliminary application of the index was Tokyo, which scored 54.

A Connecticut developer has dropped plans to buy and tear down almost 200 homes in a Hartford suburb to make way for a shopping center. According to *Associated Press* reports, the developer, Victor Basile, first courted the owners of the homes, which were in two adjacent neighborhoods, by mailing letters to many residents proposing the deal. The letters reportedly split the neighborhood, outraging many residents, and the objections to the plan convinced Basile to drop it.

Maine should seek slow, steady growth based on small business rather than landing big employers, according to recent news reports of statements made by the state's economic development director. "Slow, steady progress is the way to go," Thomas McBrierty reportedly told a breakfast meeting of the Portland Chamber of Commerce. McBrierty was responding to a survey released earlier in the summer that suggested many businesspeople were dissatisfied with the level of service they get from the state, as well as to the news that the state's population was growing at only around 1% annually. The southern Maine economy is presently quite strong, while many inland areas are still lagging behind.

Rental rates for newly signed residential leases in Manhattan rose almost 10% in the first half of 1996, according to a recent *New York Times* story. A thriving city economy and a chronically tight rental market drove the increases and have inspired starts on several new large apartment developments that will provide thousands of new units. The monthly rents will run from around \$1,500 for a studio to over \$7,000 for 3,000-square-foot penthouses.

How's a billion dollars sound for a renovation budget? That's what Yale University will be spending over the next decade to repair and upgrade its classroom, dorm, and office buildings in New Haven, Conn., many of which have gone neglected for the last few years. The fix-up, announced in the school's most recent operating budget, will start with \$253 million worth of work in the 1998-1999 fiscal year. The work should give a significant boost to the Connecticut building economy.

The Rhode Island Contractors' Registration Board has added two more investigators to look into alleged cases of contractor fraud, according to the board. This triples the board's investigative staff, which, as we reported in September, had been reduced to one investigator after staff cuts earlier this year. The board is responsible for registering contractors, resolving disputes between contractors and consumers, and catching the state's unregistered contractors.

The value of Vermont's residential construction contracts in the first half of 1997 fell by 2% compared with the first half of 1996, according to F.W. Dodge, an economic reporting and forecasting company. This followed a 14% rise from 1995 to 1996. Overall construction dropped 6%. Apparently Vermont, which didn't get hit as hard as other neighboring states by the collapse of the Massachusetts economy in the early 1990s, isn't yet benefiting as much from the regional rebound either.

New Hampshire's legislature defeated a bill that would have placed regulation of heating system installers under the state Plumbers Board, according to the Home Builders and Remodelers Association of New Hampshire. A house committee voted down the bill, arguing that more uniform application of the *BOCA* code and training of inspectors would be a better approach.



Codes in a Rut

Editor's note: *Always on the lookout for explanations of how specs and codes really work, we recently stumbled across this explanation of how the standard distance between railroad tracks was established. Though its precise relation to how building codes are established is unclear — and because it's from the Internet, we can't even vouch for its accuracy — we feel certain there's a connection somewhere.*

The U.S. standard railroad gauge, or distance between the rails, is 4 feet 8½ inches. That's an exceedingly odd number. Why was that gauge used? Because that's the way they built them in England, and the U.S. railroads were built by English expatriates.


Why did the English build them like that? Because the first rail lines were built by the same people who built the prerailroad tramways, and that's the gauge they used.

Why did "they" use that gauge then? Because the people who built the tramways used the same

jigs and tools that they used for building wagons, which had that wheel spacing.

All right, but why did the wagons use that odd wheel spacing? Well, if they tried to use any other spacing, the wagons would break down on some of the old, long distance roads, because that's the spacing of the old wheel ruts.

So who built these old rutted roads? The first long distance roads in Europe were built by Imperial Rome for the benefit of their legions. Those roads have been used ever since. And the initial ruts in those roads, which everyone else had to match for fear of destroying their wagons, were first made by Roman war chariots, which were all alike in the matter of wheel spacing.

Thus we have the answer to the original question. The U.S. standard railroad gauge of 4 feet 8½ inches derives from the original specification for an Imperial Roman army war chariot. So, the next time you are handed a specification and wonder if it came out of a horse's rear end, you may be right — because the Imperial Roman chariots were made to be just wide enough to accommodate the back ends of two war-horses. 

N.H. Market Races — But Faces Serious Worker Shortage

With unemployment below 3% and construction booming, New Hampshire's contractors this summer and fall were seeing business opportunities that resemble those of the boom years of the 1980s — and some of the problems of that era as well.

"It started in the spring," says Patty Belanger of the New Hampshire Home Builders Association, "when things started to get really busy. And it has slowly but surely gotten busier and busier ever since. There's just an unbelievable amount of work out there." Belanger, interviewed in mid-September, said that after years of having just a few months' work lined up, many of her members, both home builders and remodelers, had work lined up well into 1998.

Though most contractors are glad of the work, the surge in business is also causing problems, particularly in finding or keeping good employees. Jerry Roth, of Nashua's G.M. Roth Design Remodeling Inc., said he was seeing "all the problems we saw in the 1980s. Schedules are getting messed up, the service from subs is declining, people don't call you back. Some of it is inevitable. But I'm also seeing that people are forgetting *really quick* the lessons we all thought we learned back then about maintaining quality."

The biggest problem most contractors were facing was hiring and keeping good employees to meet demand. According to the HBA's Belanger, "In a lot of places, the workers are calling the shots. Pay and benefits are going up. The attitude seems to be, you want me, you pay for me."

Roth's experience confirms this; he said he couldn't find and keep good employees despite raising pay and benefits. He generally keeps eight or ten carpenters on staff, but had to replace three over the summer when one left to be on his own and two were "stolen." After replacing those and adding another to expand his staff, almost half his field crew were new employees. "It complicates everything," he said.

At summer's end, Roth essentially made the decision to let the rush pass him by for a short time while he regrouped. He scaled back his plans for expansion this year, preferring to concentrate on doing fewer jobs and maintaining quality. "We could easily have added another half-million in business, given the calls we're getting," said Roth. "But we couldn't find either the subs or the employees to do the jobs well."

