New England UPDATE

Doing It the Hard Way

Developer finds road less traveled rather bumpy

THIS MONTH IN NEW ENGLAND UPDATE:

As southern Maine's building economy started to surge two years ago, Richard Berman seemed to have his ducks lined up. He had an option on a prime site just outside Portland — 100 acres at Interstate 95's Exit 10 in the suburb of Falmouth — and a quickly approvable plan that would allow him to build a shopping center anchored by a big box store, like Wal-Mart, and several other stores. "I could have built one big box store, made a big profit, and moved on," said Berman. "And I still could. But I wanted to do something a little different."

Doing things differently was a Berman trademark. He tended to build "custom," but for an entire community rather than off-the-shelf. For instance, his biggest residential development, which took most of the early 1990s to bring to fruition, was a 27-unit cohousing community (i.e., one that had shared dining and other facilities) that was planned with its residents. He sold his last remaining interest in that project to development residents in late 1997.

He wanted to do something equally different with his Exit 10 property. So what he did was invite 40 Falmouth town leaders and citizens to let him know what they'd like done with the

Wanting to forego the usual big-box shopping center for this 100-acre site along I-95 near Portland, developer Richard Berman spent two years trying to fashion a project that would "actually build community," he said. In the end, however, it appeared he and the city would settle on a less ambitious plan — one that would look much better than a strip mall, but which would lack the social interstitching Berman originally envisioned.

site. Working with that group, Berman came up with a rough vision of a "transit-oriented" plan, West Falmouth Crossing.

"The whole idea," said Berman, "was to do mixed-use, high-density development in one place convenient to transportation infrastructure. That would do two things: encourage people to use their feet, and leave the outlying rural areas untouched instead of covered with sprawl."

The $34 million mixed-used, pedestrian-oriented development would include shopping, medical office buildings, a hotel, condos, a village-style shopping center with affordable apartments over the stores, a day care center, and elderly housing. The entire development would be laid out in a pedestrian-friendly manner that would draw the residential, commercial, and office areas together. To further encourage the different groups to mix, rent credit would be given to apartment residents who volunteered at the elderly housing center, and people from the elderly housing center would in turn help out at the day care center. Twenty acres would be preserved along the water for open space and a riverfront green.

Both sides agreed that the center would not be the sort of eyesore many New Englanders perceive when they look at big box stores and a strip mall. It was, in that sense, a triumph of planning, collaboration, and compromise.

"It was an exciting plan," said Berman. "The question was, could it work in a suburban setting like Falmouth?"

Falmouth seemed a likely fit. The town planner and some members of the town's council had been part of or privy to the initial planning meetings, and the town had progressive zoning and a town plan that seemed to accommodate the sort of alternative, concentrated development Berman had in mind. So Berman was optimistic when he submitted the plan to the town.

Once submitted, however, the project drew attention from many more people than had participated in the planning or earlier reviews. The town council held some public hearings, and what they heard was that while roughly half the town was in favor of it, the other half didn't like it.

"They just didn't want something that large," said town planner George Thebarge. The town council, accordingly, balked, and made suggestions to Berman for a less ambitious proposal.

Berman submitted such a project in late October 1997, and as this article went to press, his new proposal seemed near approval and he hoped to break ground in early 1998. The new plan calls for a large supermarket, a service station, some medical office buildings, some other storefronts, and a possible future hotel, all done with careful architecture review and the look of a rural New England village. The town was asking for roughly 50 acres along the river.

Both sides seemed confident the plan would sail. And both agreed that the center would not be the sort of eyesore many New Englanders perceive when they look at big box stores and a strip mall. It was, in that sense, a triumph of planning, collaboration, and compromise.

Nevertheless, some of the air seemed to have left Berman's sails as he prepared to submit the plan to the town council.

"I believe in working with communities, said Berman, "and I'll make money, whether we do this or the other thing or I just put in a big box. And I'd rather stretch to do something like this instead of a big box, even though a big box would make the same money and take less of my time. But I'm starting to feel like I'm at the end of my stretch. It's funny: The result is better than the off-the-shelf shopping center, and it comes from a community-oriented planning process. But I'm not sure we're ending up with a really community-oriented result."

As to what's next, Berman is thinking of developing small (8- to 10-unit) affordable but comfortable housing communities for elderly people — "Something of small scale," he says," that still meets their needs."

Asked if the smaller-scale project might better meet his needs as well, Berman laughed. "Could be. I'll tell you, one attraction is returning to more of a contractor role on the site. Doing this commercial development, you work with lawyers and bankers and accountants. Being a contractor, you get to go on site, get your feet dirty, bring the guys coffee. I miss that."

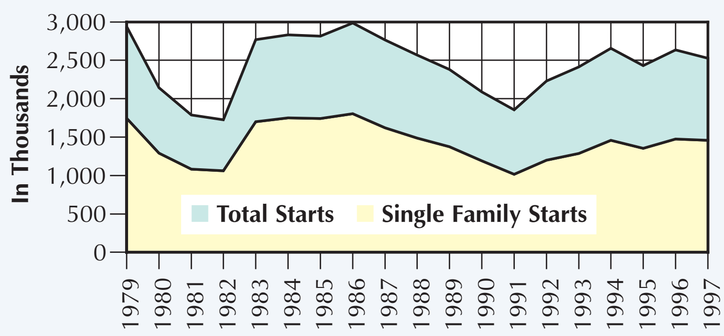
New England Economic Indicators

Not all starts are created equal

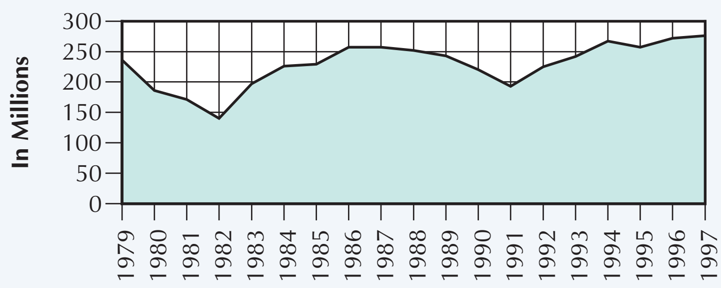
by Stanley Duobinis

The number of housing starts is commonly used as a general indicator of housing activity, because starts are generally assumed to have a direct and reliable relationship to overall demand for residential construction products and services. More starts equals more demand, the thinking goes, so fewer starts equals less demand.

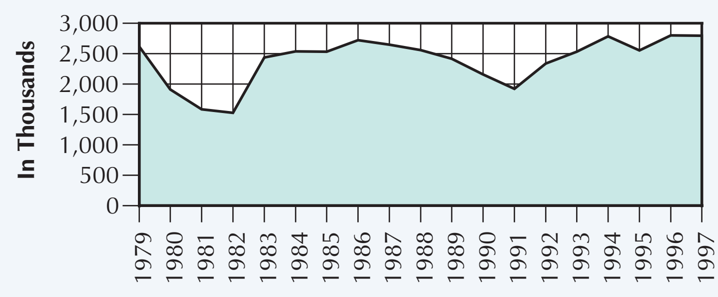
1. Housing Starts



2. Residential Investment



3. Square Footage Built



This relationship, however, is less than perfect. Overall residential building activity and value — that is, the work that contractors have — isn't tied in a perfectly linear way to the total number of starts. Today, for instance, we have fewer total housing starts than at many times during the last two decades, as seen in Figure 1. Yet the demand for residential construction products and services has grown and is now higher than ever, as indicated by the Total Residential Investment data shown Figure 2. This means that home builders are doing more work than at any time in the last two decades, despite a level of starts that is significantly lower than the highs of that period.

Fewer starts but more work? How can this be? The answer lies in the definition of a housing start and the changing character of those starts over the last two decades.

Over the last 20 years, the proportion of total starts accounted for by single-family units has grown significantly. (This is primarily a reflection of the maturing of the baby boom over the same period; in the 1970s, boomers wanted apartments; now they want houses.) In 1985, for instance, single-family units made up 61.6% of all starts; by 1996, however, that share had risen to 78.6%. Thus, while total 1996 starts are down some 16% from those of 1985, we're actually building 8% more single-family homes. This has a significant impact, because single-family homes in general generate greater demand for construction goods and services than do smaller, more efficiently built multifamily units.

In addition, all houses have been getting bigger, further swelling demand. The increase in house size in the U.S. over the last decade has been one of the most rapid in history. Between 1985 and 1996, average home sizes grew from 1,785 to 2,120 square feet for new single-family homes, and from 922 to 1,070 square feet for multifamily units. Adding these trends together, you get a lot of square footage being built. Figure 3 shows how the growth of the housing market looks if we use as an indicator the total square feet of housing produced instead of number of starts.

With just as many single-family homes, and with all homes bigger than ever, it's no surprise that overall demand is higher now than it was ten years ago, despite fewer total starts. This trend is especially good for small builders, because the single-family home is the small builder's turf. For them in particular, the overall housing market has grown, despite the trend in the "size of the market" as measured by total starts.

A Truly Great Lawn

Big Grass in the Big Apple

Central Park's Great Lawn may not be the biggest lawn around — it's only 55 acres — but it almost certainly poses one of the biggest maintenance challenges. Each year brings 2 to 3 million visitors. These include not just the tens of thousands who daily trod, sunbathe, picnic, frolic, toss Frisbees around, and generally trample the main broad expanses of bluegrass, but some 70,000 softball players playing 3,500 softball games (on just eight fields), several rock concerts (and an occasional papal appearance) and their hundreds of thousands of attendees, and — up until this fall, when new regulations banning them take effect — many, many dogs. This lawn takes a beating.

Small wonder, then, that the New York City Parks Department found it necessary to spend $18.2 million and two years reviving and strengthening the Great Lawn. Into this effort they put 500,000 square feet of sod; 230,000 new trees, shrubs, grasses, and perennials; 25,000 cubic yards of specially engineered loamy soil; 22,500 linear feet of drainage; and 104 meetings with different user groups to shape restoration plans. The fruits of this labor were made available to the public this October when the Great Lawn again opened.

The job of keeping this big green green falls to the Great Lawn Manager, who will command a staff of seven full-time and seven seasonal workers, as well as other crews and the police as needed. Assisting in this effort is a serious new underlawn infrastructure and a very ambitious management and user-control plan. The plan calls for only permitted games in designated areas — i.e., no pickup games — and prohibits dogs, cleats, and bike riding off-path. On occasional "red flag" days when the lawn is particularly wet or tender, people are prohibited from using the lawn altogether. Park administrators will also be watching closely for the golfer who used to slip in somehow during the wee hours to practice iron shots, divots and all.

The maintenance crew will get some high-tech help. Dry spells will be countered by the lawn's 300 pop-up sprinklers. Wet spells will be handled by state-of-the-art, compaction-resistant soil that drains to a valved system of underground pipes capable of draining up to 9 inches of rain per hour. (The valves and other drainage high jinks are made necessary by the fact that the entire lawn is built atop a filled but still tublike former reservoir that creates an artificially high water table.) And the city has ordered a low-impact mower whose fat, moon-buggy-type tires will go easy on the turf.

Even with all this, however, park officials confessed some nervousness as they opened the gates to the refurbished lawn in October. "We're a little anxious," said spokesperson Deb Kirschner of Central Park Conservancy, which runs the park in conjunction with the city. "But it's mainly a matter of public education. We feel with some guidance, people will take good care of the place."

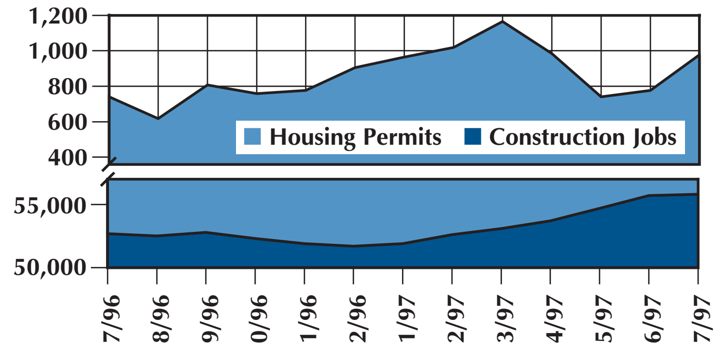
"In the meantime," she said, "everyone's really glad to be back out there. It's good to have a little green in the city."

Central Park's Great Lawn, downtrodden badly just 24 months ago, reopened in October after an $18 million, two-year restoration effort.

Connecticut Finally Rebounds

Long a laggard in the recent rebound of the New England construction economy, Connecticut this summer finally hit the sort of growth its builders have been looking for to pull it completely out of the doldrums. "It's nothing like the 1980s," said Connecticut HBA executive director Bill Ethier.

CT Construction Economy Growth



"But compared with the last six or seven years, we're doing very well with this year. All the builders I talk to throughout the state are telling me that they're very busy."

Ethier says that while all sectors of the state now finally have vibrant economies, contractors are busiest in the state's southern half and especially in Fairfield County, which is enjoying an influx of money from a booming New York City–area economy. Some of the new business is in high-end homes built for those profiting from this year's stock-market climb and other booming financial services; other business is the natural result of unemployment dropping below 5% for the first time in many years and the resulting increase in income and consumer confidence. These improving conditions have created a significant increase in housing starts and permits and added several thousand construction jobs.

"Finally," says Ethier, "our rate of activity has caught up with the rest of the country. We still have a long way to go in terms of replacing jobs lost in the recession. But at least our rate of growth has caught up. It's good to be back."

Chimney Settlement Leaves Matters Smoky

Homeowners fault builder, inspector, and state

An agreement between the Maine Oil and Solid Fuel Board and Maine developer Rick Weinshenck has failed to satisfy homeowners who complained that furnace chimneys in their new homes failed to vent properly. The board's negotiated settlement, which was featured prominently in Portland newspapers, leaves unanswered questions about both the safety and code compliance of the original chimneys and the thoroughness of an early code inspection that found — apparently incorrectly — that the chimneys passed code.

No one returned our calls about this disagreement by press time, but reports in the Portland *Press-Herald* as well as from *JLC* sources outlined the dispute as follows: Builder Ric Weinshenck built the homes in question in two North Deering, Maine, developments in 1994 and 1996. By early 1997, several homeowners were complaining that the chimneys did not properly vent the oil burners they were attached to. Responding to these complaints, an inspector from the Oil and Solid Fuel Board inspected several chimneys and found that they didn't meet the relevant standards set by the National Fire Protection Association. "Specifically," according to the *Press-Herald*, "the inspector determined that the chimney pipes were designed for fireplaces, not oil-burning furnaces."

The board ordered Weinshenck to replace the chimney pipes with approved versions. Weinshenck appealed the order, asserting the existing chimneys could safely do the job. Soon after that, the board relented and signed a consent agreement with Weinshenck allowing him to leave the present pipes in place if he would install either power vents or liners. But according to the *Press-Herald*, some of the houses can't be properly power-vented, and in late September the manufacturer of the proposed liners declined to get involved in the situation by refusing to sell them. The homeowners involved reportedly said they have been left out in the cold, so to speak, and don't trust the fixes called for in the agreement. "We feel abandoned," resident Russell Ross told the *Press-Herald*. "It hasn't even been proven the settlement will bring the chimneys back to code."

Most troubling to some observers was the fact that the chimneys passed inspection in the first place. According to the accounts in *Press-Herald*, a city building inspector approved the chimneys after seeing a UL sticker on the pipes, despite the fact that the pipes were of the wrong type. The entire affair has strengthened calls for further review of the Portland building inspector's office, which suffered censure earlier in 1997 when reports surfaced that multiple code violations were overlooked in several rental apartment buildings receiving government housing payments.

Short Cuts

Brief items from around the region

Boston Project Gets Green Light

A proposed $250 million, 1.4-million-square-foot development planned for the outskirts of Boston's Chinatown will not require a full environmental review, state officials recently declared. The development, which includes apartments, stores, and a movie theater, raised concerns about adding traffic, but these were deemed not serious enough to require full review. The project should further spur Boston's already booming construction industry.

Worker Loses Leg

A Vermont construction worker lost his leg after a pile driver cable snapped and dropped a hopper with two tons of concrete 12 feet to the ground, where it struck the worker, according to the Associated Press. The accident occurred as the worker, Bernard Knapp, 43, of Rutland, was helping to build a parking deck that will be part of the city's $15-million transit center.

Wal-Mart Throws in Towel

Wal-Mart has given up its attempt to build a store in St. Albans, Vt. The chain, which has been trying for several years to get a permit to build in the northwest Vermont city, surrendered its quest a few months after the state Supreme Court upheld the ruling of the Vermont Environmental Board, which cited the state's Act 250 in saying the store would have a deleterious impact on the local downtown economy. Wal-Mart did, however, build three stores in Vermont in 1996 and 1997, ending the state's distinction as the only state in the union without a Wal-Mart.

Downturn in Vt. Construction

As 1997 ended, Vermont's construction economy appeared to be headed for its first year of negative growth since 1992. After three quarters, construction employment was projected to be down roughly 7% from 1996, with total spending down as well. Observers hoped that major projects planned for 1998, however, would turn the trend upward again.

"Bigger Than Beer"

Protection effort taps into strong feelings about beer, history, and architecture

"This is bigger than beer," historian Michael Reiskind told the Boston *Herald* of the fight to save two old Boston brewery buildings from razing and development. "It's part of our history." Reiskind is one of several historical preservationists, beer lovers, and community activists who are rallying to save the the Burkhardt and Vienna Breweries, located in the city's Roxbury neighborhood near the Jamaica Plain border, from development by the Wentworth Institute of Technology, which wants to tear them down to make room for other, more modern, construction. Though the breweries no longer operate, protection advocates say they are almost all that's left of area known as "Brewery Row" in the late-1800s, and are thus an essential part of a city that once had more breweries per capita than any other in America. Boston's first brewery was run by the administrators of Harvard University in the 17th century. This century, however, has been hard on Beantown's brewery industry, leaving few reminders of the original brewing industry.