



Builder News

Fairfield County Architect Chris Pagliaro on Overregulation



Here's why the single family housing market is under great stress

Each and every single family home directly stimulates a local economy! Yet our leaders and local governments have done everything possible over the last decade to squash it! They have rewritten the Residential Building Code several times. They have issued an incredibly more restrictive Energy Code. They have required incredible amounts of strapping and framing techniques. They have stripped the waterfront from the people, and have made it only for the wealthy.

I believe that the local single family housing market is in great stress for several reasons:

It's Generational

We came back on the other side of the Great Recession with a different buyer: The Millennial.

- ▶ They want to live in-town. With few exceptions, Connecticut is the result of post-war suburban sprawl. One acre here, two acres there, and many communities zoned for more. In short, current zoning regulations are in direct conflict with the Millennial's desired way of life. That is fortunate to the cities, as multi-family housing developments are booming. It is suicide to the single family home builder.
- ▶ The Millennial is a generation of instant gratification. They think email is slow! They grew up on instantly breaking news, tickers across the bottom of a screen, no cable tv (they get what they want when they want it), cell phones, internet access, etc. This is applicable because they

do not have the patience to wait out the development of a project. They don't want to hear "public hearing, appeals periods, Health Department review, 5-6 weeks for a building permit...and then 10 months to a year to build". They want answers, deadlines, and an end-game result of planning and financial impact. Our business has never been geared to provide that very well in the first place.

The Millennial would rather rent an apartment than invest in a home that they don't know when it will be ready or how much it will cost. They would rather walk to a train than have 2 acres and a 3 car garage. They would rather hike on a Saturday than mow a lawn. Our zoning regulations still look at parking regulations, while the Millennial pursues a world of shared car services in lieu of owning a car! There is a GAP between "the way it is" and "the future".

It's Regulatory, and Regulations Take Time... and Money... and That is Counterproductive!

Building Code revisions since the Great Recession:

- ▶ **Required drawings for permits have greatly increased.**
 - Wind Load Bracing and Moment Frames.
 - Strapping.
 - Death by a Thousand Cuts of many smaller items.
- ▶ **Energy Code**
 - Increased ceiling/roof R-Value requirements to R-49
That means that we HAVE to use closed-cell foam insulation in 2x10 roof framing. That is the MOST expensive insulation on the market.
 - Houses have become air-tight. So what happens, we now have to pay for mechanized fresh-air intake. One begets the other!
 - Blower Door Tests and the like. Increased MEP costs.
- ▶ **Framing:**
 - Simpson connections, Simpson connections, Simpson connections! Materials and labor, labor, labor. Money, Money, Money.
 - Brace walls. Or in lieu of Brace Walls, Moment Frames.
 - I am not saying that structure should ever be compromised, but the reality is that much of this was lobbying by insurance companies, Simpson itself, and a reaction to Katrina, where houses with Styrofoam sheathing failed.

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A design collaboration is a very special relationship.



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Joel Grossman - Calcagni

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In Wallingford, *Hidden Brook*, a new 7 lot pocket community by Timberwood Homes featuring 2,200 – 2,600 sq. ft. single family homes starting at \$429,900 has already taken three deposits since opening late April. Slightly off the beaten path, *Royal Oaks*, a Sunwood Community comprised of 16 lots with prices starting at \$399,900. Six lots remain, including one quick delivery colonial priced at \$469,000.

Just down the road in Northford, another Sunwood community drawing attention is *Bridgewater*, a 30-lot subdivision with 1+ acre lots. Seven homes have closed, with two currently under deposit with a quick delivery model home available. Sales at *Bridgewater* have been bucking the trend with sale prices in the upper \$500K's to \$700's.

Moving north to *HillCrest Village* in Southington, Verna Builders & Ianini Development have joined forces to build 98 single family homes in a classic styled neighborhood made up of smaller, easy to manage lots starting at \$379,900. Twenty-one homes are sold in Phase I at an average selling price of \$424,000. Two quick delivery homes are available, starting at \$399,900.

Ken DeLeo, Doherty & DeLeo, Darien

– The high end in every market is dead. For us in lower Fairfield County, that means anything over \$3 million.

Chris Nelson, Nelson Construction,

Simsbury – We have as much for sale product under contract in the first quarter of 2017, as we closed all of last year. However, banks are taking a much more conservative approach to financing apartments. They are charging more and because they see more risk, they are requiring 35-40 percent down.

Liz Koiva, Nordic Builders, Tolland –

I have three customers who want to build a new home, but can't sell their existing home because of potential crumbling foundations due to pyrotite issue.

Kathryn Redican, VP Marketing & Business Development, BHHSNE -

Sales and sales prices were up for both single family homes and condominiums in the 1st quarter of 2017 and through May. Due to demand for mid-priced single family homes, average days on market decreased 7.5% to 98 days while prices increased 3.4% to \$360,800. There were also 390 more sales year to date when compared to January through May 2016. While statistics show that inventory is higher now than in 2016, buyers in Connecticut certainly believe that inventory is lacking – more specifically new inventory. Homes brought to market in 2017 have sold quicker than homes that have been on the market since 2016.

According to our latest *Berkshire Hathaway HomeServices Homeowner Sentiment Survey*, optimism toward the U.S. economy and real estate market rose across all generations of current and prospective homeowners. However, rising interest rates continue to be a concern among prospective homeowners – Millennials in particular – reported a sense of urgency to buy before mortgage rates rise further.

A tight supply of available homes in many markets –

particularly at lower and entry-level price points – presents another challenge for buyers. Builders this year are responding with more focus on lower-priced homes, which may serve as an important nudge to hesitant Millennials. In the survey, 70% of prospective homeowners said they are willing to wait to buy a home that suits their needs – even with the likelihood of rising mortgage rates.

New housing permit data shows 56.8% of CT permits issued through April 2017 were for single family homes, followed by 38.9% issued for multifamily projects with five or more units. The most permits were issued in Stamford, Norwalk, and Milford; towns with a higher percentage of commuters and smaller residences. Through April, permits are down 29.3% across the state (981 compared to 1,387).

Buyers are active and looking for turn-key homes. In one of our subdivisions, we have a waiting list for townhomes, which will be complete by the end of the year. The enthusiasm by buyers continues, as interest rates are historically low and the job market is stable. The Northeast, and certainly Connecticut has a high demand for entry level homes. However, builders are struggling to build for today's entry level buyers and downsizing baby boomers, due to both the high cost of land and cost & length of approvals. Builders who are in the position to build to this price point will be most successful this year and likely into 2018.

– Candace Adams,
President and CEO of
Berkshire Hathaway Home
Services New England,
N.Y. & Westchester Properties

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Connecticut Economic Resource Center, Inc. An excellent option for assessing market potential of an area or property

By Alissa DeJonge, Vice President of Research

Does it surprise you to know that Connecticut residents are slowly gaining optimism about their personal financial situations?

These results are from a quarterly Consumer Confidence Survey that the Connecticut Economic Resource Center, Inc. (CERC) conducts in collaboration with the Connecticut Data Collaborative and Smith & Company. The analysis is based on the responses of residents across Connecticut and addresses key economic issues such as overall confidence, attitudes toward the economy, personal finance, leisure spending, consumer purchases including homes and furniture, housing prices, government programs and current investments.

The 2017 Q1 Consumer Confidence results showed that 23% of respondents, a 5-point increase over last quarter, felt that overall business conditions in Connecticut are better now than they were six months ago. This represented the highest level since this time last year. In addition, there was a 4-point increase over last quarter in respondents who felt that they are much better off from a personal financial standpoint than they were six months ago, which is tied for the survey's all-time high with Q2 2016 levels. There were other positive indicators: The percentage of respondents who are planning to purchase a new car was at an all-time high (15%), as was the percentage of respondents expecting to purchase a major consumer good (such as furniture) (46%). There was slight growth in the percentage of respondents who said they are very likely to refinance their home or purchase a new one (8%). There also was a slight increase in the proportion of respondents who agreed that they would have enough money for a comfortable retirement, another all-time high (29%). The 2017 Q1 survey of 505 state residents has a margin of error of 4%.

This survey is one of the ways that CERC provides key information to our clients about current issues facing residents in Connecticut. CERC is a nonprofit corporation that provides research, real estate, economic development, municipal and marketing services – with a mission of leveraging Connecticut's unique advantages as a premier business location. CERC's unique offerings, particularly to the real estate community, also include feasibility assessments of market potential, economic and fiscal impact analyses, zoning and land use assessments, identifying growing industries in a region, and 'concierge' support for the state's business recruitment and retention efforts.

Our objective research expertise and data analyzes issues at the local, state, national and global levels. We offer a variety of online research products, resources and tools, as well as individually designed custom analyses for clients. Our web site (www.cerc.com) contains demographic, economic, fiscal and education data about municipalities in the state that may benefit your marketing efforts of areas or properties.

If you or your company are interested in additional information about assessing the market potential about an area or specific property, are looking for extra data about consumer sentiments, or want to add proprietary questions to the Consumer Confidence survey for your company's strategic planning purposes, please contact me at adejonge@cerc.com or 860-571-6206, or visit www.cerc.com.

Winners of 7th Annual Connecticut Zero Energy Challenge

Winning builders and homeowners in Derby, Ellington, Guilford, Sharon and Stonington demonstrate that super high efficiency homes are achievable

Energize Connecticut, in partnership with Eversource and AVANGRID, Inc. subsidiaries United Illuminating, Southern Connecticut Gas and Connecticut Natural Gas, selected five winners for the 7th annual Energize Connecticut Zero Energy Challenge (ZEC), a statewide design and build competition for single and multi-family homes. This year's competition featured 17 homes from across the state built between June 1, 2016 and January 31, 2017.

In this nationally recognized initiative, participants are challenged to construct high efficiency homes that consume little to no energy by using sustainable building practices.

"With new renewable energy technologies and energy-efficient building requirements, residential construction continues to evolve, and the Zero Energy Challenge exemplifies this shift in the industry. Participants in the Challenge are dedicated to the net zero energy movement and are building environmentally-friendly, resilient, comfortable homes. I applaud this year's participants and winners for their hard work and devotion to transforming the residential new construction market in Connecticut."

– Taren O'Connor, the Energy Efficiency Board Chair

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RESNET Rating Standards are used to determine each home's HERS Index (Home Energy Rating Score), a nationally standardized scoring system that measures a home's energy performance (the lower the number, the more energy efficient the home; a score of zero represents a net zero energy home). A low HERS index, the home's cost effectiveness and total estimated operating costs are used to determine the winners in each category.



Zero Energy Challenge Winners

The 2016 Zero Energy Challenge winners include:

Overall Winner

Project: Deb and Russell Heinrich Residence, Guilford, Conn.
Builder: Bill Freeman and Alicia Dolce – Celebration Green Design & Build, Madison, Conn.

“After spending time at an environmentally conscious community in Costa Rica, we decided to create a self-sustaining lifestyle for ourselves. Because of this interest, we attended an open house for a completed Zero Energy Passive Home built by Celebration Green Design & Build to learn how the principles of a passive home would enable us to achieve our dream,” said Russell Heinrich, homeowner. “Once we had conceptual plans, we began transforming our design for a high performance home into the reality of a zero energy home that would leave as small a carbon footprint as possible.”

Best Overall Envelope (tied)

Project: Silver Lake Conference Center, Sharon, Conn.
Builder: Greg Ariflian – Silver Lake Conference Center, Sharon, Conn.

Project: Deb and Russell Heinrich Residence, Guilford, Conn.
Builder: Bill Freeman and Alicia Dolce – Celebration Green Design & Build, Madison, Conn.

Lowest HERS Index Without Renewables Winner

Project: Sandy and Jeff Alexander Residence, Stonington, Conn.
Builder: Nick Lehto – Lehto Design/Build, Killingly, Conn.

Lowest Overall HERS Index Winner

Project: Janis and Steve Moser Residence, Ellington, Conn.
Builder: Steve Moser, Ellington, Conn.

Lowest Cost/Square Foot

Project: Derby Residence, Derby, Conn.
Builder: Mark Nuzzolo and D.J. Collins – Brookside Development, Woodbridge, Conn.

Specific project information for all entries can be found by visiting CTZeroEnergyChallenge.com.

The Connecticut Zero Energy Challenge is now seeking participants for its 2017 challenge. The deadline to apply is June 1, 2017. Homes must be completed by January 31, 2018. If interested in applying, please visit CTZeroEnergyChallenge.com for more details.

2017 Model Remodel Is Underway in Connecticut

Pro Remodeler's 2017 Model Remodel project is an old cabin that has been in the client's family for generations, New Milford builder, Ben Bogie of Built to Last was chosen for this serious makeover into a retirement home for a brand new grandma. While she is active, agile, healthy, and still a few years shy of retirement, she wants a home that will not need to be renovated every decade to accommodate changing needs. So the renovation plan embraces Universal Design principles for kitchen, bath, and general living.



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2017 Model Remodel Is Underway in Connecticut

New Milford CT builder, Ben Bogie, will also build in some other retirement-friendly, common-sense energy efficient upgrades that will help lower the client's energy bills, such as:

- ▶ He will replace the roof framing with raised heel trusses, which make more room for insulation in the attic.
- ▶ He will use ZIP R12 sheathing from Huber which features 2 inches of rigid insulation attached to the sheathing.
- ▶ Inside the walls will be Roxul mineral wool insulation, which will also be used for sound deadening in interior walls.
- ▶ The leakiest part of the house—the rim joist area—will be sealed at multiple stages of the process, because air sealing is THE most cost effective step in energy savings.

A standing seam metal roof from ValSpar, new composite siding from Grayne, exterior trim from Kleer, and triple-glazed windows from MI Windows complete the outer shell.

The tightened shell will have a balanced ventilation system that won't bust the budget with an expensive HRV. Air King's powered and programmable supply fan is wired to the exhaust fans in the bathroom and kitchen to balance the outgoing air with incoming air whenever the exhaust fans come on.

Air King's kitchen range hood will be parked among high-end cabinets from Wellborn. The Shaker-style cabinets will bring out the simple, proportionally pleasing New England Greek

Revival Farmhouse style of the home's exterior, which we'll talk about in a future post.

Speaking of exhaust fans, steam in the house will come from water heated with a Noritz tankless water heater.

It will (predictably) deliver water to the bathroom, where a five-piece Bestbath shower unit will be installed. The shower rolls many 'Thriving in Place' features into the mix – because it is constructed with solid, three-quarter-inch plywood under the resin coating, no blocking for future grab bars is required; the solid plywood is plenty strong for grab-bar installation anywhere in the shower, now or later. Also, the shower curb is removable for a barrier-free entry, if needed.

Sinks and toilets are coming from American Standard, and will pretty much wrap up the live coverage before we polish the home up for the October and November issues of Professional Remodeler.

Each week Professional Remodeler will check in with a new episode of the "Model Remodel Show", as well as other quick updates from the jobsite or drawing board.

Ben Bogie, Built to Last, is a second-generation custom builder and remodeler with a passion for historical renovation and high performance homes. A master carpenter whose expertise is featured on many Pro-tradecraft videos, Bogie is an active member of the Northeast Sustainable Energy Association, a leading advocacy organization promoting sustainable energy practices. He's also certified as a HERS rater by the Residential Energy Services Network.

Zillow officially launches RealEstate.com, new site for Millennials, first-time buyers

Site allows buyers to search by "all-in monthly price" of home

A study last year by Realtor.com found concerns about down payments and finding a house that fit their budget were the major factors holding back first-time buyers.

A Freddie Mac report in May found that while renters are feeling more confident about their finances, a larger percentage are planning to keep renting for now than said so last September. And a recent TransUnion survey revealed that 42% of millennials indicated they would delay homebuying due to the Fed's interest rate hike in 2016. (That was followed by another rate increase in March 2017.)

The new Zillow website addresses some of these concerns and behaviors by helping to educate first-time buyers about all costs associated with homeownership upfront during their



search process.

RealEstate.com also appeals to millennials' tech usage. A survey by the National Association of Realtors found that 99% of millennials used the internet for home searches last year.

Prior to the site's launch in May, RealEstate.com redirected to Trulia.com. Zillow acquired the domain name as part of its acquisition of Trulia in 2015.

What sets the new site apart, according to Zillow, is that

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Builder News *(continued)*

Zillow officially launches RealEstate.com, new site for Millennials, first-time buyers

RealEstate.com gives buyers a new way to search for a home – by their preferred down payment and monthly mortgage payment.

According to details provided by Zillow, RealEstate.com calculates an “All-In Monthly Price” for every home, which breaks down estimated expenses that may be part of a buyer’s monthly payment, including principal and interest, property taxes, homeowner’s insurance, HOA fees and utilities, and closing costs.

Those items will help buyers understand the additional costs associated with homeownership, Zillow says.

Zillow adds that a recently published report from its data division showed that homebuyers say that finding a home within their budget is their top concern.

“RealEstate.com is designed to equip the next generation of home buyers to find a home that suits their needs and budget,” said Jeremy Wacksman, chief marketing officer at Zillow Group. “We know from our research that affordability is a huge driver for home buyers, and that first-time buyers are more likely to go over budget,” Wacksman added. “By tailoring the home search experience on RealEstate.com around a home’s monthly cost, we hope to make the home buying experience less daunting and even more transparent for first-time buyers.”

Zillow conducted a study showing 70% of Millennials report using a real estate agent, find their real estate agent online and evaluate agents using online reviews.

“We’ve spent a great deal of time thinking about millennials, how they approach real estate and the experience they expect during the search process,” Wacksman said. “We know from our own research they are driving the housing market because half of homebuyers in the U.S. are under 36 years old.

Windermere launches ultra-luxury brand, W Collection
The new brand will cater to consumers looking to buy or sell at \$3 million and up

Census data indicate the ultra-wealthy are on the rise — the number of households with incomes above \$150,000 rose by 52 percent between 2010 and 2016, and it’s projected to grow by an additional 34.6 percent by the year 2021.

That’s why Windermere president O.B. Jacobi is announcing the launch of a new ultra-luxury brand, W Collection in Seattle, which is an idea that Fairfield County and Connecticut shoreline luxury builders should consider.



The W Collection mobile interface

W Collection is a marketing program that is tailored to the specialized needs of clients with homes priced at \$3 million and above.

“Over the past few years Seattle’s high-net-worth population has exploded thanks to our booming economy, growing tech sector, and increasing international appeal,” said Jacobi “This has created a need to provide premium level services and brand power to Seattle’s growing ultra-high-net-worth real estate market.”



What’s W Collection?

The company describes W Collection as a “standalone brand.” It has a separate website, WByWindermere.com, and its own signage, presentation materials and “specialized advertising opportunities”. Windermere began developing the brand about a year ago alongside real estate branding and marketing agency 1000watt.

“Windermere already owned commanding market share in Seattle, so we approached this as an opportunity to help them consolidate that lead,” said Brian Boero, founding partner of 1000watt. “Everything we created — the logo, the brand system, the website design — was designed to build on the strength of the Windermere brand, while opening up new territories aimed at the very top stratum of the market. □