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The Magazine of the Home Builders & Remodelers Association of Connecticut

Fall 2022

Interactive Digital Edition



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**East Coast Structures
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COVER STORY – John Sullivan, East Coast Structures, built this 2,992sf custom beach house in the Bell Island neighborhood of Rowayton. It was designed by Cardello Architects with oversize windows and decks on every floor that take full advantage of the magnificent water views. It's the perfect getaway for a young family from Manhattan, who use the home during the summer and on weekends.

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A message from the chairman



It certainly doesn't feel like it has been almost two years since I wrote my first chairman's message for Connecticut Builder! These last two years have flown by and as I serve the last few months of my term as Chairman of the Board and President of our great association, I can't help but reflect on the last 24 months as well as project what the future holds for both our industry and the HBRA of Connecticut.

Workforce Development

In my summer address to Connecticut Builder I discussed the prospect of receiving a state grant (Career ConnectCT) for the operation of our own residential construction based workforce development program. The program was going to use curriculum from the Home Building Institute (HBI) which is a non-profit partner of the NAHB and leader of career training in the home building industry. Unfortunately, the Career ConnectCT grants were funded by federal ARPA funds that ran out prior to the planned August submission of our application. While this served as a setback for the development of our own residential construction training program, we are determined to move on and work with HBI and local workforce partners to continue our pursuit of a program that will help produce the workforce that our industry sorely needs. I am confident that this goal will remain a high priority for our Association in the coming years.

The positive news on the workforce development front is that HBI's Pre-Apprenticeship Training Core (PACT CORE) curriculum has been accepted by the CT Department of Labor for use in public schools. Stonington High School is the first public high school in the state to adopt this program and it is the goal of our Association and HBI to spread this curriculum across the state of Connecticut. On October 3rd Governor Lamont, representatives from HBI and our leadership visited Stonington High School to celebrate the start of the new program. HBI's PACT CORE will introduce high school aged children to the many great career opportunities in residential construction. It is now our responsibility to augment these positive first steps by attracting other Connecticut towns to follow Stonington's example which will be a positive for talented CT students who are looking for alternatives to a standard 4-year college degree in a career that will better suit their talents.

Legislative Challenges

In this past legislative session, our Association, behind the leadership of our Executive Officer Jim Perras and the grass roots efforts of our members, successfully helped defeat proposed Senate Bill 292 which would have mandated electrification of heating and hot water heating systems in all new construction. While I will let Jim address the various issues surrounding future legislative challenges concerning this topic, I would like to add a thought: While the members of our Association are committed to building homes progressively more energy efficient and environmentally responsible, we need to ensure that the transition to electric heating and hot water systems is being accomplished in a responsible and sustainable way that ultimately delivers worthwhile results. Mandates for electrification that exceed what is

required by the current State Building Code which already requires us to build our homes twice as efficient as the relatively old existing housing stock in Connecticut will do little to move the needle on impacting our environment. It is up to our Association to educate our representatives in Hartford on how to responsibly transition to alternative energy sources without materially damaging housing affordability and overextending our tired electric grid while properly incentivizing the adoption of these systems in new construction for consumers. Any transition plan should also adequately address the aging 1 million plus homes in our State that need energy efficiency-based retrofits. This, along with ill-advised proposals for the adoption of municipal stretch codes will serve as significant legislative challenges for our Association for the upcoming session. These will be our battles to fight and the more members that actively engage in this discussion the stronger our position will be.

The Future of Our Association

As I look to the future of our Association, I am confident in our ability to tackle the industry challenges that lie before us. Our Association has a long history of advocacy in Hartford, and we are in good hands with our EO Jim Perras and Government Affairs chairman Bob Wiedenmann. Our success will rely on the continued involvement of our members to engage and educate their respective local representatives in Hartford. I encourage all members, experienced and inexperienced alike, to get involved in this vital process. Our ad hoc workforce development committee must continue to pursue avenues to train our workforce of the future. A workforce that has a steady flow of younger workers entering the industry is vital to our long-term viability. Lastly, the achievement of long overdue widespread municipal zoning reform that recognizes the current needs of our society and the housing market in general is a discussion that we need to continue to participate in. Our future growth potential is dependent on building homes that reflect what the market demands.

Thank You

Serving as President and Chairman of the Board of the HBRA of CT for these past two years has been an honor and a privilege. I would like to thank my father Eric, who's past HBRA leadership at the local, state and national levels inspired me to serve our industry. In addition, I can't properly express how fortunate I was to work with dedicated state and local board members as well as their respective staffs as I climbed both the state and local ladders these past 12 years. I have every confidence that my friend David Preka will do a great job of succeeding me as President and I look forward to working with him during his term which will start in January. This experience has been invaluable to me both personally and professionally. I encourage members to get more involved and realize the benefits from being an active member the way that I have. I am proud to be a part of a great Association that represents an industry that serves a vital role in our society and look forward to what the future holds.

Eric Santini

Chairman of the Board & President, HBRA of CT



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The Political Spotlight



As we look forward to the new year and the 2023 legislative session, there is as much a sense of opportunity as there is caution. That sentiment is also felt in our own industry. Builder sentiment has been on the decline for months as the Feds raise interest rates to pump the brakes on the economy and supply chain issues persist as talk of recession gets louder. But employment numbers are still strong and as of the end of August new building permit numbers in Connecticut have increased 18% since that time last year.

The 2022 campaign season saw our industry become part of the political discourse to a degree not seen in a long time. Candidates in races across the state were debating the efficacy of home rule with regard to the production of affordable housing and land use reform. We see the current administration and regulators join the growing cacophony of those clamoring to decarbonize residential construction. There has also been much discussion centered around the watering down or repeal of the 8-30g statute, often referred to as “the builders’ remedy”. And as more and more first time home buyers are priced out of the market and rents soar as a result, we once again hear the ominous drum beat for failed policies such as rent control.

For better or worse our industry has been in the political spotlight this campaign season and as a result, will likely continue to be so throughout the 2023 legislative session. With an election comes freshman legislators and possible changes in caucus and committee leadership. This is where the opportunity lies. This is the exact precise time where members must work with state and local HBRA staff to engage the newly elected and re-elected that represent you before pressures from caucus leadership and ill informed bias creeps in. It is the ideal time to connect and educate the newly elected on our industry issues that directly impact our business and wellbeing.

The HBRA continues to build strong partnerships with other advocacy groups to enhance our voice before state government, like the realtors association and HomeCT, just to name a few. And we will continue to use traditional lobbying and modern grassroots technology to maximize the expertise of our members in order to educate our elected representatives.

Our advocacy and your voice has never been needed more. Please consider lending your expertise and voice to our virtual weekly government affairs that will begin in January (All HBRA members are welcome). And if you have any thoughts or suggestions on issues you would like the HBRA to pursue this session on behalf of our industry and your business please feel free to reach out to me directly.

Jim Perras, CEO, HBRA of CT [📧](#)



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Various Interpretations of the Modern Farmhouse along with Glass Walls and Wide Plank Oak Floors Defined this year's HOBI Winning Homes

- by Connecticut Builder editor, Joanne Carroll

The translucent drama of glass, the new old feel of wide plank white oak floors and the convenience of deep wide kitchen drawers, were all front and center



This year, the trend to glass walls and an abundance of windows was even more evident. Floor to ceiling Marvin, Pella and European windows, many casement style, were a strikingly common design element in the high end Fairfield County homes we visited on our HOBI tour.



John Sullivan built his winning custom home on a challenging lot with only 35' of frontage on L.I.S. and a salt water marsh in the rear. 78 helical piles were driven to combat terrible soil conditions and to support an elevated foundation. Ipe decks on every floor take advantage of amazing views.

(continued)

Various Interpretations of the Modern Farmhouse *(continued)*



Ryan Fletcher and architect Chris Pagliaro created this dramatic indoor outdoor kitchen using a motorized glass paned overhead door above the kitchen sink.

Chris Pagliaro designed this 6,859sf sleek, contemporary home with three gabled wings and a connecting bridge. Built by Ryan Fletcher, Fletcher Development, its two story glass enclosed spaces are defined by metals.

Floor to ceiling glass and casement windows make indoor spaces one with nature.

Other than the outside glamor of glass, and the openness to nature it provides on the inside, building with glass has more than a few hidden, practical advantages. Glass is waterproof and rust, termite, weather and corrosion resistant, and sealed glass panes transmit very little sound, so an abundance of glass makes these homes quieter. At right, a corner window wall with casements looking out to the backyard and pool at Fletcher's winning custom home in Westport.



But the real motivator is the view! Floor to ceiling windows, an open floor plan and transparent railings on the outdoor balconies and decks make for unobstructed and sensational views of the landscape or water from every room.



Westport Family Homes modern farmhouse



The trend to floating staircases with oak handrails and black iron balusters is evident in this winning custom home by DeRosa Builders & architect Tanner White.



Various Interpretations of the Modern Farmhouse *(continued)*



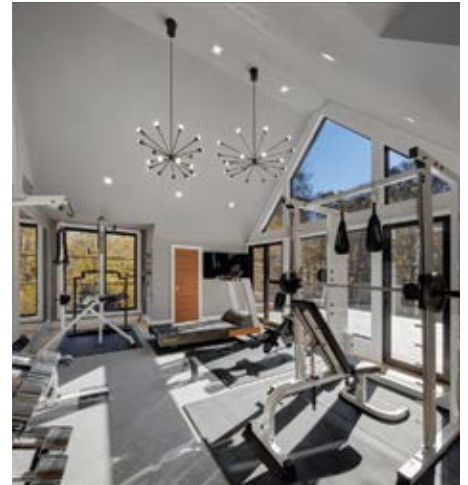
HSL River retreat

A fresh approach to the modern farmhouse, HSL Building's River Retreat in Westport takes outdoor living to a new level, with heated, lit walkways, a 12ft high translucent indoor outdoor fireplace, infinite-edge pool and separate year-round outdoor spa.

Outdoor living was integral to each design, including balconies off bedrooms, and full length screened patios with ceiling heaters to provide three season comfort.

Most of this year's homes were built during the pandemic, and they reflect the mindset this historic health crisis created. Every home boasted two offices and a home gym. Industrial black steel framed glass doors were popular for their translucence, as well as the privacy they create in separating home offices within an open floorplan.

Another pandemic related trend is the heightened focus on the kitchen, which has been utilized for gathering and cooking meals more than ever before. Islands grew to 11 and 12 ft long, while deep,



HSL home gym



wide drawers provide organized, convenient storage for the heart of the home.

Several custom home kitchens, like this one built in Rowayton by Luigi Altamura, (Pictured top of p. 13), were designed as a contemporary take on the walk-in fireplace of 200 years ago, with an 6-8 ft long oak panel spanning the recessed cooking niche and concealing the range hood.



HSL kitchen

Hobbs used a reclaimed oak beam and

Most of this year's homes were built during the pandemic, and they reflect the mindset this historic health crisis created. Every home boasted two offices and a home gym.



Altamura Homes panel over range



Hobbs kitchen

stone surround to make this Greenwich estate kitchen authentically 19th century, except for the 21st century range.



Light pours into this extra large all white shower by East Coast Structures.



Altamura Homes bath w/13' X 10' glass partition & porcelain slab walls and floor.

In 2022, primary baths featured LED tube framed mirrors, black faucets and fittings, intelligent toilets, oversized showers with rain shower heads set into the ceiling and pedestal tubs in all shapes and sizes.

(continued)



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Various Interpretations of the Modern Farmhouse *(continued)*



DeRosa Builders Fairfield custom home family room



LTW Design living room

Interior spaces have evolved from transitional into a clean, sleek modern look, with little or no moldings, and a black and white color scheme or charcoal walls.

Land development Trend

Finally, a note on the newest development trend in Connecticut – single family rental communities. Popular in southern states for the past several years, single family rentals have become a financially viable and attractive alternative for Connecticut builders.

This year, we had winning single family rental communities in both Hartford and Fairfield Counties, with the big difference being in number of homes and the amount of rent. In Granby, Krown Point Capital and Nelson Construction are building The Grand Luxury Homes, 75 single family and duplex homes with rents of \$3,225 - \$4,440 per month. Amenities include a full clubhouse, centrally located on the site, a resort style pool, grilling stations, barbecue fire pits, dog park and bocce court.

In Norwalk, Greyrock Homes has built The Cottages at Richards Avenue, a gated age-restricted community of 10 luxury duplex homes with rents of \$6,500-9,000 per month.

In both communities, homes rented before construction was completed – an indication of the size of the rental market in Connecticut and the desire for single family living! 🏡



Krown Point aerial



Greyrock Home Cottages at Richards Avenue in Norwalk

Is Connecticut Ready for All Electric Residential Construction?

- By Jim Perras, CEO, HBRA of CT

Climate change has dominated the political discourse in Connecticut as of late. Similarly, there is renewed conversation surrounding the growing housing affordability crisis as evidenced by spiking rents and high costs of construction due to stunted housing production over the last twelve years. This all begs the question, is Connecticut properly positioned to move to an all electric housing sector? If so, can the government execute a transition to all electrical homes in a manner that ensures access to clean, reliable and affordable electricity, while promoting housing affordability and accessibility in an equitable and socially conscious way?

State regulators sounded the alarm in 2021 stating the state is not on target to meet statutory emission reductions established by the Global Warming Solutions Act of 2008. It was a call to arms for the environmental community that is urging more must be done to accelerate emission reductions, particularly in the transportation and building sectors.

Citing a 2018 report completed by the Governor's Council on Climate Change, regulators are calling for 34% reduction in emissions from the built environment is needed to meet 2030 emissions targets.

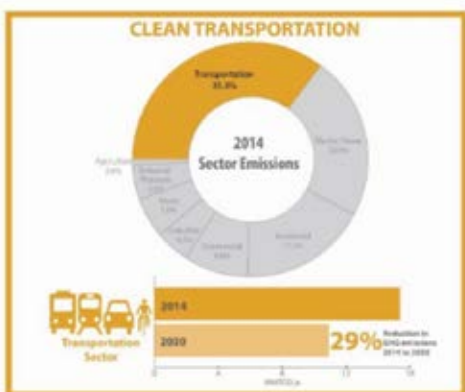
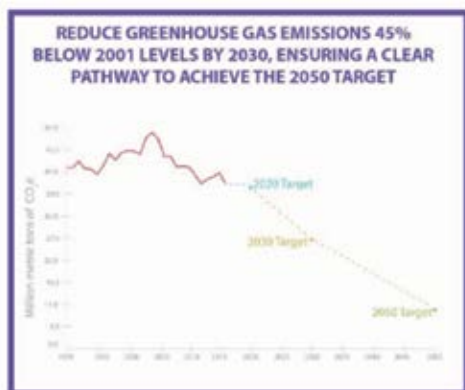
Connecticut's environmental community appears to be coalescing around the position that the state should take bold

action to ban the use of mechanicals that use fossil fuels for heat and hot water in newly constructed homes, regardless of the associated costs or the questionable capacity of the electrical grid to meet the new consumer demand that would be required of it. This position manifested itself in 2021, in the Connecticut General Assembly as Senate Bill 292: An Act Concerning Heating Efficiency in New Construction and Major Alteration of Residential Buildings. After heated public debate and opposition from small business owners and industry leaders, SB 292 failed to become law.

In retrospect, why did SB 292 fail to become law last year? After all, can't we all agree that less emissions derived from residential buildings is a good thing? It is, but environmental policy should not and cannot be contrived in a vacuum. And when restrictive environmental policies are juxtaposed with Connecticut's growing housing accessibility and affordability crisis which is quickly widening the socio-economic divide, the answer becomes less black and white.

Building a Low Carbon Future for connecticut

Achieving a 45% GHG Reduction by 2030



Is the mandatory electrification of new construction the best policy and use of resources to reduce emission in the fight against climate change? Throughout the 2021 debate of SB 292, many proponents cited a statistic produced by the Center for Climate and Energy Solutions (C2ES) that attributes roughly 29% of all U.S. greenhouse emissions to fossil fuel combustion associated with residential and commercial buildings. It was a rallying cry for passage of SB 292. But that statistic, at least within the confines of the electrification of residential construction debate, is a bit of a red herring. Point of fact, Connecticut's nearly 1.5 million units of existing housing stock is one of the oldest and most inefficient in the country. According to U.S. Census

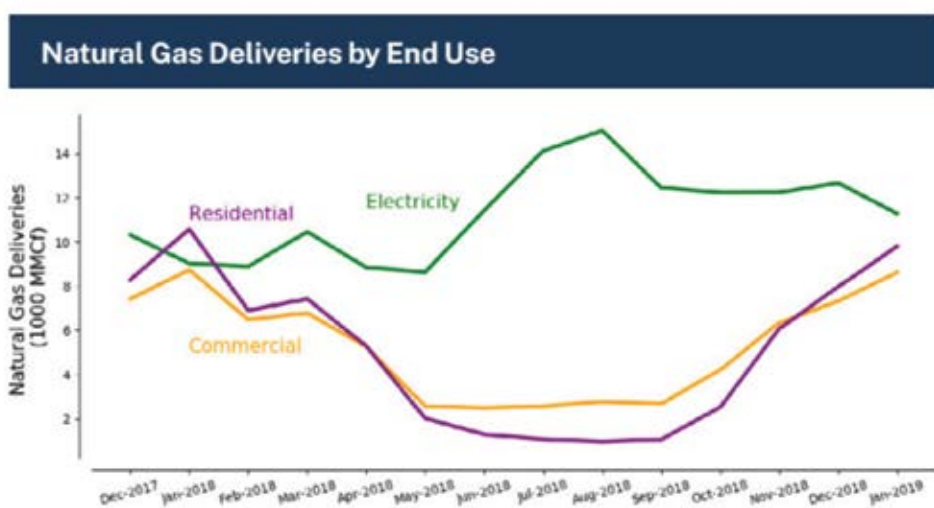
statistics, as reported monthly by the CT DECD, between the years of 2021 and 2015 Connecticut averaged a total of 4,368 new housing units a year in recent times. On average, new construction built in a given year has totaled less than 0.3% of existing units. To put this into context, it would take roughly three hundred and forty-three years for Connecticut's residential construction industry to build 1.5 million homes at its current rate of construction.

When assessing the carbon and cost-effectiveness of various decarbonization strategies, researchers with the Joint Center For Housing Studies of Harvard University identified the time value of carbon (TVC) as a major factor to consider. The concept of TVC identifies carbon reductions made today as more valuable than future reductions based on the immediate need to reduce emissions in the short term. Given that a home

be most impacted by spiking energy bills expected this winter season. From both a pragmatic and environmental equity perspective, politicians and policymakers should be singularly focused on weatherizing and retrofitting our most inefficient housing to achieve the greatest reductions in emissions while positively impacting our most vulnerable populations.

So how should Connecticut proceed with the decarbonization of residential construction? First and foremost, Connecticut should prioritize the influx of federal dollars from the Inflationary Reduction Act and other funding sources towards addressing our aging housing stock and the residents that live in them who are most in need and most exposed to spiking energy and rental costs. Lawmakers and regulators must stop short of enacting decarbonization policies that contribute to the housing affordability crisis we are currently facing.

The state should then prioritize the updating of an electrical grid that is woefully dependent on fossil fuels and transmission lines that are not currently adequate to move electricity from renewable sources to our homes. Nearly half of the electricity currently generated in Connecticut is derived from natural gas. In contrast, roughly 4% of the electricity generation in Connecticut comes from renewable sources.



built before 1980 without significant upgrades (of which Connecticut has many) uses much more energy than newly built homes, it only stands to reason that policymakers should be laser focused on ensuring a sufficient amount of renewables exist to power the electric grid with the requisite transmission infrastructure need, while simultaneously retrofitting older homes.

According to RESNET, a not-for-profit, third party entity that is in the business of providing home energy efficiency ratings, homes built to the 2018 state building code are on average 55% more efficient than existing housing stock, or better. In addition, Connecticut adopted the 2022 State Building Code in October, making homes built after the new code implementation even tighter and more efficient. Given these facts, it would be prudent to redirect the attention and resources of the state government towards assisting homeowners and landlords with older housing units to retrofit their homes to meet current code standards.

According to the United Way, 25% of all Connecticut households have earnings that exceed the Federal Poverty Level but fall short of a basic cost of living threshold. Coupled with the 10% of Connecticut households that fall below the poverty line, that means more than one-third of Connecticut households are struggling to get by. It is precisely this demographic that has been disproportionately impacted by increasing rents and will

According to findings in the aforementioned Harvard study, assuming current grid emission rates, envelope retrofits tended to rank better than renewable energy and electrification upgrades in terms of carbon reduction per dollar spent. Energy consumption in new construction is continuously decreasing due to ever stricter building codes. By contrast, few codes limit the emissions derived from existing homes. As long as fossil fuels are a predominant source of energy for our electricity generation in the state of Connecticut the retrofit of existing homes will

(continued)



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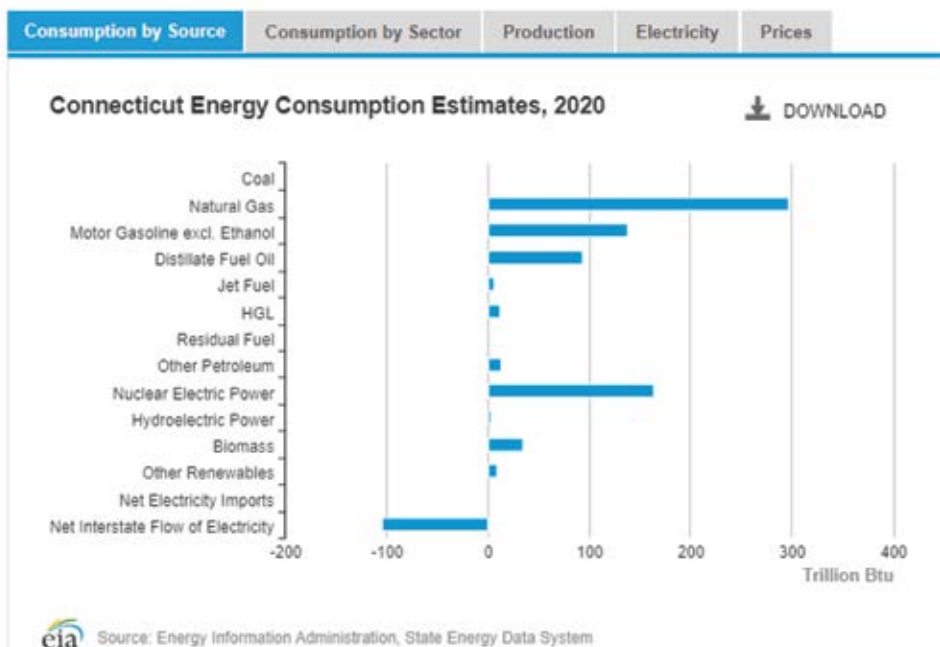
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Is Connecticut Ready for All Electric Residential Construction?

(continued)



continue to be the most optimal way by which to make the greatest strides in emission reductions in the shortest amount of time.

RENEW Northeast, released a report earlier this year on the state of energy transmission in New England. Its conclusions are not surprising. Our transmission system as it exists today is grossly insufficient in its capacity to accommodate the expansion of renewables needed to meet Connecticut and the regional clean energy goals. Necessary transmission investments and proper planning today will allow renewable energy to come online at lower cost and reduce the cost of transmission itself.

Only after the existing housing stock has been made more efficient and resilient and after utilities have been sufficiently decarbonized and transmission of renewable energy is no longer a concern, should policymakers consider shifting attention to the electrification of new construction. And then, not by industry killing mandates but rather by the use of robust incentives and consumer education that promotes economic activity in a residential construction industry that has seen anemic production numbers for over a dozen years. In doing so, policymakers and state regulators will persuade builders and

customers alike to move in the direction of all electric homes.

It will be incumbent upon our state government to educate consumers and ensure proper training of licensed residential construction trade professionals. As outdated notions about inefficient heat pump technology are dispelled and consumers become more aware of the benefits of the technology, demand will increase and production will rise to meet it, thereby driving down costs. If the consumer sees electric heat pumps as an essential component of a new home and demands its installation, the industry will evolve to meet those changing preferences. Consequently, contractors will be more accustomed to the technology and best practices for its installation, driving costs down even further. However, until the residential construction industry finds its equilibrium in relation to heat pump technology and the market for heat pumps adjusts to new norms, it is incumbent upon the state and federal government to properly incentivize the builder and the customer to ensure upfront costs of heat pumps are not cost prohibitive.

Ultimately, it is every builder's goal to build the safest and most comfortable home possible that is affordable to purchase and affordable to operate. At the end of the day, builders are housing, environmental and consumer advocates. Builders will transition to heat pump technology when they are confident it is what the customer wants and it is in the customer's best interest and it is the right thing to do.

Steps to be Taken to Achieve an All Electric Housing Sector:

- First:** Ensure clean, affordable and reliable electricity generation is available.
- Second:** Improve transmission lines to minimize bottlenecks and optimize use of renewables
- Third:** Retrofit most inefficient housing stock first to make greatest decarbonization gain while aiding our most vulnerable population.
- Lastly:** No harmful mandates. Incentivize electrification of new construction and educate consumers to simultaneously help the environment and promote economic activity. □



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Interpreting the Current Real Estate Market

By Antonio Liguori, President Calcagni Real Estate



Recent federal economic strategies and outcomes stemming from them seem contradictory in our current market. Headlines in mainstream media appear to tell one story, but our daily business and personal experiences don't seem to coincide. Over the last few weeks, a few questions have been circulating in my sphere. One question involves the implications of the impending Federal Reserve interest rate hikes. The other is simply whether I would advise a family member to purchase a home in today's market. My goal is to provide some clear and concise information to help make sense of what we can expect in the near term.

The Fed and the Fight to Bring Inflation Down

Most recently, the guidance stated by Fed Chair Powell, the short-term plan of raising interest rates and monetary restraint will continue until it works. While not directly correlated, we have noted a continuing upward pressure in mortgage rates approaching 7%. This plan is causing, to varying degrees, panic from home builders and home buyers because home prices are still appreciating. Hence the confusion about what to expect in the near term.

While high inflation is not something anyone wants to experience in business or daily life, it offers some benefits. Until inflation goes back to a manageable 2-3% average, we can expect to see manufacturing focus on removing bottlenecks, developing products more efficiently, and marketing fewer products so as not to flood the market. This will create a trickle-down effect that will make shopping for goods and services more cost-effective and create more stability in the home buying process by increasing consumer confidence and creating a more predictable environment for development.

Therefore, until inflation gets under control and the Fed continues its course in raising rates, we can expect decelerating home prices in New Haven and Hartford Counties. Decelerating home prices must not be confused with depreciation. It is important to understand micro versus macro views and how they relate to actual data, not just talking points created to garner attention in mass media headlines.

We are finally noticing a period of deceleration in market pricing and, therefore, should not expect double-digit per annum price increases over the next 24 months. Still, it should be clearly

noted that home prices will continue to appreciate. Examples of deceleration include New Haven County YTD average sales price at a 13.6% increase in 2022 from 2021 versus 19.8% during the same period 2021 from 2020 and Hartford County's YTD average sales price at a 7.8% increase in 2022 from 2021 versus 18.5% the same period 2021 from 2020. Additionally, the velocity with which properties are being absorbed has slowed. Initially, there was immediate action upon listings to engage in multiple offers (sometimes sight unseen).

In contrast, today, buyers are more diligent and strategic about how to place an offer to avoid buyer remorse. Buyer interest is slowing as well, which is a contributing factor to price deceleration. In New Haven County during the first quarter of 2022, buyer interest, as indicated by "showings per listings," reached levels of 10-12, whereas our most recent statistics show that number is now averaging 5.5 (and managed listings are still down 19.3% year over year). Similarly, in the first quarter of 2022, Hartford County had 11-13 showings per listing, and the current average is 6.9 showings per listing (and managed listings are still down 20.8% year over year). *

One must refer to a supply and demand imbalance to clarify housing price deceleration versus depreciation during an inflationary environment with increasing interest rates. The supply (inventory of available homes for sale, including new homes) has not increased, which is not primarily, but more partly, still causing the scenarios described from a pricing standpoint. A summary of findings from CoStar of the Multifamily asset class in New Haven County should provide insight into how rentals are still not a contributing factor to solving our inventory shortage.

- ▶ Multifamily market has increased in strength in CT for the calendar year 2021
 - Rental and occupancy rates are up YoY
- ▶ Demand is still strong for the rental housing market
 - Demand for high-quality units is up
- ▶ Property managers continue to expect rental rate increases in 2023
 - 11 properties with 1101 units under construction in New Haven County
 - Represents 3% of the overall inventory
- ▶ Market rate per unit and rent growth forecast to continue an upward trend
 - 36-month forecast expected over 13%

(continued)

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Interpreting the Current Real Estate Market

(continued)

Overall, house prices will continue to get support from the supply shortage, and there are still more buyers than available homes for sale. However, that does not imply that buyers are not being priced out of the market, hence the importance of clearly identifying the significant drop off in buyer interest.

Should someone buy a home today?

It may seem against all logic to many that purchasing a home today is a good idea. However, let us dissect what it truly means to own a home. What are the costs versus benefits? While weighing the decision, refrain from being short-sighted and consider a long-term strategy.

Purchasing a home should come from a need and not from want. In past articles, I have highlighted that we are experiencing a significant shift in demographics. Millennials between 32 - 40 are at a prime age for home buying and now comprise the largest impactful group in the housing market. It is important to highlight this fact because Boomers were the largest demographic group for quite some time. The living requirements for Boomers were significantly different (due to a shift from large(r) homes to right-sized homes) with their greater access to available funds and less need for financing.

As an example, I am a Millennial, about to turn 40 years old. In May 2020, my wife and I contracted to build a new home at the beginning of a pandemic and higher prices because we needed a bigger house. We lived in an 1100 square foot 2-bedroom ranch that we owned, with a 2.5-year-old daughter that took up 65% of the living space between her bedroom and a living room that doubled as her extended playroom. Initially, this home was great for two young professionals (similar in size to a rental), but it quickly shrunk after our first child. Our desire to grow our family quickly meant we had an immediate need to purchase a home, and we contracted to build. After 14 months, we closed on a new home and dealt with the supply chain disruptions, constant increases for every option and upgrade, and plenty of stress with our second child on the way. If precisely what I described from my personal experience were to happen in October of 2022 versus May 2020, I would purchase a home today because it was a need then and would be a need today.

There is no question that with housing price increases coupled with interest rate increases, there will be buyers who cannot afford a home (referring to buyer interest in showings). However, demand is still relatively high for homes. In CT, we cannot discount that we still have additional demand from out-of-state relocation, as evidenced in previous articles with statistics.

Rates may still rise, so if there is a need to purchase a home, it would be prudent to lock in the current rate, as there is always an opportunity to refinance if rates drop. Even though rates have practically doubled since last year, the fact is that rates are historically low and, if adjusted for inflation, are lower.

In a hypothetical situation, let's assume there is a need to buy a home today. If the buyer decides to move forward and purchase the home, that person has locked in the price today and immediately starts contributing towards their equity with mortgage payments. In the scenario where interest rates rise further, the buyer has locked down their rate and purchase price (cost basis) at the bare minimum. Therefore, the buyer is now hedged against inflation by owning the real estate. If the interest rates start to drop at any point, the buyer can refinance. This scenario likely resonates with those of you who personally refinanced or knew individuals that had refinanced multiple times over the last few years when rates were dropping. The alternative to this scenario is if the buyer chooses to "wait until rates drop" but has a "need" to purchase a home now. If rates rise to 8-9% over the next 36 months, and home prices continue to appreciate (or even plateau), the buyer will have lost the time value of money. History has always been a good indicator of decision-making, and owning real estate has long-term growth as an investment. The moral of the story is that if the buyer has not been completely priced out of the market, it is more important to review if there is a need that must be met and start the decision-making process from this point with thoughtful consideration of the data and implications.

*All of the above data is supplied by Smart MLS. □



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Whatever Happened to the Starter Home?



The economics of the housing market, and the local rules that shape it, have squeezed out entry-level homes. Emily Badger likes talking to home builders about economics and to historians about architecture. She recently wrote an excellent article in the New York Times about the disappearance of starter homes in this country.

According to the article, as recently as the 1990s, the home-building industry was still constructing what real-estate ads called the “starter home”, a newly built two-story house with three bedrooms in 1,400 square feet or less.

The price: \$99,000 to \$125,000, or around \$200,000 in today’s dollars.

That house would be in tremendous demand today. But few builders construct anything like it anymore. And those entry-level homes go for half a million dollars.

The disappearance of such affordable homes is central to the American housing crisis.

Specifically, there aren’t enough small, no-frills homes that would give a family new to the country or a young couple with student debt a foothold to build equity.

The affordable end of the market has been squeezed from every side.

- ▶ Land costs have risen steeply in booming parts of the country.
- ▶ Construction material costs have skyrocketed.
- ▶ Regulatory costs have followed suit, and the time to get approvals has lengthened.
- ▶ Towns & communities nationwide are far more stringent and protective today than decades ago about what housing should look like, and how dense and big it must be. Some ban vinyl siding. Others require two-car garages. Nearly all make it difficult to build the kind of home that could sell for \$200,000 today.

Only about 8 percent of new single-family homes today are 1,400 square feet or less. In the 1940s, according to CoreLogic, nearly 70 percent of new houses were that small.

Over the years, those starter homes came in all kinds: mill worker’s cottages, shotgun homes, bungalows, ramblers, split-levels, two-bedroom tract homes, as well as in brick rowhouses, cozy duplexes and triple-deckers, like those pictured here. But the economics of the housing market — and the local rules that shape it — have dictated today that many small homes are replaced by McMansions, or that their moderate-income residents are replaced by wealthier ones.

A tiny 1948 Levittown house on Long Island, now goes with a few updates for \$550,000.

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Whatever Happened to the Starter Home?

(continued)

Simsbury CT builder/developer Chris Nelson summed up the challenges to building affordable entry level housing in Connecticut:



“With the difficulty in getting larger numbers of approvals, it’s almost irrelevant IF we could build a home to sell for \$250,000. If we could, the demand would be huge, and it would flip and resell for \$350,000 or more. So why would we do that as a builder?”

There are three problems, and solving just one problem doesn’t help.

- ▶ Input costs of land, approvals, hard construction costs, marketing, legal, taxes, etc.
- ▶ Market perceived value. The market sets the value, not the well intentioned builder.
- ▶ “For Profit” builders will naturally maximize returns on any approved project. That drives builders away from small home communities, because of the strong demand for higher priced homes, which do yield higher profits on each house. A gross margin on a \$500,000 home at 10% is twice that of a \$250,000 home of 10%. If the more costly home market was saturated (excess supply available), builders would scale down the homes until they find a price point in demand.”

At the root is the math problem of putting a low-cost home on increasingly pricey land. Twenty years ago, a lot might cost \$20,000-30,000. Today, in Connecticut, a lot may cost \$150,000 - \$1 million plus, depending on its location. Permits add \$40,000-\$50,000.

Apartments for young people and baby boomers

Builders see rising interest in apartments and are responding. The housing is attractive not only to young people trying to save for a down payment for a house, but baby boomers looking to shed the responsibilities of home ownership.

Randy Salvatore, founder of RMS Cos., a Stamford real estate development firm, said he can’t build enough multifamily housing units. Of 270 units in a Hartford development, 160 were leased before they were finished, he said. And that was with increased rents.

Municipal officials, looking to increase the local tax base, have established approval processes that include zoning “for what you’re trying to do, densify downtown,” he said.

Salvatore cited Danbury, Hartford, New Haven and Stamford as pro-growth cities.

Inflation is driving up costs

According to Chris Nelson, “With interest rates climbing — mortgage rates are closing in on 7% — rentals are in demand. It’s so strong, we actually had to stop marketing at different times in the last 18 months because demand was greater than what we can produce.”

Chris went on to say that inflation rippling through the economy is driving up costs of nearly all materials. He cited plastic, steel and wire.

“Lumber prices are high, even though they’ve come down from last year when pent-up demand following the pandemic bid up the price,” he explained. “And competition is fierce for labor, forcing employers to raise wages.”

“I give employees 5 to 10% raises twice a year so they don’t go someplace else.”

- Chris Nelson

As a result, the cost of framing a house is about \$10 a square foot, up from \$3 to \$5 recently, he said. Houses selling for \$400,000 are now \$520,000. “We’re not making more money,” Chris said.

“It’s not that I don’t want to build entry-level homes. It’s that I can’t produce one that I can make a profit on and sell to that potential purchaser.”

- Jerry Konter,
Chairman NAHB

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Whatever Happened to the Starter Home?

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The typical new home has grown, as the typical household has shrunk.

That reality conflicts with demographics. The typical American household has fallen in size for decades, even as the typical home has grown larger. Downsizing baby boomers and young adults who delay children, figure to drive demand for smaller homes. So will increasingly diverse young buyers who have more debt and less access to family wealth.

The starter home has always done a lot of work. It builds equity, and it allows for improvement, investment and change over time.

But over the years, land grew more expensive, and communities didn't respond by allowing housing on smaller pieces of it. They broadly did the opposite, ratcheting up rules that ensured builders couldn't construct smaller, more affordable homes. They required pricier materials and minimum home sizes. They wanted architectural flourishes, not flat facades.

This mix of good intentions (energy efficiency, tree preservation) and exclusionary ones (aesthetic mandates, minimum lot sizes) has pushed up the cost of building on top of the rising cost of land. Cities have also shifted more of the burden for funding public infrastructure like parks and sewer systems off taxpayers and onto homebuilders.

The result today is that a builder who can put up only one home on an expensive piece of land will construct a large, expensive one.

A small house sitting on land worth \$500,000 will only make sense as a tear-down. A family earning \$150,000 a year will compete with a family earning \$60,000 when there are so few entry-level homes to buy.

The ADU Solution



The groundbreaking CT Zoning Enabling Act passed last year legislates that as of right detached or attached Accessory Dwelling Units can be constructed in every town throughout Connecticut. Last November, architect/builder Paul Harris was recognized with a HOBI Award for his ADU design and he has investors interested in building affordable ADU's on single

family home lots in multiple towns across the state.

This ADU on Green Farms Road in Westport would fit into the New England character of many Connecticut towns.

The Density Solution

The simplest way to put entry-level housing on increasingly expensive land is to build a lot of it — to put two, three, four or more units on lots that for decades have been reserved for one home.

The outcome would look more like housing built a century ago, with more duplexes, more rowhouses, more homeowners adding their own rental units.

HBRAC CEO, Jim Perras says that local officials can promote affordable housing and boost supply to meet demand by approving zoning rules that allow for greater density. Sharp differences over land use policy “have been around for a couple of decades now and remain to be resolved in Connecticut,” he said. “A 2-acre lot makes it hard to build a starter home.”

“We need to shift our culture away from this dependency on single-family detached housing, and thinking it's the only solution,” said Daniel Parolek, an architect and author of a book on “missing middle” housing.

Entry-level housing is invariably in deep demand. If more communities permitted it, builders would deliver it. □



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The Fight Against Affordable Housing in Connecticut



As published in a recent New York Times article by Lisa Prevost, throughout Fairfield County, local residents and elected officials are trying to block housing developments that include units affordable to low and moderate-income households, warning that the increased density could change the character of their towns.

In Fairfield, close to 2,400 residents have signed a petition opposing a project proposed for downtown that could bring 19 units of affordable housing.

In nearby New Canaan, homeowners have raised close to \$100,000 for a legal fund to fight a proposed apartment complex downtown on Weed Street that would include 31 rent-restricted units for households with moderate incomes.

And in Greenwich, a developer recently withdrew an application to build a project that would include 58 apartments priced below market rate, after residents living in nearby luxury condominiums objected and said the buildings that would be demolished were historically significant.

The 32-year-old 8-30g law that enables such projects has always generated some pushback, but the opposition has grown more fierce as the number of proposals has increased in recent years.

These fervent campaigns against housing applications reflect a battle that has engulfed the state, town by town. Last week, a group led by the Open Communities Alliance announced that it

would file a civil rights lawsuit against the town of Woodbridge, saying that the town's zoning regulations, which sharply restrict multifamily housing, violated the state Fair Housing Act, state zoning laws and the state Constitution.

The suit will be closely watched by towns around Connecticut, especially in Fairfield County, a hotbed of backlash to the law known as Section 8-30g, which was intended to help reverse decades of housing discrimination and segregation, much of it accomplished through restrictive zoning. The statute allows developers to exceed local restrictions on density if they include units priced below market rate.

"Right now, it is the political hot button in Fairfield County," said Arnold Karp, the president of Karp Associates, the developer of the proposed Weed Street apartment complex in New Canaan.

Developers have a special right of appeal if a town rejects a proposal in which at least 30 percent of the units are made affordable to households earning 60 to 80 percent of state or area median income (whichever is less). For example, a two-person household earning roughly \$54,000 to \$72,000 annually would qualify in Fairfield.

A town must justify a rejection by proving that it is necessary to protect public health, safety, wetlands or certain other matters. Many more developers are taking advantage of the law because soaring rents have made it more economically feasible for them to cover the cost of complexes, even with nearly a third of apartments below market rate.

For example, Greenwich has received 11 housing applications citing the law in the last few years, after having received only seven in the preceding 30 years, said Katie DeLuca, the director of planning and zoning.

Fred Camillo, a first selectman in Greenwich and a Republican, argues that towns, not the state, should decide whether and where they want more housing. "These applications have the very real potential to change the look and feel of our town," he said. "It's a one-size-fits-all mandate coming down from Hartford."

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The Fight Against Affordable Housing in Connecticut

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That sort of suburban antipathy to density has contributed to a severe housing shortage in Connecticut, especially at the low- to moderate-income range, said Kiley Gosselin, the executive director of the Partnership for Strong Communities, an affordable housing advocacy organization.

“In Connecticut there’s always been a sense that, we want to keep our towns looking a certain way and avoid most types of density,” she said. “That’s resulted in large house lot sizes and less and less multifamily housing starts.”

In New Canaan, where residents have raised money for a legal fund to fight the apartment building proposal, signs reading “Save Weed Street” are displayed on the front lawns of multi-million-dollar homes. “If they destroy Weed Street, they could come for your neighborhood next. Every Soviet-era housing project that they erect gives them the money and influence to build the next one, and the one after that and the one after that, until there is nothing left of the town you once knew,” warned a flier circulated by Chris DeMuth Jr., a resident.

But many people who work in the towns cannot afford to live in them, said Mr. Karp, the developer.

“I already have a list of 20-plus people who work in town who would love to live here in a building that they could afford. My view is, people who work in town deserve to be able to live in town.”

– Arnold Karp

Arnold Karp has a second 8-30g application pending in New Canaan as well. That one is a smaller, adaptive reuse of a historic building, and he is preparing a third.

His push for high-density, lower-cost development makes him unpopular in a town predominantly zoned for single-family homes on large lots.

“There is a vitriolic reaction when New Canaanites hear the term ‘affordable housing,’” said Mr. Karp, who used to live in town and still maintains an office there. “I have told other developers: ‘You have to have the stomach for this. Because you will walk out of meetings where you will hear, you are ruining the town.’”

Communities in which at least 10 percent of residences meet the state’s definition of affordable are exempt from the statute. Currently, 31 of the state’s 169 municipalities meet that threshold. Towns may also obtain four-year moratoriums from the law, if they can show progress toward generating more affordable housing, as calculated by a point system.

Both Fairfield and New Canaan have gained enough affordable units in recent years that they are close to obtaining the temporary reprieve. That achievement is likely contributing to the increase in applications, as developers try to beat the cutoff, said Mark Barnhart, the director of the Office of Community and Economic Development in Fairfield.

In Greenwich, the 192-unit apartment building that Eagle Ventures proposed would include 58 below-market-rate units that would rent from around \$1,100 for a one-bedroom to \$2,200 for a three-bedroom, depending on income level, Mr. Cabrera said. It was to be built on a downtown site cobbled together from 11 properties, including several late-19th-century homes that have been carved into apartments, four small single-family rentals, a couple of small commercial buildings and a restaurant.

But opponents pointed out that the crumbling structures were part of the historic Fourth Ward, an area that became home to Irish immigrants. The name “Fourth Ward” comes from the neighborhood in Lower Manhattan of the same name that drew working-class Irish immigrants in the late 1800s and early 1900s.

The area is not formally protected as a local historic district. The moderate-income aspect has long since faded away: Homes recently listed for sale online in the Fourth Ward ranged from \$1 million to \$2.2 million. Rents averaged around \$4,000 over the last five years, according to multiple listing service data. But faced with the prospect of litigation, Eagle Ventures withdrew its application last month. Mr. Cabrera said he was considering what to do next.

Matthew Skaarup, chief executive officer of the local YMCA, wrote a letter in support of the project, saying it “has incredible potential to provide much needed housing for those who are standing fixtures in our community, but are precluded from living here due to a near absence of available market-rate rentals and a severe lack of affordable housing.” □

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- ▶ They can provide rental income.

Who can live in an accessory apartment ?

- ▶ Anyone! They're great for students, people with disabilities, multi-generational families, and seniors.

Have other states legalized them?

- ▶ Yes! Vermont and New York have - as well as California and Oregon. California saw an 11-fold increase in accessory apartment permits within 4 years of legalization.

Are accessory apartments good for the environment?

- ▶ Yes! They are built where housing already exists, so there's no extra sprawl - and their small size means they use less electricity and water.

What benefits do towns get from new accessory apartments?

- ▶ Reduced per-unit infrastructure expenses because units are nestled within existing housing.
- ▶ An increase in permitting and tax revenues.

Do building codes apply to new units?

- ▶ Yes! And towns can create design standards to guide their development. □

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The secret to employee retention

Kim DiMatteo

Why is it that some companies are struggling with staffing issues and others seemingly have top talent begging to get in their doors? Hint: It's not money.



It comes down to culture and the great divide between what employees are demanding and what employers are willing to give. Adding fuel to the fire is the Gig Economy – more and more people realize they can work for themselves and have a work-life balance they control versus an employer dictating their schedule. It's the perfect storm that isn't going anywhere. It's not all doom and gloom – if you are willing to do things a bit differently.

The solution is multilayered, and it starts at the top.

This shift in the workforce mindset has been brewing for decades. The Millennial generation and COVID brought it to the forefront, and now it is our new normal. To attract and retain top talent, leadership teams need to be acutely aware of their culture and who is the right fit for their team. Just because someone has a suitable skill set does NOT mean they are the right fit for the company. Culture fit trumps the perfect resume fit 99% of the time.

So how do you hire the dream team?

Be honest about the culture and leadership style of your company – don't sugarcoat it, and don't try to be someone you aren't. The worst thing is to hire someone under pretenses, train them and then have them quit three months down the line forcing you to start the hiring process over again.

Look beyond the resume – successful employers aren't looking for someone who has the exact job fit; instead, they are hiring based on culture fit, ambition, potential and having the raw skill set that will allow the prospective hire to be trained and coached into the position. Don't be afraid to hire people over 60, or people who have gaps in their resume do to lifestyle - such as stay-at-home parents.

Have an open communication policy – Gone are the days of CEO's sitting in the private office only seeing employees by appointment. Today's workforce wants to be a part of the solution, part of building something great – they want a voice at the table. Give it to them! Brilliant leaders know they aren't the smartest in the room and are willing to hear ideas from others.

Pay well but grant more extensive benefits – Employees rarely leave a job they love, a job in which they feel appreciated and respected for more money. Pay your employees well and over-deliver on benefits. 401K, profit sharing, and health care are the base and will be expected. Have lucrative PTO packages – because what employees are looking for is more time with family and friends, and most will take an extra week of PTO versus a higher salary. Consider education bonuses, daycare reimbursements, and even pet insurance – things that matter to your team and will enhance their life.

Understand this isn't the 1950s. To avoid the “Silent Quitters”

– those employees who only do what's in their job description, shut down their workstations at “quitting” time and give no less and no more – you must understand what inspires your employees to be invested in the growth of your company. Get to know them, know what makes them tick, and know what their long-term career goals are – if you can nail that, you'll be able to nurture, mentor, and support them. Quid Pro Quo.

Have clear policies, processes and procedures in place – and that includes forward growth plans. No new employee wants to walk into mayhem – spend the time to show them the ropes, make sure they feel confident and secure in their new role, and reinforce that you are there to help them succeed in their career.

Lastly – remember that happy and fulfilled employees are good for your bottom line because happy employees deliver a great customer experience. Take the time to hire the right people and develop a forward-thinking and employee-centric culture.

Our new normal for hiring and retaining top talent is here, and it's never going back to how it “used to be.” Companies willing to shift and understand what employees are looking for will win the game; those that don't probably will not or, at a minimum, will be in the constant hiring zone, which is exhausting and doesn't bode well for your customers.

New normals aren't bad; in fact, they are a sign of growth – embrace them, don't fight them. You'll not only have a happier team, but your company will be far more successful and lucrative.

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International Investors vs. Fairfield Planning And Zoning: Preserving An Important Legal Right For Home Builders

By Timothy Hollister and Andrea Gomes
Hinckley Allen & Snyder, LLP, Hartford, CT



Tim Hollister



Andrea Gomes

One of the many ways the Connecticut HBRA serves its members is to advocate for the home building industry in the court system. In recent years, the HBRA has supported builders in cases involving excessive minimum floor area regulations; state standards for affordable housing development; government misuse of eminent domain; sensible wetlands regulation; use of corporate structures as protection from liability; and taxation of land while under development.

In *International Investors vs. Fairfield Planning and Zoning Commission*, the HBRA, collaborating with the National Association of Home Builders and the Connecticut Association of Realtors, supported a property owner in convincing the Connecticut Supreme Court to overturn a 2021 Appellate Court ruling that would have allowed planning and zoning commissions to impose short construction deadlines on special permit uses, and to invalidate the special permit if the deadline was not met. This ruling would have turned uniform, statewide rules about the duration of land use permits into an *ad hoc*, unpredictable system.

The underlying case involved a company called Fairfield Commons, which obtained a special permit in 2006 to build a small building, for retail use, along Kings Highway in Fairfield. The special permit stated that it would become void if construction was not completed within two years. An abutter appealed the permit, unsuccessfully, so the two-year deadline started in April 2009.

As many will recall, economic conditions deteriorated in 2008 through 2011. As of 2011, Fairfield Commons had not started construction. However, at that time, the Fairfield Town Plan and Zoning Commission noted that other permit holders also faced uncertain economics. In addition, the Commission realized an inconsistency in its permitting: it was imposing a two-year deadline on special permits, but as part of that process it was also approving site plans, which under state law (at the time) were valid for five years. The Commission decided to make its special permit deadline consistent with the state's five-year deadline for completing the site plan, thereby extending the Fairfield Commons approval from 2011 to 2014.

Meanwhile, in 2011, the HBRA, under the able leadership of Bill Ethier, recognized that home builders statewide were facing the problem of site plans, issued before or during the recession, being in danger of expiring due to economic conditions. Expiration, of course, would require starting over. Ethier, working with other real estate and business groups, convinced the General Assembly in 2011 to extend the duration of all site plan approvals to nine years, with a potential for an additional five years. This had the effect of extending the Fairfield Commons approval to 2018, and potentially to 2023.

In 2018, Fairfield Commons, represented by Fairfield Attorney John Fallon, applied for a final, five-year extension to 2023 of its special permit and site plan (which it had converted from retail to medical office). The Fairfield Commission approved the application, but International Investors, an abutter (believed to be a competitor), appealed the approval to court. Investors claimed that the 2011 local regulation and state legislation changes had extended the site plan approval but not the special permit, so that the Fairfield Commons special permit had expired in 2011. In 2019, a trial court agreed that the 2011 regulation and legislation applied to site plans only; but that special permits are permanent property rights, and thus do not expire. Investors took this case to the Connecticut Appellate Court, which in 2021

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International Investors vs. Fairfield Planning And Zoning:

(continued)

agreed that special permits and site plans are entirely separate, but went on to hold that General Statutes § 8-2, the Zoning Enabling Act, allows zoning commissions to impose, by condition, short construction deadlines on special permits, even if the deadline is shorter than the approved site plan's.

At this point (March 2021), our firm was asked to join Attorney Fallon in representing Fairfield Commons in an appeal to the Connecticut Supreme Court. We assembled a coalition of the HBRA, NAHB, and the Realtors to support Fairfield Commons' appeal with friend-of-the-court briefs. In our appeal brief for Fairfield Commons, we pointed out errors in the Appellate Court's ruling:

- ▶ A special permit is permission granted to conduct a specific use in a zone, but with a zoning commission being allowed to impose conditions to mitigate potential impacts;
- ▶ A site plan is literally and figuratively a blueprint as to how a special permit will be constructed; and
- ▶ As a result, special permits and site plans are integrally related, such that the time deadline to construct a special permit is necessarily governed by the duration of the site plan.

We further pointed out that if this linkage is not recognized, commissions will be allowed to impose discretionary and ad hoc deadlines on special permits; commissions will impose these deadlines only after they issue an approval, so developers will not know up front how much time they will have to finance and build their permitted use; and disputes about vested rights to continue with in-progress construction will inevitably arise.

The Supreme Court, on July 19, 2022, agreed with our argument, overturning the Appellate Court ruling, and holding if commissions impose a deadline on construction of a special permit use, the time period cannot be shorter than the deadline in state law for a site plan.

Moreover, as of 2021, site plans were extendable to fourteen years. But in the 2021 session, the General Assembly, recognizing additional problems now being faced by the construction industry (rising construction costs, supply chain reliability, and climbing interest rates), increased the minimum duration to fourteen years, extendable to nineteen years. HBRA Executive Director and lobbyist Jim Perras had a major hand in getting this additional property rights protection passed.

The bottom line of *International Investors*' is that when a builder or developer obtains a special permit and site plan approval, the permissions are integrally related, so under present state law, the deadline to complete the use is fourteen years, extendable to nineteen years, and any locally-imposed approval condition setting a shorter deadline is invalid.

The *International Investors* case is a great example of the HBRA, NAHB, and the Realtors working together to defend and clarify an important property right. □

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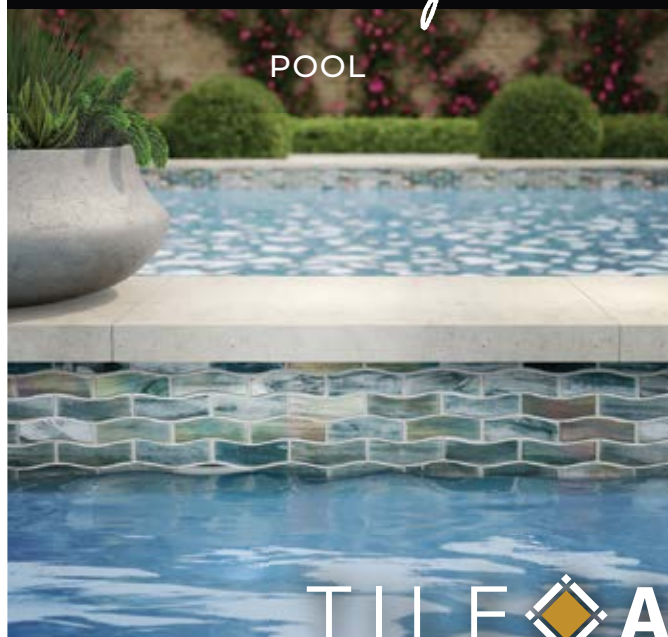
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Builder News

2022 Building Codes Effective October 1st, 2022

The new 2022 Building Codes in Connecticut took effect on Saturday, October 1. Any projects that you pulled a permit for before the close of business on Friday September 30, 2022, fall under the current building code, including the electrical and mechanical permits.

Johnny Carrier, By Carrier, and the Chair of the State Codes and Standard Committee, outlined the changes to the Building Code and how to comply, during three Code Road Shows in October in Stratford, Niantic and Berlin.

Darren Hobbs, the Director of Regulatory Compliance with the Department of Administrative Services, described the codes in this letter:

The new state codes will be known as the:

- ▶ 2022 Connecticut State Building Code
- ▶ 2022 Connecticut State Fire Safety Code
- ▶ 2022 Connecticut State Fire Prevention Code

The final versions of the codes will be published on the department's code adoption web page at:

<https://portal.ct.gov/DAS/Office-of-State-Building-Inspector/Building-and-Fire-Code-Adoption-Process>

A list of the model codes to be adopted are also on that page, and those model codes are available to view for free on the International Code Council and National Fire Protection Association web sites:

ICC: <https://codes.iccsafe.org/codes>

NFPA: <https://www.nfpa.org/Codes-and-Standards/All-Codes-and-Standards/Free-access>

The development of Connecticut specific versions of the International Building Code (IBC), International Residential Code (IRC), International Fire Safety Code (IFC), NFPA 1 and NFPA 101, is underway.

The new codes will apply to projects for which a permit is applied for after the effective date.

****NOTE:** If you have a project that will be significantly impacted by this change in codes, you may apply for a code modification from the Office of the State Building Inspector and the Office of the State Fire Marshal (separate applications) to allow the project to continue under the 2018 state codes. This process, colloquially known as a grace period, will be available for approximately three months from the effective date. Here's more info on the modification process:

<https://portal.ct.gov/DAS/Office-of-State-Building-Inspector/Building-and-Fire-Code-Modifications-Exemptions-and-Waivers/How-To>

The department is also providing free online training on the significant changes in the new codes and other related topics through its learning management system. More information and user instructions are available here:

<https://portal.ct.gov/DAS/OEDM/Office-of-Education-and-Data-Management-OEDM/Learning-Management-System>

In the meantime, if you have any questions, please e-mail the team at das.codesstandards@ct.gov and a team member will get back to you.

Thank you.

Darren Hobbs

Director Regulatory Compliance

CT Dept. of Administrative Services

450 Columbus Boulevard, Suite 1303, Hartford, CT 06103

Mobile: (860) 897-6914 e-Mail: darren.hobbs@ct.gov

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Builder News

Dream Developers Building Mixed Product Community in East Hampton

In East Hampton, BHHSNE is marketing Edgewater Hill a mixed product community comprised of 40 garden apartments, 10 town apartments, 13 estate homes (2,500+ sf,), 24 cottage homes (1,600+ sf) and 2-4 two family townhouses. When completed Dream Developers will have completed more than 200 homes and apartments and 80,000-square-foot of retail shops and restaurants. Phase 1 is currently SOLD OUT, and Phase 2 of the Estates and Cottages are now under construction.



Builder Architect Paul Harris Can't Get Much Busier or More Diversified



Paul Harris is working on a house on the water in Greenwich, another house in Mystic, and another in Kittery, Maine, as well as 48 single family homes in Puerto Rico, and two luxury 12 and 14 story towers with one or two luxury condos per floor, also in Puerto Rico. The 5,000-7,000 sf spec homes are selling at \$5-7 million each.

In some instances, Paul partners with builders; in other projects, he is the builder/developer; and in others, he designs custom homes.

However, Paul's goal over the next part of his career is to provide critically needed affordable housing in Connecticut. Having won a HOBI last year for his ADU design, Paul has assembled a development team to do multiple ADU projects in Connecticut, and he would like to develop modest starter homes throughout the state.

TREC Transforms an Office within a Prestigious Greenwich Building Into a Luxury Three Bedroom Condominium



The Real Estate Collaborative (TREC) is a privately-held real estate investment group based in Greenwich, Connecticut. Founded in 2011 by Jennifer Roach, TREC's diverse portfolio ranges from rental units to farmland, and the company's conservative yet aggressive, no-leverage approach has seen 50%-80% market value growth.



TREC was recognized with a HOBI Award this year for their gut conversion of an architect's office into a luxury 1,659 sf 3-BR, 3-Bath condo with balcony. The condo has two entrances - a private front door exterior entrance (think brownstone) or through the newly renovated doorman lobby. This was creatively accomplished within Greenwich's only 24-hour concierge building with indoor parking. Sales price \$2,295 million.

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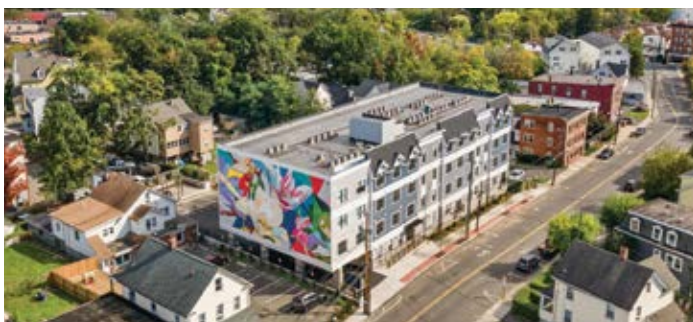


Builder News

Wellbuilt Company Recognized with 2022 Builders Care HOBI Award

Mitch Kidd and Scott Lumby, the Managing Partners of Wellbuilt Company, have the uncanny ability to spot potential in areas that others look over. Engaging the community around a new building site does not stop at construction. They involve the local community and direct community feedback play an integral role.

For Stillwater, their new multifamily housing development on Stamford's West side, they partnered with Stamford Murals, a division of the RiseUP organization, bringing art and education to inner city youth. Wellbuilt initially donated their time and resources, and then they offered the side of Stillwater's building on East Main Street, where a community group created a mural called "Blaze Your Own Trail", and Wellbuilt used an augmented reality app to turn the mural into 3D.



In July, 2022, Wellbuilt hosted, organized and sponsored the 'Off Main Experience Art Festival' at their 57 Stillwater Avenue property. Supported by a grant from the Stamford Arts & Culture Commission and the Chamber of Commerce, the festival presented live mural painting by local artists Lauren Clayton, Patrick

Ganino, Chris Gann, DonJ, Weverson Ponte, & Alex Ranniello. Off-Main also featured music by DJ Dinero, art vendors, food trucks, and a public painting wall. The murals created at the festival were raffled off, and the funds donated to the Food Bank of Lower Fairfield County. The event was free, open to the public, and gained the attention of Mayor Simmons, State Representative Pat Billie Miller, multiple news outlets, and most importantly, the neighborhood full of future artists.

As quoted by the Stamford Advocate article "A street art festival on Stamford's West Side? Organizers hope to start a trend by making it an annual event."

Randy Salvatore



Randy Salvatore's Stamford-based RMS Companies is nearing completion of a 270-unit apartment building adjacent to Dunkin' Donuts Park, a first installment in his vision for 1,000 units of market rate housing just north of downtown Hartford. The first units were ready for occupancy beginning July 1, according to Salvatore. He plans to begin another building this summer.

The North Crossing project has cemented Salvatore's place as one of Hartford's most active residential developers, a status he should keep for years if his plans for continued phases pan out. In recent months, Salvatore added to his Hartford project load by taking on the partial conversion of the struggling, 390-room Hilton Hotel on Trumbull Street into apartments. The hotel would update and maintain 166 rooms on lower floors with Salvatore converting upper floors into 147 apartments. The state Bond Commission is backing Salvatore's vision with \$11 million. Salvatore has described the hotel venture as a product of necessity, not wanting a failed hotel on the doorstep of his North Crossing project.

Salvatore said he is wrapping up negotiations with the city for the next phase of North Crossing, a 530-space parking garage and an attached 237-unit apartment wing on a vacant lot at 1139 Main St. Salvatore said he should be ready to begin that \$60 million project this summer.

Salvatore is also eyeing development of a former data center at 150 Windsor St., and a vacant parcel at 1261 Main St.

Clayton H. Fowler



Clayton H. Fowler is chairman, CEO and a founding partner of Spinnaker Real Estate Partners, a Norwalk company that has completed more than \$1.5 billion in acquisition and development projects over the past 70 years. Spinnaker is a key player in Hartford's attempt to build a vibrant neighborhood on blocks of parking and underused buildings just south of Bushnell Park. The hope is to build a walkable, livable community alive with retail and arts that connects Hartford's downtown with the state Capitol and surrounding government buildings.

Spinnaker helped fund and direct the creation of the "Bushnell South Master Plan," which calls for 1,200 apartments, new public gathering spaces and more than 63,000 square feet of retail. Spinnaker is currently pursuing a \$63.3 million redevelopment of the former state office building at 55 Elm St., on the eastern edge of the redevelopment zone. Spinnaker plans to build 278 apartments and retail space on that site. The master plan also shows Spinnaker building another 456 housing units on parking lots just south of 55 Elm St.

Spinnaker paid \$6.8 million for the 200,000-square-foot office complex at 55 Elm St., in 2020. It also purchased three nearby parking lots.

After renovating 55 Elm St., Spinnaker plans to add a five-story, 81-unit apartment building with ground-floor retail space, basement parking and an outdoor beer garden. Subsequent phases would see the addition of an 85-unit building with ground-floor retail and a 1.5-story building with retail and amenity space.

Qualified Remodeler 2022 TOP 500



Advanced Improvements, LLC Ranked #239 in the 44th annual ranking of the nation's largest firms based on remodeling revenue.

Congratulations David Preka, Advanced Improvements LLC for another outstanding performance in 2022!

General contractors engaged in residential remodeling activity are usually led by an individual who "has seen it all" when it comes to overcoming difficult construction situations. As owner of Advanced Improvements, David Preka has taken on complex, multi-stage, whole-house remodels—getting bids, sourcing a broad spectrum of products and materials and producing accurate quotes, all while keeping the project on budget and on schedule.

Full-service remodeling contractors do it all. They accept a broad range of jobs, typically within a local area. Among the 99 full-service remodelers ranked on the 2022 Top 500, most fit this description, with one difference: They have become bigger than most of their peers. They've overcome the inherent complexities of managing large jobs to consistently earn profits that, in turn, enable them to add overhead and grow.

The 99 full-service firms on the 2022 Top 500 are among the most successful when it comes to growing and profiting. On top of being able to manage complex building projects and keep clients happy, they must also understand how to properly manage overhead and job costs to maintain margins.

2022 HOBI Judge and BALA Judge

In September, David served for a second time as a HOBI Awards Judge for new Construction. This is the 28th annual HOBI Awards, which recognizes excellence in new home construction and remodeling, interior design and sales & marketing. The HOBI Awards Dinner has grown to be the largest builder awards event in the country.

In October, David served as a BALA Judge. Now in its 39th year, the Best in American Living™ Awards (BALA Awards) is the building industry's premier residential design awards program. The BALA Awards spotlight the most creative and talented building industry professionals who have redefined design excellence for homes and communities across North America.

(continued)



Builder News

\$200 Million Waterfront Development for Bridgeport's Steelpointe Harbor



A \$200 million, mixed-use development project with 420 rental units and 10,000 square feet of commercial retail space is slated for Bridgeport's waterfront in Steelpointe Harbor.

The project is a partnership between Indianapolis-based Flaherty & Collins Properties, RCI Group and the city of Bridgeport.

"This is a truly unique and exciting project and partnership for us," said Ryan Cronk, principal of Flaherty & Collins Properties. "Between the city of Bridgeport and RCI, we're really building something transformative at Steelpointe Harbor... This for-rent project is just what this burgeoning area needs."

The apartment building will have waterfront views, with high-end and modern amenity options and a waterfront pool and deck, outdoor kitchens, and gathering spaces, a secure parking area, and a dedicated dog park and pet spa.

The development will include a fitness center, a spin studio, sauna and jacuzzi, an outdoor pickleball court, and water taxi service to Pleasure Island beach.

Steelpointe Harbor is accessible along the I-95 corridor, and close to the Bridgeport Transportation Center, with access to the train and the Bridgeport & Port Jefferson Ferry to Long Island. This is in line with popular "live, work, play" development concepts, and also transit-oriented development, which is a goal of several state agencies. The area is also home to an emerging entertainment hub, highlighted by the Hartford Healthcare Amphitheater powered by Live Nation, which opened in 2021.

"This project will offer a lifestyle that doesn't currently exist in the Bridgeport market."

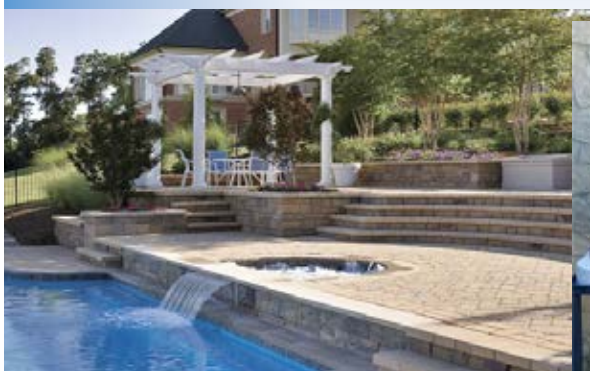
- Robert Christoph, Jr.,
President of RCI Group

In 2015, Bass Pro Shops, Chipotle, and Starbucks were built at Steelpointe, followed by the addition of the 220-slip Bridgeport Harbor Marina, which is approaching full occupancy.

The 48,000 square foot Lighthouse Building, which overlooks the newly built docks at Steelpointe Harbor, is also home to the Boca Oyster Bar, a 10,000-square-foot waterfront restaurant on the ground floor level, members of the development team said.

RCI Group also retrofitted the old Carpenter Steel and Drekter Shipyard buildings to include new tenants Bridgeport Boatworks, Hornblower Group, and North Sails.

Established in 1993, Flaherty & Collins Properties is a developer, builder, and manager of mixed-use, multifamily properties, with over a half-billion in projects under development in Ohio, Indiana, Florida, Oklahoma, Connecticut and Kansas City. Flaherty & Collins Properties currently manages 80 properties and nearly 13,500 units in eight states. □



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On His 97th Birthday, UNICO Honored Larry Fiano as Volunteer of the Year

Twenty-six HBRA members turned out to support the irreplaceable and much loved Larry Fiano, as UNICO (an Italian Heritage Charity Organization), honored him as their 2022 Volunteer of the Year.



The dinner was held on Friday, October 7th at the Army Navy Club in Manchester. It was also Larry's 97th Birthday!

"I think everyone's got to do something to give back."
- Larry Fiano

Larry has always given back to his family, friends, community and to the home building industry.



He told attendees of his pride in having mentored, Greg Ugalde, who became the first Chairman of NAHB from New England.



Greg Ugalde & Larry



Joanne Carrol & Larry Fiano

A Bolton native, Larry Fiano grew up working on his father's farm with his four brothers.

After attending UCONN, Larry and his family purchased a Boston Turnpike property in 1953 that they turned into the former Fiano's restaurant.

In 1960, Larry founded a real estate development company and enjoyed a nearly 50-year career building residential properties and creating subdivisions in the Manchester area.

As a born entrepreneur, Larry also opened EZ Coin-Up Car Wash at 266 Boston Turnpike and then the nearby Mar-Lea Miniature Golf and Driving Range in the mid-1980s.

Larry Fiano joined the Hartford Home Builders Association in 1976, and became president of the organization in 1985. In the 1990s, Fiano became president of both the state HBRA and Area 1 of the NAHB.

In 2003, Larry was appointed Connecticut trustee for the National Build-PAC, where he took the state political fundraising organization from the second lowest earning in the nation to the highest, with what has become known as the Fiano Family Classic Golf Tournament. Held each year at the TPC River Highlands, it has been the most successful Build-PAC fund raising event in the country, eclipsing states like Texas, which are many times the size of Connecticut.

Larry serves on the board of the HBRA Central CT Charitable Foundation, and he has given generously and tirelessly at every Foundation auction, and at every local association fundraiser throughout the state. He has been honored as Builder of the Year and as recipient of the Charles LoDolce Award, the most prestigious recognition offered by the HBRA of CT.

Several years ago, 800 attendees at the annual HOBI Awards Gala applauded Larry, as he was presented with a HOBI Award for his commitment to the home building industry and to helping others.

But above all else, Larry is devoted to his family, to his wife of 72 years, Rose (Babe), his children, Larry (wife Darcy), Rosann (husband Stephen), Leah and Mark (wife Barbara), as well as his & Babe's grandchildren: Gerry, Chris, Joe, Zoe, Chris, Matt, Emily, Elena, Catie and Andy, and their great grandchildren: Benjamin, Jason, Scarlet, Violet, Vienna, Alexander, Alice, Molly-Reid, Henry and Grayson. Almost all were in attendance.

During his remarks, Larry introduced his entire family individually, and spoke about his pride in their outstanding accomplishments. His great grandchildren brought in the birthday cake.

Bolton 1st Selectwoman, Pam Sawyer declared October 7th "Larry Fiano Day" in Bolton, and former Bolton 1st Selectman Bob Morra and Senator Steve Cassano spoke of their admiration for Larry. His youngest son, Mark, spoke of Larry's generous spirit and the love his entire family has for him, and his daughter, Leah commented that "behind every great man there is a great woman, and that she and her siblings have been blessed with two amazing parents.

Nathan "Nate" G. Agostinelli, UNICO member, former state comptroller and Manchester mayor, said it w Mayor Jay Moran declared as "quite a coincidence" that the date of the UNICO Dinner turned out to be Larry Fiano's 97th birthday. 🍷

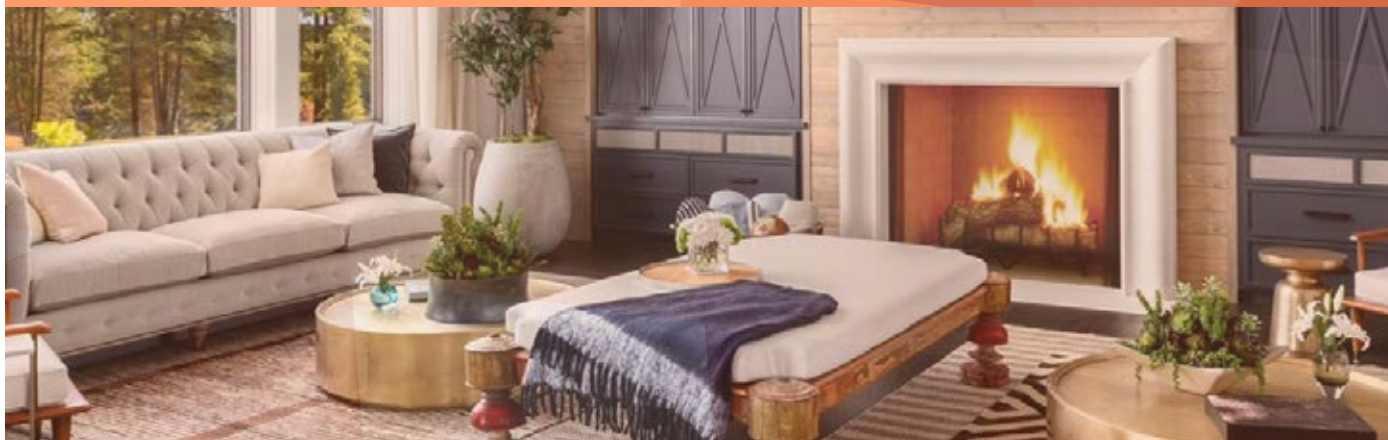


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Builder News

Fed Raises by 75 Basis Points Again In September

By Robert Dietz



Continuing its tightening of financial conditions to bring the rate of inflation lower, the Federal Reserve's monetary policy committee raised the federal funds target rate by 75 basis points again in September, increasing that

target to an upper bound of 3.25%. This marks the third consecutive meeting with an increase of 75 basis points. These super-sized hikes are intended to move monetary policy more rapidly to restrictive policy rates. And the Fed's leadership has signaled they intended to hold these elevated rates for a substantial period time, well into 2024.

While committing to an increasingly hawkish policy path that will slow demand and reduce inflation, the Fed also acknowledged that the economy is only growing at a "modest" pace. Moreover, their projections note that the unemployment rate will increase to 4.4% in 2023 (this is an optimistic forecast; NAHB projects a rate near 5% at the start of 2024). The Fed has over the course of recent meetings raised its expectations for the top rate for 2022 from 3.4% to 4.4%.

Looking forward, the Fed's "dot plot" indicates that the central bank expects the target for the federal funds rate will increase by 75 more basis points in November, 50 in December, and then concluding with 25 points at the start of 2023. This would take the federal funds top rate to near 4.8%. Given this policy path, a hard landing with a mild economic recession is all but unavoidable to bring inflation back to the Fed's target. By 2025, the Fed is forecasting a return to a normalized rate of 2.5% for the federal funds rate.

Among the clear signs of economic slowing are just about every housing indicator, including nine straight months of declines for home builder sentiment. Indeed, an open macro question is whether the economy experienced a recession during the first half of 2022, during which the economy posted two quarters of GDP declines. The missing element from the recession call: a rising unemployment rate, which is coming. Regardless, given declines for single-family permits, single-family starts, pending home sales, and rising sales cancellations rates, it is clear a

housing industry recession is ongoing. The pain of this is clear in terms of the large economic impact housing has on the overall economy.

Housing (shelter costs) is also key to the risk of the Fed raising rates too high for too long. Elevated CPI readings of inflation will occur going forward because paid rents will take time to catch-up with prevailing market rents as renters renew existing leases. This lag means that CPI will show inflationary gains months after rent growth has in fact cooled. The core PCE measure, which peaked in 2022, is better indicator of inflation and suggests the current Fed outlook may be too hawkish.

It is important to note that there is not a direct connection between federal fund rate hikes and changes in long-term interest rates. During the last tightening cycle, the federal funds target rate increased from November 2015 (with a top rate of just 0.25%) to November 2018 (2.5%), a 225 basis point expansion. However, during this time mortgage interest rates increased by a proportionately smaller amount, rising from approximately 3.9% to just under 4.9%. The 30-year fixed mortgage rate, per Freddie Mac, is near 6% today. The expected additional tightening from the Fed is likely to take this rate above 6.5% before the end of the year.

Moreover, the spread between the 30-year fixed rate mortgage and the 10-year Treasury rate has expanded to approximately 260 basis points as of last week. Before 2020, this spread averaged a little more than 170 basis points. This elevated spread is a function of MBS bond sales as well as uncertainty related to housing market uncertainty.

Finally, the Fed has previously noted that inflation is elevated due to "supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures." While this verbiage may incorporate policy failures that have affected aggregate supply and demand, the Fed should explicitly acknowledge the role fiscal, trade and regulatory policy is having on the economy and inflation as well. □

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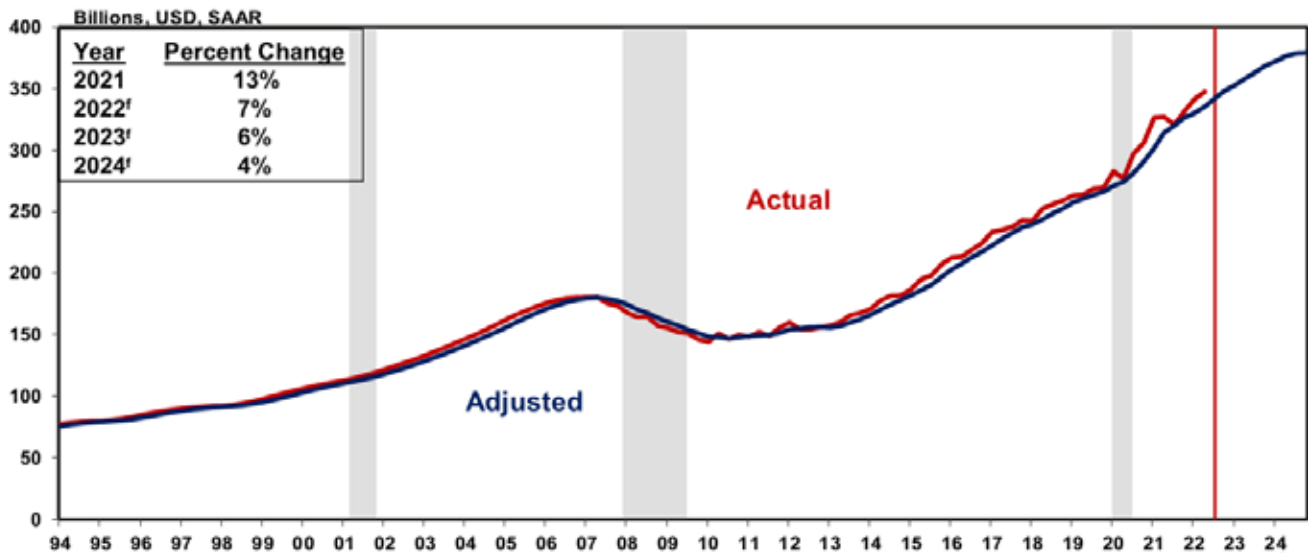


Construction Outlook

by NAHB Chief Economist Robert Deitz, ph.D

Residential Remodeling

Remodeling growth boosted by home equity gains



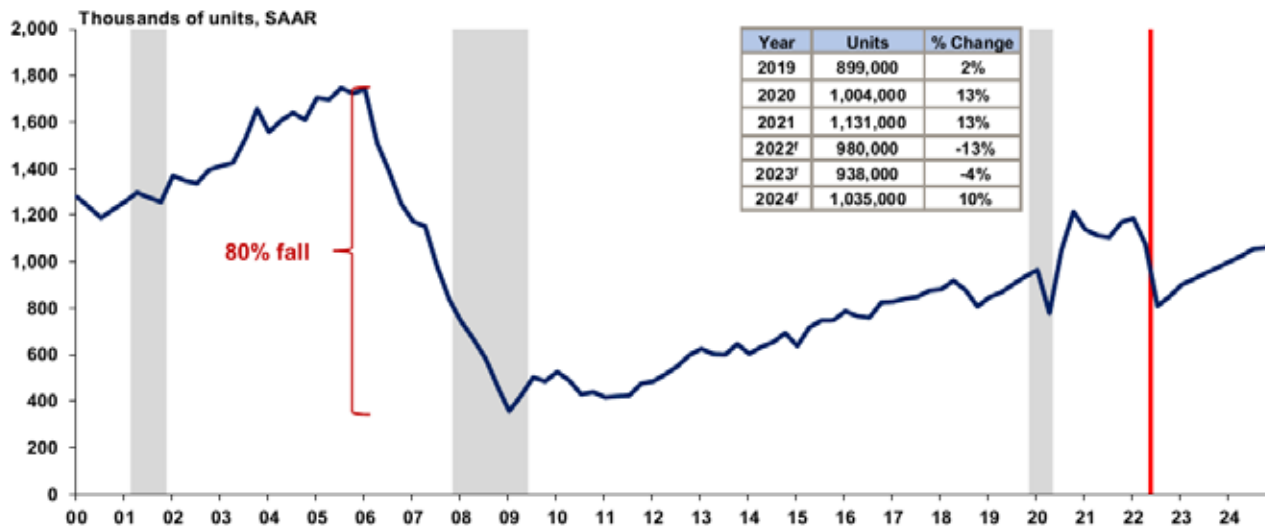
Source: U.S. Bureau of Economic Analysis (BEA): National Income and Product Accounts (NIPA) and NAHB forecast.

Note: In the analysis, 1-year moving average is used for adjusted data to smooth the trend.



Single-Family Starts

Home building declines as interest rates increase



Source: U.S. Census Bureau (BOC) and NAHB forecast



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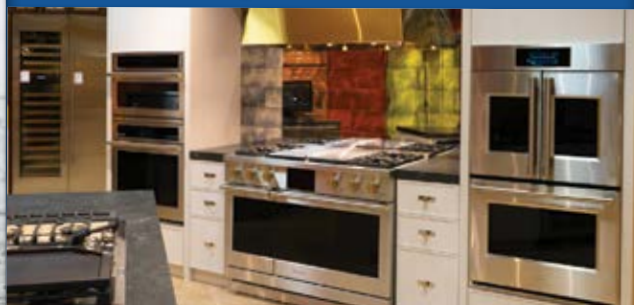
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Business Product News



Since 2017, Karen Bradbury, owner of Closet & Storage Concepts, has won HOBI Awards for her innovative walk-in closets and other storage solutions. She is involved in and committed to the housing industry, as an ASID board member and serving on the Executive Board of Fairfield County HBRA.

Connecticut Builder asked Karen to comment on the growing importance of well designed closet space and the latest trends in closet design.

Turning bedrooms into closets

Today's bedrooms are smaller and closets are larger because they are incorporating furniture such as dressers and armoires that used to be in the bedroom. While the ratio of bedroom to closet and bath used to be 80:20, now it has become 40:60 or 400 sf for primary bedroom and 600 feet allocated to the walk-in closet and primary bath.

Contemporary style

Closets are much more contemporary than in the past – clean lines, fascia instead of crown, flat panel drawers instead of shaker or raised panel – although shaker is still popular.

Color

We are using acrylic material in multiple colors, and combining multiple finishes, textures and hardware.

The infrastructure of the closet may be in one color while the backing and drawer fronts are in another color/texture and the island in another color.

Color tones are moving away from gray towards warmer colors. Black hardware is replacing oil rubbed bronze for closet rods, and matte gold is a popular choice for door and drawer hardware.

Lighting

Strip lighting, puck lighting and lit closet rods have become an integral part of good closet design.



Connecticut Lighting Opens New 46,000 SF Hartford Showroom



Mayor Luke Bronin addressed the press and attendees at the September 30th Ribbon Cutting for Connecticut Lighting Centers new 46,000 sf showroom at 312 Murphy Rd, Hartford, as Connecticut Lighting Centers President and owner, David Director and Vice-President, Todd Director listen.

'With the new facility, we are going to be able to put everything under one roof, which will provide a much-improved shopping experience for our customers.'

- David Director

In 1972, CT Lighting opened its showroom at 160 Brainard Road. Over the years, they added a warehouse and corporate office on Murphy Road and Restoration Lighting Gallery at 167 Brainard Road. The new facility will have all three operations under one roof, making logistics much smoother and a better process for both residential and commercial customers.

In addition to decorative lighting, the showroom will feature an approximate 1000 square foot lighting demonstration lab showcasing functional lighting in real life applications. This area will include recessed lighting, track lighting, cove lighting, under-cabinet lighting, commercial lighting and lighting controls.

Hocon Gas owner, David Gable on the push to All Electric Homes in Connecticut



I realize that very few builders (and energy suppliers, except for Eversource and UI) were happy with the State's attempt at eliminating the use of any fossil fuels in last year's legislative goals. In fact, it took considerable effort for all concerned to mount a successful counter attack.

I fully expect to see something like this legislative insanity returning in 2023. However, I remember going to a meeting in Washington a few years ago, where Senator Sheldon Whitehouse from Rhode Island was speaking to our group of Clean Cities people on alternative fuels. This is what he said:

"There is no silver, bullet, but there are a number of silver bee bees, and one of anything is never a good idea."

- Senator Sheldon Whitehouse, RI

Therefore, in my opinion, energy efficient homes coupled with low carbon fuels, make the most sense for our future; and now that renewable propane which is being more extensively produced in Europe, is fast becoming a product for public consumption in the US,. Its carbon rating is far less than electricity in 38 states, including Connecticut.

It's ironic that, although Florida was recently pummeled by hurricane Ian, we haven't had a real storm in New England for a number of years, yet the demand for backup generators is out of control. What does that tell you about the public's concern with the reliability of our electric grid?

Business Product News



JOSH GRECO PROMOTED TO BUSINESS DEVELOPMENT - BUILDER SERVICES AT HOCON GAS



Hocon Gas is excited to share the news that Josh Greco has been promoted to Business Development - Builder Services at Hocon Gas. Many of you know Josh because he has been a leader on our team for the last 4+ years, earning outstanding reviews from builders, contractors and realtors.

"We are thrilled about the energy, expertise and enthusiasm Josh brings to supporting the building and contracting community in the state," said David Gable, Hocon's President. "He has demonstrated an attention to detail and follow-through that makes a big difference for our builder and contractor clients."

HOCON GAS SUPPORTS BUILDERS

Hocon Gas is the largest independently owned propane distributor in Connecticut and works with builders and contractors throughout New England. Hocon Gas handles everything from installing community propane tanks, to providing heating equipment and tanks for individual homes, to setting up temporary heat on jobsites. "Our clients face significant challenges in what they do," said Josh. "Our job is to make things easier for them — by helping cut through red tape, by executing on time, and by designing and installing systems in a way that makes their customers happy."

For decades, Hocon Gas has been an active supporter of the HBRA of Fairfield, Eastern, and Central Connecticut, as well as Western Massachusetts. If you want to reach Josh for any reason, his email is jgreco@hocongas.com, and his cell phone is **203-513-1834**.

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Complex Market Dynamics Facing New Construction

by Greg Wagner, Senior Vice-President, Berkshire Hathaway Home Services New England Properties



A fundamental economic principle that we all learned long ago about any commodity is when demand exceeds supply, prices tend to rise. Conversely, when supply exceeds demand, prices tend to fall. This seemingly simple equation isn't the complete story of

what will be driving Connecticut's new construction market in the coming year. The continued short supply in the pipeline, increased cost of new construction, rising mortgage rates and the reduced qualifying capabilities of buyers will further slow absorption rates at a time when prices will be rising, creating a challenging market for both buyers and builders.

While the Federal Reserve does not set mortgage rates, the mortgage industry does keep a watchful eye on its benchmark basis for guidance. The Fed's recent and unprecedentedly aggressive rate hikes have encouraged mortgage rates to more than double since January. This has dramatically reduced home buyers' spending power and in turn and albeit expectedly, slowed buyer activity. Typically, when buyer activity declines, we'd expect prices to moderate, however, with so few homes coming on the market, buyers are getting squeezed between desire and higher mortgage costs and continued tight inventory levels.

If one had been in the market for a \$600,000 new home in January of this year, had the ability to put 20% down, good credit and had the necessary income to qualify for the mortgage, the buyer would have looked to lock in a fixed rate mortgage around 3%. Today, that same buyer 9 months later would expect to pay a fixed rate of 7%, or roughly 58% more on the principal and interest payment to purchase the home. Looking at it another way and folding in annual taxes of \$9000 and homeowners' insurance of \$2000, the qualifying required income (@ 28%) has risen from an estimated \$126,000 to \$176,150.

The implications of more expensive borrowing are being felt by buyers of all ages. The dream of trading up one's home as one matures then later trading back down as one ages may no longer

make economic sense. Those homeowners who purchased over the past decade with a mortgage who are considering a change, are probably paying an interest rate in the neighborhood of 3%. To make a move and forfeit that low interest rate to only replace any indebtedness at a twofold interest rate, wouldn't make economic sense.

Not helping the matter, according to the latest Producer Price Index (PPI) report released by the Bureau of Labor Statistics, the prices of goods used in residential construction (not including energy nor seasonally adjusted) climbed 0.5% in April, following upwardly revised increases of 1.9% and 2.4% in March and February, respectively. This adds up to an 4.9% increase in building materials prices since the start of 2022. The cost of building materials are up 19.2% year over year and have risen 35.6% since the start of the pandemic.

The headwinds continue to freshen for new construction homebuilders and their buyers' interest and ability to purchase throughout the country. Nationally, developers have inventory that they are aggressively looking to sell as demand declines, while in the Nutmeg State some are still building to fulfill contracts written over the prior 18 months. Looking forward in a positive way, we are not long on inventory that we need to sell and we are seeing some interesting trends in ways builders are protecting themselves. Some of the approaches are new and some we saw years ago. Builders are using contracts which include escalation clauses allowing them to pass along the risk of spikes of materials to the buyers. Some builders are paying for rate lock extensions, buying mortgage rates down and including the costs in their deal pricing. While we are in uncharted territory in market dynamics and economics, our industry has prospered through far greater challenges and 2023 will be another interesting opportunity for us all. □



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Lumber Market Update

by Frank Sanford, Sanford & Hawley, Inc.
Quality Building Materials Since 1884



What has happened Since June?

Prices in all markets have drifted lower. Douglas Fir is down 6.6%. KD SPF is down 1.5%.

Douglas Fir Plywood is down 7.2% OSB is down 8.9% KD SPF is nearly 18% less than Douglas Fir, a very large spread compared to

usual 10% or so.

Why has this happened?

Single family home starts have dropped dramatically while multi-family is up. Multi-family uses less lumber and sheathing per unit than single family, thus demand has decreased. North American supply has stayed close to last year's record volume. OSB prices have dropped the most because OSB production increased the most. All of mills built in 2006-2007 are finally on line and producing large volumes of OSB. Even the shortage of engineered wood products is easing a bit. In addition transportation shortages have eased a bit. Although delivery times are still continue to be unpredictable..

Domestic Production

Domestic production has continued to be strong. New mills continue to be built particularly in the southeast. Approximately 35% of the North American lumber supply comes the states between Virginia and Texas.

Imports

Lumber imports from Canada continue to decline due to production cutbacks in British Columbia. Other parts of Canada are shipping more to cover some of the shortfall. Imports from Europe and other parts of the world continue to increase. The war in Ukraine has had little effect on the domestic or international lumber markets.

Exports

Exports from the U.S. are dropping, especially to China. Russian timber has taken over much of the Chinese market. There

is relatively little lumber being exported from the USA. Most of it is going to traditional Caribbean and Mexican markets.

What is happening now compared to previous years?

This year prices peaked in March well before the May/June peak last year. And have continued to drift lower at least through September. Looking back lumber and panel markets were relatively calm from 2009 through 2016 when compared to the last six years. The chart below shows late September average prices.

EMBED Excel.Sheet.12

The low prices from 2009 – 2016 all occurred in 2009 as we climbing out of the Great Recession. The high prices from 2009 – 2016 occurred in 2014 with the exception of OSB which occurred in 2012.

Look at the range in prices from an average of \$565 for Douglas Fir to its 2020 high of \$1,333, 2.35 times its previous average. KD SPF at 2.83 times. Plywood at 2.72 times and OSB at 2.79 times. And September was not necessarily the high price for the year.

Notice that current 2022 prices are significantly higher than September 2021 prices with the exception of OSB. OSB has ample production capacity at this time and its price shows just that. Plywood continues towards being a specialty product. Douglas Fir and KD SPF are still struggling with supply issues keeping their price higher than last year.

In the last several years prices have trended higher through the fall and winter, that may not happen this year with the slow down in single family housing. □

The 19th Annual Larry Fiano Family Golf Classic Raises \$84,375.00 for BUILD PAC

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Cyclone Home Systems – Chris Ellis or John Desimone

F&F Concrete – Lauren Forgione

Moen – Mike D'Aquila

The Robert's Agency – Kate Morrison

Weyerhaeuser – Craig Smith

Gold Level - \$1,500

BENDER – James Narduzzo

Dalene Flooring – Steve Dalene

Enfield Transit – NO ONE ATTENDING

National Building Products – Mark Lefsyk

National Lumber – Sean Ryan

Overhead Door – Steven Casey

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Truss Manufacturing – NO ONE ATTENDING

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Record Amount Raised for BUILD-PAC Through the Fiano Family Golf Classic!

The 19th Annual Fiano Family Golf Classic was an overwhelming success this year! It was held July 11th at the TPC River Highlands PGA Tour Championship Course in Cromwell with 136 golfers participating. The Fiano Family Golf Classic raised over \$84,000 to support BUILD-PAC. BUILD-PAC is NAHB's bipartisan political arm that helps elect pro-housing, pro-business candidates to federal office and is critical to NAHB's success on Capitol Hill. This year we had the privilege of having Jerry Konter, NAHB Chairman, Jim Chapman, BUILD-PAC Chairman, Jim Tobin, NAHB Executive Vice President and Chief Lobbyist, and Meghan Everngam, NAHB Vice President of BUILD-PAC and Government Affairs join us and provide an update to the members on the latest current government affairs. A special thanks to the BUILD-PAC Golf Committee for a job well done and to Sheila Leach for her continued support. Thank you to everyone that made this event a huge success from our sponsors, donors and volunteers.

Thank you!

Ken Boynton
BUILD-PAC Trustee

Greg Ugalde
BUILD-PAC Trustee

George LaCava
Alternate BUILD-PAC Trustee



**Larry Fiano & Fiano Family Classic Chairman
Ken Boynton**

And the Winners Are....

Foursome

	Gross	Score
1. Mike D'Aquila + Eric Weiner + Mark Spinnato + Jeff Lathrop	-3	67
2. Justin Farnsworth + Walt Tomalo + Christopher Oliveira + Gary Sousa	-3	67
3. Will Biestek + Frank Cotrona Jr. + Frank Cotrona III + Tony Vaitkunas	-3	67
4. Johnny Carrier + Patrick McKeown + Bob Osborne + Matt Dayton	-18	52
5. Andrew Fiano + Josh Cliff + Alec Svenson + Alexander Juliano	-16	54
6. Sheila Leach + Meghan Everngam + Eric Person + Randy Noel	-16	54



**Former NAHB Chairman Greg
Ugalde speaking**



**Sheila Leach, Greg Ugalde and
Meghan Everngam**



Larry, Nort Wheeler and Babe Fiano



Larry Fiano and family in golf cart



Larry, Babe and family at the reception.

Bringing Shop Class Back To Public Schools



From Left to right: Jim Perras, CEO HBRACE, Emily Price, HBI V.P. of Strategic Partnerships and Development, DOL Commissioner, Danté Bartolomeo, Mary Anne Butler, Superintendent of Stonington Schools, Lt. Gov. Bysiewicz, Farouk Rajab, Stonington School Board Chairman, Principal Alicia Dawe, Governor Ned Lamont

On October 3rd, Stonington H.S. held a press conference in recognition of its kind residential construction pre apprenticeship program in the state of Connecticut utilizing the Home Builders Institute (HBI) CORE PACT curriculum. Participating in the press conference were Governor Lamont, Lt. Governor Bysiewicz, DOL Commissioner Bartolomeo, HBRACE CEO Jim Perras and HBI VP of Strategic Partnerships and Development, Emily Price.

The Stonington H.S. program was made possible by the HBRACE and its members through in collaboration with the CT Department of Labor in obtaining certification of the HBI curriculum for use in Connecticut. Students who complete the program will be awarded two hundred hours of “On Job Training” credits towards an accredited apprenticeship programs in HVAC, Plumbing and Electrical.

If you’re interested in bringing back shop to a school in your hometown, please contact the HBRACE. Incentives may be available! 📧

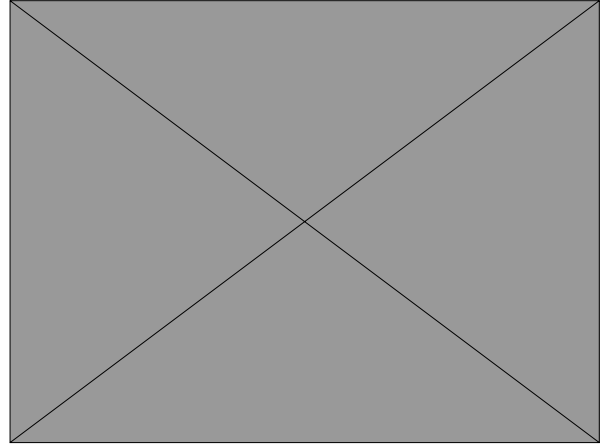
HBRA of Fairfield Annual Golf Tournament

On September 19, HBRA Fairfield County held their annual 18 Hole and 9 Hole Golf Tournament at Tashua Knolls in Trumbull, CT. Attendees enjoyed a beautiful day playing golf, having a few cocktails and networking amongst friends and colleagues.



HBRA of Fairfield Annual Clam Bake

On September 7, HBRA of Fairfield County held their annual Clambake at Penfield Beach in Fairfield, CT. Great networking and great food were had by all! 🍷





HBRA of Eastern Connecticut

July

The HBRA of Eastern Connecticut held their monthly Builder Blend, sponsored by Stratedia, at the Breakwater Restaurant in Stonington. More than 100 enjoyed the beautiful evening, gorgeous views and networking. Thanks to Steve Bibby and Stratedia for hosting this event.



August

Berkshire Hathaway Home Services New England Mystic office hosted the August Builder Blend at Shennecossett Golf Course in Groton. A rainy day cleared for a beautiful evening of networking and friendship. Thanks to Don Miller and Gregg Wagner at Berkshire Hathaway Home Services New England for their hospitality.





September

The HBRA held their annual Lobster Fest at the Westbrook Elks Club. Everyone enjoyed the fantastic food and beautiful evening on the Long Island Sound. This annual event has become one of the must attend events of the year. Thank you to the sponsors of the 2022 Lobster Fest:

Chelsea Groton Bank, Connecticut Propane & Petroleum, Hocon Gas, Bender Plumbing, National Lumber, Stratedia and Creative Enclosures. 📄



HBRA Central Connecticut

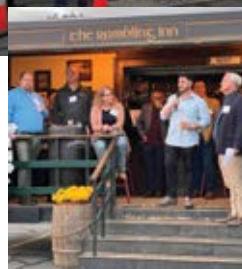
August

The HBRA held their Lobster Fest in August at the Westbrook Elks Club. More than 100 members enjoyed a wonderful Clam Bake dinner with music from the Mark Fusco Band.



September

The HBRA held their Fall Fest at the Connecticut Lighting Center new showroom at 312 Murphy Road in Hartford. Members stayed well into the evening networking and enjoying freshly made pizza from the New Haven Pizza Truck and enjoyed beverages from the Rambling Inn mobile bar.



October

During the month of October, all of the local Home Builders & Remodelers Association partnered to hold "The Code Road Show". These three events were held at Ring's End in Stratford, Riverhead Building Supply in Niantic and Lansing Building Supply in Berlin to give members an update on the new Connecticut Building Codes that went into effect on October 1 st. These are pictures from the first event in Stratford. □

CODE ROAD SHOW

New Code Is Here....Be Prepared

Led by Johnny Carrier, PE,
State Code and Standards Chairman

RSVP TODAY!

Thursday, October 6th • 4- 6 PM
Ring's End • Stratford

Thursday, October 13th • 4- 6 PM
Riverhead Building Supply • Niantic

Thursday, October 20th • 4- 6 PM
Lansing Building Products • Berlin



Sheila Leach Elected as Regional Director of NAHB'S 2023 Executive Officers Council

2023 Regional Directors



Sheila Leach
HBA of Northwest Connecticut
Region A
Two-Year Term



Cameron Moore
Wilmington-Cape Fear HBA (NC)
Region B
Two-Year Term



Chad Lawler
Madison Area BA (WI)
Region C
Two-Year Term

AMC 2022

NAHB

Sheila Leach, the Executive Officer of the HBA of Northwest Connecticut, was recently elected by her peers as the incoming 2023 EOC Region A Director of the National Association of Home Builders' (NAHB) Executive Officers Council (EOC). The election was held in conjunction with the 2022 Association Management Conference (AMC) in Scottsdale, Ariz.

The EOC is the educational and professional support organization for the executive officers who direct the state and local associations affiliated with NAHB. The Council's board of directors establishes policy and oversees activities of over 700 local and state home building associations nationwide.

As the executive officer of the HBA of Northwest Connecticut Leach directs the day-to-day activities of a proactive building industry trade association. During her tenure with the association, she automated the new membership application and renewal process. She has served as the EO Liaison to the NAHB Construction Liability, Risk Management and Building Materials Committee, and on the EOC Professional Development Committee. She has coordinated the largest single fundraising event for BUILD-PAC across the country for more than 8 years.

Sheila will be installed at the NAHB International Builders' Show in February 2023 in Las Vegas.

ABOUT NAHB: The National Association of Home Builders is a Washington-based trade association representing more than 140,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. NAHB is affiliated with 700 state and local home builders associations around the country. NAHB's builder members will construct about 80% of the new housing units projected for this year.

On August 1, 2022 the HBA of Northwest Connecticut moved into their new office location at 22 Water Street in the heart of downtown Torrington. They will be sharing the space with T & M Building Co. 🏠



Attention Builders and Electricians

A temporary meter socket solution

Many of you are very aware of the shortage of meter sockets we have been navigating through this year. State Representative Tim Ackert (HBRA member Ackert Electric) has been working with Eversource to develop a temporary solution for meter sockets.

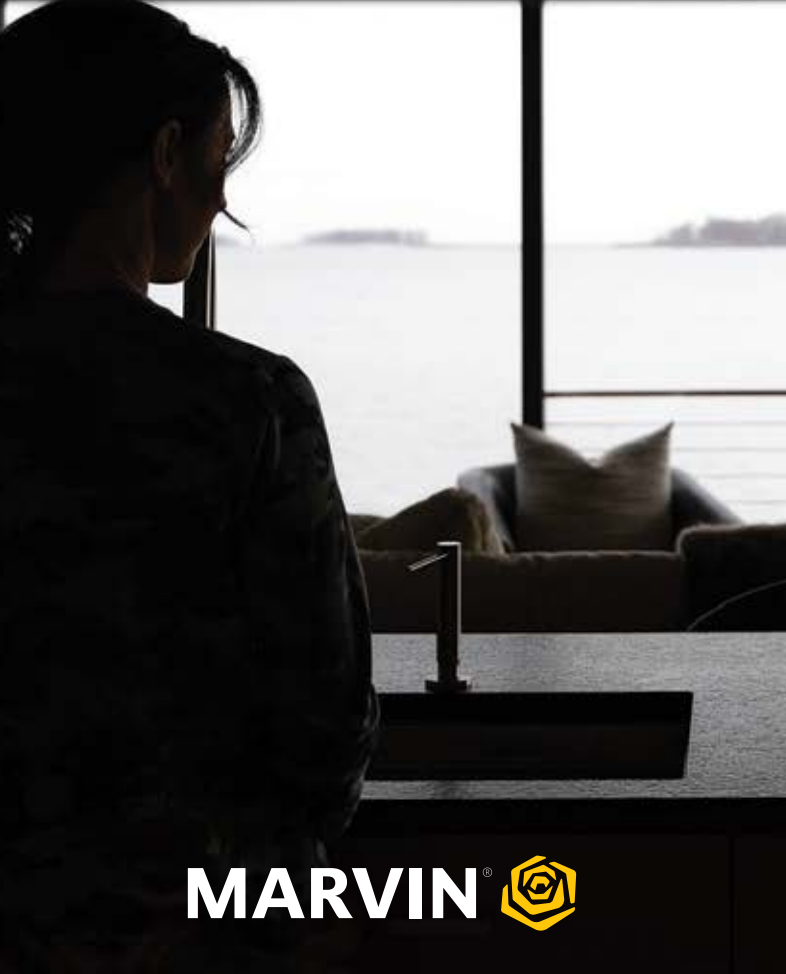
Here is the Eversource Temporary Approved Meter Socket List through 2022.

Temporary Approved Meter Sockets for Year 2022

CT Temp 22 Rev. 1

Disclaimer: The meter sockets listed below are only approved during the meter socket shortage. Due to the multiple different type of software programs, spell check/auto correct may change a prefix or suffix on the model numbers listed below. It would be your responsibility before ordering any sockets to make sure the sockets below are a levered manual bypass w/ clamping jaws, arc flash shield, and a ringless cover. If you find a model number below that does have the previous mentioned equipment please contact the New Service Dept or Meter Dept for clarification before placing an order.

Manufacturer	Model#	Service Type	Amperage
Leviton w/disconnect/panel	LP815-5MC	OH Only	150Amp
Leviton w/disconnect/panel	LP820-5MC	OH Only	200Amp
Milbank	U9801-RXL	OH Only	200Amp
Milbank	U3924-XL	UG	200Amp
Milbank	U4031-O-2/200	UG	320Amp
Milbank	U6584-O-2/200-BL	UG	320Amp
Milbank	U6228-X-400-K3-BL	UG/OH	320Amp
Leviton w/disconnect/panel	LP820-LMC	OH Only	200Amp
Leviton w/disconnect/panel	LP815-LMC	OH Only	150Amp
Milbank	U2594-X	UG/OH	320Amp
Milbank	U6193-RL-QG-AMS	OH Only	125Amp
Milbank	U3042-XL-QG-BLG-LIS	OH Only	200Amp
Eaton	HP816P400BSL	OH Only	320Amp
Milbank	U5880-XL-200	OH Only	200Amp
Milbank	U3791N-RXL-200	OH Only	200Amp
Milbank	U6281-XL-200	OH Only	200Amp
Milbank	U9551-RXL	OH Only	200Amp
Milbank	U5871-XL-200	OH Only	200Amp
Milbank w/disconnect	U3986-XL-200	OH Only	200Amp
Square D/panel	QC816F200SL	OH Only	200Amp
Milbank	U4801-XL-5T9	OH Only	200Amp
Milbank w/disconnect	U3986-XL-100	OH Only	100Amp
Milbank w/disconnect	U3986-XL-150	OH Only	150Amp
Milbank w/disconnect	U5080-RXL-200	OH Only	200Amp
Eaton w/disconnect/panel	CMBXB200BTS	OH Only	200Amp
Siemens	41405-025F	OH Only	200Amp
Siemens	MM0404L1400RLM	OH Only	320Amp
Eaton w/disconnect/panel	MBX816B200BTS	OH Only	200Amp
Milbank 2 gang	U4142-XL-LIS	UG/OH	200Amp
Talon	MM0202L1125RLC	OH Only	100Amp
Talon	48104-02	OH Only	320Amp
Siemens	MK0402L1400RLM	OH Only	320Amp
Eaton	UTH43369UCH	UG/OH	320Amp
Milbank	U9701-RXL-QG	OH Only	200Amp
Milbank	U4362-R-K3-BLG-AEPU	OH Only	320Amp
Eaton	1008801EXCH	OH Only	200Amp
Square D	UTH5213T	OH Only	200Amp



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Kohltech is continually striving to improve our production capacity and deliver outstanding Kohltech products. In order to accomplish this, Kohltech has expanded our main manufacturing operation by an additional 18,000 square feet to increase our production and paint capacity to meet increasing demands.

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Outstanding.**