



From the Editor's Desk

# Hanley's Highlights

by Jeff Hanley

Associate Executive Director, Building and Realty Institute (BRI), *Impact* Editor

## Receiving Some Upbeat and Welcomed News

ARMONK

Our publication, at times, receives and reviews press releases that contain positive and happy news.

An example of that scenario occurred in August as we read about the special groundbreaking ceremony on Aug. 5 that marked the start of the reconstruction project for Memorial Field in Mount Vernon.

The facility, which has been closed in recent years, was an iconic location for Mount Vernon - as well as for Westchester County and our region - for decades. Sporting and entertainment events were consistently held at the field.

I happily recall attending high school football championship games at the facility in the 1970's. And, as a sportswriter for Gannett Westchester Rockland Newspapers (now The Journal News) in the 1980's, I happily covered many sporting events at the facility.

Accordingly, the press release describing the groundbreaking definitely provided upbeat and welcomed news.

Westchester County officials said that the groundbreaking included ceremonial shovels and classic bottles of Coca-Cola - a throwback to the iconic television commercial featuring former National Football League (NFL) player "Mean Joe" Greene that was filmed at Memorial Field - and a ceremonial first football toss.

The facility's reconstruction project, Westchester County officials said, will center on "the building of a beautiful new, lighted multi-sport and events venue."

Highlights of the renovation plans, Westchester County officials added, include:

- A National Collegiate Athletic Association (NCAA) regulation football field, suitable for soccer, lacrosse, and field hockey;
- A New York State Public High School Athletic Association (NYSPHSAA) certified eight-lane track;
- Grandstands with 3,900 seats;
- A skateboard park;
- Three tennis courts;
- Modern locker rooms.

A full report on the groundbreaking and the reconstruction of Memorial Field is featured in this issue of *IMPACT*. Other noteworthy reports include:

- \* A page one article reviewing data from The National Association of Home Builders (NAHB) on builder confidence across the U.S. in the market for newly-built, single-family homes in September establishing a record;
- \* A page one analysis from the NAHB on a suburban shift for home building that was revealed in a second-quarter analysis from the association;
- \* A page one summary on the efforts of The Building and Realty Institute (BRI) in recently raising more than \$25,000 for Feeding Westchester. Feeding Westchester is the largest hunger relief organization in Westchester County, officials said.
- \* A report in *Insurance Insights* summarizing that insurance rates in the months ahead will probably increase. The summary was written by Levitt-Fuirst Insurance, the insurance manager for the BRI and its seven component associations;
- \* A report from the Institute of Real Estate Management (IREM) on the organization launching a new certification program to train property managers on how to best manage distressed properties. The program is in response to the impacts the COVID-19 pandemic is having on commercial real estate, IREM officials said.
- \* An analysis from the NAHB emphasizing that representatives of the remodeling industry are currently optimistic, despite the negatives

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## Insurance Insights

by Ken Fuirst and Jason Schiciano

Levitt-Fuirst Insurance



## Your Insurance Rates Are Probably Going Up!

TARRYTOWN

Over the last few weeks we have had conversations, or been on Zoom-type calls, with senior management of many of the largest insurance companies.

After closing out the first half of 2020, carriers have many concerns for the future relating to COVID-19, but also several other factors, including:

### Nationally

- ❖ Climate Change has significantly increased the amount of weather-related property damage insurance claims. Examples include larger wildfires in California, more frequent tornadoes and floods down south, and the 2019 cold winter that caused frozen pipes, and resulting water damage in the Northeast. Think about Sandy, Harvey, Irma, Maria, etc.
- ❖ Bond Market rates are at a low point. Many insurance carriers are paying-out more in claims and claim-related expenses than the insurance premiums they collect. These companies are not making money on "insurance operations," which leaves "investments" as the remaining earnings method. Investments for the top insurance companies are usually heavily weighted in 10-year treasuries. Those investments are currently returning less than 1 percent.

***"To reduce insurance costs, some construction companies are buying insurance that excludes coverages for New York Scaffold Law claims. This is why we continue to remind our clients that they should have us review the insurance of any contractor working on their property/job site, no matter how small the job!"***

❖ The COVID-19 Pandemic has caused a significant drop in premium income for insurance companies due to two factors. First, insurance premiums for most companies are based on payroll, or sales revenue. Obviously, those figures are down substantially, so premiums are down.

Secondly, unfortunately, a lot of businesses have closed down, which also means less premium income.

❖ COVID-19 claims are expected to be significant. Insurance companies are preparing for a large volume of Workers Compensation Claims from front-line workers. And liability claims from people who feel they were infected, due to negligence, are also expected to grow over time. Even though many of these claims will ultimately be excluded/declined, there will be legal costs and other expenses in processing these claims. There is also concern that there could be long-term effects from the disease on people's physical and mental state, and associated insurance claim expenses.

### New York Construction and Real Estate

- ❖ The New York Scaffold Law (Labor Law 240/241) continues to have a tremendous impact on insurance for construction and real estate throughout the state. The liberal expansion of what is considered a "fall from a height," which is the qualifying factor for a lawsuit to be considered under the Scaffold Law, and the growing number of lawyers promoting these lawsuits, have increased costs to insurers, and consequently, insurance premiums.
- ❖ There has been a significant increase in the size of New York Scaffold Law settlements. We heard from one insurance company that as millennials are selected for jury pools, the amount these young jurors expect companies to pay has gone up dramatically.
- ❖ To reduce insurance costs, some construction companies are buying insurance that excludes coverages for New York Scaffold Law

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## A Suburban Shift for Home Building Revealed in Second-Quarter Analysis of the NAHB, Continued from p. 1

The HBGI is a quarterly measurement of building conditions across the country. The index uses county-level information about single- and multifamily permits to gauge housing construction growth in various urban and rural regions, NAHB officials said.

Small metro suburbs accounted for the fastest-growing geographical areas for single-family construction during the second quarter, up 10.6 percent on a four-quarter moving average basis. That sector was followed by small towns (9.3 percent), small metro core areas (7.5 percent) and exurbs (5.6 percent), the index said.

Other second-quarter HBGI findings show:

❖ In the second quarter, single-family housing starts fell by 24 percent on a quarterly basis. Of the seven regional geographies, only small metro area suburbs posted a year-over-year gain in this quarter, while the others registered declines, the biggest of which occurred in large metro core areas.

❖ The market share for single-family construction in low density areas (small metro core and suburbs, small towns and rural markets) increased from 47.5 percent a year ago to 48.4 percent.

❖ The fastest growing geographies for apartment construction in the second quarter were found in the exurbs, small metro suburbs and rural areas.

❖ The market share for multifamily construction in low density areas (exurban areas of large metro markets, small metro core and suburbs, small towns and rural markets) increased from 32.9 percent a year ago to 34 percent.

Although the year-to-year changes in single- and multifamily market shares in low density areas are seemingly small, changes in market share are usually slow to develop. This makes a one-percentage point year-over-year gain noteworthy, when compared to recent historical data, NAHB officials said.

## The Building and Realty Institute (BRI) Raises More Than \$20,000 To Help Combat Hunger in Westchester County, Continued from p. 1

"Every day since March, the news carries more stories of our neighbors in need," said Tim Foley, executive director of the BRI. "The national statistics found 17 million more Americans are struggling with food insecurity today than when the COVID-19 pandemic first hit. Although there's wide variation in how our members' businesses have recovered, everyone felt the urgency to act."

Foley added: "In partnership with Feeding Westchester, we launched our first-ever online-only matching fund drive. We thought it might take us a month or so to reach our goal. Instead, we reached it in only 10 days!"

Feeding Westchester's primary mission is to end hunger in Westchester County. The organization is responsible for 95 percent of all donated food distributed throughout Westchester, Feeding Westchester officials said.

Since March, Feeding Westchester has distributed 9.7 million total pounds of food, 361,000 total pounds of produce, 67,000 pounds through Feeding Westchester's mobile food pantries, and 94,000 pounds through the Fresh Market initiative. The donations from BRI members, matched dollar for dollar by the trade association, will help bolster these efforts, BRI officials said.

"It's a vulnerable time for everyone, but we need to unite and support each other as much as we can," Mutarelli said. "I'm very thankful that we have so many great members in our organization that are willing to help those who are less fortunate during an uncertain time like this. We are all dealing with our own set of struggles that the pandemic has brought on, but giving back to the community has always been a huge priority for us and will continue to be going forward."

The BRI, based in Armonk, has more than 1,800 members in 14 counties of New York State. Those members include home builders, commercial builders, renovators, property managing agents, co-op and condo boards, and owners of multifamily apartment buildings in many communities. Suppliers and service providers are also members of the organization, association officials said.

## Your Insurance Rates Are Probably Going Up, Continued from p. 2

claims. This is why we continue to remind our clients that they should have us review the insurance of any contractor working on their property/job site, no matter how small the job!

❖ More insurance companies are leaving the New York marketplace, leaving few options for competitive negotiations on insurance premiums. And those insurance companies that remain in the New York market are increasing requirements of vetting contractors at the job site or at the property.

We are providing this outlook so that you can budget appropriately for the future. For more information, please contact Levitt Fuirst Insurance at (914) 457-4200.

**Editor's Note:** Levitt Fuirst Insurance is the Insurance Manager for The Builders Institute (BI)/Building and Realty Institute (BRI) of Westchester and the Mid-Hudson Region. Ken Fuirst and Jason Schiciano are Co-Presidents of the company. The firm is based in Tarrytown.

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# Impact

PUBLISHER: Tim Foley

EXECUTIVE EDITOR: Jeffrey R. Hanley

EDITORIAL ASSISTANT: Margie Telesco

DESIGN AND PRODUCTION: Roher/Sprague Partners

PHOTOGRAPHIC CONSULTANT: Barbara Hansen

CONTRIBUTORS: Carl Finger, Dan Finger, Ken Finger, Ken Fuirst, Alec Roberts, Jason Schiciano, Andrea Wagner

# BRI

The Builders Institute/Building and Realty Institute  
80 Business Park Drive, Suite 309  
Armonk, NY 10504

914.273.0730 [www.BuildersInstitute.org](http://www.BuildersInstitute.org)

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