From the Editor's Desk

Hanley's Highlights

by Jeff Hanley

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

Reflections on an Issue Filled with A Series of Reports on the Effects of the COVID-19 Pandemic

ARMONK

The "Hanley's Highlights" column in the February-March issue of IMPACT addressed how that edition was packed with a variety of articles covering significant topics for members of the building, realty and construction industry.

After we completed that issue, the staff of IMPACT was most definitely pleased with its content. And, we looked forward to the eventual arrival of spring. Of course, none of us knew what was going to happen in the immediate weeks after we finished that edition – the outbreak of the COVID-19 pandemic.

Accordingly, this issue features many reports on how the pandemic has affected the building, realty and construction industry. The articles include:

- A report from the National Association of Home Builders (NAHB) on how the pandemic has hurt housing affordability across the U.S.
- An analysis in Tech Talk on how businesses should adjust their marketing strategies as a result of the pandemic. Andrea Wagner, the principal of Wagner Web Designs, authored the story.
- An article in Insurance Insights on how members of New York State Workers Compensation Groups 458 and 530 are receiving assistance as a result of the negatives of the pandemic. The report also reviews other insurance assistance programs. The column was written by Ken Fuirst and Jason Schiciano, co-presidents of Levitt-Fuirst Insurance. Levitt-Fuirst is the Insurance Manager for the Building and Realty Institute (BRI) and its affiliate associations.
- A page one report on how the confidence levels of builders throughout the U.S. rose in May despite the continuing presence of the pandemic. The analysis was written by the NAHB.
- A report from the Institute of Real Estate Management (IREM) on the recent release of its "Pandemic Re-Opening Guide" for property managers. IREM is a national association of property management professionals.
- A story on a survey from the Westchester County Office of Economic Development on the economic impacts of the pandemic on Westchester County businesses and, accordingly, how businesses in the county have been anxious about their ability to survive.
- A report from the NAHB on how housing is ready to lead the economic recovery in the post-pandemic period.

There are other noteworthy stories in this edition, including:

- A Page One report on how the Apartment Owners Advisory Council (AOAC) of the BRI is aggressively continuing its "Guidelines Season" campaign.
- A page one report on the Annual Meetings of New York State Workers Compensation Group 458 and 530 and the corresponding dividends declared by the groups for their respective members.
- A page one article on the recent death of Joe Baratta, a longtime member of the BRI. Baratta served as President of the BRI from 1983 to 1985. He was also a longtime member of the Board of Trustees of the organization. Baratta and his associate, Charles Persico (president of the BRI in 1979 and 1980) were principals of Per Bar Associates for more than 50 years.

All of us here at the BRI wish you and yours all the best during these difficult days. Stay well, stay strong and stay safe.

We hope you enjoy the issue.

Insurance Insights

by Ken Fuirst and Jason Schiciano

Levitt-Fuirst Insurance

COVID-19: Premium Assistance for Safety Group Members & Other Assistance Programs

TARRYTOWN

As COVID-19 continues to devastate our national, state, and local economies, many businesses - including Building and Realty Institute (BRI) members - have turned to their insurance carriers, looking for support.

We are pleased to advise that members of the BRI's workers compensation Construction Safety Group 458 and Real Estate Safety Group 530, both managed by Levitt-Fuirst Insurance, can take advantage of a recently announced assistance program, provided by the New York State Insurance Fund (NYSIF).

NYSIF has created payroll code 8873 to apply to payroll for employees who, during NY's stay-at-home order related to the COVID-19 pandemic, continue to receive wages, but who are reassigned to either: a) not perform any work duties (remain "idle"), or b) perform clerical work duties at home.

This is an important cost-saving re-classification option for your employees who are typically classified under an expensive real estate maintenance or construction workers compensation payroll class code. Make sure to keep accurate weekly payroll records to document employees that were paid while idle or working from home. Such payroll will be assigned to the lower-rated tier of 8873 when your payroll is audited by NYSIF (you do NOT need to request that the new payroll classification be added prior to your audit.). The new classification rate will match the clerical rate of $0.18 per $100 of payroll. This new rate is substantially lower than the standard payroll classification rates for Safety Groups 458 and 530, which range from approximately $4.00 to $25.00 per $100 of payroll, depending on the type of work being performed.

Additionally, the New York Compensation Board has announced that COVID-19 workers compensation claims (if verified to be from direct on-the-job exposure to the virus) will not count toward an employer's experience modification rating.

Revisions

If your payroll is down substantially, you may also be able to request that NYSIF revise your premium, based on lower payroll, which would reduce your remaining installments, or generate a credit. Proof of COVID-19-related reduced payroll is required, and all payroll remains subject to audit.

Additional Programs

In addition to this COVID-19 insurance premium reduction program for Safety Group members, there are other property/casualty insurance premium relief programs, spawned by the pandemic.

If your business has been negatively affected by COVID-19, you should contact your insurance broker, and inquire about what COVID-19-related relief plans may be available; importantly, not all carriers are offering the same relief plans. Here are programs that various (not all) carriers have developed to assist policyholders with COVID-19 business impacts:

- Premium Payment Deferral – For premiums due through 6/6/20 (this date may be extended), carriers admitted in New York must provide up to 60 days of premium deferral (premiums are NOT waived, they are deferred, and can be paid during the remaining term of the policy period, without late fees or penalties). Premium finance companies must also adhere to these deferral terms.
- Commercial Automobile "Lay-Up" Program – Some commercial automobile carriers are allowing policyholders to identify company vehicles that are inactive during the pandemic. On the condition that the vehicles are not used (i.e. vehicles are "laid-up"), these carriers will provide a partial premium refund. Terms and conditions vary by carrier.
- Personal Automobile Premium Credits – Many personal automobile carriers are issuing automatic refunds, due to fewer accident claims,

Continued on p. 5

Building and Realty Industry Report:

Housing Affordability Down Due to Economic Losses Stemming from COVID-19

WASHINGTON, D.C.

Surging job losses in March stemming from the COVID-19 pandemic contributed to a decline in U.S. median income and housing affordability in the first quarter, according to a recently released building and realty industry report.

The report, The National Association of Home Builders (NAHB)/ Wells Fargo Housing Opportunity Index (HOI), was released on May 7.

The study said that, in all, 61.3 percent of new and existing homes sold between the beginning of January and the end of March were affordable to families earning an adjusted U.S. median income of $72,900. That mark is down from the 63.2 percent of homes sold in the fourth quarter of 2019 that were affordable to households earning the median income of $75,500.

The Department of Housing and Urban Development's (HUD's) original estimates of median family income for 2020 were developed prior to the COVID-19 pandemic. To account for the pandemic's effects, the HUD estimates were reduced consistent with NAHB's economic forecast for 2020. As a result, the 2020 national median income estimates used in the HOI calculations ($72,900) are 7.1 percent lower than the initial national 2020 estimates ($78,500) from HUD, the report said.

"The pandemic has clearly hurt housing affordability by exacerbating existing supply chain problems and slowing home construction during a time of underbuilding," said NAHB Chairman Dean Mon, a home builder and developer from Shrewsbury, N.J.

"The affordability decline is tied to the coronavirus outbreak as job losses surged and median income fell due to reduced economic activity," said NAHB Chief Economist Robert Dietz. "However, housing demand started the year strong, interest rates are expected to stay at low levels for the foreseeable future and home prices have held remarkably stable over the past four quarters. As virus mitigation efforts show signs of success, workers will return to their jobs, and housing will help lead the economy to higher ground."

The HOI shows that the national median home price held steady, edging up from $279,000 in the fourth quarter of 2019 to $280,000 in the first quarter. The median home price was $280,000 in both the second and third quarter of 2019.

Meanwhile, the report added, average mortgage rates fell by 17 basis points in the first quarter to 3.61 percent from 3.78 percent in the fourth quarter.

Specifics

Scranton-Wilkes Barre-Hazleton, Pa., was rated the nation's most affordable major housing market, defined as a metro with a population of at least 500,000. There, 91 percent of all new and existing homes sold in the first quarter were affordable to families earning the area's median income of $66,600, the report said.

Meanwhile, Cumberland-Md.-W.Va., was rated the nation's most affordable smaller market, with 97.1 percent of homes sold in the first quarter being affordable to families earning the median income of $57,500, according to the study.

Rounding out the top five affordable major housing markets in respective order were Indianapolis-Carmel-Anderson, Ind.; Harrisburg-Carlisle, Pa.; Toledo, Ohio; and Albany, Schenectady-Troy, N.Y., the report said.

Smaller markets joining Cumberland at the top of the list included Monroe, Mich.; Binghamton, N.Y.; Mansfield, Ohio; and Battle Creek, Mich.

Additional Data

San Francisco-Redwood City-South San Francisco, Calif., once again assumed the mantel as the nation's least affordable major housing market. There, just 8.9 percent of the homes sold during the first quarter were affordable to families earning the area's median income of $129,200. Los Angeles-Long-Beach-Glendale, Calif., which fell to No. 2, was the nation's least affordable market in the fourth quarter, the report said.

Continued on p. 3

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New Home Sales Across the U.S. Fall 15.4 Percent in March Due to COVID-19 Concerns, Report Says

WASHINGTON, D.C.

Sales of newly built, single family homes in the U.S. fell 15.4 percent to a seasonally adjusted annual rate of 627,000 units in March, coming off a downward revision in February, according to newly released data by The U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau.

The data was analyzed in a report by The National Association of Home Builders (NAHB). The report, released on Apr. 23, can be found at nahb.org.

The March rate is 9.5 percent lower than the March 2019 pace, according to the NAHB analysis.

"Despite the sharp decline in new home sales this month (March), the first quarter of 2020 was actually 6.7 percent higher than the same period last year, reflecting a strong pace prior to the virus outbreak," said Dean Mon, chairman of NAHB and a home builder and developer from Shrewsbury, N.J. "While we expect to see some further impacts to the industry, we remain confident that housing will be a sector that will help lead the economic recovery."

"The drop in March sales reflects buyer concerns over the virus, and was primarily concentrated in the hardest hit regions of the Northeast and West," said NAHB Chief Economist Robert Dietz. "The weakening in sales is in line with our builder surveys that showed dramatic declines in buyer traffic and builder confidence in April. We expect a further slowing of the pace of new home sales in April, as jobless claims continue to rise, before stabilizing later this year."

A new home sale occurs when a sales contract is signed or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed. In addition to adjusting for seasonal effects, the March reading of 627,000 units is the number of homes that would sell if this pace continued for the next 12 months, the NAHB analysis said.

Inventory rose to a 6.4 months' supply, with 333,000 new single family homes for sale, 1.2 percent lower than March of 2019. Of that total, just 76,000 are completed and ready to occupy. The median sales price was $321,400. The median price of a new home sale a year earlier was $310,600, the NAHB analysis said.

Regionally, NAHB officials said, new home sales were down across all four regions: 41.5 percent lower in the Northeast, 8.1 percent down in the Midwest, 0.8 percent down in the South and 38.5 percent lower in the West.

NAHB Announces the Debut of Its New Index for Remodeling Marketing Activity

WASHINGTON, D.C.

The National Association of Home Builders (NAHB) recently announced that it redesigned its Remodeling Market Index (RMI) in the first quarter of 2020 to ease respondent burden and improve its ability to interpret and track industry trends.

NAHB officials said that the first reading for the new RMI series was 48.

"The impact of COVID-19 is visible in the remodeling industry," said NAHB Remodelers Chair Tom Ashley, Jr., a remodeler from Denham Springs, La. "The rate of inquiries coming in is slowing down because many home owners are wary of remodeling crews inside their homes."

NAHB officials said that the new RMI survey asks remodelers to rate five components of the remodeling market as "good," "fair" or "poor." Each question is measured on a scale from 0 to 100, where an index number above 50 indicates that a higher share view conditions as good than poor.

The Current Conditions Index is an average of three of these components: The Current Market for Large Remodeling Projects, Moderately-Sized Projects and Small Projects. The Future Indicator Index is an average of the other two components: the Current Rate at Which Leads and Inquiries Are Coming In and The Current Backlog of Remodeling Projects. The overall RMI is calculated by averaging the Current Conditions Index and the Future Indicator Index. Any number over 50 indicates that more remodelers view remodeling market conditions as good than poor, NAHB officials said.

The Current Conditions Index averaged 58, with Large Remodeling Projects ($50,000 or more) yielding a reading of 53, Moderately-Sized Remodeling Projects (at least $20,000 but less than $50,000) at 59 and Small Remodeling Projects (under $20,000) with a reading of 62, according to NAHB officials.

The Future Indicator Index averaged 39, with The Rate at Which Leads and Inquiries Are Coming In at 30 and the Backlog of Remodeling Jobs at 47, NAHB officials added.

Because the old RMI series can no longer be used to compare with this quarter's (the first quarter's) results, the redesigned tool asked remodelers to compare market conditions in their areas to three months earlier, using a 'better,' 'about the same,' 'worse' scale. That index posted a reading of 24, indicating that many more remodelers thought conditions had become worse in the first quarter than thought they had become better, NAHB spokesmen said.

"The low reading of 24 when comparing to the previous quarter is directly related to COVID-19," said NAHB Chief Economist Robert Dietz. "With unemployment increasing and leads decreasing, the economic impacts of the pandemic are evident in the remodeling industry."

For the full RMI tables, please visit www.nahb.org/rmi. For more information about remodeling, visit https://www.nahb.org/Other/Consumer-Resources.

COVID-19: Premium Assistance for Safety Group Members & Other Assistance Programs, *Continued from p. 2*

resulting from COVID-19 stay-at-home orders. Refunds are typically 15 percent or more of monthly premiums, as identified by the carrier (e.g. "a 15 percent refund of the portion of premium applicable to April and May"). You do not have to request or apply for these refunds; they will be posted to your premium statement in the coming months, or at renewal.

- Premium Exposure Adjustments – For policies based on payroll or sales, some carriers are allowing mid-term reductions to the payroll or sales exposure amount on which the policy premium was based. Flexibility varies by carrier, and is on a case-by-case basis; you must work with your broker or carrier for such requests.

Finally, a word on insurance coverage for various types of COVID-19-related insurance claims. In the earliest stages of the COVID-19 outbreak, before the pandemic declaration, our February/March Impact article provided guidelines for what insurance policies may respond to COVID-19 claims.

Since then, one of the most frequently asked questions has been: "Will my insurance policy cover a Business Interruption claim relating to COVID-19?" Our comment from the prior IMPACT issue is still instructive: "Keep in mind that only your insurance carrier can definitively interpret its policy language, and make coverage claim decisions." The prior article identified several common policy exclusions that carriers may reply upon in order to deny business income claims, but the article also noted that legal challenges may ultimately play a role on coverage decisions. The government may also get involved in insurance coverage issues, as it did following 9/11 (establishment of the Terrorism Risk Insurance Act) and Superstorm Sandy (several state governments prevented insurance carriers from applying hurricane deductibles, which saved policy-holders millions of dollars.)

We hope you, your families, and your organization's employees remain safe and healthy during these unprecedented times.

For information on the insurance matters reviewed in this article, contact your insurance broker, or Levitt-Fuirst 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.*

IREM Releases an Updated Pandemic Guide With Resources for Reopening Properties

CHICAGO

The Institute of Real Estate Management (IREM) recently released an updated Pandemic Guide For Real Estate Managers, association officials said.

The guide incorporates resources and information to help property managers prepare to open their properties to tenants and residents. As stay-at-home orders in certain sections of the country are beginning to be lifted, many businesses are preparing for tenants and their employees to make a return to work, while multi-family communities may start to explore reopening amenities. As restrictions start to lift, property managers must prepare to reopen in a safe and responsible manner, IREM officials said.

The resources for reopening properties information is available within the full Pandemic Guide For Real Estate Managers and available as a supplemental resource. The 18-page supplement includes best practices for reopening a property following a pandemic, along with checklists for different property types to assist with reopening safely.

The information in the "Resources for Reopening Your Property" supplement is based on information from leading public health organizations and IREM experts focused on maintaining the safety of employees, tenants, and residents, IREM officials said.

"As COVID-19 continues to affect how real estate managers do business, it's important that we provide resources and information relevant to our membership," said Denise Froemming, chief executive officer and executive vice president of IREM. "Property managers have started to look to what a return to business may look like and to respond to that, we're proud to provide this resource to all those across the profession."

IREM continues to share updates with its members as they are available. All updates, resources, and content on COVID-19 can be found at irem.org/learning/coronavirus, association officials said.

Almost 20,000 leaders in commercial and residential management call IREM home for education, support and networking, IREM officials said. The association's CPM®, ARM®, ACOM, and AMO® certifications are internationally recognized symbols of ethical leadership and a well-managed property, officials added.

REPORT:

Housing Ready to Lead Economic Recovery

***Editor's Note:** The below report was originally published on April 2 on nahb.org, the Web Site of The National Association of Home Builders (NAHB). It is being published as an example of how the housing sector can provide positives during periods of economic recovery.*

WASHINGTON, D.C.

A new study from The National Association of Home Builders (NAHB) shows that housing stands poised to lead the economic rebound once Social Distancing and other virus mitigation efforts show success in containing the Coronavirus Pandemic.

Building 1,000 average single family homes creates 2,900 full-time jobs and generates $110.96 million in taxes and fees for all levels of government to support police, firefighters and schools, according to NAHB's National Impact of Home Building and Remodeling report.

The study said that, similarly, building 1,000 average rental apartments generates 1,250 jobs and $55.91 million in taxes and revenue for local, state and federal governments. Moreover, $10 million in remodeling expenditures creates 75 jobs and nearly $3 million in taxes.

"Before the Coronavirus pummeled the U.S. economy, housing was on the rise with January and February new home sales numbers posting their highest reading since the Great Recession," said NAHB Chairman Dean Mon, a home builder and developer from Shrewsbury, N.J. "The demand is clearly there, and as this study shows, we expect that housing will play its traditional role of helping to lead the economy out of recession later in 2020 when the Pandemic subsides."

Illustrations

The NAHB model shows that job creation through housing is broad-based. Building new homes and apartments generates jobs in industries that produce lumber, concrete, lighting fixtures, heating equipment and other products that go into a home remodeling project. Other jobs are generated in the process of transporting, storing and selling these products, the report said.

Additional jobs are generated for professionals such as architects, engineers, real estate agents, lawyers and accountants who provide services to home builders, home buyers and remodelers, the study added.

In another sign of the important role that housing plays in the economy, the Department of Homeland Security announced on Mar. 28 that it had designated the construction of single family and multifamily housing as an "Essential Infrastructure Business," meaning that construction could continue in places under stay-at-home orders. Although this designation is not binding to state and local governments, it does mean that there could be more workers on job sites in the coming weeks.

"Ensuring the health and safety of home builders and contractors is our top priority," said Mon. "This is why NAHB and construction industry partners have developed a Coronavirus Preparedness and Response Plan specifically tailored to construction job sites. The plan is customizable and covers areas that include manager and worker responsibilities, job site protective measures, cleaning and disinfecting, responding to exposure incidents, and OSHA record-keeping requirements."

The full study can be found on nahb.org, NAHB officials said.

Study: Sales of Newly Built Single Family Homes Rose In April

WASHINGTON, D.C.

In what officials said is "a sign that the housing market is stabilizing in the wake of the COVID-19 pandemic," sales of newly built, single family homes rose 0.6 percent to a seasonally adjusted annual rate of 623,000 units in April.

The evaluation is contained in newly released data by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau. The April rate is 6.2 percent lower than the April of 2019 pace, the report said. The data was analyzed in a May 26 report from the National Association of Home Builders (NAHB).

"The April data for new home sales show the potential for housing to lead any recovery for the overall economy," said Dean Mon, chairman of NAHB and a home builder and developer from Shrewsbury, N.J.

Mon added: "Because the housing industry entered this downturn underbuilt, there exists considerable pent-up housing demand on the sidelines. The experience of the virus mitigation has emphasized the importance of home for most Americans."

"The April estimates from the Census came in better than forecast, so there is a possibility of a downward revision in the next release," said NAHB Chief Economist Robert Dietz. "Nonetheless, the data matches recent commentary from builders and reflects recent gains in mortgage applications. Despite significant challenges in overall economic conditions, the months' supply held steady at a reasonably healthy level of 6.3."

Specifics

A new home sale occurs when a sales contract is signed or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed. In addition to adjusting for seasonal effects, the April reading of 623,000 units is the number of homes that would sell if this pace continued for the next 12 months, NAHB said.

Inventory edged lower to a 6.3 months' supply, with 325,000 new single family homes for sale, 3 percent lower than April of 2019. Of that total, just 78,000 are completed and ready to occupy. The median sales price was $303,900. The median price of a new home sale a year earlier was $339,000, NAHB.

The NAHB report said that Median prices were lower, due to increased use of builder price incentives in April.

Regionally, new home sales were up 8.7 percent in the Northeast, 2.4 percent in the Midwest and 2.4 percent in the South. New home sales were down 6.3 percent in the West, NAHB said.